



Omnicom Group

SECOND QUARTER 2005 RESULTS Investor Presentation

July 26, 2005

OmnicomGroup



The following materials have been prepared for use in the July 26, 2005 conference call on Omnicom's results of operations for the quarter and six months ended June 30, 2005. The call will be archived on the Internet at <http://www.omnicomgroup.com/financialwebcasts>.

Forward-Looking Statements

Certain of the statements in this document constitute forward-looking statements. These statements relate to future events or future financial performance and involve known and unknown risks and other factors that may cause our actual or our industry's results, levels of activity or achievement to be materially different from those expressed or implied by any forward-looking statements. These risks and uncertainties include, but are not limited to, our future financial condition and results of operations, changes in general economic conditions, competitive factors, changes in client communication requirements, the hiring and retention of human resources and our international operations, which are subject to the risks of currency fluctuations and exchange controls. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or "continue" or the negative of those terms or other comparable terminology. These statements are present expectations. Actual events or results may differ materially.

Other Information

All dollar amounts are in millions except for EPS. The following financial information contained in this document has not been audited, although some of it has been derived from Omnicom's historical financial statements, including its audited financial statements. In addition, industry, operational and other non-financial data contained in this document has been derived from sources we believe to be reliable, but we have not independently verified such information, and we do not, nor does any other person, assume responsibility for the accuracy or completeness of that information.

The inclusion of information in this presentation does not mean that such information is material or that disclosure of such information is required.



2005 vs. 2004 P&L Summary

	Second Quarter			Year to Date		
	2005	2004	% Δ	2005	2004	% Δ
Revenue	\$ 2,615.8	\$ 2,407.8	8.6%	\$ 5,018.8	\$ 4,639.2	8.2%
Operating Income	382.0	343.7	11.1%	639.3	573.1	11.6%
% Margin	14.6%	14.3%		12.7%	12.4%	
Net Interest Expense	14.3	7.3		26.4	17.7	
Profit Before Tax	367.7	336.4	9.3%	612.9	555.4	10.4%
% Margin	14.1%	14.0%		12.2%	12.0%	
Taxes	124.3	113.1		210.5	186.7	
% Tax Rate	33.8%	33.6%		34.3%	33.6%	
Profit After Tax	243.4	223.3	9.0%	402.4	368.7	9.1%
Equity in Affiliates	5.0	4.9		10.2	7.3	
Minority Interest	(22.6)	(22.1)		(36.3)	(34.3)	
Net Income	<u>\$ 225.8</u>	<u>\$ 206.1</u>	9.6%	<u>\$ 376.3</u>	<u>\$ 341.7</u>	10.1%



2005 vs. 2004 Earnings Per Share

	<u>Second Quarter</u>		<u>Year to Date</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Earnings per Share:				
Basic	\$ 1.24	\$ 1.10	\$ 2.07	\$ 1.82
Diluted	1.24	1.10	2.05	1.81
Weighted Average Shares (millions):				
Basic	181.4	186.8	182.0	187.3
Diluted	182.8	188.2	183.5	188.8
Dividend Declared Per Share	\$0.225	\$0.225	\$0.450	\$0.450



2005 Total Revenue Growth

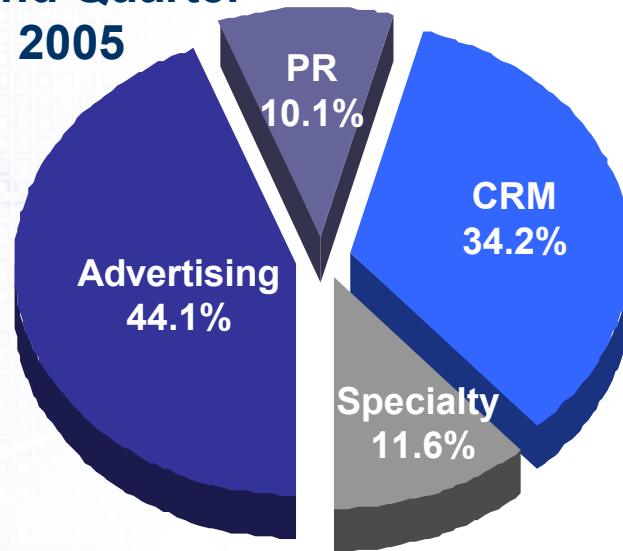
	Second Quarter		Year to Date	
	\$	%	\$	%
Prior Period Revenue	\$ 2,407.8		\$ 4,639.2	
Foreign Exchange (FX) Impact (a)	53.9	2.2%	101.6	2.2%
Acquisition Revenue (b)	(14.3)	-0.6%	(19.1)	-0.4%
Organic Revenue (c)	168.4	7.0%	297.1	6.4%
Current Period Revenue	<u>\$ 2,615.8</u>	<u>8.6%</u>	<u>\$ 5,018.8</u>	<u>8.2%</u>

