

# FIRST QUARTER 2018

19

APRIL 2018





## 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 Documents 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.

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



# **Q1 2018 HIGHLIGHTS**

## Q1 2018 HIGHLIGHTS

---

- ➔ Q1 2018 organic growth of +1.6% for net revenue <sup>(1)</sup>
  - Encouraging start of the year compared to 2017
  - North America up 2.8% confirming our offer and organisation traction
  - Europe turned positive, up 0.3% despite tough comps
- ➔ Unprecedented success on new business



➔ *Sprint To The Future*



# **Q1 2018 FINANCIALS**

## APPLICATION OF IFRS15 AS OF JANUARY 1, 2018

(EUR million)	Q1 2017
<b>REVENUE, pre-IFRS15</b>	<b>2,328</b>
Impact of IFRS15	161
<b>REVENUE, post-IFRS15</b>	<b>2,489</b>

### Pass-through costs

Amount paid to external suppliers engaged to perform a project and charged directly to clients

### Impact of IFRS 15

New accounting standard increases the amount of pass-through costs accounted for in operating expense instead of in reduction of revenue

Those costs include mainly production costs and out of pocket expenses.

**Before IFRS15:** Directly deducted from revenue

**With IFRS15:** Included in operating costs

## IMPACT OF IFRS15

- ➔ Higher revenue
- ➔ Higher operating costs
- ➔ Neutral on operating margin in value

## Q1 2017 AND Q1 2018

<b>(EUR million)</b>	<b>Q1 2017 reported, <u>before</u> IFRS15</b>	<b>Q1 2017 restated, <u>with</u> IFRS15</b>	<b>Q1 2018 reported, <u>with</u> IFRS15</b>
<b>REVENUE</b>	<b>2,328</b>	<b>2,489</b>	<b>2,276</b>

## REVENUE VS. NET REVENUE

(EUR million)	Q1 2017
<b>REVENUE, under IFRS15</b>	<b>2,489</b>
Pass-through costs	(222)
<b>NET REVENUE <sup>(1)</sup></b>	<b>2,267</b>

Pass-through costs <sup>(2)</sup> are paid to external suppliers and recorded in operating expenses:

- €161 million in application of IFRS 15
- €61 million already in operating expenses in application of previous accounting standards

**Revenue = includes pass-through costs which are directly billable to clients**  
**Net revenue = better reflects the net level of activity of the Groupe by excluding those costs**

**NET REVENUE IS THE RELEVANT METRIC FOR ORGANIC GROWTH**

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) Pass-through costs: mainly production costs, media costs and out of pocket expenses



## FIRST QUARTER

<b>(EUR million)</b>	<b>UNDER IFRS15</b>
<b>2018 revenue</b>	<b>2,276</b>
2018 pass-through costs	(194)
<b>2018 net revenue <sup>(1)</sup></b>	<b>2,082</b>
2017 net revenue (restated) <sup>(1)</sup>	2,267
Reported growth <sup>(2)</sup>	-8.2%
Growth at constant currencies <sup>(2)</sup>	+1.6%
<b>Organic growth <sup>(2)</sup></b>	<b>+1.6%</b>

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) Reported growth, growth at constant currencies and organic growth are calculated on net revenue

## Q1 2018 NET REVENUE <sup>(1)</sup>

### BY GEOGRAPHY

(EUR million)	Q1 2018	Q1 2017	Q1 2018 vs. Q1 2017	Organic growth
Europe	614	619	-0.8%	+0.3%
North America	1,142	1,274	-10.4%	+2.8%
Asia Pacific	199	238	-16.4%	-4.6%
Latin America	72	77	-6.5%	+11.5%
Middle East and Africa	55	59	-6.8%	+4.8%
<b>Total</b>	<b>2,082</b>	<b>2,267</b>	<b>-8.2%</b>	<b>+1.6%</b>

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

## Q1 2018 ORGANIC GROWTH ON NET REVENUE <sup>(1)</sup>

### BY COUNTRY

<b>&gt; +10%</b>	Argentina, Brazil, Egypt, Singapore, South Africa, Turkey, Vietnam
<b>+5% to +10%</b>	Israel, Mexico, Russia, Saudi Arabia
<b>0 to +5%</b>	Canada, China, France, India, Spain, United Arab Emirates, UK, USA
<b>&lt; 0%</b>	Australia, Belgium, Chile, Germany, Italy, Japan, Korea, Philippines, Switzerland, Thailand

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

## NET DEBT / (NET CASH)

<b>(EUR million)</b>	<b>Q1 2018</b>	<b>Q1 2017</b>	<b>FY 2017</b>
Net Debt (Net Cash), average	<b>1,088</b>	1,677	1,980
Net Debt (Net Cash), at end of period	<b>1,771</b>	2,339	727

