



# 2009 Annual Results

February 17, 2010

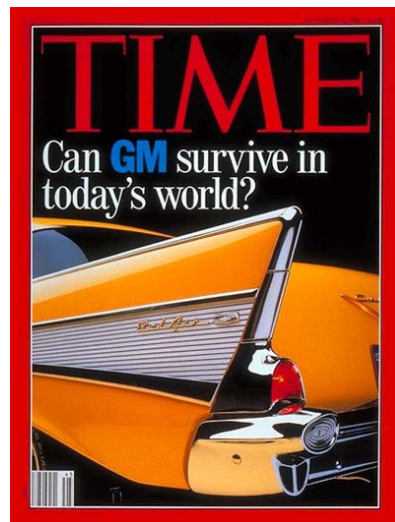
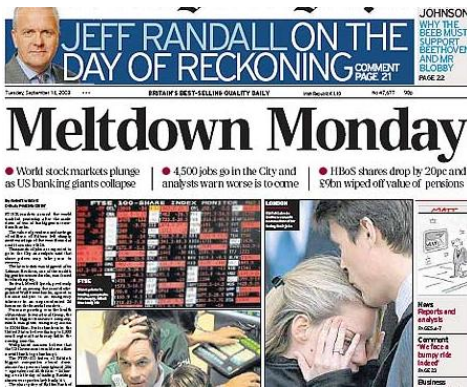




# 2009



# An Unprecedented Economic Crisis





2009

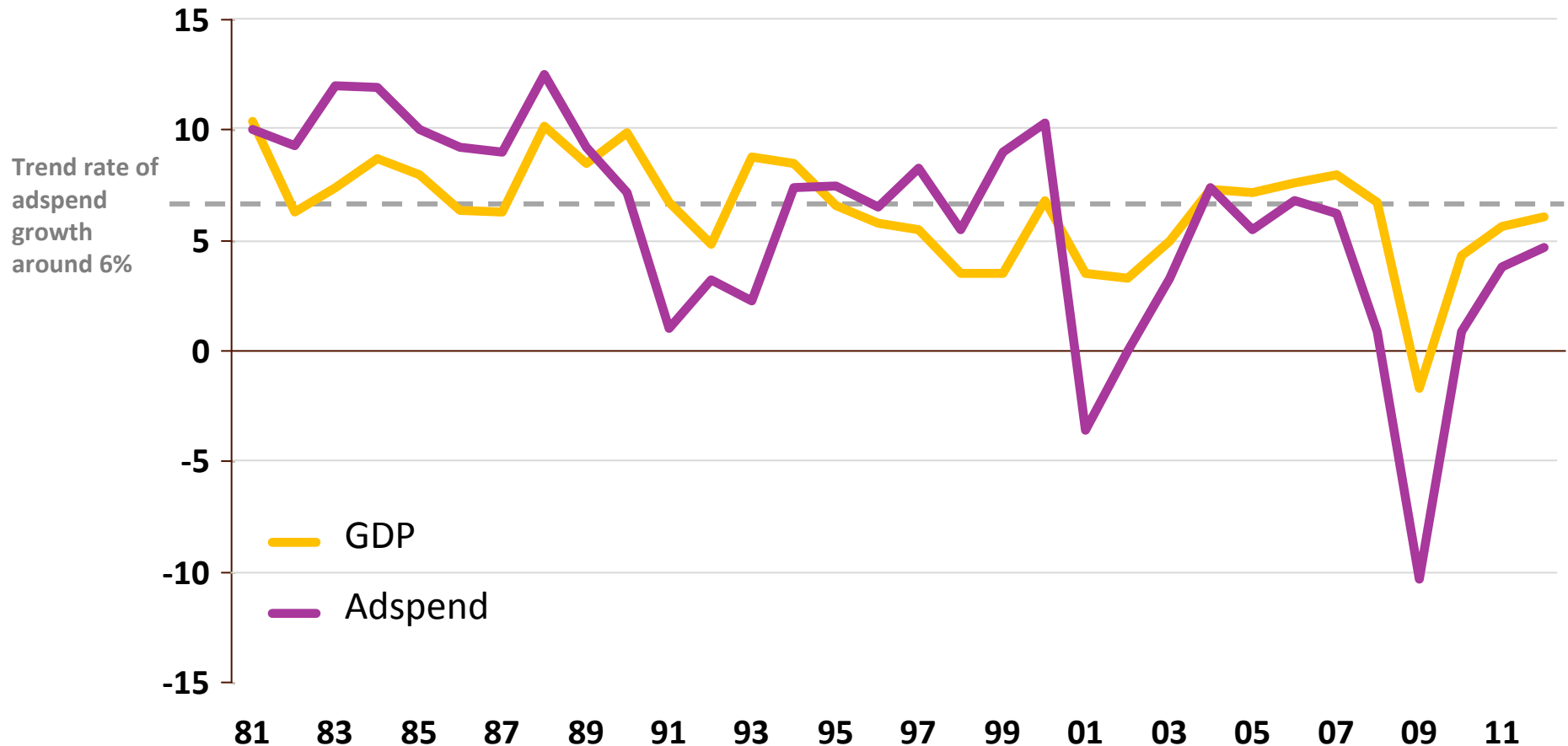
# Adspending Market

## The worst decline in modern times

2009

# Historical relationship between adspend and GDP

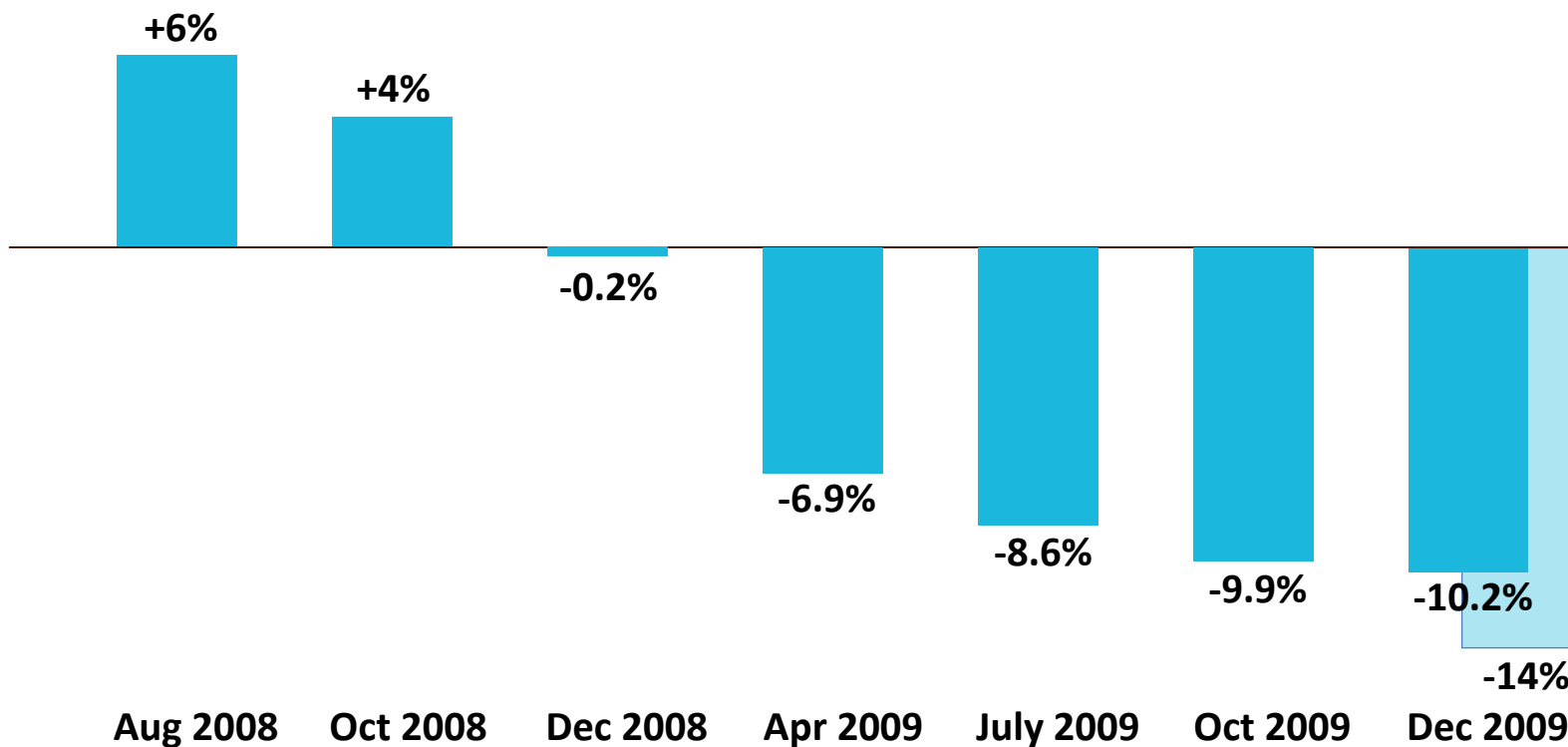
(world GDP and adspend growth, year-on-year, current prices)



