

PUBLICIS GROUPE

H1 2016 RESULTS

July 21, 2016



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. They 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 2015 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 unfavourable 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, the difficulty of ensuring internal controls, exposure to liquidity risk, a drop in the Group's credit rating and exposure to the risks of financial markets.

SOLID H1 2016 EARNINGS

	H1 2016	Q2 2016
• Revenue		
• Reported growth	+4.6 %	+0.9 %
• Growth excluding FX	+7.1 %	+4.6 %
• Organic growth	+2.8 %	+2.7 %
• Operating margin	+5.1 %	
Operating margin rate	13.0 %	
• Groupe net income	+5.0 %	
• Headline EPS, diluted ⁽¹⁾	+7.7 %	
• Free cash flow (before change in WCR)	+23.1 %	

(1) See definitions in Appendices

H1 REVENUE

(EUR million)	Q1	Q2	H1
2016 REVENUE	2,291	2,462	4,753
2015 REVENUE	2,103	2,439	4,542
Reported growth	+8.9%	+0.9%	+4.6%
Growth excluding FX	+10.0%	+4.6%	+7.1%
Organic growth	+2.9%	+2.7%	+2.8%

Q2 2016 REVENUE BY GEOGRAPHY

(EUR million)	Q2 2016	Q2 2015	Q2 2016 vs. Q2 2015	Organic growth
Europe	718	681	+5.4%	+7.3%
North America	1,319	1,323	-0.3%	-0.1%
Asia Pacific	273	265	+3.0%	+5.5%
Latin America	81	101	-19.8%	+4.8%
Middle East Africa	71	69	+2.9%	-1.5%
Total	2,462	2,439	+0.9%	+2.7%

H1 2016 REVENUE BY GEOGRAPHY

(EUR million)	H1 2016	H1 2015	H1 2016 vs. H1 2015	Organic growth
Europe	1,349	1,269	+6.3%	+5.5%
North America	2,620	2,475	+5.9%	+1.4%
Asia Pacific	503	486	+3.5%	+4.7%
Latin America	152	191	-20.4%	+0.9%
Middle East Africa	129	121	+6.6%	-0.5%
Total	4,753	4,542	+4.6%	+2.8%

H1 2016 ORGANIC GROWTH BY COUNTRY

> +10%

Argentina, Chile, Japan, Mexico, Netherlands, Norway, Poland, Romania, South Africa, Thailand, Turkey, Ukraine, Vietnam

+5% to +10%

China, France, Germany, Indonesia, Italy, Korea, Singapore, Taiwan

0 to +5%

Australia, Belgium, India, Malaysia, Russia, Spain, United Arab Emirates, UK, USA

< 0%

Brazil, Canada, Colombia, Israel, Saudi Arabia, Switzerland

DIGITAL REVENUE

	H1 2016	H1 2015	H1 2016 vs. H1 2015
EUR million	2,549	2,314	+10.2%
% of Groupe revenue	53.6%	50.9%	

2016 organic growth: +6.3%

H1 2016 ORGANIC GROWTH

	Europe	North America	Asia Pacific	Latin America	Middle East Africa	Total
Digital	+12.5%	+2.5%	+23.0%	+1.3%	+10.7%	+6.3%
Analog	-0.1%	-0.4%	-3.6%	+0.9%	-3.5%	-0.8%
Total	+5.5%	+1.4%	+4.7%	+0.9%	-0.5%	+2.8%