## LIQUIDITY AS OF MARCH 31, 2018

(EUR million)	TOTAL	DRAWN	AVAILABLE
<b>Committed Facilities</b>			
364-day revolving credit facilities	165	0	165
5-year revolving credit facility <sup>(1)</sup>	511	0	511
5-year syndicated facility (Club Deal) <sup>(2)</sup>	2,000	0	2,000
<b>Total Committed Facilities</b>	<b>2,676</b>	<b>0</b>	<b>2,676</b>
Cash and Marketable Securities	1,113		1,113
<b>Total liquidity</b>	<b>3,789</b>	<b>0</b>	<b>3,789</b>
<b>Group other uncommitted facilities</b>	<b>245</b>	<b>16</b>	<b>224</b>

(1) €361m maturing in 2018, €50m maturing in 2019 and €100m in 2022

(2) Maturing in 2020



# CONCLUSION

## CONCLUSION

---

- ➔ Busy and satisfactory quarter
- ➔ Confidence for our 2018 objectives
- ➔ Next financial event: H1 results, end July



# Supplemental Information



## SUPPLEMENTAL INFORMATION

### NET REVENUE <sup>(1)</sup> & ORGANIC GROWTH CALCULATION

(EUR million)	Q1 2018
2017 net revenue	2,267
Currency impact <sup>(3)</sup>	(217)
2017 net revenue at 2018 exchange rate (a)	2,050
2018 net revenue before impact of acquisitions <sup>(2)</sup> (b)	2,083
Net revenue from acquisitions <sup>(2)</sup>	(1)
<b>2018 net revenue</b>	<b>2,082</b>
<b>Organic growth (b/a)</b>	<b>+1.6%</b>

Currency impact	
(EUR million)	Q1 2018
GBP <sup>(3)</sup>	(5)
USD <sup>(3)</sup>	(163)
Other	(49)
<b>Total</b>	<b>(217)</b>

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

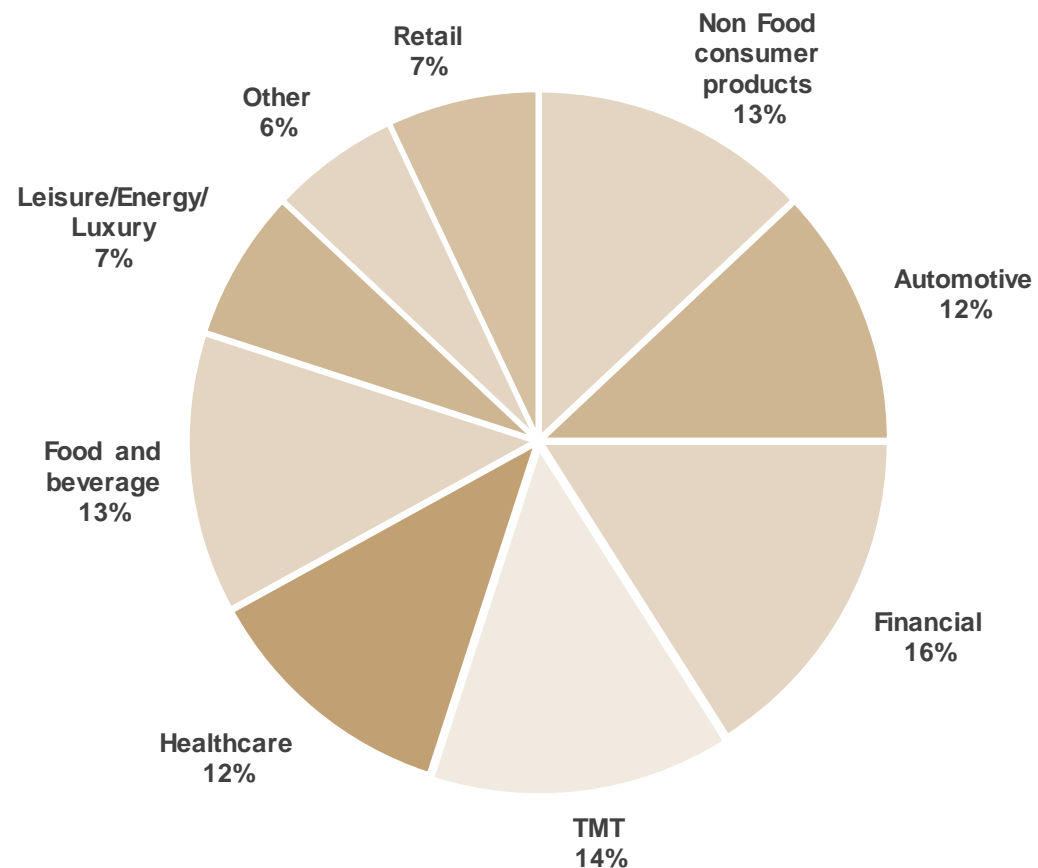
(2) Acquisitions (Ardent, The Abundancy, The Herd Agency, Ella Factory, SFR Studio, Translate Plus, Plowshare, Harbor & Village), net of disposals

