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Press release

2003 OPERATING MARGIN OF 8.3%, OR €136 MILLION

THE NEW ORGANIZATION ANNOUNCED ON SEPTEMBER 18TH 2003 IS ALREADY HAVING A POSITIVE EFFECT

IN 2004 THE GROUP SHOULD RETURN TO A DYNAMIC OF GROWTH AND SIGNIFICANTLY IMPROVED PROFITABILITY

The Board of Directors of Havas, chaired by Alain de Pouzilhac, convened on March 3rd 2004 to approve the Group's 2003 financial statements.

1. 2003

- Figures

- **Revenue** for 2003 totaled €1.645 billion, down 17.2%, and down 5.7% on a comparable basis and at constant exchange rates.
- **Operating income** was €136 million, representing an operating margin of 8.3%, compared to 11.5% in 2002.
- Exceptional loss of €226 million was primarily comprised of €172 million restructuring costs and €51 million relating to the buy-back of the put feature of the 2009 Oceane (bond).
- After financial costs, tax and minority interests, the net loss (Group share) before goodwill amortization amounted to €179 million.
- After goodwill amortization of €217 million, including €151 million of impairment, the net loss was €396 million, or (€1.33) per share.
- **Net debt** at December 31st 2003 amounted to €642 million, compared to €664 million at December 31st 2002.
- **Free cash flow**¹ generated during the year amounted to €36 million.
- **Shareholders' equity amounted to** €661 million at December 31st 2003, compared to €1.197 billion at December 31st 2002, a decrease of €536 million, due to the loss recorded during the year and to an unfavorable exchange rate impact of €121 million.

¹ Free Cash Flow = net cash from operations + net cash from investing activities – dividends + capital increases

- **Comments**

▪ **2003: Growth and operating margin evolution below objectives, restructuring costs generally in line with the plan, and debt under control**

- The decline in operating margin was mainly due to poor forecasting from Euro RSCG, which at a late stage in the year turned out to be over-optimistic. Revenues were therefore lower than anticipated, resulting in cost structure which was too high. This exceptional situation should not be repeated in 2004.

As part of its restructuring, the Group reacted at the end of the year by eliminating more positions than originally anticipated. This necessary reaction did not increase the overall restructuring costs which were confirmed at €172 million. The increase in the amount allocated to redundancy payments (€47 million compared to the €35 million initially announced) was compensated for by a reduction in the provisions necessary for the real estate program (€75 million compared to the €100 million initially announced). Savings from the restructuring plan implemented in the second half of 2003 had little impact on 2003, as expected, but will have their full effect in 2004.

- Net debt was down by €22 million at December 31st 2003 compared to December 31st 2002, despite the integration of a financial debt of €50 million relating to the buy-back of the 2009 Oceane put feature.

This reduction is related to the generation of €36 million of free cash flow, reflecting strict control of investments and a significant improvement in working capital (+ €81 million excluding exceptional items).

The purchase of the 2009 Oceane put feature resulted in the postponement of the reimbursement of a large proportion of the debt to January 1st 2009.

▪ **2003: The restructuring has not in any way diminished the Group's capacity to develop its existing clients, win new global clients and achieve a successful year in terms of creativity.**

- Havas developed its existing clients substantially, with the following new wins by country and by discipline: 18 new countries or disciplines for France Télécom, 15 for Peugeot, 8 for Reckitt Benckiser, 7 for Danone, Diageo and L'Oréal, 6 for Air France and Nestlé, 5 for Alcatel, Cadbury and Intel.
- Ten major account wins helped move the Group up to number four worldwide² in New Business, ahead of WPP, which confirms the appropriateness of Havas' strategy in having two global networks and a strong creative presence in the key countries worldwide.

These ten major accounts are Intel Centrino, MCI Corporate, Polaroid, Aventis Lantus, Roche Diagnostic, Cap Gemini, Areva, Rémy Cointreau, Fromage Suisses and Amgen Corporate.

² Advertising Age, Global and Pan Regional Ranking, published on December 15th, 2003

Overall, net new business³ increased by 5.8% compared to 2002. This represents estimated billings of €1,696 million.

- 2003 was also an outstanding year, quite the best in the Group's history, in terms of creativity and innovation.

The Peugeot 206 film entitled "The Sculptor" won the most awards of any commercial in the world in 2003 and was judged Best TV Campaign in the world (Gunn Report). It also won the Journalists' Award at Cannes. The Evian "Water Boy" film was voted France's favorite commercial of the year, ranked first by Ipsos in its 2003 Advertising lists (TV).