H1 2016 RESULTS

CONSOLIDATED INCOME STATEMENT ⁽¹⁾

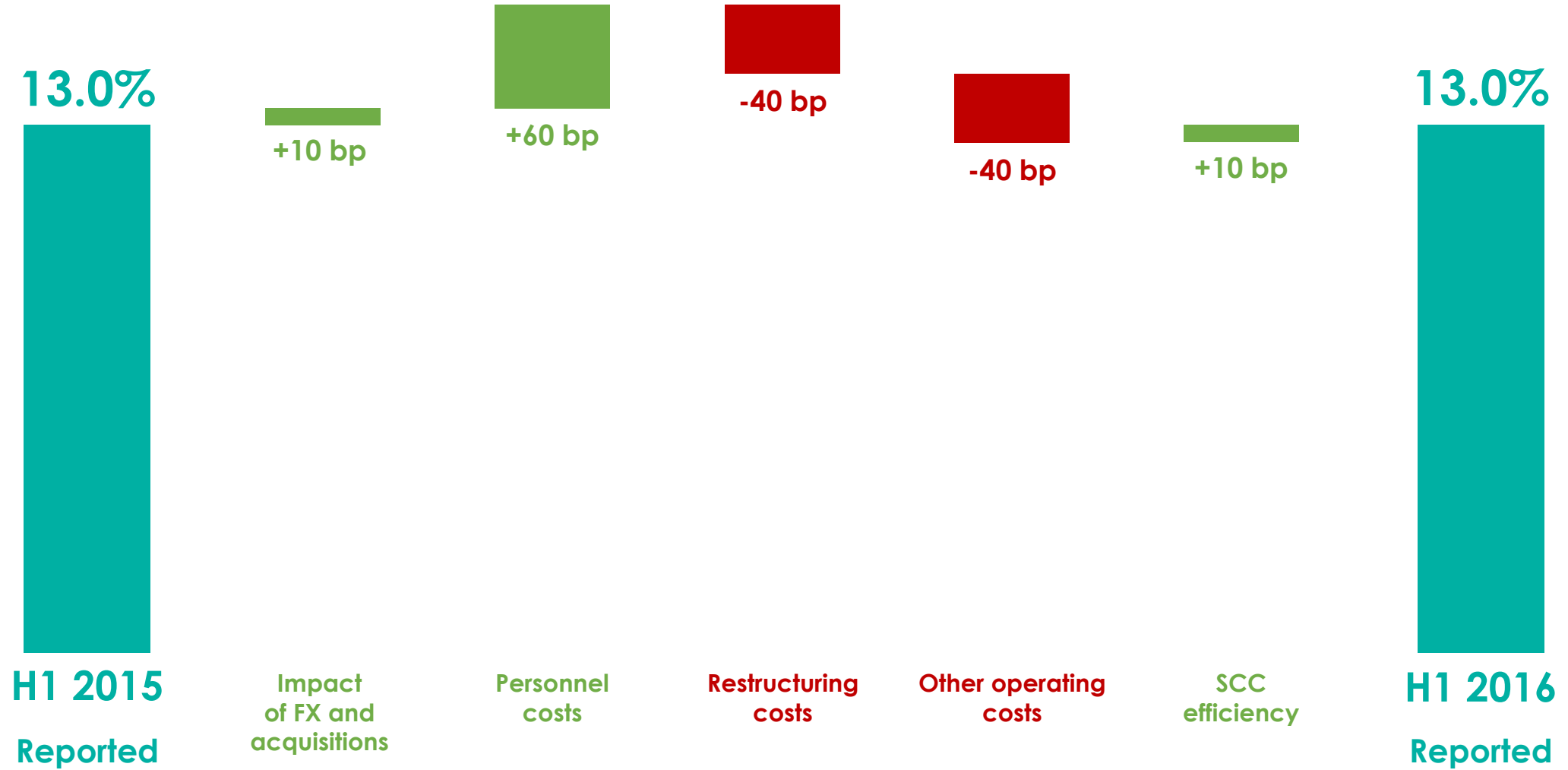
(EUR million)	H1 2016	H1 2015	H1 2016 vs. H1 2015
Revenue	4,753	4,542	+4.6%
EBITDA	704	675	
Operating margin	619	589	+5.1%
<i>as % of revenue</i>	13.0%	13.0%	
Amortization of intangibles arising from acquisitions	(40)	(43)	
Non-current income and expense	16	8	
Operating income	595	554	+7.4%
Net financial income (expenses)	(50)	(33)	
Income taxes	(162)	(159)	
Associates	2	3	
Minority interests	(4)	(2)	
Group Net Income	381	363	+5.0%

(1) See definitions in Appendices

OPERATING MARGIN

(EUR million)	H1 2016	H1 2015
Revenue	4,753	4,542
Personnel costs (excl. restructuring costs)	(3,016)	(2,905)
Restructuring costs	(55)	(39)
Other operating expenses	(978)	(923)
Depreciation	(85)	(86)
Operating margin	619	589
As a % of revenue	13.0%	13.0%

CHANGE IN OPERATING MARGIN AS A % OF REVENUE



NET FINANCIAL INCOME (EXPENSES)