(3) EUR = USD1.229 in 2018 vs. USD1.065 in 2017

EUR = GBP0.883 in 2018 vs. GBP0.860 in 2017

## SUPPLEMENTAL INFORMATION

### Q1 2018 NET REVENUE <sup>(1)</sup> BY SECTOR <sup>(2)</sup>



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

(2) Based on 2,663 clients representing 86% of net revenue

## SUPPLEMENTAL INFORMATION

### GROSS DEBT AS OF MARCH 31, 2018

#### Breakdown by MATURITY

(EUR million)	Total	Apr. 2018 – Mar. 2019	Apr. 2019 – Mar. 2020	Apr. 2020 – Mar. 2021	Apr. 2021 – Mar. 2022	2022 Onwards
Eurobond 2021 <sup>(1) (2)</sup>	674				674	
Eurobond 2023	493					493
Eurobond 2024 <sup>(1) (2)</sup>	560					560
Medium term loan	743	300	443			
Earn out / Buy out	275	200	48	17	10	
Other debt <sup>(1)</sup>	139	44	8			87
<b>Total gross debt</b>	<b>2,884</b>	<b>544</b>	<b>499</b>	<b>17</b>	<b>684</b>	<b>1,140</b>



**No covenants**

(1) Including fair values of associated derivatives  
(2) Eurobond issued in December 2014 swapped in USD at fixed rate

## SUPPLEMENTAL INFORMATION

### NET DEBT AS OF MARCH 31, 2018

#### Breakdown by CURRENCY

(EUR million)	Total	EUR	USD	GBP	Others
Eurobond 2021 <sup>(1)</sup> <sup>(2)</sup>	674		674		
Eurobond 2023	493	493			
Eurobond 2024 <sup>(1)</sup> <sup>(2)</sup>	560		560		
Medium term loan	743	297	446		
Earn out / Buy out	275	13	141	43	78
Other debt <sup>(1)</sup>	139	7	110	6	16
Cash & marketable securities	(1,113)	(65)	(265)	(27)	(756)
<b>Net debt (cash)</b>	<b>1,771</b>	<b>745</b>	<b>1,666</b>	<b>22</b>	<b>(662)</b>

(1) Including fair values of associated derivatives

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

## SUPPLEMENTAL INFORMATION

### NET DEBT AS OF MARCH 31, 2018

#### Breakdown by RATE

(EUR million)	Total	Earn-out / Buy-out	Fixed rate	Floating rate
Eurobond 2021 <sup>(1) (2)</sup>	674		674	
Eurobond 2023	493		493	
Eurobond 2024 <sup>(1) (2)</sup>	560		560	
Medium term loan <sup>(3)</sup>	743		446	297
Other debt <sup>(1)</sup>	139		87	52
<b>Total gross debt ex. earn out/buy out</b>	<b>2,609</b>		<b>2,260</b>	<b>349</b>
Earn-out / Buy-out	275	275		
Cash & marketable securities	(1,113)			(1,113)
<b>Net debt (cash)</b>	<b>1,771</b>	<b>275</b>	<b>2,260</b>	<b>(764)</b>

(1) Including fair values of associated derivatives

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

(3) USD555 million swapped in fixed rate in 2018



## **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:** Group net income after elimination of impairment charges, amortization of intangibles arising from acquisitions, main capital gains (or losses) on disposals, effect of US tax reform and revaluation of earn-out payments

**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):** Group net income after elimination of impairment charges, amortization of intangibles arising from acquisitions, main capital gains (or losses) on disposals, effect of US tax reform and revaluation of earn-out payments, 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 before changes in working capital requirements:** Net cash flow from operating activities before 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.

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

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



# CONTACT

---

## Press

**Peggy Nahmany**, Vice-President, Director of Communications

**Tel.** +33 1 44 43 72 83

**Email.** [peggy.nahmany@publicisgroupe.com](mailto:peggy.nahmany@publicisgroupe.com)

## Investor Relations

**Jean-Michel Bonamy**, Vice-President Investor Relations & Strategic Financial Planning

**Tel.** +33 1 44 43 77 88

**Email.** [jean-michel.bonamy@publicisgroupe.com](mailto:jean-michel.bonamy@publicisgroupe.com)

**Chi-Chung Lo**, Investor Relations Manager

**Tel.** +33 1 44 43 66 69

**Email.** [chi-chung.lo@publicisgroupe.com](mailto:chi-chung.lo@publicisgroupe.com)

**Publicis Groupe | 133, Champs Elysées | F-75380 Paris Cedex 08 | [www.publicisgroupe.com](http://www.publicisgroupe.com) | [@publicisgroupe](https://twitter.com/publicisgroupe)**