

# COMBINED GENERAL SHAREHOLDERS' MEETING

29 MAY  
2019



# PUBLICIS GROUPE SHAREHOLDERS' MEETING IS WEBCAST LIVE

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# AGENDA

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# ORDINARY GENERAL SHAREHOLDERS' MEETING

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## AGENDA 1/3

### Resolutions:

- Approval of the corporate financial statements for fiscal year 2018
- Approval of the consolidated financial statements for fiscal year 2018
- Allocation of net income for fiscal year 2018 and declaration of dividend
- Option for payment of dividend in cash or shares
- Approval of commitments submitted to the regulated agreements procedure for the benefit of the Chair and members of the Management Board
- Approval of the elements of compensation and various benefits paid or awarded in respect of the 2018 fiscal year to Maurice Levy, Chair of the Supervisory Board



# ORDINARY GENERAL SHAREHOLDERS' MEETING

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## AGENDA 2/3

### Resolutions (continued):

- Approval of the elements of compensation and various benefits paid or awarded in respect of the 2018 fiscal year to Arthur Sadoun, Chair of the Management Board.
- Approval of the elements of compensation and various benefits paid or awarded in respect of the 2018 fiscal year to :
  - Jean-Michel Etienne, member of the Management Board
  - Anne-Gabrielle Heilbronner, member of the Management Board
  - Steve King, member of the Management Board
- Approval of the compensation policy regarding the Chair and members of the Supervisory Board in respect of the 2019 fiscal year



# ORDINARY GENERAL SHAREHOLDERS' MEETING

## AGENDA 3/3

### Resolutions (continued):

- Approval of the compensation policy regarding the Chair and members of the Management Board in respect of the 2019 fiscal year
- Appointment of three new members of the Supervisory Board for a period of 4 years
  - Mrs. Antonella Mei-Pochtler
  - Mrs. Suzan LeVine
  - Mr. Enrico Letta
- Renewal of the mandate of Ernst & Young et Autres as statutory auditor
- Authorization to be granted to the Management Board to enable the Company to trade in its own shares





# EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

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## AGENDA 1/2

### Resolutions:

- Authorization to be granted to the Management Board to decrease the capital via the cancellation of all or part of the Company's share capital
- Delegation of authority to be granted to the Management Board to issue shares and/or securities, with cancellation of preferential subscription rights, in consideration of contributions in kind granted to the Company and consisting of shares or other equity giving access to the share capital, excluding public exchange offers



# EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

## AGENDA 2/2

### Resolutions (continued):

- Authorization to be granted to the Management Board to grant subscription options, entailing the waiver by shareholders of their preferential subscription rights, and/or the purchase of shares in favor of employees and/or corporate officers
- Delegation of authority to be granted to the Management Board to issue shares or securities with cancellation of preferential subscription rights :
  - For the benefit of members of a Company savings plan
  - For the benefit of certain categories of beneficiaries





# ORDINARY GENERAL SHAREHOLDERS' MEETING

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## Resolution:

- Powers to carry out legal formalities



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**PUBLICIS  
GROUPE**

# SUMMARY OF THE YEAR 2018 AND 2019 PROSPECTS

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**2018:  
A YEAR FULL OF CHALLENGES  
FOR BOTH OUR CLIENTS AND OUR INDUSTRY**

## FIRST OF ALL FOR OUR CLIENTS...

Low growth environment  
and  
Pressure on costs



*Bad year for financial markets  
S&P 500: worst month of December  
since 1931*

Development of  
*Direct-to-Consumer  
brands*



*10% market shares  
in some categories*

Revolution  
in retailing:  
e-commerce giants



*Domination  
of Amazon and Alibaba*

**Attrition:**  
Budget review resulting in lower fees

## FOR OUR INDUSTRY

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**Acceleration of  
new consumer  
purchasing behaviour**



*900 digital interactions  
before buying a car*

**Expansion of  
consultants  
in the marketing world**



*Accenture acquires Droga5*

**Omnipresence  
of platforms**



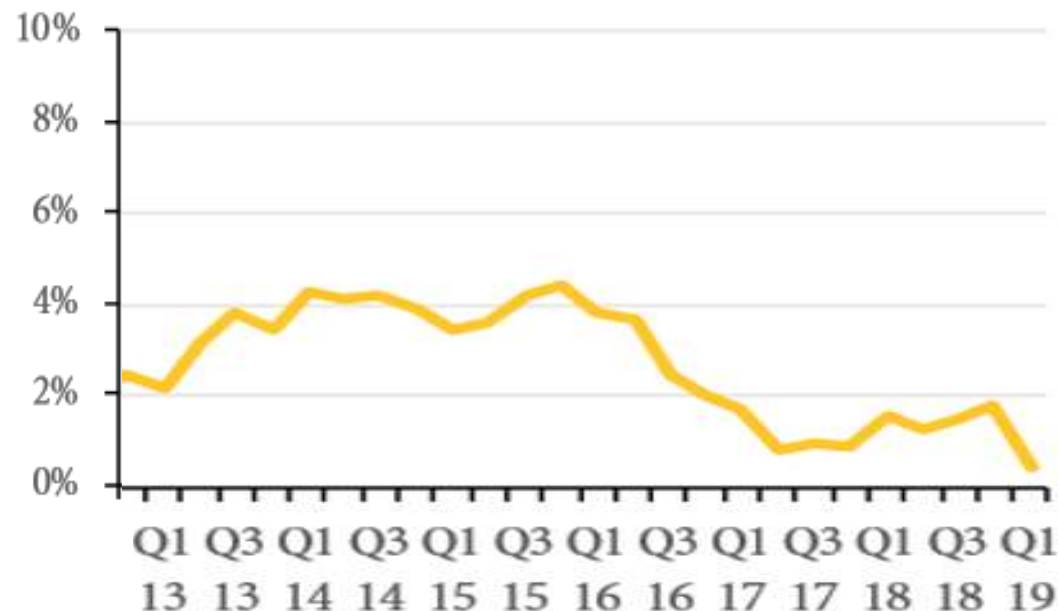
*Google and Facebook: 100%  
of digital growth in the US*