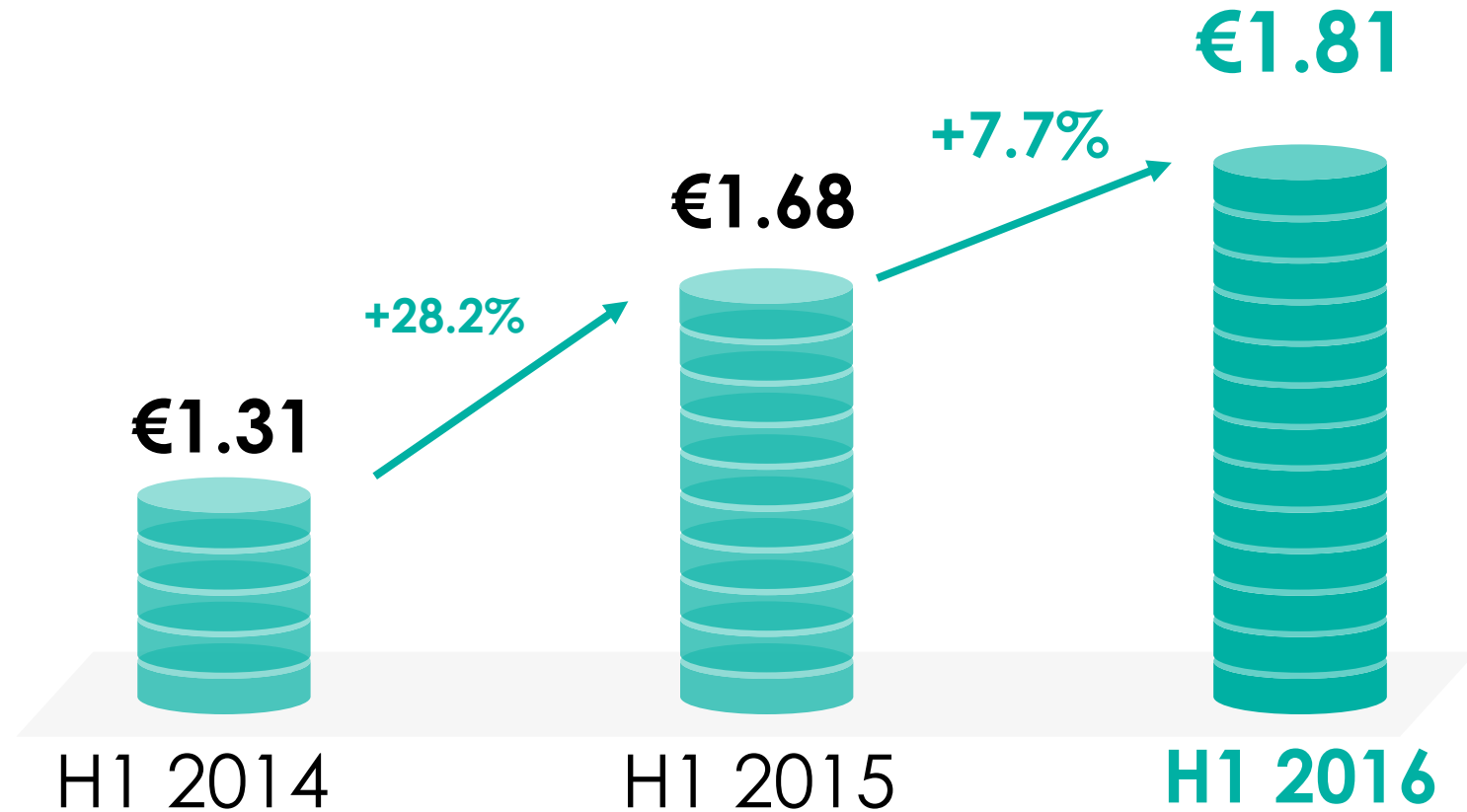
(EUR million)	H1 2016	H1 2015	H1 2016 vs. H1 2015
BNP Loan 2020, Eurobond 2021 & 2024	(30)	(31)	1
Other financial expense net of interest income	2	1	1
Discount on long term debt (earn-out and finance leases)	(11)	(10)	(1)
Interest on net financial debt	(39)	(40)	1
Earn-out revaluation	(10)	5	(15)
Foreign exchange gain (loss)	3	5	(2)
Other financial expenses ⁽¹⁾	(4)	(3)	(1)
Net financial income (expenses)	(50)	(33)	(17)

(1) Include provisions on financial assets, dividends outside the Group and finance costs on long term provisions

EFFECTIVE TAX RATE

	H1 2016	H1 2015
Income taxes (EUR million)	162	159
Effective tax rate	29.7%	30.5%

HEADLINE EARNINGS PER SHARE, DILUTED (1)



(1) See definitions in Appendices

BALANCE SHEET

(EUR million)	June 30, 2016	June 30, 2015
Goodwill and intangibles	11,588	11,559
Other fixed assets	932	917
Current and deferred tax	(472)	(399)
Working capital	(2,354)	(2,477)
TOTAL	9,694	9,600
Group equity	6,495	6,021
Minority interests	19	29
TOTAL EQUITY	6,514	6,050
Provisions for risk & charges	720	644
Net debt (cash)	2,460	2,906
TOTAL	9,694	9,600
Net Debt / Equity Ratio	0.38	0.48

NET DEBT / (NET CASH)

(EUR million)	H1 2016	FY 2015	H1 2015
Net Debt (Net Cash), average	2,380	2,429	1,881
Net Debt (Net Cash), at end of period	2,460	1,872	2,906

FINANCIAL RATIOS

	Past 12 months ending June 30, 2016	Past 12 months ending June 30, 2015	Internal objectives
Average net debt / EBITDA ⁽¹⁾	1.58	1.22	< 1.50
Net Debt / Shareholders' Equity	0.38	0.48	< 0.50
Interest Cover ⁽²⁾	23	29	> 7

(1) See definitions in Appendices

(2) EBITDA / Cost of Net Financial Debt

LIQUIDITY AS OF JUNE 30, 2016

(EUR million)	TOTAL	DRAWN	AVAILABLE
Committed Facilities			
364-day revolving credit facilities	205	120	85
5-year revolving credit facility ⁽¹⁾	517	-	517
5-year syndicated facility (Club Deal) ⁽²⁾	2,000	-	2,000
Total Committed Facilities	2,722	120	2,602
Cash and Marketable Securities	1,064	-	1,064
Total liquidity	3,786	120	3,666
Group other uncommitted facilities	225	7	218

(1) €67m maturing in 2017, €400m maturing in 2018 and €50m maturing in 2019

(2) Maturing in 2020

FREE CASH FLOW

(EUR million)	H1 2016	H1 2015	H1 2016 vs. H1 2015
EBITDA ⁽¹⁾	704	675	
Interest paid	(12)	(18)	
Tax paid	(79)	(136)	
Other items	23	20	
Cash flows from operations before change in WCR	636	541	+17.6%
Capex, net of disposals ⁽¹⁾	(72)	(83)	
Free Cash Flow before change in WCR	564	458	+23.1%

