

**THIRD QUARTER 2019**

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**10 OCTOBER**  
**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.

# Q3 2019 HIGHLIGHTS

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## Q3 2019 HIGHLIGHTS

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- **Q3 2019 organic growth of -2.7%, below our internal expectations**
- **Explained by both well-identified challenges and the impact of the Groupe's transition**
  - Higher than expected attrition in US traditional advertising
  - Softer performance in Media operations, in the context of high comparable
  - Short-term negative impact of the repositioning of Publicis Sapient to full DBT in the U.S.

# Q3 2019

# NET REVENUE & NET DEBT

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## NET REVENUE

(EUR million)	Q1	Q2	Q3	9M
<b>2019 net revenue</b>	<b>2,118</b>	<b>2,234</b>	<b>2,577</b>	<b>6,929</b>
2018 net revenue	2,082	2,198	2,197	6,477
Reported growth	+1.7%	+1.6%	+17.3%	+7.0%
<b>Organic growth</b>	<b>-1.8%</b> <sup>(1)</sup>	<b>+0.1%</b>	<b>-2.7%</b>	<b>-1.4%</b>

(1) -1.6% excluding PHS

## Q3 NET REVENUE <sup>(1)</sup> BY GEOGRAPHY

(EUR million)	Q3 2019	Q3 2018	2019 vs. 2018	Organic growth
Europe	606	614	-1.3%	-3.3%
North America	1,561	1,214	+28.6%	-3.6%
Asia Pacific	260	224	+16.1%	+2.5%
Latin America	75	79	-5.1%	-7.2%
Middle East Africa	75	66	+13.6%	+9.0%
<b>Total</b>	<b>2,577</b>	<b>2,197</b>	<b>+17.3%</b>	<b>-2.7%</b>

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

## YTD NET REVENUE <sup>(1)</sup> BY GEOGRAPHY

<b>(EUR million)</b>	<b>YTD 2019</b>	<b>YTD 2018</b>	<b>2019 vs. 2018</b>	<b>Organic growth</b>
Europe	1,902	1,869	+1.8%	<b>+0.0%</b>
North America	3,877	3,535	+9.7%	<b>-3.3%</b>
Asia Pacific	704	647	+8.8%	<b>+2.2%</b>
Latin America	219	237	-7.6%	<b>-7.5%</b>
Middle East Africa	227	189	+20.1%	<b>+15.5%</b>
<b>Total</b>	<b>6,929</b>	<b>6,477</b>	<b>+7.0%</b>	<b>-1.4%</b>

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



## YTD NET REVENUE ORGANIC GROWTH BY COUNTRY

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**> +10%**

Colombia, India, Singapore, United Arab Emirates

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**+5% to +10%**

Canada, Israel, Italy, Philippines

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**0 to +5%**

China, France, Japan, United Kingdom

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**< 0%**

Australia, Brazil, Germany, Indonesia, Mexico,  
South Africa, Spain, United States

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## NET FINANCIAL DEBT (1)

<b>(EUR million)</b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>2018</b>
Net Financial Debt, average	1,724	1,410	1,323
Net Financial Debt, at end of period	5,043	1,742	(288)

(1) Net debt on finance lease has been reclassified in Lease Liabilities since 1<sup>st</sup> January 2018, see definition in supplemental information

# LIQUIDITY AS OF SEPTEMBER 30, 2019

	Septembre 30, 2019			Septembre 30, 2018
(EUR million)	TOTAL	DRAWN	AVAILABLE	AVAILABLE
<b>Committed Facilities</b>				
364-day revolving credit facilities	165	-	165	165
5-year revolving credit facility <sup>(1)</sup>	469	-	469	515
5-year syndicated facility (Club Deal) <sup>(2)</sup>	2,000	-	2,000	2,000
<b>Total Committed Facilities</b>	<b>2,634</b>	<b>-</b>	<b>2,634</b>	<b>2,680</b>
Cash and Marketable Securities	1,231	-	1,231	1,155
<b>Total liquidity</b>	<b>3,865</b>	<b>-</b>	<b>3,865</b>	<b>3,835</b>
<b>Group other uncommitted facilities</b>	<b>214</b>	<b>22</b>	<b>192</b>	<b>231</b>

(1) €169 million in 2020, €200 million maturing in 2022, €100 million in 2023

(2) Maturing in 2024

# OUTLOOK AND PRIORITIES

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# UPDATED OUTLOOK

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## 2019:

