

H1 2020 RESULTS

23 July 2020

**H1 2020
HIGHLIGHTS**

**H1 2020
RESULTS**

**STRATEGIC
UPDATE**

Q&A

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INTRODUCTION

Strong
fundamentals
to weather
the crisis

We were off to a good 2020

- Transformation almost completed
- Strong tailwind in the US
- Continued new business momentum

We entered the crisis with strong fundamentals

- A unique offer combining creative, media, data and technology, seamlessly
- An unmatched backbone of shared services
- A strong balance sheet

➤ Our revenue pipeline, supported by our resilient financials, helped us mitigate the effects of the Covid-19 crisis in the first half

H1 2020 ORGANIC SUPPORTED BY US TAILWIND

H1 2020
organic growth
at -8.0%,
Q2 at -13.0%

US organic growth decline limited to -3.3% in H1, with -6.8% in Q2

- Creative and Media still positive at end-May, H1 slightly negative
- Publicis Sapient negative in Q2 after good start of the year
- Double-digit growth in Health

Europe very impacted by lockdowns in Q2, with decline of -23.5%

- UK at -18.2%, France at -22.7%¹, and Germany at -3.4%

Asia at -5.7% organic in Q2

- China recovering from Q1 but still negative in Q2

RESILIENT FINANCIAL PERFORMANCE IN H1 2020

Fast adaptation
of cost structure
in the first half

Resilient Operating margin rate at 13.0%

- Reduction of 6.4% in the cost base, or €286 million ⁽¹⁾
 - Strong measures decided early-on and implemented fast locally thanks to country-model
 - Resource management tool to reallocate internal talent and freeze recruitments
- Solid start to the year in the US

H1 2020 KEY FIGURES

(EUR million)	H1 2020	H1 2019	H1 2020 vs H1 2019
Net revenue	4,774	4,352	+9.7%
<i>Organic growth</i>	-	-	-8.0%
EBITDA	923	885	+4.3%
Operating margin	622	612⁽¹⁾	+1.6%
<i>Operating margin rate</i>	13.0%	14.1%⁽¹⁾	-110bps
Headline diluted EPS (euro)	1.75	1.98	-11.6%
Free Cash Flow⁽²⁾	495	491	+0.8%

(1) On a reported basis. Excluding Epsilon acquisition costs in H1 2019 (€40m), operating margin was €652m and operating margin rate was 15.0%

(2) Before changes in working capital requirements

SIGNIFICANT NEW BUSINESS WINS

New clients



Expanded scope with existing clients



Expanded markets with existing clients



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NET REVENUE

(EUR million)	Q1	Q2	H1
2020 net revenue	2,481	2,293	4,774
2019 net revenue	2,118	2,234	4,352
Reported growth	+17.1%	+2.6%	+9.7%
Organic growth	-2.9%	-13.0%	-8.0%

Q2 NET REVENUE BY GEOGRAPHY

(EUR million)	Q2 2020	Q2 2019	2020 vs. 2019	Organic growth
Europe	510	663	-23.1%	-23.5%⁽¹⁾
North America	1,458	1,177	+23.9%	-7.6%
Asia Pacific	215	237	-9.3%	-5.7%
Latin America	50	78	-35.9%	-20.2%
Middle East Africa	60	79	-24.1%	-23.5%
Total	2,293	2,234	+2.6%	-13.0%⁽²⁾

(1) Organic growth in Europe was -17.1% excluding activities that were shut down during the lockdown in France, i.e. outdoor media activities and the Drugstore

(2) Groupe organic growth was -11.0% excluding activities that were shut down during the lockdown in France, i.e. outdoor media activities and the Drugstore

H1 NET REVENUE BY GEOGRAPHY

(EUR million)	H1 2020	H1 2019	2020 vs. 2019	Organic growth
Europe	1,088	1,296	-16.0%	-16.5%⁽¹⁾
North America	3,013	2,316	+30.1%	-3.6%
Asia Pacific	434	444	-2.3%	-3.9%
Latin America	104	144	-27.8%	-15.7%
Middle East Africa	135	152	-11.2%	-11.8%
Total	4,774	4,352	+9.7%	-8.0%⁽²⁾