(1) See definitions in Appendices

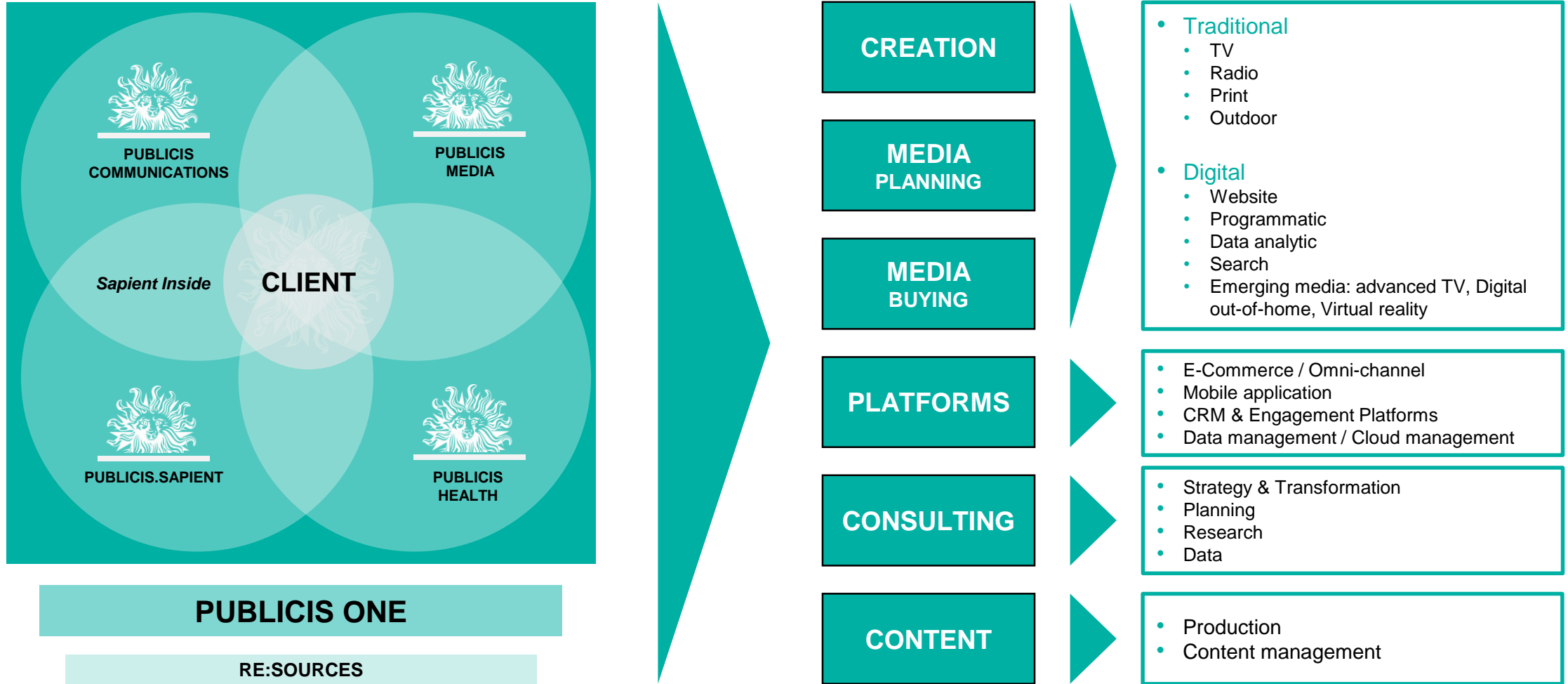
USE OF CASH

(EUR million)	H1 2016	H1 2015
Free Cash Flow before change in WCR	564	458
Change in WCR	(1,102)	(814)
Acquisitions (net of disposals)	(13)	(3,002)
Earn-out	(107)	(90)
Buy-out ⁽¹⁾	(30)	(21)
Dividends paid	(16)	(7)
Share buy-back	-	(477)
Sales of treasury shares due to exercise of stock options	5	12
Exercise of warrants	3	15
Non-cash impact on net debt	108	35
Change in net cash	(588)	(3,891)

(1) including purchase of non controlling interest

**WHERE ARE WE
NOW ?**

THE POWER OF ONE: A UNIQUE “END-TO-END” OFFERING



New organization: completed as planned

GLOBAL CLIENT LEADERS

A KEY ROLE IN THE NEW ORGANIZATION

- Global Client Leaders (GCL) have been appointed
 - ➔ Our aim: help our clients **solve their problems, build their brands, accelerate their sales and transform their businesses**
 - ➔ **A partner to our clients**, to leverage all of our assets to bring the best of the Publicis Groupe offering in advertising, media, data, technology, commerce, consulting and transformation
- A program designed to build capability and skills for the GCL to fulfill their roles to the fullest
 - ➔ First GCL Client Training Program on **July 10-12, 2016** in New York City

**Global Client Leaders will be accountable
with individual P&L by client**

PUBLICIS' 90TH ANNIVERSARY



- Launch of #Publicis90, a global initiative to provide funding and mentoring for a selection of 90 of the most innovative startups or scale-ups
 - ➔ A tribute to the entrepreneurial spirit of Publicis founder [Marcel Bleustein-Blanchet](#)
- Over 3,500 applications from more than 130 countries by entrepreneurs, students and by Publicis Groupe employees
 - ➔ 23% from the USA, 18% from France and 14% from the UK, followed by Germany (7%), Israel (6%) and India (3%)
 - ➔ All sectors of the economy are represented: Marketing and communications, healthcare, fintech, retailing, etc.
 - ➔ More than 600 projects from entrepreneurs and 25 entrepreneurs' projects selected

