

# THIRD QUARTER 2017

19

OCTOBER 2017





## 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 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.



# **Q3 2017 HIGHLIGHTS**

## Q3 2017 HIGHLIGHTS

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Revenue of €7,107 million at end September 2017, up 0.8% at constant currencies

Q3 2017 organic growth of +1.2%

- ➔ Sequential improvement vs Q2, as expected
- ➔ Recovery in North America, up 3% (Lowe's, Walmart, USAA)
- ➔ Europe down 1.5% (tough comps with +7.6% in Q3 2016)

Positive account win momentum



# **Q3 AND YTD 2017 REVENUE & NET DEBT**

## Q3 AND YTD REVENUE

(EUR million)	Q1	Q2	Q3	YTD
<b>2017 REVENUE</b>	<b>2,328</b>	<b>2,515</b>	<b>2,264</b>	<b>7,107</b>
2016 REVENUE	2,291	2,462	2,315	7,068
Reported growth	+1.6%	+2.2%	-2.2%	+0.6%
Growth at constant currencies	-0.6%	+1.1%	+1.9%	+0.8%
<b>Organic growth</b>	<b>-1.2%</b>	<b>+0.8%</b>	<b>+1.2%</b>	<b>+0.3%</b>



## Q3 2017 REVENUE

### BY GEOGRAPHY

(EUR million)	Q3 2017	Q3 2016	Q3 2017 vs. Q3 2016	Organic growth
Europe	626	643	-2.6%	-1.5%
North America	1,235	1,254	-1.5%	+3.0%
Asia Pacific	245	261	-6.1%	-3.1%
Latin America	88	89	-1.1%	+2.0%
Middle East Africa	70	68	+2.9%	+9.7%
<b>Total</b>	<b>2,264</b>	<b>2,315</b>	<b>-2.2%</b>	<b>+1.2%</b>



## YTD 2017 REVENUE

### BY GEOGRAPHY

(EUR million)	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Organic growth
Europe	2,003	1,992	+0.6%	+2.4%
North America	3,879	3,874	+0.1%	-0.8%
Asia Pacific	756	764	-1.0%	-2.0%
Latin America	262	241	+8.7%	+3.0%
Middle East Africa	207	197	+5.1%	+3.6%
<b>Total</b>	<b>7,107</b>	<b>7,068</b>	<b>+0.6%</b>	<b>+0.3%</b>





## YTD 2017 ORGANIC GROWTH

### BY COUNTRY

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<b>&gt; +10%</b>	Chile, Israel, Mexico, Russia, Turkey, Ukraine, Vietnam
<b>+5% to +10%</b>	India, Indonesia, Italy, Saudi Arabia, Singapore, UK
<b>0 to +5%</b>	Australia, Canada, China, France, Korea, Netherlands, Poland, Switzerland, UAE
<b>&lt; 0%</b>	Brazil, Colombia, Germany, Japan, Philippines, South Africa, Spain, Thailand, USA

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## NET DEBT / (NET CASH)

<b>(EUR million)</b>	<b>YTD 2017</b>	<b>YTD 2016</b>	<b>FY 2016</b>
Net Debt (Net Cash), average	<b>2,066</b>	2,443	2,385
Net Debt (Net Cash), at end of period	<b>2,291</b>	2,452	1,244

## LIQUIDITY AS OF SEPTEMBER 30, 2017

(EUR million)	TOTAL	DRAWN	AVAILABLE
<b>Committed Facilities</b>			
364-day revolving credit facilities	165	-	165
5-year revolving credit facility <sup>(1)</sup>	514	-	514
5-year syndicated facility (Club Deal) <sup>(2)</sup>	2,000	-	2,000
<b>Total Committed Facilities</b>	<b>2,679</b>	-	<b>2,679</b>
Cash and Marketable Securities	892	-	892
<b>Total liquidity</b>	<b>3,571</b>	-	<b>3,571</b>
<b>Group other uncommitted facilities</b>	249	13	236

(1) €64m maturing in 2017, €300m maturing in 2018, €50m maturing in 2019 and €100m in 2022

