

FULL YEAR 2018 RESULTS

7 FEBRUARY

2019



DISCLAIMER

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), 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.

Publicis Groupe has applied IFRS15 "Revenue" accounting standard since January 1, 2018. Details of 2017 quarterly and full year revenue before and after IFRS15 impact, 2017 net revenue by quarter and by geography, and the main items of 2017 half year and full year results before and after IFRS15 impact, have been disclosed in a press release dated July 6, 2018.

Publicis Groupe has applied IFRS16 "Leases" accounting standard in advance, as of January 1, 2018. Publicis Groupe has retained the "prospective method" (so called modified retrospective approach allowed by the accounting standard) by which the cumulative effect of the standard will be accounted for as an adjustment to the opening equity, considering the "right of use" asset equals the amount of the lease commitment, adjusted for rents paid in advance. The opening balance sheet with the application of IFRS16 as of January 1, 2018 have been disclosed in a press release dated July 6, 2018. Besides, the 2017 consolidated income statement has not been restated.

Publicis Groupe has early applied IFRIC23 "uncertainty over income tax treatment" since January 1, 2018, comparative data from the previous period have been restated

2018 HIGHLIGHTS



2018 : ACCELERATION OF TRANSFORMATION AND A RECORD YEAR FINANCIALLY AND COMMERCIALY



- ➡ A record year in new business wins: ranked #1 in the industry ⁽¹⁾
- ➡ A record year financially, notably with the highest EPS ever
- ➡ Organic growth driven by account wins contribution, partly offset by usual year-end volatility and higher-than-expected attrition
- ➡ On track, and sometimes ahead, on the KPI for our transformation, with strong growth for strategic game changers

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

**OUR MODEL WORKS
AND FITS WITH OUR CLIENTS'
CURRENT AND FUTURE NEEDS**

NEW BUSINESS WINS: PUBLICIS GROUPE RANKED #1 ⁽¹⁾ ON EVERY FRONT



Mercedes-Benz



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

NEW BUSINESS WINS: PUBLICIS GROUPE RANKED #1 ⁽¹⁾ ON EVERY FRONT



J.P.Morgan

North America Equity Research
18 December 2018

"Let's Get Down to New Business!"

December 2018 Agency New Business Review

Media: Advertising

Agency Account Action: PUB top; WPP bottom in 2018

New business activity picked up slightly to US\$0.87 bn in December from US\$0.8 bn in November, below the rolling 12-month average of US\$1.1 bn. Publicis topped the new business table in 2018, supported by further large wins in December that Chrysler followed by OMC. However momentum was muted in December while IPG's momentum declined following the loss of the Fiat Chrysler account and Dentsu's new business remained weak. WPP finished bottom of the new business table in 2018 due to several large losses (Ford, GSK, American Express). Following the conclusion of several large reviews, overall billings in play fell to US\$2.3 bn (as of January 14) from a peak of US\$20 bn in May 2018.

New business: PUB tops the new business table in 2018

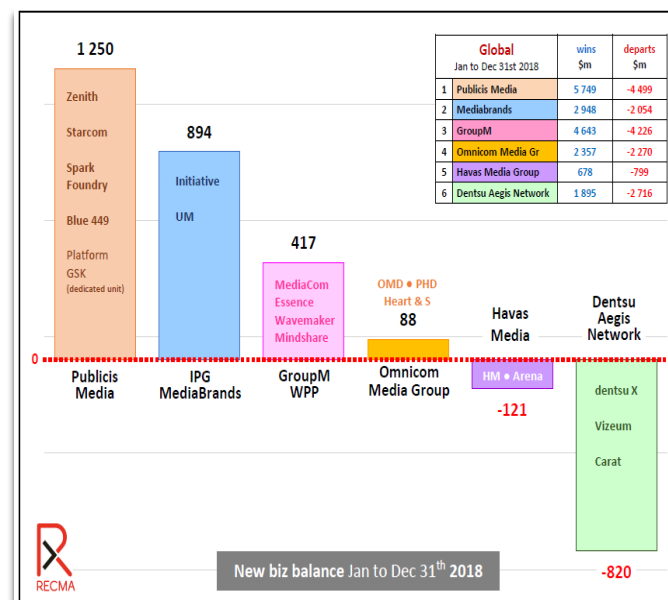
New business activity picked up slightly to US\$0.87 bn in December from US\$0.8 bn in November, below the rolling 12-month average of US\$1.1 bn.

Exhibit 1: New business activity picked up strongly to US\$0.87 bn in December

Monthly new business for this sector as a whole (US\$ bn)

Source: Trade publications, Statista, Statista Investment Research

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2018 MEDIA AGENCIES NEW BUSINESS LEAGUE						
Global / Dec 2018						
RANK THIS MONTH	RANK LAST MONTH	AGENCY	RECENT WINS	ESTIMATED YTD WIN REVENUE (USD \$ m)	RECENT LOSSES	ESTIMATED OVERALL YTD REVENUE (USD \$ m)
1	1	Publicis	Nestle, NUN Lab 2019 Soft China, Kikkos China, Weigang Dairy China, X. Oetker India, Huanan Printing China	203.8	CIB China	199.8
2	2	Leo Burnett	Volpuri Group India, Wingstop Inc. IS, Budin's UK, Harman-Airlines China, Samsung GMC Korea	187.0	KCI Industries India Retailer	183.3
3	3	J Walter Thompson	Unilever Oreo Global Pitch Thailand, Global ACR, Midea Washing Machine Asia Pacific, Watson Asia Pacific, Wadde NA, United Health Group UK	200.3	Kellogg's India	181.4
4	7	Isobar	Sarmuad, Thailand, Marks & Spencer (MAS) India, Colabur India, Wired Global	131.0		131.0
5	4	McCann WorldGroup	Shoe Carnival US, TOSHIBA China, APP Paper Product China, Yiny Holiday Resort China, Opel Europe	147.1	Choice Hotels US	127.3
6	5	Ogilvy	Country Club US, Go-Jek Singapore, Costa Coffee UK, Fangle -Rebranding and brand consulting	122.7	Babylon GP UK	117.1