**Reallocation  
of marketing expenses towards new expertise  
(data, digital, technology)**

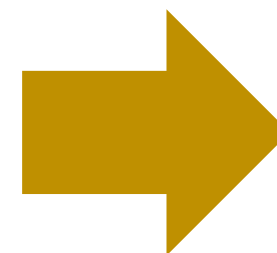


# THE ATTRITION AND THE REALLOCATION OF MARKETING EXPENSES IMPACTED ORGANIC GROWTH

Average compound organic growth of 4 holding companies



Source: Redburn, company data

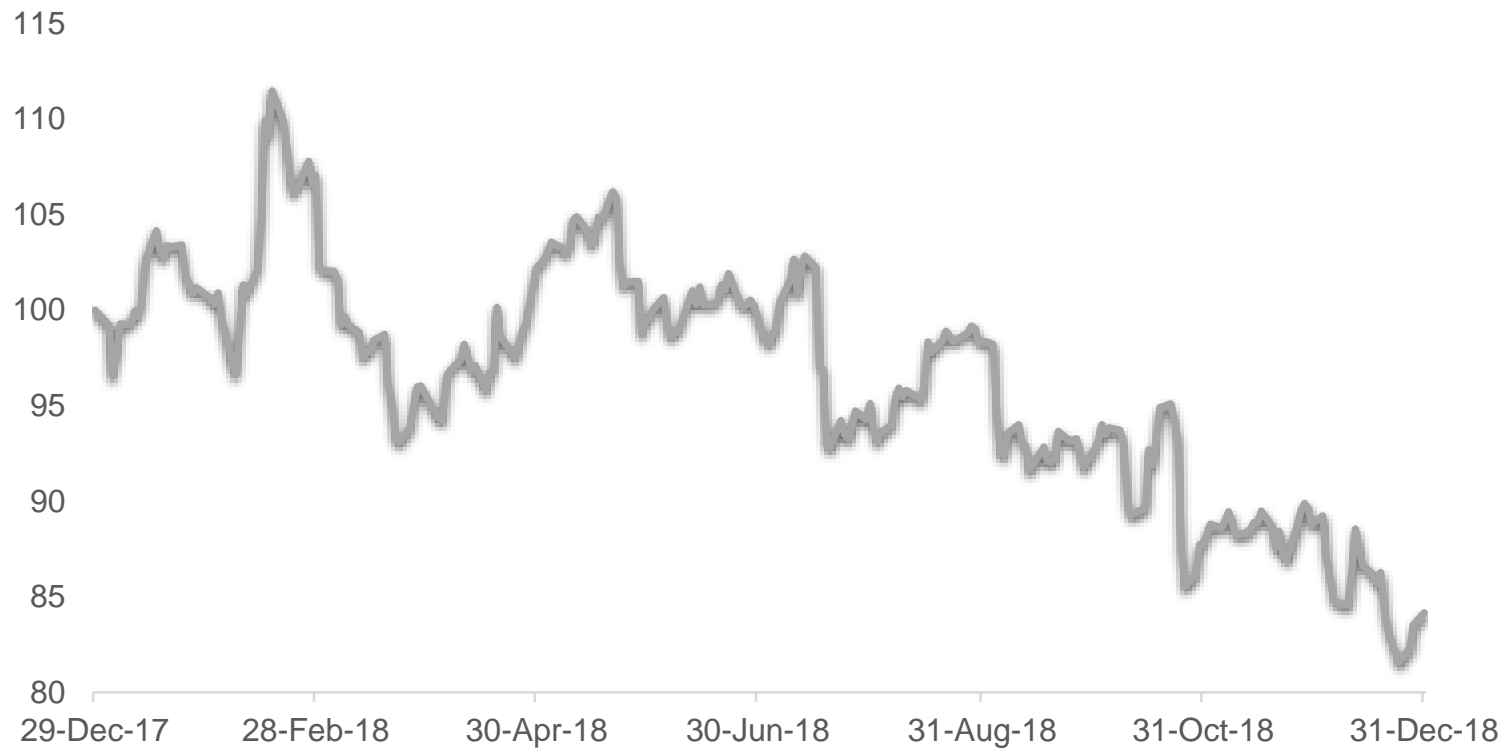


**Against this backdrop,  
Publicis Groupe  
recorded in 2018  
+ 0.8% organic growth <sup>(1)</sup>**

(1) Net revenue organic growth excluding PHS. 2018 net revenue 2018: € 8 969 m, with a reported growth at -3.9% and organic growth including PHS: +0.1%.

## ... AND THE VALUATION OF THE SECTOR

### Stock market prices' evolution weighted by Omnicom, WPP, Publicis et Interpublic in 2018 <sup>(1)</sup>

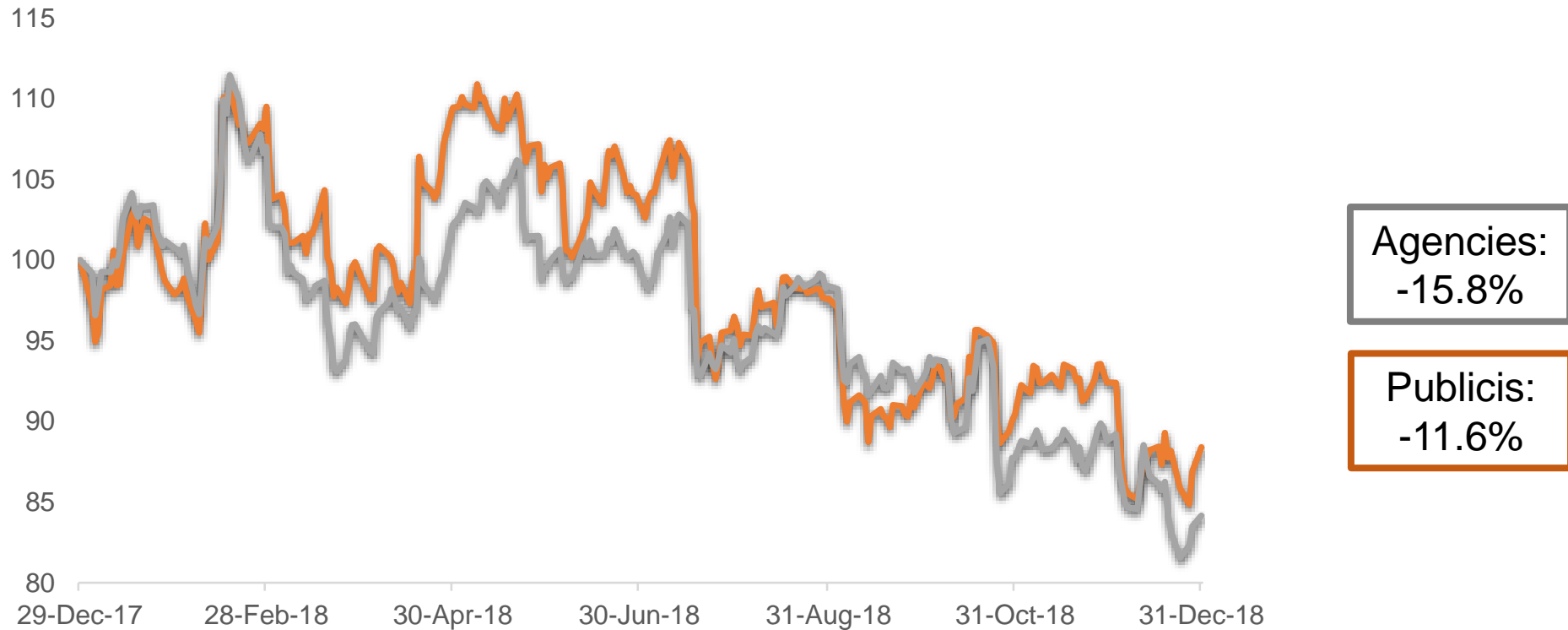


Agencies:  
-15.8%

(1) Share prices weighted by market capitalization as of December, 29 2017

## ... AND THE VALUATION OF THE SECTOR

### Stock market prices' evolution weighted by Omnicom, WPP, Publicis et Interpublic in 2018 <sup>(1)</sup>



(1) Share prices weighted by market capitalization as of December, 29 2017

**AGAINST THIS BACKDROP,  
PUBLICIS GROUPE  
HAS ACCELERATED ITS TRANSFORMATION  
IN ORDER TO ADDRESS  
CLIENTS' NEEDS  
OF TODAY AND TOMORROW**

**IN 2018, PUBLICIS GROUPE RECORDED**  
**A RECORD YEAR**  
**COMMERCIALY ET FINANCIALLY**  
**WHILE REINFORCING ITS CSR COMMITMENTS**

# **1. WE IMPLEMENTED THE WINNING POSITIONNING**





Mercedes-Benz



## THE INDISPENSABLE PARTNER IN THE TRANSFORMATION OF OUR CLIENTS

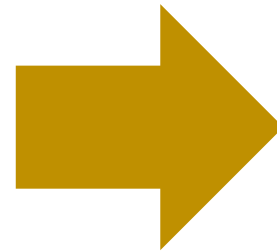


# STRONG GROWTH FOR OUR STRATEGIC GAME CHANGERS

## STRATEGIC GAME CHANGERS (c. 12% of net revenue)

### New offer combining:

- Data
- Dynamic creativity
- Digital Business Transformation



**+28%**  
**Organic growth**  
**€ 1 050 m of net revenue**

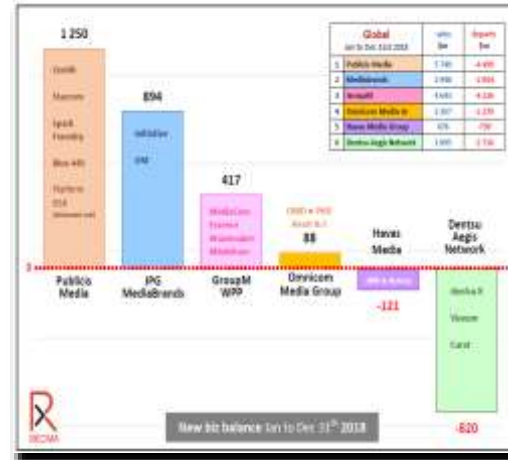
# PUBLICIS GROUPE NUMBER 1 IN NEW BUSINESS (1)



**J.P.Morgan**  
 "Let's Get Down to New Business!"  
 December 20th, Agency New Business Review

Media account growth...  
 Agency Account Action: P&G top, WPP bottom in 2018

New business: WPP tops the new business table in 2018

**R3**  
 2018 MEDIA AGENCIES NEW BUSINESS LEAGUE

Global / Dec 2018

RANK	AGENCY	REVENUE	NEW BUSINESS	NEW CLIENTS	NEW LOGOS	NEW LOGOS TO LOGOS	% CHG
1	Publicis	1,250	200	200	200	100%	0%
2	Leo Burnett	894	100	100	100	100%	0%
3	Havas	417	200	200	200	100%	0%
4	Omnicom	388	200	200	200	100%	0%
5	Omnicom Media Group	388	200	200	200	100%	0%
6	Omnicom Agency Network	100	200	200	200	100%	0%

(1) Source: Goldman Sachs, JPMorgan, RECMA, R3

**2. WE HAVE DELIVERED THE BEST FINANCIAL  
PERFORMANCES IN THE INDUSTRY  
AND EXCEEDED OUR OBJECTIVES**

## 2018 KEY FIGURES

Operating  
Margin <sup>(1)</sup>

**€ 1 501 m**

**+5.0%** at constant rates  
-0.3% reported

Net income <sup>(1)</sup>  
Group share

**€ 944 m**

**+9.5%**

Free cash flow  
(after change in WCR)