- (a) To calculate the FX impact, we first convert the current period's local currency revenue using the average exchange rates from the equivalent prior period to arrive at constant currency revenue. The FX impact equals the difference between the current period revenue in U.S. dollars and the current period revenue in constant currency.
- (b) Acquisition revenue is the aggregate of the applicable prior period revenue of the acquired businesses. Netted against this number is the revenue of any business included in the prior period reported revenue that was disposed of subsequent to the prior period.
- (c) Organic revenue is calculated by subtracting both the acquisition revenue and the FX impact from total revenue growth.



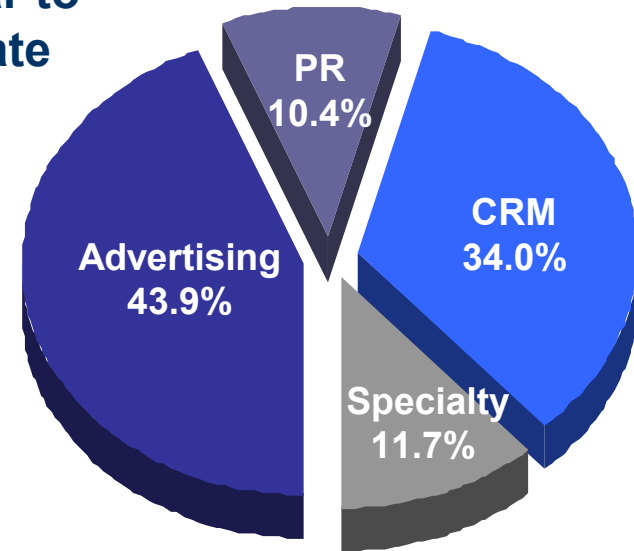
2005 Revenue By Discipline

**Second Quarter
2005**



	<u>\$ Mix</u>	<u>% Growth (a)</u>
Advertising	1,154.1	8.9%
CRM	893.7	10.5%
PR	264.9	0.7%
Specialty	303.1	9.8%

**Year to
Date**



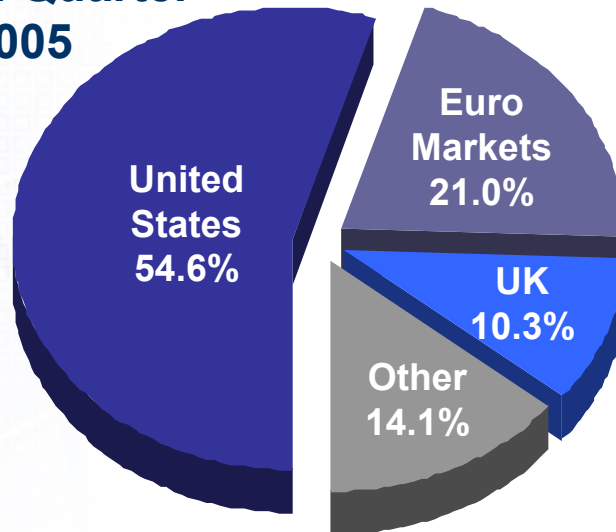
	<u>\$ Mix</u>	<u>% Growth (a)</u>
Advertising	2,203.9	8.2%
CRM	1,704.6	9.4%
PR	521.2	3.7%
Specialty	589.1	8.9%

(a) "Growth" is the year-over-year growth from the prior period.

