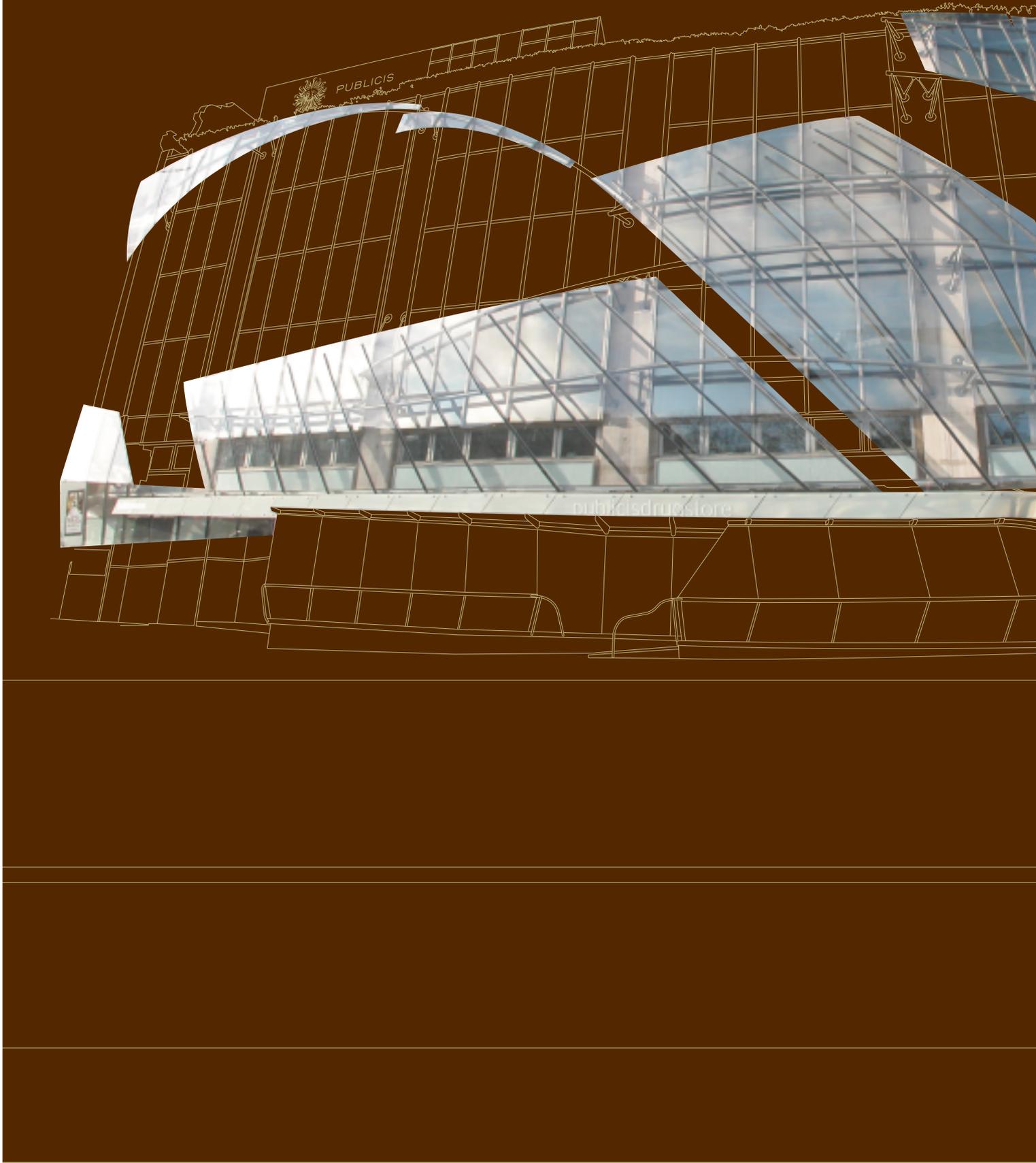
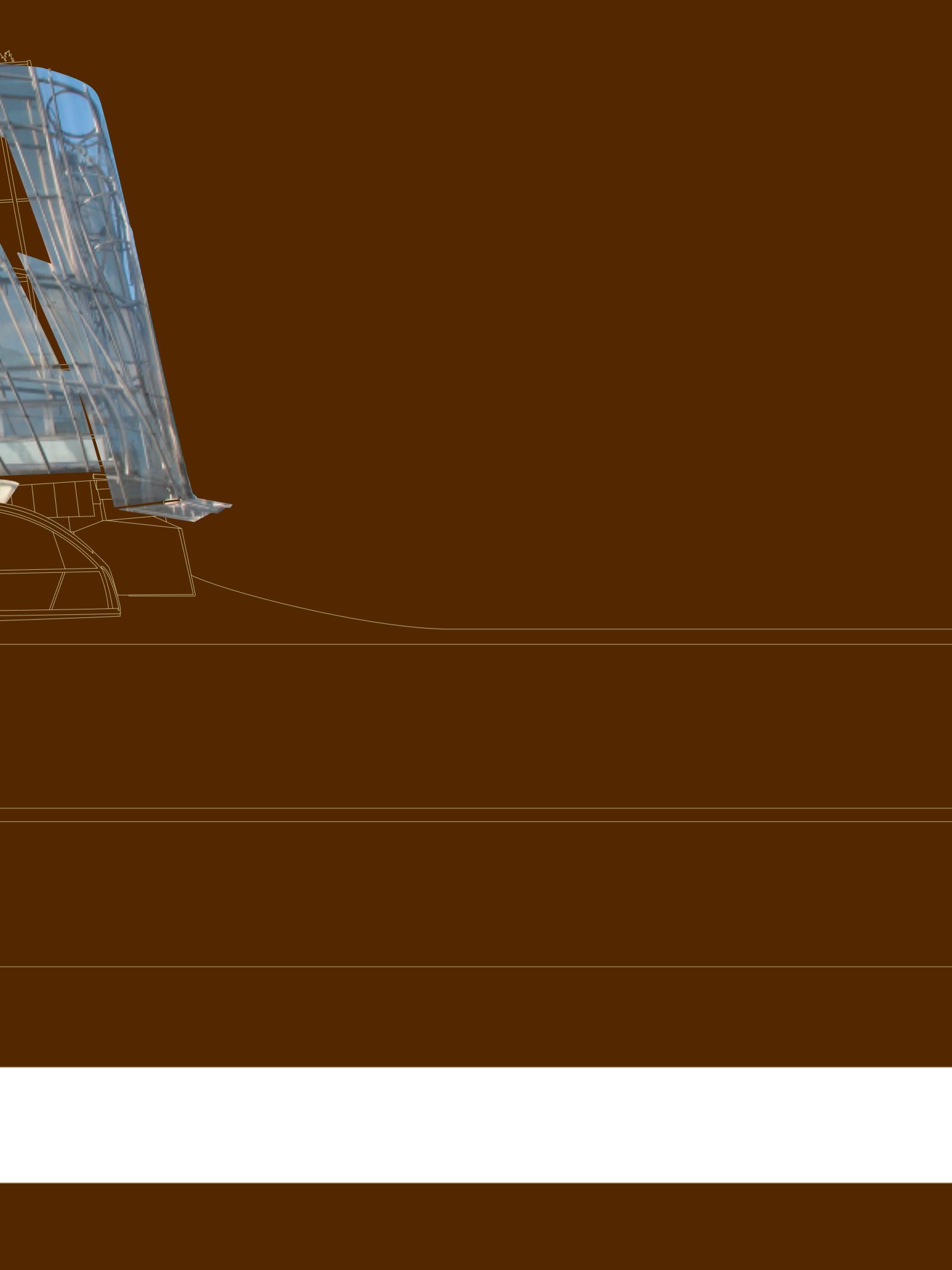


2003 annual report



Paris → In our own image—a new look for a new welcome on the world’s most stylish avenue, the Champs Elysées.



I want something
that does not yet exist



Marcel Bleustein-Blanchet
Founder of Publicis, 1906-1996



The events leading up to the creation of Publicis Groupe in its new form started with a string of acquisitions from 2000 to 2002, among them Saatchi & Saatchi and selected specialized agencies. Publicis then merged with Bcom3 in 2002, a move that catapulted us into fourth place in the worldwide advertising industry. The year 2003 was our first in this new position **P.4**. The main highlight of 2003 was the successful integration of Bcom3, an industry giant with an entirely different corporate culture **P.6**. Supervisory Board chair Elisabeth Badinter and Chairman and CEO Maurice Lévy comment on this successful integration, highlighting the new Groupe's capacity to pursue growth without losing its identity **P.8 & 10**.

The big picture: today's Publicis Groupe—its culture, structure, business and finances **P.16**. Fifteen years of near-continuous growth in revenues, operating profit and net income **P.20**. Organic growth and moves into new markets backed by an innovative approach to motivating employees **P.22**. In 2003, Publicis introduces its Peak Performance program **P.23**. Responsibility to shareholders: Publicis turns in Europe's top stockmarket performance in the industry and one of the top three worldwide **P.28**. The new Publicis Groupe helps clients win. An outstanding portfolio of leading brands, an excellent balance between local and world players **P.32**. Social responsibility: Publicis backs humanitarian causes and joins the UN Global Compact in 2003 **P.34**.

P.4 The making of the new Publicis Groupe

P.6 The challenges of integration

P.8 A message from Élisabeth Badinter

P.10 An interview with Maurice Lévy

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P.32 Helping clients build lasting success

P.34 Our commitment to the community

Today Publicis Groupe has a full store of resources to back lasting and profitable growth: the will to win, acknowledged creative talent, ties with Dentsu **P.39**; presence worldwide **P.40**; a leading position in the fast-growing Chinese market **P.42**; strong global, local and complementary brands **P.44**; a holistic approach **P.45**. A twofold challenge for the years ahead: accelerate organic growth **P.46** and pursue efforts to raise profitability **P.48**. Progress is well under way in both areas.

New pace for three networks: Publicis Worldwide **P.52**, Saatchi & Saatchi **P.53** and Leo Burnett **P.54**. 2003 brings new management teams **P.55**, a raft of industry awards **P.56** and new accounts across the board **P.58**. Ultra-creative networks report vigorous growth: Fallon, the Kaplan Thaler Group, Bartle Bogle Hegarty, Beacon Communications **P.55**. Network awards **P.57**, and new business **P.59**.

Media buying networks gather momentum: Starcom MediaVest Group and ZenithOptimedia **P.60**. Resilient Media representation: Médias & Régies Europe **P.62**. Industry awards, new business **P.63**.

SAMS offerings streamlined, expanded, more energetic than ever **P.64**. New joint venture in partnership with Dentsu: iSe, specialized in sports marketing **P.66**. Industry awards **P.67**, and new business **P.68**.

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2003— a landmark year

The making of the new Publicis Groupe

For Publicis Groupe, 2003 was the first full year in our new form—as a major communications group with a place in the Top Tier worldwide.

We were a newcomer to that inner circle. And as a newcomer, we were all the more determined to make the most of our strength and powerful brands, to set the pace in a worldwide advertising market we have helped to reshape.

THREE STEPS TO THE TOP

— 2000-2002 Acquisition of Saatchi & Saatchi, moves into specialized communications, and new power in media buying and consultancy

In acquiring one of the finest brands in the advertising world, Publicis Groupe secured itself a second agency network to expand its offer and worldwide reach. At the same time, we built up resources in the Specialized Agencies and Marketing Services sector with a string of acquisitions, many in the US—Frankel, Fallon and Nelson Communications, to name only three. Then, in 2001, we set up the ZenithOptimedia group, a new power in media buying and consultancy. By 2002, we were ready to open up new horizons for major advertisers and consolidate our position as a leading contender in the US, the world's largest advertising market.

In the short period from 2000 to 2003, Publicis Groupe moved from European leader to **major figure in the global advertising market.**

— **2002 Bcom3 merger**

With the successful acquisition and integration of the world's seventh largest communications business, Publicis Groupe brought a sea change to the worldwide advertising industry, quadrupling its own business in just three years. In addition to gaining new strength on Asian, North and South American, and European advertising markets, we moved to the front worldwide in media buying and consultancy, at the same time staking out significant positions in healthcare and multi-cultural communications.

— **2003 A strong start in advertising's top tier**

In the short space of one year, all the new companies that joined Publicis found their place in our Groupe. The D'Arcy network was successfully dismantled, providing new sources of strength for our three worldwide advertising brands—Publicis Worldwide, Saatchi & Saatchi and Leo Burnett. The integration of Saatchi & Saatchi was completed, while that of Bcom3 was under way. We are now ready to move ahead as a single, cohesive group, developing new synergies and attracting fresh talent to serve more and more of the world's top advertisers. Which in no way lessens our long-standing attachment to values that place people at the center of a business built on entrepreneurial spirit.

The challenges of integration

HOW TO MERGE WITH A GIANT AND MAINTAIN MOMENTUM—THE EXAMPLE OF BCOM3

—

In 2002, Publicis Groupe made the biggest acquisition the advertising industry had ever seen. And in 2003, the first benefits were already visible. Never in our industry had there been an integration so rapidly and efficiently concluded. Challenges were quickly turned into opportunities through an innovative, forward-looking strategy designed to minimize risk at all times.

— Integrating Bcom3—the big challenge in 2003

At Publicis Groupe, we were well aware that merging with Bcom3 would be a complex task, and had clearly identified the risks involved.

- **Bcom3, a communications heavyweight:** Bcom3 generated revenues of close to \$2 billion and counted 17,000 employees, compared with revenues of \$1.7 billion and 15,000 employees for Young & Rubicam, and revenues of \$1.6 billion and around 14,000 employees for True North.
- **Complex business structure:** Bcom3 was made up of a host of different entities operating in many different areas, and these had been brought together only a little under two years before the merger with Publicis Groupe.
- **A cultural divide:** bringing together businesses across the Atlantic made culture, not just size, a key issue.
- **Other integration processes under way:** the merger got under way at a time when integration of Saatchi & Saatchi and other recent acquisitions was not yet complete.

— The response—maintaining business momentum and optimizing resources

Integration of Bcom3 was clearly the main task for 2003, and Publicis set about this with a structured, step-by-step approach focused on priority issues. Our fundamental aims were to reduce risk while at the same time offering clients consistent quality of service and winning new market share. Key points in the process were to:

- reorganize management structure to match the new shape of the business
- ensure cooperation between entities and networks with diverse and sometimes opposed positioning and culture
- rationalize offerings and strategy in areas such as healthcare communications and specialized agencies (SAMS) where the merger brought in added resources
- pool administrative resources through Shared Resource Centers providing quality support to all Groupe entities and all brands in our main countries of operation.

— Aims achieved

By the end of December 2003, it was clear that integration was a success. Achievements included:

- successful transfer of client relationships and key staff from D'Arcy to our three worldwide advertising networks—Publicis Worldwide, Saatchi & Saatchi and Leo Burnett. This rewarded painstaking efforts to find solutions on a case-by-case, city-by-city and client-by-client basis.
- preservation of almost all key Bcom3 talent, with no major disruption to sales and creative teams.
- preservation of the client bases that represent the true value of Bcom3, in particular D'Arcy. Clients confirmed their confidence despite the merger process and reorganization under way.

— Quicker growth alongside integration

Despite the complexities of the process and generally unfavorable economic conditions, the Groupe in its new form significantly increased market share, with new accounts won in 2003 climbing to a net total of \$4 billion.

The year also brought a return to organic growth, with a 2% like-for-like rise in revenues placing Publicis Groupe second worldwide behind Omnicom.

Operating margin was on target, picking up to 15.3% in the second half to set the full-year average at 14.3%. Finally, Publicis Groupe's share price remained on track despite expiration of lockups on shares held by former Bcom3 shareholders and related share overhang concerns. Stock-market performance over the year as a whole was one of the three best for the sector worldwide.

— Full speed ahead in 2004

In 2003 our Groupe showed just how effective it could be, taking on new meaning with the successful integration of Bcom3. Business integration on this scale could easily take years, but in this case it developed quickly and naturally. And, rather than dampening momentum, it brought added pace to our business.

2003 was clearly the dawn of a new era that will see Publicis Groupe harnessing its strengths to power fresh growth.

New accounts represented a net total of **€3.4 billion** in 2003, and Publicis Groupe was ranked first worldwide for new business (Lehman Brothers).

A MESSAGE FROM

Élisabeth Badinter



Élisabeth Badinter

Chair of the Supervisory Board

— Getting to know people, getting them to give the best they have and work together effectively, takes time. And, even more, respect. But the rewards are great, as was well illustrated in 2003 with the brilliant performance of Saatchi & Saatchi, once again hailed for its creative flair, and the success of the Bcom3 merger. Both groups deserve to be congratulated on how quickly they have been able to come together and commit themselves wholeheartedly to a common dynamic and shared goals.

Looking at the way Publicis goes about its business, two things stand out: a tenacious will to win and an effectiveness that set it apart from rivals. Both are closely related to a philosophy centered on people. And that, I believe, explains how Saatchi & Saatchi and Bcom3 have been able to fit in so quickly and so well. Publicis did not ask anything of its new partners that it did not demand of itself—above all, the willingness to listen and to adapt. Both are essential to fruitful dialog and, by the same token, working together toward shared goals.

Rather than joining the already long list of giant predators vying for domination on world advertising markets, our Groupe has chosen another form of leadership—uniting people through a shared worldwide vision, while at the same time respecting differences of culture and preserving distinctive corporate identities.

Both personally and on behalf of the Supervisory Board, I would like to thank Maurice Lévy and the managers of all the businesses concerned for the unfailing commitment that has made this chemistry possible.

My thanks also go to all the men and women in our Groupe for the dedicated efforts that enabled us to outperform the industry for both revenues and profit last year. In the midst of a complex integration process, they won new clients and new accounts, at the same time successfully moving ahead with a far-reaching program to cut costs.

It is their talent and, especially, their faith in our business that hold the key to continued progress for our Groupe. And with Saatchi & Saatchi and Bcom3, the promise is all the greater, as fresh talent and energy combine with those of our other networks and agencies to generate new prospects for the future.

I have no doubt that the future will bring further successes. In 2003, resilience and responsiveness enabled us to overcome difficult economic conditions around the world and prepare for the challenges ahead. And we have begun the new year well, marshaling our strengths to pick up pace.

I am certain that this momentum will continue.



Maurice Lévy
Chairman & CEO

— Q: Last year, Publicis Groupe moved into the top tier of world advertising. What does that mean for the business—and for your people and shareholders?

A: The more we watched where the market was headed, the more convinced we were that its concentration was going to benefit mainly the big players. Which made a place in the top tier critically-important for us. Of course, the Bcom3 merger was the culmination, for us, of expansion over a number of years.

But let's look at the results—without exaggerating, but without false modesty either.

One thing is absolutely clear: we have changed the face of our industry and we will be the first to benefit. That is good news for the business and, by the same token, for our clients, our shareholders and our employees. We have a right to be proud of what we achieved in 2003. We faced some huge challenges but we didn't back down—on the contrary, we went out to win new clients and new accounts. And we ended up winning more new business than anyone else during the year. Integration of Bcom3 has been an enormous success. The D'Arcy network was dismantled and assets redistributed smoothly, and we have been able to move ahead on other fronts. With the last minority interests now acquired by us, we have the world's top media buying and consultancy business, and reorganization of marketing services and healthcare communications has made very good progress.

We have started rationalizing administration through our Shared Resource Centers and our new management structure is working well through an extended management board called P12. Importantly, too, we achieved our financial targets for the year. Revenues showed an organic rise of 2% and operating margin picked up to 15.3% in the second half, setting the full-year figure at 14.3%. And Publicis shares gained 27%.

All that didn't just happen, it was achieved through very hard work. And none of it would have been possible without the total commitment of all our people. You can put that down to our culture, our values—which have also saved us from a lot of the mistakes which we could have made.

— **Q: How would you explain your successes in winning new business?**

A: The simple answer is that our offering is the one most responsive to advertisers' needs.

We have been the pioneers in holistic communications—the most effective response to the concerns of consumers and the needs of advertisers. And as the newest business at the top tier of the advertising industry, we have been able to adjust our organization along the way, staying attuned to our clients instead of forcing them to step into line with our own procedures, as our competitors usually do. It's also important that our networks are very different from one another. Publicis Worldwide, Leo Burnett, Saatchi & Saatchi, Fallon—each targets a different segment. Which means we cover the market as a whole much more effectively. We are also the world leader in media buying, so we have the leverage to make a very competitive offering in a sector that is expanding fast. Finally, last year we became a world leader in healthcare communications, so the big pharmaceutical firms can rely on us for a complete range of services.