"Publicis Worldwide Takes 2018 Creative Agency Global Pitch Crown", MediaPost

"US drives creative and media new business growth in 2018 – Publicis leads holding companies", More About Advertising

"Publicis a tiré son épingle du jeu des compétitions en 2018", Le Figaro

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

STRONG FINANCIAL PERFORMANCE WITH THE HIGHEST EARNINGS PER SHARE EVER

Operating margin rate at 16.7% ⁽¹⁾, up 60 basis points

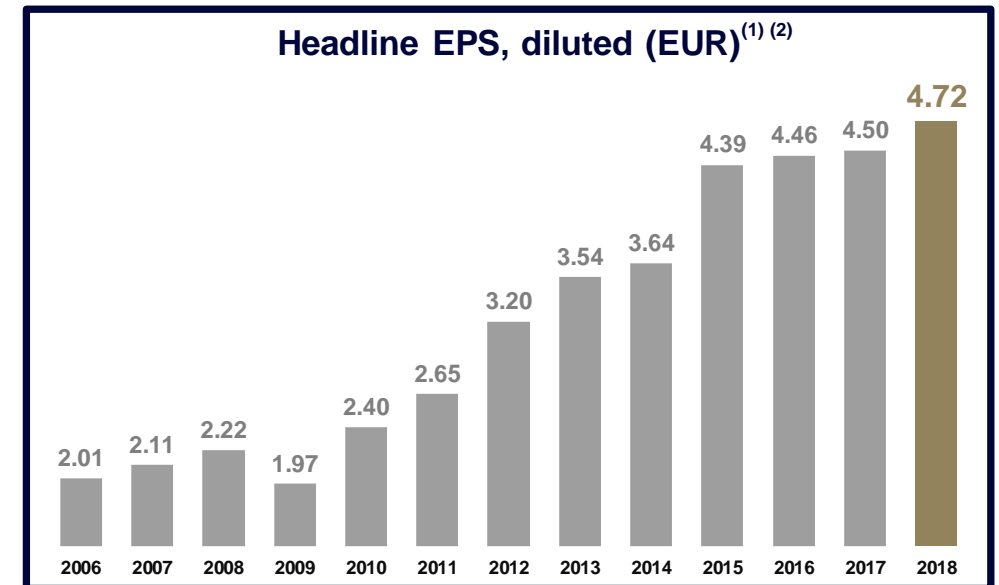
- €194 million of savings
- €109 million reinvested in strategic game changers

Operating margin of €1,501 million ⁽¹⁾ up 5.0% at constant currency

**Headline earning per share, diluted ^{(1) (2)} : €4.72,
+10.3 % at constant currency**

Free cash flow of €1,311 million ⁽¹⁾, +2.4% at constant currency

**Year-end net cash of €196 million,
compared to a net financial debt of €727 million end 2017 ⁽¹⁾**



Proposed dividend of €2.12 per share, up 6.0% ⁽³⁾

€400 million share buyback

(1) Before IFRS16

(2) See definitions in Supplemental information

(3) To be submitted at the AGM of May 29, 2019

ORGANIC GROWTH DRIVEN BY STRATEGIC GAME CHANGERS GROWTH AND ACCOUNT WINS, PARTLY OFFSET BY USUAL YEAR-END VOLATILITY AND FMCG CLIENT ATTRITION

2018 organic growth of +0.8% ⁽¹⁾

- Q4 organic growth at +0.5% ⁽¹⁾
 - ➔ Strong growth of strategic game changers with benefit of significant H1 account wins...
 - ➔ ... partly offset by usual year-end volatility and a greater-than-expected attrition, including budget cuts from significant US clients with strong impact in Q4.
- For the full year:
 - ➔ Contribution of strategic game changers to net revenue: c. €240 million ⁽²⁾, above expectations
 - ➔ Attrition: c. €150 million vs. €100 million expected
 - ➔ Positive North America at +0.5% despite higher-than-expected attrition, mostly among few FMCG clients, and Europe at +1.3% with Q4 at +4.3% supported by account wins

⁽¹⁾ Excluding Publicis Health Services (PHS)

⁽²⁾ Organic increase in net revenue

ON TRACK WITH THE TRANSFORMATION PLAN

Strategic KPI

Net revenue from our game changers

c. €1,050 m



Share of game changers' in Groupe net revenue

12%



Operational KPI

Number of global client leaders

61



Number of markets under country-led model

100%



Development of our off-shore platforms

+440 new positions



Execution of our Investment plan

€109 m in opex
c. €200 m in M&A ⁽¹⁾



(1) Excluding earn-outs and buy-outs, including the announced acquisition of Soft Computing

2018 NET REVENUE



NET REVENUE ⁽¹⁾

(EUR million)	Q1	Q2	Q3	Q4	YTD
2018 net revenue ⁽¹⁾	2,082	2,198	2,197	2,492	8,969
2017 net revenue ⁽¹⁾	2,267	2,397	2,185	2,483	9,332
Reported growth ⁽²⁾	-8.2%	-8.3%	+0.5%	+0.4%	-3.9%
Growth at constant currencies	+1.6%	-2.4%	+1.3%	+0.2%	+0.1%
Organic growth	+1.6%	-2.1%	+1.3%	-0.3%	+0.1%
Organic growth ex PHS	+1.9%	-1.4%	+2.2%	+0.5%	+0.8%

NB: For comparative purposes and in accordance with IFRS, 2017 figures have been restated to reflect the implementation of IFRS 15.

(1) Revenue less pass-through costs. See definition in Supplemental Information

(2) Negative currency impact of €374 million in 2018, of which €362 million in H1 2018

Q4 NET REVENUE ⁽¹⁾ BY GEOGRAPHY

(EUR million)	Q4 2018	Q4 2017	2018 vs. 2017	Organic growth	Organic growth ex PHS
Europe	753	718	+4.9%	+4.4%	+4.3%
North America	1,260	1,253	+0.6%	-2.6%	-1.1%
Asia Pacific	277	300	-7.7%	-2.8%	-2.8%
Latin America	110	126	-12.7%	-1.9%	-1.9%
Middle East Africa	92	86	+7.0%	+6.8%	+6.8%
Total	2,492	2,483	+0.4%	-0.3%	+0.5%

NB: For comparative purposes and in accordance with IFRS, 2017 figures have been restated to reflect the implementation of IFRS 15.