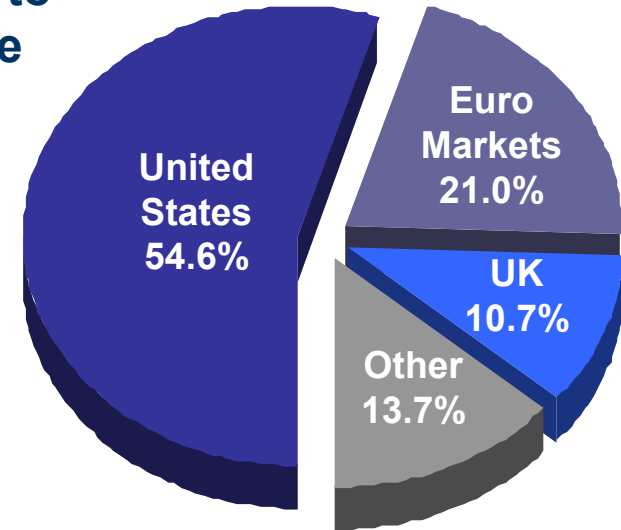


2005 Revenue By Geography

Second Quarter 2005



Year to Date



	<u>\$ Mix</u>	<u>\$ Growth^(a)</u>
United States	\$ 1,427.7	\$ 122.7
Organic		113.9
Acquisition		8.8
International	\$ 1,188.1	\$ 85.3
Organic		54.5
Acquisition		(23.1)
FX		53.9
	<u>\$ Mix</u>	<u>% Growth^(a)</u>
United States	\$ 1,427.7	9.4%
Euro Currency Markets	549.1	8.9%
United Kingdom	269.6	1.2%
Other	369.4	11.2%

	<u>\$ Mix</u>	<u>\$ Growth^(a)</u>
United States	\$ 2,739.8	\$ 219.5
Organic		197.5
Acquisition		22.0
International	\$ 2,279.0	\$ 160.1
Organic		99.6
Acquisition		(41.1)
FX		101.6
	<u>\$ Mix</u>	<u>% Growth^(a)</u>
United States	\$ 2,739.8	8.7%
Euro Currency Markets	1,055.3	9.8%
United Kingdom	535.1	2.5%
Other	688.6	8.2%

(a) "Growth" is the year-over-year growth from the prior period.



Cash Flow – GAAP Presentation (condensed)

	<u>6 months ended June 30,</u>	
	<u>2005</u>	<u>2004</u>
Net Income	\$ 376.3	\$ 341.7
Stock-Based Compensation Expense	61.4	70.0
Depreciation and Amortization	85.5	86.6
Other non-cash items to reconcile to net income	26.7	23.9
Other changes in Working Capital	(1,120.1)	(786.1)
Net Cash Used in Operations	<u>(570.2)</u>	<u>(263.9)</u>
Capital Expenditures	(67.2)	(78.1)
Acquisitions	(134.2)	(158.7)
Proceeds from Sale of Businesses	29.3	-
Other Investing Activities, net	626.0	286.9
Net Cash Provided by Investing Activities	<u>453.9</u>	<u>50.1</u>
Dividends	(82.4)	(79.7)
Stock Repurchases	(524.0)	(286.8)
Other Financing Activities	(86.7)	(27.1)
Net Cash Used in Financing Activities	<u>(693.1)</u>	<u>(393.6)</u>
Effect of exchange rate changes on cash and cash equivalents	(12.7)	22.1
Net Decrease in Cash and Cash Equivalents	<u>\$ (822.1)</u>	<u>\$ (585.3)</u>



After-Tax Free Cash Flow (a)

	6 months ended June 30,	
	2005	2004
Net Income	\$ 376.3	\$ 341.7
Stock-Based Compensation Expense	61.4	70.0
Depreciation and Amortization	85.5	86.6
Cash-Tax Differences ^(b)	52.9	48.4
After-Tax Free Cash Flow	576.1	546.7
Primary Cash Uses:		
Capital Expenditures	67.2	78.1
Dividends	82.4	79.7
Acquisitions, (net of sale proceeds) ^(c)	104.9	158.7
Stock Repurchases, (net of proceeds) ^(d)	457.0	256.5

- (a) The After-Tax Free Cash Flow numbers presented above are a non-GAAP measure. They exclude changes in working capital and certain other investing and financing activities. This presentation reflects the metrics used by management to assess our generation of cash. We believe that this presentation is more meaningful for understanding our after-tax free cash flow and our primary uses of that cash flow. This presentation was derived from our GAAP condensed statement of cash flow on the previous page of this presentation.
- (b) Reflects cash-tax differences arising from our convertible bonds and tax deductible goodwill. These amounts are included in "Other changes in Working Capital" on the previous page of this presentation.
- (c) Net of proceeds of \$29.3 million in 2005 from the sale of businesses.
- (d) Stock repurchases of \$524.0 million and \$286.8 million are net of proceeds from stock option exercises and stock sold in our employee stock purchase plan of \$67.0 million and \$30.3 million for the six months ended June 30, 2005 and 2004, respectively.