— **Q: Looking ahead, what direction do you think the global advertising market will be taking over next two or three years?**

A: Brands are now very definitely the most valuable assets of any business, and absolutely vital to growth. Brands attract consumers and win their loyalty. By the same token, they raise market share. And the power of brands is likely to be all the more lasting as the benefits of differentiation based on innovation and technology tend to fade. And with competition heating up in distribution, brands will be the best protection for both advertisers and retailers.

Product innovation is obviously important to maintain and consolidate brand value. But marketing investments also have to be kept up and, very often, increased. This will be more and more the case as world brands battle to raise their share of increasingly global markets. So there is no danger of a decline in these outlays. What will change is the way budgets are allocated, given all the new options available—

more and more TV channels of all kinds, new technologies like TiVo, and exponential growth in on-demand offerings from content providers, to take just a few examples. Not that this concerns only media. The trend to greater diversity is also apparent in customer loyalty programs, promotion, and advertising displays, where digital technology is opening up new possibilities.

But there is another issue to be considered where revenues for communications businesses are concerned. During the tougher periods of the past few decades, agencies negotiated fees as opposed to commissions, allowing them some sort of protection, which weakened the correlation between their revenues and media expenditure.

However, overall, I think the main trends in communications markets will be favorable over the next two or three years, although not to the same extent in all parts of the world. North America and Asia should in any case be the main beneficiaries.

— **Q: You said just now that the connection between marketing expenditure and agency revenues has weakened. And of course advertisers are putting a tight squeeze on prices. So how does that add up for revenue growth at Publicis Groupe?**

A: We have been aware of the need for changes in the way agencies operate for a long time, and our holistic offering is one important way we are dealing with this. We provide a broad range of services making up a cohesive whole, whereas our competitors are stuck with the old way of splitting up business. That makes it hard for them to blend different kinds of service and bring people from different parts of their business together to do the job for the client.

What we have done is to break down barriers and center every aspect of our business on clients. We have eliminated overlaps and everything that is irrelevant to our clients, since that simply does not create any value. And this is why we are seeing a rise in our revenues from all types of non-advertising business with most of our clients.

As for pressures from advertisers, there is a limit



Publicis Groupe's offering is the **one most responsive** to advertisers' needs today.

→ to everything and they have already gone about as far as they can. If they carried the process much further, there would be a serious threat to the quality of service. And, by the same token, a threat to the competitiveness of all industry players. Let's not forget what we do for them—our creative teams put life into a brand, make it something consumers can really relate to.

— Q: You are aiming to grow faster than the market and lift margin higher. Could you tell us more about how you hope to achieve those goals?

A: Let me first point out that in the past we have regularly respected our commitments to delivering above-average growth and margin. In 2003, our operating margin was the highest in the industry. I certainly do not think that is the end of the story—given our size and our client portfolio, we have every reason to believe in our growth potential. I am very confident of that. Turning to margin, we have to run a very tight ship, applying tough standards and ensuring that everybody sticks to them. We are still far from perfect, but that also means there is room for progress. Which is what the Peak Performance [\(see page 24\)](#) program headed by Kevin Roberts is all about. We set up the program a few months ago to build momentum throughout the Groupe and ensure that all our businesses achieve the highest standards anywhere in our industry. Success will obviously hinge on the motivation and commitment of our people. And we are launching a new initiative to rethink our ways of doing business.

— Q: So how do you go about motivating people?

A: Well, I think the most important source of motivation for Publicis Groupe people is our culture, the values we stand for. It might also have something to do with what you could call our family style. By that I mean a way of doing business that is reassuring as well as exciting, setting us apart in the world of global markets, which can be impersonal. However you look at it, we certainly make people a prime concern and that is one reason staff members are so proud to be part of our business.

A special feature of our Groupe is that people can identify with the culture of their agency—Saatchi & Saatchi, Leo Burnett or Starcom MediaVest — and the values that our Groupe as a whole represents. For let's not forget that Publicis is also very much a brand in its own right.

This focus on people is important, too, for recruitment. Our business has an emotional side to it and our brands have proven appeal—although of course we also have to offer competitive salaries. We made a big effort to attract new talent in 2003 and we will be continuing our drive this year and next. We want to be sure we have the creative ideas and expertise we need to offer clients solutions that are truly the best available.

Competitive salaries are important to motivation. We also need to show recognition for achievement. One way we do that is through our Long Term Incentive Plan [\(see page 27\)](#), which is a performance-based stock option plan to reward efforts with capital gains over the longer term. I should make it clear that the exercise price on the options is equal to the current market price or the price paid for treasury stock, whichever is higher. And we currently have no plans to issue new shares for stock-option plans. The important thing about stock options is that they encourage people to work together, since their reward depends on success in achieving demanding growth and earnings targets.

Finally, there's the simple fact that a lot of the top talent in the industry today view Publicis Groupe as a trendsetter—the place to be, the place where things are happening. Where people in communications are breaking new ground.

“We plan to make **targeted acquisitions of quality businesses** in specialized communications and marketing services.”

— **Q: What would you say about earnings prospects?**

A: Our target for operating margin is 15%. This is high— some might even say ambitious— compared with the average of 10.4% for the ten largest advertising companies in 2003. But I believe that our organization and unique management style make it achievable. Especially as revenue growth will be significantly higher than our rivals.

We will not just be leading the field for organic growth, since we also plan to make targeted acquisitions of quality businesses in areas such as CRM, sales promotion, PR, and financial communications where we believe we can expand profitably. That is where the 15% operating margin comes in as a basis for fresh progress.

But of course operating margin isn't everything. We are also working to improve financial performance in other areas. We have a major program running under the name Focus on Cash (see page 48) to enhance treasury management, and we are moving to improve debt ratios.

— **Q: Turning to another point, how is the partnership with Dentsu shaping up?**

A: It couldn't be better. Our personal and professional relationships with Dentsu and its management are absolutely excellent. Our joint venture International Sports and Entertainment has already won a substantial hospitality contract for the 2006 World Football Cup and prospects are really very promising. We are also working on a number of joint development projects in Japan and other countries.

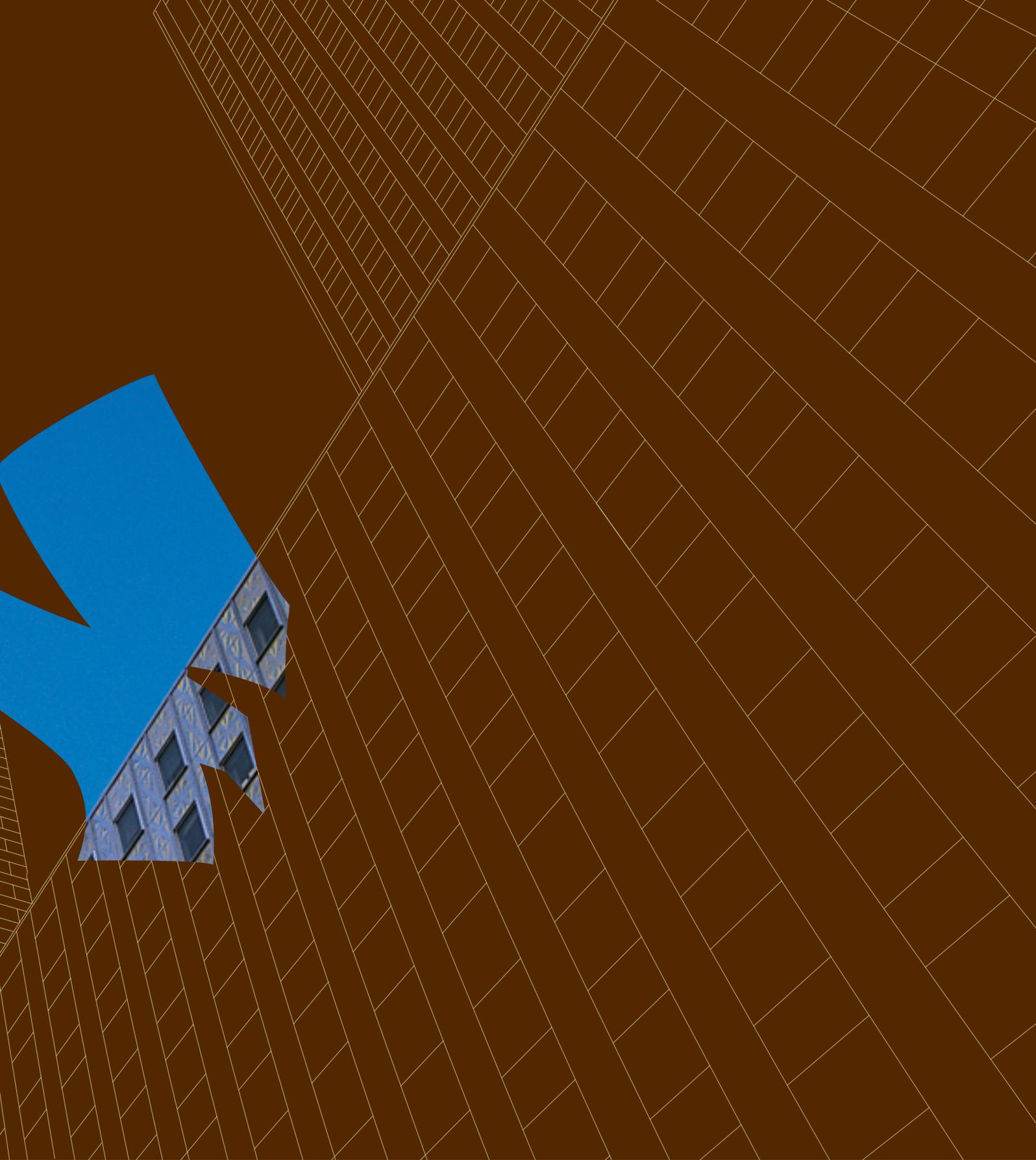
— **Q: Your founder Marcel Bleustein-Blanchet said "I want something that does not yet exist." Do you think that is emblematic of the Publicis Groupe today?**

A: That was his way of explaining his plans for the Drugstore he opened on the Champs Elysées in 1958. I might not go so far as to say that it is an idea that really determines everything we do. But it is certainly true that we have a pioneering tradition, that we tend to strike out in new directions. And the opening of the remodelled Drugstore is an illustration of that. It is architecturally daring;

perhaps not everybody will be pleased to see something that did not exist before right on the Champs Elysées and just a stone's throw away from the Arc de Triomphe. Others will. And I personally believe that it is an outstanding success.

But pioneering spirit goes much further than that. It is part of the way we are organized, the way we see our business, the way we work together within the Groupe. Most importantly, it is a spirit that allows us to provide the very best in client service, and that leads our agencies to think out of the box. They come up with creative ideas that put clients' messages across forcefully, sometimes startlingly so, and thus reinforce branding. But also to find innovative ideas representing new ways to harness communications resources and achieve clients' goals cost effectively. Because innovation is important in every part of business, including cost cutting, where we strive to find new ways to generate results while preserving jobs as far as possible.





New York → Advertising capital of the world and home to three major group agencies:
Saatchi & Saatchi, Publicis Healthcare Communications Group and MS&L.

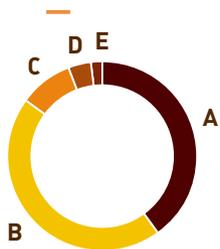
The new shape of Publicis Groupe

“Viva la Difference”

VALUES

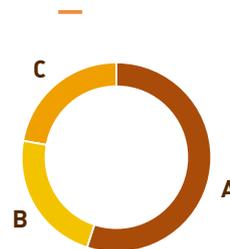
Values and principles must form the backbone of any business—a vital foundation guiding day-to-day action by all employees. And Publicis Groupe is no exception. Our obsession with client service requires us to review and examine this fundamental capital to ensure that all employees share the same dedication to these underlying ideals. At Publicis Groupe, we offer a unique combination of belief in people and commitment to making things happen. Pioneers and challengers, we are innovative and fast on our feet. Perhaps most important of all, we never lose sight of the multicultural and creative approach that have made our reputation.

2003 REVENUES BY GEOGRAPHY



- A Europe 40.0%
- B North America 45.0%
- C Asia-Pacific 9.3%
- D Latin America 3.9%
- E Rest of World 1.8%

2003 REVENUES BY BUSINESS



- A Advertising 55%
- B SAMS 23%
- C Media 22%

MARKET CLOUT

THREE WORLDWIDE ADVERTISING NETWORKS

Publicis Worldwide

- 81 countries
- 289 agencies
- 9,874 employees

Leo Burnett

- 84 countries
- 96 agencies
- 7,988 employees

Saatchi & Saatchi

- 84 countries
- 134 agencies
- 4,844 employees

TWO NETWORKS CENTERED ON REGIONAL HUBS

Fallon Worldwide

- agencies in Minneapolis, London, New York, São Paulo, Hong Kong, Tokyo and Singapore
- 478 employees

Bartle Bogle Hegarty*

- agencies in London, New York, São Paulo, Singapore and Tokyo
- 510 employees

*49% owned

TWO LEADING NATIONAL BRANDS

The Kaplan Thaler Group

- New York

Beacon Communications

- Tokyo

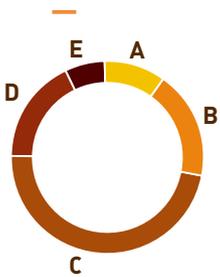
BUSINESS PHILOSOPHY AND BELIEFS

Given the nature of our business and our special role as advisers to our clients, we obviously take our business philosophy to heart in all assignments and across all business lines.

In today's fiercely competitive market, we believe in the human spirit. And we are convinced that communication generates a dialog—between brand and consumer, at the very least—that ultimately makes the world a little better. We believe in unleashing the power of paradox and infusing everything we touch with creative magic.

Above all, we are passionately committed to ensuring that our clients' brands achieve their targets. Our structure and approach is client-centered from start to finish. Attached to our traditions and values, we also know that growth and profit are essential to long-term business success.

SHARE OWNERSHIP STRUCTURE AT DECEMBER 31, 2003



- A Élisabeth Badinter¹ 10.3%
- B Dentsu Inc.² 18.2%
- C Institutional investors 47.2%
- D Private investors³ 17.6%
- E Treasury shares 6.7%

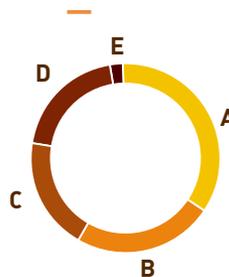
¹ 18.8% of voting rights

² capped at 15% of voting rights

³ incl. former Bcom3 shareholders for approx. 5%

Source: Euroclear, Euro Emetteurs Finance and Publicis Groupe estimates - January 2004

BEARER SHAREHOLDERS BY GEOGRAPHY AT DECEMBER 31, 2003



- A France 34.8%
- B US 24.0%
- C UK 19.2%
- D Rest of Europe 19.8%
- E Rest of World 2.2%

Source: Euroclear - January 2004

WORLD LEADERSHIP IN MEDIA BUYING AND MEDIA CONSULTANCY

ZenithOptimedia

- 58 countries
- 161 agencies
- 3,987 employees

Starcom MediaVest Group

- 67 countries
- 110 agencies
- 4,036 employees

A COMPLETE RANGE AND RECOGNIZED EXPERTISE IN SPECIALIZED COMMUNICATIONS

Bromley, Lápiz and Burrell Communications, specialized in multicultural communications in the US

Publicis Healthcare Communications Group, the world's leading agency in its field

Specialized Agencies and Marketing Services (SAMS), including **Publicis Dialog, Publicis Events Worldwide, Publicis Consultants, MS&L, Arc Frankel, Triangle.**

Global Reach

Number four worldwide in communications with revenues of **€3.9 billion**. Present in **109 countries** on **all continents—229 cities in all—**with **35,166 employees**.

Corporate governance

SUPERVISORY BOARD

-
- **Élisabeth Badinter**
Chair
- **Sophie Dulac**
Vice-Chair
- **Robert Badinter**
Professor Emeritus, University of Paris I
- **Simon Badinter**
Chairman & CEO, Médias & Régies Europe
- **Monique Bercault**
Technical Advisor to the Chairman & CEO,
Médias & Régies Europe
- **Michel Cicurel**
Chairman of the Management Board,
Compagnie Financière Edmond de Rothschild Banque
- **Michel David-Weill**
Chairman, Lazard LLC
- **Yutaka Narita**
Chairman & CEO, Dentsu Inc.

Audit Committee

—

- **Gérard Worms**
Chairman
- **Hélène Ploix**
- **Jean-Paul Morin**

Appointment and Compensation Committee

—

- **Élisabeth Badinter**
Chair
- **Gérard Pédraglio**
- **Henri-Calixte Suaudeau**

Statutory Auditors

—

- **Mazars & Guérard**
125, rue de Montreuil
75011 Paris, France
- **Ernst & Young Audit**
4, rue Auber
75009 Paris, France

Alternate Auditors

—

- **Patrick de Cambourg**
- **Denis Thibon**



Bertrand Siguiier
Executive Vice President, Publicis Worldwide



Roger Haupt
President & COO

Management Board

- **Fumio Oshima**
Executive Vice President, Dentsu Inc.
 - **Hélène Ploix**
Chair, Pechel Industries
 - **Felix Rohatyn**
Chairman of the Board, Aton Pharma Inc.
 - **Robert Louis Seelert**
Chairman, Saatchi & Saatchi
 - **Amaury-Daniel de Sèze**
Chairman, PAI Partners
 - **Henri-Calixte Suaudeau**
Head of Real Estate Department, Groupe Publicis Services
 - **Gérard Worms**
Managing Partner, Rothschild & Cie Banque
and Rothschild & Cie
-

MANAGEMENT BOARD

- **Maurice Lévy**
Chairman & CEO
 - **Roger Haupt**
President & COO
 - **Claudine Bienaimé**
General Secretary
 - **Kevin Roberts**
CEO, Saatchi & Saatchi
 - **Bertrand Siguier**
Executive Vice President, Publicis Worldwide
-



Maurice Lévy
Chairman & CEO



Claudine Bienaimé
General Secretary



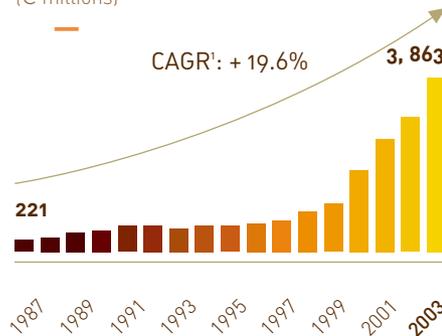
Kevin Roberts
CEO, Saatchi & Saatchi

Key figures

In its first full year, the new Groupe resulting from the Publicis-Bcom3 merger of September 2002 successfully took up three key challenges, returning to organic revenue growth, achieving margin targets and significantly enhancing cash flow.

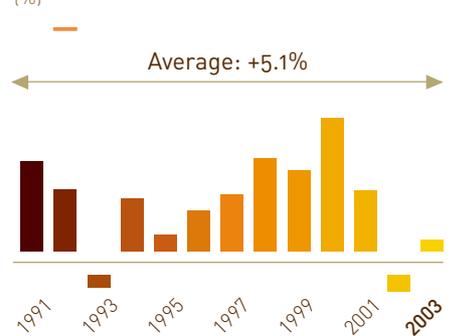
REVENUES

(€ millions)



ORGANIC GROWTH

(%)

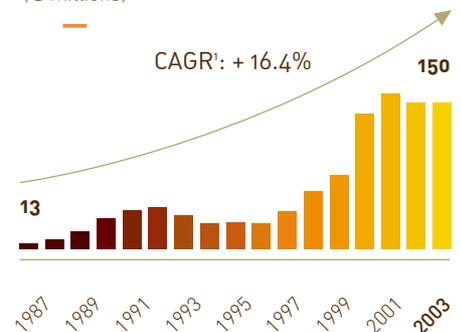


Revenues reached €3,863 million, showing an organic rise of 2%, the first since 2001. With this result, achieved despite the complexities of Bcom3 business integration, Publicis Groupe again achieved the second strongest performance in its industry worldwide. New business measured on the basis of expected billings came to €3.4 billion—more than ever before—and Publicis topped the Lehman Brothers 2003 worldwide New Business Scorecard published in January 2004.

