

PRESS RELEASE

**2008 RESULTS:**

**Net income, group share: €104 million, up by 25%**

**Net debt down sharply to €79 million**

- ▶ Annual revenue: €1,568 million; organic growth +4.7%; reported growth +2.3%
- ▶ Q4 organic growth of 2.0%: one of the sector's best performances despite a high comparison basis (Q4 2007 of +9.8%)
- ▶ Operating income: €189 million, up +12.5% on 2007, operating margin at 12.1% compared to 11% in 2007 and 8.2% in 2006
- ▶ Net income, Group share: €104 million at +25% on 2007, and double the level of 2006.
- ▶ Significant improvement in gearing<sup>1</sup> (8%) with net debt divided by 3 compared to 2007 and reduced to €79 million.
- ▶ Net New Business<sup>2</sup> still strong at €1.6 billion
- ▶ Strong growth in digital business which now accounts for 14% of total revenue.
- ▶ Targets set in the 2006 4-year plan achieved one year early:
  - Organic growth (+ 4.7%) now up amongst the market leaders
  - Operating margin (12.1%) well within the industry average
  - Net debt reduced by a factor of 5 compared to 2006 and one of the lowest gearing<sup>1</sup> in the sector

**Fernando Rodés Vilà**, Chief Executive Officer of the Havas Group, hailed this improvement in results, achieved in a challenging economic climate:

*"For the first time in its history, Havas posts a net income of over 100 million euros. We ended 2008 with +4.7% growth and a fourth quarter with +2.0% growth while the industry as a whole is for the moment reporting weaker or negative growth. Despite a much weakened economic environment, our ability to adapt, our creativity, our media expertise, growth in our digital business and the balanced geographic spread of our revenues enabled us to achieve these results for full year 2008. For the second year running, all our regions contributed to growth. Operating margin has grown steadily, from 8.2% in 2006 to 11.0% in 2007 and 12.1% in 2008.*

*This performance bears out the pertinence of our operating plan introduced in 2006, when we launched a far-reaching program of winning new markets, restoring our margins and reinforcing the Group's financial structure. At the time, we set ourselves two major targets to achieve four years out:*

- *the highest annual growth rate in the market;*
- *profitability in line with that of the profession.*

*Thanks to the results reported for 2008, we have achieved these targets a year early. All Havas' fundamentals – organic growth, New Business, profitability and financial capacity – are now positive and competitive once again.*

*These results were made possible by the trust our clients have placed in us. They are the outcome of the hard work, creativity and cohesion of all the Group's teams all over the world, and our executive committee would like to thank them for their dedication and their commitment to our clients."*

The Board of Directors, meeting on March 2, 2009 under the chairmanship of Vincent Bolloré, approved the annual accounts for the 2008 financial year.

	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Operating income</b>	<b>189€M</b>	<b>168€M</b>	<b>121€M</b>
<b>Operating margin</b>	<b>12.1%</b>	<b>11.0%</b>	<b>8.2%</b>
<b>Net income (Group share)</b>	<b>104M€</b>	<b>83M€</b>	<b>46M€</b>
<b>Net debt</b>	<b>79M€</b>	<b>226M€</b>	<b>382M€</b>
<b>Digital business</b>	<b>14%</b>	<b>11%</b>	<b>9%</b>

## 1. Revenue

Group revenue for 2008 was €1,568 million, for organic growth of +4.7%.

Agencies including Euro RSCG New York, Euro RSCG Chicago, Euro RSCG London and KLP Euro RSCG, posted double-digit organic growth, while Euro RSCG C&O, Euro RSCG Life USA and BETC Euro RSCG significantly outperformed the market. In the United Kingdom, Euro RSCG London was ranked 5th largest and fastest-growing top 5 UK advertising agency by Campaign.

