



PUBLICIS GROUPE **INVESTOR DAY**

FINANCIAL OUTLOOK

DISCLAIMER

All the financial information and projections in this presentation have been prepared excluding the application of IFRS 15 as of January 1, 2018, the application IFRS 16 as of January 1, 2019, and the impact of currency movements. Publicis Groupe does not anticipate those three items to impact organic revenue growth by 2020 and improvement in operating margin rate over 2018-2020. However currency movements may affect financial indicators in value, including revenue, operating margin, Headline diluted EPS, dividends and free cash flow.

Certain information contained in this document, other than historical information, may constitute forward-looking statements or unaudited financial objectives. 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 Documents filed with the French Autorité des Marchés Financiers (AMF) and which is available on the website of Publicis Groupe (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.

EXECUTION PLAN

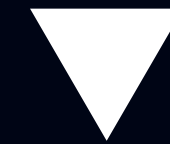
2016 – 2017

**BUILDING
THE FOUNDATIONS FOR
TRANSFORMATION**



2018 – 2020

**DELIVERING
WHILE
TRANSFORMING**



2020 onwards

**NEW MODEL
AT
FULL SPEED**



INCREASE VALUE FOR OUR CLIENTS, PEOPLE AND SHAREHOLDERS

EXECUTION PLAN

2018 – 2020

DELIVERING WHILE TRANSFORMING

1.

**ACCELERATE
ORGANIC GROWTH**

2.

**INVEST IN
OUR FUTURE**

3.

**INCREASE
EFFICIENCY**

1. ACCELERATE ORGANIC GROWTH

STRATEGIC GAME CHANGERS

Direct revenue from our Strategic Game Changers	+ € 650 million
Cross-selling + new business	+ € 600 million
Attrition on mature business	- € 350 million