Sources: IMF, Zenith Optimedia

2009

# 2009 Growth Forecasts



Zenith Optimedia

Media Est.



2009

## 2009 Challenges

- ▶ Deep global recession
- ▶ Emerging economies more seriously hit than expected
- ▶ Devastated sectors: automotive, finance ...
- ▶ Major bankruptcies
- ▶ Continued deterioration of the advertising market
- ▶ Technological breakthroughs continue to shake up the market



2009

## 2009 Publicis Groupe's Challenges



- ▶ Restructure, readjust and correct while maintaining the potential to bounce back
- ▶ Permanently adjust to constant changes and remain focused on future growth
- ▶ Control costs and headcount
- ▶ Anticipate evolutions
- ▶ Take strategic initiatives
- ▶ Generate new sources of revenue

Continue to reinvent ourselves during the crisis





2009

## What have we done?



### 1. Management of Personnel Costs

- Selective hiring freeze
- Salary freeze
- Bonus reduction
- Controlled restructuring

Average headcount as of December 31, 2008: 44,964

Average headcount as of December 31, 2009\*: 41,703



2009

## What have we done?

### 2. Management of Other Operating Expenses:

- Business travel reduced
- Video-conferences widely implemented
- Controllable costs managed
- Centralized procurement

### But

- Lease renewals
- IT investments



2009

## What have we done?



### Acceleration of New Business Wins

USD 6 billion

Publicis Groupe N°1\* worldwide

2009

# Net New Business



2009

## What have we done?

Acceleration of Publicis Groupe's digital transformation

From 18.6%\* to 22.4%

2009

# What have we done?

"The human digital agency"



2009

## What have we done?



### Razorfish acquisition

- ▶ Second largest global digital network after Digitas (1st global network)
- ▶ Razorfish capabilities: e-commerce, Advertising & Branding, Analytics, Email Marketing & eCRM, Emerging Media, Interaction design, Search Marketing, Strategy & Planning, Social Influence Marketing, Technology Architecture & Integration.
- ▶ Key Clients: AT&T, Carnival Cruise Lines, Condé Nast, Dell, Disney, JCPenney, Kraft, Levi's, McDonald's, Mercedes Benz USA, Microsoft/MSN, Nike, Nortel, Olympus, Purina, Ralph Lauren, Samsonite, Starwood Hotels & Resorts, Toshiba, Victoria's Secret
- ▶ Commercial agreement with Microsoft: new opportunities for our clients

2009

## What have we done?



### LionLead Co-Investment Plan

- ▶ In March 2009, 136 key executives of the group acquired 1,772,152 shares, representing 0.9% of the company's share capital
- ▶ An independent structure (LionLead) was created to handle participants' personal capital contributions.
- ▶ The executives will receive free shares based on loyalty and performance (Management Board members criteria are only based on performance)
- ▶ Advantages: personal financial commitment, retention, performance





2009

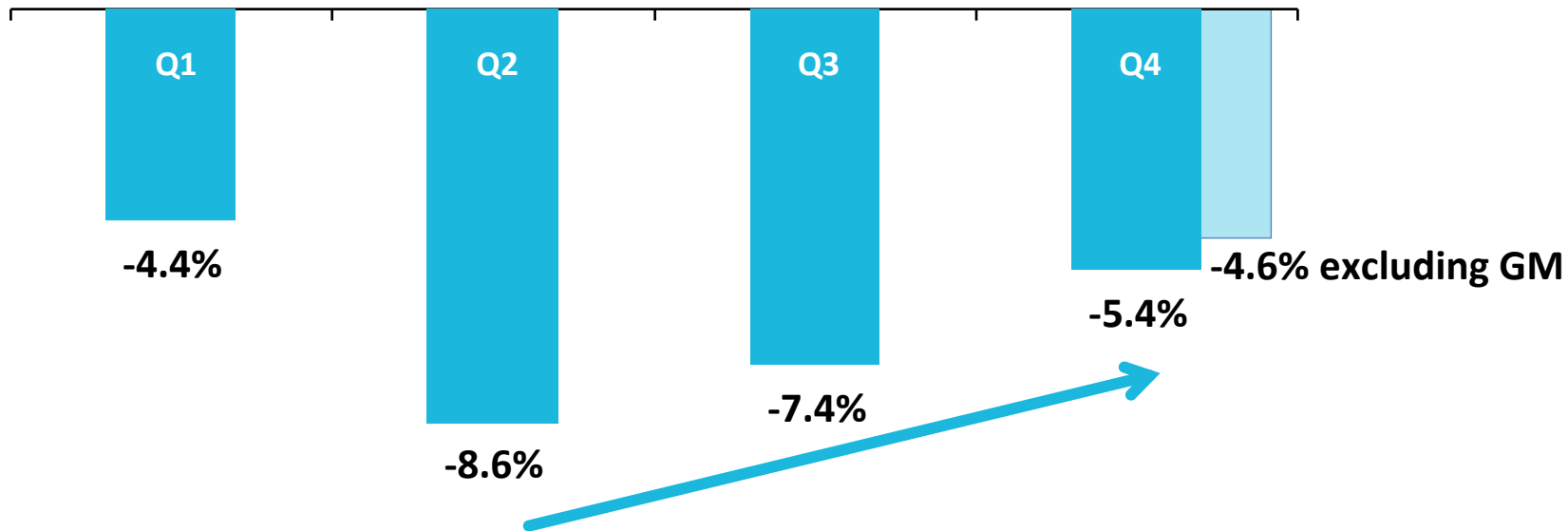
# The Results

2009

## Results of actions taken



### Organic Growth by Quarter



As announced:

