

PUBLICIS GROUPE



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PUBLICIS GROUPE

Annual General Meeting of Shareholders

Paris, 7 June 2006



PUBLICIS GROUPE

Annual General Meeting

Agenda





Agenda

Ordinary General Meeting

- Management Board Report
- Reports by the Supervisory Board and its Chairman
- Reports by the Auditors
- Approval of operations and financial statements for fiscal year 2005
- Approval of consolidated financial statements for fiscal year 2005
- Allocation of the net income and establishment of the dividend
- Ratification of the acts of the Management Board members
- Ratification of the acts of the Supervisory Board members
- Establishment of the attendance fees to be awarded to the members of the Supervisory Board and to the members of the Audit Committee and the Appointments and Compensation Committee
- Approval of the agreements referred to in Article L. 225-86 of the French Commercial Code
- Reelection of two Supervisory Board members
- Appointment of a new Supervisory Board member
- Ratification of the cooptation of a new Supervisory Board member
- Authorization and delegation to be given to the Management Board so that the Company can purchase its own shares.



Agenda

Extraordinary General Meeting

- Authorization to the Management Board to decrease the capital stock by cancelling Publicis shares held by the Company
- Delegation of authority to the Management Board, pursuant to Article L. 225-129-6 paragraph 2 of the French Commercial Code, to increase the capital stock for the benefit of Group employees
- Amendment of the following articles of the bylaws:
 - Article 7 on Transfer of shares
 - Article 11 on Deliberations
 - Article 21 on Presiding officers – Attendance sheet – Votes
 - Article 22 on Ordinary Shareholders' Meeting.



Agenda

Extraordinary General Meeting

- Powers to carry out formalities
- Any other business.



2005 Highlights

**Record numbers
across the board**



2005 Highlights

- **Revenue growth up 7.7%**
- **Organic growth close to 7%**
- **Operating margin rate up 60 bp to 15.7%**
- **Operating margin up 11.9% to €649 million**
- **Net income up 39% to €386 million**
- **Diluted EPS up 36.4% to €1.76**

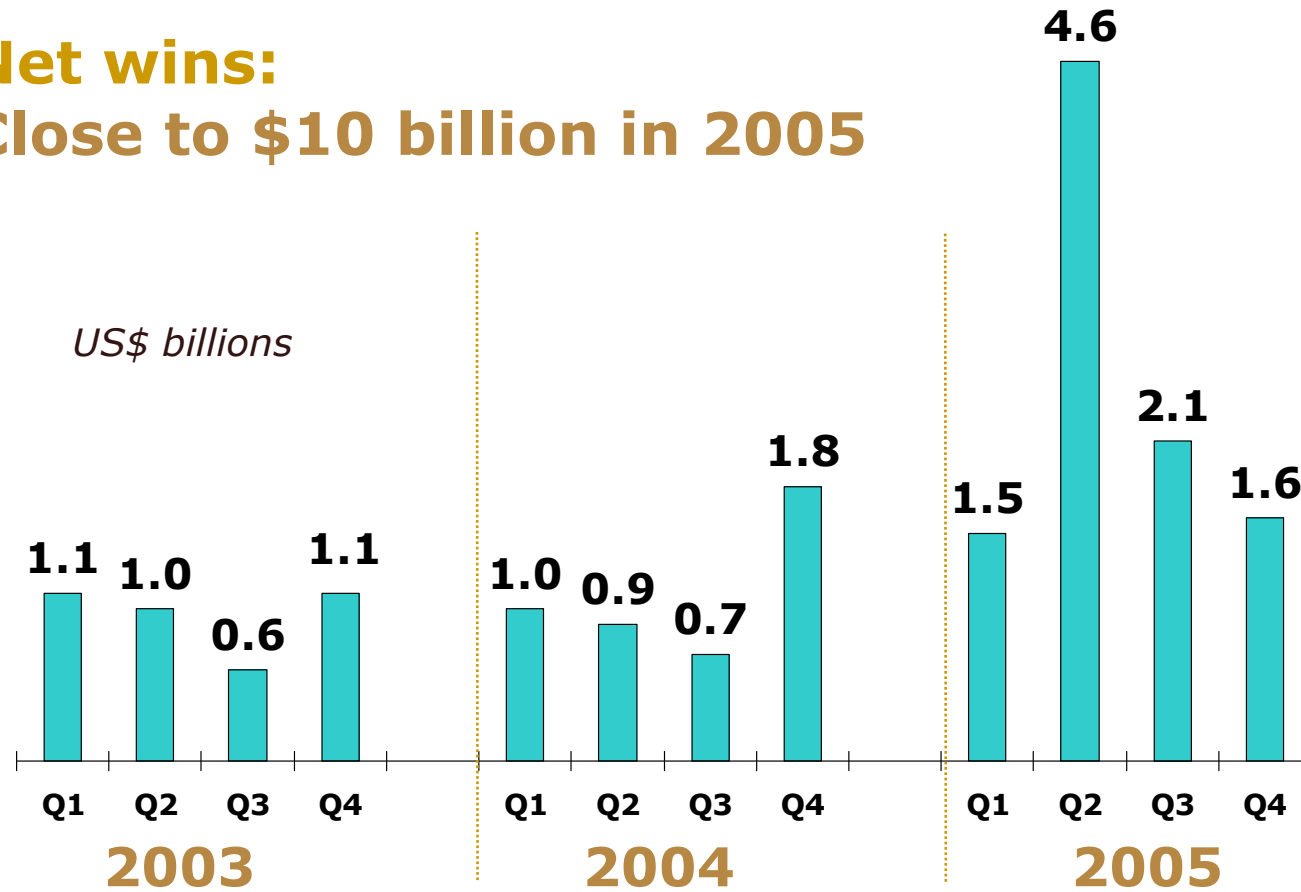


2005 Highlights

- **Net debt** (Dec. 31, 2005): **€207 million**
(divided by 3 since Dec. 31, 2004)
- **Average net debt: down 27% to €925 million**
- **Net debt/equity** (Dec. 31): **0.10** compared with 0.37
- **Free cash flow** (before change in WCR):
up **18% to €478 million**
- **Dividend: €0.36 per share** up 20%

New Business

Net wins:
Close to \$10 billion in 2005



New Business in 2005: A Change of Scale

Net New business: This figure does not result from financial reporting, but is based on an estimate of annualized advertising media spending on new business, net of losses, from new and existing clients.



Selected new account wins

- General Motors (media buying), USA, \$ 3.2 billion
- Rogers Communications (advertising), Canada,
- Telefonica/Movistar (advertising), Spain and Latin America,
- Procter & Gamble/Gillette (media buying and media-planning) globally,
- Samsung (global branding),
- Hewlett-Packard (marketing services in Europe),
- L'Oréal (« Greater Europe »), media,
- Nestlé (France, W. Europe, Russia), media,
- Richemont (Global), media.