**€ 1 311 m**

**+2.4%** at constant rates  
-3.3% reported

Dividend <sup>(2)</sup>

**€ 2.12**

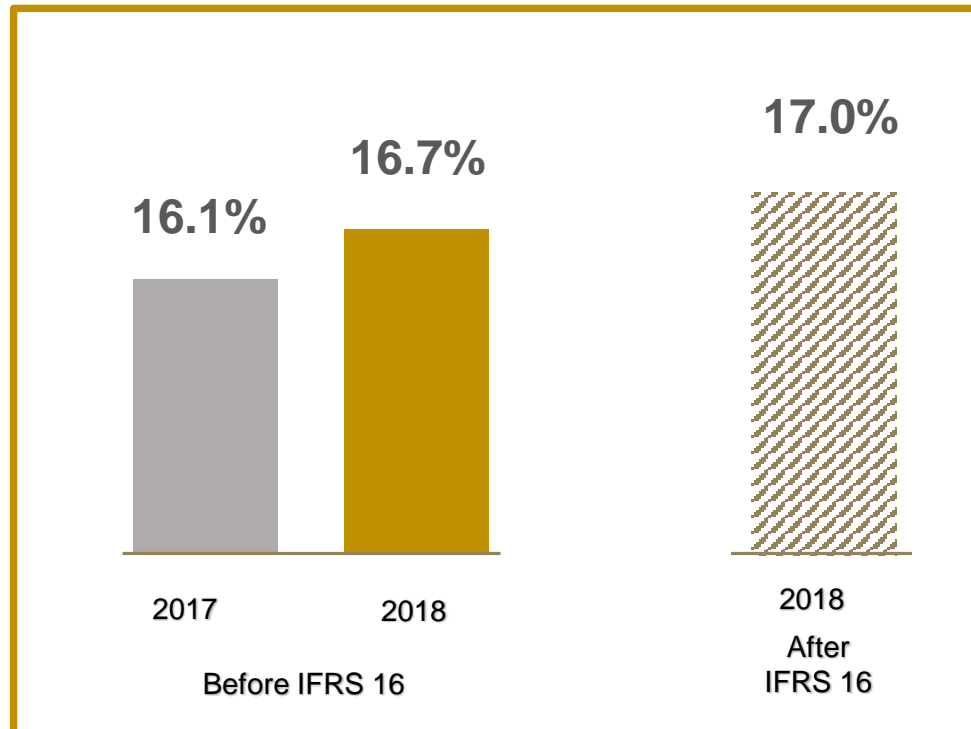
**+6.0%**

(1) Before IFRS 16. By applying IFRS 16 in advance (use of the prospective method), the operating margin stands at €1,523 m and the net income, Group share at € 919 m in 2018.

(2) To be submitted to shareholders vote.

# INCREASE IN OPERATING MARGIN RATE ABOVE EXPECTATIONS

## Operating margin rate



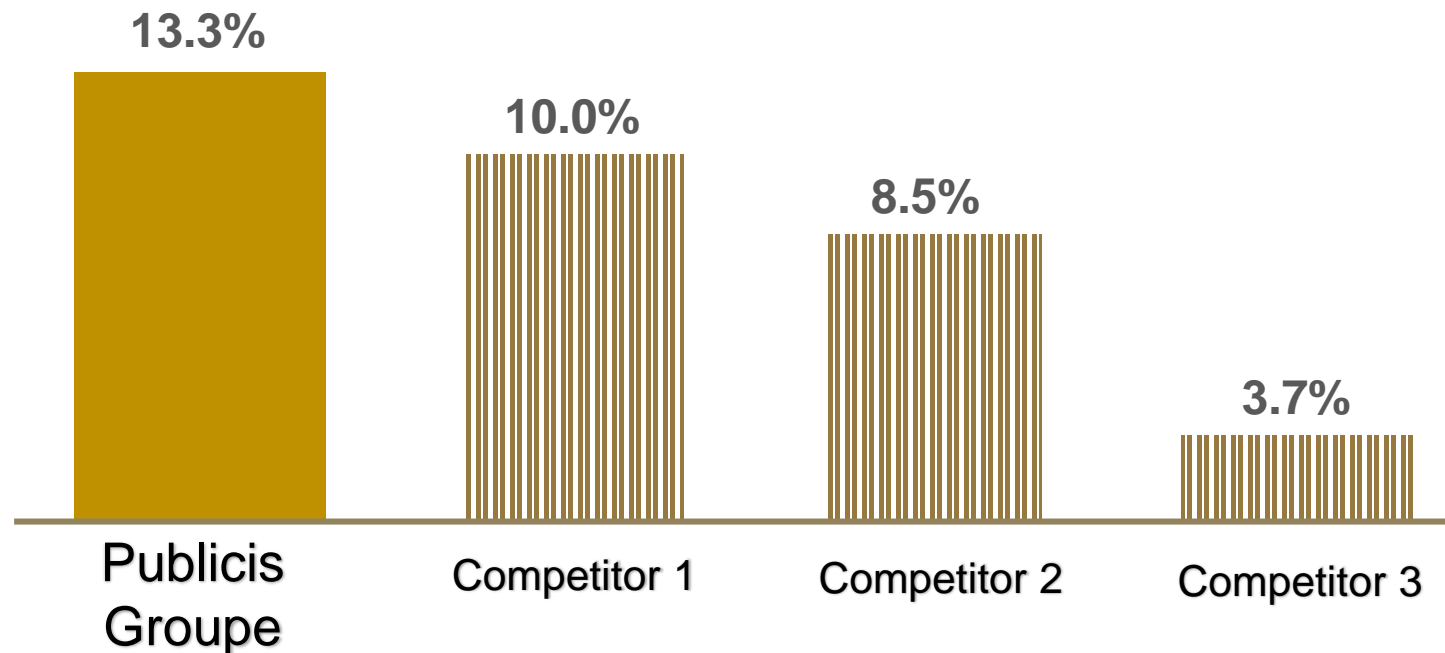
The operating margin rate increased by **60 basis points** in 2018 and included:

- **€ 194 m** of cost savings
- **€ 109 m** invested in our game changers



## BEST CASH GENERATION WITHIN THE INDUSTRY

- Free Cash Flow <sup>(1)</sup> of € 1.3 bn in 2018, up 2.4% at constant currencies
- Free Cash Flow <sup>(1)</sup>, as % of 2018 revenue, compared to traditional competitors <sup>(2)</sup> :



(1) After change in WCR

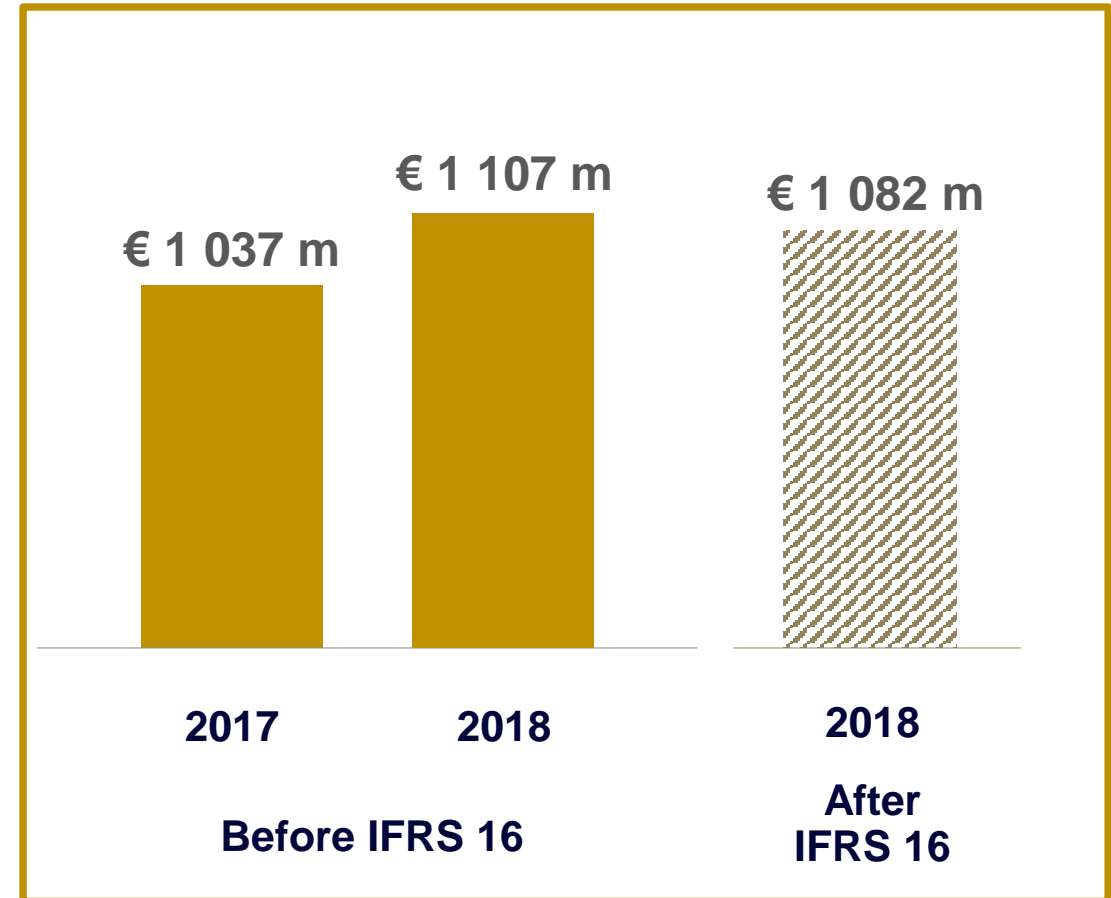
(2) Free Cash Flow calculated by applying Publicis Groupe accounting principles