- Organic net revenue to decline by around -2.5%
- Confirmed 30 bps improvement for margin, reaching 17.3% <sup>(1)</sup>, including the benefit of Epsilon's consolidation in H2
- Confirmed 5% headline EPS growth <sup>(2)</sup>

## 2020:

- Organic net revenue growth between -2% if current trends persist, and +1%
- Operating margin rate to reach a normalized level at around 17% for 2020 and beyond

(1) Excluding transaction costs

(2) Fully diluted. At constant currency, excluding BEAT tax of €30 million (estimated) as of 2019 and transaction costs

# KEY DRIVERS SUSTAINING SOLID MARGINS AND CASH

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- **2 structural reasons**
  - Activity mix weighed on high value-added expertise
  - Shared service organization
- **Ongoing actions in a low growth context**
  - Adjustment of cost base to revenue stream
  - Innovative offer driving superior value
  - Simplification of structures with country model
  - Real Estate consolidation
- **Confirming high level of cash flow generation and deleveraging in 4 years**
  - Planned Capex of c. €250M in 2019 rising to €300M in 2020 with 12 months of Epsilon

# STRATEGIC OUTLOOK MAKING US CONFIDENT FOR FUTURE GROWTH



## **A unique combination of data, creativity and technology for our clients**

- Continued solid performance from Game Changers: +21% YTD organic growth

## **Publicis Sapien U.S. to increase its competitive advantage in growing DBT segment**

- A strategic shift to capture the growth already seen in its international operations
- Encouraging New business momentum with long-term transformation projects

## **Epsilon bringing unique bespoke Solution to clients with unparalleled data assets and AI**

- Critical role played in the latest New business wins: Mondelez and Novartis
- Epsilon core data and tech expertise delivering positive growth in Q3

## **Radically simple organisation fully operational on 1<sup>st</sup> of January 2020**

- Designed to foster cross-fertilisation and increase the focus on small- and mid-sized accounts

# CONCLUSION

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# CONCLUSION

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- **Well-identified challenges** weighing on Q3 performance
- **Cautious approach** leading to reset our expectations for the next quarters
- **Confirmed 17.3% <sup>(1)</sup> operating margin rate (+30bps)** and 5% headline EPS <sup>(2)</sup> growth in 2019
- All strategic levers in place: **strong focus on execution** to bring back organic growth

(1) Excluding transaction costs

(2) Fully diluted. At constant currency, excluding BEAT tax of €30 million (estimated) as of 2019 and transaction costs

# SUPPLEMENTAL INFORMATION

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# SUPPLEMENTAL INFORMATION

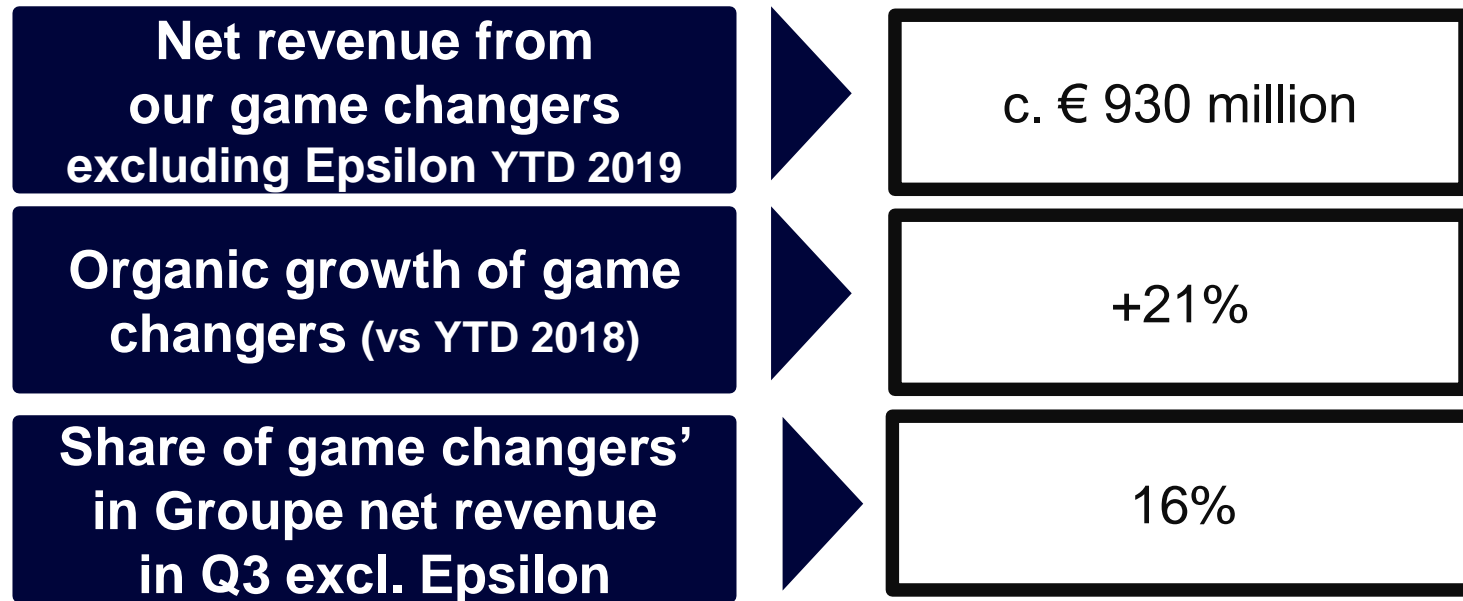
## NET REVENUE & ORGANIC GROWTH CALCULATION