- ▶ Trough reached during the summer
- ▶ Sequential improvement since Q2



2009

## Results of actions taken

### Organic Growth

**Organic Growth**

*Excluding GM*

**-6.5%**

**-5.3%**

**Major media ad market \* for 2009**

**-10.2%**

*Media estimates*

**-12 to -14%**

**Gain in market share**

2009

## Results of actions taken



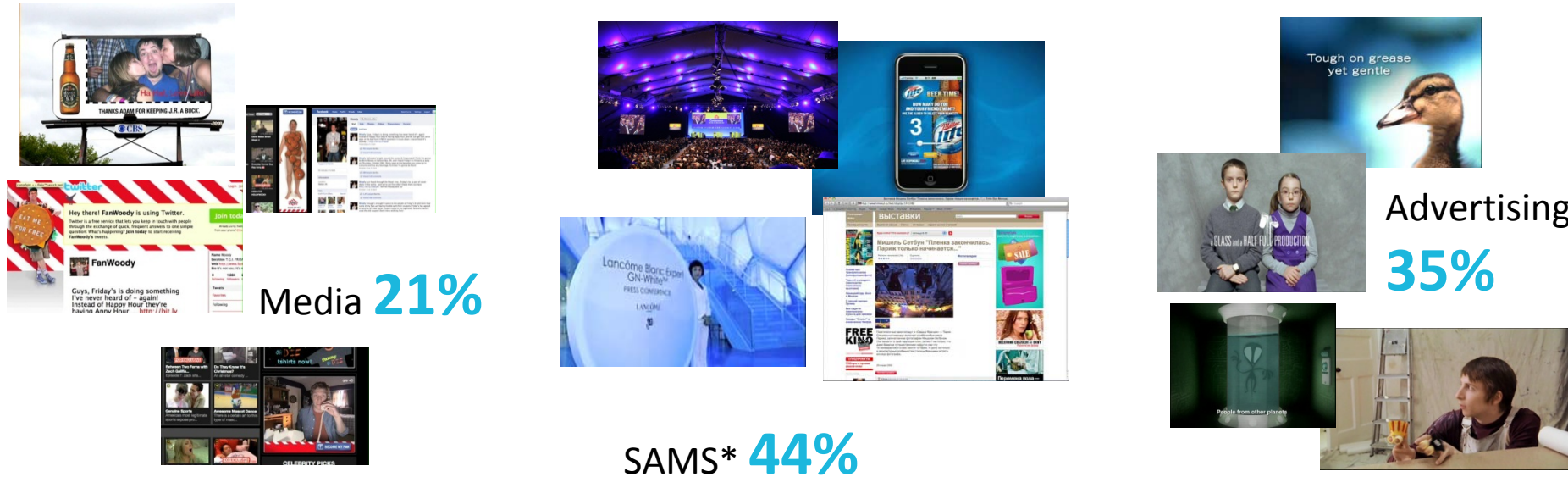
### Key Figures

<b>Revenue</b> (EUR million)	4,524
<b>Organic Growth</b>	-6.5%
<b>Operating Margin</b> (EUR million)	680
<b>As a % of revenue</b>	15.0%

2009

# Results of actions taken

## Revenue by activity



- ▶ Strong growth of SAMS led by digital
- ▶ Target of 50% of revenue in emerging countries and digital in 2010

\*SAMS including 100% Digital

2009

## Results of actions taken

### Penetration of Growth Sectors Digital

	FY 2008*	FY 2009
▶ Digital (% Groupe revenue)	from <b>18.6%</b>	to <b>22.4%</b>

Publicis Groupe: the most digitized agency

2009

## Results of actions taken



- ▶ Emerging markets: 22.5% of total revenue\*
- ▶ Compared to 22.2% in 2008\*\*

\* Excluding Razorfish

\*\* 2008 at 2009 exchange rate

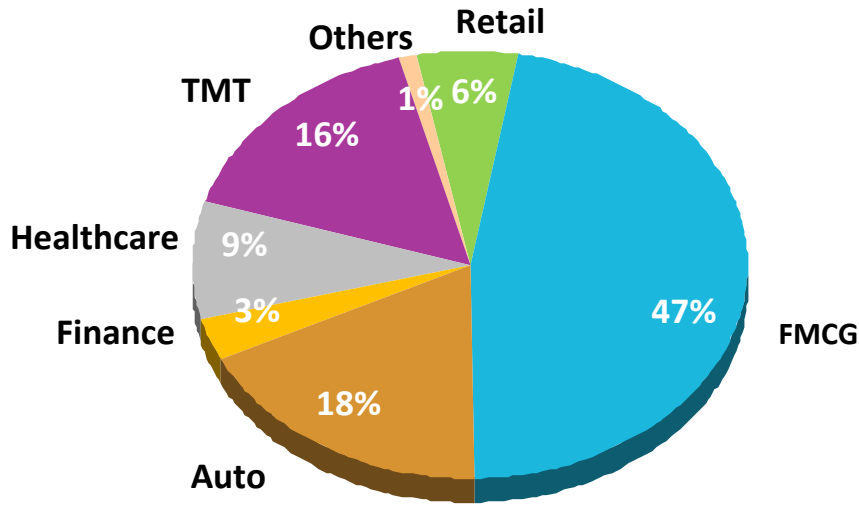
2009

# Results of actions taken

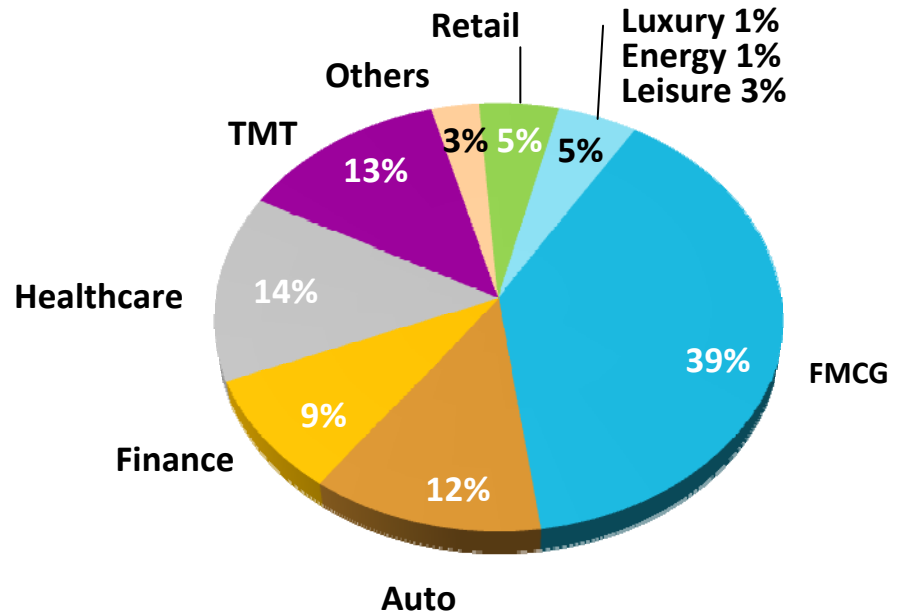


## Revenue by Sector

Global Advertising Investments\*



Publicis Groupe



Portfolio structure mostly in line with global ad spending

\*Source: Deutsche Bank





2009

## Results of actions taken



### Penetration of growth sectors

An effective strategy through the crisis:

- ▶ Good resilience
- ▶ Increased Market share



# 2009 Figures

# Consolidated Income Statement



(EUR million)	FY 2009	FY 2008	Var. '09 vs '08
Revenue	4,524	4,704	-3.8%
Operating margin	680	785	-13.4%
<i>as % of revenue</i>	<b>15.0%</b>	<b>16.7%</b>	
Amortization of intangibles arising on acquisitions	(30)	(29)	
Impairment	(28)	(13)	
Non-current income (expense)	7	8	
Operating income	629	751	-16.2%
Net financial costs	(70)	(79)	
Income taxes	(146)	(196)	
Associates	4	2	
Minority interests	(14)	(31)	
<b>Group net income</b>	<b>403</b>	<b>447</b>	<b>-9.8%</b>

# Operating Margin

(EUR million)	FY 2009	FY 2008	Var. '09 vs '08
Revenue	4,524	4,704	-3.8%
Personnel costs	(2,812)	(2,852)	-1.4%
Other operating expenses	(940)	(963)	-2.4%
Depreciation	(92)	(104)	
Operating margin	680	785	-13.4%
	15.0%	16.7%	