## STRONG GROWTH IN NET INCOME

**Net income, Group share**  
up 9.5% in 2018

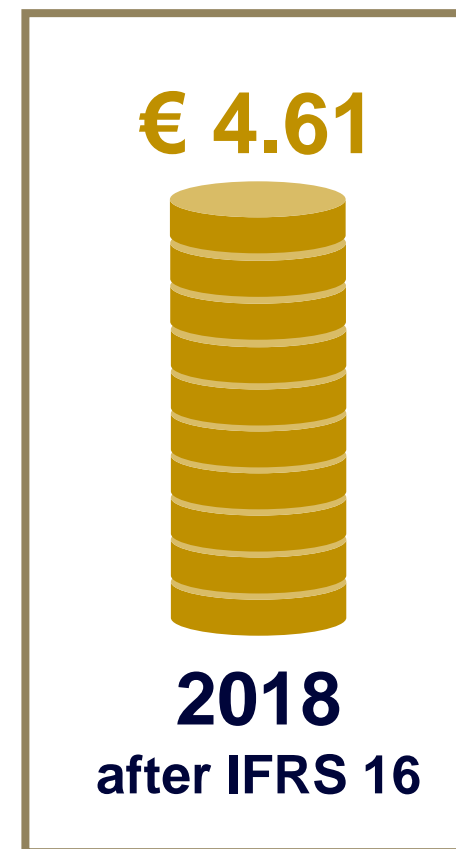
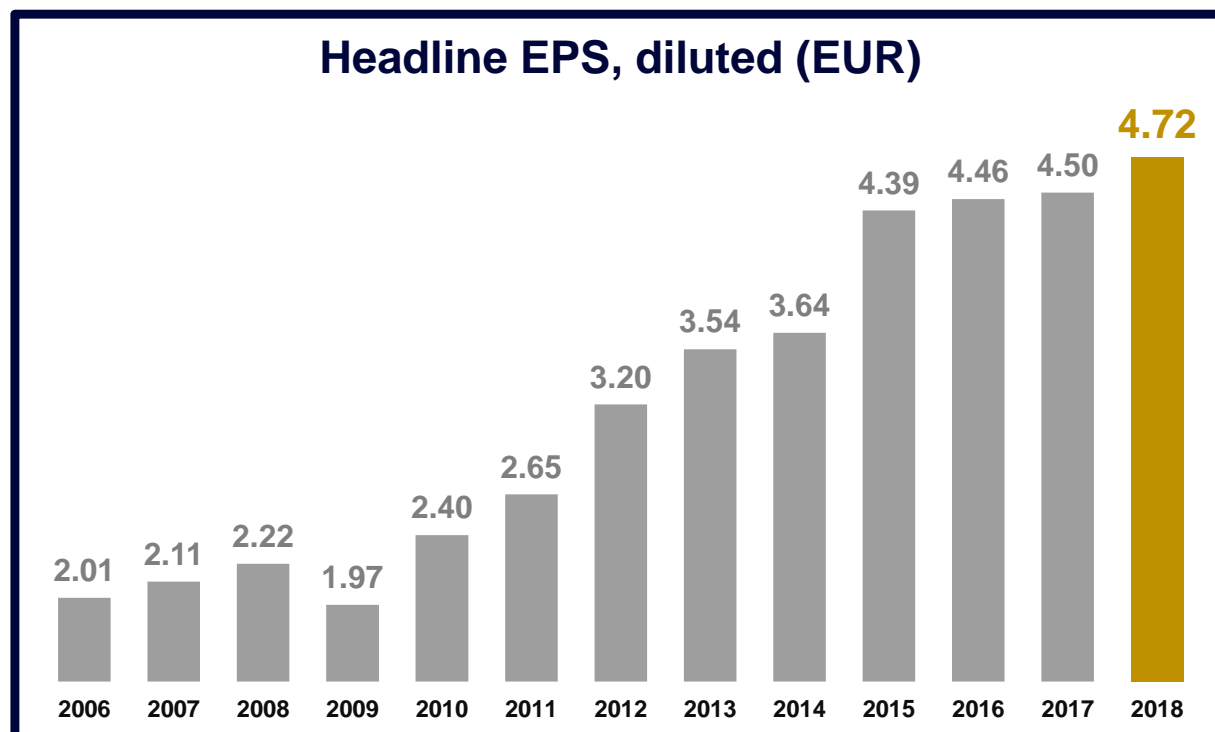


**Headline net income, Group share**  
up 6.8% in 2018



# THE HIGHEST EARNINGS PER SHARE IN THE HISTORY OF THE GROUPE

The highest ever recorded diluted EPS <sup>(1)</sup>  
**+10.3% growth at constant currencies**

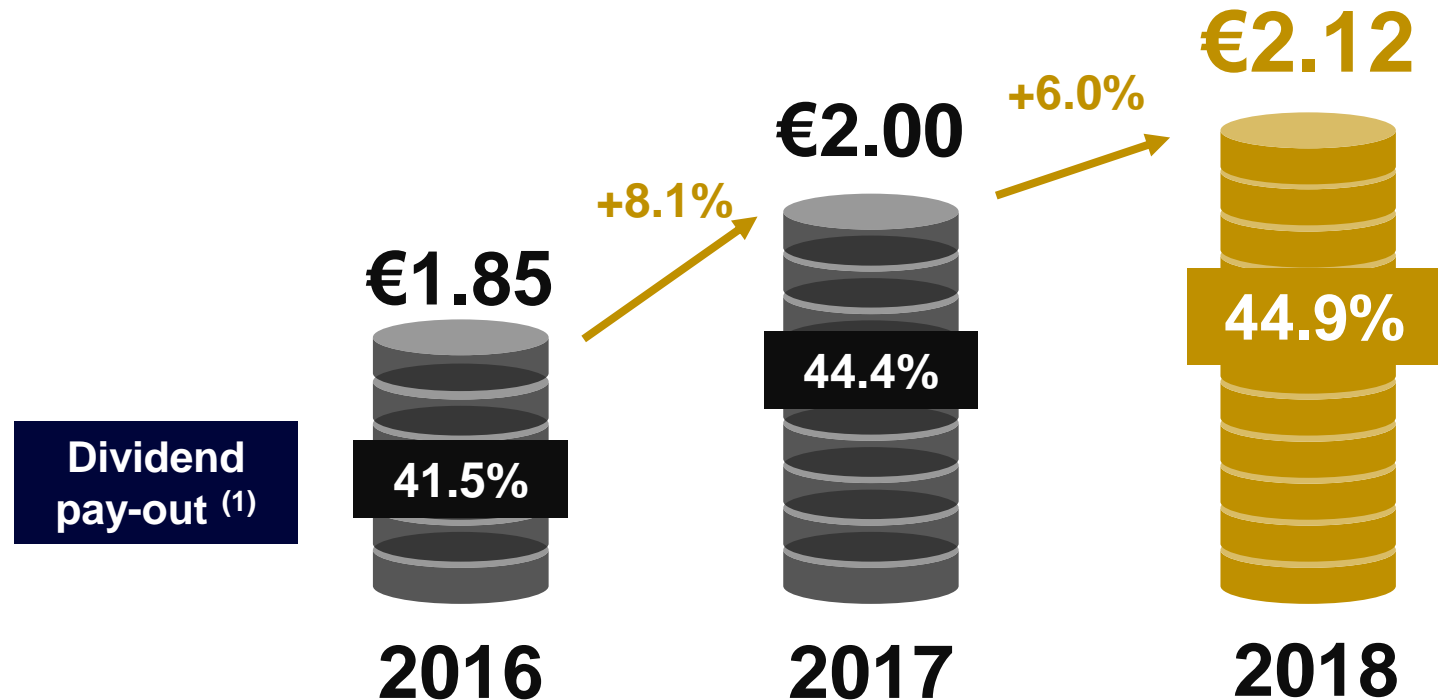


IFRS16 is applied from January 1, 2018 using prospective method without restatement of previous period

(1) See definitions at the end of the presentation deck

(2) For comparison purposes, 2018 figures are presented before the application of IFRS16.