(1) Organic growth in Europe was -12.9% excluding activities that were shut down during the lockdown in France, i.e. outdoor media activities and the Drugstore

(2) Groupe organic growth was -6.9% excluding activities that were shut down during the lockdown in France, i.e. outdoor media activities and the Drugstore

NET REVENUE ORGANIC GROWTH BY COUNTRY

Q2 2020

H1 2020

> 0%

Colombia, Indonesia, Korea, Thailand, Sweden

> 0%

India, Indonesia, Saudi Arabia, Singapore, Sweden

-10% to 0%

Argentina, China, Germany, Italy, Japan, Singapore, United States

-10% to 0%

Australia, Germany, Italy, Japan, South Africa, United States

-10% to -20%

Belgium, Qatar, Russia, South Africa, United Kingdom

-10% to -20%

Canada, China, France⁽¹⁾, Mexico, United Arab Emirates, United Kingdom

< -20%

Brazil, Canada, France, Spain, United Arab Emirates

< -20%

Brazil, Netherlands, Russia, Spain

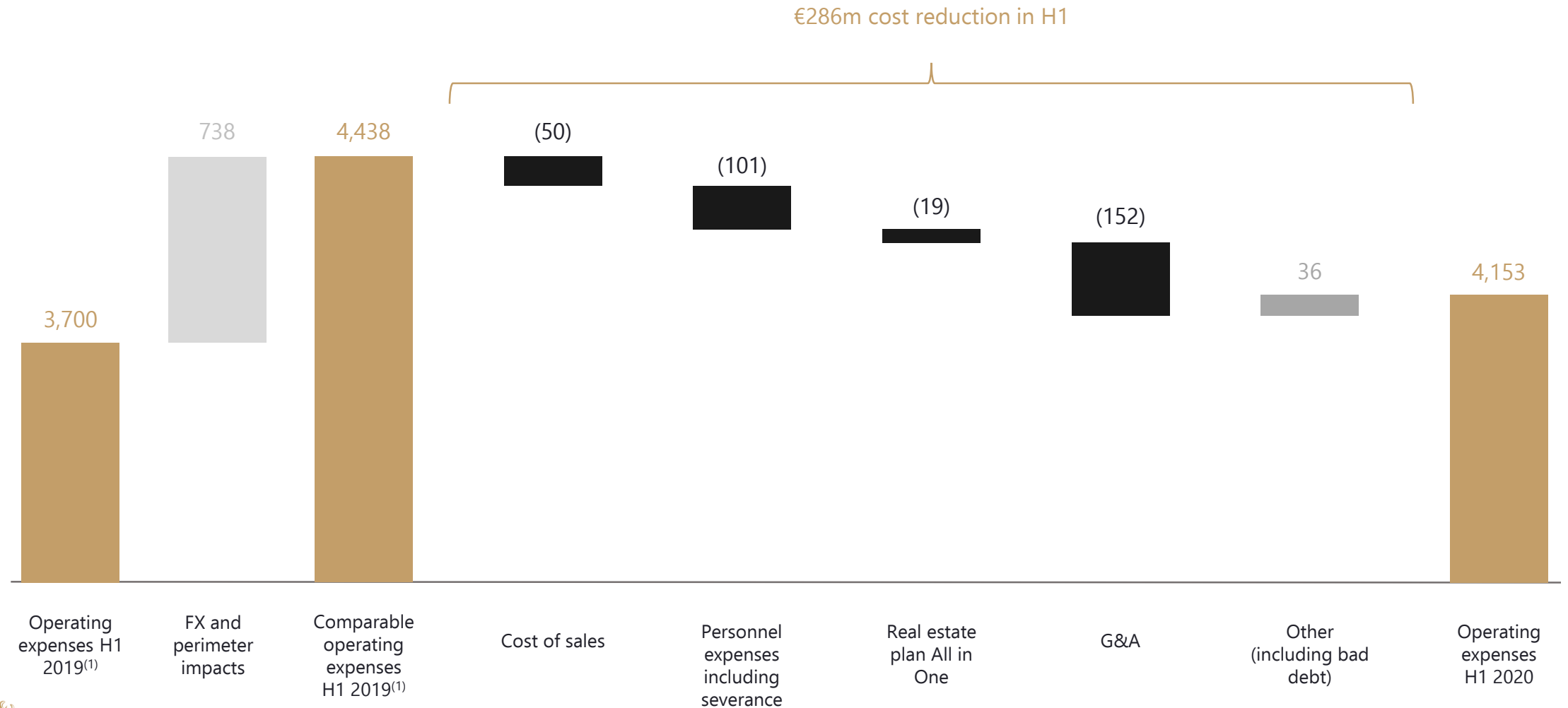
CONSOLIDATED INCOME STATEMENT

(EUR million)	H1 2020	H1 2019
Revenue	5,278	4,868
Net revenue	4,774	4,352
EBITDA ⁽¹⁾	923	885
Operating margin	622	612
Operating margin excl. Epsilon transaction costs	622	652
Non-current income and expenses	5	(1)
Net financial expenses	(88)	(20)
Income taxes	(133)	(162)
Associates	(2)	(5)
Minority interests	13	(1)
Headline Group Net Income ⁽¹⁾	417	463
Epsilon transaction costs, net of tax	-	(30)
Amortization of intangibles arising on acquisitions, net of tax	(107)	(20)
Impairment / Real estate consolidation charge, net of tax	(173)	(90)
Main capital gains (losses) / change in fair value of financial assets, net of tax	(3)	23
Revaluation of earn-out	2	(1)
Group Net Income	136	345