(1) Revenue less pass-through costs. See definition in Supplemental Information

2018 NET REVENUE ⁽¹⁾ BY GEOGRAPHY

(EUR million)	2018	2017	2018 vs. 2017	Organic growth	Organic growth ex PHS
Europe	2,622	2,596	+1.0%	+1.4%	+1.3%
North America	4,795	5,032	-4.7%	-0.8%	+0.5%
Asia Pacific	924	1,037	-10.9%	-1.8%	-1.8%
Latin America	347	387	-10.3%	+4.5%	+4.5%
Middle East Africa	281	280	+0.4%	+4.6%	+4.6%
Total	8,969	9,332	-3.9%	+0.1%	+0.8%

NB: For comparative purposes and in accordance with IFRS, 2017 figures have been restated to reflect the implementation of IFRS 15.

(1) Revenue less pass-through costs. See definition in Supplemental Information

2018 NET REVENUE ORGANIC GROWTH ⁽¹⁾ BY COUNTRY

> +10%	Indonesia, Turkey, Ukraine, Vietnam
+5% to +10%	Austria, Colombia, Israel, Mexico, Poland, Russia, United Arab Emirates
0 to +5%	Brazil, Canada, France, India, Italy, Japan, Singapore, UK, USA ⁽²⁾
< 0%	Australia, Germany, China, Malaysia, Philippines, South Korea, South Africa, Spain, Switzerland

NB: For comparative purposes and in accordance with IFRS, 2017 figures have been restated to reflect the implementation of IFRS 15.

(1) Revenue less pass-through costs. See definition in Supplemental Information

(2) Excluding PHS

2018 RESULTS



CONSOLIDATED INCOME STATEMENT

(EUR million)	2018 after IFRS16	2018 before IFRS16 ⁽²⁾	2017 before IFRS16 ⁽³⁾
Revenue	9,951	9,951	10,246
Net revenue	8,969	8,969	9,332
EBITDA ⁽¹⁾	2,049	1,652	1,666
Operating margin	1,523	1,501	1,505
Non-current income and expenses	(2)	(2)	(1)
Net financial income (expenses)	(80)	(25)	(61)
Income taxes	(344)	(352)	(391)
Consolidated Headline Net Income	1,097	1,122	1,052
Associates	(4)	(4)	(5)
Minority interests	(11)	(11)	(10)
Headline Group Net Income ⁽¹⁾	1,082	1,107	1,037
Amortization of intangibles arising on acquisitions, net of tax	(55)	(55)	(55)
Impairment / Real estate consolidation charge, net of tax	(103)	(103)	(115)
Main capital gains (losses) / change in fair value of financial assets	(10)	(10)	-
US tax reform impact	18	18	61
Revaluation of earn-out	(13)	(13)	(66)
Group Net Income	919	944	862

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

(1) See definition in Supplemental Information

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

(3) For comparative purposes and in accordance with IFRS, 2017 figures have been restated to reflect the implementation of IFRS15

SIMPLIFIED CONSOLIDATED INCOME STATEMENT

(EUR million)	2018 after IFRS16	2018 before IFRS16 ⁽²⁾	2018 vs. 2017 <u>at constant currency</u> before IFRS16 ⁽³⁾
Net revenue	8,969	8,969	+0.1%
Operating margin	1,523	1,501	+5.0%
Headline Group Net Income ⁽¹⁾	1,082	1,107	+12.2%
Headline EPS, diluted (EUR) ⁽¹⁾	4.61	4.72	+10.3%

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

(1) See definition in Supplemental Information

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

(3) For comparative purposes and in accordance with IFRS, 2017 figures have been restated to reflect the implementation of IFRS15

OPERATING MARGIN

(EUR million)	2018 after IFRS16	2018 before IFRS16 ⁽¹⁾	2017 before IFRS16 ⁽²⁾
Net revenue	8,969	8,969	9,332
Personnel costs	(5,643)	(5,643)	(5,857)
Restructuring costs	(104)	(104)	(120)
Other operating expenses ⁽³⁾	(1,278)	(1,570)	(1,689)
Depreciation ⁽³⁾	(421)	(151)	(161)
Operating margin	1,523	1,501	1,505
as a % of Net revenue	17.0%	16.7%	16.1%

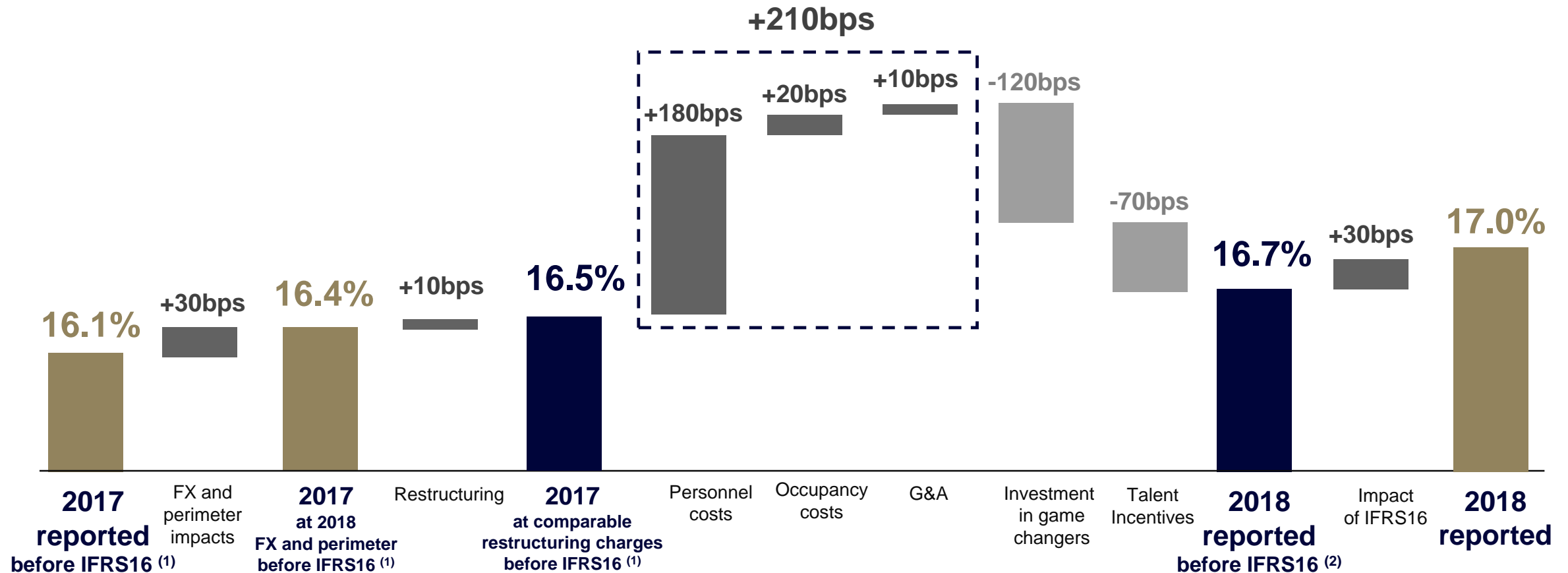
IFRS16 was applied from January 1, 2018 using prospective method without restatement of previous period