(2) Maturing in 2020



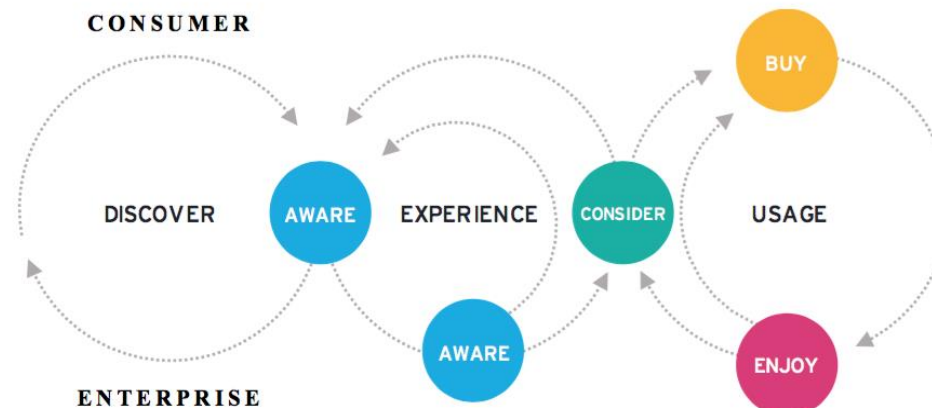
# **STRATEGIC UPDATE**

# Our ambition : become the market leader in marketing and business transformation

Marketing  
Transformation



Champion Consumer  
Engagement



Digital Business  
Transformation



# 3 Priorities

## **IMPROVE ORGANIC GROWTH**

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- ➔ Cross fertilization at country level
- ➔ New business pipeline
- ➔ Digital Business Transformation

## **GAIN COMPETITIVENESS**

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- ➔ Country-led organization
- ➔ Leveraging our delivery platform in India
- ➔ New management tools



## RE-INVESTING IN TALENTS

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- ➔ Chief Talent Officer
- ➔ Training and development
- ➔ Incentive system
- ➔ New talent profiles



## OUTLOOK

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**Improved** organic growth momentum  
to continue in H2 2017



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**MERCI**



# Supplemental Information



## **SUPPLEMENTAL INFORMATION**

### **YTD 2017 REVENUE IN USD MILLION**

	<b>YTD 2017</b>	<b>YTD 2016</b>	<b>YTD 2017 vs. YTD 2016</b>
Revenue	<b>7,896</b>	<b>7,888</b>	<b>+0.1%</b>

## SUPPLEMENTAL INFORMATION

### REVENUE & ORGANIC GROWTH CALCULATION

(EUR million)	Q1	Q2	Q3	YTD
<b>2016 revenue</b>	<b>2,291</b>	<b>2,462</b>	<b>2,315</b>	<b>7,068</b>
Currency impact <sup>(2)</sup>	50	26	(93)	(17)
2016 revenue at 2017 exchange rate (a)	2,341	2,488	2,222	7,051
2017 revenue before impact of acquisitions <sup>(1)</sup> (b)	2,314	2,507	2,248	7,069
Revenue from acquisitions <sup>(1)</sup>	14	8	16	38
<b>2017 revenue</b>	<b>2,328</b>	<b>2,515</b>	<b>2,264</b>	<b>7,107</b>
<b>Organic growth (b/a)</b>	<b>-1.2%</b>	<b>+0,8%</b>	<b>+1.2%</b>	<b>+0.3%</b>