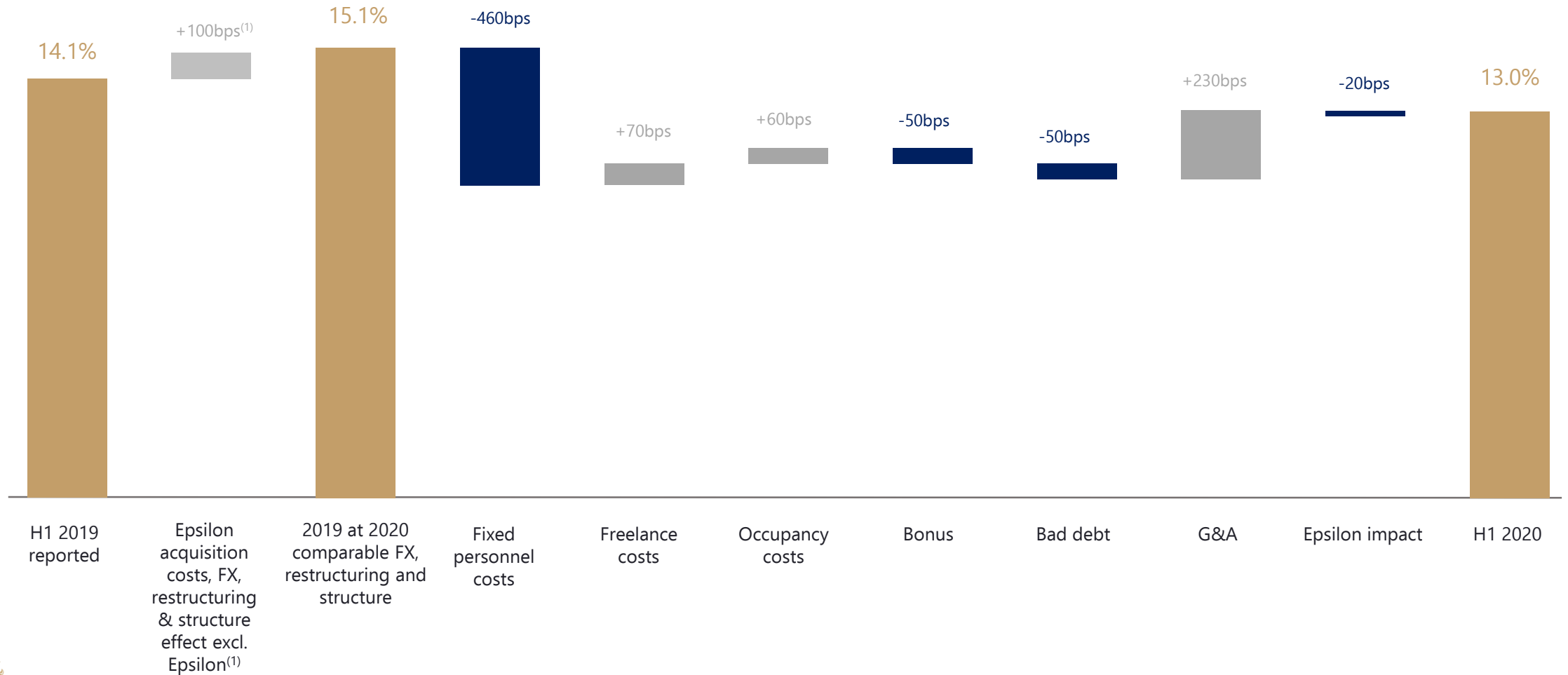
OPERATING MARGIN

(EUR million)	H1 2020	H1 2019
Net revenue	4,774	4,352
Personnel costs	(3,155)	(2,818)
Restructuring costs	(69)	(61)
Other operating expenses	(627)	(588)
Depreciation	(301)	(273)
Operating margin	622	612
as a % of Net revenue	13.0%	14.1%

H1 2020 – UPDATE ON COST REDUCTION PLAN



H1 2020 - CHANGE IN OPERATING MARGIN AS A % OF NET REVENUE



(1) of which 90bps related to Epsilon acquisition costs and 10bps related to FX, restructuring and structure effect