Publicis Groupe, #1 worldwide for New Business*

** Bear Stearns ranking, 09-Jan-2006*

A Balanced Client Portfolio





Strategic Highlights of 2005

- **Acquisition** of a majority interest in **Freud Communications**, one of UK's most well-known PR agencies.
- **Acquisition of eventive**, leader in event communications in Germany and Austria.
- **Acquisition of PharmaConsult**, a leader in healthcare communications in Spain.
- **Acquisition of Solutions***, No. 1 in marketing services in India.
- **Talks** with **Aegis Group Plc** broken off in October 2005
- **Sale** to JC Decaux of 50% of **JC Decaux Netherlands**, 33% of Groupe Métrobus (France) and 50% of SOPACT (France)

**Transaction closed in 2006*



Strategic Highlights of 2005

Other key developments

- Creation of **Publicis Public Relations and Corporate Communications Group (PRCC)**, Regrouping and coordinating the Group's PR business on a global scale—built on the successful model of Publicis Groupe Media (PGM).
- Creation of **Marcel**, a new creative agency within the Publicis network—a unique agency concept led by the creative duo Fred & Farid.
 - a strong line-up of accounts already won, among them:
 - Coke Classic France
 - Coke Blak Europe
 - Match.com France
 - Banque Alimentaire France,
 - Orange, Europe (jointly with Fallon), ...



Financial Highlights of 2005

- **Success for Publicis Groupe's first straight bond issue:** €750 million maturing in 7 years.
- **Early redemption of the 2018 OCEANE convertible issue:**
 - 62% of bonds redeemed in 2005, then a further 6.5% in early 2006 (exercise of put option)
 - elimination of over 12 million potential shares and related dilution.
- **Investment-grade ratings:**
 - BBB+ / Stable Outlook from Standard & Poor's
 - Baa2 / Stable Outlook from Moody's
- **Equity warrant buyback:**
 - Offer for purchase of all equity warrants launched in January 2006: around 80% of warrants tendered in response, eliminating potential for the issue of 22 million shares.

Commitments met



2005 Financials

Revenues in 2005

€ millions

2004

3,832



2005

4,127

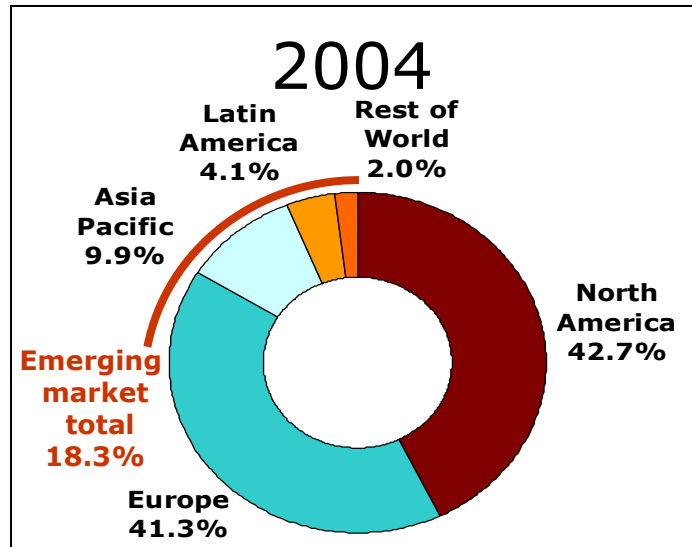
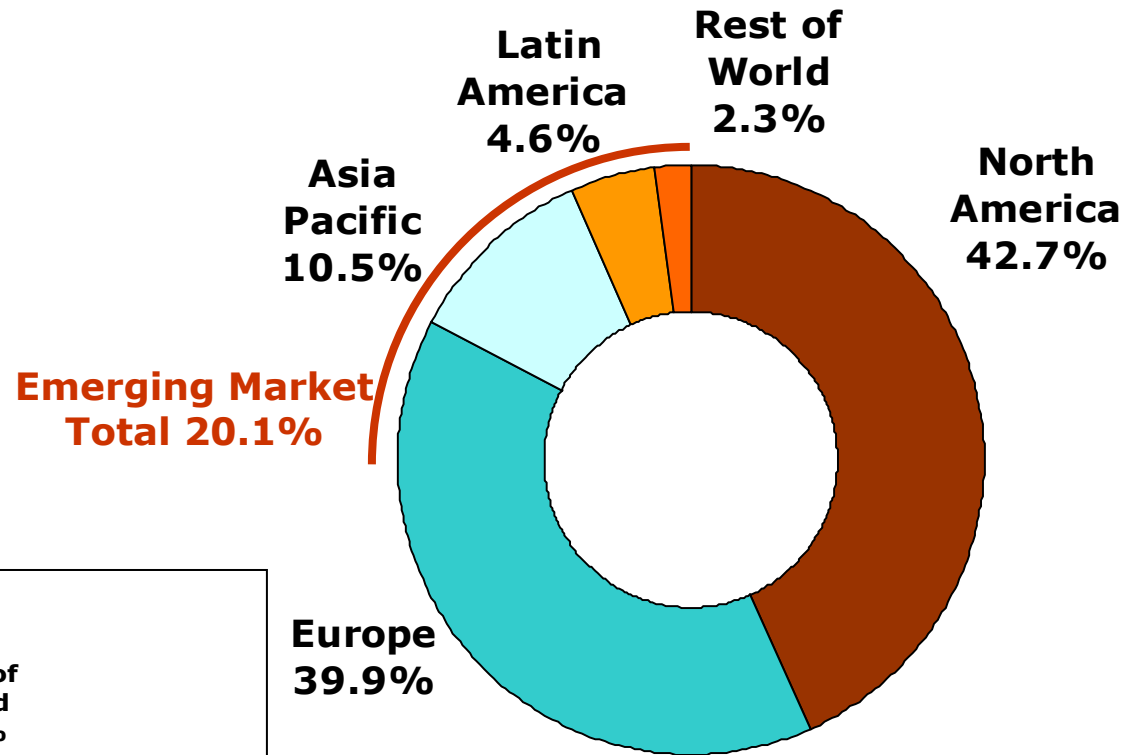
- Revenue growth: **7.7%**
- Organic growth: **6.8%**
- Changes in the scope of consolidation largely balance out
- Slightly positive exchange-rate effect

Revenues on the Rise in All Geographical Areas

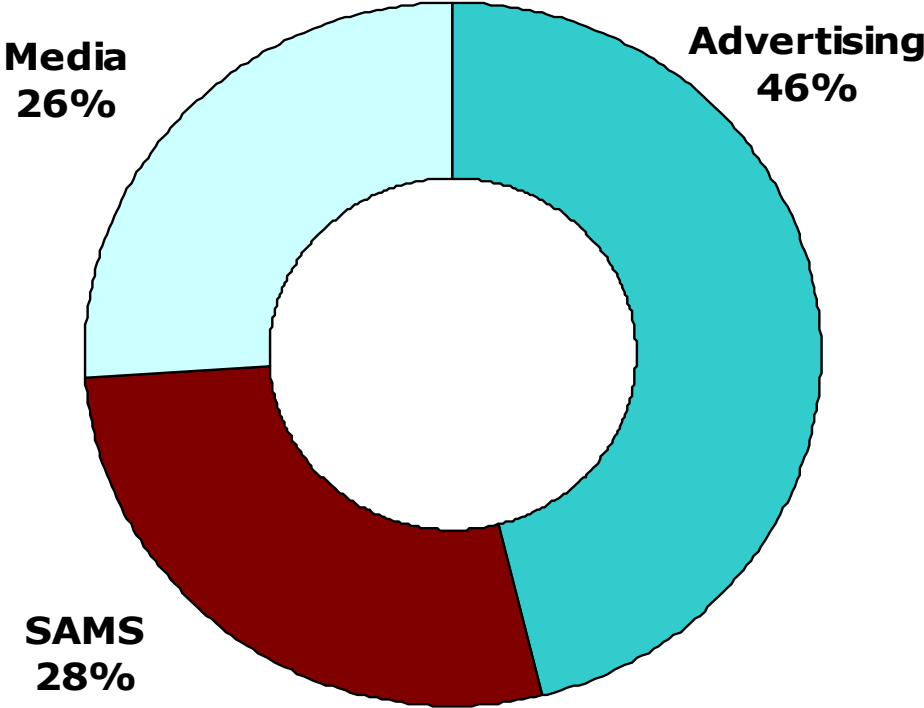
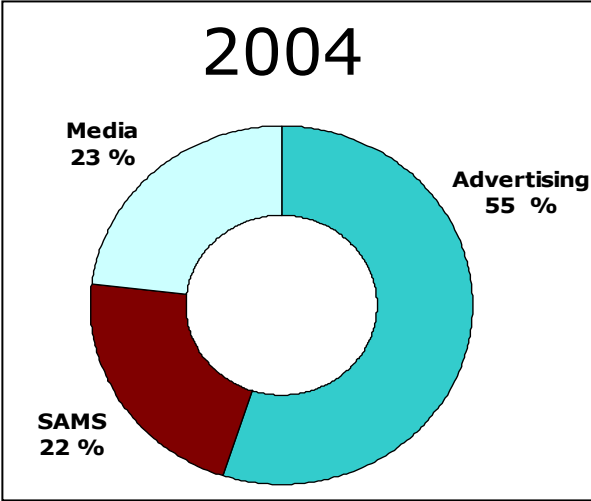
€ millions