PUBLICIS GROUPE AT THE FOREFRONT OF INNOVATION



- International event organized by Publicis Groupe and Groupe Les Echos, dedicated to the growth of startups, to digital transformation and innovation.
 - ➔ For its first edition, Viva Technology Paris brought together over 45,000 visitors of which tens of thousands of entrepreneurs, talents, investors and academics.
- A combination of:
 - ➔ Blue Chip companies collaborating with start-ups
 - ➔ An exhibition of technological innovation
 - ➔ A unique line up of speakers for exceptional conferences

GLOBAL STRATEGIC PARTNERSHIP WITH TENCENT



Tencent 腾讯

- The first partnership with all 11 products of Tencent, China's largest internet company, that transcends Publicis Groupe's three solution hubs: Publicis Media, Publicis Communications, Publicis.Sapient
- The partnership will cover 3 key areas:
 - **Future Capabilities:** Launch of a 'Drugstore' incubation facility, to curate, invest in and cultivate the start-ups of the future
 - ➔ Breakthrough offerings to our clients in data and ad tech, across new "virtual reality" and "augmented reality" enabled platforms
 - **Data:** Tencent will offer Publicis Groupe access to its vast and rich online behavioral data
 - ➔ Improved programmatic offerings, cross-screen planning capabilities and conversion performance for our clients
 - **Content:** The two companies will partner on the co-creation and co-investment of web native content
 - ➔ Unique content opportunities and new content models for key clients

Publicis Groupe is committed to leadership in digital and technology

CONCLUSION

2016

- Solid first half of the year
 - ➔ Confirmed 2016 outlook
 - ➔ Q3 organic growth impacted by last year's account losses
 - ➔ Good progress in delivering savings and Sapient synergies
 - ➔ Further dividend pay out increase expected in 2016 (vs. 39.5% in 2015)
- Potential impact of Brexit
 - ➔ In 2015, the UK represented 9% of Groupe revenue and 5% of Groupe operating margin
 - ➔ Resilient operating margin: revenue and operating costs located in the UK and GBP-denominated
- Reorganization is now completed
 - ➔ Focus on execution and profitable growth