All Havas Media agencies have posted growth above the market average or in double-digits and for the first time in certain countries such as the United Kingdom, Germany and Poland, agencies

have posted the fastest growth (in the United Kingdom, Nielsen figures showed that MPG UK had the fastest growth in the market). Havas Media Spain won 45% of the total volume of new business for the first 6 months of 2008 according to a report by *Grupo Consultores*.

Reported revenue grew by +2.3% over 2007, mainly due to a weak US dollar and UK pound against the euro. The overall negative exchange rate impact on the Group was €67 million over full year 2008 compared to €51 million over full year 2007.

The fourth quarter of 2008, with revenue of €450 million, produced organic growth of +2.0%. This more than satisfactory outcome which is superior to most of our peers, was reached in challenging market conditions and set against a particularly high benchmark (organic growth of +9.8% in Q4 2007).

Growth continued to be sustained in all mature markets, except for Arnold in the USA. We further consolidated our presence in rapidly developing countries with growth of +20% in India, Russia and Brazil.

The breakdown of revenue by region in Q4 and full year 2008 was as follows:

By Region	Q4 2008		Full Year 2008	
	Revenue (in €M)	Organic growth (%)	Revenue (in €M)	Organic growth (%)
EUROPE	265	3.3%	923	5.4%
of which				
France	99	6.0%	339	3.6%
UK	52	2.0%	200	4.8%
Rest of Europe	114	1.6%	383	7.4%
NORTH AMERICA	131	-2.0%	477	2.1%
REST OF THE WORLD	54	6.5%	168	8.4%
of which				
Asia Pacific	21	-7.8%	72	1.8%
Latin America	33	17.1%	96	13.8%
<b>TOTAL</b>	<b>450</b>	<b>2.0%</b>	<b>1 568</b>	<b>4.7%</b>

## 2. Results

- ▶ **Operating income** rose to €189 million, an increase of +12.5% over 2007 and of +56% over 2006. Operating margin of 12.1% in 2008 gained +110 bps over 2007 and +390 bps over 2006, thanks to continued efforts to contain costs.
- ▶ **Net income, Group share** of €104 million in 2008 was up +25% on 2007 and 126% up on 2006.
- ▶ **Earnings per share** increased by +26% to 24 cents (€) in 2008 compared to 19 cents (€) in 2007 and 11 cents (€) in 2006.

### 3. Financial structure

The Group's financial structure underwent further reinforcement in 2008:

- Net debt at December 31, 2008 was reduced to just €79 million compared to €226 million at December 31, 2007, a reduction of 65%,
- At December 31, 2008, gearing was 8%, with net debt representing 4 months' EBITDA,
- debt maturity, which had already been extended from two and a half years in 2006 to four years in 2007, remains at over four and a half years at the start of 2009,
- and average debt<sup>3</sup> over full year 2008 was €295 million, down by 24%.

This considerable reduction in net debt is due to:

- a high level of cash generation thanks to strong results and unremitting attention to the Group's rigorous cash management policy: operating cash flow was €292 million in 2008 compared to €264 million in 2007 and €86 million in 2006,
- and a lower level of financial investment at approximately €58 million paid out over the 2008 financial year.

The improvement in its cash position left the Group with cash of €912 million at December 31, 2008, more than sufficient to redeem the €450 million or so of 2002-2009 OCEANE (bonds convertible and/or exchangeable for new or existing Havas shares) maturing on January 2, 2009. The Group is not now required to make any significant reimbursement of its gross medium-term financial debt before the end of 2011.

In addition, the Group's liquidity is highly satisfactory with unused medium term credit lines of €170 million and approaching €300 million in short-term credit lines.

### 4. Net New Business<sup>2</sup>

Net new business remained very buoyant throughout the year. At €1.6 billion for full-year 2008, this was once again one of the strongest relative performances in the sector.