(EUR million)	Q1	Q2	Q3	YTD
<b>2018 net revenue</b>	<b>2,082</b>	<b>2,198</b>	<b>2,197</b>	<b>6,477</b>
Currency impact <sup>(2)</sup>	93	72	65	230
2018 net revenue at 2019 exchange rate (a)	2,175	2,270	2,262	6,707
2019 net revenue before impact of acquisitions <sup>(1)</sup> (b)	2,136	2,273	2,201	6,610
Net revenue from acquisitions <sup>(1)</sup>	(18)	(39)	376	319
<b>2019 net revenue</b>	<b>2,118</b>	<b>2,234</b>	<b>2,577</b>	<b>6,929</b>
<b>Organic growth (b/a)</b>	<b>-1.8%</b>	<b>+0.1%</b>	<b>-2.7%</b>	<b>-1.4%</b>
<b>Organic growth ex PHS <sup>(3)</sup></b>	<b>-1.6%</b>	<b>+0.1%</b>	<b>-2.7%</b>	<b>-1.4%</b>

Currency impact				
(EUR million)	Q1	Q2	Q3	YTD
GBP <sup>(2)</sup>	3	0	(2)	1
USD <sup>(2)</sup>	90	69	55	214
Other	0	3	12	15
<b>Total</b>	<b>93</b>	<b>72</b>	<b>65</b>	<b>230</b>

- (1) Acquisitions (Optix, Independent Ideas, Ecosys, Domaines Publics, Payer Science, One Digital, The Shed, Kindred, Xebia, IDC Creation, Brilliant, Soft Computing, E2 Media, Epsilon, Rauxa, DigitasAffinity ID, McCready Bale Media), net of disposals.
- (2) EUR = USD 1.124 on average in YTD 2019 vs. USD 1.194 on average in YTD 2018  
 EUR = GBP 0.883 on average in YTD 2019 vs. GBP 0.884 on average in YTD 2018
- (3) Publicis Groupe made effective the disposal of Publicis Health Services in January 2019