	<u>2004</u>	<u>2005</u>	<u>Change</u>	<u>Organic Growth</u>
Europe	1,582	1,647	4.1%	3.8%
North America	1,629	1,763	8.2%	8.0%
Asia-Pacific	383	435	13.6%	10.3%
Latin America	160	191	19.4%	9.7%
Rest of World	78	91	16.7%	17.7%
TOTAL	3,832	4,127	7.7%	+ 6.8%

A Bigger Contribution from Emerging Markets in 2005



Vigorous Rises for SAMS and Media Businesses in 2005



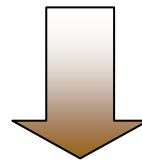
Simplified Statement of Income

<i>€ millions</i>	2005	2004
Revenue	4,127	3,832
Operating margin before depreciation and amortization	765	699
Operating margin	649	580
Amortization of acquisition-related intangibles and impairment	(56)	(244)
Non-current income (expense)	59	(10)
Operating income	652	326
Net financial costs	(92)	(114)
Income of consolidated companies before taxes	560	212
Income taxes	(157)	(112)
Net changes in deferred taxes	-	198
Associates	11	6
Minority interests	(28)	(26)
Group net income	386	278

Healthy Rise in Operating Margin*

Improvement across all geographical areas:

- **Europe: + 50 bp**
- **North America: + 30 bp**
- **Rest of World: +170 bp**



+ 60 bp

(from 15.1% to 15.7% of revenues)

**Operating margin/Revenues*

Improvement in Interest and Other Financial Items

€ millions

2004

(114)



2005

(92)

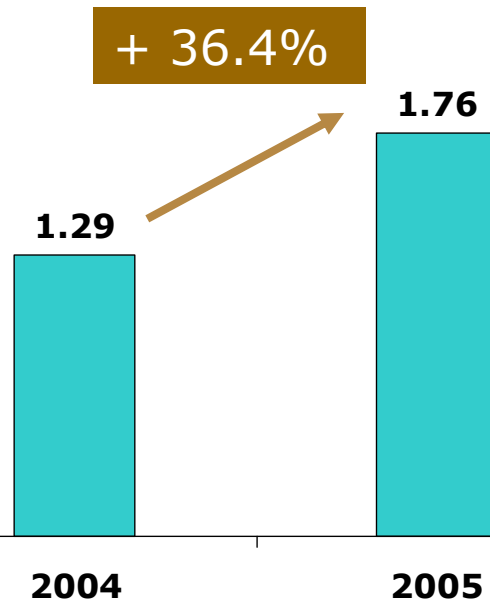
- **Cost of net financial debt** (78)
- **Other financial income and expenses** (14)
mainly discounting calculations relating to provisions for real estate and pensions