€ 900 MILLION INCREMENTAL REVENUE BY 2020
+4% ORGANIC GROWTH IN 2020

1. ACCELERATE ORGANIC GROWTH

DIRECT REVENUE FROM STRATEGIC GAME CHANGERS: + €650 M

DATA: PUBLICIS PEOPLE CLOUD

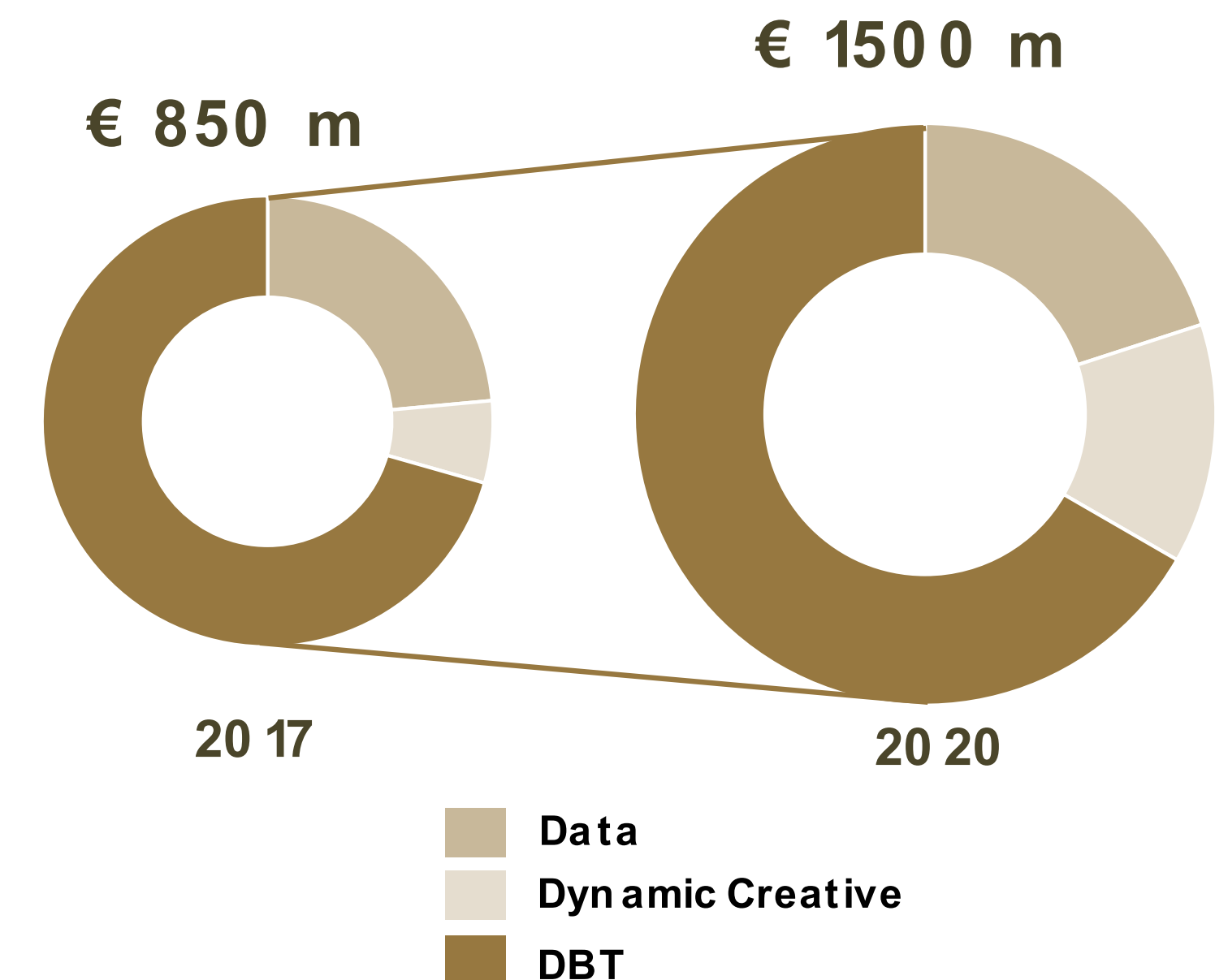
- Leverage data to take better marketing and business decision

CONTENT: DYNAMIC CREATIVE

- Deliver one to one content at scale

CONSULTING & TECHNOLOGY: DIGITAL BUSINESS TRANSFORMATION

- Re-engineer our client business model to embrace digital disruption and fight new competition
- Leverage our DBT platform in India



**Strategic Game changers
with top 100 clients**



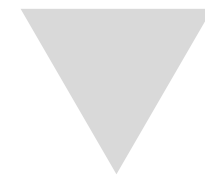
30% of revenue in 2020 (vs 16% in 2017)



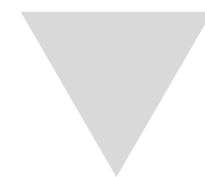
70% of total organic revenue growth over 2018-2020

1. ACCELERATE ORGANIC GROWTH

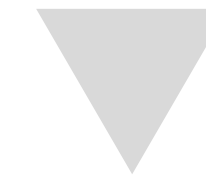
STRATEGIC GAME CHANGERS



**CROSS-SELLING ON ADDITIONAL EXPERTISE
FOR EXISTING CLIENTS**



**+€ 300 MILLION REVENUE
BY 2020**



**NEW BUSINESS
WITH NEW CLIENTS**



**+€ 300 MILLION REVENUE
BY 2020**

2. INVEST IN OUR FUTURE

INVESTMENT OVER 2018 - 2020



TALENTS: € 300 M

Data specialists, data scientists

Dynamic Creative Content

Consulting

Hiring, training & reskilling

CAPEX: € 100 M

Marcel

Publicis People Cloud

Automation

**BOLT-ON ACQUISITIONS:
€ 300 M - € 500 M per year**

Data

Dynamic Creative

Digital Business Transformation

➞ **SCALING OUR GAME CHANGERS**

3. INCREASE EFFICIENCY

6 LEVERS TO ACHIEVE € 450 M OF COST REDUCTION, AT END OF 2020

Rightsizing mature business	➔ € 200 M
Capacity and planning	➔ € 50 M
Shared services	➔ € 50 M
Country support functions	➔ € 30 M
Real estate	➔ € 70 M
External spend	➔ € 50 M

