

Paris, Friday, August 25, 2017

## H1 2017 results

**Revenue up +1.9%**  
**Organic growth -0.4%**  
**Income from operations : €111 M**

### 1. KEY FIGURES

In €M	H1 2016	H1 2017	Variation
Revenue	1 087	1 108	+1.9%
<b>Organic growth</b>			<b>-0.4%</b>
Income from operations	147	111	-25.0%
<b>Margin for Income from operations</b>	<b>13.5%</b>	<b>10.0%</b>	
Operating income	137	100	-27.0%
<b>Operating margin</b>	<b>12.6%</b>	<b>9.0%</b>	
Net income, Group share	82	54	-34.1%
<b>Net income, Group share in % of revenue</b>	<b>7.6%</b>	<b>4.9%</b>	
Net financial debt	95	73	-22.1%
<b>Net earnings per share (in €)</b>	<b>0.20</b>	<b>0.13</b>	<b>-35.0%</b>
Headcount end of June	19 426	20 133	

*Yannick Bolloré, CEO Havas Group, commented: "Although the Group's momentum is positive, Havas' financial performance in the first half of 2017 suffered a slowdown which affected the industry as a whole and led to revenue and profitability below our expectations. This can be explained mainly by a greater than expected decline in investment from advertisers, increasing pressure on our margins during contract negotiations and renegotiations and the macroeconomic downturn in high-growth markets such as Brazil and Mexico where the Group has a large presence, as well as in India and China."*

*Even if this negative impact logically weighs on our organic growth and profitability, we decided to continue investing in our talent. Investment in new villages and in innovation have also contributed substantially to our costs this year, but are key to reaching our mid-term objectives.*

*While we hope that growth and profitability will slightly improve in the 2<sup>nd</sup> half of the year, these combined factors mean that we are unable to confirm our forecast of organic growth between +2% and +3%, announced at the beginning of the year.*

*Nevertheless, I remain confident in our ability to reach our mid-term objectives. The Group's momentum is good thanks to our teams' hard work and our 'Together' strategy.*

*Our ability to attract talent has never been stronger, evidenced by the recent additions to our teams from around the world.*

*The most innovative agencies in the industry continue to join us as announced over the past few days.*

*Our creativity continues to be highly recognised. And the recent renewals and wins of prestigious accounts will offset the losses which will affect 2018.*

*Joining forces with Vivendi whose ambition is to become the world leader in content, media and communication is exciting. Vivendi will provide us with the strategic and financial means for us to develop during a time where the industry is undergoing rapid consolidation and is threatened by increasing competition from companies coming from other sectors. We are working with Vivendi to create synergies and open a new chapter in the history of our Group. A project which creates value for our clients, our talent and our shareholders.*

*I would like to thank our fantastic teams all over the world and our clients for their renewed partnership and continued trust".*

## **GENERAL COMMENTS**

At a meeting on Thursday, August 25, 2017, the Board of Directors approved the consolidated financial statements for the interim period ended June 30, 2017. These statements were subject to an examination by the statutory auditors, whose report can be found in the interim financial report available on the Group's website: <https://www.havasgroup.com/>

→ Group **revenue** in Q2 2017 was €589 million, bringing the H1 total to €1,108 million for the first half, an increase of +1.9% on an unadjusted basis.

→ The Group's **organic growth** (excluding exchange rate variations and changes in the scope of consolidation) was -0.9% in Q2 2017 and -0.4% for H1 2017, which is below our initial forecast of +2% to +3%, amid already mentioned uncertainty which is widely impacting the global communications market.

Changes in the scope of consolidation had a positive impact of €16.2 million and exchange rate variations also had a positive impact of €9.6 million on the first half of the year.