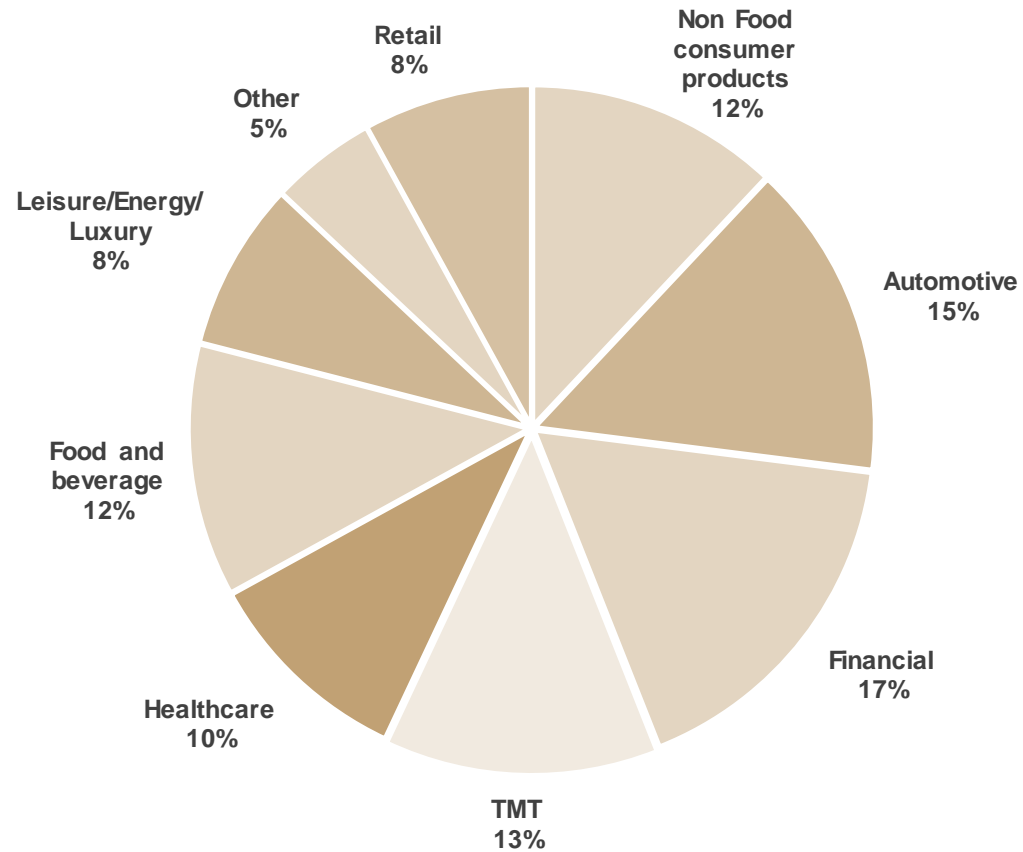
# ORGANIC GROWTH FOR STRATEGIC GAME CHANGERS



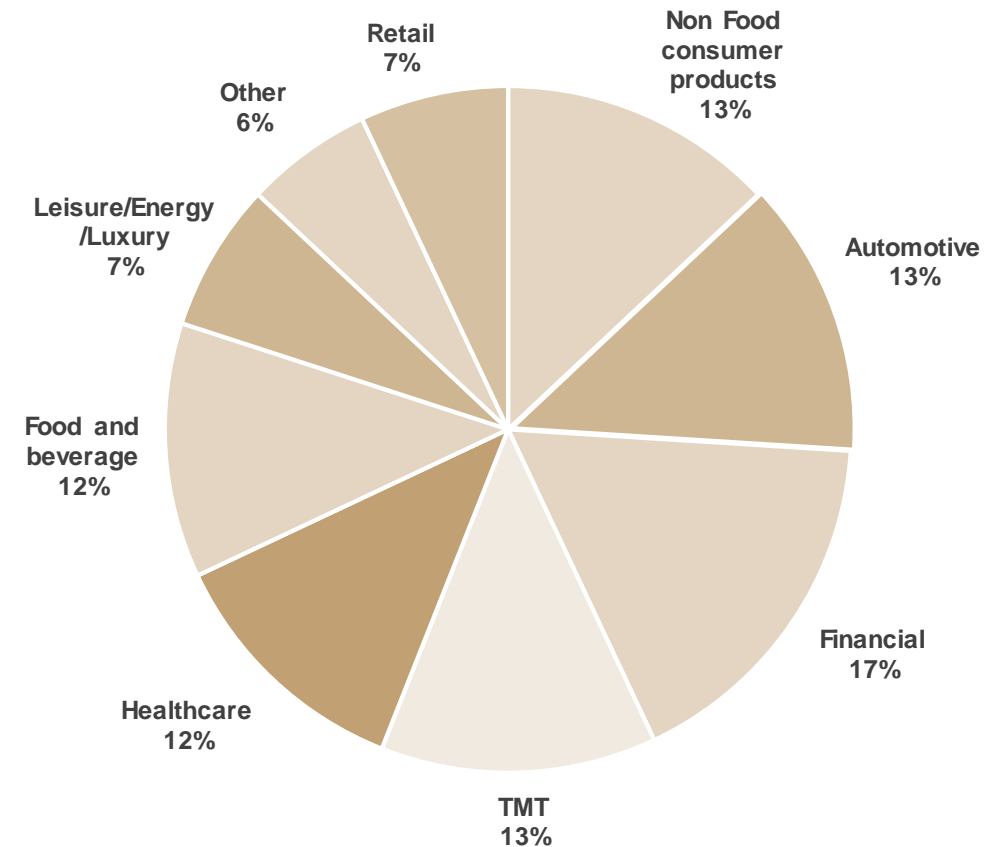
# SUPPLEMENTAL INFORMATION

## Q3 YTD NET REVENUE BY SECTOR

2019 (1)