**Euro RSCG** continued to add major global clients and advertising assignments in 2008 – the largest global wins in 2009 included: **New York Stock Exchange**, **Chivas** (Pernod Ricard), **Numico** (Danone's newly acquired global baby food division) and **Jaguar's** Global Digital business. These wins together with new assignments from existing clients such as **Kraft** (Ritz Europe), **Reckitt Benckiser** and **Sanofi Aventis** helped ensure that Euro RSCG was named for the 3rd year in a row by Advertising Age as the world's largest agency in terms of global clients.

**Havas Media** won impressive new clients at global and regional level including including **Hugo Boss**, **Lan**, **Telefonica**, **Reckitt Benckiser**, **Mucinex**, **La Française des Jeux** and **Banorte** and other agencies within Havas Worldwide won new clients such as **Monoprix**, **Carnival** and **Volvo**.

**Havas Media** was able to add major global and regional wins such as **Hugo Boss**, **Lan**, **Tourespaña**, **Hermes**, **Incredible India!**, **Sol Melia**, **Swarovski**, **bmi**, **C&C Group**, **Corona**, **Festina**, **Florette**, **InterRhône**, **Tourism of Morocco**, **Svenson**, **Telmex**, **RedBull**, **Toshiba**, **Tourism of Turkey** and **Wrangler**. Havas Media also able won additional business with existing key clients such as **Reckitt Benckiser** (USA, Austria, Poland) and **Danone** (Indonesia, Switzerland).

We can also note the strong performance in new business of other agencies within Havas Worldwide which won prestigious new clients including **Monoprix**, **Carnival Cruises** and **Volvo**, amongst others.

Please refer to Appendix 2 for more detail on 2008 New Business.

## 5. Outlook

2008 set the seal on the improvement in profitability and financial structure that the Havas Group has been pursuing since 2006.

Thanks to strong cash generation and tight control of costs and WCR, Havas now boasts one of the strongest financial structures in its sector and one of the lowest levels of net debt in the market.

This position of strength enables us to face the current challenging economic climate with confidence in the Group's ability to transform New Business into extra revenue and to pitch successfully for new accounts.

The Group adopted a more agile and simplified structure by organizing itself around two main Business Units: Havas Worldwide and Havas Media. The Group will continue to prioritize organic growth by encouraging cooperation between its two business units and putting digital at the heart of all our businesses in all our markets. We see our well-established positions in mature markets as giving us an advantage in view of the expected slowdown in emerging markets.

We will also continue to focus on innovation – in tools and ideas – to refine our analysis of new consumer attitudes and behavior and to measure the efficacy of communication strategies with ever greater accuracy in order to create value for our clients.

## 6. Major Digital Awards

The latest Big Won Report ranked **BETC Euro RSCG's** "Ad Auction" campaign for eBay as the 4th most awarded Alternative & Innovative Media Campaign worldwide.

The New York Festivals Innovative Advertising Awards presented a Gold and Silver to **Euro RSCG 4D Amsterdam** for its campaign for VolvoXC90, "The Hunt 2007" and for VolvoXC70 "70X XC70" respectively.

The "Beat Billy" campaign, created by **Euro RSCG Singapore** for The Crowbar Awards, was named Interactive Campaign of the Year at the Singapore Advertising Hall of Fame.

The WebAwards awarded the group's agencies with a total of 11 prizes to **Euro RSCG 4D London, Euro RSCD 4D Amsterdam, Euro RSCG 4D Portland, Euro RSCG San Francisco** and **Palm Arnold** for their work for the following clients: Peugeot, Kraft, Volvo, Barclays, Disneyland Paris; and 4 prizes for **Arnold Boston** for .ESPN, Ocean Spray, American Legacy and Tony Hawk Proving.

InfoBrand Magazine ranked **Euro RSCG Buenos Aires** as number one in their Top 10 of the most innovative agencies in Argentina.

At the EPICA Awards **BETC Euro RSCG** won 2 Silvers for "Adopt Sci Fi" (NBC Universal) in the Web and Integrated category as well as a Bronze for "Tower of Terror" (Disneyland Paris) in the web category. **Euro RSCG 4D Amsterdam** won 2 Bronzes in the web and integrated categories for "Rush an interactive adventure" (Volvo).