Before amortization of goodwill, net income excluding minorities rose 22% to €263 million. With the integration of Bcom3, amortization of goodwill reached €113 million to set net income excluding minorities at €150 million, up 2% from 2002. The average annual rise in net income excluding minorities was 16.4% over 15 years and 19.2% over five years.

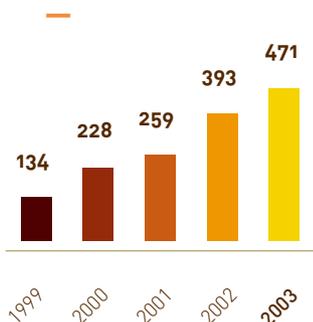
NET INCOME

(€ millions)



GROSS CASH FLOW

(€ millions)



Gross cash flow rose 19.8% to €471 million. A major initiative was taken during the year with the launch of the Focus on Cash program, aiming for significant improvement in working capital management. The first results have been highly encouraging. Working capital showed an inflow of €232 million despite €141 million in restructuring costs relating to integration of Bcom3.

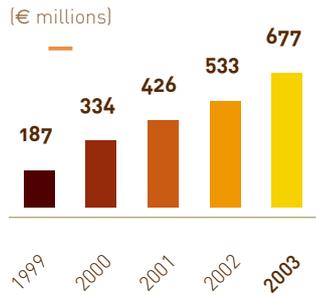
2% organic growth full year

14.3% operating margin due to 2nd-half surge past 15% target

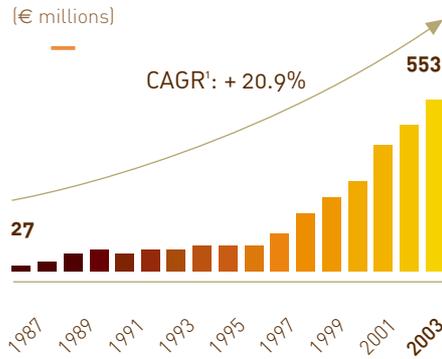
€232 million inflow from working capital

€3.86 billion in revenues

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION



OPERATING INCOME

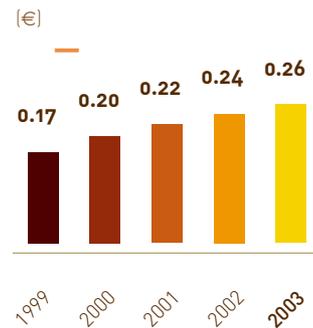


The target of 15% operating margin in the second half of 2003, adopted when the Bcom3 acquisition was being finalized, was met and even exceeded. Operating margin (operating income before amortization of acquisition-related intangibles/revenues) rose from 13.3% in the first half to 15.3% in the second, setting the full-year figure at 14.3%, the best for any of the world's major advertising groups in 2003. Operating income before depreciation and amortization showed a 27% rise from 2002 to stand at €677 million in 2003, while operating income before amortization of acquisition-related intangibles was up 29% to €553 million.

→ Investments during the year were very limited, since integration of Bcom3 was the main focus. Capital expenditure amounted to €97 million and acquisitions represented a net €200 million, with a good 70% of this used to buy out the remaining minority interests in media agencies ZenithOptimedia and Starcom Motive. Only €5 million was spent on share buybacks.

→ Debt restructuring continued with a €672 million issue of bonds redeemable in existing shares or convertible into new shares in July, followed in October by a €700 million syndicated credit facility available over three years. This significantly improved liquidity. Overall, debt remained relatively stable with the debt/equity ratio at December 31, 2003 standing at 91% or 71% excluding the impact of exchange-rate variations compared with 83% a year earlier. At the same date, Publicis Groupe had €1 billion in undrawn committed credit facilities and €1.8 billion in cash and marketable securities including credit-linked notes.

NET DIVIDEND PER SHARE



The dividend paid out in the year will be €0.26, up 8.3% from 2002.

€553 million
operating income

€150 million
net income

€517 million
free cash flow²

35,166 employees
in 109 countries

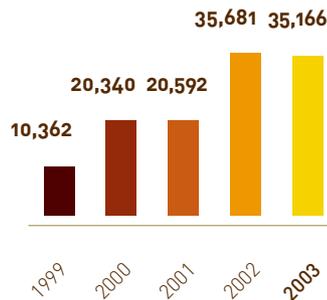
People power at its peak

The acquisitions that have placed us at the forefront of our industry worldwide have also had the effect of quadrupling our size in just three years. Our priority has been to preserve the individuality and particular positioning of the newly-acquired companies as far as possible. We have taken a number of actions to motivate all of our employees to act in the spirit of shared goals. These initiatives include our Peak Performance program and a new long-term incentive plan.

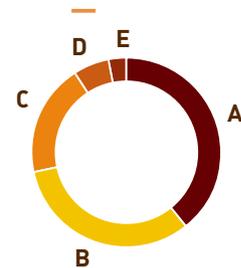
RESPECT FOR DIFFERENCE

Respect for the cultural differences and special features of newly acquired business is an essential part of our values. We know that an acquisition is not just about money, since the people joining our Groupe contribute wealth of another kind. In the process of our expansion, we have encountered approaches to human resources that differ widely from each other as well as from our own in terms of underlying philosophy, systems of compensation and methods. This is partly a matter of natural cultural differences between networks with origins in France, the UK and the US, and partly reflects the history and distinctive character of individual businesses. Clearly, however, human resources can be a very sensitive issue, and our basic principle is to avoid tampering with systems that have proven effective and to honor all commitments.

TOTAL NUMBER OF EMPLOYEES AT DECEMBER 31



EMPLOYEES BY GEOGRAPHY



- A Europe 39%
- B North America 32%
- C Asia-Pacific 19%
- D Latin America 7%
- E Rest of World 3%

— **Respect for the individual**

For our Groupe to move forward effectively, and by the same token enable the businesses and people that are part of it to progress, we must have a shared vision and a common understanding of the principles of employee relations. This does not mean centralization. We want our business units to retain the initiative, and leave space to preserve their individual characters that are often a source of special strength. But we must also define strategies and principles for the Groupe as a whole, then coordinate and monitor implementation. Similarly, it is part of Groupe management's job to identify and promote exceptional talent within our Groupe. Publicis principles are set out in Our Principles and Our Values, a charter that defines requirements applying to all employees. Among these requirements, the principle of fair treatment of employees was a special focus of attention in 2003. This was associated with one of our first major projects in human resources, which was to gradually harmonize compensation and incentive systems within our new Groupe, taking a pragmatic, step-by-step approach.

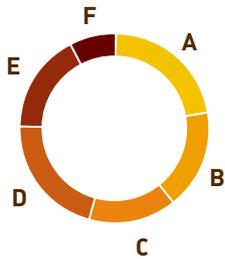
PEAK PERFORMANCE

—
Our group marshals an impressive array of talent, quality brands and know-how to serve a no less impressive line-up of prestigious clients with top ranking on international, regional or domestic markets. Our mission must be to use this strength and this diversity to the full, creating common values. We must be the communications group that constantly astonishes and inspires. And, by the same token, go on posting the strongest business and earnings performances in our industry. That is what our Peak Performance program is all about.

When Publicis Groupe took on its new shape to rank fourth worldwide in 2003, there was one obvious question. Advertisers were already increasingly focusing spending on the top-tier agencies. Were they really in desperate need of a fourth contender? Probably not. Unless that fourth company could offer clients and the world something the other three companies could not. As the newcomer, we had to show clients and potential clients we could offer something new. Not just different, but better. We believe that we have already come part of the way in bringing our clients and staff that something extra. For we have the potential to rewrite the holding company model and provide clients with something no other group can give them: difference through diversity.

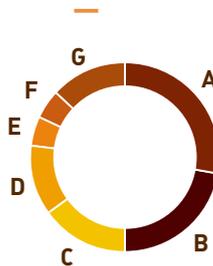


EMPLOYEES BY FUNCTION



- A Sales 22%
- B Creative 17%
- C Production and specialized 15%
- D Media and research 21%
- E Administration and finance 17%
- F Other 8%

EMPLOYEES BY NETWORK



- A Publicis Worldwide 28%
- B Leo Burnett 22%
- C Saatchi & Saatchi 15%
- D Starcom MediaVest Group 12%
- E ZenithOptimedia 5%
- F Publicis Healthcare Communications Group 5%
- G Other 13%

People power at its peak

continued

We believe in the global and the local. The focus of all our people, no matter which network they work for, is to inspire, create and deliver La Difference—for all our clients, every day and everywhere.

In working towards this ideal, we must develop a global vision combining local and global relevance for all our staff in all parts of the world—whatever the particular agency or network they belong to. By the same token, this vision will enable us to respond effectively to the diversity of consumer markets and win a special place in worldwide advertising through a unique capacity to put our clients first.

→ — Publicis Groupe—how to outperform

Publicis Groupe is not a homogeneous one-size-fits-all centralized holding company. Our networks come from different cultures. They have different histories, different beginnings and different positionings. But they share the same beliefs and the same values. And all aim to make Publicis Groupe a peak-performing family where people are inspired to be the best they can for the good of their clients. Our inspirational dream is to be the communications group that astonishes and inspires, demonstrating a consistent capacity to deliver more than was expected, generating enthusiasm and making the winning difference for clients' brands.

THE PUBLICIS PEAK PERFORMANCE PROGRAM

The Peak Performance concept can apply to all kinds of endeavor and all kinds of organization, not just sports. Achieving it is as much a matter of attitude as it is of method. Our Peak Performance program aims to foster that attitude with a series of seminars spread over several months.

Led by senior staff members with the support of outside consultants, these address a process built on four principles:

- Purpose—providing intent, meaning and direction through concepts that include the inspirational dream, the greatest imaginable challenge and focus.
- Practice—putting in place an organizational context by sharing the dream inside the company and out, and creating a sense of family.
- Potency—or the processes that transform energy into harmony, passion and flow.

- Performance—the actions necessary for sustained success within the organization. Once initial targets have been met, new challenges are defined to ensure continued motivation and commitment.

To this end, quarterly seminars headed by Saatchi & Saatchi CEO Kevin Roberts will bring together 80 key managers each year to redefine values and priorities, together with the challenges these entail. Each new level of performance will thus be the basis for a fresh stage in progress. Two such seminars were held in 2003.

Master the art of transforming **difference into A Difference**, making clients the winners.

— **Who we are—the Peak Performance vision**

The first Peak Performance workshops analyzed the DNA of our network agencies and concluded that the attributes that will drive Publicis Groupe to outperform our peer group are:

- Pioneering
- Challenging
- Passionately creative
- Agile
- Accountable
- Humanist
- Distinctively diverse
- Stronger together

These qualities have clearly been essential to our Groupe's ability to outperform competitors. Our networks are born challengers and pioneers, committed to offering the best ideas and creative solutions to our clients. They relish being held accountable for just that. To succeed we must celebrate our diversity, be agile and recognize that in today's converging, complex world we will provide superior service only by working together in wholehearted cooperation.

— **People underpin commitment and success**

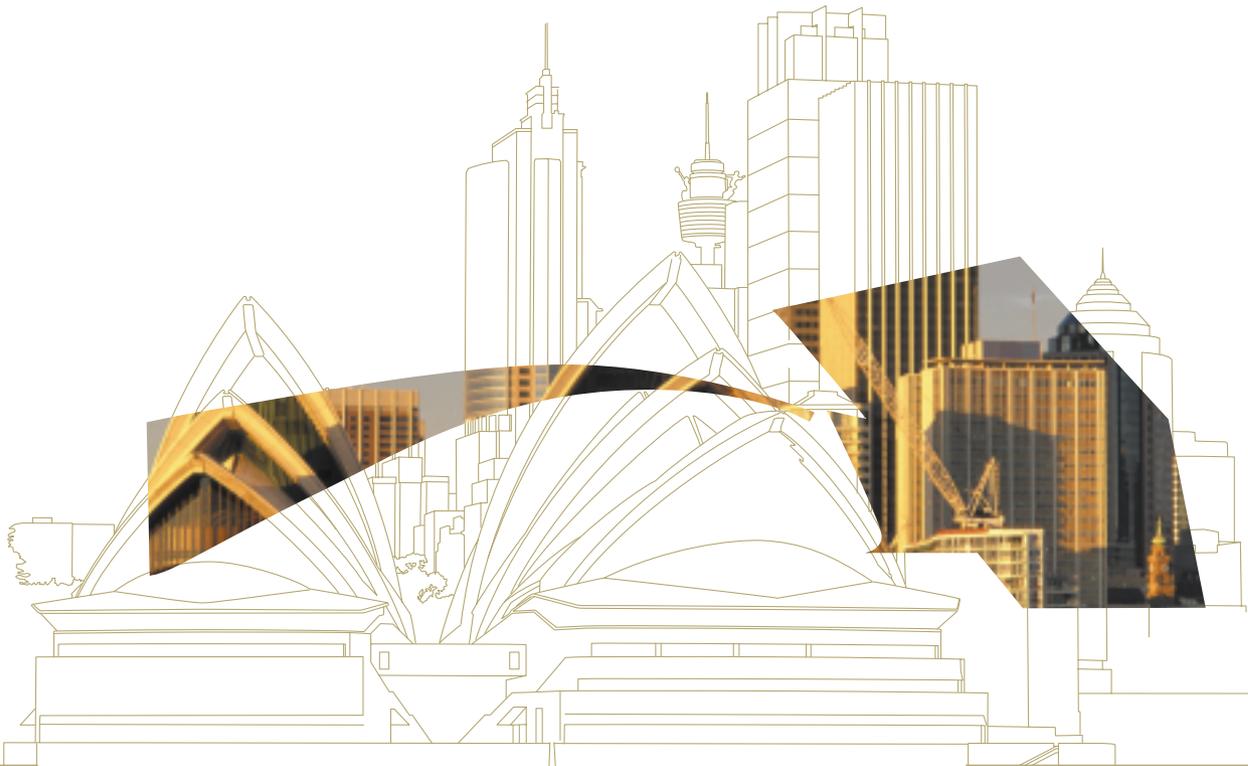
The most important asset in our business is people. Today's inspirational players and leaders are a scarce resource and move from career to career and job to job more

quickly and more easily than ever before. Our job as a group is to recruit, coach, inspire and unleash the best of the best so that our clients, businesses and brands benefit. To do this we want our people to share our beliefs and commit to them so they can enjoy constant challenges and success throughout their working life.

— **Our beliefs are special and distinctive**

We believe in the human spirit, and in the power of communications to make the world a little better. We believe in unleashing the power of paradox. In sprinkling creative magic on everything we touch. In a driving passion to deliver success to our clients' brands. Respect for our heritage and traditional values creates our future, while growth and profit secure that future.

Sharing these beliefs amongst our people and living up to them will turn Publicis Groupe from a holding company into a Peak Performing family. Consumers throughout the world are diverse and different. This is at the heart of the new Publicis Groupe—difference based on diversity. By sharing our beliefs and putting them into daily practice, we will be able to achieve peak performance now and in the future. And in so doing succeed in our aims of generating the highest organic growth, the highest margins and the highest shareholder value in our industry.



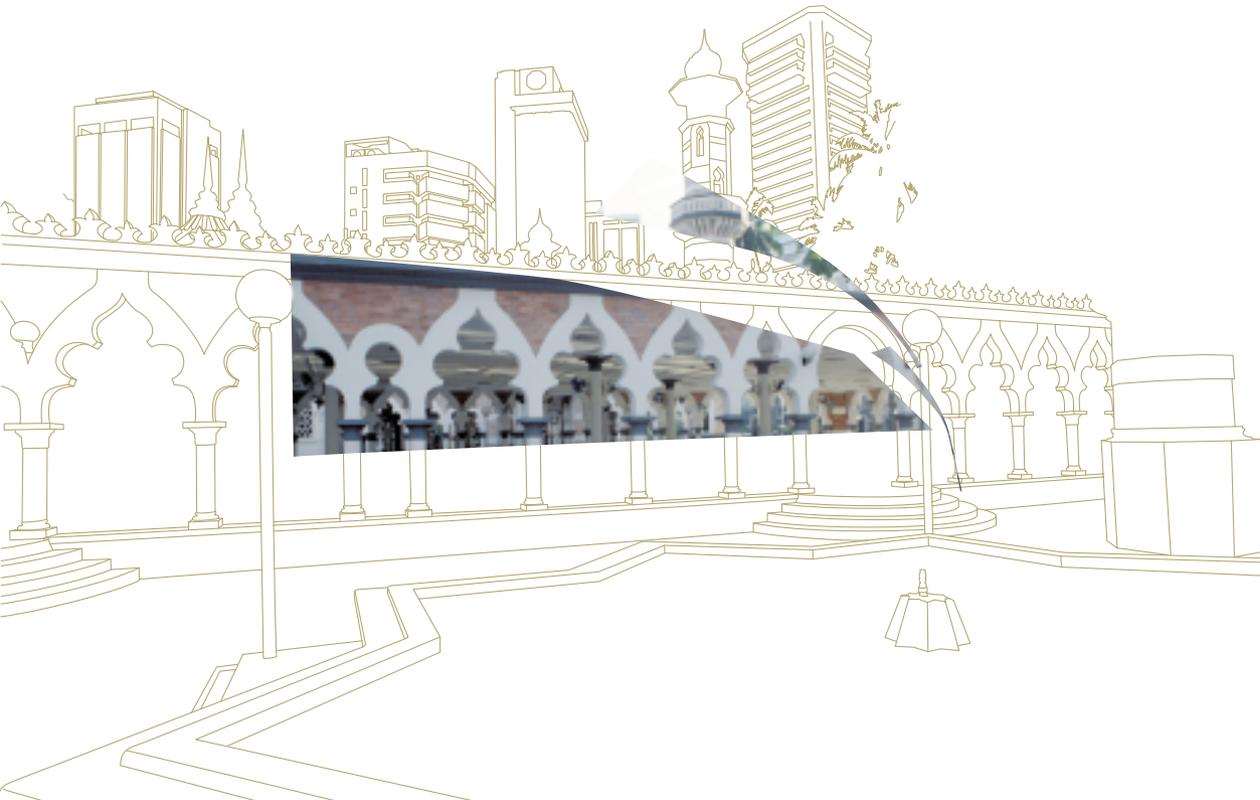
Sydney → Gateway to the Pacific for Publicis Groupe and all its brands.

People power at its peak

continued

COMPENSATION AND MOTIVATION

As in all major communications businesses, the compensation of our staff members—particularly at management level—includes both a fixed salary and a variable bonus. Bonuses may be calculated in many different ways: on the basis of results, individual targets or performance of the network as a whole. For more and more managers, the variable portion also factors in performance over the longer term, the aim being to consolidate employee loyalty and commitment to results over several years. Compensation systems of this kind, linking rewards to the value created over time for the network or group, may take different forms, but stock options are our most common solution.



Kuala Lumpur → The Bcom3 acquisition has strengthened our presence in Southeast Asia.

— **New long-term incentive plan adopted**

With the agreement of the Supervisory Board and its Appointment and Compensation Committee, the Management Board has decided to set up a unified stock-option plan to take over from existing plans. Initially available to key employees, this will favor the development of a Groupe spirit through the shared interests of shareholders and management.

Developed after the Bcom3 merger, the 2003-2005 Stock Option Plan is the first to cover the new Groupe as a whole. The right to exercise options is conditional on achievement

of personal or Groupe targets, or both, for the period from 2003 to 2005. Challenging targets for Groupe performance are based on comparison with our three main rivals in terms of organic revenue growth and operating margin. This first stock-option plan will be extended very gradually as harmonization of compensation systems continues. Allowance will also be made for the impact of International Financial Reporting Standards, which will require recognition of stock-option plans in payroll expense from 2005 on.

2003-2005 STOCK-OPTION PLAN

Meeting on August 29, 2000, shareholders authorized the Management Board to grant stock options over the following five years. The terms of the 2003-2005 stock-option plan were adopted by the Management Board on August 28, 2003 and presented to the Supervisory Board on September 9, 2003 with the approval of the Appointment and Compensation Committee. The plan allows for the grant of

9,498,000 options, each of which entitles the beneficiary to acquire one Publicis Groupe share for € 24.82 provided stipulated targets for business results and individual performance are achieved. This exercise price is equal to the weighted average price paid for treasury stock at August 28, 2003, which is slightly higher than the average market price over the 20 trading days preceding the grant. No discount has been applied.