# Operating Costs

(EUR million)	FY 2009	FY 2009 excl. acquisitions*	FY 2008**	Var. '09* vs '08**
Personnel costs	(2,812)	(2,732)	(2,873)	-4.9%
Other operating expenses	(940)	(918)	(963)	-4.7%
Depreciation	(92)	(90)	(105)	-14.3%
<b>Total Operating Costs</b>	<b>(3,844)</b>	<b>(3,740)</b>	<b>(3,941)</b>	<b>-5.1%</b>

**Total operating costs reduction:**

**-201 m€**

**Variation vs 08\*\* costs:**

**-5.1%**

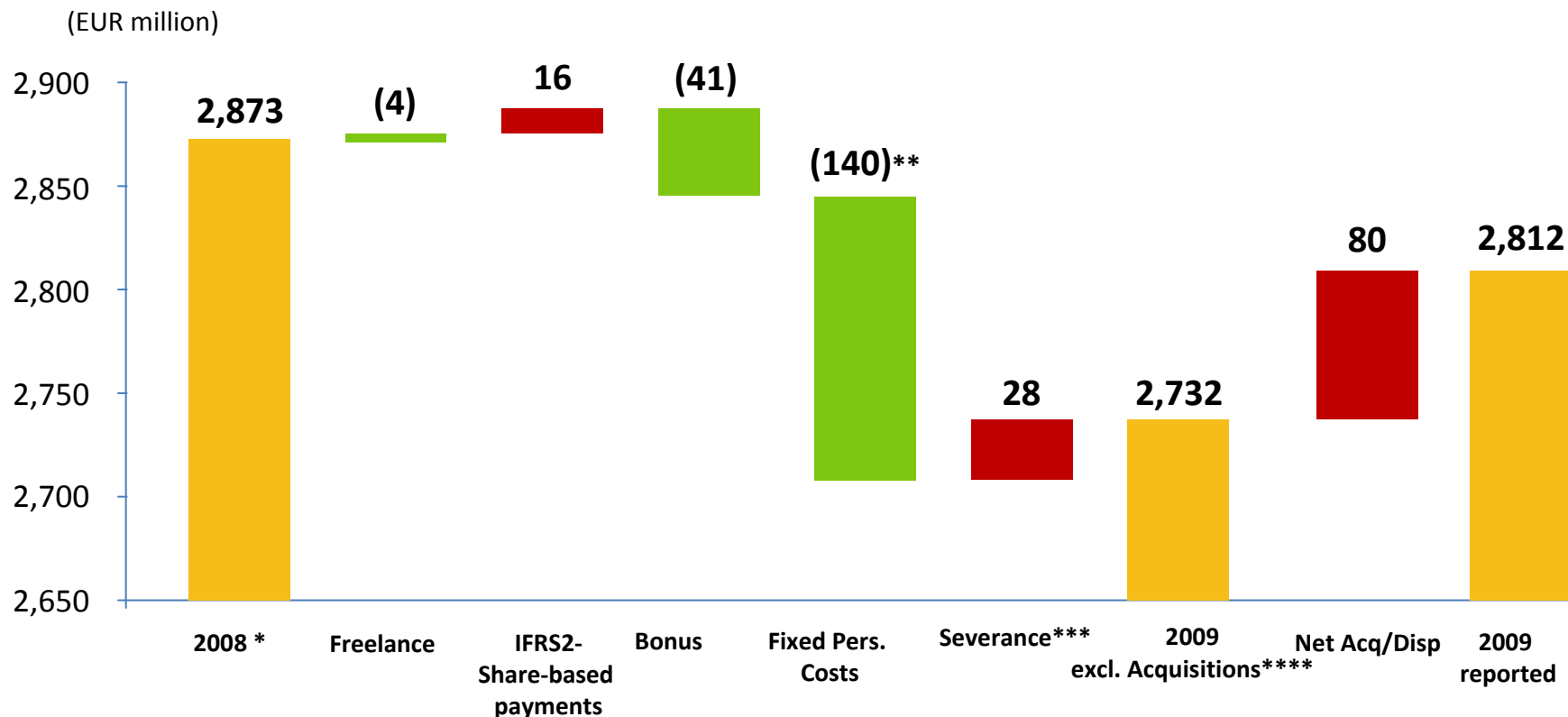


\* After elimination of the effect of acquisitions since Dec.2008

\*\* 2008 at 2009 exchange rate

# Publicis Groupe

## Total Personnel Costs: evolution from 2008 to 2009



\* 2008 at 2009 exchange rate

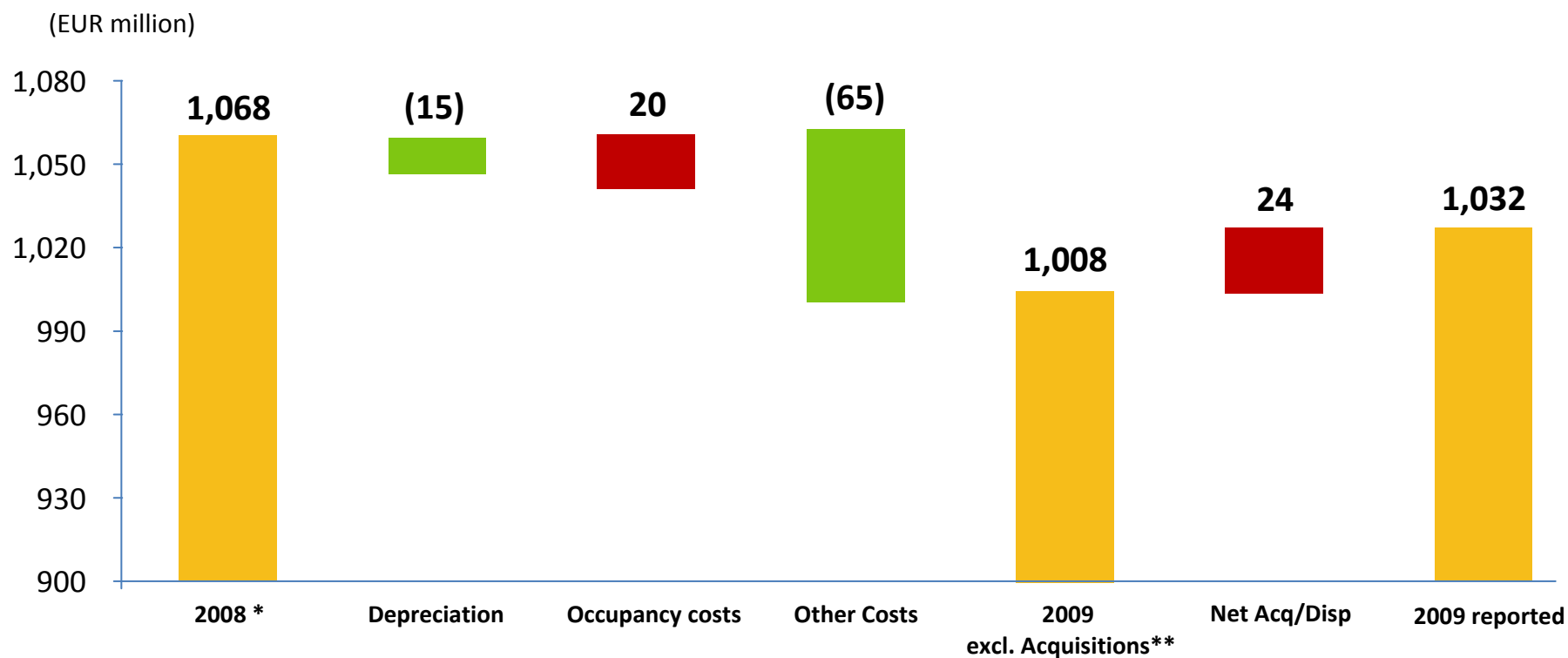
\*\* average headcount reduction since dec. 2008

