



First Half Results 2005

Analysts Presentation

8th September 2005

Introductory Matters

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.

Note: Net new business represents the estimated annual advertising budgets for new business wins (which includes new clients, clients retained after a competitive review, and new product or brand expansions for existing clients) less the estimated annual advertising budgets for lost accounts. Havas’ management uses net new business as a measurement of the effectiveness of its client development and retention efforts. Net new business is not an accurate predictor of future revenues, since what constitutes new business or lost business is subject to differing judgments, the amounts associated with individual business wins and losses depend on estimated client budgets clients may not spend as much as they budget, the timing of budgeted expenditures is uncertain, and the amount of budgeted expenditures that translate into revenues depends on the nature of the expenditures and the applicable fee structures. In addition, Havas’ guidelines for determining the amount of new business wins and lost business may differ from those employed by other companies.

Key figures

First Half 2005

First Half 2005 key figures

- Organic growth : **+ 2.2%** in H1 2005 with **+3%** in Q2 2005
- Operating profit is **€75M** vs €79M in H1 2004, i.e an operating margin of **10.8%** in H1 2005 vs 10.6% in H1 2004
- Excluding "Other operating items", the Group's operating margin would have been **11.1%**, up from 10% in the H1 2004
- Net financial income improved by 35% to **-€22M**
- Net income is **€34M** compared to €22M, up **+52%**
- Diluted earnings per share amounts to **€0.08**, up **+16%**

These figures have been prepared in accordance with IFRS. H1 2004 has been converted into IFRS to allow for comparison with H1 2005 figures.

Analysis of first half 2005 results

First half 2005 – Income statement

(in €million)	First half 2005	First half 2004
Revenue	700	748
Operating income	75	79
<i>Net financial income (expense)</i>	<i>(22)</i>	<i>(34)</i>
Income of fully consolidated companies before taxes	53	45
Income tax expense	(16)	(19)
Net income of fully consolidated companies	37	26
Share of profit of associates	0	1
Net income	37	27
<i>Minority interests</i>	<i>(3)</i>	<i>(5)</i>
Net income, Group share	34	22

▪ Revenue down 6.4% but up +2.2% on a like for like basis

▪ Operating margin of 10.8% vs 10.6%

▪ Net income Group share of €34M, up +52%

Earnings per share (in €)	1st half 2005	1st half 2004
Basic	0.08	0.07
Diluted	0.08	0.07

▪ Diluted EPS up +16%

First half 2005 - Revenue

Change in revenue H1 2005 / H1 2004

Revenue : € 700 million

Organic growth : +2.2%

Unadjusted : - 6.4%

Of which currency impact : -1.8%

Organic growth change in first half 2005

	% Organic growth Q1-05	% Organic growth Q2-05	% Organic growth H1-05
TOTAL	+1.4 %	+3.0%	+2.2%
France	+2.2%	-1.6%	+0.2%
United Kingdom	-3.3%	+ 4.0%	+0.4%
Europe (excl. France and UK)*	+2.1%	+14.1%	+8.5%
North America	+1.8%	-0.9%	+0.4%
Latin America (excl. Brazil**)	+19.7%	+18.2%	+18.8%
Asia Pacific*	-2.7%	-8.6%	-5.9%

* Because revenue from the Middle East and Africa represents less than 1% of total revenue, the geographic breakdown of revenue currently includes, and historically has included, revenue from the Western part of the Middle East and Africa in Europe, and revenue from the Eastern part of the Middle East in Asia-Pacific.

** As a result of the accounting change from January 1st to use the equity method for consolidating the Group's 49% owned principal subsidiary in Brazil

Organic growth - Havas compared with its peers

	Q2 2005	H1 2005
Publicis	+8%	+6.1%
Omnicom	+7%	+6.4%
WPP	+6%	+6.0%
Havas	+3%	+2.2%

Source : Companies

- Interpublic figures are not available

H1 2005 Net New Business ⁽¹⁾ slightly above 500 M€

Key accounts won in the first half of 2005 included the following:

- Global account: Diesel
- Integrated Communications: Jaguar, ESPN Mobile and Lukoil in the USA, LG Electronics on a Pan European Level ;
- Advertising: RadioShack, Sony Electronics and CareFirst in the USA, Afflelou, Champion, Cacharel Parfums, Tac O Tac and the Transilien (SNCF) in France, The News Corporation Ltd, Superdrug Stores Plc in Great Britain, Sogecable in Spain, Citroën in Russia, Türkiye Is bankasi in Turkey ;
- Media: AutoZone and Amica Insurance in the USA, P&O Ferries in Great Britain, the Netherlands and in Belgium, Peugeot in the Netherlands and Belgium, Telepizza and Hasbro in Spain, EDF and ING Direct in France ;
- Marketing services: Heineken, Danone (CRM) and the 2007 Rugby World Cup in France ;
- Corporate / Finance accounts: EDF in France ;
- Healthcare: Benefiber (Novartis) and Lidoderm in the USA.