Responsibility to our shareholders

In 2003, Publicis Groupe shares won market favor on a scale not seen in nearly three years to show a 12-month rise of 27%, setting market capitalization at over €5 billion. Stockmarket ranking also changed in the year, with Publicis Groupe gaining an undisputed place in the top tier for communication companies worldwide.

STOCKMARKET PERFORMANCE

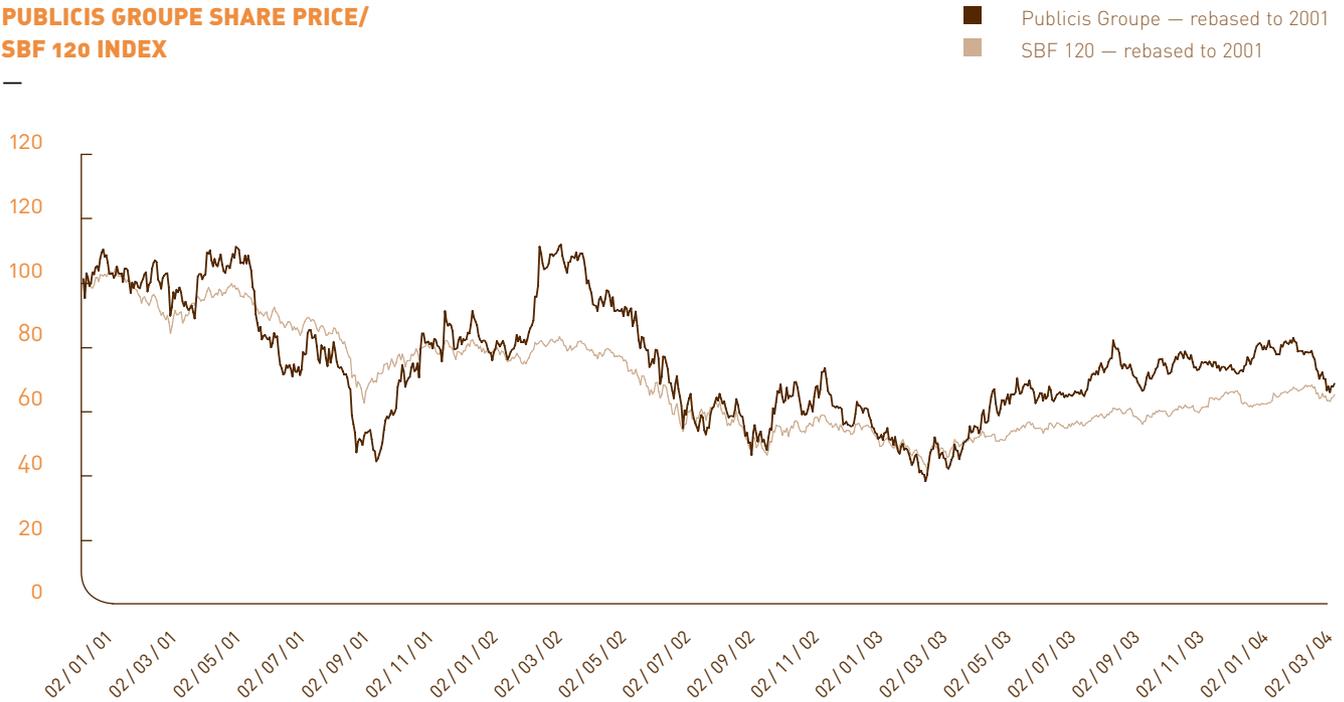
— Advertising stocks back on an upward track

Advertising stocks started up again for the first time since the exceptional gains of 2000, as investor confidence firmed on more encouraging prospects for the world economy. Key factors in this included the US recovery, triggering increased demand on advertising markets, and the continued vigor of Asian economies despite the impact of the SARS outbreak in spring. Upturns in North America and the Asia-Pacific areas mean that nearly two-thirds of the worldwide advertising market returned to growth.

— 27% rise places Publicis Groupe first in Europe and third worldwide

Against this favorable backdrop, Publicis Groupe posted the strongest performance of any advertising stock in Europe, coming in ahead of WPP and Havas, and placing third worldwide behind Dentsu and Omnicom. On the French market, Publicis Groupe shares gained 27.2% compared with respective rises of 16.1% and 16.8% for the CAC 40 and SBF 120 indices, setting market capitalization at over €5 billion.

**PUBLICIS GROUPE SHARE PRICE/
SBF 120 INDEX**



Publicis Groupe shares rose **27%** over the year, setting market capitalization at over **€5 billion**.

Publicis Groupe ADRs, traded in dollars on the New York Stock Exchange, were up no less than 55%, benefiting from the euro's rise against the dollar.

There were three stages in our shares' impressive performance for the year.

Over the first quarter, the price corrections besetting the advertising sector since the bursting of the TMT bubble continued, and on March 11, Publicis Groupe shares hit a two-year low of €13.83. This was followed by a spectacular rally, with the price more than doubling in six months to reach a high of €29.35 on September 3 to make Publicis Groupe the world's best performing advertising stock during the period. Over the rest of September and at the beginning of October, it lost some ground but then steadied through the opening months of 2004 a range of €24 to €29. On March 31, 2004, Publicis Groupe shares closed at €24.67. The euro's steep rise against the dollar was a windfall for holders of many American Depositary Receipts, and this was particularly so for Publicis Groupe ADRs.

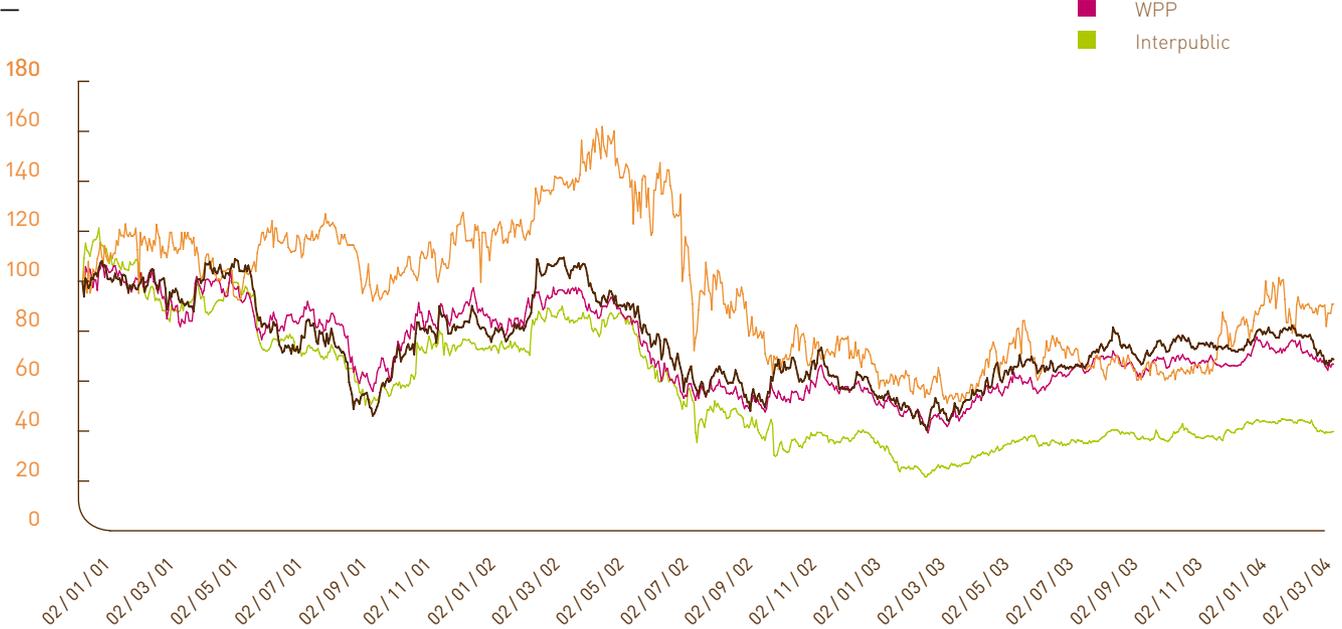
While ordinary shares denominated in euros gained 27.2%, the dollar-denominated ADR was up 54.7% from \$20.96 on December 31, 2002 to \$32.42 a year later.

Looking ahead, our Groupe's many strengths and potential for healthy organic revenue growth combined with higher earnings should lead to a rise in its stock price.

Many analysts share this view and rate Publicis Groupe a buy. Another factor that could favor a rise is the possible inclusion of Publicis Groupe in the benchmark CAC 40 index, based on market capitalization and liquidity of our stock.



SHARE PRICES OF TOP FOUR COMMUNICATIONS GROUPS (REBASED TO 2001)



Responsibility to our shareholders

continued

→ SHAREHOLDER RELATIONS

We have shareholders in nearly 50 countries. While the largest numbers are in France, the US and the UK, investors in Germany, Italy and the Netherlands are showing growing interest.

— New market status

The achievements of 2003 have won market recognition for Publicis Groupe as a top stock in the advertising sector. This new status has attracted increased research coverage from top international brokerage firms, by the same token favoring a higher profile with investors.

— Investor relations program stepped up

Over the past year we continued our drive to step up investor relations initiatives in response to the growing interest associated with top-tier status and broader analyst coverage. Investor events including analysts' meetings in Paris and London are backed by a steady flow of information through webcasts, conference calls and private meetings. These are held not only in Paris, but also in London, New York, Boston, Montreal, Toronto, Zurich, Amsterdam, Frankfurt, Milan, Stockholm and other centers. Our financial website at www.finance.publicis.com provides extensive on-line information and access to publications including press releases, annual reports, market filings and financial presentations going back several years.

— Share overhang worries kept in check

Release of the first two lots of shares held by Bcom3 shareholders, representing a total of nearly 14 million shares or 7% of capital stock, from lockups and expiration of the agreement binding Somarel shareholders, had raised fears of a wave of selling and increased pressure on the stock price. In the event, this remained under control. Former Bcom3 shareholders were required to abide by orderly sale arrangements, while most former Somarel shareholders, including members of the founding family, employees and institutions, were in any case unlikely to sell. Publicis Groupe management is confident that release from lockups of the two last lots, again representing a total of 14 million shares, will not cause significant disruption in 2004.

Publicis Groupe rated by the French business press:

- **Top stockmarket long-term performer** (Les Échos)
- Among the ten most profitable of the decade (Investir)

— **New convertible bond Issue in July 2003**

In July Publicis launched a €672 million issue of bonds convertible into new shares or exchangeable for existing shares (referred to as Océane in French, an acronym for *obligations convertibles ou échangeables en actions nouvelles ou existantes*). This was to refinance a portion of Groupe debt and meet financial needs including those relating to the purchase of the remaining 25% of ZenithOptimedia and the likely exercise of put options by holders of bonds exchangeable for Interpublic shares in March 2004. The issue reduced the average interest paid on debt, with annual interest on the bonds only 0.75%. They have been listed with Euronext since July 17, 2003.

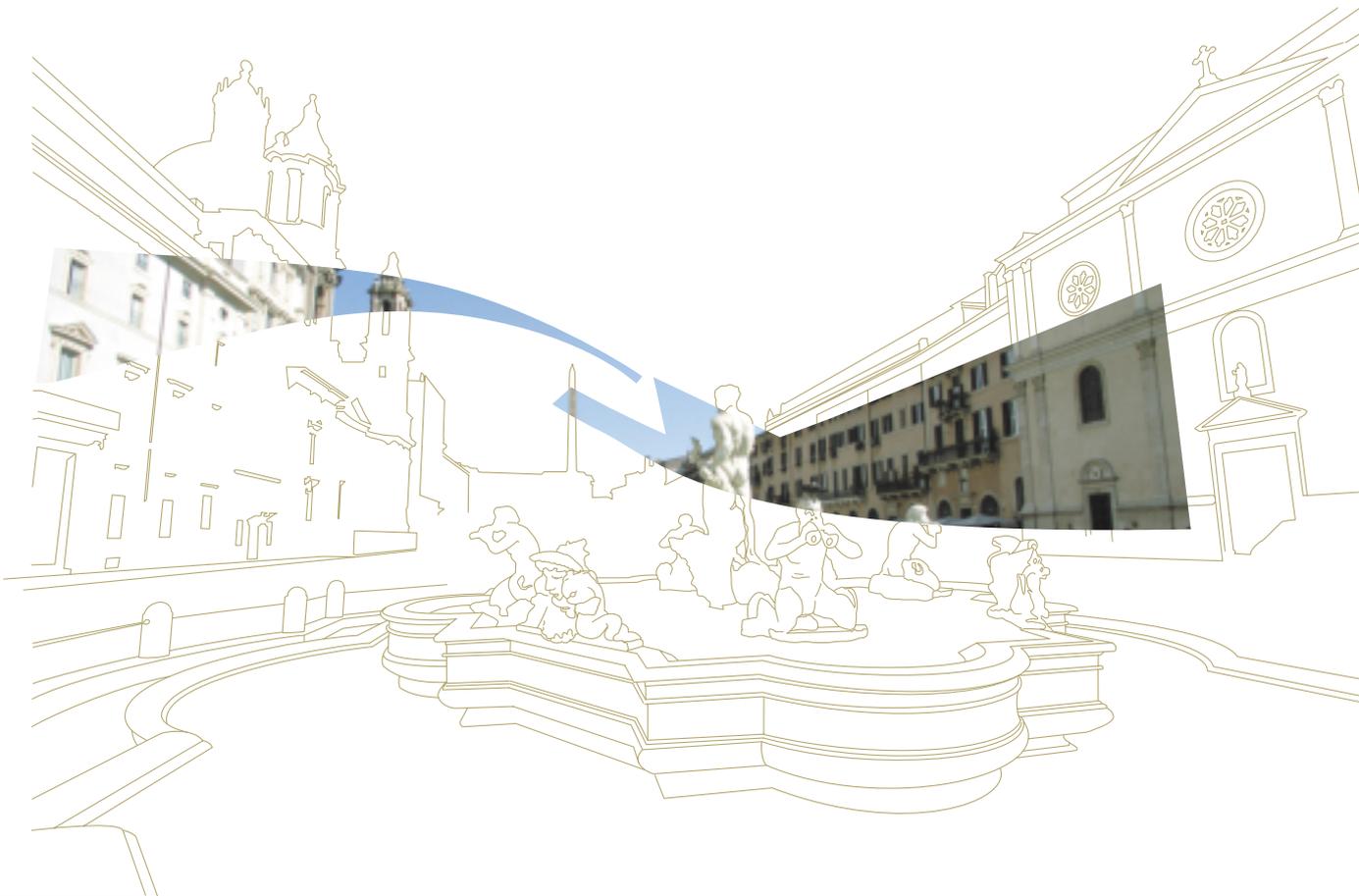
— **Share buybacks**

Shareholders have authorized Publicis Groupe to buy up to 10% of its own shares on the market. Only limited use was made of this authorization in 2003, when 319,000 shares were bought at an average price of €22.50 each, with the total outlay thus €7.2 million. Some of these shares are likely to be allocated to employees under stock-option plans.

— **Publicis Groupe rated France's top stockmarket long-term performer**

On September 19, 2003, French financial daily Les Echos announced that Publicis Groupe had emerged as the top stockmarket long-term performer in a study conducted by Société Générale Asset Management. Covering the performances of 500 French stocks from 1987 to 2003, the study based ratings on a variety of market and financial criteria.

Investir, a financial weekly, backed this up in November, placing Publicis Groupe among its ten most profitable of the decade for the second year in a row. The rankings were based on the total shareholder returns of French stocks from 1992 to 2002.



Rome → All major Publicis Groupe brands are present in Italy, where we rank among the top five players.

Helping clients build lasting success

MAKING CLIENTS WINNERS

—

Effective communications make a crucial contribution to the success of brands and products, as well as to corporate image. To do this, Publicis Groupe draws upon its wide range of communications services and its global presence to provide clients with support over the long term, locally and worldwide. Which means building and consolidating brands that stand apart and win a lasting place on the market.

— Long-Term Partnerships

Marcel Bleustein-Blanchet, the founder of Publicis, set out the basic tenets of our Groupe's philosophy, which makes close, long-term partnerships founded on mutual trust the priority in all client relationships. Now, more than 70 years on, that commitment is intact, and is shared by all the newcomers to our Groupe—Saatchi & Saatchi, Leo Burnett, Fallon, ZenithOptimedia, Starcom MediaVest Group and others. The loyalty of advertisers, some of them our clients for several decades, is a rare privilege and source of strength. And to consolidate that strength, Publicis people are constantly available, providing the service for which the Groupe is known.

At the same time, we focus on developing the new business that enables us to generate organic growth higher than the industry average and so gain market share.

AN EXCEPTIONALLY WELL-BALANCED CLIENT PORTFOLIO

Reflecting our history and roots, our Groupe's business development through the Publicis Worldwide network had traditionally focused on national clients in European countries. More recently, acquisitions including Saatchi & Saatchi and Leo Burnett have raised the proportion of US clients, most with international

business requiring global communications services. This balance between national and international clients is an exception in our industry, where most major competitors focus on international clients. We intend to maintain this balance for a number of reasons.

- National clients make for greater stability in the business of local agencies, since their focus on a single market makes them less subject to cyclical ups and downs. They also help to ensure a more even geographical distribution of risk.

Provide advertisers with **services that evolve** with their markets and their products.

— **Total and tangible dedication to effective client service**

Since our Groupe's was founded in 1926, dedication to clients has been the driving force leading us to set ever higher standards of creativity and business performance. International expansion, acquisitions, and willingness to explore new communications territories, reflect our determination to ensure that our services evolve with clients' markets and businesses.

Our leadership in dedication to client service is based on:

- **creativity** for communication solutions that create strong, lasting, and emotional ties between consumer and products
- **strategy** to devise campaigns that are truly effective. Our first priority is clients' earnings growth. We must be accountable: our agencies must always be able to show that they can achieve tangible results.
- **flexibility in our organization** to ensure that agencies and networks evolve with clients, developing structures matching their needs rather than imposing existing models.

— **Serving outstanding brands**

Over the years, the advertising networks in the Publicis Groupe have won the confidence of prestigious brands that have built up leading worldwide, national, or regional positions in their sectors. In many cases, the brands we represent are genuine consumer icons. Our client portfolio is also well balanced, spread across a wide range of sectors from automobiles, technology and food to financial services, cosmetics, pharmaceuticals, and more. In this, it mirrors the diversity of the worldwide economy.

• Significant presence on national markets means greater insights into local culture and practice, which is critical to effective communications and credibility with consumers.

• Campaigns for domestic advertisers are often more gratifying for local creative teams which have a freer hand in planning and design, without intervention from other parts of the network.

Our commitment to the community

RESPONSIBILITY—SOCIAL PROGRESS

Social responsibility is an essential component of our Groupe's business philosophy, as it demonstrates through:

- increasingly active promotion among staff members of principles to guide daily business practices (Publicis Corporate Policies, vol. 1 and 2; Our Principles and Our Values)
- active involvement under the direct responsibility of top management in selected community and humanitarian initiatives
- continued support for a tradition of pro bono communications services, shared by all our businesses, including newcomers to the Groupe, in favor of community causes. Individual businesses are free to choose the causes they support and decide on the form this takes, with the objectives of good corporate citizenship and contributions to local communities.

PUBLICIS GROUPE ETHICS

Our Groupe has always been dedicated to fundamental principles that include honesty, ethical business practice and respect for people, whether they are clients, suppliers, shareholders or employees.

For communications businesses, ethics require that communications are honest, sincere and respectful, as well as creative. Our principles are set out

in a charter entitled Our Principles and Our Values. This was revised in autumn 2002 as the new Groupe resulting from the Bcom3 merger took shape. These principles, now applying to all 35,000 staff members, are a main source of the Publicis Corporate Principles prepared by the Finance Department, which concern all professional relationships and all legal

entities within the Groupe. Ultimately, Publicis Groupe remains committed to traditional values and an approach to business that reflect its roots as a family-owned company.

The UN Global Compact's nine fundamental values:

1. Support and respect for the protection of international human rights
2. Avoiding any involvement in human rights abuses
3. Freedom of association and the effective recognition of the right of collective bargaining

— Backing for UN programs

Announced by CEO Maurice Lévy in 2003, our participation in the UN's Global Compact entails a commitment to the active promotion of the Pact's nine values (see below) and respect for these values at every level of Groupe operations.