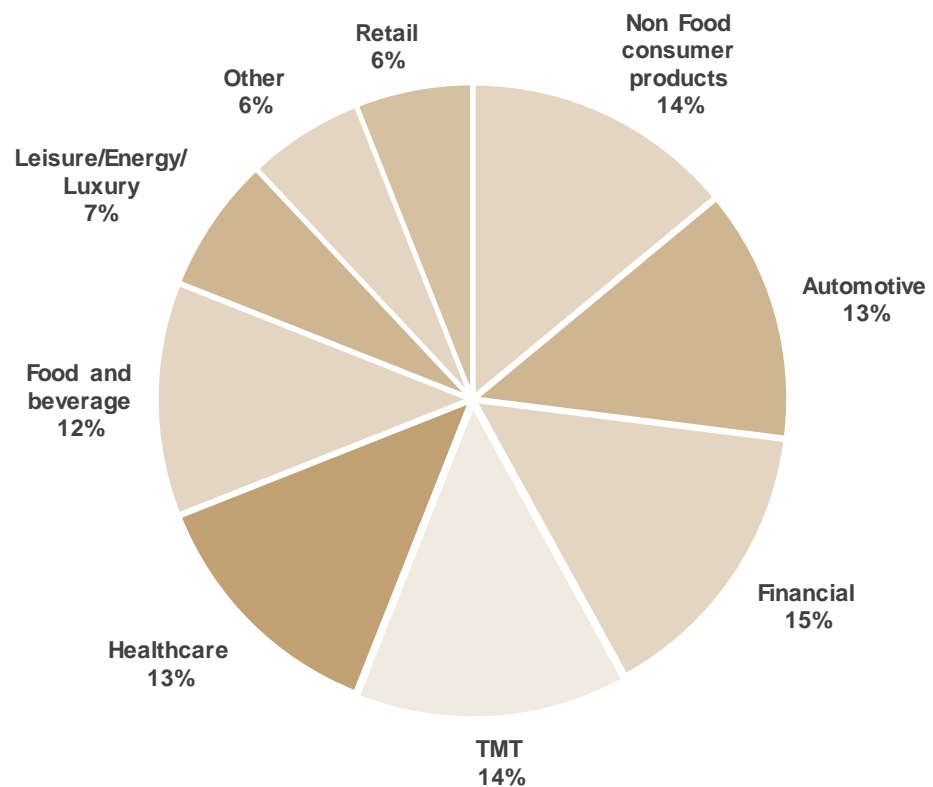
	Currency impact (EUR million)			
	Q1	Q2	Q3	YTD
GBP <sup>(2)</sup>	(21)	(20)	(12)	(53)
USD <sup>(2)</sup>	44	34	(62)	16
Other	27	12	(19)	20
<b>Total</b>	<b>50</b>	<b>26</b>	<b>(93)</b>	<b>(17)</b>

- (1) Acquisitions (MercerBell, Vertiba, Seven Seconds, Insight Redéfini, Venus Communications, Arcade, Digitouch, PT Publicis Metro Indonesia, PT Indonesia Media Exchange, North Notch, Metadesign, Regicom, Ardent, The Abundancy, The Herd Agency, Ella Factory, SFR Studio, Translate Plus), net of disposals
- (2) EUR = USD 1.111 over the last 9 months of 2017 vs. USD 1.116 over the last 9 months of 2016  
 EUR = GBP 0.872 over the last 9 months of 2017 vs. GBP 0.801 over the last 9 months of 2016