\*\*\* total restructuring costs incurred in 2009: 79M€

\*\*\*\*excl. impact of acquisitions since dec. 2008

# Publicis Groupe

## Other operating expenses and depreciation



\* 2008 at 2009 exchange rate

\*\* excl. impact of acquisitions since dec. 2008

# Net Financial Costs

(EUR million)	FY 2009	FY 2008	Var. '09 vs '08
Eurobond 2012 and 2015 <sup>(1)</sup>	(19)	(43)	24
OCEANE 2008 (reimbursement in July 2008)	0	(23)	23
OCEANE 2014 (issued in June 2009)	(19)	0	(19)
OCEANE 2018	(4)	(7)	3
Oranes	(2)	(2)	0
Interests on Finance lease	(8)	(8)	0
Other interest expense	(21)	(26)	5
Interest income <sup>(2)</sup>	12	28	(16)
Cost of net financial debt	(61)	(81)	20
Other financial income (expense) <sup>(3)</sup>	(9)	2	(11)
<b>Net financial costs</b>	<b>(70)</b>	<b>(79)</b>	<b>9</b>

(1) 2009 average interest rate resulting from the fixed rate / variable rate Eurobond swap: 2.6% vs 5.7% in 2008

(2) The decrease in interest income is mainly due to the decrease in US interest rates (Average US interest rate in 2009 : 0.16% vs 1.93% in 2008)

(3) The increase in other financial income (expense) is due to :

- the decrease in foreign exchange gains
- the decrease of return on assets of the main US pension plan
- movements in provisions on loans to non consolidated companies.



# Effective Tax Rate

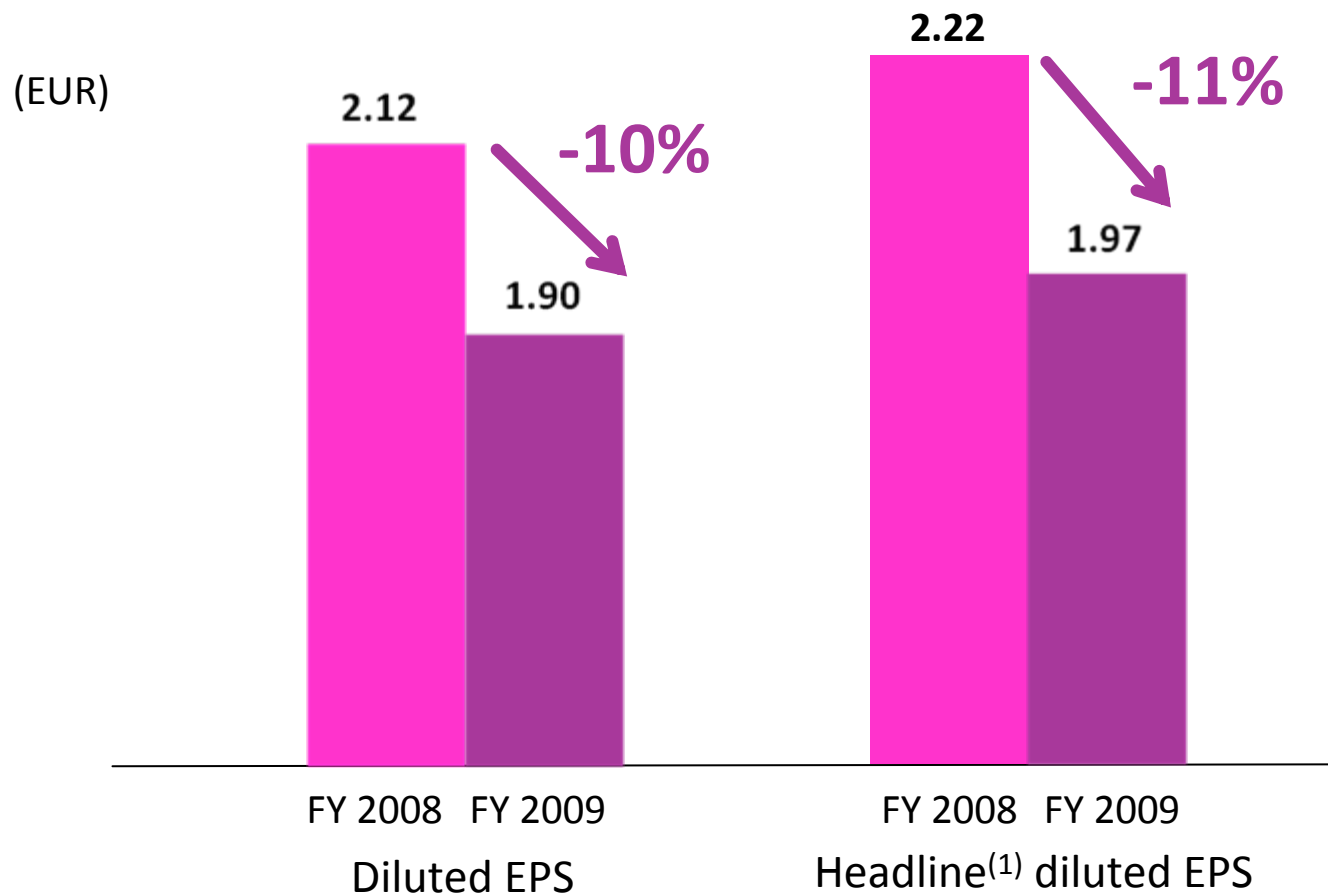
	FY 2009		FY 2008	
	(m€)	%	(m€)	%
Income taxes (as published)	146	24.9%	196	29.2%
Impact of income tax credit linked to Oceane 2014 deferred tax liability	23		-	-
Income tax charge *	<b>169</b>	<b>28.9%</b>	196	29.2%

**-30 bp**



\* excluding the income tax credit linked to the Oceane 2014 deferred tax liability

# Earnings per Share



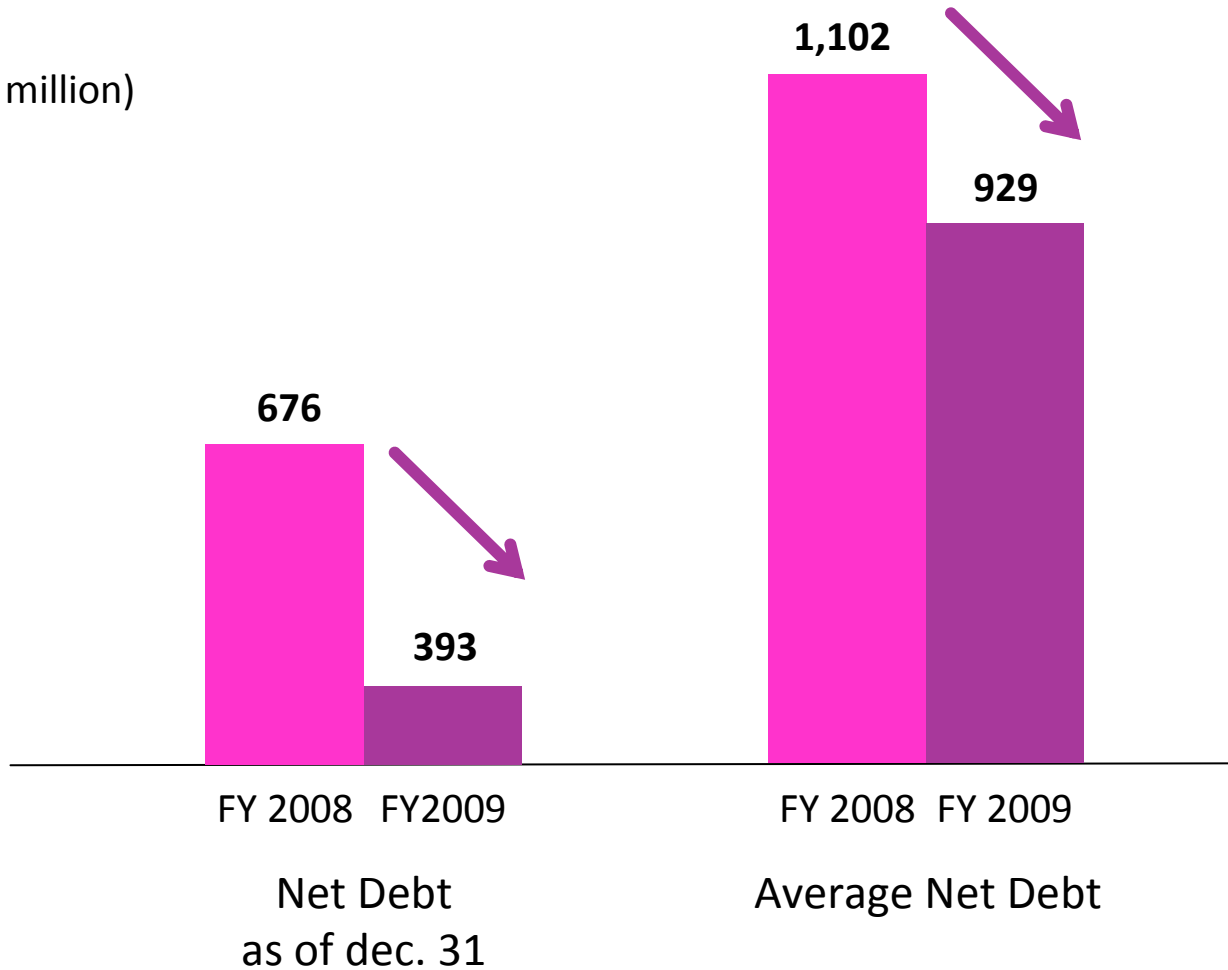
(1) after elimination of impairment charge, amortization on intangible arising on acquisition, capital gain on land and building disposals<sub>34</sub> and income tax credit linked to the Oceane 2014 Deferred Tax Liability