The Pact has been signed by over 1,000 businesses from all sectors of the worldwide economy.

Publicis Groupe also offers support for the Global Fund to Fight AIDS, Tuberculosis and Malaria through an international communication campaign, which may involve the participation of a number of Groupe agencies.

— Creative talent to serve the common good

As in previous years, Publicis networks offered their services free of charge to support humanitarian and community initiatives. Altogether, there were nearly 250 such projects in 2003, and Leo Burnett even made this the central theme for its annual seminar held on the occasion of the Cannes Festival. Some examples are given below.

- **Depaul Trust**, a UK foundation helping the homeless: Publicis UK's campaign won several prizes and publishing agency Publicis Blueprint brought out a magazine for the homeless under the title *The Real Picture*. Publicis UK also offered an underprivileged 19-year-old a job to help him realize his dream of becoming a fashion designer.
- **Samu Social**, a French organization helping the homeless: Publicis Conseil's campaign won widespread recognition.
- **The Red Cross**: Saatchi & Saatchi was responsible for campaigns in support of the organization in a number of countries. The network also organized international campaigns in favor of human rights and AIDS prevention.
- **The UK's National Society for the Prevention of Cruelty to Children**: Saatchi & Saatchi UK's hard-hitting campaign featuring a cartoon was an award winner.

- **Enfance et Partage**, a French organization helping underprivileged children, drew on the support of Publicis Conseil for its campaign.
- **The Children's Defense Fund** in the US has been represented by Fallon since 1986.
- **UNICEF** has chosen Publicis Belgium as its advertising partner for the next three years.
- **The United Nations Food and Agriculture Organization** is represented by Publicis Italy.
- **Amnesty International** : the campaign developed by the Michael Conrad & Leo Burnett Agency in Frankfurt won a Bronze Lion at the Cannes Advertising Festival.
- In healthcare communications, Klemtner provided support to the **Epilepsy Foundation of America**, as well as consultancy services for **Prevent Blindness America** and the **Skin Cancer Foundation**.
- Finally, Leo Burnett USA produced an integrated campaign, for the **United Nations Foundation** and the **Ad Council**, to promote AIDS awareness. Media costs for the campaign totaled \$21.5 million. In addition to the prestigious O'Reilly Award, the campaign won a string of other prizes including Clio, ADDY and Andy awards.

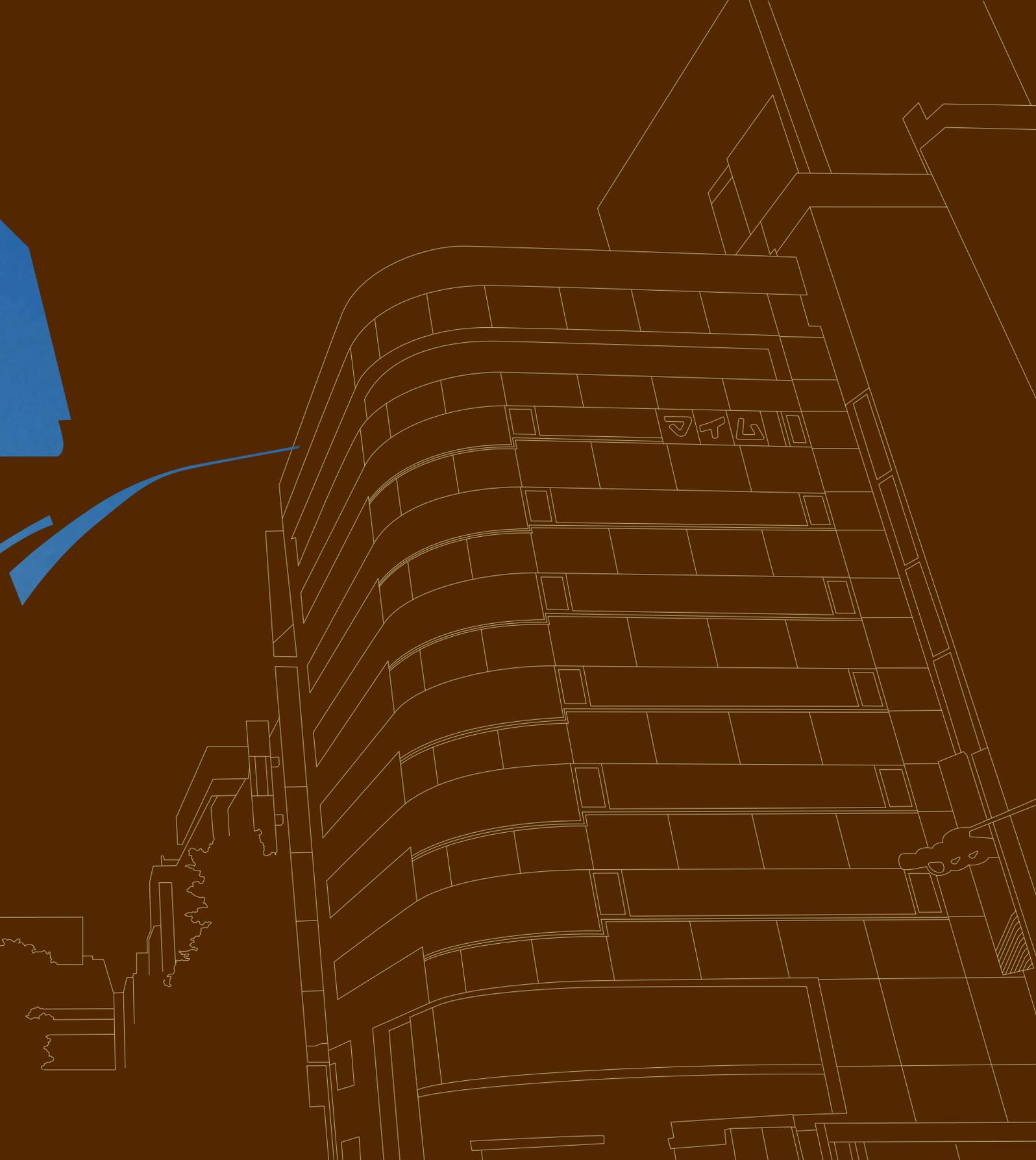
— Developing a Groupe environmental policy

Over the past years, some of our businesses more directly concerned have developed their own codes of conduct for the treatment of waste and preservation of resources. The best practices identified in this way will provide the bases for a Groupe-wide policy in this area.

4. The elimination of all forms of forced and compulsory labor
5. The effective abolition of child labor
6. The elimination of discrimination in respect of employment and occupation

7. A precautionary approach to environmental challenges
8. Initiatives to promote greater environmental responsibility
9. The development and diffusion of environmentally friendly technologies





Tokyo → Welcome to the world's second largest advertising market. Dentsu, strategic partner of Publicis Groupe, is the clear leader.

2004 and beyond

A strong foundation for the future

Following the sweeping changes of 2003, our Groupe has all the ingredients it needs to consistently achieve above-average growth in the world advertising market.

THE WINNING SPIRIT

— The will to win

From its beginnings, Publicis has been a born challenger, striking out in new directions to gain an edge rather than relying on established models. To us, the “unconventional” is the norm. Nothing we do is set in stone—and we are proud of it.

— A Peak Performance culture

Our Groupe aims for the highest standards of excellence in performance by constantly enhancing methods and processes for greater efficiency. We intend to consistently post higher growth and margins than the industry average—as we have for the past 15 years.

— A worldwide presence

- Three of the finest brands in worldwide advertising
- Number one worldwide in media buying and media consultancy
- Number one worldwide in healthcare communications



Moscow → New frontiers for European advertising include the fast-moving Russian market.

— A holistic organization

Publicis Groupe is a recognized pioneer in holistic communications, putting the full range of services to work for our clients. This type of organization makes for effective communications links between brands and consumers through all channels, as well as complete consistency with clients' other communications.

— Prestigious clients

Most of our clients are leaders in their sectors on worldwide or national markets, and make up a representative sample of the world economy. Their growth potential is a powerful lever for the continued success of our businesses.

AWARD-WINNING CREATIVE WORK

— Our networks and agencies are among the most creative in the industry, as they show by regularly winning top international and national awards. Their deserved reputation clearly adds to their appeal and their capacity to win new accounts.

In 2003, Publicis Groupe placed second at the Cannes Festival with 47 Lions, and two of our networks—Saatchi & Saatchi and Leo Burnett—rank among the top five cited by the Gunn Report. And, weighted by revenues, Gunn ranks Publicis Groupe number one worldwide for creativity.

PARTNERSHIP WITH DENTSU—UNIQUE LEVERAGE

— Publicis Groupe is the only non-Japanese communications group to benefit from privileged access to the Japanese market, the world's second largest. Our Groupe's strategic partnership with Dentsu offers unique promise for growth over the years ahead.

- A competitive advantage for advertisers operating on worldwide markets
 - For European and American clients, the partnership offers unrivaled access to the Japanese market, in media buying and consultancy as well as in advertising.
 - Japanese clients have access to services from a supplier sharing the same business values, at the same time benefiting from strong strategic positions in Europe and North America.
- Major scope for development in new sectors such as sports marketing.

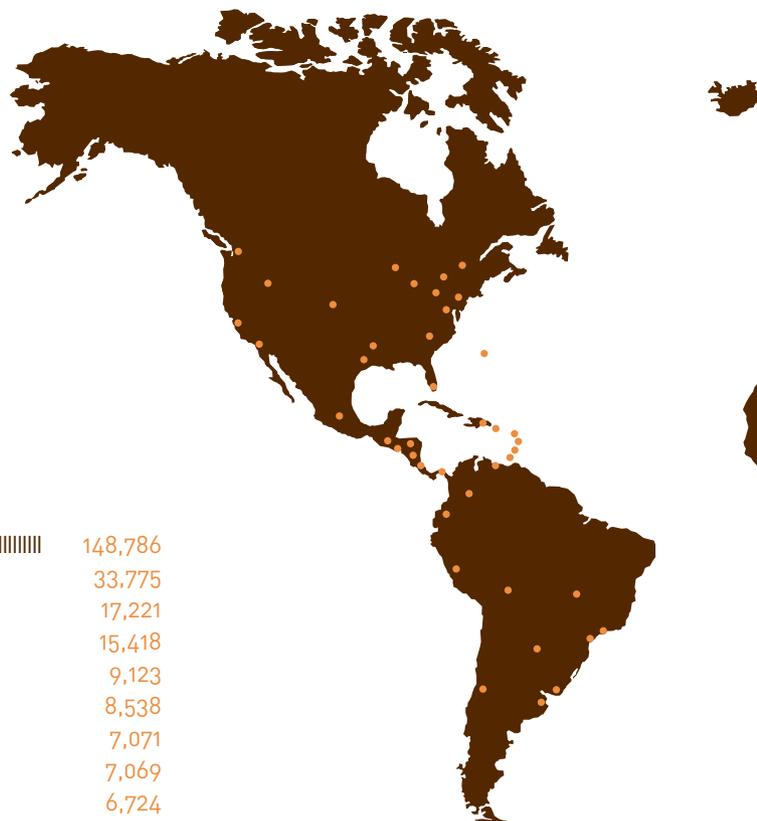
From its beginnings, Publicis Groupe has been a **born challenger**.

A strong foundation for the future

STRONG POSITIONS WITH POTENTIAL FOR THE FUTURE

Publicis Groupe is present in 109 countries, covering the near-totally of the world communications market, with over 35,000 local employees in 229 cities serving advertisers around the globe.

PUBLICIS GROUPE WORLDWIDE



TOP 15 MAJOR ADVERTISING MARKETS

Market size (\$ billions)

• US		148,786
• Japan		33,775
• Germany		17,221
• UK		15,418
• France		9,123
• China		8,538
• Italy		7,071
• Brazil		7,069
• South Korea		6,724
• Canada		5,392
• Spain		5,298
• Australia		4,383
• Mexico		3,655
• Netherlands		3,156
• Russia		2,744

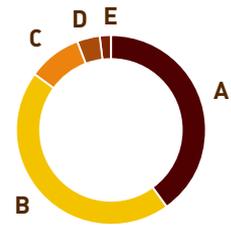
Source: ZenithOptimedia, December 2003 - Advertising expenditure forecasts (current prices)

2003 WORLDWIDE PRESENCE BY REGION

	Europe	North America	Asia-Pacific	Latin America	Rest of World	Total
Revenues (€ millions)	1,543	1,737	361	152	70	3,863
Employees	13,732	11,365	6,601	2,283	1,185	35,166
Number of countries	38	2	18	21	30	109
Number of cities	82	56	32	25	34	229

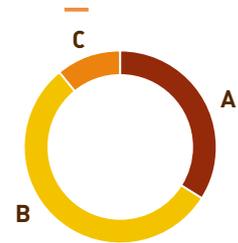


2003 REVENUES BY GEOGRAPHY



- A Europe 40.0%
- B North America 45.0%
- C Asia-Pacific 9.3%
- D Latin America 3.9%
- E Rest of World 1.8%

2003 OPERATING INCOME* BY GEOGRAPHY



- A Europe 33.9%
- B North America 55.2%
- C Rest of World 10.9%

*before amortization of acquisition-related intangibles

2003 REVENUES IN THE TOP 10 MARKETS

(€ millions)

• US		1,653
• France		405
• UK		372
• Germany		187
• Italy		124
• Spain		107
• Canada		84
• Netherlands		80
• Australia		77
• China		76

2003 ORGANIC GROWTH BY GEOGRAPHY

• Europe		-2.0%
• North America		3.6%
• Asia-Pacific		9.6%
• Latin America		5.9%
• Rest of World		9.9%
• Total		2.0%

A strategic partnership with Dentsu, **Asia's n°1 communications group**, gives Publicis Groupe unique access to the Japanese market, to Japanese clients and to sports marketing.

2004 AND BEYOND

Focus on China

Publicis Groupe— the number-one communications group in China

ECONOMIC ACCELERATION CONTINUES

— China has been one of the world's fastest growing economies for the past 15 years, expanding at an average annual rate of over 8%. In 2003, GDP was up no less than 9.1%—the steepest rise in six years—despite the slowing that resulted from the SARS outbreak in the second quarter. Driven by rising consumer demand from a population of 1.3 billion, performances like these testify to the success of progressive liberalization since 1978, with the switch towards a market economy recognized in China's accession to WTO membership in 2001. Over this period, China has opened up to foreign investment by stages and by 2006 this will have been extended to nearly all service sectors. And the best is yet to come—once remaining (and still significant) protectionist barriers have been dismantled, growth should be even more vigorous.

KEY FIGURES

6th
the world's sixth largest
economy

11th
the world's number-eleven
exporter

1st
the world's number-one
destination for foreign direct
investment, which reached
\$53 billion in 2002 compared
with just \$916 million in
1983 ⁽¹⁾

1st
the world's number-one
producer of coal, steel,
cement, color TV sets and
mobile phones ⁽¹⁾



Pully Chau
CEO, Saatchi & Saatchi (Guangzhou)



Neil Hardwick
CEO, Publicis Worldwide (Shanghai)

MAIN GROUPE CLIENTS IN CHINA

(INCLUDING HONG KONG)

→ **CARREFOUR** → **CHINA MOBILE** → **HP** → **L'ORÉAL** → **SAN MIGUEL** → **P&G** → **BRISTOL-MYERS SQUIBB**

ADVERTISING MARKET BOOMS

— Between 1992 and 2002, the Chinese market jumped from 19th to eighth place in world advertising—even taking sixth place if Hong Kong is included—with **growth over the ten years adding up to an impressive 488%.***

Foreign investment inflows and an expanding private sector should spell continued market growth to \$12.8 billion in 2006, an estimate ZenithOptimedia considers reasonable.

This would place China fifth worldwide, just behind the UK and ahead of France. Some experts believe that the Chinese market will be on a scale similar to that of Japan in the next decade. Whether or not that happens, China is clearly strategically vital to the growth and earnings prospects of worldwide communications businesses.

*At constant prices and excluding Hong Kong.

PUBLICIS—THE NUMBER-ONE ADVERTISING GROUP IN CHINA

— Our Groupe's advertising and media agencies in China provide full support for the consumer communications of domestic and international clients. We currently have 20 agencies employing a staff of over 1,700, mainly in Beijing, Shanghai, Hong Kong and Guangzhou. Saatchi & Saatchi is our number-one network in China by revenue.

In 2003, the China Association of Advertising ranked us first in China, and in early 2004 Leo Burnett took the top place for international agencies in Chinese-language advertising at the LongXi Awards, the most widely recognized industry ratings in China.

China is currently our number ten market, generating revenues of €76 million.

11%
of world GDP

€881
annual GDP per capita ⁽¹⁾

65th
worldwide for GDP
per capita

48.5%
of GDP generated by
the private sector in 2002

[1] OECD • [2] World Bank • [3] All-China Federation of Industry and Commerce



Michael Wood
MD, Leo Burnett China



T.S. Chan
CEO, Starcom MediaVest Group



Lee Li
President & CEO ZenithOptimedia

BANK OF CHINA → ROBUST → COCA-COLA → MCDONALD'S → PHILIP MORRIS → WRIGLEY → CHINA LIGHT & POWER ...

A strong foundation for the future

continued

COMPLEMENTARY STRENGTHS OF TOP NATIONAL AND INTERNATIONAL BRANDS

— Three worldwide advertising brands

- **Publicis Worldwide**, founded in France, has grown from its roots in Europe to serve world markets with a unique offering based on the concept of La Holistic Difference,
- **Leo Burnett Worldwide**, a pioneer in US advertising, at the service of brands that have become icons,
- **Saatchi & Saatchi**, founded in the UK, defines itself as the Ideas Company and has achieved worldwide reach with a philosophy expressed in its slogan “Nothing is impossible”.

— Two worldwide brands in media buying and media consultancy

- **ZenithOptimedia**
 - **Starcom MediaVest Group**
- placing our Groupe first worldwide in the sector. Over recent years, media buying and consultancy has become the fastest growing sector in communications and remained on a firm growth track despite the slump in advertising from 2000 to 2003. These businesses offer significant potential for organic growth, both through ties to existing clients and through new purchasing and media planning accounts.

— Targeted creative offering

Publicis Groupe also counts a number of ultra-creative boutiques focusing on targeted client groups:

- **Fallon Worldwide**, headquartered in Minneapolis, with a business organized around regional hubs worldwide
- **Bartle Bogle Hegarty** (49% owned) based in London and present in several other countries
- **The Kaplan Thaler Group** in New York
- **Beacon Communications** in Tokyo

— A significant presence in high-growth segments of specialized communications

MULTICULTURAL COMMUNICATIONS

In the US, Groupe businesses offer an exceptionally broad range of services targeting Hispanic and African-American audiences, the segments where market growth is strongest. Leading Groupe brands include Bromley, Lápiz and Burrell.

HEALTHCARE COMMUNICATIONS

Little exposed to cyclical ups and downs, the pharmaceutical industry has seen a trend to increasingly ambitious worldwide product launches. Which in turn means that healthcare communications should see growth well above the market average in the years ahead. This will benefit both direct-to-consumer and business-to-business sectors. PHCG is well placed to make the most of rising demand. It includes the Medicus, Saatchi & Saatchi Healthcare and Nelson brands, already well established in the world of medicine, particularly in the US. PHCG ranks first worldwide in the sector with a full offering that covers advertising, events, medical education, consultancy, e-marketing, sales forces and more.

— Specialized agencies and marketing services—staking out leading positions

Our Groupe is continuing targeted acquisitions and, in some cases, launching startups, to reinforce positions in specialized segments such as direct marketing, events and public relations. This serves business development generally and extends the scope of holistic offerings from our networks. In this area, our businesses already count such high-profile names as MS&L and Publicis Consultants in public relations, Publicis Dialog and Arc Frankel in relationship marketing, and Publicis Events Worldwide in event marketing.

BREAKING NEW GROUND WITH THE HOLISTIC APPROACH

— Familiarity with consumers: the key to lasting ties

Over recent years, exponential growth in media and the acceleration of information flows, combined with fundamental changes in lifestyles, have upended traditional approaches to advertising and consumer brand communications. The holistic approach adopted by Publicis Groupe is an effective response to this challenge, ensuring the right match between message content and delivery while factoring in all aspects of consumer lifestyles.