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

(2) For comparative purposes and in accordance with IFRS, 2017 figures have been restated to reflect the implementation of IFRS 15

(3) Pass-through revenue of €982 million in 2018 after IFRS16 are split between €877 million as pass-through costs and €105 million as depreciation

CHANGE IN OPERATING MARGIN AS A % OF NET REVENUE



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

(1) For comparative purposes and in accordance with IFRS, 2017 figures have been restated to reflect the implementation of IFRS15

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

NET FINANCIAL INCOME (EXPENSES)

(EUR million)	2018 after IFRS16	2018 before IFRS16 ⁽³⁾	2017 before IFRS16
2020 BNP Paribas loan, 2021 & 2024 Eurobond, 2023 Eurobond	(58)	(58)	(60)
Other financial expense net of interest income	52	52	28
Discount on long term debt (earn-out and finance leases ⁽⁴⁾)	(5)	(16)	(19)
Interest on net financial debt	(11)	(22)	(51)
Interest on lease liabilities	(58)	-	-
Foreign exchange gain (loss)	(4)	4	(1)
Other financial expenses ⁽¹⁾	2	2	(9)
Net financial income (expenses) ⁽²⁾	(71)	(16)	(61)

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

(1) Includes provisions on financial assets, dividends outside the Group, change in fair value of financial assets and finance costs on long term provisions

(2) Excluding earn-out revaluation

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

(4) In application of IFRS 16, 2018 interests on finance leases of €11 million have been reclassified as interest on lease liabilities

INCOME TAX AND EFFECTIVE TAX RATE

(EUR million)	2018 after IFRS16	2018 before IFRS16 ⁽¹⁾	2017 before IFRS16 ⁽²⁾
Reported income taxes	285	293	312
One-off impacts of US tax reform:			
<i>Toll Charge on reserves accumulated by subsidiaries ⁽³⁾</i>	18	18	(139)
<i>Deferred tax credit</i>			200
Adjusted income taxes	303	311	373
Effective tax rate	24.0%	24.0%	27.2%
Income tax on amortization of intangibles arising from acquisitions	14	14	18
Income tax on impairment	28	28	0
Income tax on other items	(1)	(1)	
Headline income taxes ⁽⁴⁾	344	352	391

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

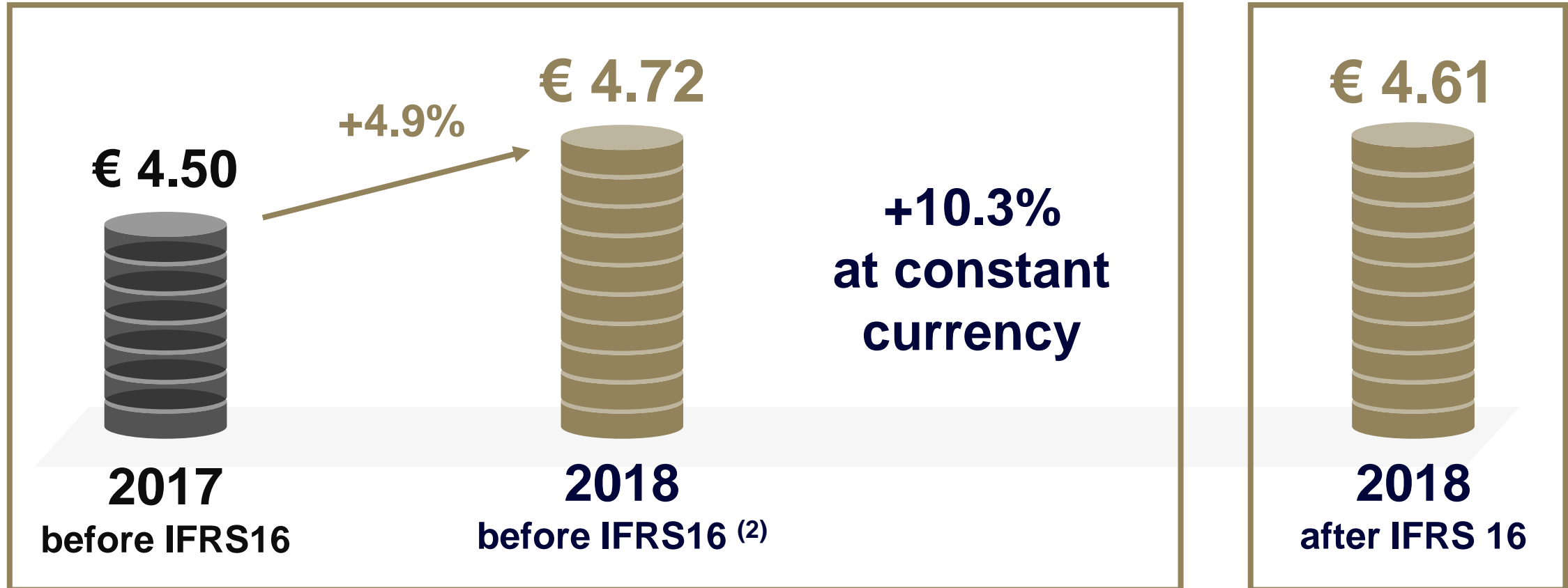
(1) For comparison purposes, 2018 figures are presented before the application of IFRS16