INCREASE EFFICIENCY

1. RIGHTSIZING MATURE BUSINESSES

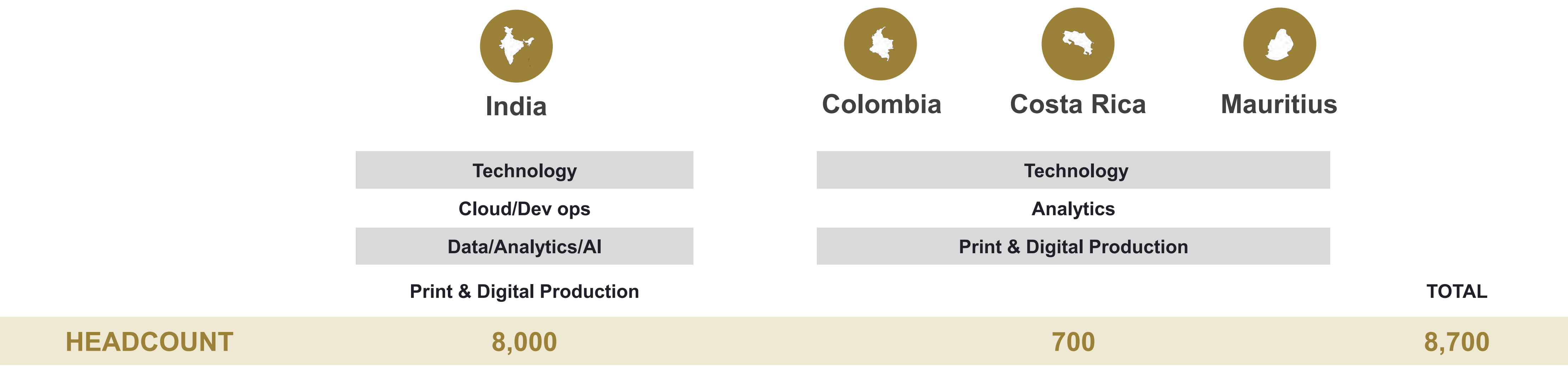
5 initiatives to step change the efficiency of mature activities

- ✓ Anticipate targeted headcount adjustments to align with revenue attrition
- ✓ Automate low-value and people-intensive activities
- ✓ Streamline operational capabilities in country led markets
- ✓ Manage client portfolio and reduce long tail
- ✓ Leverage our global offshore execution platform