## REVENUE AND ORGANIC GROWTH BY REGION:

Revenue (in €M)	Q1 2017	Q2 2017	H1 2017	Organic Growth	Q1 2017	Q2 2017	H1 2017
EUROPE	250	298	548	EUROPE	0.0%	-0.7%	-0.4%
<i>of which</i>				<i>of which</i>			
France	101	125	226	France	1.4%	8.9%	5.4%
UK	60	58	118	UK	0.5%	-7.1%	-3.4%
Other European countries	89	115	204	Other European countries	-2.0%	-6.3%	-4.5%
NORTH AMERICA	197	201	398	NORTH AMERICA	0.9%	-1.7%	-0.4%
APAC & AFRICA	39	51	90	APAC & AFRICA	-5.1%	3.2%	-0.6%
LATIN AMERICA	33	39	72	LATIN AMERICA	3.2%	-4.0%	-0.8%
<b>TOTAL</b>	<b>519</b>	<b>589</b>	<b>1 108</b>	<b>TOTAL</b>	<b>0.1%</b>	<b>-0.9%</b>	<b>-0.4%</b>

**Europe:** Europe reported stable H1 2017 revenue compared to the same period in 2016.

France posted a strong performance with organic growth of +8.9% in Q2 and +5.4% for the interim period as a whole, helped by growth at BETC Paris, Havas Media and Ekino (Fullsix group).

The United Kingdom experienced difficulties in Q2 2017, largely due to major client, Unilever, cutting back its advertising spending, and the loss of certain media accounts.

Growth in the other European countries was held back mainly by Spain, Switzerland and Portugal, while Italy and Germany reported double-digit growth.

**North America:** The region ended the first half down slightly, mainly due to the low level of new business wins in the last quarter of 2016. Havas Media US finished the half year in positive territory, despite a slight drop in momentum following an outstanding start to the year. Certain clients, among them IBM, also reduced their advertising spending.

**APAC & Africa:** Following a first quarter of negative growth, the region bounced back with a strong performance in Q2 highlighted by a +3.2% rise in organic growth. China, South Korea, Hong Kong and India were the biggest contributors to this growth, on the back of renewed strength following the Swarovski and BMW account wins and increased spending by clients.

**Latin America:** Growth in the region slowed as Brazil was impacted by the partial loss of the GPA account, and clients in Mexico reined back on their spending. Argentina, on the other hand, continued to post double-digit growth, boosted by higher spending by its biggest clients.

## → Results

**Income from operations** for H1 2017 was €111 million compared to €147 million for H1 2016, impacted by weaker than expected growth.

**Margin for income from operations** was 10% in H1 2017 compared to 13.5% for the same period in 2016.

**Operating income** was €100 million compared to €137 million for the equivalent period in 2016.

The **effective tax rate** was 30.0% compared to 31.0% for H1 2016.

**Net income, Group share** for the interim period was €54 million compared to €82 million for the same period in 2016, representing 4.9% of H1 2017 revenue. **Net earnings per share** were €0.13.

### → **Financial structure**

**Net financial debt** stood at €73 million at June 30, 2017.

**Average net debt**<sup>1</sup> for H1 2017 was €40 million compared to €-23 million for H1 2016.

## **2. HIGHLIGHTS OF H1 2017**

### **a) Vivendi**

On July 3rd 2017, Vivendi acquired the 59.2% stake in Havas held by the Bolloré Group. In the next few weeks and in accordance with market regulations, Vivendi will launch a simplified tender offer on the remaining Havas shares. This offer is not aimed at a delisting of the Havas shares.

The joining with Vivendi presents a great deal of opportunities for all the Group's stakeholders even if initially, by nature, this type of operation can impact the smooth running of the Group.

### **b) Net new business<sup>2</sup>**

Net new business<sup>2</sup> for H1 2017 amounted to €1,441 million, of which €878 million was generated in Q2 (in terms of billings – the benchmark used by the market).

At a global level, Havas Media USA won the **Bristol-Myers Squibb** account, while Havas Media Europe and Havas Media USA won the **Michelin** account through a joint pitch.

At a regional level, noteworthy wins included **BMW** by Havas Village Korea, **ConEdison** by Havas New York and **Rekorderlig** by Havas London.

Some of the more significant wins around the world included **Malabar** (Havas Media India), **Clorox** (Havas Media Argentina), **Pfizer** (Life US), **Skoda** (Rosapark/Fullsix France) and **Toyota** Australia (The Red Agency).

A complete list of account wins in Q2 2017 can be found in Annex 2.

### **c) The Havas Villages**

Over the past four years, the **#Together** strategy, marked by the opening of our 48 Havas Villages, has transformed the way we work and serve our clients, embodying our fully integrated and agile model. We have now completed the final phase of setting up Havas Villages which are now up and running throughout the world.

## d) Acquisitions

- **AGENCE79**, pluri-digital agency based in France which assists its clients in implementing communications strategies, media buying and online campaign analytics and optimization.
- **Sorento**, an Indian health and wellness communications agency.

