



PUBLICIS GROUPE

PRESS RELEASE

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Contacts at Publicis Groupe:

Pierre Bénaich, Investor Relations

+33 1 4443 6500

Eve Magnant, Corporate Communications

+33 1 4443 7025

Analysts' Meeting

A meeting for analysts and journalists this morning in Paris will focus on four main themes. Publicis Groupe representatives will present plans to raise operating margin to 17% over the next four years and give a detailed assessment of the impact IFRS will have on Groupe accounts, based on information available to date. They will also present a progress report on initiatives to simplify the balance sheet, and review business in the closing months of the year.

1- 17 % operating margin in 2008

Publicis Groupe will present its strategic aims for the next four years.

At present, revenues are generated 44% in North America, 41% in Europe, and 15% in the Rest of the World (RoW). The main 2008 target calls for raising RoW business to 20% of the total, setting the North America contribution at 42% and Europe at 38%. Gains will be driven by robust expansion in Asia, where we already hold very strong positions.

A breakdown by business line shows 44% of revenues coming from advertising, 23% from SAMS and 22% from media. Strong organic growth combined with our holistic approach and policy of selective acquisitions should lead to significant changes by 2008, with advertising representing 44% of revenues and SAMS and media 28% each.

Finally, operating margin, set to reach 15% in 2004, should rise to 17% within four years (based on current French Gaap).

To achieve this ambitious target, we will use a range of approaches across all business areas, while remaining firmly committed to our key priority – delivering ever better service and quality to our clients. Areas to be focused on include:

- simplifying agency procedures,
- optimizing structures and business models to work together more effectively,



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- catching up units in selected regions,
- building up SAMS entities following recent restructuring,
- developing synergies freed by the creation of Publicis Groupe Media,
- optimizing our agency network in emerging markets,
- implementation of a corporate procurement and production policy in key countries,
- deployment of Shared Service Centers pooling group resources should also lead to accelerated savings from 2005 on.

2- Main impact of adoption of IFRS

Underscoring its commitment to transparency, Publicis Groupe will present a progress report on adoption of IFRS and the impact this will have on its accounts.

Information presented is based on application of IFRS texts published to date. Certain standards are still being developed, while others are currently being modified or are subject to interpretation by accounting professionals. Some have not yet been adopted by the European Union.

As a result, information presented at the meeting is subject to change depending on final versions of the corresponding texts and related analyses.

Publicis Groupe has stressed that data to be discussed at the meeting are based on unaudited figures.

P&L account: Main impacts of the move to IFRS are the expensing of stock options as personnel costs, representing an annual charge of around €20-25 million, and an additional interest charge of €54 million in 2004 due to changes in the combined treatment of Océane and Orane issues. However goodwill – estimated at around €100 million in 2004 – will no longer be amortized, and this will have a positive impact, although subject to impairment charges.

Balance sheet: the Publicis building on the Champs-Élysées in Paris will be marked up to market value estimated at €164 million, while certain debt will be reclassified as equity (this includes the equity portion of Orane and Océane issues). Equity warrants have also been booked as equity since redemption of the bond portion of OBSAs (bonds carrying equity warrants) last September. Altogether these changes will reduce net debt by around €350 million. The other factor affecting the balance sheet concerns buy-outs, which will be recorded as a non-financial liability if Publicis Groupe is committed to buy out minority interests. The amount concerned is €129 million.



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3- Simplification of balance sheet

Publicis Groupe is in the process of simplifying its balanced sheet with four objectives:

- reducing debt,
- maintaining a high level of liquidity and long-term maturities,
- moving out of complex financial instruments,
- gradually reducing EPS dilution.

In the course of 2004, the Groupe reviewed strategies submitted by banks and this autumn made its first move, selling off CLNs and buying back the bond portion of OBSAs (bonds with attached equity warrants). The Groupe plans to take further action to simplify its balance sheet between now and summer 2005.

4- Club Deal

Publicis Groupe has mandated ABN Amro Bank NV, Banc of America Securities Limited, BNP Paribas, Calyon, Citibank International plc, Société Générale and Natexis Banques Populaires to set up a multi-currency revolving credit facility in an amount of €850 million, with the possibility of raising this to €1 billion. The facility is for five years and will improve the Group's overall liquidity by refinancing the €700 million agreement signed in November 2003.

5- Business review at year-end 2004

Maurice Lévy, Chairman & CEO, said: *“Our business to date is right on course. We are confident that we will meet our 15% target for operating margin, and may even exceed this slightly.”*

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Publicis Groupe (Euronext Paris: FR0000130577 and member of the CAC40 Index - NYSE: PUB) is the world's fourth largest communications group, as well as world's second largest media counsel and buying group. Its activities span 109 countries on six continents.

Groupe activities cover **advertising**, through three autonomous global advertising networks: Leo Burnett Worldwide, Publicis Worldwide, Saatchi & Saatchi Worldwide, as well as through its two multi-hub networks Fallon Worldwide and Bartle Bogle Hegarty, 49%-owned ; **media consultancy and buying** through two worldwide networks ZenithOptimedia and Starcom MediaVest Group; and **marketing services** and specialized communications including direct marketing, public relations, corporate and financial communications, multicultural and healthcare communications.

Web sites: www.publicis.com and www.finance.publicis.com