## DIVIDEND OF € 2.12 PER SHARE, UP 6.0%



2018 dividend to be submitted to AGM's approval on 29 May 2019

Option for the dividend payment: cash or shares

(1) See definitions at the end of the presentation deck

### **3. CORPORATE SOCIAL RESPONSIBILITY: WE CONTINUED TO REINFORCE OUR COMMITMENTS**

- ➔ For our talents
- ➔ For our clients
- ➔ For society and all citizens

# FOR OUR TALENTS

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## Learning for all

- 68% of employees received training (1.35 million hours – 26.5h *per capita*)
- New programs were launched at the start of 2019: *SPRINT*, LAB 1 and LAB 2

## Fighting against inequality

- Exceptional bonus of €1000 paid to 31% of all employees in France in 2018

## Gender equality

- Management teams more mixed
  - **55%** women on the Supervisory board
  - **40.2%** women on agency executive committees
- Participation in commitments that are visible and tangible



# FOR OUR CLIENTS

**Transparency** at the heart of our business offering

- 44 audits completed with success in the United States.
- The highest standards in the industry when managing personal data
- Investing in *NewsGuard* to combat Fake News

Business ethics, **a historic value of Publicis Groupe**

- Continued improvement in the **Janus code of conduct**, teams continuously trained
- Simplification of our alert reporting mechanism for all irregularities (Whistleblowing)
- An engagement in **Responsible Marketing**



# FOR THE SOCIETY

## Continuing our engagements...

### ➔ For **communities**

— **49 M€** in 2018 across 770 *pro bono* campaigns and volunteer projects

### ➔ For the **environment** :

— **31 %** improvement in carbon intensity since 2009

— **33,5 %** energy from renewable sources

### ➔ In terms of **extra-financial performance**





**ONE LAST IMPORTANT THING...**

**AFTER MARCEL BLEUSTEIN-BLANCHET,  
MAURICE LÉVY  
ENTERS THE HALL OF FAME**

## **THREE PRIORITIES FOR 2019**

- 1. RETURN TO ORGANIC GROWTH**
- 2. CONTINUE TO SIMPLIFY OUR STRUCTURES**
- 3. INTEGRATE EPSILON,  
AFTER THE CLOSING OF THE TRANSACTION**

# 1. RETURN TO ORGANIC GROWTH

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- Q1 2019 in line with expectations. Attrition continued, as anticipated, mainly in North America: **-1.6% organic growth** <sup>(1)</sup>.
- Three levers to return to strong and profitable growth:
  - Development of the **Strategic Game Changers**
  - Continue the momentum in **New business** (*NBC Entertainment, Tesco, Chevrolet, Singapore Health Promotion Board*)
  - **Cross-selling of our expertise** with our clients by country

(1) Net revenue growth excluding Publicis Health Services

## 2. CONTINUE TO SIMPLIFY OUR STRUCTURES

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- Put our **Top 100 clients** at the core of our organization with a unique leader and P&L
- Finalization of **country model** in every market
- Implementation of **global Practices** in Marketing Transformation and **Industry Verticals** in Business Transformation
- **Launch of *Marcel*** in key markets
- Ramp-up of **our technology excellence center** in India

### **3. INTEGRATE EPSILON, AFTER THE CLOSING OF THE TRANSACTION**

# EPSILON: COMPANY BACKGROUND

- Epsilon's expertise enables to structure and enrich the raw data available to its clients and to deliver personalized, multi-channel campaigns at scale.
- \$1.9 bn of net revenue in 2018, 97% comes from US.
- 9 000 employees, including:
  - 3 700 *data scientists*
  - 2 000 engineers based in Bangalore
- Clients: at least 7 out of top 10 companies in industries such as auto, retail, financial services, CPG and media.

## KEY STATS

**#1**  
ranked CRM, email &  
loyalty platforms <sup>(1)</sup>

**250 M+**  
U.S. consumers identified

**7 000+**  
attributes  
per person

**173 bn**  
transactions

(1) Forrester Waves, 2018 for Email and 2019 for Loyalty; Adage ranking for CRM.

# EPSILON: A VALUE CREATIVE ACQUISITION FOR SHAREHOLDERS

## Transaction highlights

- **Net purchase price of \$3.95bn**, after acquisition-related tax step-up  
**Implied multiple: 8.2x**, with a 2018 adjusted EBITDA <sup>(1)</sup> of \$ 485 m.
- Transaction to be financed **in debt and cash on hand**.
- Subject to customary approvals, expected to close in **Q3 2019**
- **Strategic partnership** with Alliance Data System Corporation

## Financial impact

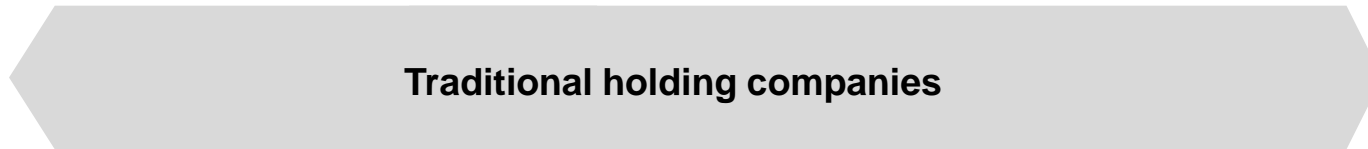
- 2018 Pro forma combined Groupe: **€10.6bn net revenue and €2.1bn EBITDA**
- **Double-digit accretive** to headline EPS and Free Cash Flow per share <sup>(2)</sup> from 2020
- **Significant cash flow generation** and full deleveraging planned four years after the closing of the transaction. Maintain robust balance sheet in line with current rating

(1) 2018 reported Epsilon EBITDA converted from € to \$ at the 2018 average exchange rate of 1.18, adjusted for standalone carve out costs of €21m, share based compensation of €30m to align with Publicis' accounting policy, €60m of run-rate cost reductions being implemented at Epsilon and before any potential cost synergies derived from this transaction.

(2) Headline EPS and FCF per share on a fully diluted basis.



# PUBLICIS GROUPE POSITIONS ON THE FULL VALUE CHAIN OF AN INDUSTRY WORTH \$1.5tn



Market  
Research

Media &  
Activation

Marketing  
Strategy

Advertising &  
Creation

CRM

Data and Data  
Services

Consultancy  
on Business  
Transformation

Technology:  
IT services and  
platform building

# CONCLUSION



**2018 has confirmed the absolute need to transform  
in order to support our clients in facing their new challenges**

**We are building the winning model, with a record year in New Business and  
the best financial performance of the market in 2018**

**With Epsilon, Publicis Groupe will have all the assets to become the  
preferred partner of its clients transformation**

**MERCI**



# SUPERVISORY BOARD REPORT

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# SUPERVISORY BOARD



**Maurice LÉVY**  
CHAIR

COMPENSATION COMMITTEE/ NOMINATING COMMITTEE  
STRATEGY AND RISK COMMITTEE



**Elisabeth BADINTER**  
VICE-CHAIR  
NOMINATING COMMITTEE  
STRATEGY AND RISK COMMITTEE



**Simon BADINTER**



**Jean CHAREST**  
AUDIT COMMITTEE  
NOMINATING COMMITTEE



**Sophie DULAC**



**Thomas H.GLOCER**  
COMPENSATION COMMITTEE  
STRATEGY AND RISK COMMITTEE



**Marie-Josée KRAVIS**  
STRATEGY AND RISK COMMITTEE  
NOMINATING COMMITTEE



**André KUDELSKI**  
COMPENSATION COMMITTEE  
NOMINATING COMMITTEE  
AUDIT COMMITTEE



**Marie-Claude MAYER**  
STRATEGY AND RISK COMMITTEE



**Véronique MORALI**  
COMPENSATION COMMITTEE  
AUDIT COMMITTEE



**Cherie NURSALIM**  
COMPENSATION COMMITTEE



**Pierre PENICAUD**  
REPRESENTING EMPLOYEES  
STRATEGY AND RISK COMMITTEE

## SUPERVISORY BOARD

- Chaired by Mr. Maurice Levy, the Supervisory Board met 6 times in 2018 with an attendance rate of 95%
  
- Composed of 12 members including 1 member representing employees
  - 55% are women (6 / 11) <sup>(1)</sup>
  - 45% are independent members (5 / 11) <sup>(1)</sup>
  - 45% are foreign nationals (5 / 11) <sup>(1)</sup>
  
- Four specialized committees (Nominating Committee, Compensation Committee, Audit Committee and Risk and Strategy Committee) assist the Supervisory Board in carrying out its tasks.

(1) Pursuant to the law, the members of the Board representing employees are not taken into account for the calculation of percentages

# SUPERVISORY BOARD

## PROPOSAL OF A NEW MEMBER



### Appointment of Mrs. Antonella Mei-Pochtler as new member of the Supervisory Board

Born on May 17, 1958, of Italian nationality, Antonella Mei-Pochtler is a Senior Leader with extensive experience in the Consumer, Media and Technology sectors. She has held key leadership positions within The Boston Consulting Group (BCG) at European and global level and has focused her activities in Digital transformation, strategy and organization.

Named as Top 25 Global Consultant by Consulting magazine, she was awarded the Women Leaders in Consulting Lifetime Achievement Award in 2013 .

She is involved in a wide range of activities and social causes, especially on educational equity. She serves as Deputy Chairwoman of Westwing AG, on the Board of DKMS and Teach For All. She is also a cofounder of BCG's education project Business@School, for which she earned the German president's Freedom and Responsibility Award in 2002.