RIGHTSIZING: € 200 million, by end of 2020

INCREASE EFFICIENCY

LEVERAGE OUR GLOBAL OFFSHORE EXECUTION PLATFORMS



GLOBAL EXECUTION PLATFORMS: 13,000 headcounts, by end of 2020

INCREASE EFFICIENCY

2. DEVELOP CAPACITY & PLANNING TOOL

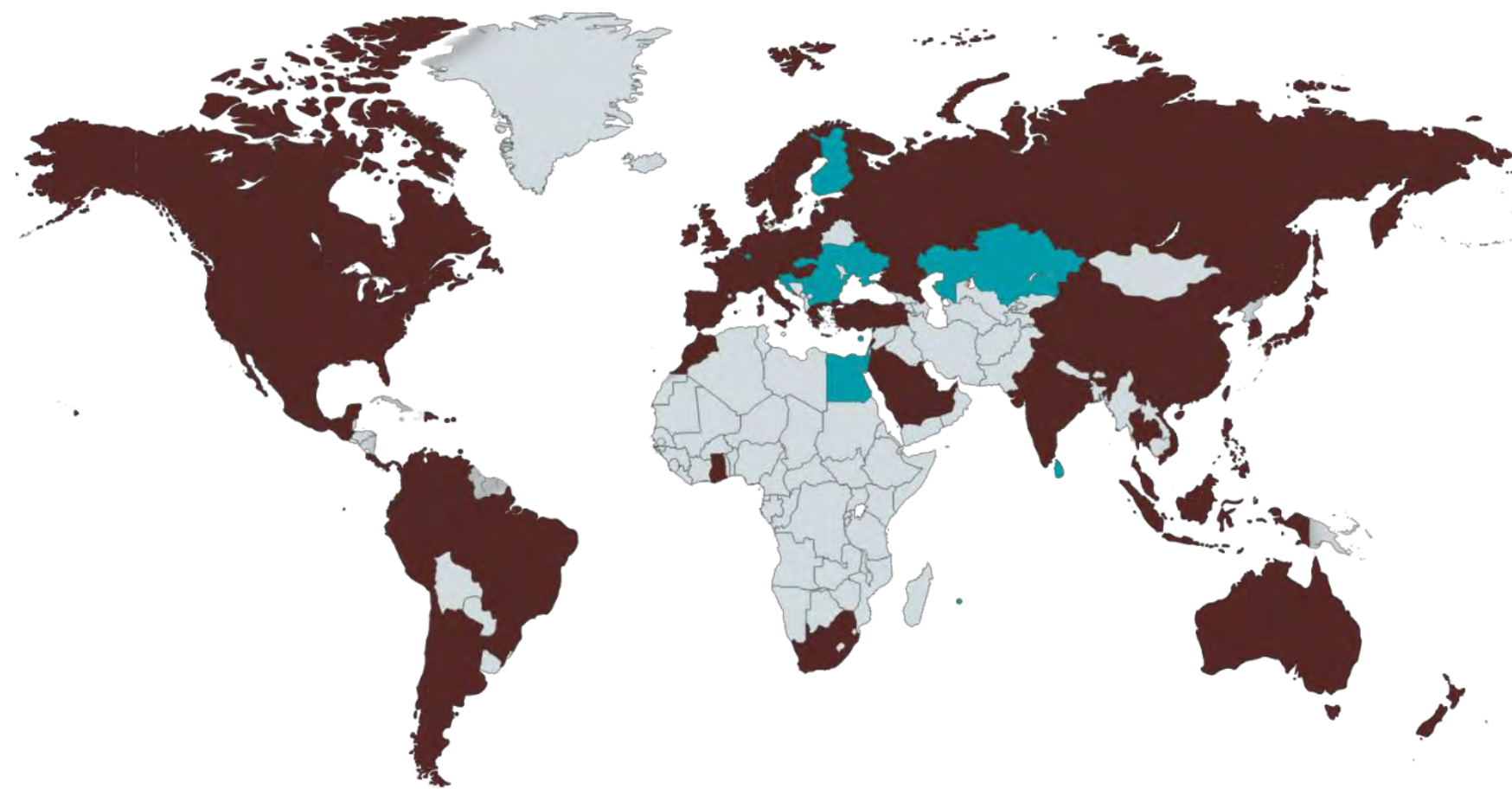
Power of One leads to rethink capacity and planning approach

- ✓ **Better allocation of our resources for clients**
- ✓ **Utilization rates tracked as a management tool**
- ✓ **Less need for freelancers**