€22 million improvement from 2004

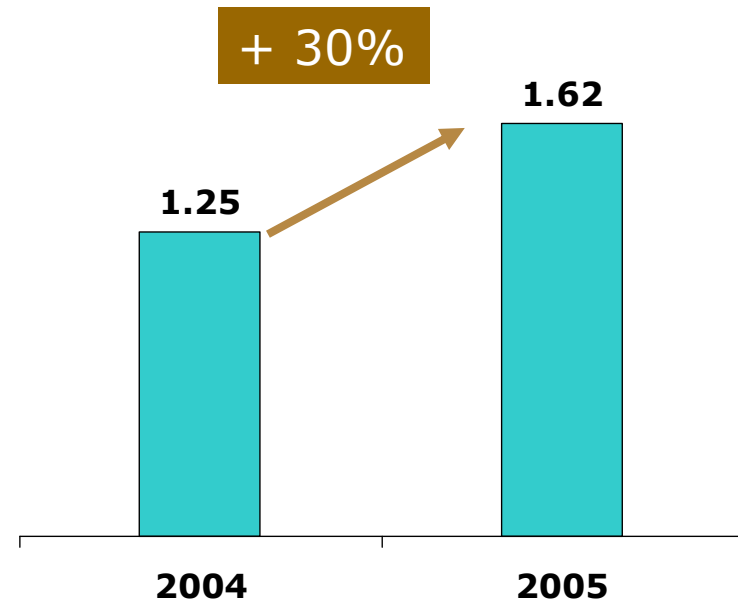
Strong Rise in EPS

Euros

Diluted EPS



Headline Diluted EPS



**See appendix for details*

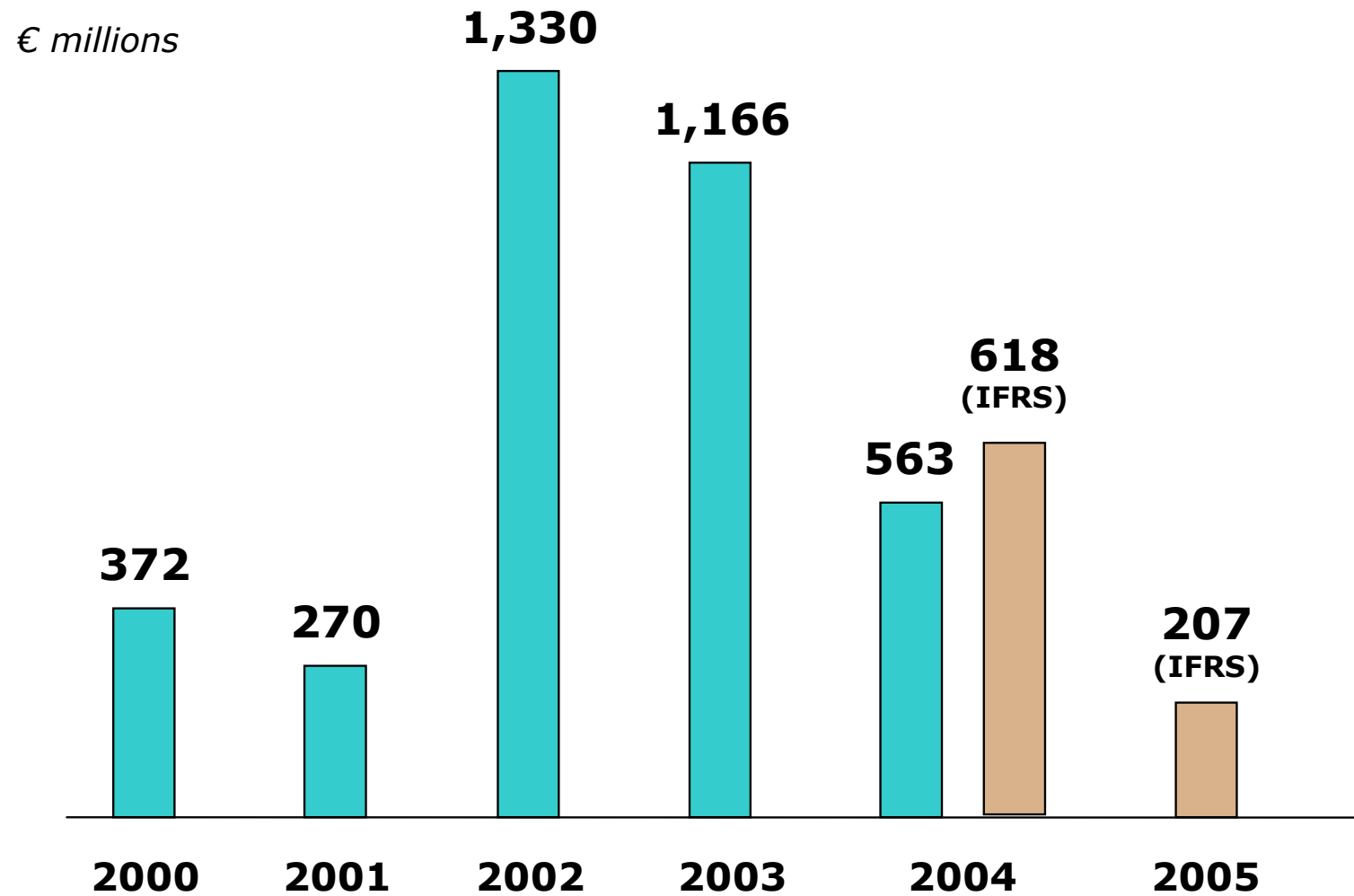


Capital Structure Reinforced and Simplified in 2005

Simplified Balance Sheet At Dec. 31

	2005	2004
BCom3 Goodwill	1,895	1,815
Other Goodwill and intangibles	1,751	1,548
Other fixed assets	731	769
Deferred tax assets	(184)	(140)
Working capital	(1,222)	(1,072)
Total assets	2,971	2,920
Shareholders' equity	2,085	1,629
Minority interests	20	31
Total shareholders' equity	2,105	1,660
Long-term/short-term provisions	659	643
Net debt	207	618
Total liabilities	2,971	2,920
Net debt to equity ratio	0.10	0.37

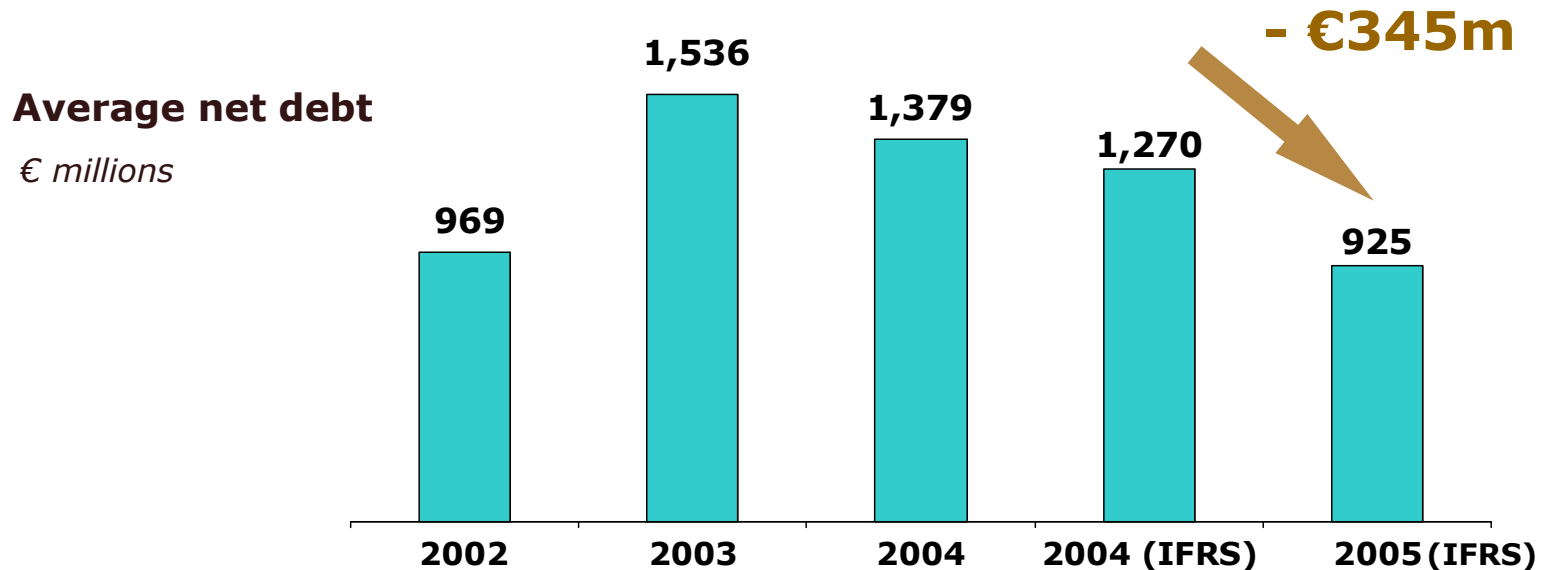
Net Debt Divided by 6 Since 2002



French GAAP from 2000 to 2004, IFRS in 2004 and 2005

Further Reduction in Average Net Debt

- Cash flows from operations over the period
- Improved average WCR
- Lower capital expenditure
- Less spending on restructuring
- Acquisitions/divestments over the period

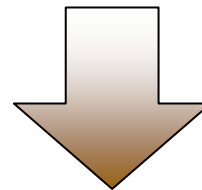


Steep 27% decline

Balance Sheet Simplification

Process Initiated in 2004

- Withdrawal of complex securities
- Reduction of potential dilution



Both objectives achieved

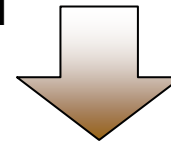
Balance Sheet Simplification

Withdrawal of Complex Securities

- September 2004 → Sale of Credit Linked Notes
- February 2005 } Early redemption of 2018
- January 2006 put option } OCEANE convertible issue
- January 2006 → Buyback offer for equity warrants