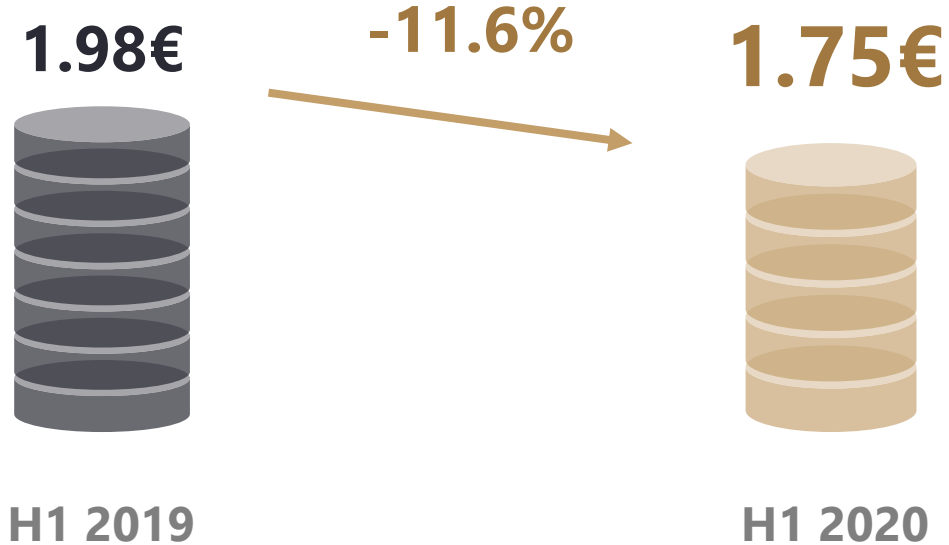
NET FINANCIAL INCOME (EXPENSE)

(EUR million)	H1 2020	H1 2019
Interest expenses	(76)	(32)
Other financial expense net of Interest income	31	50
Discount on long term debt	(3)	(3)
Interest on net financial debt	(48)	15
Interest on lease liabilities	(40)	(30)
Foreign exchange gain (loss)	4	(1)
Other financial expenses ⁽¹⁾	(4)	(4)
Headline Net financial expenses ⁽²⁾	(88)	(20)
Change in fair value of financial instruments	(4)	19
Net financial expenses ⁽²⁾	(92)	(1)