# Balance Sheet at 31 December 2009

(EUR million)	FY 2009	FY 2008
Goodwill and intangibles	4,763	4,487
Other fixed assets	601	625
Current and deferred tax	(125)	(144)
Working capital	(1,459)	(1,373)
<b>Total</b>	<b>3,780</b>	<b>3,595</b>
Group equity	2,813	2,320
Minority interests	25	30
<b>Equity</b>	<b>2,838</b>	<b>2,350</b>
Provisions for risk & charges	549	569
Net debt	393	676
<b>Total</b>	<b>3,780</b>	<b>3,595</b>
<b>Net Debt/Equity Ratio</b>	<b>0.14</b>	<b>0.29</b>

# Net Debt

(EUR million)



# Gross Debt at 31 December, 2009

## Split by maturity

(EUR million)	Total	2010	2011	2012	2013	2014 onwards
Oceane 2018*	147	28				119
Oceane 2014	643					643
Eurobond 2012**	522			522		
Eurobond 2015**	260					260
Oranes	24	3	3	3	3	12
Earn-out / Buy-out	220	85	91	29	10	5
Other debt**	157	74	8			75
<b>Total gross debt</b>	<b>1,973</b>	<b>190</b>	<b>102</b>	<b>554</b>	<b>13</b>	<b>1,114</b>

No Covenants

\* Put Option in 2010 and 2014

\*\* including fair value of associated derivatives

# Liquidity at 31 December, 2009

(EUR million)	Total Amount	Drawn	Available
<b>Committed Facilities:</b>			
364-day revolving credit facilities	205	0	205
5-year revolving credit facility	450	0	450
5-year syndicated facility (Club Deal)	1,500	0	1,500
<b>Total Committed Facilities</b>	<b>2,155</b>	<b>0</b>	<b>2,155</b>
Cash and Marketable Securities			1,580
<b>Total Liquidity</b>			<b>3,735</b>
Groupe other uncommitted Facilities	236	3	233

# Financial Ratios

	<b>FY 2009</b>	FY 2008	Optimum Ratio
Average Net Debt / EBITDA*	<b>1.20</b>	1.24	< 1.50
Net Debt / Shareholders' Equity	<b>0.14</b>	0.29	< 0.50
Interest Cover (EBITDA* / Cost of Net Financial Debt)	<b>13</b>	11	> 7

Main financial ratios improved enhancing a solid financial structure

\*EBITDA: Earnings (operating margin) before depreciation and amortization

# Free Cash Flow

## Before Change in Working Capital Requirements

(EUR million)	FY 2009	FY 2008
Cash Flow from Operations	647	715
Investments (Capex) *	(64)	(64)**
Free Cash Flow	583	651
Deduction of change in WCR	(59)	(12)
<b>Free Cash Flow excluding change in WCR</b>	<b>524</b>	<b>639</b>

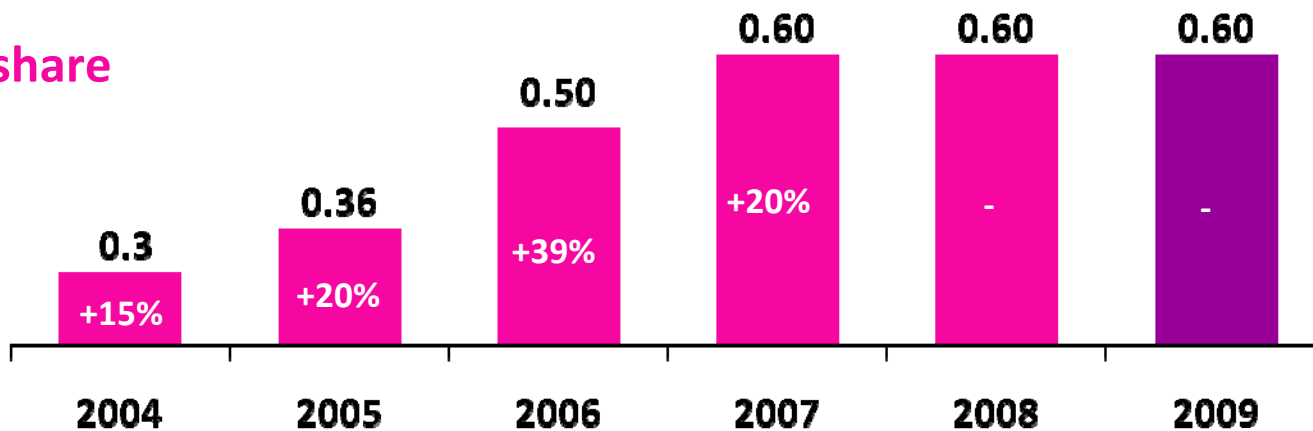
\* acquisition of tangible and intangible fixed assets net excluding the purchase of investments and other financial assets net

\*\* including 20 m€ coming from an asset disposal in 2008

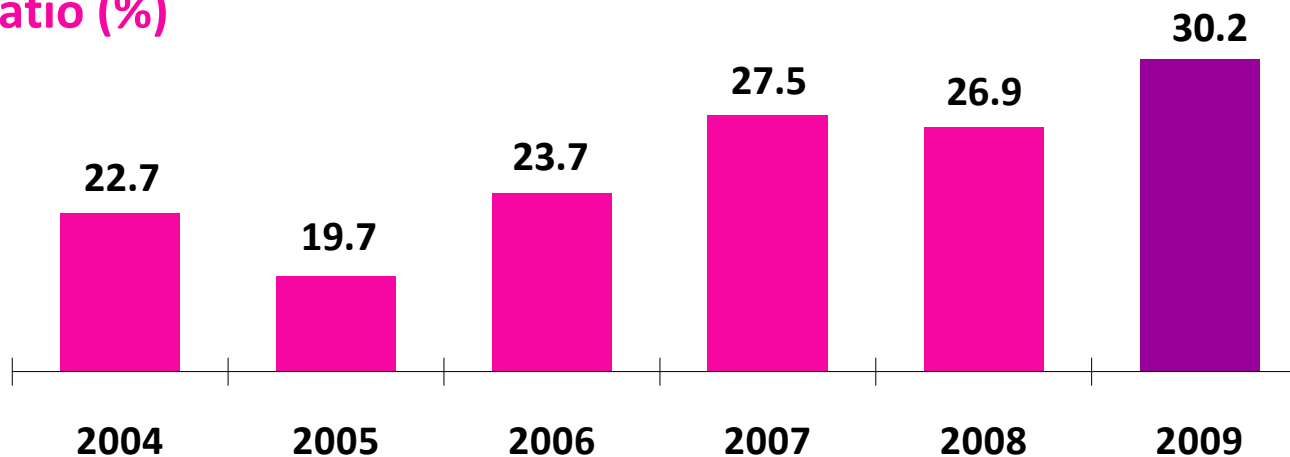


# Dividend

EUR per share



Pay-out ratio (%)