(2) Since full year 2017, effective tax rate is calculated excluding revaluation of earn-outs

(3) Final impact of the toll charge has been performed in 2018 leading to EUR 18 million positive tax impact

(4) No tax effect on main capital loss

HEADLINE EARNINGS PER SHARE, DILUTED ⁽¹⁾

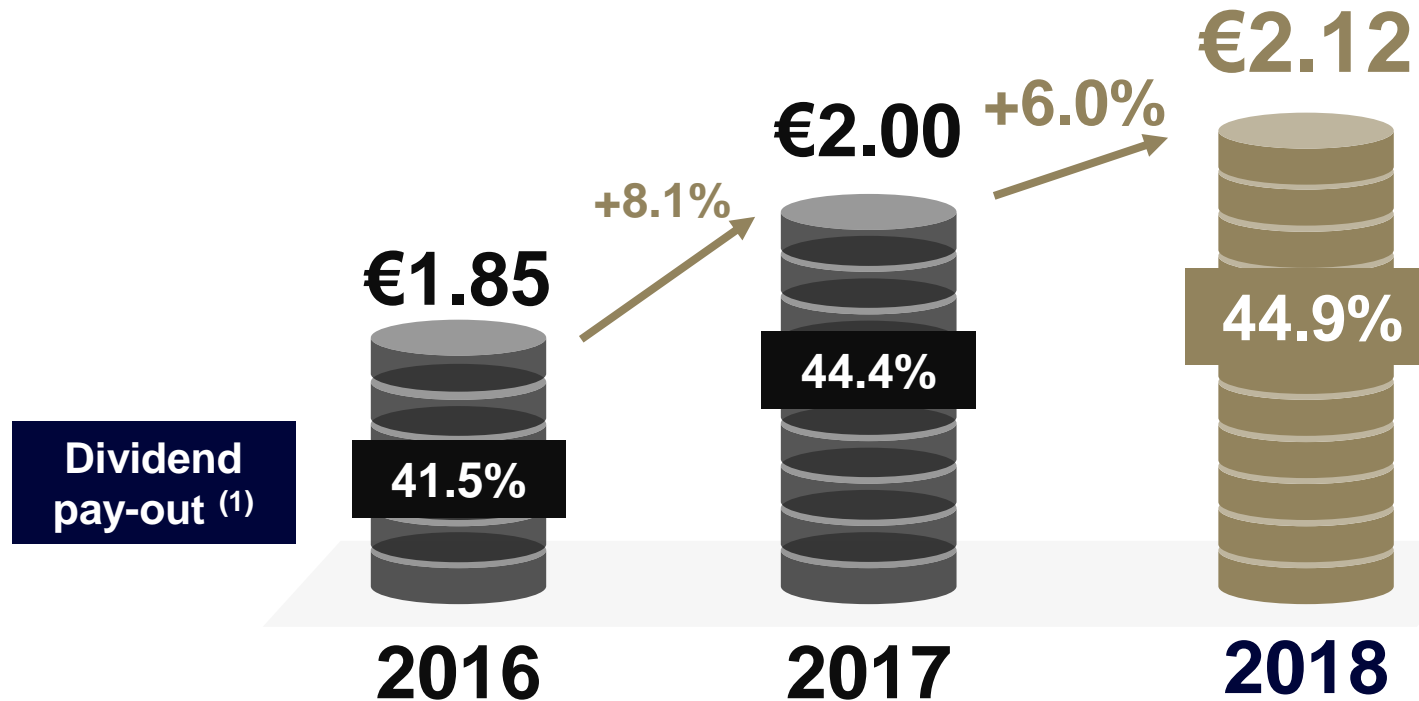


IFRS16 was applied from January 1, 2018 using prospective method without restatement of previous period

(1) See definition in Supplemental Information

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

c. €900 MILLION TO BE RETURNED TO SHAREHOLDERS



2018 dividend to be submitted to May 29, 2019 AGM's approval
Option for dividend in cash or shares

Total dividends
c. €500 million

+

Share buyback
€400 million

↓

**TOTAL TO BE
RETURNED TO
SHAREHOLDERS**
c. €900 million

(1) See definition in Supplemental Information

FREE CASH FLOW



(EUR million)	2018 after IFRS16	2018 before IFRS16 ⁽²⁾	2017 before IFRS16
EBITDA ⁽¹⁾	2,049	1,652	1,666
Interests paid and received	(3)	(14)	(38)
Repayment of lease liabilities and related interests	(432)	-	-
Tax paid	(328)	(328)	(264)
Other items	68	68	54
Cash flows from operations before change in WCR ⁽³⁾	1,354	1,378	1,418
Capex, net of disposals ⁽¹⁾	(196)	(196)	(131)
Free Cash Flow before change in WCR	1,158	1,182	1,287
Change in WCR	153	129	69
Free Cash Flow	1,311	1,311	1,356

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

(1) See definition in Supplemental Information

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

(3) See supplemental information


+ 2.4 %
at constant
currency


USE OF CASH

(EUR million)	2018 after IFRS16	2018 before IFRS16 ⁽¹⁾	2017 before IFRS16
Free Cash Flow	1,311	1,311	1,356
Acquisitions (net of disposals)	(128)	(128)	(57)
Earn-out	(130)	(130)	(232)
Buy-out	(10)	(10)	(32)
Dividends paid	(220)	(220)	(180)
Share buy-back, net of sales	1	1	(337)
Sales of treasury shares due to exercise of stock options	5	5	37
Exercise of warrants	3	3	9
Non-cash impact on net debt	183	91	(47)
Reduction (Increase) in net debt	1,015	923	517