CAPACITY AND PLANNING: € 50 million, by end of 2020

INCREASE EFFICIENCY

3. TRANSFORM SHARED SERVICES



~4,500 employees
of which 500 in Costa Rica and 1,100 in India

PROCUREMENT

IT

TAX

ACCOUNTING

PAYROLL AND EMPLOYMENT
MATTERS

LEGAL

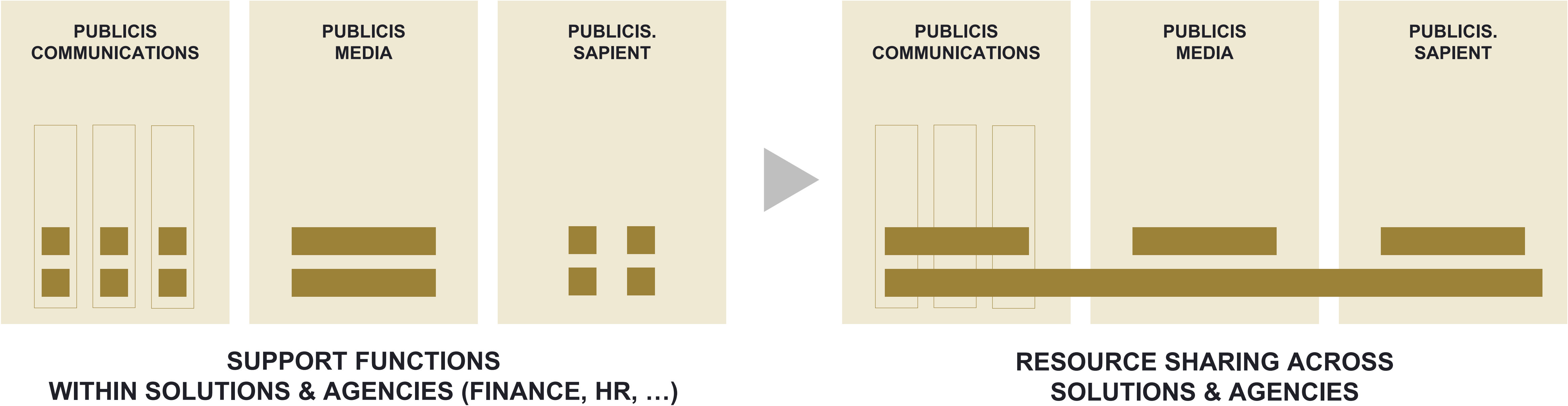
TREASURY

- ✓ Improve productivity
- ✓ Increase and harmonize scope of work (i.e. Shadow IT)

SHARED SERVICES CENTRES TRANSFORMATION: € 50 million, by end of 2020

INCREASE EFFICIENCY

4. STREAMLINE COUNTRY SUPPORT FUNCTIONS



COUNTRY SUPPORT FUNCTIONS: € 30 million, by end of 2020

INCREASE EFFICIENCY

5. RATIONALIZE REAL ESTATE

“One roof” strategy across major markets

CURRENT FOOTPRINT
163 BUILDINGS

TARGETED FOOTPRINT
< 100 BUILDINGS

OCCUPANCY COSTS: € 70 million, by end of 2020

INCREASE EFFICIENCY

6. REDUCE EXTERNAL SPEND

IT

FACILITY MANAGEMENT

OFFICE COSTS

TRAVEL & EXPENSES

PROFESSIONAL SERVICES

- Address more of the external spend centrally
- Leverage strategic sourcing and fact-based negotiations to fully leverage Groupe scale potential
- Reduce demand with higher compliance to existing policies and better sharing across the Group

EXTERNAL SPEND: € 50 million, by end of 2020

INCREASE EFFICIENCY

DRIVE EXECUTION

EFFICIENCY WORK STREAMS

RIGHTSIZING MATURE BUSINESS	CAPACITY AND PLANNING
SHARED SERVICES	COUNTRY SUPPORT FUNCTIONS
REAL ESTATE	EXTERNAL SPEND

PROGRAM MANAGEMENT SET UP

Program leadership

- Veronique Weill
- 1 leader per work stream

Program governance and management

- Program management office & communication
- Monthly steering committee
- Weekly drumbeats

Detailed savings tracking

FINANCIALS

- ✓ **Organic growth acceleration towards +4.0% in 2020**
- ✓ **Margin rate improvement of 30 to 50 bps per year over 2018-2020**

- ➡ **€ 300 M - € 500 M per year of bolt-on acquisitions over 2018-2020**
- ➡ **Share buyback program should this amount not be reached**



- ✓ **Incremental revenue and profit from bolt-on acquisitions**
- ✓ **Lower number of shares**

5% to 10% accelerated Headline diluted EPS ⁽¹⁾ growth per year over 2018-2020

(1) at constant currencies



Q&A

SESSION