Among the account lost were Intel and Volkswagen Media in the USA during the first quarter, and Nikon (marketing services), Amgen and Spiriva (Boehringer and Pfizer) in the healthcare sector in the second quarter of 2005.

Moreover, it was recently announced that the Volkswagen creative account in the U.S held by Arnold has been lost to a local American agency.

(1) « Net New Business » refers to the annual estimated advertising account wins during the period less the annual estimated advertising account losses during the period.

First half 2005 – Operating margin

(in €million)	First half 2005	First half 2004
Revenue	700	748
Operating income	75	79
Operating margin (%)	10.8%	10.6%

- There is a slight improvement in the operating margin of 10.8% despite the negative impact of the line « other operating items »

First half 2005 – “Income from operations” margin and operating margin

(in € million)	First half 2005	First half 2004
Revenue	700	748
Income from operations	78	75
Income from operations margin (as a % of revenue)	11.1%	10.0%
Other operating items	(3)	4
Operating income	75	79
Operating margin (as a % of revenue)	10.8%	10.6%

- The “income from operations” margin under IFRS, which is the operating margin before «other operating items », is up 110 bp to 11.1%

First half 2005 – Other operating items analysis

(in € million)	First half 2005	First half 2004
Capital gains (losses) on disposals of assets	10	(5)
Goodwill impairment charge	(3)	(6)
Costs related to change of Chairman and CEO	(10)	
Write-back of provision for cancelled retirement health insurance program		10
MCI reserve reversal		5
Total Other operating items	(3)	4

Operating margin - Havas compared with its peers

	2004	First half 2004	First half 2005
Publicis	8.5%	13.2%	13.0%
Havas	11.6%	10.6%	10.8%
WPP	11.1%	9.0%	10.2%

Source : Companies

- The operating performance measure presented is the operating margin calculated in accordance with IFRS standards, i.e. net of all «Other operating items»

First half 2005 – Income statement (continued)

(in €million)	First half 2005	First half 2004
Operating income	75	79
<i>Net financial income (expense)</i>	<i>(22)</i>	<i>(34)</i>
Income of fully consolidated companies before taxes	53	45
Income tax expense	(16)	(19)
<i>Tax rate</i>	<i>31%</i>	<i>42%</i>
Net income of fully consolidated companies	37	26
Share of profit of associates	0	1
Net income	37	27
<i>Minority interests</i>	<i>(3)</i>	<i>(5)</i>
Net income, Group share	34	22

First half 2005 – Net financial income (expense)

(in €million)	First half 2005	First half 2004	2004
Interest income	9	10	23
Cost of debt	(29)	(49)	(94)
of which oceanes	(21)	(34)	(66)
Other financial income (expense)	(2)	5	(12)
Net financial income (expense)	(22)	(34)	(83)

- Net financial expense of -€22M, an improvement of 35% compared to H1 2004.
- This evolution is a result of the significant reduction in financial expenses due to the repurchase in December 2004 of a large proportion of the convertible bonds (océanes) due in 2006 made possible by the capital increase in October 2004.

First half 2005 – Income tax expense

(in €million)	First half 2005	First half 2004	2004
Income of fully consolidated companies before taxes	53	45	90
Income tax expense	(16)	(19)	(31)
Effective tax rate	31%	42%	34%

- Decrease in effective tax rate from 42% in H1 2004 to 31% in H1 2005.
- This evolution is a result of the decrease in expenses that generated no tax credits during H1 2005 (stock-options, goodwill amortization, financial expenses linked to the océane convertible bonds)

First half 2005 – Net income and earnings per share

(in €million)	First half 2005	First half 2004	
Net income, Group share	34	22	+52%

Nb of shares	First half 2005	First half 2004	
basic	422 973	320 325	+32%
diluted	424 842	323 019	

EPS	First half 2005	First half 2004	
basic	0.08	0.07	+16%
diluted	0.08	0.07	

- Net income, Group share rose +52%
- H1 2005 EPS increased by +16%
- Following the capital increase during H2 2004, the number of shares has increased by over +30% (see annex)