INCOME TAX AND EFFECTIVE TAX RATE

(EUR million)	H1 2020	H1 2019
Reported income taxes	39	136
Effective tax rate	25.0%	25.8%
Reversal in income tax on amortization of intangibles arising from acquisitions	35	7
Reversal in income tax on impairment and real estate consolidation	58	23
Reversal in income tax on other items	1	(4)
Headline income taxes	133	162

HEADLINE EARNINGS PER SHARE, DILUTED⁽¹⁾



(1) See definition in Supplemental Information

FREE CASH FLOW

(EUR million)	H1 2020	H1 2019
EBITDA ⁽¹⁾	923	885
Interests paid and received	(81)	33
Repayment of lease liabilities and related interests	(234)	(214)
Tax paid	(74)	(190)
Other items	34	42
Cash flows from operations before change in WCR ⁽²⁾	568	556
Capex, net of disposals ⁽¹⁾	(73)	(65)
Free Cash Flow before change in WCR	495	491

USE OF CASH

(EUR million)	H1 2020	H1 2019
Free Cash Flow before change in WCR	495	491
Change in WCR	(853)	(826)
Acquisitions (net of disposals)	(14)	17
Earn-out & Buy-out	(28)	(69)
Dividends paid	(4)	(8)
Share buy-back, net of sales	3	4
Exercise of warrants	-	5
Non-cash impact on net debt ⁽¹⁾	(107)	24
Reduction (Increase) in net debt	(508)	(362)

BALANCE SHEET

(EUR million)	June 30, 2020	December 31, 2019	June 30, 2019
Goodwill and intangibles	13,378	13,608	9,964
Net right of use	1,831	2,122	1,954
Other fixed assets	903	969	854
Current and deferred tax	(371)	(498)	(489)
Working capital	(2,423)	(2,969)	(2,618)
TOTAL	13,318	13,232	9,665
Group equity	7,030	7,401	6,692
Minority interests	(21)	(9)	(9)
TOTAL EQUITY	7,009	7,392	6,683
Provisions for risk & charges	694	596	592
Net debt (cash)	3,221	2,713	74
Lease liability	2,394	2,531	2,316
TOTAL	13,318	13,232	9,665

NET FINANCIAL DEBT

(EUR million)	H1 2020	H1 2019	FY 2019
Net Financial Debt, average	3,684	550	2,375
Net Financial Debt, at end of period	3,221	74	2,713

FINANCIAL RATIOS

	Last 12 months ending June 30, 2020	Last 12 months ending Dec. 31, 2019	Internal objectives
(Average net financial debt + Average Lease liability) / EBITDA	2.8x	2.1x	< 2.2x
(Net financial debt + Lease liability) / Shareholders' Equity	0.80x	0.71x	< 0.80x
EBITDA⁽¹⁾ / Cost of net financial debt & Lease liability	14x	24x	> 7x

LIQUIDITY AS OF JUNE 30, 2020

(EUR million)	June 30, 2020			June 30, 2019 ⁽³⁾
	Total	Drawn	Available	Available
364-day revolving credit facilities	165	-	165	165
5-year revolving credit facility ⁽¹⁾	445	-	445	466
5-year syndicated facility (Club Deal) ⁽²⁾	2,000	983	1,017	2,000
Total Committed Facilities	2,610	983	1,626	2,631
Cash and Marketable Securities			3,743	1,913
Total liquidity			5,369	4,544
Group other uncommitted facilities	247	9	238	239

(1) €245 million maturing in 2022, €200 million in 2023

(2) Maturing in 2024

(3) Proforma after Epsilon

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STRONG FUNDAMENTALS TO WEATHER THE CRISIS

- The products and services that our clients need in this new world
- A platform organization to work in a hybrid environment
- A robust financial backbone to get through this difficult period

1. OUR OFFER

The products and services that our clients need in this new world

Increased demand in the last months for all the capabilities that drove our strategy in the last years

- First-party data
- Breakthrough creativity
- Digital-first media
- Technology

Opportunities to innovate for clients, e.g. the PACT, powered by Epsilon

- Outcome-based solution that guarantees business KPIs with full measurement transparency

➤ The crisis accelerated the relevance of our go-to-market

2.