For more than twenty years, she has organized the Brand Club, a top branding and media-focused conference for CEOs in Germany. She is currently the Head of Think-Austria, the Strategy & Planning Unit of the Federal Chancellor of Austria.



# SUPERVISORY BOARD

## PROPOSAL OF A NEW MEMBER



### Appointment of Mrs. Suzan LeVine as new member of the Supervisory Board

Born on November 17, 1969, of US nationality, Suzan (Suzi) LeVine was appointed as Commissioner for the Employment Security Department for the State of Washington in 2018.

She served as US Ambassador to Switzerland and Liechtenstein from 2014 to 2017.

She has also channeled her passion for apprenticeship and careers by serving on the Career Connect Washington Task Force, the CareerWise Colorado board, the Markle Foundation's Rework America Task Force, and the ETH (a Swiss university) Center on the Economics and Management of Education and Training (CEMETS) Advisory Board.

Her previous positions focused on education, technology, community, innovation, travel, social responsibility, and youth outreach. She has worked at Microsoft and at Expedia as a Vice President for Sales and Marketing in Luxury Travel . She co-founded two non-profit organizations – The Kavana Cooperative and an advisory board for the Institute for Learning and Brain Sciences (ILABS) at the University of Washington.

She is a graduate of Brown University with a Bachelor of Arts in English and a Bachelor of Science in mechanical engineering with aerospace applications.



# SUPERVISORY BOARD

## PROPOSAL OF A NEW MEMBER



### Appointment of Mr. Enrico Letta as new member of the Supervisory Board

Born on August 20, 1966, of Italian nationality, Enrico Letta has been Dean of the Paris School of International Affairs (PSIA) at Sciences Po Paris since September 2015. In July 2016, he became President of the Jacques Delors Institute.

He was Minister of European Affairs from 1998 to 1999, then Minister of Industry, Trade and Crafts from January to April 2000. He served as Minister of Industry and Foreign Trade from 2000 to 2001, then as Under-Secretary of State to the Prime Minister, Romano Prodi, from 2006 to 2008.

From 2001 to 2015, he was a Member of the Italian Parliament, except in 2004-2006 when he was a Member of the European Parliament. He was also Deputy Secretary of the Democratic Party from 2009 to 2013.

From 2013 to 2014, he was Prime Minister of Italy.

Enrico Letta graduated in International Law from the University of Pisa (his home town) and holds a Doctorate in European Community Law from the Sant'Anna School of Advanced Studies in Pisa.

# COMMITTEE REPORTS

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# COMPENSATION COMMITTEE

## Chaired by Mr. André Kudelski

- Currently the Committee is composed of 5 members: Mrs. Véronique Morali, Mrs. Cherie Nursalim, Mr. André Kudelski, Mr. Thomas H. Glocer and Mr. Maurice Lévy. Mr. Michel Cicurel is a permanent expert of the Compensation Committee.
- The Committee proposes to the Supervisory Board, and in particular:
  - The compensation of the Chair of the Supervisory Board, Chair and Members of the Management Board
  - The Compensation policy of the Members of the Supervisory Board and Management Board
- The Committee studies the compensation policy in shares, the compensation conditions of the headquarters executives and members of the Solutions and Countries Executives committees as well as the general compensation policies of the Groupe.
- 6 meetings in 2018 with an attendance rate of 87 %

# COMPENSATION COMMITTEE

## COMPENSATION COMMITTEE'S WORK

- The Committee has discussed the questions related to the compensation of the Chairman of the Supervisory Board, the Chairman and Members of the Management Board.
- The Committee has discussed the questions related to the compensation policy in shares for the main executives of the Groupe, in particular through the implementation of LTIP 2018 and another exceptional plan « Sprint to the Future » for about twenty key Groupe's executives.
- The Committee was informed about the bonus plan for the Members of the Solutions and Countries Executive Committees as well as the evolution compensation for these executives.

# COMPENSATION COMMITTEE

## COMPENSATION OF MR. MAURICE LEVY AS CHAIR OF THE SUPERVISORY BOARD

- Active but non operational support to the Management Board
- Fixed compensation at € 2,8 million per annum until May 31, 2019
- Fixed compensation at € 1,9 million per annum as of June 1,2019
- Attendance fees: € 45,000 in 2018

# COMPENSATION COMMITTEE

## COMPENSATION OF MR. ARTHUR SADOUN, CHAIR OF THE MANAGEMENT BOARD

- Annual fixed compensation: € 1 million
- Variable compensation up to 200% of annual fixed compensation
- 2018 exceptional grant of shares with "Sprint to the Future" plan, maximum annual value: € 1,722,211, if all the conditions of the plan are met
- No supplementary pension scheme

# COMPENSATION COMMITTEE

## VARIABLE COMPENSATION OF MR. ARTHUR SADOON, CHAIR OF THE MANAGEMENT BOARD FOR 2018 FISCAL YEAR

	2018 objectives	Performance	Amount €
<b>Quantitative criteria</b>	Organic growth rate	Not achieved	
	Operating margin	Achieved at 100%	900,000
	Rate of change of diluted earnings per share for the Groupe and TSR (Total shareholder return)	Achieved at 80%	
<b>Individual non financial qualitative criteria</b>	Rollout of « Sprint to the Future »	Achieved at 100%	
	Diffusion of « Power of One »	Achieved at 100%	500,000
	Development of « Publicis People Cloud »	Achieved at 100%	
<b>Total variable compensation</b>			<b>1,400,000</b>



# COMPENSATION COMMITTEE

## COMPENSATION OF MANAGEMENT BOARD MEMBERS

### Annual fixed compensation based on

- Scope of responsibility
- Experience
- Internal equity
- Market practices

### Annual variable compensation subject to stringent performance conditions

### Long term variable compensation

- Triennial grant
- Subject to **stringent financial performance criteria and a presence condition**

Representing a substantial part of the compensation in order to be long-term incentive and aligned with shareholders' interests



# COMPENSATION COMMITTEE

COMPENSATION PAID OR AWARDED TO THE MEMBERS OF THE MANAGEMENT BOARD IN 2018  
 (EX-POST VOTE IN APPLICATION OF ARTICLE L. 225-100 II OF THE FRENCH COMMERCIAL CODE)

MEMBERS	GROSS ANNUAL FIXED €	VARIABLE ANNUAL €	TOTAL €	MAXIMUM ANNUAL VALUATION OF PERFORMANCE SHARES ATTRIBUTED IN 2018 € (*)
Steve King	1 017, 295	1 464, 905	2 482, 200	1 435,167
Jean-Michel Etienne	840,000	672,000	1 512, 000	1 148,141
Anne-Gabrielle Heilbronner	600,000	480,000	1 080, 000	1 148,141

(\*) Maximum annual valuation of the exceptional plan « Sprint to the Future », if all the conditions of the plan are met

# COMPENSATION COMMITTEE

## COMPENSATION POLICY FOR THE MANAGEMENT BOARD FOR 2019 FISCAL YEAR (EX-ANTE VOTE IN APPLICATION OF ARTICLE L.225-82-2 OF THE FRENCH COMMERCIAL CODE)

MANAGEMENT BOARD	GROSS ANNUAL FIXED COMPENSATION €	ANNUAL VARIABLE TARGET IF ALL OBJECTIVES ARE ACHIEVED	LONG TERM VARIABLE SUBJECT TO PERFORMANCE CONDITIONS AND PRESENCE (*)	WELFARE AND HEALTH €	EMPLOYMENT CONTRACT	SEVERANCE BENEFIT PAYMENT SUBJECT TO PERFORMANCE CONDITIONS	OTHERS
<b>Arthur Sadoun</b>	1,000,000	200% of annual fixed compensation	60 000	4 544 (**)	–	Submitted to the AGM of Mai 29, 2019	Subscription to a taxi firm & reimbursement of representation expenses
<b>Jean-Michel Etienne</b>	840,000	100% of annual fixed compensation	40 000	4 544 (**)	✓	Submitted to the AGM of Mai 29, 2019	Use of Groupe company car
<b>Anne-Gabrielle Heilbronner</b>	600,000	100% of annual fixed compensation	20 000	16 901 (***)	✓	Submitted to the AGM of Mai 29, 2019	Use of Groupe company car
<b>Steve King</b>	1,017, 295	160% of annual fixed compensation	50 000	57 807 (****)	✓	Submitted to the AGM of Mai 29, 2019	Reimbursement of costs relating to his car

(\*) LTIP Directoire 2019-2021, number of shares granted

(\*\*) health insurance (\*\*\*) health and job loss insurance (\*\*\*\*) supplementary pension plan

# COMPENSATION COMMITTEE

## SEVERANCE PAYMENT FOR THE MANAGEMENT BOARD

Following the renewal of Management Board members' terms of office, the Supervisory Board renewed these commitments when it met on September 12, 2018

- Severance payment would be due only in the event of a forced departure or due to a change in control or strategy
- The amount of the payment would be calculated based on total gross compensation (fixed and paid variable portion) using the average of the latest 24 months of compensation.
- The Chair and the members of the Management Board would also have the right to exercise the options to subscribe to and/or to purchase the shares that have been granted to them, and to retain on a prorated basis the right to the shares granted to them more than two years prior, subject to the performance conditions set out in the regulation for the related plan being satisfied
- The severance amount would be subject to a performance condition
  - The severance amount would only be due in its full amount if the average annual amount of the bonus acquired for the three years prior to the termination of the duties is equal to at least 75% of his "target bonus".
  - If the average annual amount is less than 25% of the "target bonus", no sum or benefits will be due.
  - If the average annual amount is between 25% and 75% of the "target bonus", the payment and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.
- The severance payment may only be paid after the determination by the Supervisory Board that the performance conditions had been achieved at the date on which the term as a member of the Management Board ended.