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

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

BALANCE SHEET

(EUR million)	Dec. 31, 2018 after IFRS16	Dec. 31, 2018 before IFRS16 ⁽¹⁾	Dec. 31, 2017 before IFRS16
Goodwill and intangibles	9,876	9,876	9,574
Net right of use	1,732	-	-
Other fixed assets	888	910	824
Current and deferred tax	(560)	(568)	(585)
Working capital	(2,904)	(3,080)	(2,661)
Net assets held for sale	83	85	46
TOTAL	9,115	7,223	7,198
Group equity	6,853	6,866	5,956
Minority interests	0	1	2
TOTAL EQUITY	6,853	6,867	5,958
Provisions for risk & charges	509	552	513
Net debt (cash)	(288)	(196)	727
Lease liability	2,041	-	-
TOTAL	9,115	7,223	7,198

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

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

NET FINANCIAL DEBT

(EUR million)	2018 after IFRS16 ⁽²⁾	2018 before IFRS16 ⁽¹⁾	2017 before IFRS16
Net Financial Debt, average	1,323	1,413	1,980
Net Financial Debt, at end of period	(288)	(196)	727

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

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

(2) Net debt on finance lease has been reclassified in Lease Liabilities

FINANCIAL RATIOS

	Last 12 months ending Dec. 31, 2018 Before IFRS 16	Last 12 months ending Dec. 31, 2017 Before IFRS 16	Internal objectives
Average net financial debt / EBITDA ⁽¹⁾	0.9x	1.2x	< 1.5x
Net financial debt / Shareholders' Equity	Cash positive	0.12x	< 0.50x
Financial interest cover ⁽²⁾	75x	33x	> 7x

(1) See definitions in Supplemental Information

(2) EBITDA / Cost of Net Financial Debt

UPDATED FINANCIAL RATIO OBJECTIVES WITH IFRS16

	Last 12 months ending Dec. 31, 2018 After IFRS 16	Internal objectives
(Average net financial debt + Average Lease liability) / EBITDA	1.6x	< 2.2x
(Net financial debt + Lease liability) / Shareholders' Equity	0.26x	< 0.80x
EBITDA / Cost of net financial debt	30x	> 7x

Consistent with methodology used by credit rating agencies

LIQUIDITY AS OF DECEMBER 31, 2018

(EUR million)	TOTAL	DRAWN	AVAILABLE
Committed Facilities			
364-day revolving credit facilities	165	-	165
5-year revolving credit facility ⁽¹⁾	516	-	516
5-year syndicated facility (Club Deal) ⁽²⁾	2,000	-	2,000
Total Committed Facilities	2,681	-	2,681
Cash and Marketable Securities	3,206	-	3,206
Total liquidity	5,887	-	5,887
Group other uncommitted facilities	242	1	241

(1) €50 million in 2019, €66 million maturing in 2020, €200 million in 2022, €200 million in 2023

(2) Maturing in 2020

STRATEGIC UPDATE



3 PILLARS TO WIN IN THE FUTURE

Financial robustness

Progressing on every
financial indicator by posting
a record year financially

A Futureproof model

Ranked #1
in new business ⁽¹⁾,
winning the majority of the
biggest pitches in 2018

Transformation roadmap

On track, and sometimes
ahead, for the strategic
and operational KPIs

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

THE 2018 GROWTH PERFORMANCE CALLS FOR AN ACCELERATION OF THE TRANSFORMATION IN 2019

STRATEGIC GAME CHANGERS (12% of net revenue)

Data
Dynamic creativity
Business Transformation

c. + €240 million

ATTRITION (c. 35% of net revenue)

Traditional advertising
Notably in the US
Mainly from FMCG sector

c. - €150 million

OUR TOP PRIORITY

Accelerate our transformation to return to
strong and profitable growth through 4 priorities

1. DEVELOP GLOBAL PRACTICES & VERTICALS TO SCALE-UP OF OUR STRATEGIC GAME CHANGERS

MARKETING TRANSFORMATION



Steve King

Member of the Directoire
CEO of Publicis Media
Promoted COO of Publicis Groupe

PRACTICES

Commerce
Data & Analytics
Production
Dynamic creativity optimization
Investment

BUSINESS TRANSFORMATION



Nigel Vaz

Promoted CEO of Publicis.Sapient

INDUSTRY VERTICALS

Automotive
Consumer products
Energy and commodities
Retail
Financial Services
Health
Media-Telecom
Travel and Hospitality

2. ACCELERATE THE TRANSFORMATION OF OUR RELATIONSHIP WITH TOP CLIENTS

- **Objective:** Bring Marketing Transformation and Business Transformation to all our clients
- A team led by Arthur Sadoun to support the GCL organization with Carla Serrano, Nick Law and Ros King, the latter joining as EVP Global Clients
- Focus on 3 areas:
 - ➔ Put **Data** at the core of the relationship thanks to the People Cloud platform
 - ➔ Shift from linear to **Dynamic Creativity**
 - ➔ Bring the **Business Transformation** industry capability to reinvent our clients' operations

3. FINALIZE THE COUNTRY MODEL IMPLEMENTATION IN ALL MARKETS

- 8 markets covering all the geographical footprint with leadership teams in place and one single P&L
- Unified management structure to be appointed (Finance, Talents, Client, New Business, Communications):
 - ➔ **Deliver upsell and cross-sell**
 - ➔ **Simplify our structure to reduce our cost base**

4. CONTINUE TO INVEST IN OUR MODEL

- For our talents and internal tools
 - ➔ Maintain in 2019 the same investment in talent as in 2018
 - ➔ Expand our Learning & Development program
 - ➔ Marcel AI platform: beta tests ongoing, next phase of development and enrichment of the platform
- M&A
 - ➔ Disciplined approach to select targets: c. €200 million euros in 2018 ⁽¹⁾
 - ➔ Double down our efforts in 2019 with the same rigorous approach

(1) Excluding earn-outs and buy-outs, including the announced acquisition of Soft Computing