Cash flow statement and Balance sheet

First half 2005

First half 2005 – From net income to operating cash flow

(in € million)	First half 2005	First half 2004	2004
Net income, Group share	34	22	52
Minority interests	3	5	8
Amortization and reserves	9	12	14
Changes in deferred taxes	(2)	(9)	(1)
Gains / losses on disposals	(7)	(2)	(8)
Share of profit of associates	0	(1)	(1)
Income and expense related to Havas stock option plans	4	1	2
Operating cash flow	41	28	66

First half 2005 – Cash flow statement

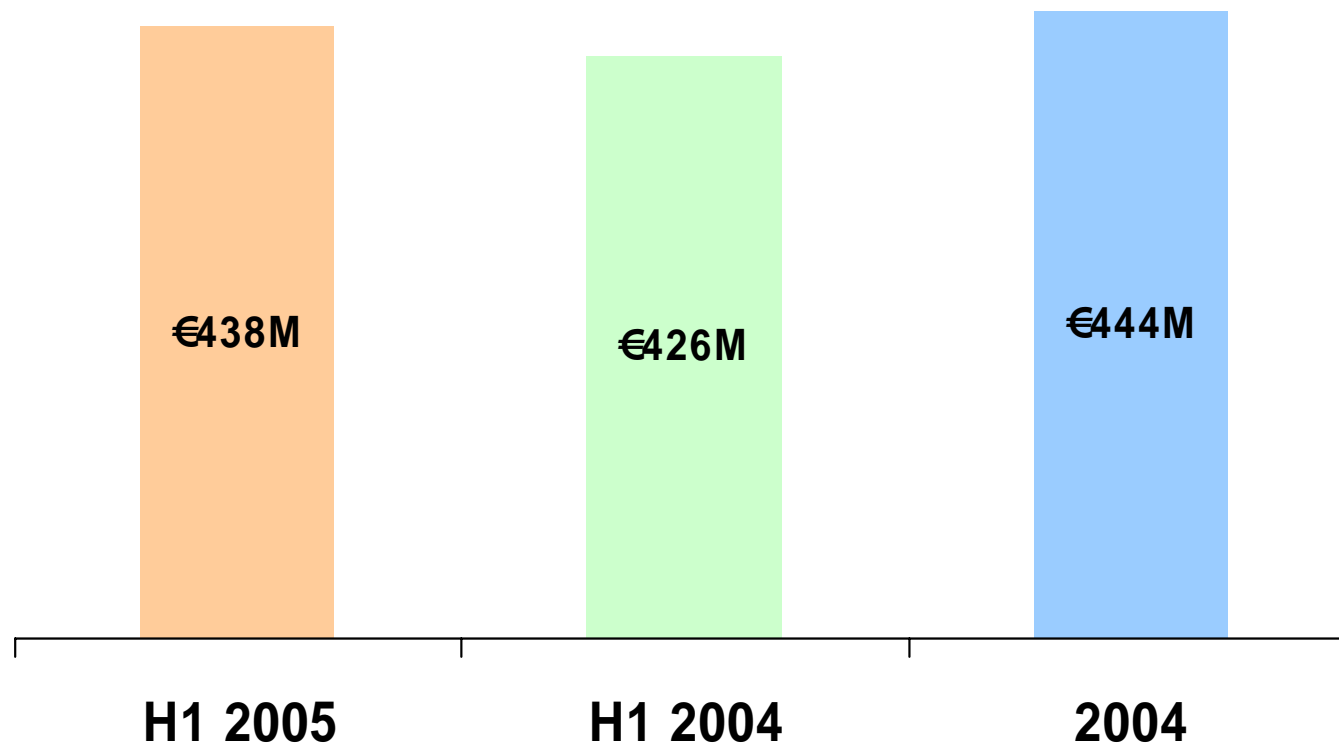
		First half 2005	First half 2004	2004
Operating cash flow		41	28	66
Dividends received from associates		0	0	1
Net cash provided by operating activities before change in WCR		41	28	67
Net investments	Tangible and intangible*	(4)	(17)	(31)
	Financial**	(39)	(37)	(30)
Others		(5)	0	0
Net cash used in investments		(48)	(54)	(61)
Dividends paid		(35)	(20)	(20)
Free Cash Flow before change in WCR		(42)	(46)	(14)
Change in WCR		(193)	(124)	66
Free Cash Flow		(235)	(170)	52***