Over the summer of 2017, two new acquisitions were finalized: **SO What Global**, a UK based communications agency specialised in healthcare, wellness and lifestyle and **Blink**, Israel's first social media agency

## e) Joint Ventures

Havas Group strengthened its operations in China by signing a joint-venture with **GIMC** (Guangdong Advertising Group Co) China's leading advertising company and largest local marketing & communications group. It has expertise in all communications disciplines and is the fastest growing integrated group in the Chinese communications industry.

## 3. CORPORATE SOCIAL RESPONSIBILITY

A number of new initiatives have launched, at both Group and agency level:

Havas Group has put in place an ambitious policy for reducing its greenhouse gas (GHG) emissions, with a target of reducing emission by 20% by 2020. Another manifestation of the Group's commitment to the Common Ground initiative on climate change is the 35 campaigns produced to date by Group agencies on climate issues.

The world's leading brands (Total, Petit Bateau, Eurodisney and more) have all signed up to the groundbreaking initiative developed by BETC to combat climate change. It consists of a carbon calculator to calculate the carbon footprint of producing an advertising campaign, which can then be offset by a carbon contribution that can be invested into a wind farm in New Caledonia. A total of 23 advertisers have signed up to the initiative and investment has reached €18,000, resulting in 28% of the CO2 emissions generated by the agency's audiovisual production being offset (1,125 tonnes CO2e).

Over a two-week period in June, the Group organized a collection of clothing at its headquarters in aid of the Secours Populaire charity. A total of 200kg of clothing for adults, children and babies was donated, filling close to 28 large cartons.

For more information about the Group's CSR policy:  
<http://www.havasgroup.fr/rse>

## 4. AWARDS AND ACCOLADES

The creative excellence of Havas Group agencies and talents was widely recognized in the first half of 2017, with a total of 482 awards.

The Group stood out at the Cannes Lions, scooping up 41 awards including 7 Gold and 17 Silver, spearheaded by the "Like my Addiction" campaign (BETC Paris for Addict'Aide) which single-handedly took home 19 awards. Other agencies who received awards were Havas

Singapore, Havas Australia, Host Sydney, Havas Taiwan, Les Gaulois, Rosapark, Havas Milan, BETC Sao Paulo, Havas Life Brazil, and Z+ Sao Paulo.

Group agencies were also awarded at a number of other international festivals: a total of 8 Pencils at the D&AD: 4 for BETC Paris, 3 for Havas Shanghai and 1 for Havas New York.

The One Show resulted in a total of 11 awards: BETC for Addict' Aide and Ubisoft, Havas New York for Heineken/DosXX, Host Sydney pour #RedfineWomen and Havas Life Brazil for Teva Neurosciences.

At the New York Festivals, agencies collected a total of 26 awards, including a First Prize in Creative Marketing Effectiveness plus 4 other awards for Heineken/DosXX - Havas New York. BETC Paris was awarded for Addict'Aide, Air France, Canal+, Evian and Ubisoft. Les Gaulois took 3 awards for AMGEN/Porcelain Bones, Havas Paris was awarded for Lehning, Rosapark for Brother, Camp+King for UGG for Men, Arnold Boston for PUR, Havas Edge for It's a Ten and Havas Australia for Australian Defence Force and The Steve Waugh Foundation

At the Webby awards for the best digital campaigns, Group agencies took 7 awards, including 5 First Prizes, including 2 plus the People's Voice award for Havas New York and Heineken/DosXX, 1 for BETC and for Addict' Aide and 1 for W&Cie and Airbus.

In the EMEA region, the Festival El Sol brought 9 awards for Arena Media Spain (2 Gold and 2 Silver for Domino's Pizza plus 1 Gold, 3 Silver and 1 Bronze for Gas Natural Fenosa), 2 for Arnold Madrid (Adidas), 1 Gold for Fuel Lisbon (MNAA/Publico), 1 Bronze for Fullsix (Doritos), 1 for Havas Colombia (ANSV) and 1 for Kausa (Amnesty International).

From the North American Effies, Havas New York took home a Gold in the category of 'Sustained Success' for their Heineken/DosXX 'The Most Interesting Man in the World' campaign, while Arnold Boston took Silver for CDC/Tips From Former Smokers.