OUTLOOK AND CONCLUSION



OUTLOOK

Accelerated organic growth

Higher organic growth in 2019 vs. 2018
+4% Organic growth confirmed for 2020

Enhanced margin

+30bp to +50bp margin improvement in 2019 & 2020

Increased EPS

5% to 10% Headline diluted EPS growth ⁽¹⁾ in 2019 & 2020

(1) At constant currency, and excluding BEAT tax of €30 million (estimated) as of 2019

MERCI



SUPPLEMENTAL INFORMATION



SUPPLEMENTAL INFORMATION

NET REVENUE ⁽¹⁾ & ORGANIC GROWTH CALCULATION

(EUR million)	Q1	Q2	Q3	Q4	2018
2017 net revenue	2,267	2,397	2,185	2,483	9,332
Currency impact ⁽³⁾	(217)	(145)	(17)	5	(374)
2017 net revenue at 2018 exchange rate (a)	2,050	2,252	2,168	2,488	8,958
2018 net revenue before impact of acquisitions ⁽²⁾ (b)	2,083	2,203	2,197	2,481	8,964
Net revenue from acquisitions ⁽²⁾	(1)	(5)	0	11	5
2018 net revenue	2,082	2,198	2,197	2,492	8,969
Organic growth (b/a)	+1.6%	-2.1%	+1.3%	-0.3%	+0.1%
Organic growth ex PHS ⁽⁴⁾	+1.9%	-1.4%	+2.2%	+0.5%	+0.8%

Currency impact					
(EUR million)	Q1	Q2	Q3	Q4	2018
GBP ⁽³⁾	(5)	(5)	2	(1)	(9)
USD ⁽³⁾	(163)	(99)	10	33	(219)
Other	(49)	(41)	(29)	(27)	(146)
Total	(217)	(145)	(17)	5	(374)

NB: For comparative purposes and in accordance with IFRS, 2017 figures have been restated to reflect the implementation of IFRS15.

(1) Revenue less pass-through costs: See definition in Supplemental Information

(2) Acquisitions (Ardent, The Abundancy, The Herd Agency, Ella Factory, SFR Studio, Translate Plus, Plowshare, Harbor & Village, Optix, Independent Ideas, Domaines Publics, Payer Science, One Digital, The Shed, Kindred, Xebia, IDC Creation), net of disposals

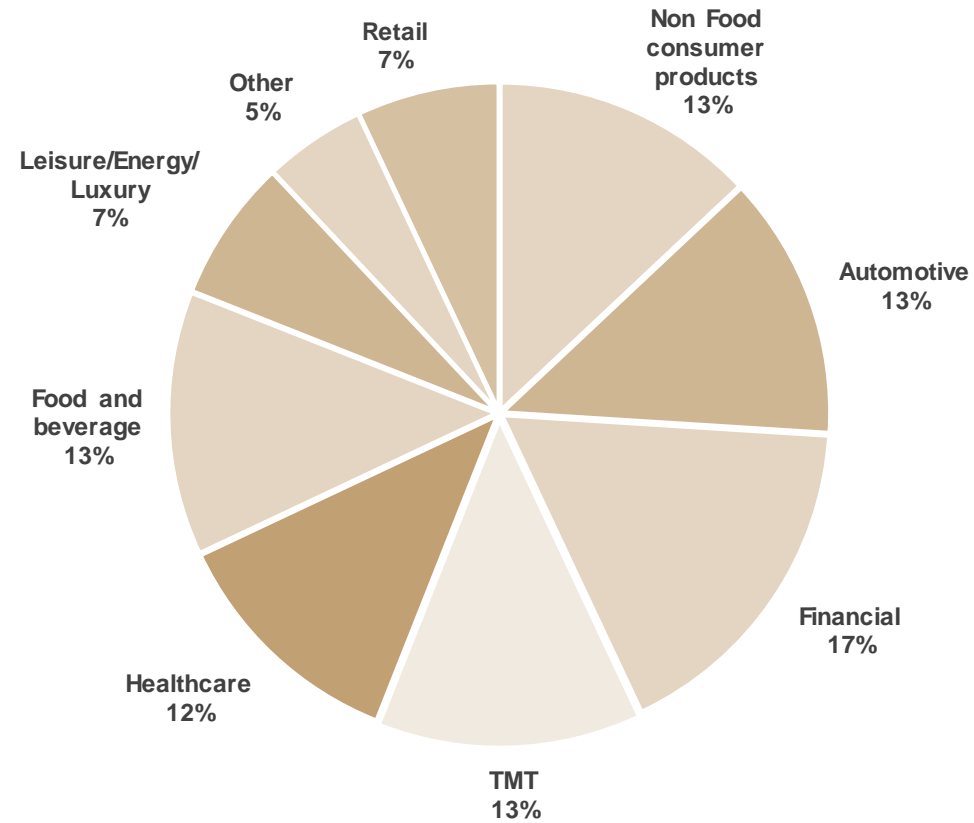
(3) EUR = USD 1.180 on average in 2018 vs. USD 1.127 on average in 2017

EUR = GBP 0.885 on average in 2018 vs. GBP 0.876 on average in 2017

(4) Expected disposal of PHS completed in January 2019

SUPPLEMENTAL INFORMATION

2018 NET REVENUE BY SECTOR ⁽¹⁾



(1) Based on 3,216 clients representing 87% of net revenue

SUPPLEMENTAL INFORMATION

IMPACT OF IFRS15: REVENUE AND NET REVENUE ⁽¹⁾

(EUR million)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
Net revenue	2,267	2,397	2,185	2,483	9,332
Pass-through revenue	222	235	206	251	914
Revenue	2,489	2,632	2,391	2,734	10,246

NB: For comparative purposes and in accordance with IFRS, 2017 figures have been restated to reflect the implementation of IFRS 15.