* Net tangible and intangible amount to €18M from which are deducted disposals, including sales of buildings for €14M

** Including earn outs / buy outs of €37M in H1 2005 compared to €50M in H1 2004.

*** After €63M of loss on repurchases of océane convertible bonds due in 2006

Average pro forma net debt change

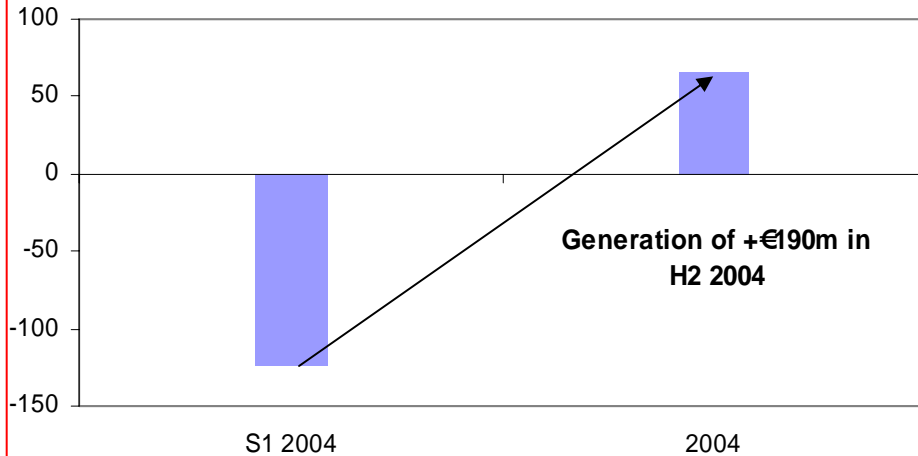


- Figures in French GAAP and pro forma in order to take into account for the full year 2004 the impact of the capital increase (€388M)

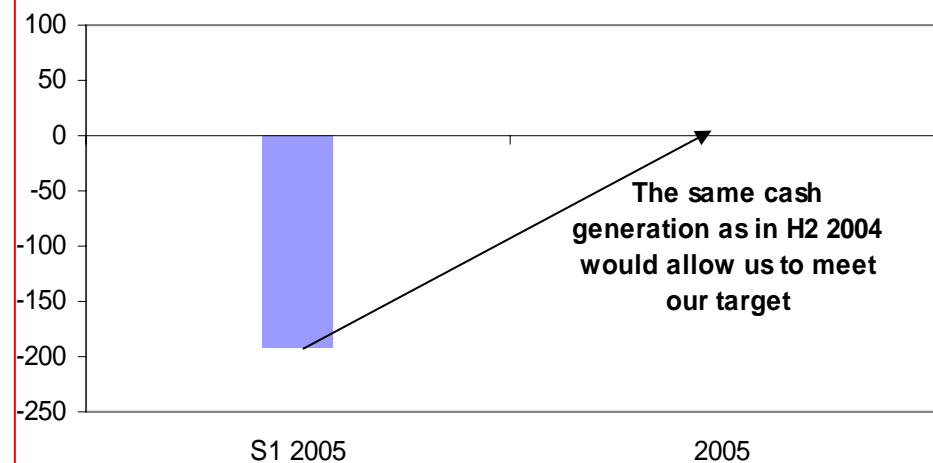
First half 2005– WCR analysis

- The change in WCR is stable over the last 12 month rolling period,
- The H1 2005 change in WCR is compared with a resource at the end of 2004 which was the highest ever achieved.

Change in WCR in 2004 (in €m)



Change in WCR in 2005 (in €m)



First half 2005 – Net debt structure

in €m	06.30.05		12.31.2004	
	Océane 2000	Océane 2002	Océane 2000	Océane 2002
Option component of the océanes	61	93	61	93
Total shareholder's equity component	61	93	61	93
Debt component				
- non current		407	208	401
- current	213			
Total financial debt component	213	407	208	401
OCEANES	620		609	
Bank borrowings	78		64	
Obligations under capital leases	1		2	
Other financial liabilities	18		27	
Borrowings and other financial liabilities	717		702	
Borrowings and overdrafts	100		55	
Earn-out obligations	11		30	
Buy-out obligations	55		59	
Total financial liabilities	883		846	
Cash and cash equivalents	(391)		(538)	
Net financial debt	492		308	

Transition to IFRS

First Half 2004

First Half 2004 – Transition to IFRS

On April 8, 2005, Havas presented its 2004 financial information according to IFRS.