Current Credit Picture

	<u>LTM ended June 30,</u>	
	<u>2005</u>	<u>2004</u>
Operating Income (EBIT) ^(a)	\$ 1,282	\$ 1,143
Net Interest Expense ^(a)	\$ 45.2	\$ 39.3
EBIT / Net Interest	28.4 x	29.1 x
Net Debt / EBIT	1.7 x	1.7 x
Debt:		
Bank Loans (Due Less Than 1 Year)	\$ 132	\$ 41
5.20% Euro Notes Due 6/24/05	-	186
Convertible Notes Due 2/7/31	847	847
Convertible Notes Due 7/31/32	892	892
Convertible Notes Due 6/15/33	600	600
Other Debt	20	25
Total Debt	\$ 2,491	\$ 2,591
Cash and Short Term Investments	365	678
Net Debt	\$ 2,126	\$ 1,913

(a) "Operating Income (EBIT)" and "Net Interest Expense" calculations shown are latest twelve month ("LTM") figures as specified. Although our bank agreements reference EBITDA, we have used EBIT for this presentation because EBITDA is a non-GAAP measure. Latest twelve month figures for the period ended June 30, 2004 were restated to reflect the adoption of SFAS 123 – "Accounting for Stock-Based Compensation."



Current Liquidity Picture

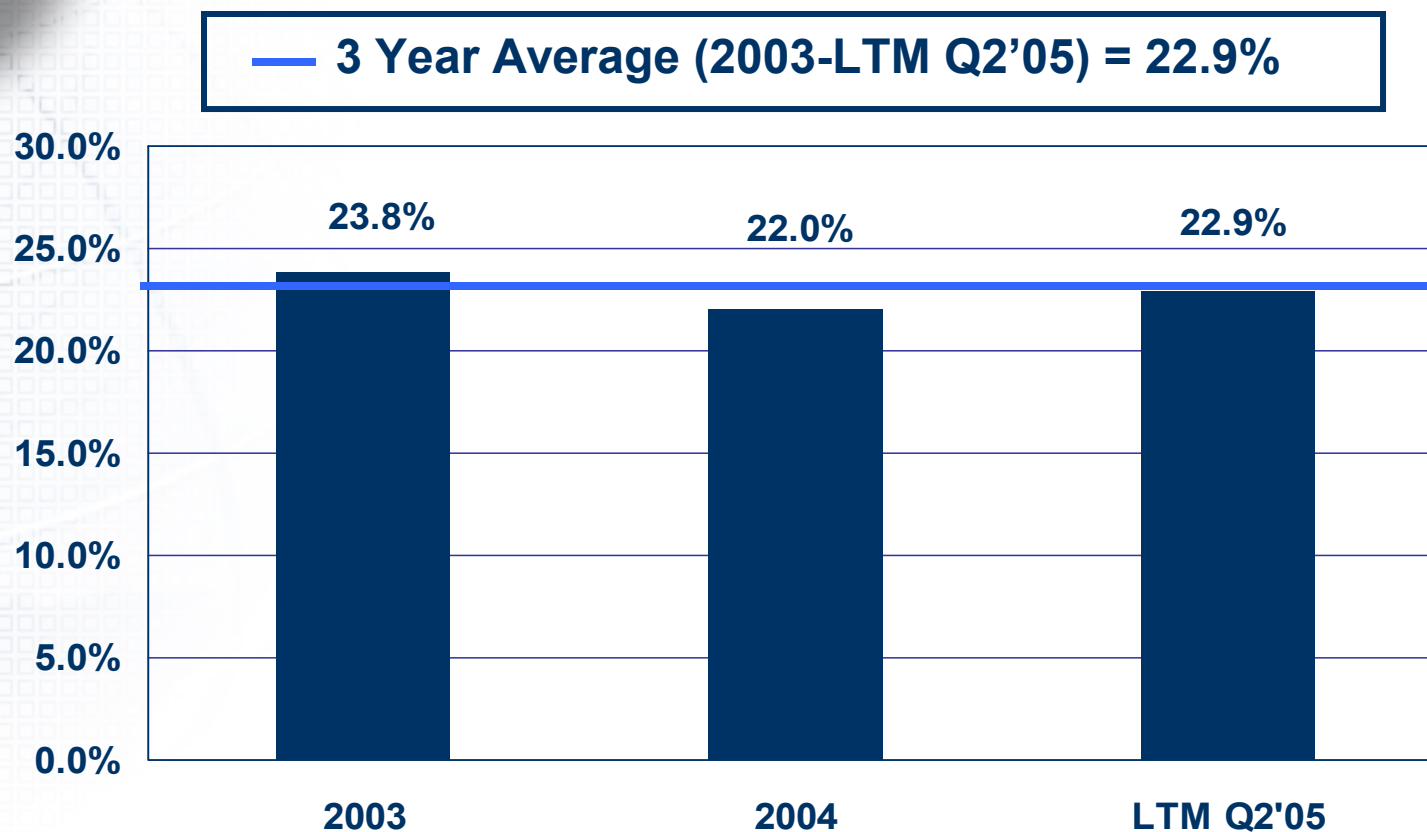
	<u>Total Amount Of Facility</u>	<u>As of June 30, 2005</u>	
		<u>Outstanding</u>	<u>Available</u>
Committed Facilities			
364 Day Revolver Due 6/29/06 ^(a)	\$ 400	\$ -	\$ 400
5 Year Revolver Due 5/23/10	2,100	-	2,100
Other Committed Credit Facilities	13	13	-
Total Committed Facilities	2,513	13	2,500
Uncommitted Facilities ^(b)	352	119	-
Total Credit Facilities	\$ 2,865	\$ 132	\$ 2,500
Cash & Short Term Investments			365
Total Liquidity Available			<u>\$ 2,865</u>