2018



(1) Based on 3,619 clients representing 89% of net revenue

# SUPPLEMENTAL INFORMATION

## GROSS DEBT AS OF SEPTEMBER 30, 2019

### Breakdown by MATURITY

(EUR million)	Total	Oct. 2019 – Sep. 2020	Oct. 2020 – Sep. 2021	Oct. 2021 – Sep. 2022	Oct. 2022 – Sep. 2023	Oct. 2023 – Onwards
Eurobond 2021 <sup>(1) (2)</sup>	791	-	-	791	-	-
Eurobond 2023	495	-	-	-	-	495
Eurobond 2024 <sup>(1) (2)</sup>	661	-	-	-	-	661
Eurobond 2025 <sup>(1) (2)</sup>	787	-	-	-	-	787
Eurobond 2028 <sup>(1) (2)</sup>	785	-	-	-	-	785
Eurobond 2031 <sup>(1) (2)</sup>	783	-	-	-	-	783
Medium term loans <sup>(1)</sup>	1 612	485	-	827	150	150
Earn out / Buy out	327	101	73	57	42	54
Other debt <sup>(1)</sup>	33	18	15	-	-	-
<b>Total gross debt</b>	<b>6 274</b>	<b>604</b>	<b>88</b>	<b>1 675</b>	<b>192</b>	<b>3 715</b>

(1) Including fair values of associated derivatives

(2) Eurobond swapped in USD at fixed rate



**No covenants**

# SUPPLEMENTAL INFORMATION

## NET DEBT AS OF SEPTEMBER 30, 2019

### Breakdown by CURRENCY

<b>(EUR million)</b>	<b>Total</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>Others</b>
Eurobond 2021 <sup>(1) (2)</sup>	791		791		
Eurobond 2023	495	495			
Eurobond 2024 <sup>(1) (2)</sup>	661		661		
Eurobond 2025 <sup>(1) (2)</sup>	787		787		
Eurobond 2028 <sup>(1) (2)</sup>	785		785		
Eurobond 2031 <sup>(1) (2)</sup>	783		783		
Medium term loans <sup>(1)</sup>	1 612	449	1 163		
Earn out / Buy out	327	13	257	14	43
Other <sup>(1)</sup>	33	(55)	91	6	(9)
Cash & marketable securities	(1 231)	(86)	(335)	(17)	(793)
<b>Net debt (cash)</b>	<b>5 043</b>	<b>816</b>	<b>4 983</b>	<b>3</b>	<b>(759)</b>

(1) Including fair values of associated derivatives

(2) Eurobond swapped in USD at fixed rate

# SUPPLEMENTAL INFORMATION

## NET DEBT AS OF SEPTEMBER 30, 2019

### Breakdown by **RATE**

<b>(EUR million)</b>	<b>Total</b>	<b>Earn-out / Buy-out</b>	<b>Fixed rate</b>	<b>Floating rate</b>
Eurobond 2021 <sup>(1) (2)</sup>	791	-	791	-
Eurobond 2023	495	-	495	-
Eurobond 2024 <sup>(1) (2)</sup>	661	-	661	-
Eurobond 2025 <sup>(1) (2)</sup>	787	-	787	-
Eurobond 2028 <sup>(1) (2)</sup>	785	-	785	-
Eurobond 2031 <sup>(1) (2)</sup>	783	-	783	-
Medium term loans <sup>(1) (3)</sup>	1 612	-	336	1 276
Other debt <sup>(1)</sup>	33	-	-	33
<b>Total gross debt ex. earn out/buy out</b>	<b>5 947</b>	<b>-</b>	<b>4 638</b>	<b>1 309</b>
Earn-out / Buy-out	327	327	-	-
Cash & marketable securities	(1 231)	-	-	(1 231)
<b>Net debt (cash)</b>	<b>5 043</b>	<b>327</b>	<b>4 638</b>	<b>78</b>

- (1) Including fair values of associated derivatives  
(2) Eurobond swapped in USD at fixed rate  
(3) Including 367mUSD swapped in fixed rate



# 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, amortization of intangibles arising from acquisitions, the main capital gains (or losses) on disposals, change in the fair value of financial assets, the impact of US tax reform, the revaluation of earn-out debt and Epsilon transaction 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, repayment of lease liabilities & related interests linked to operating activities

**Free Cash Flow before change 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 since 1<sup>st</sup> January 2018.

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

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

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