OUR ORGANIZATION

A platform organization to work in a hybrid environment

Efficiency of Re:Sources, our shared service organization with smooth transition to work from home without disruption

Support of Our Global Delivery Centers increasing production and driving efficiencies with an agile allocation of resources

Finalization of our country-model, enabling us to react faster:

- Answer all client needs in a seamless way
- Give us a more direct control over operations through an increased accountability of country managers

Global rollout of Marcel, providing the Groupe with a unique platform

- 90% of talent in the US, 60,000 profiles created around the world
- Central in allocating resources for clients and new business
- Unique way to share, learn, participate and celebrate

3. OUR FINANCIAL RESILIENCE

A robust financial backbone to get through this difficult period

Double-digit margin in H1 2020 thanks to strong culture in managing costs

Protection of our robust cash and liquidity position

- Strong measures taken, monitoring on a daily basis
- Re-prioritization of CaPEX plans
- Refund of half of the €2 bn RCF preemptively drawn in March
- No borrowing from any Government support fund
- Healthy debt maturity profile, no covenant

Additional initiatives to optimize the cost base structurally

- Central staffing function in each country
- Extension of All-in-One Real Estate Plan
- Review of contracts with all third parties

OUTLOOK

- No guidance given for 2020 as full impact of the crisis on the economy remains largely unknown
- Q2 could be the low point but it is premature to say whether H2 will be better or worse than H1 when it comes to revenue
- Operating margin will be higher in H2 than in H1, taking into account that several factors will impact negatively:
 - As countries reopen, some operating expenses will resume
 - The investment in our model will continue

CONCLUSION

- As we head into the second half, strong commitment to:
 - Aggressively pursue growth
 - Accelerate our new offering for clients
 - Adapt costs to revenue and monitor financial resources
- Beyond the short term, focus on executing our strategic roadmap methodically
 - Put our people first
 - Further build on our unique and competitive offer
 - Leverage the efficiency of our model

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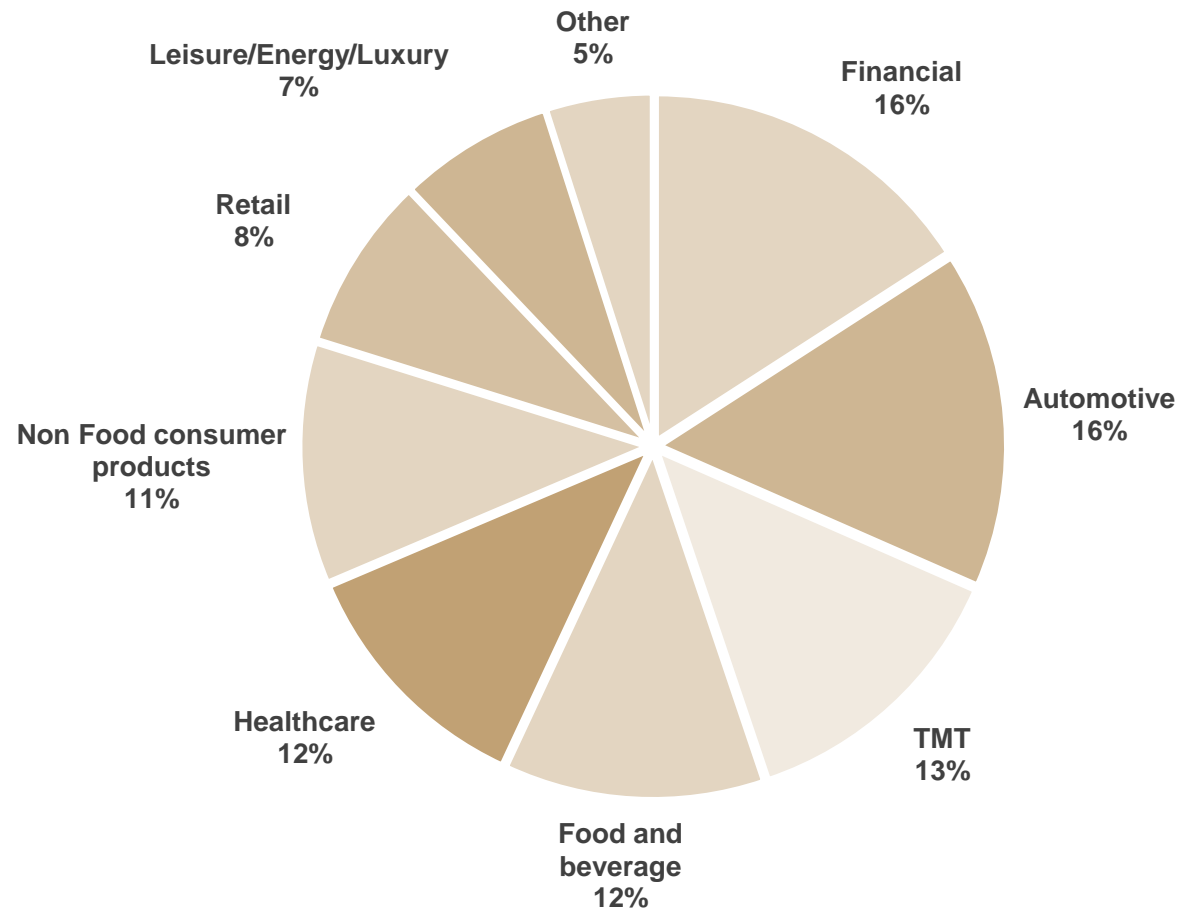
NET REVENUE & ORGANIC GROWTH CALCULATION