Euro RSCG was the only network to win awards at Cannes in each of the communication disciplines, demonstrating its expertise in integrated communication.

Arnold was ranked 4th worldwide (Gunn Report⁴) for its high level of creativity.

2. The new organization announced on September 18th 2003 is already having a positive effect.

- **A streamlined and reduced cost base...**

Of the fifty companies which penalized the Group's performance in 2003:

- All companies with strong potential have been successfully transferred;
 - All those that were earmarked for closure have been closed;
 - All those earmarked for restructuring have been restructured with changes in management
 - Around 60% (in terms of revenue) of companies to be disposed of have been sold or are about to be sold (letters of intent have been signed).
- In addition to headcount reduction, over 70,000 m² of real estate has been made available to let, concentrating operations in a smaller number of sites.

Cost savings estimated for 2004 and resulting from the restructuring of the second half of 2003 come to €126 million, including €70 million from existing companies and €56 million from the elimination of costs from the companies closed and sold. This €126 million is broken down into €94 million compensation costs and €32 million general and administrative costs.

- **...Leading to a simplified and stronger organization, based on two global networks and a strong creative presence on the major world markets**

Euro RSCG Worldwide has been substantially strengthened by the integration of 19 new companies in all its disciplines. Under the management of its new chairman Jim Heekin, the network is now ready to offer integrated communications through a unique organization: the "Power of One".

³ Net new business reflects estimated annual advertising budgets won minus estimated annual advertising budgets lost.

⁴ Gunn Report published on November 2003

MPG is continuing to expand its global media consultancy network. Havas' objective is to accelerate its geographical expansion through joint ventures or commercial agreements before the end of summer 2004.

Arnold Worldwide Partners, in its new configuration, has restored its creative and commercial dynamism which is already generating significant success so far this year.

3. Dividend 2003

The Board of Directors has decided to recommend to the Annual Shareholders Meeting of May 26th, 2004 to continue to realign the dividend with the communication sector average. This alignment corresponds to a dividend of 5 cents per share (net dividend), to be paid on June 17th, 2004.

4. 2004: the Group should return to a dynamic of growth and significantly improved profitability

- New talent

Havas has succeeded both in retaining its most able staff and attracting new talent to key positions in all divisions, helping it to face the challenge of winning market share, especially with the major world advertisers, strengthen the management of its divisions and optimize its operations.

- A good level of New Business since the beginning of the year

Havas was ranked third for New Business in January 2004 by Advertising Age⁵, ahead of Interpublic and WPP.

Significant examples include:

- Retaining the Fidelity account and winning Relpax and Tyson Foods in the USA (Arnold);
- Winning Diageo and VW in Spain and Columbia Telecom (MPG);
- Winning SanDisk on a global basis, Inamed in the US and in Marketing Services Royal Mail in the UK, Dial Corps and DTVN in the US and Nokia Interactive in Latin America (Euro RSCG);
- Winning flybmi.com in the UK (Euro RSCG Interaction).
- And yesterday, winning Wanadoo in France (Euro RSCG C&O).

- The pursuit of excellence in creativity and innovation

Euro RSCG Interaction has been named worldwide Agency of the Year in the interactive market⁶, which should be the most dynamic sector in 2004 according to the London Business School Survey⁷.

BETC Euro RSCG was ranked number one creative agency by CB News⁸

⁵ AdWatch, Billings Action in January 2004, Advertising Age, March 1st, 2004

⁶ Interactive Quarterly, Adweek, February 23rd, 2004

⁷ Marketing Expenditure Trends, Havas / London Business School, published on December 2003

⁸ Les Hits d'Or, CB News, January 12th, 2004

- **Ongoing efforts to cut costs**

The optimization of the Group's resources continues, with transversal projects in real estate, IT, and other principal general and administration categories. In major countries, administrative and financial departments are being rationalized.

- **A revamped financial system**

The financial reporting system has been reorganized in order to reinforce performance monitoring and accelerate the Group's capacity to react.

5. Conclusion

While the current climate is certainly more auspicious than in 2003, even if it is still not clear whether a real global recovery is on its way, Havas should, whatever the environment, reap the benefits of its new organization and return to a dynamic of growth while boosting its profitability significantly. This must also be sustainable. Havas is therefore continuing to invest in its resources, its ability to innovate, to deliver great creative ideas to its clients in all communications sectors, and, finally, in its people, the Group's most valuable asset, both today and tomorrow.