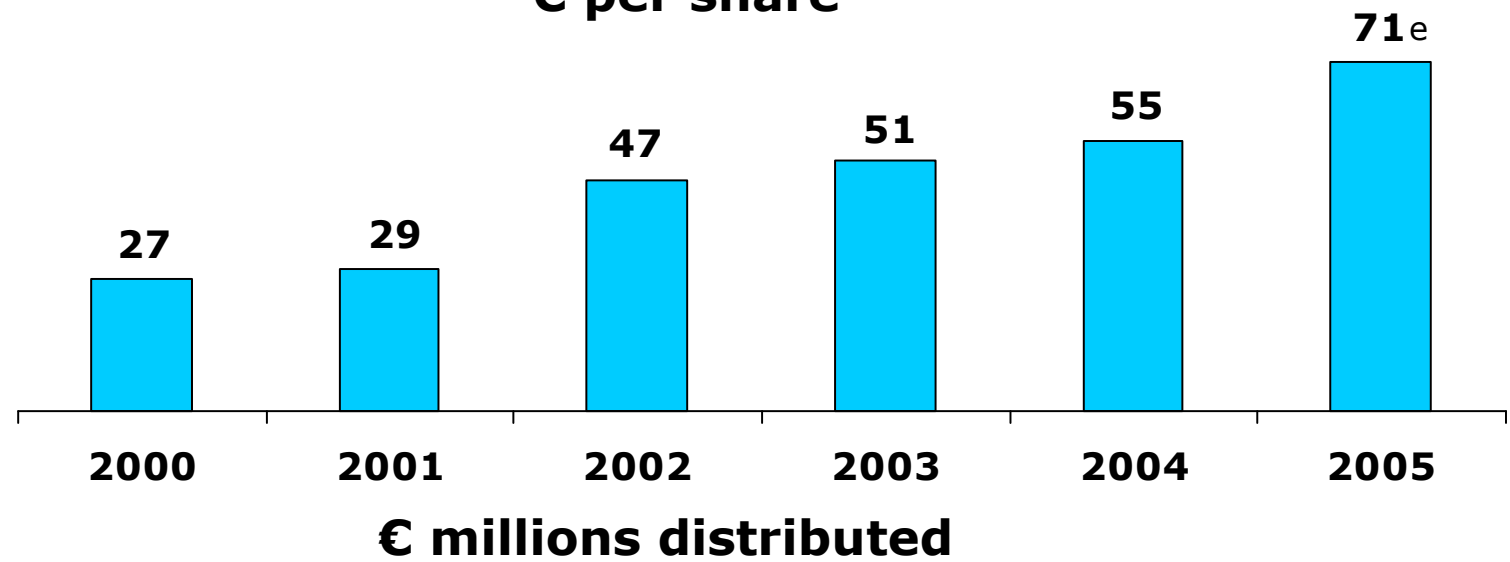
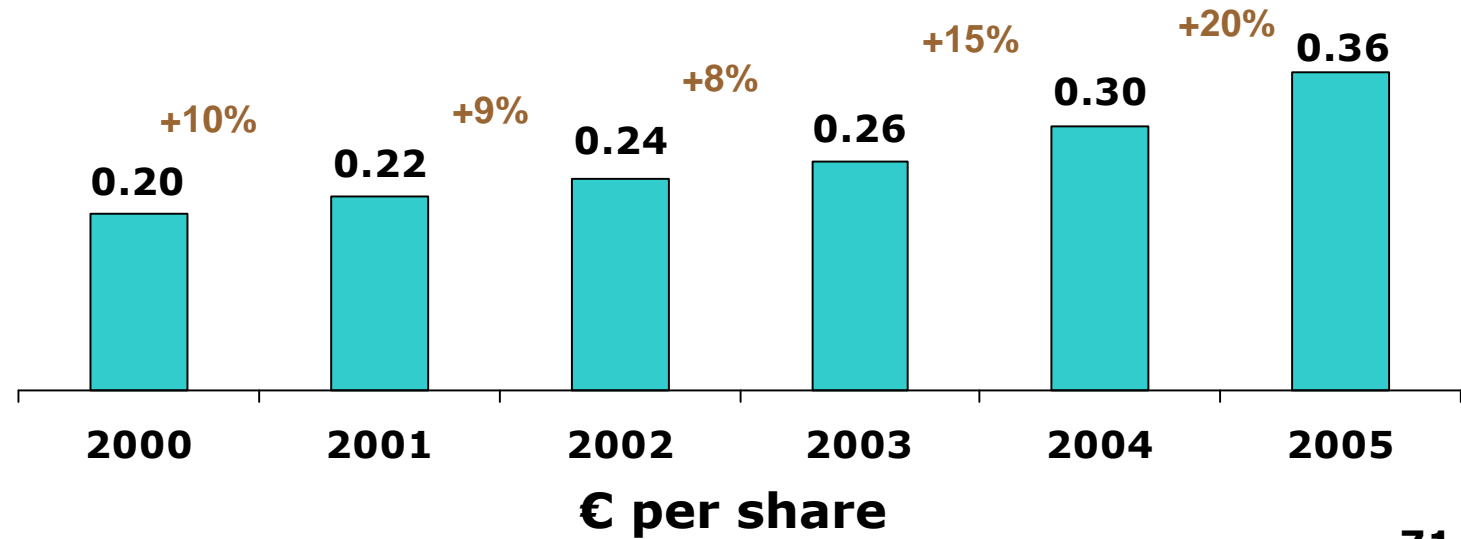
Reduction of Potential Dilution

- Redemption of 2018 Oceane:
Potential shares eliminated - 12.2 million
- Equity warrants:
Potential shares eliminated - 22.5 million