In many cases, this means that businesses have to move into new and sometimes unfamiliar territory to build consumer ties to their brands. To help them meet the challenge, our agencies call on a full range of expertise to objectively identify the terrain best suited to the brand. They then draw up a communications plan covering not only advertising but also other forms of communications—direct marketing, event marketing, public relations, digital communications and more. This is what we mean by holistic—an approach that from the very start takes into account all aspects of the brand environment and market targets to select appropriate communications options without preconception.

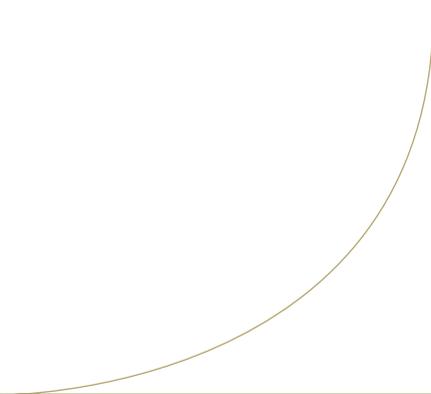
The holistic approach also makes for consistency between brand communications and communications targeting specific publics such as employees or the financial community.

— Holistic organization—dedicated teams pooling expertise

A holistic offering supposes that agencies are able to harness a broad range of expertise for a full understanding of client needs and set up distinct, cross-functional units to meet those needs. It entails the creation of dedicated teams headed by a brand manager who coordinates contributions from specialists in different fields. This has an added advantage in shortening lines of communication, allowing agencies to offer clients more favorable terms, and, at the same time, enhance earnings.

— The hallmark of Publicis Groupe

Publicis Groupe has played a pioneering role in holistic communications, now an integral part of services from our networks. Publicis Worldwide, inventor of La Holistic Difference, now bases its offering on the concept, calling on the support of Publicis Dialog in relationship marketing, Publicis Events Worldwide in event marketing and Publicis Consultants in public relations. Leo Burnett has already introduced this approach to service with major clients, and is extending it to most relationships. Another key step in the structuring of our holistic offering has come with Arc North America, a new entity bringing together Frankel, iLeo, Semaphore Partners and Arc Marketing. An acquisitions strategy focused on Specialized Agencies and Marketing Services is also bringing in new expertise and extending geographical reach to make the most of our lead in holistic communications.



Create a **unique space dedicated to a coherent brand image** through the different disciplines of communication, bringing together consumers attracted by a brand and its different stakeholders, including clients, business partners and employees.

Meeting the challenges of the future

Organic revenue growth and higher profitability are the keys to the future of our Groupe. To go on outperforming the market, we are counting on our own resources and accelerating our business momentum. Cost reduction through new synergies and economies of scale will play a crucial role in this.

ACCELERATING ORGANIC GROWTH

— Making the most of unrivaled potential

The organic growth posted in 2003, when our Groupe was just starting to hit its stride in its new form, is only a beginning. As the newest entrant in the world advertising market's top tier, we have still to tap much of our available new strengths.

And the simple fact that our revenues for 2003 represented only half the average for the top three groups is itself a promise of considerable scope for future expansion.

— Holistic offering to boost business with existing clients

We are convinced that broader deployment of our holistic approach will provide powerful impetus to both increase business with existing clients and win new accounts. Advertisers are increasingly on the lookout for a global, personalized response to their needs, especially as the growing sophistication of consumers means that corporate, brand and product communications can no longer be kept separate. While most of our current clients have not yet adopted a holistic approach to brand management, we are convinced that sooner or later they will do so—and many of the accounts advertisers have recently put up for review call for just such a response. Our lead in this area thus offers significant leverage for future growth and the full benefits should start to show in the years ahead. Clearly, too, client relationships can only take on a holistic form if they are solidly based in the strategic areas of advertising and branding. And given the weight of advertising in our business—accounting for no less than 55% of our consolidated revenues—and the quality of our client portfolio, prospects are bright.

**Starcom MediaVest Group—
putting creative strength
to the test**

Work produced by creative teams at **Starcom MediaVest** is reviewed by the Board every quarter—over 80 presentations at each.

— Creative reputation drives success

Creativity is crucial to the performance of any advertising agency in attracting advertisers and winning new accounts. Publicis Groupe recognizes that it is a main driver for organic growth, now and in the future, with agencies managing talent as an asset and making the development of creative resources a strategic priority. To this end, and to ensure that all networks benefit, we depend on excellence in recruiting, movement of people between agencies, and emulation through best practices. An added step has been the appointment of David Droga, formerly Creative Director with Saatchi & Saatchi, London, as Chief Creative Officer for Publicis Worldwide. His mission is to provide full support for the creative development of all agencies while preserving the individuality of each.

Creative talent won an impressive line-up of industry awards for Groupe agencies in 2003 and, with them, an array of prestigious new accounts.

At the Cannes Advertising Festival, Publicis Groupe came in second as in the previous year, with a total of 255 points and 47 Lions. Regularly top performers at this benchmark industry event, Saatchi & Saatchi and Leo Burnett agencies were also ranked among the first five in the Gunn Report listing award winners for the year.

Publicis Groupe agencies also regularly win kudos in other industry award and events. This was particularly the case in 2003, when highlights included the Clio Awards, the New York Festival, ADDYs, One Show and D&AD in the US, FIAP in Latin America, the Asia-Pacific Adfest in Thailand, and the Golden Drums Awards in Eastern Europe.

Creativity is not reserved to advertising agencies, as our media agencies can prove. At the beginning of 2004, Starcom MediaVest Group was named Agency of the Year by Media Magazine, and US Media Agency of the Year by Ad Age.

— Consolidating leadership in new business

The Publicis Groupe came in first worldwide for new business in 2003 (New Business Scorecard, Lehman Brothers, January 2004).

As with recognition for our creative talent, performances in new business have regularly placed us at the front of the field, with our rankings in this area consistently higher than our ranking by revenue.

Directly reflecting the appeal of our creative offering, new accounts represented a net total of \$4 billion (€ 3.4 billion) in 2003. Among the largest were Allied Domecq, Sanofi-Synthélabo, Minute Maid (The Coca-Cola Company) Gateway Computers, Subway, Fromageries Bel, Pfizer/Zolof and Celebrix in advertising, and Coca-Cola (US) and Miramax in media buying and consultancy. All told, two-thirds of the \$4 billion in new business booked in 2003 was in advertising and SAMS, and the remaining one-third in media.

— Making outperformance the standard

These impressive results, and the intensive marketing efforts they involved, occurred during a year of business integration and reorganization relating to the Bcom3 merger, redistribution of D'Arcy assets and restructuring in SAMS—making for conditions that would normally work against business expansion. This is particularly promising for the future, when organic growth will hinge, in large part, on success in new business.

Our Groupe is now benefiting from a virtuous circle of creative performance buoying new business and, by the same token, organic growth. This should enable us to go on winning market share over time to post revenue and earnings growth consistently above the market average. →

* Lehman Brothers ranking for 2003
(New Business Scorecard - January 2004)

A global review committee then selects the best in class for the annual in-house **Fuel Awards**.

In 2003, Starcom Beirut and Starcom Mexico City came out on top with their work for Procter & Gamble.

Meeting the challenges of the future

continued

In its new form, our Groupe is well placed to enhance financial performance, as well as maintain a lasting place at the forefront of the communications industry.

In 2003, we did even better, posting an operation margin of 14.3%—the highest in the industry—despite the pressures of Bcom3 integration and other reorganizations. We were also first for new business, booking a net total of \$4 billion, and ranked second for organic growth, with revenues up 2% like for like. Finally, Publicis Groupe shares gained 27%, placing us third behind Dentsu and Omnicom. The priority is now to secure our lead through continuing efforts to enhance organization and processes for continued progress.

→ CONTINUING DRIVE TO ENHANCE PROFITABILITY

— Outperforming the industry

Publicis Groupe has for many years ranked among the industry's top performers for organic revenue growth, new business and operating margin. Over the past five years, our Groupe has regularly placed second worldwide for both organic growth and operating margin. This consistent performance clearly demonstrates our ability to achieve the quality results it promises.

— Improving cash generation

Staying at the front of the field worldwide for organic growth, new business and operating margin is an ambitious goal. To achieve it, we must not only consolidate existing strength, but also take up other challenges: improving cash generation, in particular through tighter management of working capital, trimming debt, and simplifying our balance sheet.



Jean-Michel Etienne
Groupe CFO



Jean-Marie Pillois
VP Internal Audit & Business Improvement

BOOSTING CASH FLOW

At the end of 2003, Publicis launched a program under the name Focus on Cash to encourage the main Groupe agencies to adopt best practices for the management of working capital. Aimed at bringing a quick reversal of the rise in working capital requirement observed in previous years, this has yielded highly promising results, with a first improvement already apparent in 2003. Margins are the other key lever for cash flow, requiring a combination of rising revenues and a tight rein on costs of all kind—payroll, administration and real estate. The official management target for 2004 is to generate a full-year operating margin of 15%.

ROLLING BACK DEBT

Bank borrowing was the only way to finance the changes needed for lasting strength. Now that this has been done, our top financial priority is to roll back debt, bringing the ratio of debt to equity (as defined under current French accounting standards) under 50% by late 2006. We will also be seeking a rating for our debt from an international agency. First steps were taken in 2003, with refinancing initiatives lengthening average maturity and lowering servicing charges.

PUTTING RESOURCES TO WORK

The added resources generated by these moves will be partly used to wind down debt and partly for targeted acquisitions in marketing services and in geographical markets such as Asia and Latin America offering above-average growth potential. We will also be pursuing share buybacks at a studied pace.



Athens → In 2003, Saatchi & Saatchi won the International Olympic Committee and Local Organizing Committee accounts for the 2004 Olympic Games.





London → The temple of creative advertising.
Saatchi & Saatchi's roots and ZenithOptimedia's heart lie here.

2003— the year in review

Advertising networks

In 2003, we repositioned the offerings and scope of our advertising networks to give clients the global service and personal attention they are looking for on all continents. Creative flair combined with new management and a shared commitment to success cemented our ties to the world's top advertisers—and won industry-wide recognition with a string of prestigious awards.

Former D'Arcy agencies were merged into other networks without any major loss of accounts or talent. We also extended our geographical reach significantly, helping to consolidate relationships with our leading clients. Today, our organization is attuned to our holistic approach to service offerings, while our management structures have been brought into line with the new shape of our business.

NEW PACE FOR OUR THREE NETWORKS

— Publicis Worldwide

Contributions of D'Arcy businesses lifted Publicis Worldwide to the number five place in world advertising*, adding strength in New York and other parts of the US, as well as in Latin America and the Asia-Pacific area. While moving ahead with the integration of D'Arcy agencies, the network merged a number of agencies to consolidate its holistic offering, enhance client service and make the most of the potential business synergies. In the Netherlands, BMB, AMI and Publicis Dialog merged, and in Germany Hamburg and Erlangen agencies extended the range of their holistic offerings. In Italy, Publicis and BGS D'Arcy Milano joined together and Publicis Dialog Italy was launched. Other mergers included Magnesium and Sales Factory in Belgium, Publicis Törmä, Publicis Marché and Publicis Dialog in Finland, and Publicis and Direct'n More in Austria. In the US, the Publicis agency in New York tripled its size with contributions from D'Arcy and transfer of accounts from the former Chicago agency, while Frankel's west coast operations joined with Publicis Dialog to significantly enhance the network's holistic capacity. Finally, in Asia, the D'Arcy



Rick Bendel

COO, Publicis Worldwide



David Droga

Chief Creative Officer, Publicis Worldwide

merger bolstered the position of agencies in China, Taiwan, India and the Philippines, while in Latin America, our Brazil agency benefited most.

Now operational throughout the network, “La Holistic Difference” concept is proving a growing success, helping to win major worldwide accounts with clients such as Allied Domecq, Sanofi-Synthélabo and Minute Maid.

These successes came in the wake of appointments made in 2002, which brought in new talent to reinforce momentum. The network’s new Chief Operating Officer Rick Bendel and Chief Creative Officer David Droga have created fresh impetus, as has the arrival of new teams, with the new pace apparent at the Publicis agency in New York and the Publicis & Hal Riney agency in San Francisco, as well as in France, Germany, Australia, New Zealand and several Asian countries.

* Source: AdAge

— Saatchi & Saatchi

Highlights of the year included consolidation of relationships with Toyota and Procter & Gamble. Saatchi & Saatchi now handles accounts for seven of the top ten P&G brands, including Pampers, Tide and Ariel—the three biggest in term of sales revenues. The New York agency also won the Pharmavite account in 2003. The transfer of all Pillsbury accounts from D’Arcy reinforced ties with General Mills, and the network now handles accounts for top brands including Wheaties, Cheerios, Trix, Total, Yoplait, Green Giant, Old El Paso and Progresso Soup. A number of existing accounts were extended during the year, including business with Deutsche Telekom in Germany.

The year also saw significant reorganization and changes in business scope: Klemtner/Saatchi & Saatchi Healthcare was merged into Publicis Healthcare Communications Group (PHCG), while Rowland Communications Worldwide, specialized in PR and corporate communications, was partly transferred to Manning Selvage & Lee in the US and to Publicis Consultants in Europe. There were also some mergers and closures within the network, notably in Belgium and Spain. Finally, there were management changes and reorganization in London and New York as well as at some other agencies. Saatchi & Saatchi once again displayed outstanding creative talent, taking top rankings at the Cannes International Advertising Festival and in the Gunn Report. These rankings place the network at the forefront of our Groupe’s industry leadership.



Kevin Roberts
CEO, Saatchi & Saatchi



Bob Isherwood
Worldwide Creative Director, Saatchi & Saatchi

Advertising networks

continued

→ — Leo Burnett

In its first full year with Publicis Groupe, Leo Burnett positioned itself within the Groupe and reorganized to gain added market strength. Following integration of sizeable assets from the former D'Arcy network, consolidation of long-standing client relationships, and the adoption of a holistic organizational framework, Leo Burnett now ranks among the top ten agencies in the UK, Germany, France, Italy and Spain—Europe's five largest markets. In the US, the new Chemistri agency resulting from the overhaul of the former D'Arcy Detroit agency, a dedicated provider of holistic services to General Motors, was linked to the Leo Burnett network. And LB Works, a business-to-business agency focusing on the technology sector, was folded into Leo Burnett USA to streamline the organization and present one Leo Burnett brand to the marketplace. Under the leadership of Chairman and CEO Linda Wolf, management underwent some important changes.

Miguel Angel Furones took over as Chief Creative Officer, replacing Michael Conrad, while COO Steve Gatfield and President Bob Brennan left in the second half of the year. This was followed towards year-end by appointments that included Ben Kline, Chief Marketing Officer, and Tom Dudreck, Vice Chairman and Director of Account Management, both at the flagship Leo Burnett USA agency. In early 2004, Tom Bernardin took over as President of Leo Burnett Worldwide and CEO, Leo Burnett USA, and Clive Sirkin became Group Managing Director, Leo Burnett Worldwide. Also at the beginning of 2004, an important step to consolidate holistic offerings was taken when Frankel and Arc, our Groupe's two leading SAMS entities in the US, were brought together with iLeo and Semaphore Partners, and linked up with the Leo Burnett network. The new Global CEO of Arc is Nick Brien. A similar move was made in London with the merger of the Leonardo and Arc agencies, while, in Norway, business was brought together through a new holistic agency, Kitchen Leo Burnett. Finally, Leo Entertainment, the content marketing unit of Leo Burnett India, generated healthy momentum with the Indian film industry. Amid these many changes Leo Burnett continued to display outstanding creative flair and won significant new accounts such as Procter & Gamble/Wella, McDonald's/Big Mac, Gateway Computers and ConAgra/Healthy Choice.



Linda Wolf
Chairman & CEO, Leo Burnett



Tom Bernardin
President, Leo Burnett



Miguel A. Furones
Chief Creative Officer, Leo Burnett

ULTRA-CREATIVE NETWORKS REPORT VIGOROUS GROWTH

— Fallon Worldwide

Based in Minneapolis, New York and London, Fallon Worldwide pulled out of a slump in the two previous years to show renewed strengths in 2003. Successes included accounts won with Subway Restaurants and Virgin Mobile, while international operations in São Paulo, Hong Kong and Singapore picked up and a new agency opened in Tokyo. Management changes during the year included the appointment of David Lubars as President, Fallon Worldwide and Anne Bologna as President, Fallon New York.

— The Kaplan Thaler Group

The year got off to a good start with The Kaplan Thaler Group, ranked the fastest growing advertising agency in the US by Crain's New York and Advertising Age. Strong momentum continued with new business including the Zoloft and Celebrex accounts for Pfizer, and the Swiffer and Dawn accounts for Procter & Gamble. The success of CEO and Chief Creative Officer Linda Kaplan Thaler's book "Bang! Getting Your Message Heard In a Noisy World" attracted high profile publicity and significant new business leads.

— Bartle Bogle Hegarty (BBH)

Market recognition for its outstanding creative performance continued to benefit 49% owned BBH in 2003, with new accounts that included Bird's Eye, Surf and Lynx for Unilever, Bailey's for Diageo and SCA Hygiene. The agency moved into promising content marketing segments to place brands in radio and TV programs.

A specialized music-publishing unit has been set up under the name Leap to build on synergies with advertising. This approach was illustrated by the Ever Ready campaign for Lynx in November, which drew a number of new clients.

— Beacon Communications

Beacon Communications, in which Publicis Groupe holds a 60% interest and Dentsu holding the remaining 40%, is one of Japan's most creative agencies, as it showed by chalking up an impressive list of awards in 2003.

The main highlight of the year was winning the McDonald's account for Japan, which Beacon will handle in tandem with Dentsu.

APPOINTMENTS

PUBLICIS WORLDWIDE

Christophe Lambert

Chairman, Publicis Conseil (France)

Olivier Altmann

Co-Chairman (Creation)

Publicis Conseil, (France)

Markus Starke

CEO, Publicis Frankfurt, Germany

Giorgio Lodi

CEO, Publicis Italy

Graeme Wills

Country Chairman, Publicis,

Australia & New Zealand

Kirk Souder

President, Publicis & Hal Riney, USA

Tim Lindsay

Group Chairman, Publicis, UK

Colin Hearn

Global CEO, Publicis Dialog, with main offices in the US, the UK, France and Singapore.

SAATCHI & SAATCHI

Mike Burns and Scott Gilbert

Co-CEOs, New York agency

Richard Hytner

Chairman & CEO Europe, Middle East and North Africa,

Rich Anderman

President, Los Angeles agency

Kevin Dundas

CEO, London agency

Holger Lutz

CEO, Frankfurt agency

LEO BURNETT

Tom Bernardin

President, Leo Burnett Worldwide and CEO, Leo Burnett USA

Clive Sirkin

Group Managing Director, Leo Burnett Worldwide

Paul Eichelman

Worldwide CFO

Richard Pinder

President EMEA, Leo Burnett Worldwide

Michelle Kristulla-Green

President Asia-Pacific, Leo Burnett Worldwide

Ben Kline

Chief Marketing Officer, Leo Burnett USA

Tom Dudreck

Vice Chairman and Director of Account Management, Leo Burnett USA

Nick Brien

Global CEO, Arc

FALLON WORLDWIDE

David Lubars

President Fallon Worldwide

Anne Bologna

President Fallon New York

Advertising networks: a selection of awards won in 2003

PUBLICIS WORLDWIDE

Publicis London

- Pro-bono work for the Depaul Trust charity: 2 Gold Lions for direct marketing and 1 Silver Cyber Lion at Cannes International Advertising Festival, and Grand Prix DMA for Publicis Dialog.

Publicis Blueprint

(Publishing agency in London)

- "Customer Publishing Agency of the Year" by Marketing Magazine.
- ASDA Magazine named "Retail Most Effective Magazine of the Year" at the APA Awards.
- "Homebase Ideas" Magazine named "Launch of the Year" at the APA Awards.

Publicis New York

- "Holiday Parties" spot for Heineken: 1 Gold Lion
- Charmin spot: selected by Procter & Gamble as their Super Bowl spot.
- "NyQuil Cough" and the launch campaign of T-Mobile in California won respectively 1 Gold and 1 Bronze EFFIE.

- Siemens corporate campaign was named among the "Best Remembered Campaigns" by BusinessWeek.

Publicis & Hal Riney (USA)

- 3 Gold and 2 Silver ADDYs for the Sprint campaigns, and 2 Silver ADDYs for Hewlett-Packard campaigns.

Publicis Munich (Germany)

- Siemens "Catwalk" corporate video: 1 Gold medal at the New York Festival.