(EUR million)	Q1	Q2	H1
2019 net revenue	2,118	2,234	4,352
Currency impact ⁽²⁾	33	(1)	32
2019 net revenue at 2020 exchange rate (a)	2,151	2,233	4,384
2020 net revenue before impact of acquisitions ⁽²⁾ (b)	2,088	1,943	4,031
Net revenue from acquisitions ⁽¹⁾	393	350	743
2020 net revenue	2,481	2,293	4,774
Organic growth (b/a)	-2.9%	-13.0%	-8.0%

2020 Currency impact			
(EUR million)	Q1	Q2	H1
GBP ⁽²⁾	3	(3)	0
USD ⁽²⁾	33	24	57
Other	(3)	(22)	(25)
Total	33	(1)	32

- (1) Acquisitions (Digitas AffinityID, Soft Computing, Rauxa, E2 Media, Epsilon, RDL, SearchForce, McCready Bale Media, Sapient i.7, Third Horizon), net of disposals
- (2) EUR = USD 1.101 on average in H1 2020 vs. USD 1.130 on average in H1 2019
 EUR = GBP 0.873 on average in H1 2020 vs. GBP 0.873 on average in H1 2019

H1 2020 NET REVENUE BY SECTOR (1)



CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR million)	H1 2020	H1 2019
Net revenue	4,774	4,352
Pass-through revenue	504	516
Revenue	5,278	4,868
EBITDA	923	885
Depreciation	(301)	(273)
Operating margin	622	612
Amortization of intangibles arising from acquisitions	(142)	(27)
Impairment / Real estate consolidation charge	(231)	(113)
Non-current income and expense	5	17
Operating income	254	489
Net financial income (expenses)	(92)	(1)
Earn-out revaluation	2	(1)
Income taxes	(39)	(136)
Associates	(2)	(5)
Minority interests	13	(1)
Group Net Income	136	345

H1 2020 CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR million)	H1 2020 P&L	Amortization of intangibles arising from acquisitions	Impairment / Real estate consolidation charge	change in fair value of financial assets	Earn-out revaluation	H1 2020 Headline
Net revenue	4,774					4,774
Pass-through revenue ⁽¹⁾	504					504
Revenue	5,278					5,278
EBITDA	923					923
Depreciation	(301)					(301)
Operating margin	622					622
Amortization of intangibles arising from acquisitions	(142)	142				-
Impairment / Real estate consolidation charge	(231)		231			-
Non-current income and expense	5					5
Operating income	254	142	231			627
Net financial income (expenses)	(92)			4		(88)
Earn-out revaluation	2				(2)	-
Income taxes	(39)	(35)	(58)	(1)		(133)
Associates	(2)					(2)
Minority interests	13					13
Group Net Income & Headline Net income	136	107	173	3	(2)	417