In order to allow the comparison with the H1 2005 figures that are presented today according to IFRS, H1 2004 figures have been restated according to IFRS.

As mentioned in the presentation of 2004 IFRS figures, two steps are needed to convert the income statement from French to IFRS standards

- **Reclassifications** with mainly the allocation of the exceptional items
- **Adjustments** due to the accounting of stock options, of additional accounting expenses linked to OCEANE bonds and the annual amortization of goodwill.

First half 2004 – IFRS reclassifications

(in €million)	French Format	Reclassifications	IFRS format
Revenue	750		750
Compensation costs	(419)	(22)	(441)
Other expenses and income from operations	(240)	16	(224)
Other operating items		4	4
Operating income	91	(2)	89
Net financial income (expense)	(26)		(26)
Income of fully consolidated companies before taxes	65	(2)	63
Exceptional items	(2)	2	
Income tax expense	(16)		(16)
Net income of fully consolidated companies	47	0	47
Share of profit of associates	1		1
Net income before goodwill amortization and impairment	48	0	48
Group share	43		43
Goodwill amortization and impairment	(30)		(30)
Net income	18	0	18
Net income, Group share	14	0	14

The transition to IFRS generates 2 types of accounting reclassification :

- Allocation of the exceptional items into other lines of the income statement in IFRS.
- Transfer of the staff benefit amount from operating expenses to staff costs.

First half 2004 – Main IFRS adjustments

In H1 2004, the main IFRS adjustments had an impact of **+€9M** on the net income line out of the +€18M announced for FY 2004:

- Share-based payments : **-€6M**
- Convertible bond treatment : **-€10M**
- Goodwill amortization : **+€30M**
- Others (other income and expenses, tax) : **-€5M**

First half 2004 – IFRS adjustments

(in € million)	French GAAP	Adjustments	IFRS
Revenue	750	(2)	748
Compensation costs	(441)	0	(441)
Share-based payments		(6)	(6)
Other expenses and income from operations	(224)	(2)	(226)
Other operating items	4	0	4
Operating income	89	(10)	79
Net financial income (expense)	(26)	(8)	(34)
Income of fully consolidated companies before taxes	63	(18)	45
Income tax expense	(16)	(3)	(19)
Net income of fully consolidated companies	47	(21)	26
Share of profit of associates	1	0	1
Net income	48	(21)	27
Group share	43	(21)	22
Goodwill amortization and impairment	(30)	30	0
Net income	18	9	27
Net income, Group share	14	9	22

Outlook

- The Havas Board of Directors considers that this beginning of the Group's recovery must be pursued and amplified.
- The Group's results need to be significantly improved by a combination of revenue growth, translating into increased market share, with a substantial rise in profitability.
- The Board of Directors has confidence in the proven ability of Havas' teams to rise to all these challenges.

Other financial information

Detailed calculation of H1 2005 Organic Growth

1. H1-04 reported revenue	748		In €M
2. Exchange rate impact	(14)		
3. H1-04 at H1-05 FX	734		
4. Variation of the scope: Acquisitions, leases, closure of companies and other	(50)	-6,4%	
6. H1-04 at constant currency and scope of H1-05	684		
7. H1-05 reported revenue	700		
8. Organic Revenue Change	+2,2%		-4,6 %