Publicis Zurich (Switzerland)

- 11 EFFIE Awards and 48 ADC Awards.

Publicis Conseil (France)

- La Mondiale campaign: 1 Bronze Eurobest Award.
- Renault Espace "La Foule": 1 Cresta Award and 1 Grand Prix Stratégies.
- Mini Boursin print: Grand Prix of French Print.

Publicis Canada

- 5 CMA Awards for HP Storage Growth and the Canada Post campaigns.

Publicis Peru

- Inti "Matches" TV spot: 1 Silver Clio Award.

Publicis Casadevall

Pedreño (Spain)

- "Kiwi" press campaign: Grand Prix at the San Sebastian Festival.

Publicis Spain

- Loterias & Apuestas campaign: 1 Gold FIAP Award.

Publicis Mojo (Australasia)

- 7 awards at the AWARD festival for State of Victoria Tourism, Glassons and Approved Mortgage Brokers campaigns.

SAATCHI & SAATCHI

- Ranked No.3 at Cannes International Advertising Festival with 6 Gold, 5 Silver, 4 Bronze and 3 Media Lions.
- Ranked as No.3 creative network in the Gunn Report.
- Several EFFIE Awards.
- "Agency of the Year" in Argentina, Brazil, Malaysia, Poland and Singapore.
- UK's National Society for the Prevention of Cruelty to Children TV campaign: many awards (Gunn Report, D&AD, Clios, BTA, and more).
- Buenos Aires zoo print campaign: 2 Lions at Cannes
- Other campaigns rewarded:
 - Parque de la Costa in Argentina (1 Gold Lion at Cannes)
 - Natan Jewellery in Brazil (several Clios and D&AD Awards)
 - Look Stills Production House in Malaysia (1 Lion and 1 Clio)

BBH, agency of the year*, won 10 Gold Lions in Cannes and a host of prizes at the Clio Awards, Adfest and D&AD Awards.

LEO BURNETT

- Ranked as No.5 global network in the Gunn Report.
- 11 Lions at Cannes International Advertising Festival. Among the most honored campaigns: Nintendo, Heinz, Bundaberg Rum, McDonald's and Kellogg's.
- 11 Clio Awards and 10 medals at the New York Festival. Among the most recognized campaigns: Walt Disney, Ad Council, Kraft/Altoids Sour.

USA

- 21 ADDYs, 5 Clio Awards and 1 Gold World Medal at the New York Festival. 9 EFFIE Awards for Leo Burnett USA and LB Works, making Leo Burnett USA "Most Effective Agency in America" for a second year in a row.
- 3 AAAA Account Planning Awards, the most of any agency.

Latin America

- 1 Gold at the International Design and Print Advertising Awards, and 1 Clio award for Leo Burnett Argentina.
- 14 awards at the FIAP (Festival Iberoamericano de Publicidad) won by 6 network agencies in Latin America and its agencies in Spain and Portugal. Among the most honored campaigns: Kellogg's, Fiat and McDonald's.

Asia

- Grand Prix and many awards for Leo Burnett China awarded by LongXi, the world's leading Chinese-language advertising awards body.
- 10 medals won by Leo Burnett Asia Pacific agencies at ADFEST (Asia Pacific Advertising Festival).

Europe

- Leo Burnett Prague named "Regional Agency of the Year" for the second year in row at the Golden Drum Festival in Central Europe; Leo Burnett Warsaw runner-up.
- Many awards for Leo Burnett London: 1 Gold and 10 Silvers at the Euro EFFIEs, 2 Gold awards for McDonald's "Being Six" as well as 5 Silvers and 5 Bronzes at the BTA Awards.

FALLON WORLDWIDE

- Second most awarded agency at the Clio Awards, with 16 Clis for BMW Films "The Hire", PBS and Timberland campaigns.
- Top prize-winner at the American Association of Advertising Agencies (AAAA) O'Toole Awards.
- Outstanding commercial for the PBS "Fish" TV spot

- at the Emmy Awards.
- Grand Prix for the Archipelago campaign and 2 Lions at Cannes International Advertising Festival.

BARTLE BOGLE HEGARTY

- "Agency of the Year", won 10 Lions at Cannes as well as many awards at the Clio, ADFEST and D&AD Awards.

BBH London

- Named "London Agency of the Year" simultaneously by Campaign, Marketing Magazine and M&M Europe.
- Ranked No.5 global agency in the Gunn Report.

BBH Asia-Pacific

- Named "Asia Pacific Agency of the Year" by AdAsia.

BBH Singapore

- Ranked No.4 Asian agency in the Gunn Report.
- "Levi's 501 campaign" honored at the Singapore Advertising Hall of Fame.

THE KAPLAN THALER GROUP

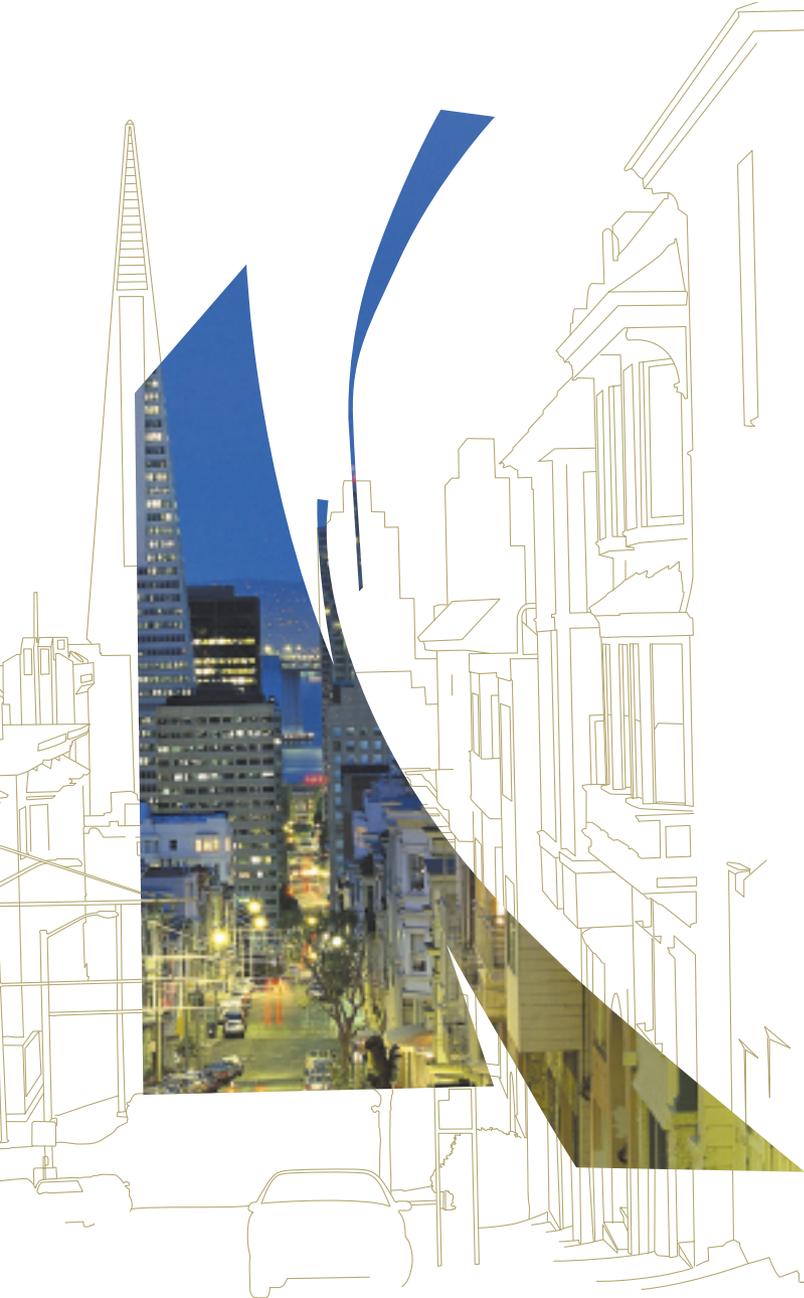
- AFLAC campaign won many awards (Gold Midas Award, CEBA Award).
- "Girls Go Tech" pro-bono campaign for the Ad Council and Girl Scouts won the AWNY Grand Good, as well as the White House Project's Epic Award.

BEACON COMMUNICATIONS

- Pampers campaign was recognized by Procter & Gamble at the P&G Brand Building Awards.
- Attento and Aiful campaigns were honored in ACC Awards, the latter also at the TCC Awards.

* BBH London and BBH Asia-Pacific.

Advertising networks: New business



PUBLICIS WORLDWIDE

—

Global accounts

- Allied Domecq in 55 countries for advertising and marketing services
- Sanofi-Synthélabo
- Minute Maid

Regional and local accounts

EUROPE

- BFGoodrich for Publicis Dialog (marketing services)

France

- EDF
- Hygena
- Nathan
- Boursin
- Dim

Germany

- Deutsche Telekom
- MAN Trucks
- Quelle
- Adidas

Switzerland

- Migros
- Die Post

Other countries

- Fortis in the Netherlands
- RTBF Radio in Belgium
- La Vanguardia in Spain

NORTH AMERICA

Canada

The Country's No.1 Agency in new business wins

- Canada Post
- Via Rail Canada
- CIBC Visa
- Allstream
- Hitachi
- National Defense of Canada

USA

- Procter & Gamble/Intrinsa
- TBS Superstation
- Coinstar
- Sara Lee
- Whirlpool
- T-Mobile
- L'Oréal

SOUTH AMERICA

- BellSouth

ASIA PACIFIC

- Kyobo Life Insurance in South Korea
- China Mobile
- Siemens Mobile in India
- Renault in Taiwan and Malaysia
- Jetstar in Australia
- Black & Decker in New Zealand

San Francisco → The West Coast in all its glory, where Publicis Groupe is expanding links with Hewlett-Packard.

SAATCHI & SAATCHI

Global accounts

- International Olympic Committee
- Taiwan Tourism Bureau
- Extensions of business with Toyota/Lexus

Regional and local accounts

USA

- Toyota Dealers Association
- Procter & Gamble/Pharmavite
- General Mills/Progresso Rich & Hearty Soup
- Wyeth/Flu Mist
- LA Times online

EUROPE

- Bel Group
- Boehringer Ingelheim/Dulcolax
- Greek National Tourism Organization
- Nestlé/Valvert
- Emirates Airline
- Staatsloterij in the Netherlands
- ENEL Gas and Poste Italiane in Italy
- Royal Bank of Scotland in the UK

ASIA-PACIFIC

- Westpac Bank in Australasia
- Danone
- Bristol-Myers Squibb/Mead Johnson Nutritionals
- Emirates Airline
- Guangdong Mobile in China
- China Light & Power in Hong Kong

LEO BURNETT

Global accounts

- Wella (Procter & Gamble)
- Big Mac (Mc Donald's)

Regional and local accounts

USA

- Gateway Computers
- Healthy Choice and Chef Boyardee (ConAgra Foods)

ASIA-PACIFIC

- China Mobile, Sony and Sony Ericsson in China
- Tiger Beer
- Indian Oil Company in India
- Virgin Credit Card in Australia

EUROPE

- Affinity Pet Care
- Leffe (Interbrew)
- Eurotel in the Czech Republic
- Bank Pekao in Poland
- Renfe in Spain
- Bulmer's Cider, Strongbow, Heinz Frozen Foods in the UK

BARTLE BOGLE HEGARTY

- Bird's Eye, Surf and Lynx (Unilever)
- Bailey's (Diageo)
- SCA

FALLON WORLDWIDE

- Subway Restaurants
- Trust For Early Education
- Bahamas Ministry of Tourism
- Dave and Buster's
- Virgin Mobile USA
- British Telecom in the UK
- Callaway Golf in Japan

BEACON COMMUNICATIONS

- McDonald's in Japan, managed jointly with Dentsu
- Seiko Epson in Japan, managed jointly with Dentsu
- Coleman
- Sotec
- Tohato

THE KAPLAN THALER GROUP

- Ruby Tuesday
- Pfizer/Zoloft and Celebrex

Publicis Worldwide in Canada:
market leader for new business

Media

The Bcom3 merger reinforced our top place in media buying and consultancy, with our world leadership now based on the combined power of the Starcom MediaVest Group and ZenithOptimedia brands. In media sales, Média & Régies Europe serves clients with leading positions in four areas: dailies and magazines, radio, outdoor advertising and cinemas.



Jack Klues

CEO, Starcom MediaVest Group

MEDIA BUYING SHOWS NEW MOMENTUM IN 2003

Our Groupe is making the most of new-won critical mass, with Starcom MediaVest and ZenithOptimedia scoring rapid gains on the high-growth media purchasing market. In 2003, both businesses successfully reached out into new segments in line with targeted strategies. Client recognition was borne out by industry awards, a testimony to these teams. Meanwhile, conditions in media sales remained difficult, but Média & Régies Europe held onto its position.

— Starcom MediaVest Group

Starcom MediaVest Group once again posted strong growth in 2003. Named Agency of the Year by Media Magazine and US Media Agency of the Year by AdAge, SMG won some impressive new business—not least the Coca-Cola account in the US and China—underscoring its top reputation and ability to deliver service at its best. Another highlight of the year was the buyout of minority interests in Starcom Motive, resulting in a single media presence in the UK with a strong market placing.

Business development in new areas reinforced the Groupe's offering as a prime mover in media consultancy. This included the creation of a dedicated team made up of members of SMG's IP unit, to take the initiative alongside partners such as Yahoo, AOL and MSN in the development of the broadband marketplace, leveraging the engaging power of the Internet. Separately, the agency's Diversified Services division set up SMG Play, a subsidiary specialized in marketing opportunities in the field of consumer gaming. Another newcomer was SMG Directory Marketing, formerly a unit of D'Arcy, reinforcing the agency's presence in print and on-line directories. A main highlight of 2003 was the formation of a dedicated group named SMG/P&G to ensure more efficient management



Roger Haupt

President & COO, Publicis Groupe

of Procter & Gamble US media planning assignments previously spread across MediaVest USA, Starcom USA and Saatchi & Saatchi New York. Reflecting the effectiveness of SMG's unique Fueling Brand Power approach, SMG won sizable new business and significantly expanded business with existing clients. This included new assignments in China, Taiwan, and the UK for Procter & Gamble, as well as extension of relationships with General Motors, Kellogg's and Kraft to new products and services. The Diversified Services Division, which operates in areas including multi-cultural communications, sports marketing and directories, maintained its business with CapitalOne and won new assignments for Kraft, Allied Domecq and Gateway.

— ZenithOptimedia

In 2003, ZenithOptimedia had its first full year as a single entity following the merger of Zenith and Optimedia brands. The merger process went smoothly with no significant losses of clients or talent.

Moving ahead in its new form, the business positioned itself as The Return on Investment (ROI) Agency in an initiative launched over the months from February to April. In this, it takes a best-practice approach, backed by proprietary ZOOM tools and systems, helping ZenithOptimedia teams maximize contributions to clients' business effectiveness, and, by the same token, stand out from the competition. The largest new account won in the year was with Miramax. Management teams in key UK and Asian markets underwent some changes, and CEO John Perriss retired in March as planned. He was replaced by Steve King, formerly regional CEO for Europe, the Middle East and Africa.



Steve King
CEO, ZenithOptimedia

APPOINTMENTS

STARCOM MEDIAVEST GROUP

Laura Desmond
CEO MediaVest New York,
USA

ZENITHOPTIMEDIA

Steve King
CEO ZenithOptimedia,
replacing John Perriss
Anthony Young
CEO, United Kingdom
Roland Crouch
CEO, Asia

Media

continued

RESILIENCE IN MEDIA REPRESENTATION

— Média & Régies Europe

Market conditions were very challenging in 2003, especially for dailies and magazines, but Médias & Régies Europe held business volumes steady, with subsidiary Métrobus, specialized in space sales on Paris public transport, putting in a robust performance. In outdoor advertising, US subsidiary Omni Media Cleveland, which has a concession for 165 kiosks in downtown Cleveland, benefited from a marked upturn in the market. Negotiations under way with three other major cities should be concluded in 2004.

Business in radio, now refocused on representation of French station Europe 1, also held up, with communications investments from banks, insurance companies, retailers and telecom operators generating satisfactory revenue flows. In cinema advertising representation, Mediavision, the French leader, renewed contracts with main cinema operators in France, its historical client base, and completely restructured its international presence.

APPOINTMENTS

MÉDIAS & RÉGIES EUROPE

Simon Badinter
Chairman & CEO, Media & Régies Europe and CEO, Media & Régies America, replacing Bruno Desbarat-Bollet

Gérard Unger
Vice-Chairman,
Management Board

Benjamin Badinter
CEO, Mediavision
and Business Development



Simon Badinter

Chairman & CEO, Médias & Régies Europe

INDUSTRY AWARDS

STARCOM MEDIAVEST GROUP

Starcom MediaVest

- Named "Media Agency of the Year" by Media Magazine.
- Named "US Media Agency of the Year" by Advertising Age.

Starcom USA

- Kellogg's Special K media plan: named "Plan of the Year" of its category by MediaWeek.

Starcom Motive (UK)

- Named "Media Agency of the Year" by M&M Europe.

ZENITHOPTIMEDIA

- Lexus campaign: 1 Media Lion at Cannes in the "High Net Worth Individuals" category.
- Multimedia campaign for BMW Films "The Hire": 1 Titanium Award for both Optimedia USA and Fallon at Cannes.
- Inmarsat campaign: "Best Corporate Campaign" at the M&M Awards.
- HSBC campaign: "International Campaign of the Year" at the MediaWeek Awards.
- Media strategy for Hewlett-Packard: Media Grand Prix at the Top Com Awards (France)

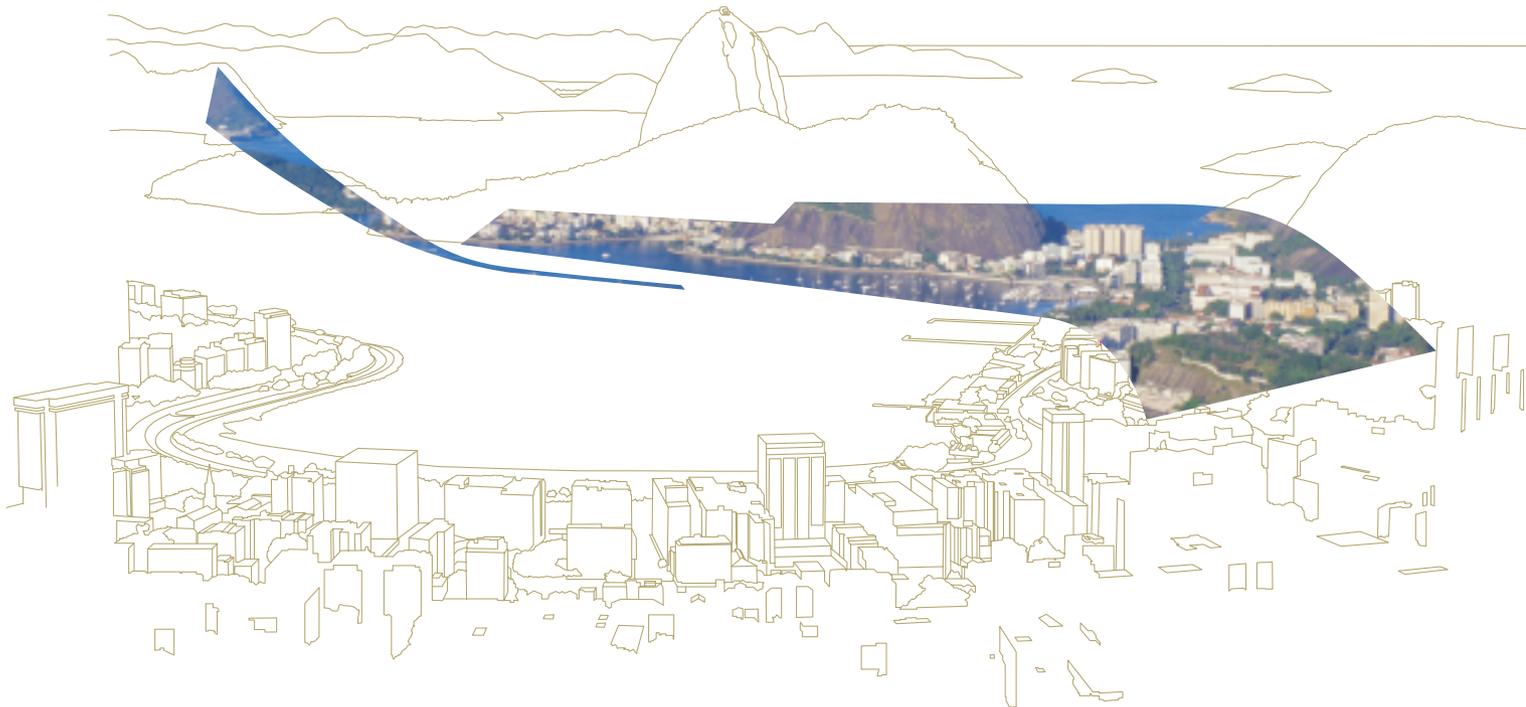
NEW BUSINESS

STARCOM MEDIAVEST GROUP

- Coca-Cola in the US, China and Hong Kong as well as in some eastern European markets
- Gateway Computers
- Cadbury
- Red Bull
- Several extension of business with existing clients (Procter & Gamble, Kraft, Kellogg's, General Motors, and more)

ZENITHOPTIMEDIA

- Miramax
- Procter & Gamble in the UK, Spain and Portugal
- UIP (United International Pictures) in the UK
- Wyeth, LeapFrog and Scion (Toyota) in the US
- Electrolux in Europe
- LVMH in Asia
- Queensland State Government (Australia)
- Prizm Brands and Pfizer in Canada



Rio de Janeiro → Publicis Salles Norton is one of Brazil's top agencies.