(1) Pass-through revenue of €504 million in H1 2020 are split between €454million as pass-through costs and €50 million as depreciation

H1 2019 CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR million)	H1 2019 P&L	Epsilon acquisition costs	Amortization of intangibles arising from acquisitions	Impairment / Real estate consolidation charge	Main Capital Gain/loss	change in fair value of financial assets	Earn-out revaluation	H1 2019 Headline
Net revenue	4,352							4,352
Pass-through revenue ⁽¹⁾	516							516
Revenue	4,868							4,868
EBITDA	885							885
Depreciation	(273)							(273)
Operating margin	612	40						652
Amortization of intangibles arising from acquisitions	(27)		27					-
Impairment / Real estate consolidation charge	(113)			113				-
Non-current income and expense	17				(18)			(1)
Operating income	489							651
Net financial income (expenses)	(1)					(19)		(20)
Earn-out revaluation	(1)						1	-
Income taxes	(136)	(10)	(7)	(23)	12	2	-	(162)
Associates	(5)							(5)
Minority interests	(1)							(1)
Group Net Income & Headline Net income	345	30	20	90	(6)	(17)	1	463

(1) Pass-through revenue of €516 million in H1 2019 are split between €464 million as pass-through costs and €52 million as depreciation 40

GROSS DEBT AS OF JUNE 30, 2020

Breakdown by maturity

(EUR million)	Total	July 2020 – June 2021	July 2021 – June 2022	July 2022 – June 2023	July 2023 – June 2024	July 2024 Onwards
Eurobond 2021 ^{(1) (2)}	787		787			
Eurobond 2023	496				496	
Eurobond 2024 ^{(1) (2)}	682					682
Eurobond 2025 ^{(1) (2)}	803					803
Eurobond 2028 ^{(1) (2)}	816					816
Eurobond 2031 ^{(1) (2)}	827					827
Medium term loans ⁽¹⁾	1 104		804	150	150	
Revolving credit facility	983					983
Earn out / Buy out	359	208	78	38	32	3
Other debt ⁽¹⁾	107	99	8			
Total gross debt	6 964	307	1 677	188	678	4 114



NET DEBT AS OF JUNE 30, 2020

Breakdown by currency

(EUR million)	Total	EUR	USD	GBP	Others
Eurobond 2021 ^{(1) (2)}	787		787		
Eurobond 2023	496	496			
Eurobond 2024 ^{(1) (2)}	682		682		
Eurobond 2025 ^{(1) (2)}	803		803		
Eurobond 2028 ^{(1) (2)}	816		816		
Eurobond 2031 ^{(1) (2)}	827		827		
Medium term loans ⁽¹⁾	1 104	300	804		
Revolving credit facility	983		983		
Earn out / Buy out	359	16	247	15	81
Other ⁽¹⁾	107	55	41	4	7
Cash & marketable securities	(3 743)	(96)	(2 607)	(23)	(1 017)
Net debt (cash)	3 221	771	3 383	(4)	(929)

NET DEBT AS OF JUNE 30, 2020

Breakdown by rate

(EUR million)	Total	Earn-out / Buy-out	Fixed rate	Floating rate
Eurobond 2021 ^{(1) (2)}	787		787	
Eurobond 2023	496		496	
Eurobond 2024 ^{(1) (2)}	682		682	
Eurobond 2025 ^{(1) (2)}	803		803	
Eurobond 2028 ^{(1) (2)}	816		816	
Eurobond 2031 ^{(1) (2)}	827		827	
Medium term loans ⁽¹⁾	1 104			1 104
Revolving credit facility	983			983
Other debt ⁽¹⁾	107			107
Total gross debt ex. earn out/buy out	6 605		4 411	2 194
Earn-out / Buy-out	359	359		
Cash & marketable securities	(3 743)			(3 743)
Net debt (cash)	3 221	359	4 411	(1 549)

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 1st 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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