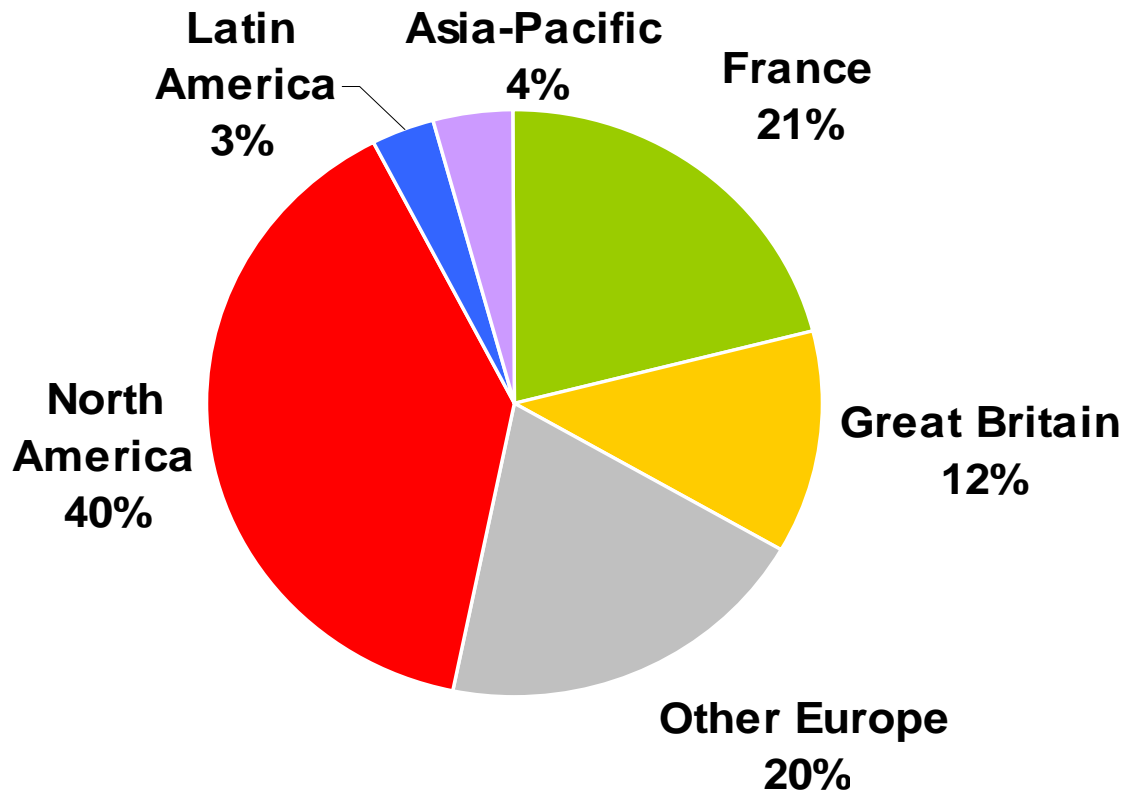
First half 2005 - Revenue by Region

	H1-05 €million	% organic growth H1-05
TOTAL	700	+2.2%
France	147	+0.2%
United Kingdom	87	+0.4%
Europe (excl. France and UK)*	137	+8.5%
North America	277	+0.4%
Latin America (excl. Brazil**)	23	+18.8%
Asia Pacific*	29	-5.9%

* Because revenue from the Middle East and Africa represent less than 1% of total revenue, the geographic breakdown of revenue currently includes, and historically has included, revenue from the Western part of the Middle East and Africa in Europe, and revenue from the Eastern part of the Middle East in Asia-Pacific.

** As a result of the accounting change from January 1st to use the equity method for consolidating the Group's 49% owned principal subsidiary in Brazil

HAVAS today : H1 2005 revenue by Region



Havas today : Main Clients



charles SCHWAB

VOLVO



CITROËN

Carrefour



VONAGE
THE BROADBAND PHONE COMPANY

france telecom



Schering-Plough

**RECKITT
BENCKISER**



L'ORÉAL

sanofi aventis

Polaroid

MCI



Nestlé

Wyeth

Boehringer
Ingelheim

Fidelity
INVESTMENTS

P&G

Auchan



AIR FRANCE

NOVARTIS

CANAL+

Microsoft

GOODYEAR

BBVA

DIAGEO

AREVA

HAVAS

AutoZone

1st half 2005 – Number of shares retained for the EPS calculation

	Issued on 06.30	Used to calculate dilution
Nb of shares	429 079 290	428 906 848
Treasury Stock	(3 572 792)	(5 933 909)
Nb basic shares		422 972 939
Share subscription		
Stock-option Havas	31 394 864	1 422 872
Stock-options Snyder SNC	1 959 948	5 773
Stock-options Circle.com	68 334	3
Purchase options	3 460 438	440 183
Oceane 2000	9 880 101	0
Oceane 2002	48 012 887	0
Total shares issued on 06.30.2005	520 283 070	
Number of diluted shares		424 841 770

Earn-out / Buy-out

M€	06/30/2005	12/31/2004
Earn-out	11	30
Buy-out	55	59
Total estimated commitments	66	89

First half 2005 – Consolidated balance sheet

	Asset			Liabilities	
	06.30.05	12.31.04		06.30.05	12.31.04
Goodwill	1 447	1 383	Shareholder's equity	924	839
Tangible and intangible	133	137	Minority interests	4	2
Financial assets	68	56	Group share	920	837
Defered tax	175	165	Provisions	157	158
WCR	(250)	(436)	Net Debt	492	308
Total asset	1 573	1 305	Total liabilities	1 573	1 305

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