At the Addys, Havas New York earned a total of 9 awards for its campaigns for Reckitt Benckiser and Heineken/DosXX, while Arnold Boston won 6 for Hershey's, Progressive and PUR.

Havas PR North America took home 5 First Prizes from the Renaissance Awards.

In Asia-Pacific, PR Week Asia awarded 6 awards for Red agency, including Australia/New Zealand PR campaign of the year for "The Riderless Bike" and the Steve Waugh Foundation.

At the AWARD awards, Havas Australia took 3 awards for 'The Steve Waugh Foundation' and Havas Shanghai took 2 for the Global Road Safety Partnership.

Media awards included:

At the beginning of 2017, Havas Media New York was named Media Agency of the Year by AdWeek.

Havas Media topped the RECMA France league table.

Havas Sports & Entertainment was awarded Gold at the Clio Sports for its Orange/Eiffel Tower campaign.

At the APAC Media Festival, Havas Media Australia was awarded in the Best Communication Strategy category for Pampas.

## **5. CALENDAR**

Q3 2017 revenue will be published by mid-November 2017.

## ANNEX 1: FINANCIAL INFORMATION

### CONSOLIDATED INCOME STATEMENT AT JUNE 30, 2017

€m	H1 16	H1 17	Variance 2017/2016
<b>Revenue</b>	<b>1,087</b>	<b>1,108</b>	<b>+1.9%</b>
Compensation	(673)	(711)	
Other expenses and income from operations	(267)	(286)	
<b>Income from operations</b>	<b>147</b>	<b>111</b>	<b>-25%</b>
Other operating expenses and income	(10)	(11)	
<b>Operating income</b>	<b>137</b>	<b>100</b>	<b>-27%</b>
Net financial expense	(11)	(18)	
Income tax	(39)	(25)	
Income tax rate	31%	30%	
<b>Net income of consolidated companies</b>	<b>87</b>	<b>57</b>	<b>-34%</b>
Minority interests	(5)	(3)	
<b>Net income, group share</b>	<b>82</b>	<b>54</b>	<b>-34%</b>

### CONSOLIDATED BALANCE SHEET AT JUNE 30, 2017

€m

Assets	06/30/16	06/30/17	Liabilities	06/30/16	06/30/17
Intangible and tangible assets	2,266	2,316	Consolidated equity	1,641	1,715
Net deferred taxes	92	104	Provisions	176	167
WCR	(282)	(296)	Net financial debt	95	73
			Earn-out / Buy-out	164	169
<b>Total</b>	<b>2,076</b>	<b>2,124</b>	<b>Total</b>	<b>2,076</b>	<b>2,124</b>

### H1 2016 REVENUE AND ORGANIC GROWTH

Revenue (in €M)	Q1 2016	Q2 2016	H1 2016
EUROPE	252	301	553
of which			
France	101	115	216
UK	63	67	130
Other European countries	88	119	207
NORTH AMERICA	187	196	383
APAC & AFRICA	38	46	84
LATIN AMERICA	29	38	67
<b>TOTAL</b>	<b>506</b>	<b>581</b>	<b>1,087</b>

Organic Growth	Q1 2016	Q2 2016	H1 2016
EUROPE	4.1%	3.4%	3.8%
of which			
France	2.6%	2.8%	2.7%
UK	-1.6%	-2.0%	-1.8%
Other European countries	10.6%	7.3%	8.7%
NORTH AMERICA	1.2%	0.3%	0.7%
APAC & AFRICA	4.3%	8.9%	6.7%
LATIN AMERICA	11.4%	2.6%	6.2%
<b>TOTAL</b>	<b>3.4%</b>	<b>2.7%</b>	<b>3.0%</b>

## ANNEX 2: ACCOUNT WINS IN Q2 2017

### **Creative business:**

**A&W Restaurants:** Havas Indonesia  
**Areva:** Havas Paris  
**Belgium Ministry of Defense:** Boondoggle Leuven (agency of record)  
**BMW:** Havas Village Korea (integrated)  
**Campo Viejo:** One Green Bean, Social (global)  
**Citroen:** BETC Paris (integrated)  
**ConEdison:** Havas New York (integrated)  
**Emirates:** Havas Indonesia  
**HMD Global:** One Green Bean (social/global) & FullSix, (digital UK)  
**Kotex (Kimberly Clark):** Havas Hong Kong (integrated)  
**Nikki:** Havas Indonesia  
**Rekorderlig:** Havas London (integrated)  
**Ringier Axel Springer:** Havas Zurich (digital)  
**Skoda (Volkswagen):** Rosapark & FullSix France (integrated)  
**So Clean:** Havas Edge  
**Stage Entertainment:** Havas beebop, Social  
**Stock Exchange:** Havas Indonesia  
**Vorwerk Kobold:** Havas Dusseldorf (integrated)

