



# First Quarter 2005 Revenue

May 10, 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 (or revenue depending on the circumstance) 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 (or revenue depending on the circumstance) 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 (or revenue depending on the circumstance), 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.

# Havas continues its turnaround begun in 2004

- **Organic growth of +1.4% vs +0.7% in first quarter 2004**
- **Excellent New Business**
- **Reinforced confidence in the 2005 outlook**

# Revenue Q1 2005 : summary

## Change in revenue Q1 2005 / Q1 2004

Organic : + 1.4 %

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Unadjusted : - 7.5 %

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**Dollar vs Euro : - 4.5%**

# Q1 2005 Analysis

- Q1 Organic growth of +1.4% is twice that of Q1 2004
- This improvement in organic growth can be mainly attributed to :
  - North America rose +1.8%, largely due to very good performance of Arnold (before impact of April RadioShack account win).
  - France and rest of Europe grew respectively +2.2% and +2.1%
  - Latin America again achieved outstanding organic growth of +19.7%, after +11.1% in Q4 2004.
- United Kingdom down -3.3%. This decline is only a phasing delay, principally due to the elections
- Finally, Asia-Pacific fell -2.7% but would have been slightly positive without the loss of Intel. Mention should be also made of the very good performance of China (up +8.5%).

# Q1 2005 : Revenue by region

	Q1 2005 €M	Q1 2005 % organic
<b>TOTAL</b>	<b>330</b>	<b>+ 1.4 %</b>
France	70	+ 2.2 %
Continental Europe (Excluding France and UK)	60	+ 2.1 %
United Kingdom	41	- 3.3 %
North America	136	+1.8 %
Asia-Pacific*	14	-2.7 %
Latin America	9	+19.7 %

\* 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.

# Revenue by region - Trends

	Organic growth in %	
	Q1-04	Q1-05
<b>TOTAL</b>	+0.7%	+ 1.4%
France	+7.9%	+ 2.2%
Europe (excl F&UK)*	+ 5.0%	+ 2.1%
United Kingdom	-4.6%	-3.3%
North America	-3.4%	+1.8%
Asia-Pacific*	+6.8%	-2.7%
Latin America	+7.6%	+ 19.7%

\* 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.

# Net New Business

Q1 2005 Net New Business <sup>(1)</sup> positive

Wins more than offset losses of Intel and the Volkswagen media account in the USA by end of Q1.

New business wins + 45 % in revenue<sup>(2)</sup> terms

Key accounts won in Q1 include :

- Integrated communication accounts: Jaguar, LG Electronics (pan-European), ESPN Mobile, Lukoil;
- Traditional advertising accounts: Champion, Cacharel Parfums, Tac O Tac, Transilien (SNCF);
- Media accounts: Autozone, Amica Insurance, EDF, Telepizza, P&O Ferries, Peugeot (Netherlands, Belgium), Hasbro
- Marketing services accounts: Heineken, Danone (CRM);
- Healthcare accounts: Benefiber (Novartis).

(1) Except where otherwise indicated, net New Business in this presentation means the estimated annual advertising budgets minus estimated annual advertising budget losses.

(2) Annual estimated revenue at constant exchange rates

# Net New Business in first four months

- During Q1, we have overcome our handicap of the cumulated loss of Intel and the VW US media account.
- April was very active in new business, thanks to the wins of RadioShack (\$250 million of estimated billings) in the US, Aviva Direct and ING Direct in France and Diesel worldwide.

# Excellent results in creativity

- Havas was one of the most awarded companies at the January 2005 New York Festival and the Mobius Awards ceremony
- The new “Carbot” campaign for the Citroën C4 has already received awards from the Creative Circle, at the British TV Awards in March, and at the Andy Awards in April 2005.
- The “Petit Bateau” campaign received the APPM Grand Prix (Association pour la Promotion de la Presse Magazine), and BETC Euro RSCG was voted “Agency of the Year” for the second consecutive year.

## **The first quarter has reinforced our confidence in achieving our objectives for 2005:**

- The additional New Business gains at the start of the second quarter, including among others the RadioShack account won by Arnold, suggest that our organic growth should be higher in 2005 than it was in 2004
- Positive organic growth in the USA and in the UK
- We also confirm our objective of improving the operating margin through the gradual build-up of new accounts, the development of existing clients and our continued cost reduction efforts
- Havas' turnaround is substantial, and should be further amplified in the second half of the year

# Questions & Answers

# APPENDIX

# Organic growth calculation – 1st Quarter 2005

	<u>€M</u>
1. Revenue Q1 2004	357
2. FX impact	(8)
3. Q1 2004 at Q1 2005 FX	<u>349</u>
4. Changes in scope of consolidation: acquisitions disposals, closures, and others	(24)
5. Q1 2004 at Q1 2005 FX and scope	<u>325</u>
6. Q1 2005 Revenue	330
7. Organic growth	+1.4%

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