SAMS—Specialized Agencies and Marketing Services

Direct marketing, sales promotion, healthcare communications, Customer Relationship Management, digital communications, public relations, corporate communications, human resource communications, events, pre-media services, and, since 2003, sports marketing—the SAMS division brings together a broad range of expertise to round out traditional advertising for a truly holistic offering.



John Farrell
President & CEO, SAMS

AN EXPANDED SAMS OFFERING, REORGANIZED FOR ADDED MOMENTUM

Our SAMS operations expanded rapidly from 2000 to 2002, driven by a string of acquisitions. In 2003 we moved to make the most of this potential, rationalizing and streamlining organization to provide a sound basis for future success. A number of agencies were merged to create critical mass on key segments in the US and Europe, and brands were linked with advertising networks to underpin holistic offerings. In 2003 Colin Hearn was appointed Global CEO for Publicis Dialog (part of Publicis Worldwide) and Nick Brien became Global CEO of Leo Burnett-aligned Arc.

— Direct marketing/sales promotion

In the US, a large part of our direct marketing business was aligned with the Leo Burnett network. The merger of Frankel with iLeo, Semaphore Partners and Arc Marketing led to the formation of Arc North America, a new company that is twice as large and able to offer a complete range of marketing services to meet the needs of Leo Burnett and direct clients. Dick Thomas was named CEO of the new combined group. In the UK, Triangle brought together business previously spread across separate companies to consolidate its client service offering, while the former Leo Burnett BTL business was merged into Arc. John Quarrey was appointed leader of Arc in Europe.

— Public relations

In this area, we are reducing the number of brands as part of a move to build strong bases on main markets. Our reorganized offering centers on Manning Selvage & Lee in the US and Publicis Consultants in Europe, with Rowland Communications Worldwide agencies, previously part of Saatchi & Saatchi, consolidated into the two. Similarly, US agency Masius, a specialist in corporate-to-corporate business communications, has been folded into Manning Selvage & Lee, while French business-to-business agency Corporate Factory has merged with Publicis Consultants.

— Human resource communications

Our human resource offerings, including those of Media System and Saatchi & Saatchi Recruitment Advertising, have been brought together through an informal grouping spanning 15 countries in Europe, North America and the Asia-Pacific area. Named Talent Village, this initiative has also been joined by Shaker Advertising in the US and Barkers in the UK, two independent agencies that are not part of our Groupe.

— Printing and pre-media services

Business in this area has been organized around Mundocom, based in France and set to expand across Europe, and Capps Digital in the US. The aim is for them to handle a large proportion of work previously outsourced by Publicis Groupe entities and create a global powerhouse in this area.

— Multicultural communications

Our Groupe is a leader on the multicultural communications market in the US, with particularly strong positions for Hispanic and African-American audiences, which represent the two largest segments and benefit from rapid growth as a result of demographic trends.

Our Hispanic agencies consolidated close client relationships and moved into new market segments in 2003. Bromley expanded business with Coor's and Procter & Gamble, while Lápiz won additional business with Wrigley, Kellogg's and Sara Lee. Publicis Sanchez & Levitan grew to rank among the top ten Hispanic agencies in the US, gaining ground with clients including BellSouth, L'Oréal, BMW, Chivas Regal and Nationwide. In early 2004, Bromley and Publicis Sanchez & Levitan merged to form the number-one Hispanic agency in the US.

Burrell, the pre-eminent agency in communications to African Americans, consolidated relationships with McDonald's and Verizon, and won new business with Procter & Gamble. A highlight of the year was Coca-Cola's presentation to the Library of Congress of 30 years' work from Burrell, raising the agency's media profile and reinforcing its reputation as number one in its business. It also continued its push in musical creation. Our other African-American unit, Vigilante, continued to develop, extending its relationship with General Motors.

— Healthcare communications

With the formation of the Publicis Healthcare Communications Group, we are now number one in the sector, as was confirmed by MedAdNews rankings. Bringing together resources and expertise that had previously been widely scattered, this new company has a unique capacity to meet the ends of international pharmaceutical concerns to the full. In the US, advertising, medical education and events business is now under the Medicus, Nelson and Saatchi & Saatchi Healthcare (Klemtner) brands. Medicus and Nelson businesses outside the scope of our advertising and medical education offerings have been brought together through the newly-formed Specialty Group. This covers selling solutions including contract sales force recruitment, marketing approaches including direct marketing, strategic consulting, and e-health activities including software development, knowledge management and IT for healthcare professionals.

Outside the US, the operations of PCHG International center on the Medicus and Saatchi & Saatchi Healthcare brands are represented by leading agencies in the UK, France, Germany, Italy, Spain, Japan, Australia and Canada. By the end of 2003, it had developed into an efficient network making the most of new resources to generate synergies between operational teams around the world. At the same time, there were a number of new management appointments at international and regional level. These efforts have been rewarded with consolidation of ties to three major clients, with AstraZeneca entrusting us with nearly half its communication, Sanofi-Synthélabo naming Publicis its sole worldwide partner, and Procter & Gamble selecting us for its new product, Intrinsa.

HEALTHCARE COMMUNICATIONS

Creation of Publicis Healthcare Communications Group, bringing together all Groupe operations in the sector and ranked first worldwide by MedAdNews. Publicis Groupe President & COO Roger Haupt played a key role in the success of the project.

SAMS—Specialized Agencies and Marketing Services

continued

HIGHLIGHTS OF THE YEAR

—

— Sports Marketing

iSe—Opening up a new frontier

The first joint venture to result from our Groupe's strategic partnership with Dentsu, sports marketing specialist iSe was set up in Zurich in 2003. Publicis and Dentsu each own 45%, with the remaining 10% held by Sports Mondial, a business with well-established ties to sports federations.

The prime purpose of iSe is to acquire rights to top sports events and offer advertisers new platforms for the promotion of their brands and business. iSe also provides consultancy services in sponsoring, the organization of sports events, full-service hospitality and other related areas. Operations began in August 2003 with the rights to the World Athletics Championship in Paris acquired by Dentsu, and this was followed by a series of bids to win business in its own name. Efforts were rewarded with a first major contract making iSe the exclusive worldwide partner of FIFA for hospitality at the World Football Cup to be held in Germany in 2006. This is one of the biggest contracts ever signed with FIFA and the second largest for the 2006 World Cup. iSe is also the worldwide agent for the sale of TV rights to the Toyota Cup* from 2004. These rights had already been acquired by Dentsu.

* Soccer playoff in Tokyo between winners of European Champions' League and Latin America's Copa de Libertadores.



Richard Attias
CEO, Publicis Events Worldwide

EVENTS MARKETING

Creation of Publicis Events Worldwide, bringing together several areas of business previously with Publicis Dialog and opening of a New York office. Headed by Richard Attias, the new unit has deployed a coordinated worldwide offering since the beginning of 2004.

INDUSTRY AWARDS

DIRECT MARKETING

Frankel (USA)

- Cadillac web site: ranked No. 1 domestic auto site by JD Power & Associates.
- Behr Paints web site: Webby Business Award for best retail site.
- Nestlé: 1 International Globe Award and 2 Pro Awards.

HUMAN RESOURCES COMMUNICATIONS

Media System (France)

- 1 Gold Top Com Award for HR communications for Unilever and another Gold for B-to-B corporate communications for Condat.
- 1 Silver Top Com Award for HR communications for Valeo.

Verbe (France)

- 1 Silver Top Com Award for Altadis and 1 Bronze Top Com Award for the Carrefour magazine and Inéris.

MULTICULTURAL COMMUNICATIONS

Bromley Communications

- 4 Gold ADDYs for American Legacy Foundation.

Lápiz

- Ranked No.1 at the Circulo Creativeo Awards.
- Ranked No.1 Hispanic Agency by the Hispanic Business Magazine.
- 3 Awards at Advertising Age's Hispanic Advertising Awards for Coca-Cola and Tecate.

Vigilante

- Rewarded at the "Subway" London International Awards for its works for Snapple's.

HEALTHCARE COMMUNICATIONS

Saatchi & Saatchi Healthcare

- 1 Gold EFFIE for Detrol's "Gotta Go" campaign.

Nelson Communications

- 2 Awards of Excellence at the RX Club for the Galderma/Tri-Luma and BlueCross/BlueShield of Minnesota-Smoking Cessation.

Medicus USA

- Arimidex (Astra Zeneca) "Boxer" campaign: Merit Award at the Health Information Awards.
- Prilosec OTC and Metamucil: P&G GABBEEs.
- Children's Motrin (Mc Neil) RX Award of Excellence.

Medicus International

- Awards for several projects in Spain, Germany and Australia.

SAMS—Specialized Agencies and Marketing Services

continued

NEW BUSINESS

DIRECT MARKETING, EVENTS

Triangle (UK)

- Visit London: implementation of the first-ever live concert in the new Trafalgar Square.
- Safeway Picnic: named "Best Outdoor Event" at the Event Awards.
- Lloyds TSB: "Play" CRM program.
- DHL: worldwide employee communications program.

PUBLIC RELATIONS

Manning Selvage & Lee

- General Motors: communication on their investments in hydrogen-powered vehicles.
- University of Michigan: communication campaign about affirmative action policies in the legal battle with US Supreme Court.
- Procter & Gamble: communications strategy for the Wella acquisition.
- Other main new business: Home Depot, Ruby Tuesday, Samsonite.

Publicis Consultants

- Alcan: consulting for the take-over bid on P echiney.
- French Government: global communications for government retirement reforms.
- SFR (France): design of a new range of products.
- Carrefour (France): architecture and signage for its hypermarkets
- Other main new business: Year of China in France, Arcelor campaign, Allied Domecq and Nestl e

branding and packaging, visual and verbal identity for Fiskars, BNP Paribas, Darty and Nathan.

MULTICULTURAL COMMUNICATIONS

Bromley Communications

- Circuit City

L apiz

- Pfizer/Zoloft
- Keebler
- Earthlink
- BankOne
- General Motors /Goodwrench

HEALTHCARE COMMUNICATIONS

Nelson Communications

- Galderma/Clobex
- Berlex/Campath
- Bertek/Asimia
- Merck/Fosamax
- GsK/Augmentin and Lexiva
- Organon
- Barrier Therapeutics

Saatchi & Saatchi Healthcare

- Takeda/Lunivia
- Medpointe/Optivar

Medicus USA

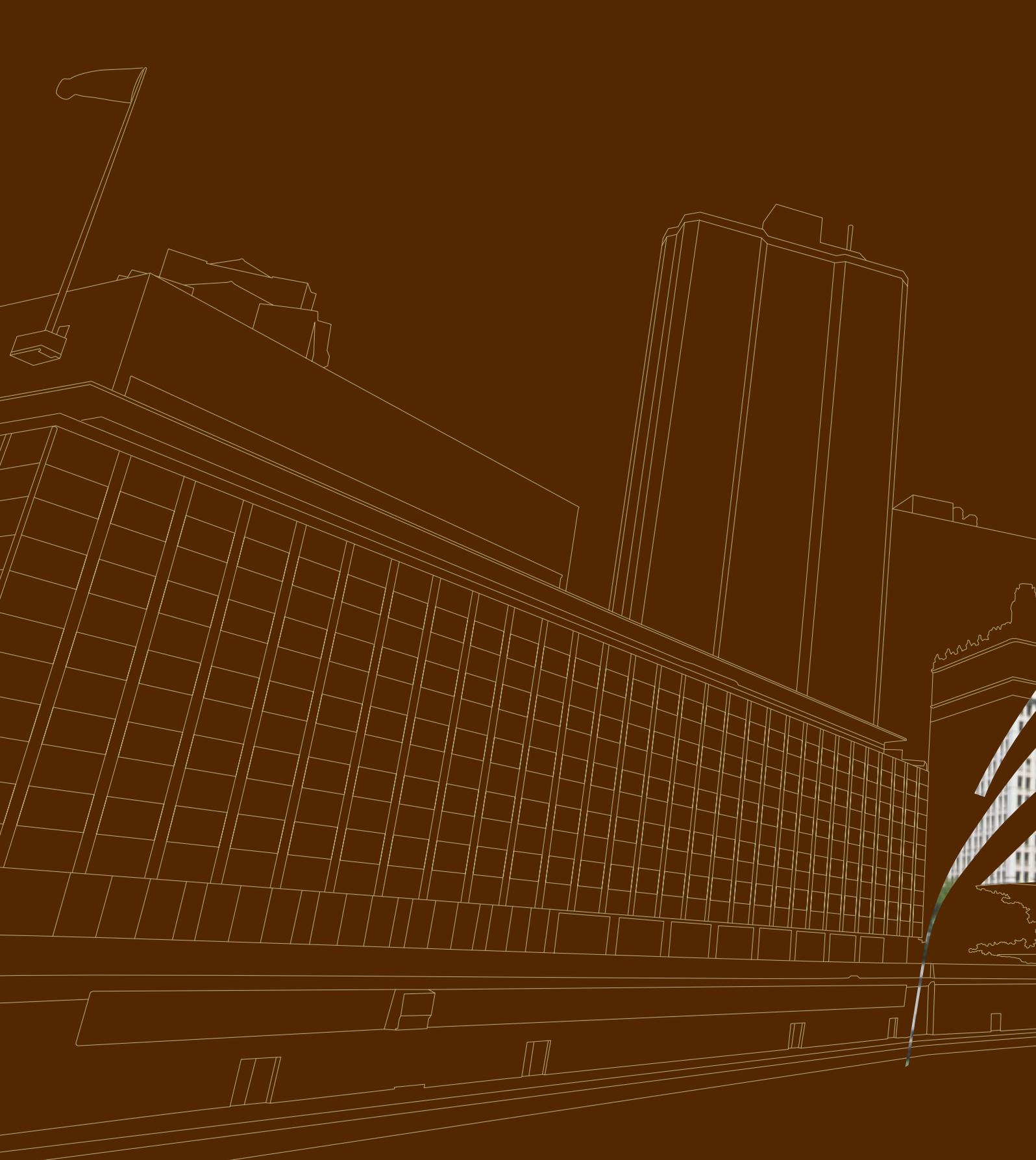
- Pfizer/Eyetech and Macugen,
- Astra Zeneca/ Cerovive, Symbicort and respiratory portfolio
- Abbott/Humira
- Janssen/Reminyl and Risperdal
- Watson/Oxytrol
- Entire product portfolio of Columbia Labs
- Yamanouchi/Visicare

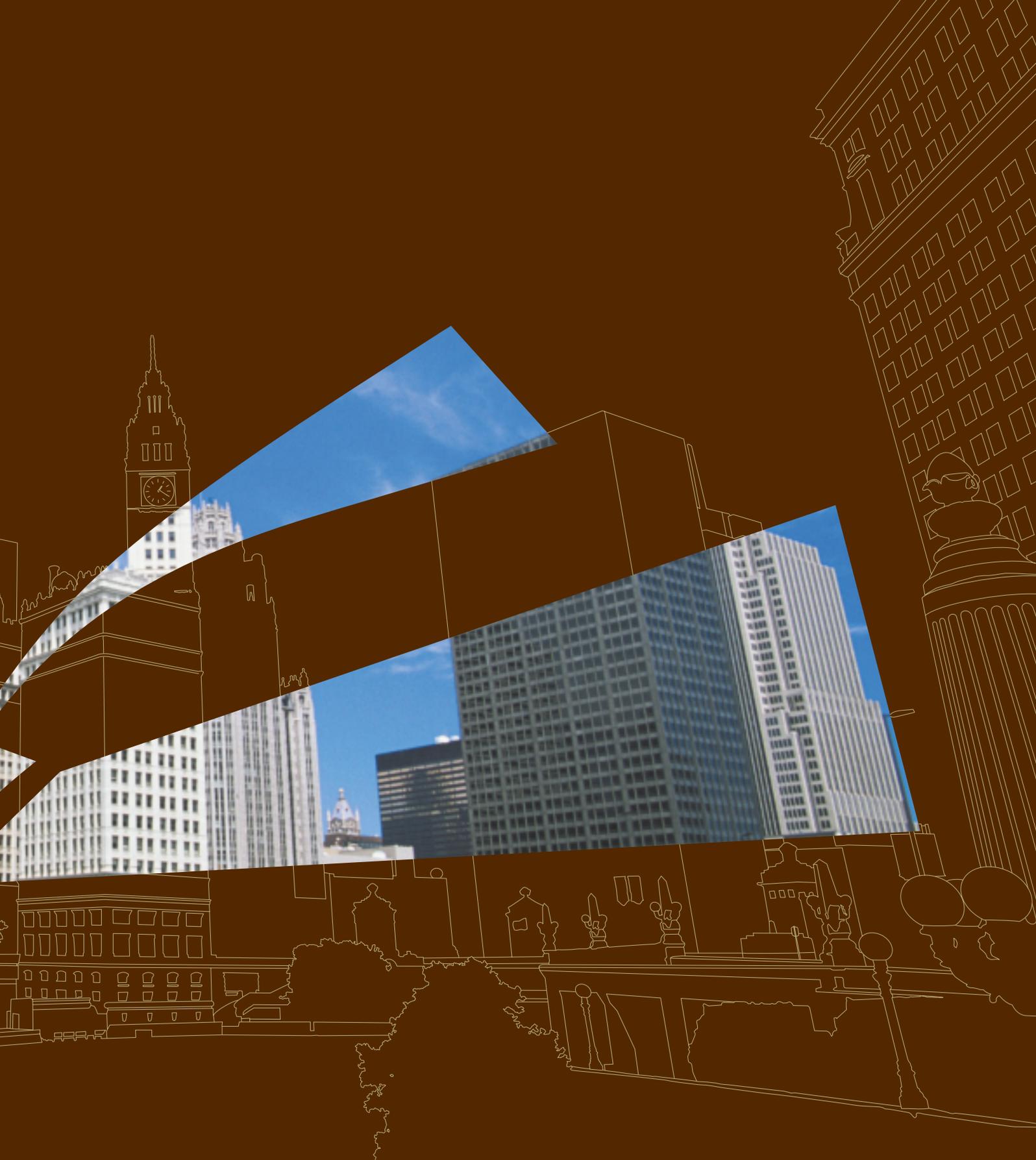
Medicus International

- Bristol-Myers Squibb's oncological projects
- Several local new business in the UK (GsK, Wyeth, Roche), Spain, France, Germany, Japan and Australia.



Barcelona → In 2004, the Spanish media/communications industry could hit one of the highest growth rates in Western Europe.





Chicago → Our newest US base. Birthplace of Leo Burnett, Starcom MediaVest and Arc/Frankel.

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ILLUSTRATIONS

- Jean-Christophe Recchia
- Julien Roure

Consulting, copy, design and production by:



26, rue Murillo - 75008 Paris, France - Tel. 33 (0) 1 56 21 20 13



PUBLICIS GROUPE

133, avenue des Champs Élysées - 75008 Paris - France
T. 33 (0)1 44 43 70 00 - F. 33 (0)1 44 43 75 25
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