### **Media business:**

**Al Mawten:** Havas Media UAE  
**Aristocrazy:** Havas Media Spain  
**BAE Systems:** Havas Media International UK  
**Bristol Myers-Squibb:** Havas Media US (global)  
**Bynk:** Havas Media Sweden  
**Chateau d'Ax:** Havas Media Italy  
**China Citic Bank:** Havas Media China  
**Clorox:** Havas Media Argentina  
**ConEdison:** Havas Media USA  
**Daikin:** Forward Media Spain  
**Darshan International:** Havas Media India  
**Direct Asia Insurance:** Havas Media Singapore  
**Foodpanda:** Havas Media India  
**Gambrinus/Shiner Bock:** Havas Media USA  
**Malabar:** Havas Media India  
**Map Email:** Havas Media Singapore  
**Michelin:** budget global  
**Molinari:** Havas Media Italy  
**Peugeot:** Havas Media UAE  
**Shopko:** Havas Media USA  
**StudioCanal:** Havas Media UK  
**TCL:** Havas Media France  
**UGG:** Havas Media China  
**Vietlott:** Havas Media Vietnam



## **About Havas Group**

Havas is one of the world's largest global communications groups. Founded in 1835 in Paris, the Group employs 20,000 people in over 100 countries. Havas Group is committed to being the world's best company at creating meaningful connections between people and brands through creativity, media and innovation. Based on a client-centric model across media and creative, the Havas Group is the most integrated company in its sector. We operate with three business units (creative, media and healthcare & wellness) within our Havas Villages all over the world where teams share the same premises ensuring agility and a seamless experience for clients. #ToBetterTogether

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

## **Forward-Looking Information**

This document contains certain forward-looking statements which speak only as of the date on which they are made. Forward looking statements relate to projections, anticipated events or trends, future plans and strategies, and reflect Havas' current views about future events. They are therefore subject to inherent risks and uncertainties that may cause Havas' actual results to differ materially from those expressed in any forward-looking statement. Factors that could cause actual results to differ materially from expected results include changes in the global economic environment or in the business environment, and in factors such as competition and market regulation. For more information regarding risk factors relevant to Havas, please see Havas' filings with the AMF (*Autorité des Marchés Financiers*) (documents in French) and, up to October 2006, with the U.S. Securities and Exchange Commission (documents in English only). Havas does not intend, and disclaims any duty or obligation, to update or revise any forward-looking statements contained in this document to reflect new information, future events or otherwise.

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

Net new business represents the estimated annual advertising budgets for new business wins (which includes new clients, clients retained after a competitive review, and new product or brand expansions for existing clients) less the estimated annual advertising budgets for lost accounts. Havas' management uses net new business as a measurement of the effectiveness of its client development and retention efforts. Net new business is not an accurate predictor of future revenues, since what constitutes new business or lost business is subject to differing judgments, the amounts associated with individual business wins and losses depend on estimated client budgets, clients may not spend as much as they budget, the timing of budgeted expenditures is uncertain, and the amount of budgeted expenditures that translates into revenues depends on the nature of the expenditures and the applicable fee structures. In addition, Havas' guidelines for determining the amount of new business wins and lost business may differ from those employed by other companies.

## **Other definitions:**

**Organic growth** is calculated by comparing revenue for the current financial period against revenue for the previous financial period adjusted as follows:

- revenue for the previous financial period is recalculated using the exchange rates for the current financial period;
- this figure is added to the revenue of companies acquired between January 1 of the previous financial period and the acquisition date for the period in which these companies were not as yet consolidated;
- revenue for the previous financial period is also adjusted for the consolidated revenue of companies disposed of or closed down between January 1 of the previous financial period and the date of disposal or closure.

Organic growth calculated by this method is therefore adjusted for variations in exchange rate against the euro, and for variations in the scope of consolidation.

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