(a) The \$400 million 364 Day Credit facility includes a one-year term out at maturity at our option.

(b) Uncommitted facilities in the U.S., U.K. and Canada. These amounts are excluded for purposes of this analysis.



Return on Equity (a)



(a) "Return on Equity" is constant dollar based Net Income for the given period divided by the shareholders' equity at the end of the prior period which has also been adjusted to a constant dollar basis.

In connection with our adoption on January 1, 2004 of SFAS 123 – "Accounting for Stock-Based Compensation" as amended by SFAS 148, "Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment for FASB Statement No.123," utilizing the retroactive restatement method, stock-based compensation costs have been expensed in the current period and the results for the year ended December 31, 2003 have been restated as if we had used the fair value method to account for employee stock-based compensation beginning January 1, 2003.



Acquisitions Summary



Acquisition Related Expenditures

	<u>6 Months YTD 2005</u>
New Subsidiary Acquisitions ^(a)	\$ 3
Affiliates to Subsidiaries ^(b)	-
Affiliates ^(c)	1
Existing Subsidiaries ^(d)	31
Earn-outs ^(e)	113
Total Acquisition Expenditures	<u>\$ 148</u>

Note: See appendix for subsidiary acquisition profiles.

- (a) Includes acquisitions of a majority interest in new agencies resulting in their consolidation.
- (b) Includes acquisitions of additional equity interests in existing affiliate agencies resulting in their majority ownership and consolidation.
- (c) Includes acquisitions of less than a majority interest in agencies in which Omnicom did not have a prior equity interest and the acquisition of additional interests in existing affiliated agencies that did not result in majority ownership.
- (d) Includes the acquisition of additional equity interests in already consolidated subsidiary agencies.
- (e) Includes additional consideration paid for acquisitions completed in prior periods.



Potential Earn-out Obligations

The following is a calculation of future earn-out obligations as of June 30, 2005, assuming that the underlying acquired agencies continue to perform at their current levels: (a)

<u>2005^(b)</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Thereafter</u>	<u>Total</u>
\$ 113	\$ 89	\$ 94	\$ 49	\$ 27	\$ 372

- (a) The ultimate payments will vary as they are dependent on future events and changes in FX rates.
(b) After payments of \$113 million made in the first half of 2005.



Potential Obligations

In conjunction with certain transactions Omnicom has agreed to acquire (at the sellers' option) additional equity interests. The following is a calculation of these potential future obligations (as of June 30, 2005), assuming these underlying acquired agencies continue to perform at their current levels: (a)

	<u>Currently Exercisable</u>	<u>Not Currently Exercisable</u>	<u>Total</u>
Subsidiary Agencies	\$ 113	\$ 94	\$ 207
Affiliated Agencies	26	13	39
Total	<u>\$ 139</u>	<u>\$ 107</u>	<u>\$ 246</u>

(a) The ultimate payments will vary as they are dependent on future events and changes in FX rates.



Second Quarter Acquisition

the / **zimmerman** / agency

the / zimmerman / agency

The / zimmerman / agency, founded in 1987, is an integrated marketing communications firm specialized in the hospitality and tourism sectors. The agency's services include advertising, brand consulting, public relations and interactive marketing.

The agency is located in Tallahassee, Florida and will be aligned with our existing agency, Zimmerman & Partners Advertising.