**Nearly 35 million potential shares eliminated
over 18 months**

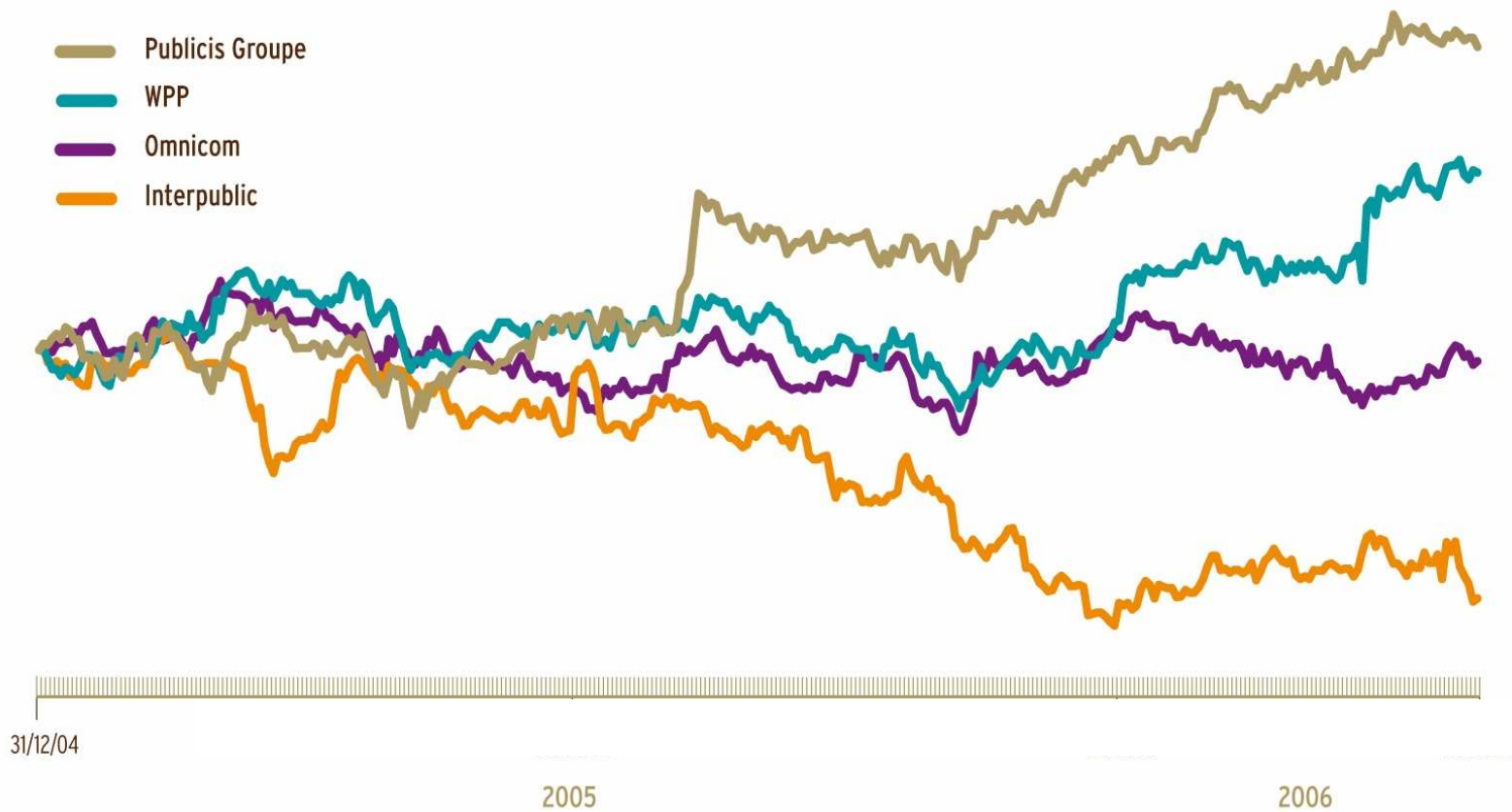
Steady Dividend Growth





Publicis Groupe Share

The best performance in the industry in Europe and North America in 2005





2006

1Q 2006 Revenues

(€ millions)

1Q 2005

888



1Q 2006

994

+ 12 %

- Organic growth : **+ 6.3 %**
- Little change to the scope of consolidation
- Positive exchange rate effects in the amount of €52m, including €34m from \$ alone

1Q 2005

1 USD = 0.76272 €



1Q 2006

1 USD = 0.83176 €

+ 9 %



Revenues in 1Q 2006 by Geographical Area

- **Europe**
Satisfactory growth overall, despite continued disparities (France and Southern Europe stable or down slightly; Germany, Netherlands and Scandinavia improving; UK very strong).
- **North America**
Continued buoyant growth, particularly in the US.
- **Asia-Pacific**
Continued buoyant growth, particularly in China and India.
- **Latin America**
Satisfactory growth, particularly in Mexico, Argentina and Venezuela.
- **Middle East**
Firm growth.

1Q 2006 Revenues by Geography

(€ millions)

	1Q 2005	1Q 2006	organic growth	YoY change
Europe	360	374	+ 3.1 %	+ 3.9 %
North America	388	445	+ 6.6 %	+ 14.7 %
Asia Pacific	89	108	+ 12.0 %	+ 21.3 %
Latin America	36	47	+ 10.1 %	+ 30.6 %
Africa/Middle East	15	20	+ 23.4 %	+ 33.3 %
TOTAL	888	994	+ 6.3 %	+ 12 %



1Q 2006 Strategic Highlights

- Acquisition of **Betterway Marketing Solutions** in China (marketing services)
- Acquisition of **Solutions** in India (marketing services) closed.
- Acquisition of majority interest in **Capital MS&L** (financial communications) in the UK
- Acquisition of **Duval Guillaume**, the leading independent advertising and marketing services agency in Belgium in April



Acquisition of Solutions in India

- Acquisition of a 60 % stake in Solutions Integrated Marketing Services, India's No. 1 integrated services agency (direct marketing, CRM, promotional, event and retail marketing), with interactive expertise and a call-center of 300 employees.
- Agency headquarters in New Delhi with offices in five other cities in India and one subsidiary in Singapore.
- 200 full-time employees (650 contract and temporary employees).

Groupe presence in India:
Publicis, Saatchi & Saatchi, Leo Burnett,
Solutions, ZenithOptimedia,
StarcomMediaVest
Nearly 1,000 employees in 6 cities



Acquisition of Betterway in China

- Acquisition of an 80 % stake in Betterway Marketing Solutions, one of China's most important marketing services agencies
- Agency headquarters in Shanghai with network of offices in 29 cities
- 360 full-time employees and a pool of 15,000 employees able to reach 50 cities.

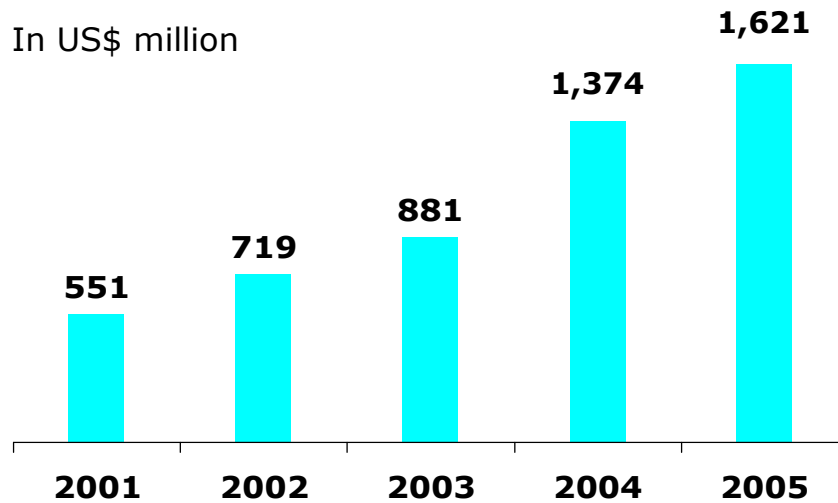
The Groupe's presence in China:

- Established for 15 years
- More than 2,500 employees in 33 cities (15 provinces)
- All of the networks of the Groupe are represented in advertising, media and SAMS

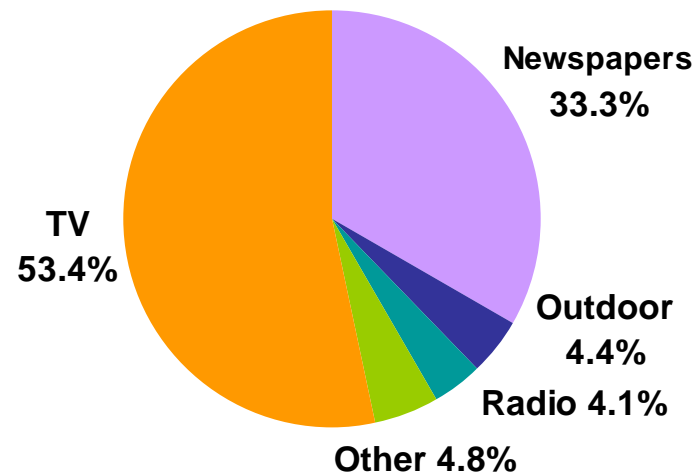
Acquisition of Yorum in Turkey in June 2006 (I)

The Turkish Advertising Market

In US\$ million



Average annual growth: +26 %



Source ZenithOptimedia

Acquisition of Yorum in Turkey in June 2006 (II)

- The Groupe acquired a majority stake in one of Turkey's top advertising and communications groups:
 - **Yorum (advertising)**
 - **Allmedia (media)**
 - **Bold (marketing services)**
 - **Zone (public relations)**
- The Publicis network has worked with Yorum since 1992, notably on the Renault account
- Allmedia will align its activities with the Starcom network
- Bold will be integrated with Publicis Dialog
- Zone will join PRCC
- Publicis Groupe now has a reinforced presence in Turkey with the brands Publicis (Publicis Yorum, Publicis Graphics), Leo Burnett, StarcomMediaVest, Arc, MS&L.