# AUDIT COMMITTEE

Chaired by Mr. Jean Charest

- Currently comprised of 3 members: Mrs. Véronique Morali, and Mr. Jean Charest and Mr. André Kudelski. Mrs. Claudine Bienaimé is a permanent expert of the Committee
- The Committee oversees the organization and implementation of the Group's audit, ensuring the quality of internal control and risk management. A summary of the internal controls carried out under the anti-corruption law as well as a summary of the compliance with the general regulation on data protection were produced
- The Committee ensures the certification of the consolidated and corporate financial statements
- The Committee recommended the reappointment of Ernst & Young and Others as statutory auditors
- 5 meetings held in 2018 and an attendance rate of 94%

# STRATEGY AND RISK COMMITTEE

Chaired by Mrs. Marie-Josée Kravis

- Currently comprised of 6 members: Mrs. Marie-Josée Kravis, Mrs. Elisabeth Badinter, Mrs. Marie-Claude Mayer, Mr. Thomas H. Glocer, Mr. Maurice Lévy and Mr. Pierre Pénicaud
- The Committee has updated the Group's risk mapping.
- The Committee discussed reputational risks and reviewed the Due Diligence Action Plan. The Committee paid particular attention to the risks related to activism
- The Committee discussed the main strategic options of the "Sprint to the Future" plan in terms of transformation, development and acquisitions. It also examined the Group's strategic priorities and related implementation risks, as well as the progress made
- 2 meetings held in 2018 with an attendance rate of 100%

# NOMINATING COMMITTEE

Chaired by Mrs. Elisabeth Badinter

- Currently comprised of 5 members: Mrs. Elisabeth Badinter, Mrs. Marie-Josée Kravis, Mr. Jean Charest, Mr. André Kudelski and Mr. Maurice Lévy
- The Committee reviewed the composition of the Supervisory Board and the qualification of independent member
- The Committee pursued reflections to enrich the composition of the Supervisory Board
- On the occasion of the expiry of the terms of office of the members of the Executive Board, the Committee examined the individual and collective performance of these members and recommended the renewal of the Executive Board.
- 3 meetings held in 2018 with an attendance rate of 100 %

# NOMINATING COMMITTEE

APPOINTMENT OF THREE NEW MEMBERS OF THE SUPERVISORY BOARD



**Antonella Mei-Pochtler**



**Suzan LeVine**



**Enrico Letta**



# STATUTORY AUDITORS' REPORTS





# Reports issued by statutory auditors

## For the Ordinary General Shareholders' Meeting

- On parent company financial statements (1st resolution)
- On consolidated financial statements (2nd resolution)
- On regulated agreements and commitments (5th to 8th resolutions)

## For the Extraordinary General Shareholders' Meeting

- On the authorization for the reduction in share capital (23th resolution)
- On the issuance of ordinary shares and/or securities giving access to capital with cancellation of preferential subscription rights (24th resolution)
- On the authorization to grant share subscription or purchase options (25th resolution)
- On the issuance of ordinary shares and/or other securities giving access to capital in favor of members of a entreprise savings plan (26th resolution)
- On the issuance of ordinary shares and/or other securities in favor of certain categories of beneficiaries with cancellation of preferential subscription rights (27th resolution)

# REPORTS ISSUED FOR THE ORDINARY GENERAL SHAREHOLDERS' MEETING

## REPORTS ON CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS (dated February 7 and April 3, 2019)

**Consolidated financial statements**  
chapter 6.7, pages 249-255,  
2018 Registration Document

**Parent company's financial statements**  
chapter 7.6, pages 282-285,  
2018 Registration Document

### Auditors' opinion on financial statements

- Unqualified opinion
- Emphasis of matter on the first adoption of IFRS 9 « Financial instruments » and IFRS 15 « Revenue from Contracts with Customers » accounting standards, on the early adoption of IFRS 16 « Leases » accounting standard, on the IFRIC 23 interpretation « Uncertainty over Income Tax Treatments » and on the change of presentation related to financial interests in the statement of cash flows in the light of the adoption of IFRS 16 for the consolidated financial statements.

### Key audit matters

- Consolidated financial statements
  - Revenue recognition,
  - Valuation of goodwill and intangible assets,
  - Provisions for liabilities and charges & uncertainty over income tax treatments
  - First application of IFRS 16 standard « Leases ».
- Corporate financial statements
  - Valuation of investments and loans and receivables owed by subsidiaries and associated companies.

### Specific verifications as required by law

## REPORTS ON REGULATED AGREEMENTS AND COMMITMENTS (dated April 3, 2019)

**Related party agreements  
and commitments  
chapter 3.4, pages 118-120,  
2018 Registration Document**

**We have been informed of the following agreements and commitments authorized and concluded during the year to be submitted to the approval of the general shareholders' meeting**

- Severance payments for Mr. Arthur Sadoun, Mrs. Anne-Gabrielle Heilbronner, Mr. Jean-Michel Etienne, and Mr. Steve King.

**We have been informed of the following agreements and commitments, previously approved by the general shareholders' meeting**

- Agreements and commitments approved in previous financial years
  - Non-compete agreement in favor of Mr. Arthur Sadoun, Chairman of the Management Board
  - Non-compete agreement in favor of Mr. Steve King, member of the Management Board

# REPORTS ISSUED FOR THE ORDINARY GENERAL SHAREHOLDERS' MEETING

(dated May 6, 2019, available online)

On the authorization for share capital reduction  
23<sup>th</sup> resolution

On the issuance of ordinary shares and/or securities  
giving access to capital with cancellation of preferential  
subscription rights  
(24<sup>th</sup> resolution)

On the authorization to grant share subscription or  
purchase options  
(25<sup>th</sup> resolution)

On the issuance of ordinary shares and/or other securities  
giving access to capital in favor of members of a  
entreprise savings plan  
26<sup>th</sup> resolution

On the issuance of ordinary shares and/or other securities  
in favor of certain categories of beneficiaries with  
cancellation of preferential subscription rights  
27<sup>th</sup> resolution

**We have no matters to report as to the  
terms and conditions of the proposed  
operations**

**As certain issuance conditions have not yet  
been determined, we will issue, as needed,  
a supplementary report when your  
Management Board will use those  
authorizations**

# VOTING OF THE RESOLUTIONS



# VOTING OF THE RESOLUTIONS

## HOW TO USE YOUR VOTING DEVICE

### Smart Card

- The voting device will not work if your smart card is not properly inserted

### How to vote:

- Simply press the button of your choice:
- 1 = For
- 2 = Against
- 3 = Abstain



### A message will appear on the bottom of the display:

- **"Acknowledged"** means your vote has been acknowledged but may still be modified
- **"Registered"** means the voting period has expired and your vote has been recorded



# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 1<sup>ST</sup> RESOLUTION

### Approval of the corporate financial statements for fiscal year 2018

- Proposition to approve 2018 corporate financial statements which show a net income of €42,847,688



**1 = For**

**2 = Against**

**3 = Abstain**

# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 2<sup>ND</sup> RESOLUTION

### Approval of the consolidated financial statements for fiscal year 2018

- Proposition to approve 2018 financial consolidated statements which show a net income group share of €1, 019 million



**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 3<sup>RD</sup> RESOLUTION

### Allocation of net income and declaration of dividend

- Proposition to allocate net income for fiscal year 2018 and distribute a dividend of €2.12 per share, up 6% from last year and corresponding to a 44.9% pay-out ratio
- Dividend payment will take place on July 23, 2019



**1 = For**

**2 = Against**

**3 = Abstain**

# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 4<sup>TH</sup> RESOLUTION

### Option for payment of the dividend in cash or shares

- Possibility of receiving payment of the dividend either in cash or in new shares. Issuance price of distributed shares is € 46.39 per share <sup>(1)</sup>
- The delivery of new shares will take place on July 23, 2019



**1 = For**

**2 = Against**

**3 = Abstain**

(1) 95% of the average of closing prices during 20 stock market days prior to the Shareholders' meeting, after deducting the net amount of cash dividend

# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 5<sup>TH</sup> RESOLUTION

### Statutory auditors' special report on related-party agreements

- Approval of the regulated commitments referred to in Article L. 225-90-1 of the French Commercial Code relating to a termination indemnity for a member of the Management Board at the benefit of Mr Arthur Sadoun