OUR PRIORITIES FOR 2016-2017

1 Transformation

Finalize the transformation in H1 2016



2 Outlook

Achieve our 2016 objectives



3 Organic growth

Benefit from Groupe transformation as early as 2017





**PUBLICIS
GROUPE**

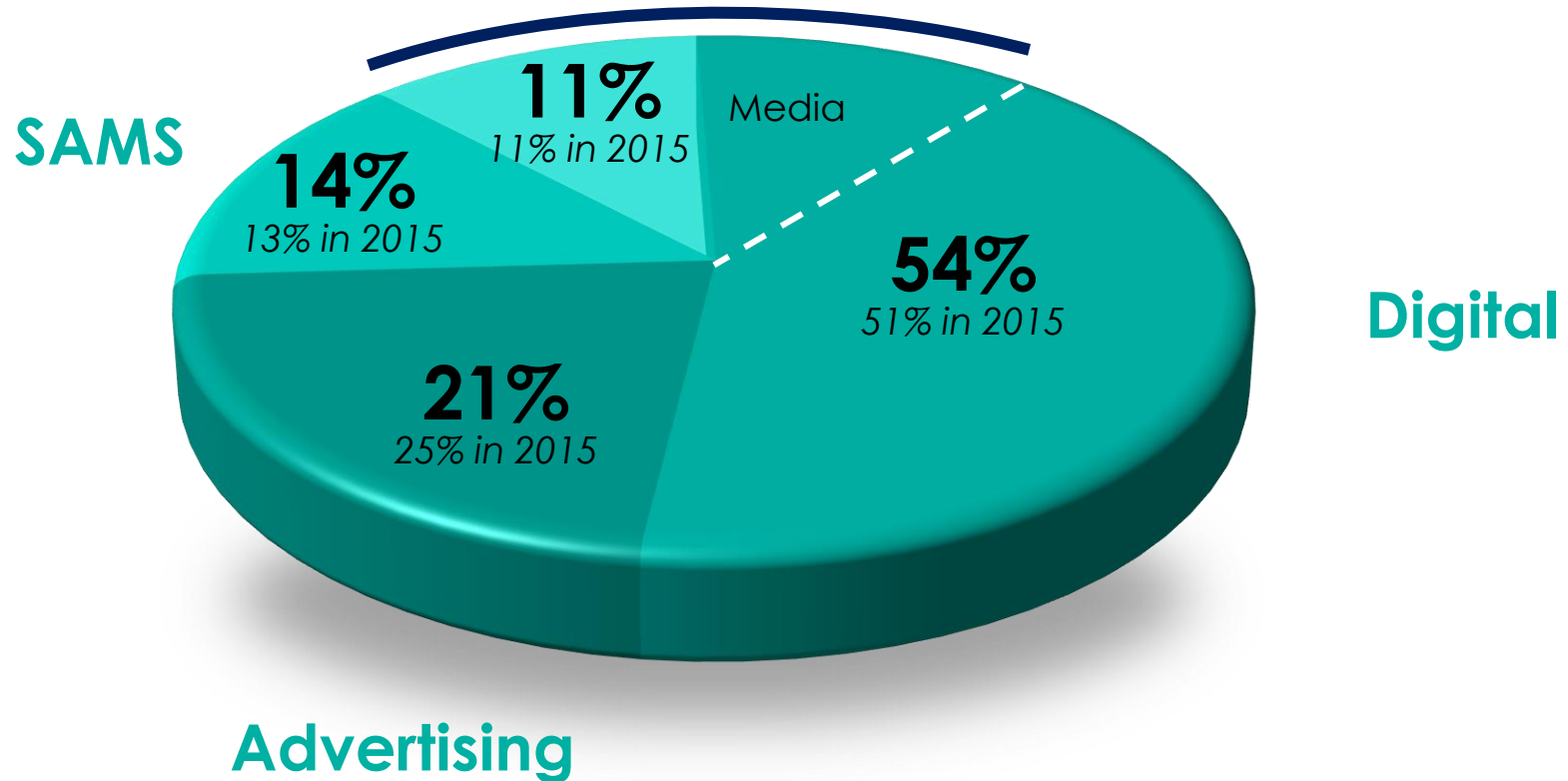
APPENDICES

H1 2016 REVENUE IN USD MILLION

	H1 2016	H1 2015	H1 2016 vs. H1 2015
Revenue	5,304	5,064	+4.7%

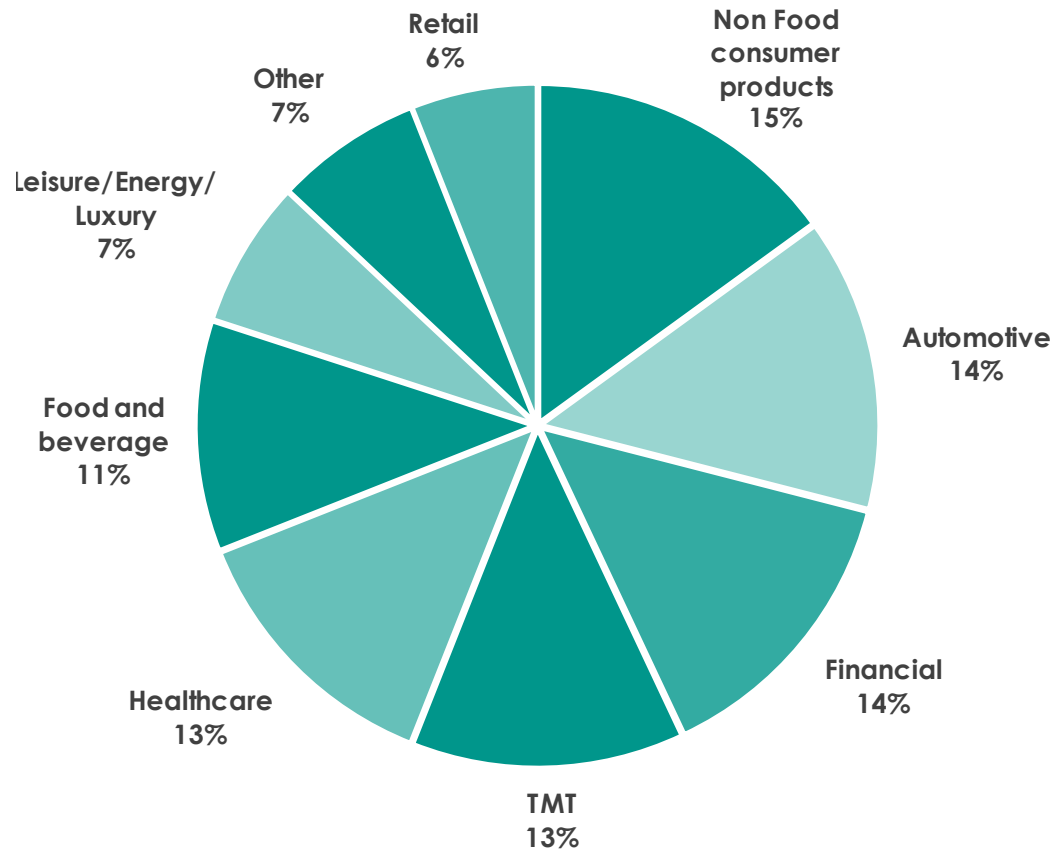
H1 2016: REVENUE BY ACTIVITY

Analog & Digital Media = 24%

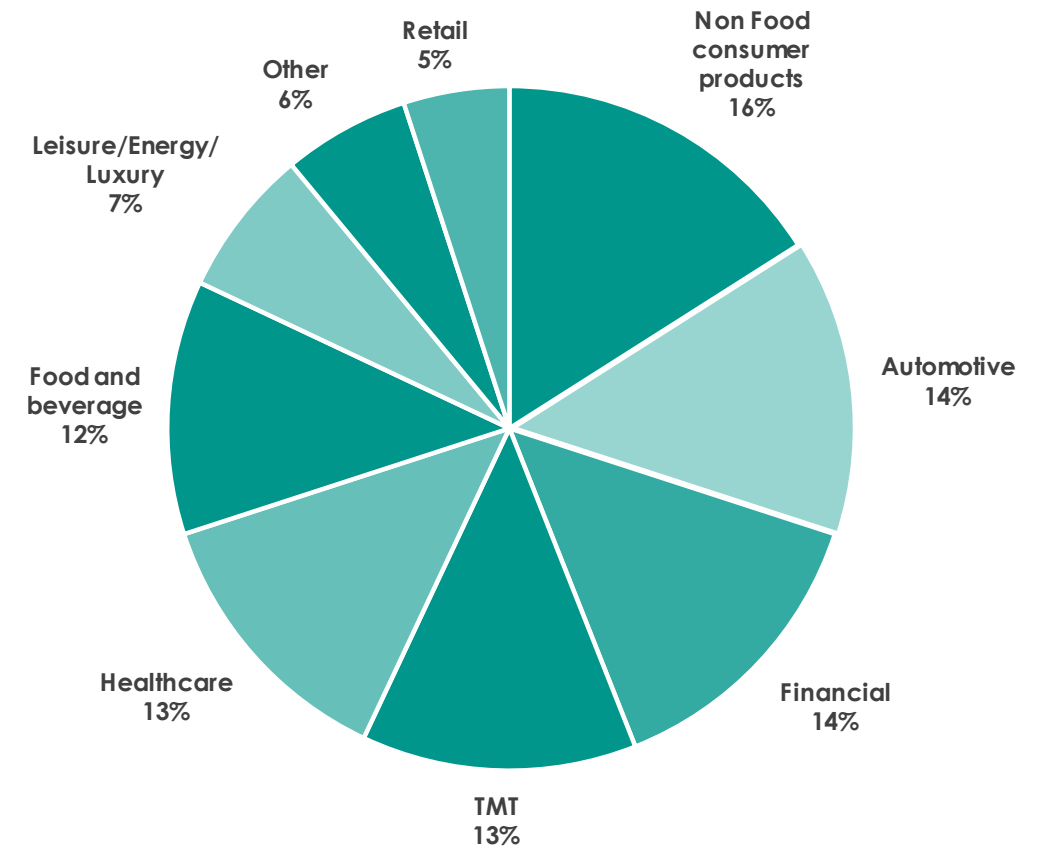


H1 REVENUE BY SECTOR (1)

H1 2016

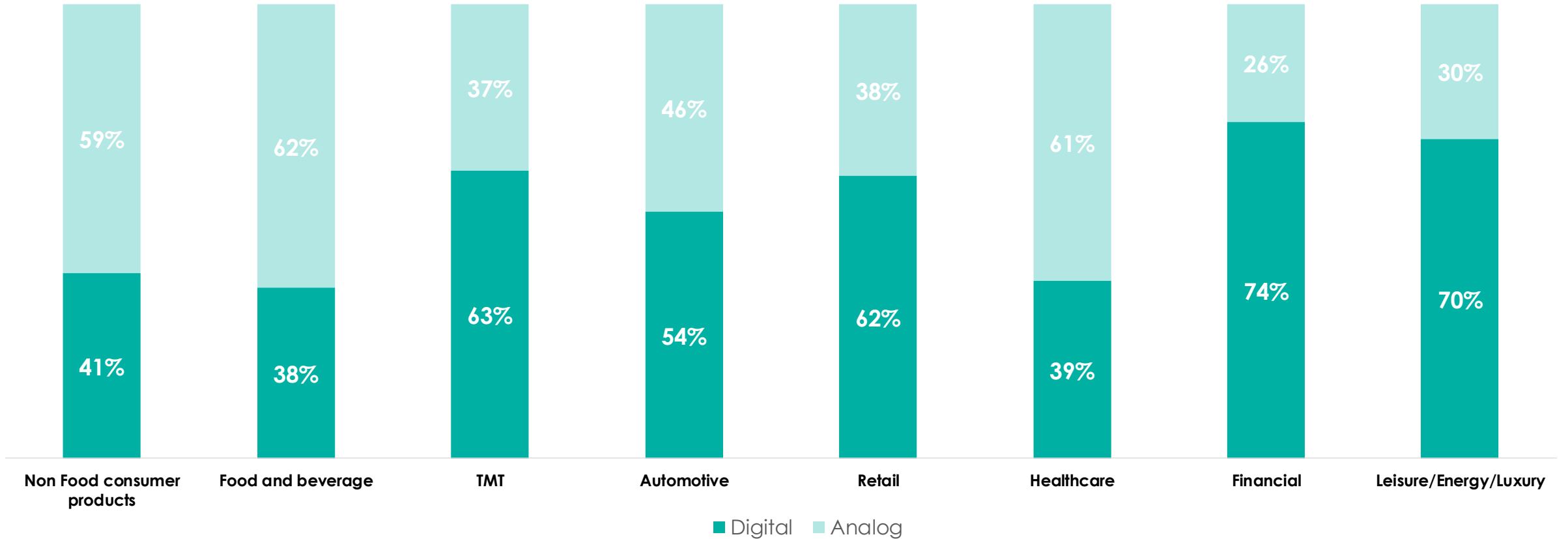


H1 2015



(1) Based on 2,840 clients representing 85% of Groupe revenue

H1 2016 REVENUE BY SECTOR ⁽¹⁾ : ANALOG VS. DIGITAL



(1) Based on 2,840 clients representing 85% of Groupe revenue

REVENUE & ORGANIC GROWTH CALCULATION

(EUR million)	Q1	Q2	H1
2015 revenue	2,103	2,439	4,542
Currency impact ⁽²⁾	(20)	(85)	(105)
2015 revenue at 2016 exchange rate (a)	2,083	2,354	4,437
2016 revenue before impact of acquisitions ⁽¹⁾ (b)	2,144	2,418	4,562
Revenue from acquisitions ⁽¹⁾	147	44	191
2016 revenue	2,291	2,462	4,753
Organic growth (b/a)	+2.9%	+2.7%	+2.8%