2006 Outlook

Developments in 2006 should include:

- **Healthy organic growth benefiting from accounts won in 2005 and the World Cup Football events.**
- **Good prospects for organic growth and margin.**
- **A rise in free cash flow: €400 million before changes in WCR remains a minimum.**
- **Further reduction in average net debt (excluding the impact of acquisitions and equity warrant buyback).**
- **Sarbanes-Oxley compliance: internal control program to continue, along with improvements to procedures.**



PUBLICIS GROUPE

Corporate social responsibility





Community commitment

Publicis Groupe actively supports major causes around the world and encourages agencies to promote local initiatives attuned to their environment and convictions.

- **The Global Fund to Fight AIDS, Tuberculosis and Malaria: 2nd consecutive year**
Estimated amount: \$8.5 million
- **Over 250 pro bono campaigns worldwide in 2005**
(for public-interest initiatives without financial consideration or in some cases for a token amount)



Community commitment (cont'd)

- **Voluntary work by staff members:** Staff members can choose to spend part of their work time contributing to a public-interest cause or initiative.
- **Donations and financial support** for 300 organizations (in relief, health, training, children's rights, etc.).
 - 1- Help for tsunami victims:** The Group contributed nearly \$1.8 million shared between the International Red Cross and organizations chosen by local agencies. In the year following the disaster, 6 major projects were launched in Thailand, Sri Lanka and Indonesia.
 - 2- Help for Katrina hurricane victims**
- **UN Global Compact**
Publicis Groupe has officially supported the Compact and its values since 2003, alongside over 1,000 businesses from around the world.



Commitment to the environment

- **Management of resources** (energy, water, raw materials, etc.) and impact on local environments through agencies: limitation of electricity consumption, water savings, recycling of computers and office supplies, use of recycled paper, etc.
- A group-wide **environmental policy** is now being developed.



PUBLICIS GROUPE

Corporate governance





Management Board

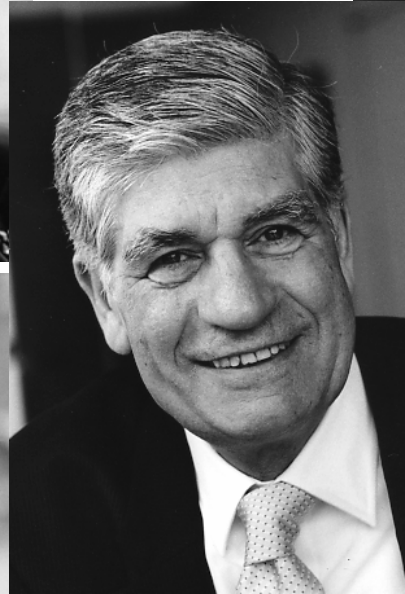
- The Management Board met **12 times** under the chairmanship of **Maurice Lévy** in 2005.
- **Jack Klues**, Chairman, Publicis Groupe Media, replaced Roger Haupt on the Board in early 2005.
- There were no other changes in its membership or operation.

Members of the Management Board

**Claudine
Bienaimé**
General
Secretary



**Maurice
Lévy**



**Jack
Klues**
Chairman
Publicis
Groupe
Media

**Kevin
Roberts**
CEO
Worldwide
Saatchi
& Saatchi



**Bertrand
Siguier**
Executive
Vice-
Président
Publicis





The P-12

- The P-12 is an executive committee assisting the Management Board with the operation of Group business.
- The committee provides a framework for the exchange of ideas and information, debate and work on major projects and issues for the Group.
- Members include heads of main agency networks and representatives of important fields of experts within the Group.
- In 2005, it met **5 times**, in Paris, London and New York.
- John Rossant, Vice-President, Communications & Public Affairs, was welcomed as a new member in 2006.

P-12 Members (Other than « Directoire » members)

**Jean-Michel
Etienne**
CFO



John Farrell
President & CEO
SAMS Worldwide



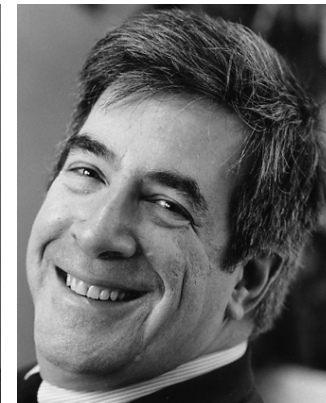
Rick Bendel
COO
Publicis



Tom Bernardin
Chairman & CEO,
Leo Burnett



Steve King
CEO Worldwide
ZenithOptimedia



John Rossant
Vice-President
Communications
& Public Affairs



PUBLICIS GROUPE

Annual General Meeting
Report of the Chairperson
of the Supervisory Board





Supervisory Board

- Chaired by **Elisabeth Badinter**, the Board met **5 times** in 2005, with attendance averaging 81%.
- It represents the Group's main shareholders.
- The Board counts **15 members**, of whom 6 were independent in 2005 (8 in 2006); it represented three nationalities in 2005 and four in 2006.
- A third of the members are women, one of the highest proportions among the companies included in the Paris market's benchmark CAC 40 index.



Supervisory Board

- Robert Badinter relinquished his office in March 2006.
- Michel Halpérin was co-opted to replace him (subject to ratification at the General Meeting)
- Robert L. Seelert, whose term expired, does not wish to stand for reelection.
- Shareholders are asked to elect Léone Meyer to the Board.



PUBLICIS GROUPE

Annual General Meeting
Report of the Audit Committee





The Audit Committee

- Chaired by **G rard Worms**, an independent member of the Supervisory Board.
- The Committee met **6 times** in 2005, with all members present.
- In 2005, attention focused in particular on:
 - steps to finalize accounts more rapidly and improve quality of information monitoring
 - continuing action for Sarbanes-Oxley compliance.



PUBLICIS GROUPE

Annual General Meeting

Report of the Appointments and Compensation Committee





Appointments and Compensation Committee

- Chaired by **Michel Cicurel**, an independent member of the Supervisory Board, since January 2004.
- The Committee met **4 times** in 2005, with all members present.
- It reviewed new appointments to Management and Supervisory Boards.
- It also reviewed compensation and stock option entitlements of Group managers and those of main operating entities within the framework of the 2003-2005 Long-Term Incentive Plan.
- It considered the various options for future compensation and incentive policies.



PUBLICIS GROUPE

Annual General Meeting
Statutory Auditors' Reports





Opinion on the consolidated financial statements of Publicis Groupe S.A.

General report of Statutory Auditors: unqualified opinion of Publicis Groupe S.A. consolidated financial statements

- Justification of appreciations pursuant to article L. 225-235 of the French Commercial Code:
 - Accounting rules and principles: revenue recognition
 - Estimations: Provisions for contingencies and future costs, Defined retirement benefit and post-employment health cover, Impairments of values of tangible and intangible fixed assets, and of goodwill on acquisitions, Fair value of options granted in connection with Publicis Groupe S.A. stock-option plans



Report of the Chairperson of the Supervisory Board

(art. L 225-235 of the Commercial Code)

- **Report of the Statutory Auditors on the report of the Chairman of the Supervisory Board regarding internal control procedures regarding the production of accounting and financial information:**
 - no comment nor observation on the information provided in the reports of the Chairman of the Supervisory Board concerning internal control procedures regarding the production of accounting and financial information.



Audit of Publicis Groupe S.A. unconsolidated financial statements

- **General report of Statutory Auditors:
unqualified opinion of Publicis Groupe
S.A. unconsolidated financial statements**

Justification of appreciations pursuant to article
L. 225-235 of the French Commercial Code:

- Accounting estimates: utility value of investment securities
- **General report of Statutory Auditors on
regulated agreements:**
 - Continuing implementation of the pact between Publicis Groupe S.A and Dentsu Inc. — this agreement has no impact on the company accounts of Publicis Groupe S.A. for the financial year ended December 31, 2005.