Appendix: New business 2003, statement of operations, balance sheet and statement of cash flows

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About Havas

Havas (Euronext Paris: HAV.PA; Nasdaq: HAVS) is a global advertising and communications services group. Headquartered in Paris, Havas has three principal operating divisions: Euro RSCG Worldwide which is headquartered in New York, Arnold Worldwide Partners in Boston, and Media Planning Group in Barcelona. A multicultural and decentralized Group, Havas is present in 75 countries through its networks of agencies located in 47 countries and contractual affiliations with agencies in 28 additional countries. The Group offers a broad range of communications services, including traditional advertising, direct marketing, media planning and buying, corporate communications, sales promotion, design, human resources, sports marketing, multimedia interactive communications and public relations. Havas employs approximately 16,000 people.

Further information about Havas is available on the company's website: www.havas.com

Forward-Looking Information

This document contains certain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions, concerning matters that are not historical facts. These forward-looking statements reflect Havas' current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause Havas' actual results to differ significantly from those expressed in any forward-looking statement. Certain factors that could cause actual results to differ materially from expected results include changes in global economic, business, competitive market and regulatory factors. For more information regarding risk factors relevant to Havas, please see Havas' filings with the U.S. Securities and Exchange Commission. Havas does not intend, and disclaims any duty or obligation, to update or revise any forward-looking statements contained in this document to reflect new information, future events or otherwise.

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APPENDIX 1

2003 New Business

- ❖ Major integrated global accounts: Amgen Corporate, Areva, Aventis Lantus, Cap Gemini, Intel Centrino, Fromages Suisses, MCI Corporate, Polaroid, Roche Diagnostic, Rémy Cointreau
- ❖ Winning flagship brands in regional or local markets :
Integrated communications, Agilent, American Legacy, Amtrak, Carrefour, Travelocity,
Advertising, Accucard, Biosynergy, Coca Cola, Colonial Williamsburg, EDF, Koenig Pilsener, Schweizerische Bundesbahn, Universal Studio Canada, Vision Express, Yili Milk,
Media, winning flagship brands in regional or local markets: Agilent, Amtrak, Barclays, Carrefour, France Telecom, MCI, Schering Plough, Travelocity
- ❖ Account losses: Abbey National, Alberto Culver, Camelot, Monster.com, Subway, Yahoo,

APPENDIX 2

Consolidated income statement

In 000' € (except per share data)	Notes	2003	2002	2001
Billings	15	10 969 782	13 256 265	14 950 258
Turnover	15	5 490 233	6 294 610	6 706 642
Cost of sales	15	(3 845 588)	(4 307 164)	(4 465 224)
Revenue	15	1 644 645	1 987 446	2 241 418
Compensation		(968 316)	(1 124 015)	(1 262 947)
Other expenses, net	16	(540 529)	(634 576)	(744 493)
Total Operating expenses	23.1	(1 508 845)	(1 758 591)	(2 007 440)
Operating income		135 800	228 855	233 978
Financial income (expense)	17	(44 766)	(46 508)	(25 003)
Profit before tax and exceptional items		91 034	182 347	208 975
Exceptional items	18	(225 862)	(9 068)	(151 329)
Tax	19 / 23.1	(38 196)	(61 655)	(28 962)
Net income of fully consolidated companies		(173 024)	111 624	28 684
Income from associates (equity method)	6.2	710	(8)	(1 315)
Net income before goodwill amort. & impairment		(172 314)	111 616	27 369
<i>Group share</i>		<i>(179 308)</i>	<i>94 556</i>	<i>11 152</i>
Goodwill amortization and impairment	20	(216 820)	(71 205)	(69 421)
Consolidated net income		(389 134)	40 411	(42 052)
<i>Group share</i>		<i>(395 753)</i>	<i>23 461</i>	<i>(57 777)</i>
Earnings per share	2.2.11 / 21			
Net income before goodwill amortization and impairment				
Basic earnings		(0.60)	0.32	0.04
Diluted earnings		(0.60)	0.31	0.04
Consolidated net income				
Basic earnings		(1.33)	0.08	(0.21)
Diluted earnings		(1.33)	0.08	(0.21)
EBIT	2.2.8	(89 352)	219 779	81 334