(1) Revenue less pass-through costs. See definition in Supplemental Information

SUPPLEMENTAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR million)	2018 after IFRS 16	2018 Impact IFRS 16	2018 before IFRS 16	2017 before IFRS 16
Net revenue	8,969	-	8,969	9,332
Pass-through revenue	982	-	982	914
Revenue	9,951	-	9,951	10,246
EBITDA	2,049	397	1,652	1,666
Depreciation	(526)	(375)	(151)	(161)
Operating margin	1,523	22	1,501	1,505
Amortization of intangibles arising from acquisitions	(69)	-	(69)	(73)
Impairment / Real estate consolidation charge	(131)	-	(131)	(115)
Non-current income and expense	(20)	-	(20)	(1)
Operating income	1,303	22	1,281	1,316
Net financial income (expenses)	(71)	(55)	(16)	(61)
Earn-out revaluation	(13)	-	(13)	(66)
Income taxes	(285)	8	(293)	(312)
Associates	(4)	-	(4)	(5)
Minority interests	(11)	-	(11)	(10)
Group Net Income	919	(25)	944	862

SUPPLEMENTAL INFORMATION

GROSS DEBT AS OF DEC. 31, 2018 AFTER IFRS 16

Breakdown by **MATURITY**

(EUR million)	Total	2019	2020	2021	2022	2023 Onwards
Eurobond 2021 ^{(1) (2)}	735			735		
Eurobond 2023	494					494
Eurobond 2024 ^{(1) (2)}	611					611
Medium term loan ⁽¹⁾	779	312	467			
Earn out / Buy out	250	98	67	50	32	3
Other debt ^{(1) (3)}	49	39	10			
Total gross debt	2,918	449	544	785	32	1,108

(1) Including fair values of associated derivatives

(2) Eurobond issued in December 2014 swapped in USD at fixed rate

(3) IFRS16 was applied from January 1, 2018 using prospective method without restatement of previous period and debt on finance leases have been reclassified to lease liabilities



No covenants

SUPPLEMENTAL INFORMATION

NET DEBT AS OF DEC. 31, 2018 AFTER IFRS 16

Breakdown by CURRENCY

(EUR million)	Total	EUR	USD	GBP	Others
Eurobond 2021 ^{(1) (2)}	735		735		
Eurobond 2023	494	494			
Eurobond 2024 ^{(1) (2)}	611		611		
Medium term loan ⁽¹⁾	779	297	482		
Earn out / Buy out	250	22	134	35	59
Other ⁽¹⁾⁽³⁾	49	21	7	7	14
Cash & marketable securities	(3,206)	(131)	(2,158)	(53)	(864)
Net debt (cash)	(288)	703	(189)	(11)	(791)

(1) Including fair values of associated derivatives

(2) Eurobond issued in December 2014 swapped in USD at fixed rate

(3) IFRS16 was applied from January 1, 2018 using prospective method without restatement of previous period and debt on finance leases have been reclassified to lease liabilities

SUPPLEMENTAL INFORMATION

NET DEBT AS OF DEC. 31, 2018 AFTER IFRS 16

Breakdown by **RATE**

(EUR million)	Total	Earn-out / Buy-out	Fixed rate	Floating rate
Eurobond 2021 ^{(1) (2)}	735		735	
Eurobond 2023	494		494	
Eurobond 2024 ^{(1) (2)}	611		611	
Medium term loan ^{(1) (3)}	779		482	297
Other debt ⁽¹⁾⁽⁴⁾	49			49
Total gross debt ex. earn out/buy out	2,668		2,322	346
Earn-out / Buy-out	250	250		
Cash & marketable securities	(3,206)			(3,206)
Net debt (cash)	(288)	250	2,322	(2,860)

(1) Including fair values of associated derivatives

(2) Eurobond issued in December 2014 swapped in USD at fixed rate

(3) 555mUSD swapped in fixed rate in 2017

(4) IFRS16 was applied from January 1, 2018 using prospective method without restatement of previous period and debt on finance leases have been reclassified to lease liabilities

SUPPLEMENTAL INFORMATION

IMPACT OF IFRS16 TRANSITION ON 2018 OPENING BALANCE SHEET

(EUR million)	Dec 31, 2017 before IFRS16	IFRS16 Transition adjustments	Jan 1, 2018 after IFRS16
Goodwill and intangibles	9,574	-	9,574
Net right of use	-	1,906	1,906
Other fixed assets	824	(20)	804
Current and deferred tax	(400)	-	(400)
Working capital	(2,661)	57	(2,604)
Net asset held for sale	46	-	46
TOTAL	7,383	1,943	9,326
Group equity	5,956	10	5,966
Minority interests	2	-	2
TOTAL EQUITY	5,958	10	5,968
Provisions for risk & charges	698	(15)	683
Net debt (cash)	727	(89)	638
Lease liability	-	2,037	2,037
TOTAL	7,383	1,943	9,326

METHODOLOGY FOR FINANCIAL RATIOS DETERMINATION

Before IFRS16

- Ratios calculated using reported EBITDA, Cost of net financial debt, Shareholders' equity, Net financial debt, and excluding lease liabilities

<i>(million euros)</i>	2018 Before IFRS16
EBITDA	1,652
Average net financial debt	1,413
Net financial debt	(196)
Lease liability	-
Shareholders' Equity	6,867
Cost of net financial debt	22

IMPACT OF IFRS16 ON FINANCIAL RATIOS

After IFRS16

- Ratios calculated using reported EBITDA, Cost of net financial debt, Shareholders' equity, Net financial debt, and adding lease liability

<i>(million euros)</i>	2018 Before IFRS16	2018 After IFRS16
EBITDA	1,652	2,049
Average net financial debt	1,413	1,323
Net financial debt	(196)	(288)
Lease liability	-	2,041
Shareholders' Equity	6,867	6,853
Cost of net financial debt	22	69

FINANCIAL RATIOS BEFORE AND AFTER IFRS16

<i>(million euros)</i>	2018 Before IFRS16	2018 After IFRS16
EBITDA	1,652	2,049
Average net financial debt	1,413	1,323
Net financial debt	(196)	(288)
Lease liability	-	2,041
Shareholders' Equity	6,867	6,853
Cost of net financial debt	22	69
(Average net financial debt + Lease liability) / EBITDA	0.9x	1.6x
(Net financial debt + Lease liability) / Shareholders' equity	Cash positive	0.3x

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 1st January 2018.

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

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

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