Special reports on certain resolutions put to the General Meeting

- Special report of the statutory auditors on the capital reduction by cancellation of shares (13th resolution)
- Special report of the statutory auditors on the capital increase, with a waiver of preferred subscription rights, reserved to employees within the framework of the employee share ownership plan (14th resolution)



PUBLICIS GROUPE

**Centenary of the birth
of Marcel Bleustein-Blanchet
1906-1996**





PUBLICIS GROUPE

Annual General Meeting

Questions





PUBLICIS GROUPE

**Combined Ordinary and
Extraordinary General Meeting**

Resolutions



Ordinary General Meeting



First resolution

- ✦ **Approval of transactions and parent-company financial statements for 2005**



Second resolution

- ✿ **Approval of consolidated financial statements for 2005**



Third resolution

✿ Appropriation of 2005 earnings and dividend

**Proposed dividend
€0.36 per share
20% more than paid out in 2004**



Fourth resolution

- ✿ **Ratification of the management acts of the members of the Management Board in 2005**



Fifth resolution

- ✿ **Ratification of the management acts of the members of the Supervisory Board in 2005**



Sixth resolution

- ✿ **Attendance fees of the members of the Supervisory Board and members of the Audit and the Appointments and Compensation Committees**



Seventh resolution

- ✦ **Approval of regulated agreements referred to in the special report of the Statutory Auditors**



Eighth resolution

✿ Renewal of the term of office of:

Elisabeth Badinter

**as a member of the Supervisory Board
for a period of 6 years**



Ninth resolution

✦ Renewal of the term of office of:

Henri-Calixte Suaudeau

**as a member of the Supervisory Board
for a period of 6 years**

Tenth resolution

✿ **First appointment of:**

Léone Meyer

as a member of the Supervisory Board



Eleventh resolution

✿ Ratification of the cooptation of:

**Michel Halpérin
as a member of the Supervisory Board**





Twelfth resolution

✿ **Authorization for the Management Board to provide for the purchase by the company of its own shares up to a limit of 10% of capital stock**

- **Duration of the authorization: 18 months**
- **Maximum purchase price: €45**
- **Minimum sales price: €18**



Extraordinary General Meeting



Thirteenth resolution

- ✦ **Authorization for the Management Board to reduce capital stock by the cancellation of Publicis Groupe shares held by the company itself**
 - **Duration of the authorization: 26 months**



Fourteenth resolution

- ✿ **Authorization for the Management Board to provide for a capital increase reserved to group employees**
 - **Maximum nominal amount: €2,800,000**
 - **In accordance with articles L.225-138-1 of the Commercial Code and articles L.443-5 and following of the Labor Code**



Fifteenth resolution

- ✦ **Amendment of article 7 III of company articles (Changes of share ownership) to comply with article L.233-7 of the Commercial Code, in particular allowing for the reduction in the time allowed for the declaration of ownership thresholds to five stock-market business days**



Sixteenth resolution

- ✿ **Amendment of article 11 III of company articles (Deliberations) to reflect the legal obligation to draw up minutes of each meeting of the Management Board**



Seventeenth resolution

- ✿ **Amendment of the last paragraph of article 21 (Officers of the Meeting - Record of attendance - Votes) to empower the Officers of the Meeting to decide on the voting procedure**



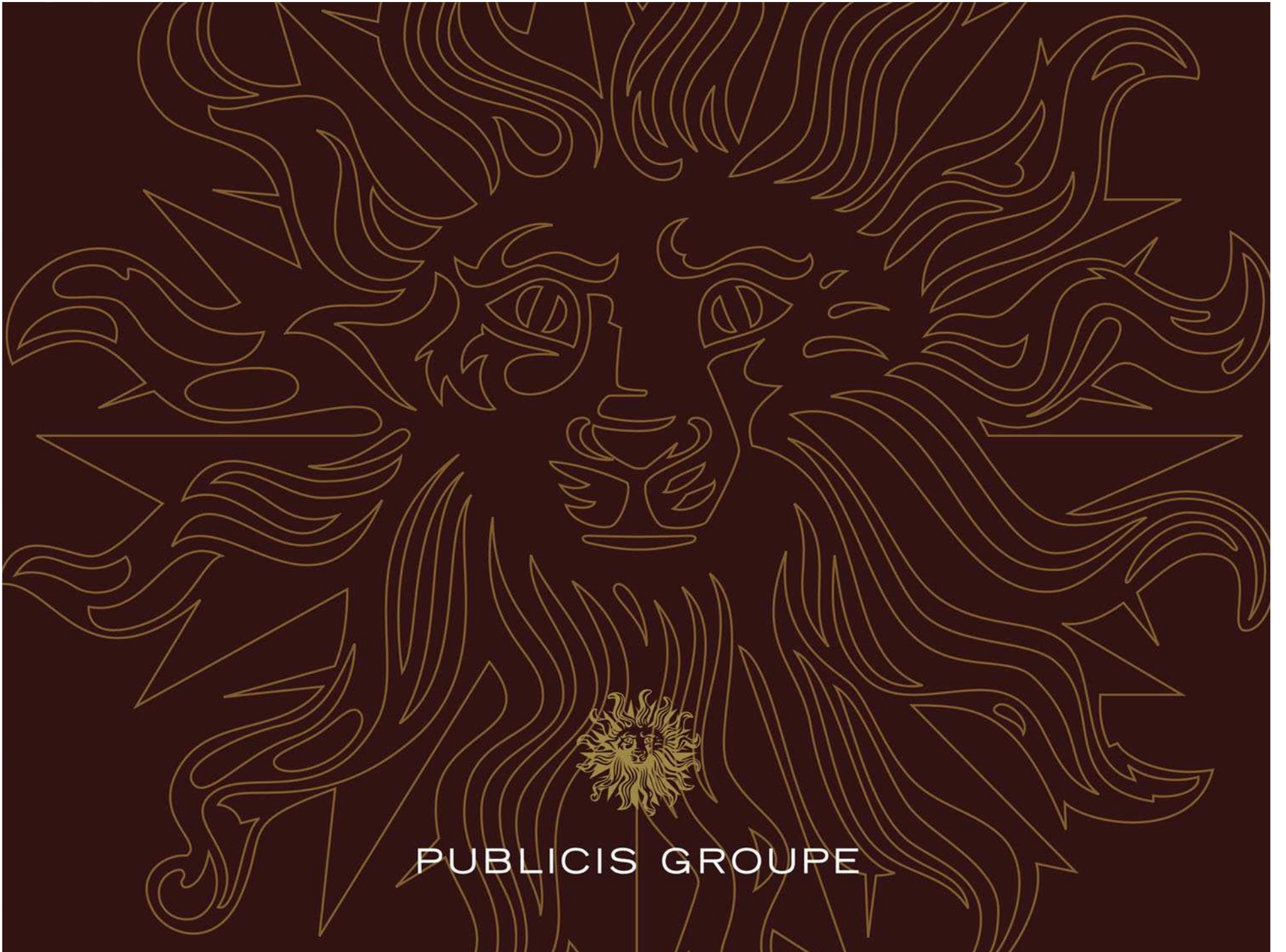
Eighteenth resolution

- ✦ **Amendment of article 22 (Ordinary General Meeting) to allow for the fact that the Management Board now has the power to provide for the issue of bonds**



Nineteenth resolution

✦ Powers for the execution of formalities



PUBLICIS GROUPE