**1 = For**

**2 = Against**

**3 = Abstain**

## PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

### 6<sup>TH</sup> RESOLUTION

#### Statutory Auditors' special report on regulated agreements and commitments

- Approval of the regulated commitments referred to in Article L. 225-90-1 of the French Commercial Code relating to a termination indemnity for a member of the Management Board at the benefit of Mr. Jean-Michel Etienne



**1 = For**

**2 = Against**

**3 = Abstain**

# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 7<sup>TH</sup> RESOLUTION

### Statutory Auditors' special report on regulated agreements and commitments

- Approval of the regulated commitments referred to in Article L. 225-90-1 of the French Commercial Code relating to a termination indemnity for a member of the Management Board at the benefit of Mrs Anne-Gabrielle Heilbronner



**1 = For**

**2 = Against**

**3 = Abstain**

# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 8<sup>TH</sup> RESOLUTION

Statutory Auditors' special report on regulated agreements and commitments

- Approval of the regulated commitments referred to in Article L. 225-90-1 of the French Commercial Code relating to a severance payment to Mr Steve King



**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 9<sup>TH</sup> RESOLUTION

Approval of the elements of the compensation paid or granted in respect of the 2018 fiscal year to Maurice Lévy, Chair of the Supervisory Board



**1 = For**

**2 = Against**

**3 = Abstain**

# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 10<sup>TH</sup> RESOLUTION

Approval of the elements of the compensation paid or granted in respect of the 2018 fiscal year to Mr Arthur Sadoun, Chair of the Management Board



**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 11<sup>TH</sup> RESOLUTION

Approval of the elements of the compensation paid or granted in respect of the 2018 fiscal year to Mr Jean-Michel Etienne, member of the Management Board



**1 = For**

**2 = Against**

**3 = Abstain**

# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 12<sup>TH</sup> RESOLUTION

Approval of the elements of the compensation paid or granted in respect of the 2018 fiscal year to Mrs Anne-Gabrielle Heilbronner, member of the Management Board



**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 13<sup>TH</sup> RESOLUTION

Approval of the elements of the compensation paid or granted in respect of the 2018 fiscal year to Mr Steve King, member of the Management Board



**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 14<sup>TH</sup> RESOLUTION

Approval of the principles and criteria for the compensation of the Chair of the Supervisory Board in respect of the 2019 fiscal year



**1 = For**

**2 = Against**

**3 = Abstain**

# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 15<sup>TH</sup> RESOLUTION

Approval of the principles and criteria for the compensation of the Supervisory Board members in respect of the 2019 fiscal year



**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 16<sup>TH</sup> RESOLUTION

Approval of the principles and criteria for the compensation of the Chair of the Management Board in respect of the 2019 fiscal year



**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 17<sup>TH</sup> RESOLUTION

Approval of the principles and criteria for the compensation of the members of the Management Board in respect of the 2019 fiscal year



**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 18<sup>TH</sup> RESOLUTION

Appointment of Mrs Antonella Mei-Pochtler as a member of the Supervisory Board for a term of four years



**1 = For**

**2 = Against**

**3 = Abstain**





# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 19<sup>TH</sup> RESOLUTION

Appointment of Mrs Suzan LeVine as a member of the Supervisory Board for a term of four years



**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 20<sup>TH</sup> RESOLUTION

Appointment of Mr Enrico Letta as a member of the Supervisory Board for a term of four years



**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 21<sup>ST</sup> RESOLUTION

Renewal of the mandate of Ernst & Young et Autres as statutory auditor for six-year term of office



**1 = For**

**2 = Against**

**3 = Abstain**

# PUBLICIS GROUPE SA – EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

## 22<sup>ND</sup> RESOLUTION

Authorization to be granted to the Management Board to enable the Company to trade in its own shares



**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

## 23<sup>RD</sup> RESOLUTION

Authorization to be granted to the Management Board to reduce the share capital by cancelling all or part of the shares held by the Company



**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

## 24<sup>TH</sup> RESOLUTION

Delegation of authority to be granted to the Management Board to issue ordinary shares of the Company and/or securities, with cancellation of preferential subscription rights, in consideration for contributions in kind granted to the Company and consisting of shares or other equity securities giving access to the share capital, except in the case of a public exchange offer initiated by the Company

**1 = For**

**2 = Against**

**3 = Abstain**



# PUBLICIS GROUPE SA – EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

## 25<sup>TH</sup> RESOLUTION

Delegation of authority to be granted to the Management Board to grant subscription options, entailing the waiver by shareholders of their preferential subscription rights, and/or the purchase of shares to employees and/or corporate officers of the Company or the Group

- The grant is subject to the achievement of at least two performance conditions and measured over three years
- Ceiling :
  - 3% of the capital
  - including 0.3% to corporate officers
  - This ceiling is deducted from the ceiling of the 27th resolution of the Shareholders' Meeting of May 30, 2018 (allocation of free shares)



**1 = For**

**2 = Against**

**3 = Abstain**

# PUBLICIS GROUPE SA – EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

## 26<sup>TH</sup> RESOLUTION

Delegation of authority to be granted to the Management Board to decide to issue ordinary shares or securities with cancellation of preferential subscription rights to members of a company savings plan



**1 = For**

**2 = Against**

**3 = Abstain**





# PUBLICIS GROUPE SA – EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

## 27<sup>TH</sup> RESOLUTION

Delegation of authority to be granted to the Management Board to decide to issue ordinary shares or securities with cancellation of preferential subscription rights to certain categories of beneficiaries



**1 = For**

**2 = Against**

**3 = Abstain**

# PUBLICIS GROUPE SA – ORDINARY GENERAL SHAREHOLDERS' MEETING

## 28<sup>TH</sup> RESOLUTION

Powers for legal formalities



**1 = For**

**2 = Against**

**3 = Abstain**

# COMBINED GENERAL SHAREHOLDERS' MEETING

29 MAY  
2019



# DISCLAIMER

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Certain information contained in this document, other than historical information, may constitute forward-looking statements or unaudited financial forecasts. These forward-looking statements and forecasts are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These forward-looking statements and forecasts are presented as at the date of this document and, other than as required by applicable law, Publicis Groupe does not assume any obligation to update them to reflect new information or events or for any other reason. Publicis Groupe urges you carefully to consider the risk factors that may affect its business, as set out in the Registration Document filed with the French Autorité des Marchés Financiers (AMF) and which is available on the website of Publicis Groupe ([www.publicisgroupe.com](http://www.publicisgroupe.com)), including an unfavorable economic climate, an extremely competitive market sector, the possibility that our clients could seek to terminate their contracts with us at short notice, the fact that a substantial part of the Group's revenue is derived from certain key clients, conflicts of interest between advertisers active in the same sector, the Group's dependence on its directors and employees, laws and regulations which apply to the Group's business, legal action brought against the Group based on allegations that certain of the Group's commercials are deceptive or misleading or that the products of certain clients are defective, the strategy of growing through acquisitions, the depreciation of goodwill and assets listed on the Group's balance sheet, the Group's presence in emerging markets, exposure to liquidity risk, a drop in the Group's credit rating and exposure to the risks of financial markets.

# DEFINITIONS

**Net revenue:** Revenue less pass-through costs which comprise amount paid to external suppliers engaged to perform a project and charged directly to clients. Those costs are mainly production & media costs and out of pocket expenses.

**Organic growth:** Change in net revenue excluding the impact of acquisitions, disposals and currencies.

**EBITDA:** Operating margin before depreciation.

**Operating margin:** Net revenue after personnel costs, other operating expenses (excl. non-current income and expense) and depreciation (excl. amortization of intangibles arising on acquisitions).

**Operating margin rate:** Operating margin as a percentage of net revenue.

**Headline Group Net Income:** Net income attributable to the Groupe, after elimination of impairment charges / real estate transformation expenses, amortization of intangibles arising on acquisitions, the main capital gains (or losses) on disposals, change in the fair value of financial assets, the impact of US tax reform and the revaluation of earn-out costs.

**EPS (Earnings per share):** Group net income divided by average number of shares, not diluted.

**EPS, diluted (Earnings per share, diluted):** Group net income divided by average number of shares, diluted.

**Headline EPS, diluted (Headline Earnings per share, diluted):** Headline group net income, divided by average number of shares, diluted

**Capex:** Net acquisitions of tangible and intangible assets, excluding financial investments and other financial assets.

**Free Cash Flow :** Net cash flow from operating activities less interests paid & received and repayment of lease liabilities & related interests linked to operating activities

**Free Cash Flow before changes in working capital requirements:** Net cash flow from operating activities less interests paid & received, repayment of lease liabilities & related interests and changes in WCR linked to operating activities

**Net Debt (or financial net debt):** Sum of long and short financial debt and associated derivatives, net of treasury and cash equivalents excluding lease liability from 1<sup>st</sup> January 2018.

**Average net debt:** Average of monthly net debt at end of month.

**Dividend pay-out:** Dividend per share / Headline diluted EPS.