Currency impact (EUR million)			
	Q1	Q2	H1
GBP ⁽²⁾	(7)	(19)	(26)
USD ⁽²⁾	23	(24)	(1)
Other	(36)	(42)	(78)
Total	(20)	(85)	(105)

(1) Acquisitions (Star Reacher, Sapient, B2B, Expicient, Practice iLeo Romania, Relaxnews, C, Match Media, Domani, AKOM 360, TMC, Voden, 2DataFish, Frubis, The Solution Group, Glickman, TCC, First Click, August Media, Langland, PDI, MercerBell, Vertiba, Seven Seconds, Insight Redéfini, Venus Communications), net of disposals

(2) EUR = USD 1.116 in H1 2016 vs. USD 1.115 in H1 2015
 EUR = GBP 0,779 in H1 2016 vs. GBP 0.732 in H1 2015

Q2 2016 REVENUE BY GEOGRAPHY

(ALTERNATIVE BREAKDOWN)

(EUR million)	Q2 2016	Q2 2015	Reported growth	Organic growth
Europe ⁽¹⁾	702	663	+5.9%	+7.3%
North America	1,319	1,323	-0.3%	-0.1%
BRIC + MISSAT ⁽²⁾	254	261	-2.7%	+5.4%
Rest of the world	187	192	-2.6%	+2.6%
Total	2,462	2,439	+0.9%	+2.7%

(1) Europe excluding Russia and Turkey

(2) BRIC = Brazil. Russia. India. China

MISSAT = Mexico. Indonesia. Singapore. South Africa. Turkey

H1 2016 REVENUE BY GEOGRAPHY

(ALTERNATIVE BREAKDOWN)

(EUR million)	H1 2016	H1 2015	Reported growth	Organic growth
Europe ⁽¹⁾	1,320	1,238	+6.6%	+5.4%
North America	2,620	2,475	+5.9%	+1.4%
BRIC + MISSAT ⁽²⁾	459	476	-3.6%	+3.6%
Rest of the world	354	353	+0.3%	+2.9%
Total	4,753	4,542	+4.6%	+2.8%

(1) Europe excluding Russia and Turkey

(2) BRIC = Brazil. Russia. India. China

MISSAT = Mexico. Indonesia. Singapore. South Africa. Turkey

GROSS DEBT AS OF JUNE 30, 2016

Breakdown by MATURITY

(EUR million)	Total	July 2016 – June 2017	July 2017 – June 2018	July 2018 – June 2019	July 2019 – June 2020	July 2020 onwards
Eurobond 2021 ⁽¹⁾	787	-	-	-	-	787
Eurobond 2024 ⁽¹⁾	662	-	-	-	-	662
Medium term loan	1,438	-	479	479	480	-
Earn out / Buy out	387	232	100	37	13	5
Other debt ⁽¹⁾	250	146	-	-	-	104
Total gross debt	3,524	378	579	516	493	1,558

(1) Including fair value of associated derivatives



No covenants

NET DEBT AS OF JUNE 30, 2016

Breakdown by CURRENCY

(EUR million)	Total	EURO	USD	GBP	Others
Eurobond 2021 ^{(1) (2)}	787	-	787	-	-
Eurobond 2024 ^{(1) (2)}	662	-	662	-	-
Medium term loan	1,438	446	992	-	-
Earn out / Buy out	387	63	133	66	125
Other debt ⁽¹⁾	250	121	103	5	21
Cash & marketable securities ⁽³⁾	(1,064)	(108)	(211)	(38)	(707)
Net debt (cash)	2,460	522	2,466	33	(561)

(1) Including fair values of associated derivatives

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

(3) After impact of currency swaps

NET DEBT AS OF JUNE 30, 2016

Breakdown by RATE

(EUR million)	Total	Earn-out / Buy-out	Fixed rate	Floating rate
Eurobond 2021 ⁽¹⁾ ⁽²⁾	787	-	787	-
Eurobond 2024 ⁽¹⁾ ⁽²⁾	662	-	662	-
Medium term loan	1,438	-	-	1,438
Other debt ⁽¹⁾	250	-	96	154
Total gross debt excluding earn out/buy out	3,137		1,545	1,592
Earn-out / Buy-out	387	387	-	-
Cash & marketable securities	(1,064)	-	-	(1,064)
Net debt (cash)	2,460	387	1,545	528

(1) Including fair values of associated derivatives

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

GROUP NET INCOME TO HEADLINE GROUP NET INCOME RECONCILIATION

(EUR million)	H1 2016	H1 2015
Group net income	381	363
Amortization of intangibles arising on acquisitions, net of tax	25	28
Net capital gains / (losses) on disposal of assets	(10)	(3)
Revaluation of earn-out	10	(5)
Headline Group Net Income	406	383

DEFINITIONS

- **EBITDA:** operating margin before depreciation.
- **Operating margin:** 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 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 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 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.
- **ROCE (Return On Capital Employed):** Operating Margin after Tax (using Effective Tax Rate) / Average employed capital. Capital employed include Saatchi & Saatchi goodwill which is not recognised in consolidated accounts under IFRS.
- **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 / EPS.

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