At the Mériber Ad Festival **BETC Euro RSCG** took home a Cristal Europe in the corporate web site category for "Tribute to Lacoste" (Lacoste) and **Euro RSCG 4D Amsterdam** also won a Cristal Europe for the digital project "A coffee named desire" (Kraft/Carte Noire).

**Media Contacts Spain** won Gold as Best Online Media Agency at the Interactive Awards in Spain and **Havas Digital Mexico** has been named Best Media Agency of the Year.

**BLM Quantum** was named 2008 UK Digital Agency of the Year at the IMA Awards.

**Havas Digital US** was named "Bronze Award Agency of the Year 2008 for Media Planning & Buying" by OMMA

At the Cannes International Advertising Festival, **Media Contacts/MPG Spain** and **AIS (UK)** won 2 Bronze Cyber Lion Awards for Atrapalo.com and O<sub>2</sub> respectively.

**Havas Media** won 5 awards at the Eurobest, including a Grand Prix for the Launch of the BBC's Video on Demand Service, iPlayer, created by **MPG London** and **Media Contacts UK**.

**Media Contacts/Mobext Brazil** won Gold for Citroën at the MMA Awards in the Cross Media Integration category.

**Lattitud Spain** won a Bronze EFI award for Editorial Planeta "La Ruta prohibida" in the Campaign Media Efficiency category.

**AIS** won the IAB award for Indigo O<sub>2</sub> at the IAB Creative Showcase Awards.

**Media Contacts Argentina** won 2 Silver AMAUTA awards for its campaigns for Coca-Cola Zero and Repsol YPF and 2 Bronzes for Renault.

**Media Contacts/MPG International UK** and **Media Contacts Italy** won Best Financial Advertiser for their trading game initiative for BGI iShares at the M&M Awards.

At the AOL/Media Week Awards, **Media Contacts/MPG UK** won Best Cross Media campaign for Camelot.

**Havas Digital** collected some thirty major awards for its interactive and cross-media campaigns at national and international level.

## 7. Major Creative Awards

**BETC Euro RSCG** was named Creative Agency of the Year by CB News.

**Euro RSCG Prague** was named Advertising Agency of the Year for the second time in a row (and for the 4th time in 5 years) by Strategie and the Czech Association of Communication Agencies (AKA).

**Euro RSCG C&O** was named Best Corporate French Agency at the Sabre European Awards.

In November, **MPG Argentina** won the Jerry Goldenberg Award for Argentina's best media agency of the year, for the fifth year in succession.

**Havas Media France, Havas Sports France and Compagnie 360 Euro RSCG** were voted Media Agency, Sports Marketing Agency and Integrated Agency of the Year respectively at the 28th "Agencies of the Year" Grand Prix.

**MPG Poland** was named "Best Agency of 2008" by Media i Marketing Polska.

**BETC Euro RSCG** won a Yellow Pencil at the D&AD Awards in the broadcast innovation category for its eBay campaign, making it the second French agency to have won this award in 45 years.

At the Cresta International Advertising Awards in October, **Arnold Boston, Euro RSCG Santiago, Euro RSCG Prague, Euro RSCG New York and Euro RSCG Zürich** took a total of eight awards.

At the London International Advertising Awards, **Arnold Boston, Euro RSCG Spain, Euro RSCG Santiago, Euro RSCG Flagship and The Furnace** in Australia won a total of 8 awards, including 3 Golds: one for **Euro RSCG Spain** for its "Athlete" print ad for Strepsil, the second for **Euro RSCG Santiago** for its "Cat" print ad for the Peugeot 207 RC and the third for **The Furnace** (print campaign for Skins/radiator).