## 2009 Financial Highlights

- ▶ Financial resources maturity extended:
  - June 2009: Issuance of 2014 Océanes
  - December 2009: Exchange Offer on 2012 Eurobond for new Bonds maturing in 2015
- ▶ 2018 Océanes
  - January 2009: Publicis Tender Offer on 2018 Océanes
  - January 2010: Partial exercise of Investors Put on 2018 Océanes
- ▶ Tight control of all operational costs
  - Headcount Reduction: excluding acquisitions\* impact, average monthly headcount has been reduced by 7.3%
  - Other operating expenses and depreciation reduction (excl. acquisitions\* impact) of 5.6%
- ▶ High liquidity level: EUR 3.7bn after Razorfish acquisition

Solid Financial Structure



# The Future

## The Future

# Major Transformation of the Media Lanscape

Mobile phones create new opportunities

3 G* :	2007	2009	2010	2014
	8%	15%	21%	43%



iPhone/iTouch\* : **+163%** users (2009/2008)

Mobile Video\* : in 2008 **32%** of users connected to the internet via their mobile phone- compared to 24% in 2007

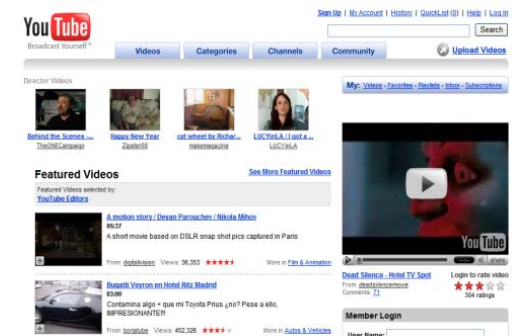
YouTube\* : **+35% of users in the world** (2009/2008)

Hulu US\* : **+77%** of users (2009/2008)

Off-line press\* : **-23%**

Radio\* : **-19%**

Magazines\* : **-18%**



## The Future Social networks

facebook

twitter

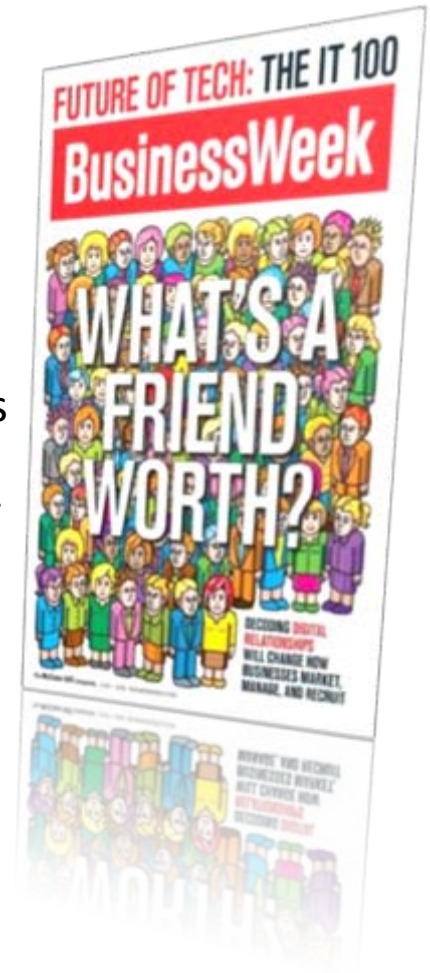
You Tube

Google

myspace  
a place for freedom

“For companies, resistance to social media is futile. Millions of people are creating content for the social Web. Your competitors are already there. Your customers have been there for a long time. If your business isn't putting itself out there, it ought to be.”

BusinessWeek, February 19, 2009



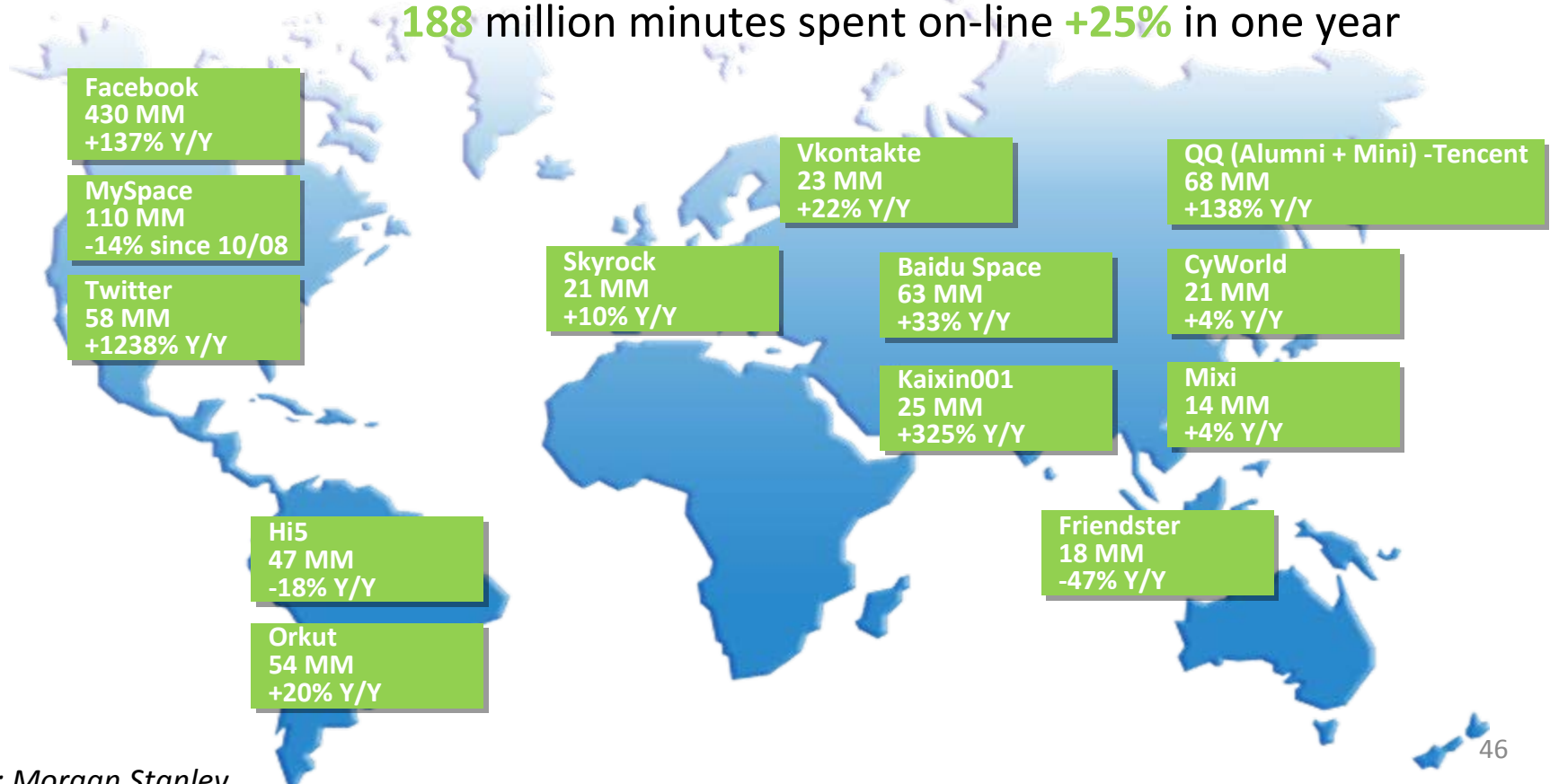
## The Future

# Social networks

Global phenomenon: Facebook leading – but emerging regional networks

Social networks: **830** million single users **+20%** in one year

**188** million minutes spent on-line **+25%** in one year



# The Future The Consumer



Deliver the **RIGHT** message to the **RIGHT** person  
through the **RIGHT** medium at the **RIGHT** time