APPENDIX 3

Consolidated balance sheet

ASSETS (In 000' €)	Notes	31.12.2003 Net	31.12.2002 Net	31.12.2001 Net
Goodwill	2.1.4 / 4	1 583 185	1 892 523	1 939 526
Other intangible assets	2.2.1 / 5	53 544	63 341	57 752
Tangible assets	2.2.1 / 5	137 357	191 308	256 415
Lands		559	4 453	7 571
Buildings		39 251	42 303	63 585
Plant and equipment		35 703	51 085	63 794
Others		61 844	93 467	121 465
Financial assets		22 606	26 405	26 537
Investments in non-consolidated companies	6.1	5 951	6 738	4 916
Associates' equity (equity method)	6.2	968	203	209
Others	6.3 / 2.2.1	15 687	19 464	21 412
Total Fixed assets		1 796 692	2 173 577	2 280 230
Work in progress	2.2.2	59 794	81 180	96 717
Trade receivables	7	1 131 729	1 370 100	1 662 891
Other debtors and sundry receivables	2.2.2 / 7	386 650	485 087	564 957
Deferred tax assets	2.2.4 / 14	166 609	202 658	260 875
Marketable securities	8	445 860	478 231	61 725
Cash		253 315	316 793	404 478
Total Current assets		2 443 957	2 934 049	3 051 643
TOTAL ASSETS		4 240 649	5 107 626	5 331 873

LIABILITIES AND EQUITY (In 000' €)	Notes	31.12.2003	31.12.2002	31.12.2001
Shareholders' equity (Group share)	9	640 387	1 165 485	1 381 910
Share capital		122 479	122 088	121 728
Share premium account		1 789 950	1 786 247	3 079 831
Retained earnings		(876 289)	(766 311)	(1 761 872)
Consolidated net income		(395 753)	23 461	(57 777)
Minority interests	9	21 279	31 853	60 055
Retained earnings		14 660	14 904	44 330
Net income		6 619	16 949	15 725
Provisions for risk and expenses	10	244 731	157 878	178 210
Financial liabilities	11	1 341 162	1 459 445	1 169 470
Convertible bonds		1 100 924	1 215 214	795 606
Other borrowings and financial liabilities		240 238	244 231	373 864
Operating and non-operating payables		1 993 090	2 292 965	2 542 228
Trade payables		1 047 188	1 169 250	1 360 929
Other payables	12 / 13	936 155	1 120 352	1 166 730
Deferred tax liabilities	2.2.4 / 14	9 747	3 363	14 569
TOTAL LIABILITIES AND EQUITY		4 240 649	5 107 626	5 331 873

APPENDIX 4

Consolidated statement of cash flows

OPERATING ACTIVITIES				
Consolidated net income :	Group share	(395 753)	23 461	(57 775)
	Minority interests	6 619	16 949	15 723
Elimination of non cash items				
	+ Amortization and depreciation	274 075	143 625	153 161
	+ Changes in provisions and deferred taxes	130 048	24 737	(3 252)
	- (Gains) / losses on disposal of fixed assets	6 899	(11 774)	15 187
	Income from associates (equity method), net of dividends	124	244	2 336
	Operating cash flows	22 012	197 242	125 380
	Changes in working capital	132 262	46 841	(23 220)
NET CASH PROVIDED BY OPERATING ACTIVITIES		22.1	154 274	244 083
INVESTING ACTIVITIES				
	Purchase of fixed assets	(122 777)	(170 698)	(385 281)
	- Intangible and tangible	(55 031)	(71 070)	(100 679)
	- Financial	(67 746)	(99 628)	(284 602)
	Proceeds from sale of fixed assets	36 789	41 588	41 097
	- Intangible and tangible	23 124	29 345	9 416
	- Financial	13 665	12 243	31 681
	Net cash position of subsidiaries purchased or sold	4 789	18 711	36 586
NET CASH USED IN INVESTING ACTIVITIES		22.2	(81 199)	(110 399)
FINANCING ACTIVITIES				
	Dividends paid to Havas' shareholders	(29 896)	(69 912)	(62 712)
	Dividends paid to minority interests	(13 375)	(19 364)	(20 576)
	Capital increase	5 697	9 293	(1 269)
	Proceeds from long-term borrowings	12 224	457 384	37 559
	Repayment of long-term borrowings	(153 677)	(77 360)	(70 225)
	Changes in cash from financing activities	52 990	11 093	5 244
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		22.3	(126 037)	311 134
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
			444 818	(317 417)
	Cash and cash equivalents brought forward at January 1 (1)	697 233	286 544	614 234
	<i>Currency translation adjustments on cash and cash equivalents</i>	<i>(20 874)</i>	<i>(34 129)</i>	<i>(10 273)</i>
CASH AND CASH EQUIVALENTS AT DECEMBER 31 (1)			697 233	286 544

(1) Cash and cash equivalents at January 1 and December 31 do not include treasury stock which is shown in marketable securities in the balance sheet assets, and do not represent short-term cash.