At the "El Ojo de Iberoamerica" Latin America festival, **Euro RSCG Buenos Aires, Euro RSCG Santiago, Euro RSCG Sao Paulo, Euro RSCG Lisbon, Euro RSCG Spain and Euro RSCG Vice Versa** notched up a total of 15 awards, including 3 Golds.

At the EPICA Awards, one of Europe's largest award shows, **BETC Euro RSCG, Euro RSCG München, Euro RSCG Zurich, Euro RSCG London, Leg, Euro RSCG Athènes and Euro RSCG 4D Amsterdam** were all awarded prizes. **BETC Euro RSCG** won a total of 10 prizes for "Ad Auction" (Ebay) in integrated media.

At the Méribel Ad Festival, **BETC Euro RSCG** emerged as the most awarded agency, taking four Cristal awards including two Grand Cristal France and Europe trophies (Integrated and Media) for eBay's "Ad Auction" campaign.

**Euro RSCG Shanghai** won 5 prizes (2 Silver and 3 Bronze) at the Long Xi Global China Advertising Awards and **Euro RSCG Hong Kong** won 2.

At the China 4A Golden Seal Creative Awards, **Euro RSCG Shanghai** won 3 awards, including a Silver and a Bronze for the Greenpeace campaign "Plastic Bag, Disposable Chopsticks, Disposable Mess Tin".

## APPENDIX 1: Financial Information

in €M	2008	2007	Variance 2008/2007
Revenue	1568	1532	2.3%
Organic growth			+4.7%
Income from operations	188	169	+11.2%
	12.0%	11.0%	
Operating income	189	168	+12.5%
	12.1%	11.0%	
Net income of fully consolidated companies	112	91	+23.1%
	7.1%	5.9%	
Net income, Group share	104	83	+25.3%
	6.6%	5.4%	

in €M	as of December 31, 2008	as of December 31, 2007	Variance 12/31/2008 vs 12/31/2007
Total consolidated equity	1015	978	3.8%
Net financial debt	79	226	-65.0%
Net financial debt / Total consolidated equity	0.08	0.23	
Earnings per share (in €)	0.24	0.19	26.3%
Average net debt	295	389	-24.2%



## APPENDIX 2: New Business

### Havas Worldwide

#### Euro RSCG



#### Other Agencies



# Havas Media



## **About Havas**

Havas (Euronext Paris: HAV.PA) is a global advertising and communications services group. Headquartered in Paris, Havas operates through its two worldwide networks, Euro RSCG Worldwide and Havas Media, which are headquartered in New York and Barcelona respectively, and through a number of independent agencies renowned for their creativity, such as Arnold Worldwide Partners. A multicultural and decentralized Group, Havas is present in more than 75 countries through its networks of agencies and contractual affiliations. 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 14,400 people.

Further information about Havas is available on the company's website: [www.havas.com](http://www.havas.com)

## **Forward-Looking Information**

This document contains certain forward-looking statements which speak only as of the date on which they are made. Forward looking statements relate to projections, anticipated events or trends, future plans and strategies, and reflect Havas' current views about future events. They are therefore subject to inherent risks and uncertainties that may cause Havas' actual results to differ materially from those expressed in any forward-looking statement. Factors that could cause actual results to differ materially from expected results include changes in the global economic environment or in the business environment, and in factors such as competition and market regulation. For more information regarding risk factors relevant to Havas, please see Havas' filings with the *Autorité des Marchés Financiers* (documents in French) and, up to October 2006, with the U.S. Securities and Exchange Commission (documents in English only). 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.

### **(1) Gearing**

Net debt at 31 December / Equity ratio at 31 December

### **(2) : Net New Business**

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.

### **(3): Average Net debt**

Average Net debt (quarterly or annually) is calculated for the main 4 countries (France, USA, UK and Spain), as the difference between structured gross debt (oceanes, credit lines, etc...) and treasury in bank measured on a daily basis; concerning the other countries, the average net debt is the debt accounted as of each quarter.

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