## The Future

# The Advertiser

- ▶ Looking for value
- ▶ The power of brands
- ▶ Distribution: private labels, hard discount
- ▶ New challenges: net, e-commerce, new competition from emerging markets
- ▶ Pressure on costs and margins



# Publicis Groupe

From

Service Provider

To

Value Creator



## The Future Investments

1. Talents
2. Technology
3. Emerging economies



The Future

## Investment in Talents

- ▶ Digital Expertise
- ▶ Creative excellence
- ▶ Strategic Teams
- ▶ Innovation, new services

Value Creation

## The Future

# Technology (digital)

- ▶ Development of international digital activities
- ▶ New segments
- ▶ Creative Agencies

HUMAN DIGITAL AGENCY  
« Pure Player » + Integration +  
Technology (VNC)

- ▶ Digital in 2009: 22.4% of total revenue  
34.6% in the US

**Groupe Objective: 30%**



## The Future

# Emerging Economies

- ▶ Strengthen the presence of all Groupe's entities

Ex : Leo Burnett 38.1% in  
emerging economies (2009)

- ▶ Emerging Markets in 2009: 22.5%\* of total revenue

## Groupe Objective: 30%

## The Future New Business

- ▶ Intensified efforts
- ▶ January 2010 : New wins



# Objective: Gain in Market Share



## The Future Margins

- ▶ Simplification of our organization
- ▶ Regional Shared Service Centers
- ▶ Global ERP
- ▶ Cost Controls



2010

Year of the Tiger

« Prosperity »





## The Future

# 2010 Objectives

- ▶ Increase Market Share
- ▶ Positive and superior-to-market organic growth
- ▶ Invest in talents and technology while maintaining our margins



# 2009 Annual Results

February 17, 2010



# Appendix



# Revenue and Organic Growth Calculation

(EUR million)	H1	H2	FY 2009
2008 Revenue	2,226	2,478	4,704
Currency impact	102	(74)	28
2008 Revenue at 2009 exchange Rate (a)	2,328	2,404	4,732
2009 Revenue before impact of acquisitions <sup>(1)</sup> (b)	2,174	2,252	4,426
Revenue from acquisitions <sup>(1)</sup>	35	63	98
2009 Revenue	2,209	2,315	4,524
<b>Organic Growth (b/a)</b>	<b>-6.6 %</b>	<b>-6.3%</b>	<b>-6.5%</b>

Currency impact (EUR million)			
	H1	H2	FY 2009
GBP	(26)	(18)	(44)
USD	137	(30)	107
Others	(9)	(26)	(35)
<b>Total</b>	<b>102</b>	<b>(74)</b>	<b>28</b>

(1) Net of disposals

Exchange rate Dec. 31, 2009: 1 USD = 0.71951 EUR    1 GBP = 1.12271 EUR

# Organic Growth by country

Organic Growth Rate	2009	Q4 09
• above 5%	Argentina, Taiwan, Venezuela	<b>Korea</b> , Egypt, Mexico, <b>Russia</b> , Taiwan
• from 0 to 5%	Brazil, Poland	<b>China, India, Italy</b>
• from 0 to -5%	Arab Emirates, Canada, <b>Russia</b> United States,	Australia, Brazil, Canada, France, United States
• from -5 to -10%	<b>China, France</b> , Germany, India, Italy, United Kingdom	Germany, United Kingdom
• below -10%	<b>Korea</b> , Japan, Spain	Arab Emirates, Spain, Japan

# December 31, 2009 – Year to date Revenue by Region in US Dollar

(USD millions)	FY 2009	FY 2008	Var. '09 vs '08
Europe	2,194	2,648	-17.1%
North America	2,911	2 946	-1.2%
Asia Pacific	693	760	-8.8%
Latin America	303	349	-13.2%
Middle East & Africa	186	197	-5.6%
<b>Total Groupe</b>	<b>6,287</b>	<b>6,900</b>	<b>-8.9%</b>

All entities translated into US dollar using the following exchange rates:

Dec. 31, 2008 YTD: 1 USD = 0.68174 EUR

Dec. 31, 2009 YTD: 1 USD = 0.71951 EUR

# December 31, 2009 – Year to date Revenue by Region in GBP

(GBP million)	FY 2009	FY 2008	Var. '09 vs '08
Europe	1,407	1,433	-1.8%
North America	1,865	1,594	17.0%
Asia Pacific	444	411	8.0%
Latin America	194	189	2.6%
Middle East & Africa	119	106	12.3%
<b>Total Groupe</b>	<b>4,029</b>	<b>3,733</b>	<b>7.9%</b>

All entities translated into GBP using the following exchange rates:

Dec. 31, 2008 YTD : 1 GBP = 1.26014 EUR

Dec. 31, 2009 YTD : 1 GBP = 1.12271 EUR

# Net Debt

## Split by currency

(EUR million)	Total	EURO	USD	GBP	Others
Oceane 2018	147	147			
Oceane 2014	643	643			
Eurobond 2012*	522	522			
Eurobond 2015*	260	260			
Orane	24	24			
Earn-out / Buy-out	220	66	59	31	64
Other debt*	157	8	81	-	68
<b>Total gross debt</b>	<b>1,973</b>	<b>1,670</b>	<b>140</b>	<b>31</b>	<b>132</b>
Cash and marketable securities	(1,580)	51	(912)	(106)	(613)
<b>Net debt</b>	<b>393</b>	<b>1,720</b>	<b>(772)</b>	<b>(75)</b>	<b>(481)</b>

\* Including fair values of associated derivatives



# Net Debt Split by rate

(after interest rate swap)

(EUR million)	Total	Earn-out / Buy-out	Fixed Rate	Variable Rate
Oceane 2018	147		147	
Oceane 2014	643		643	
Eurobond 2012*	522			522
Eurobond 2015*	260			260
Orane	24		24	
Other debt*	157		75	82
<b>Total gross debt excl. Earn-out / Buy-out</b>	<b>1,753</b>		<b>889</b> 51%	<b>864</b> 49%
Earn-out / Buy-out	220	220	-	-
Cash and marketable securities	(1,580)			(1,580)
<b>Net debt</b>	<b>393</b>	<b>220</b>	<b>889</b>	<b>(716)</b>

\* Including fair values of associated derivatives

# Use of Cash in 2009

(EUR million)	FY 2009	FY 2008
<b>Free Cash Flow</b>	<b>583</b>	<b>651</b>
Acquisitions *	(193)	(128)
Earn-outs	(71)	(31)
Buy-outs	(23)	(14)
Dividends paid	(133)	(130)
Capital increase (stock options)	-	1
Share Buy-back (net of disposals)	5	(174)
Non-cash impact on Net Debt	115	(14)
<b>Change in Net Debt</b>	<b>283</b>	<b>161</b>