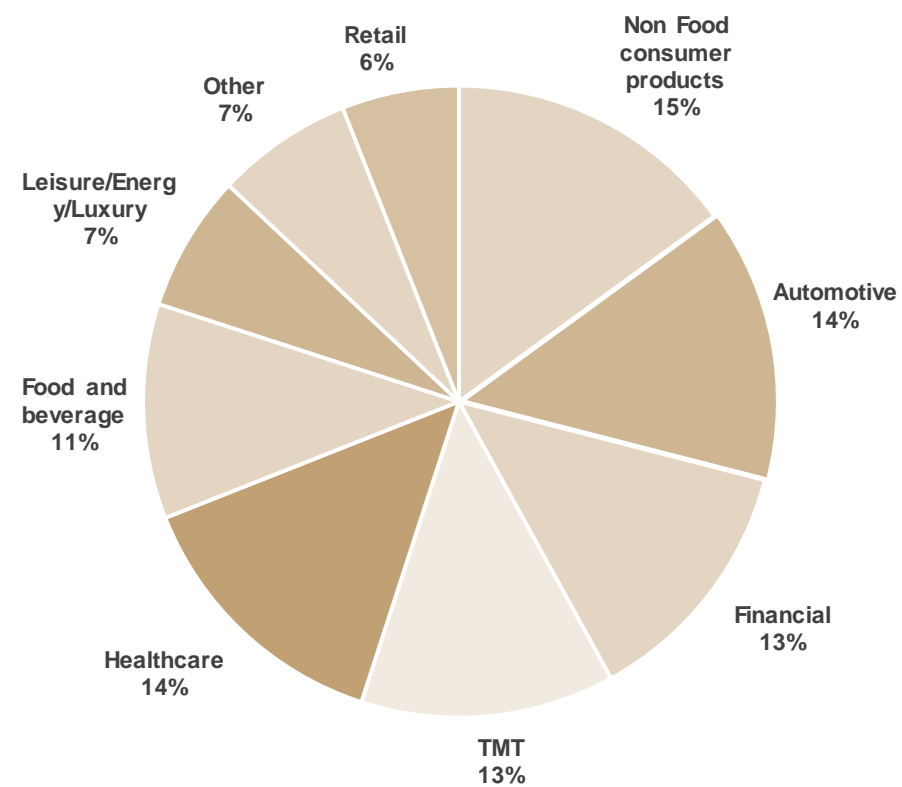
# SUPPLEMENTAL INFORMATION

## REVENUE BY SECTOR (1)

### YTD 2017



### YTD 2016



(1) Based on 3,015 clients representing 87% of Groupe revenue

## SUPPLEMENTAL INFORMATION

### Q3 2017 REVENUE BY GEOGRAPHY - (ALTERNATIVE BREAKDOWN)

(EUR million)	Q3 2017	Q3 2016	Reported growth	Organic growth
Europe <sup>(1)</sup>	608	627	-3.0%	-1.8%
North America	1,235	1,254	-1.5%	+3.0%
BRIC + MISSAT <sup>(2)</sup>	238	244	-2.5%	-0.1%
Rest of the world	183	190	-3.7%	+1.0%
<b>Total</b>	<b>2,264</b>	<b>2,315</b>	<b>-2.2%</b>	<b>+1.2%</b>

(1) Europe excluding Russia and Turkey

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

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



## SUPPLEMENTAL INFORMATION

### YTD 2017 REVENUE BY GEOGRAPHY - (ALTERNATIVE BREAKDOWN)

(EUR million)	YTD 2017	YTD 2016	Reported growth	Organic growth
Europe <sup>(1)</sup>	1,945	1,947	-0.1%	+2.0%
North America	3,879	3,874	+0.1%	-0.8%
BRIC + MISSAT <sup>(2)</sup>	721	703	+2.6%	-0.2%
Rest of the world	562	544	+3.3%	+1.9%
<b>Total</b>	<b>7,107</b>	<b>7,068</b>	<b>+0.6%</b>	<b>+0.3%</b>

(1) Europe excluding Russia and Turkey

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

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

## SUPPLEMENTAL INFORMATION

### GROSS DEBT AS OF SEPTEMBER 30, 2017

#### Breakdown by MATURITY

(EUR million)	Total	Oct 2017 – Sept 2018	Oct 2018 – Sept 2019	Oct 2019 – Sept 2020	Oct 2020 – Sept 2021	Oct 2021 Onwards
Eurobond 2021 <sup>(1) (2)</sup>	719					719
Eurobond 2023	493					493
Eurobond 2024 <sup>(1) (2)</sup>	600					600
Medium term loan	916	305	305	306		
Earn out / Buy out	286	152	57	46	17	14
Other debt <sup>(1)</sup>	169	79				90
<b>Total gross debt</b>	<b>3,183</b>	<b>536</b>	<b>362</b>	<b>352</b>	<b>17</b>	<b>1,916</b>

(1) Including fair values of associated derivatives

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



**No covenants**

## SUPPLEMENTAL INFORMATION

### NET DEBT AS OF SEPTEMBER 30, 2017

#### Breakdown by CURRENCY

(EUR million)	Total	EURO	USD	GBP	Others
Eurobond 2021 <sup>(1)</sup> <sup>(2)</sup>	719		719		
Eurobond 2023	493	493			
Eurobond 2024 <sup>(1)</sup> <sup>(2)</sup>	600		600		
Medium term loan	916	446	470		
Earn out / Buy out	286	29	128	36	93
Other debt <sup>(1)</sup> <sup>(3)</sup>	169	4	128	5	32
Cash & marketable securities	(892)	(33)	28	(9)	(878)
<b>Net debt (cash)</b>	<b>2,291</b>	<b>939</b>	<b>2,073</b>	<b>32</b>	<b>(753)</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 SEPTEMBER 30, 2017

#### Breakdown by RATE

(EUR million)	Total	Earn-out / Buy-out	Fixed rate	Floating rate
Eurobond 2021 <sup>(1) (2)</sup>	719		719	
Eurobond 2023	493		493	
Eurobond 2024 <sup>(1) (2)</sup>	600		600	
Medium term loan <sup>(3)</sup>	916		470	446
Other debt <sup>(1)</sup>	169		90	79
<b>Total gross debt ex. earn out/buy out</b>	<b>2,897</b>		<b>2,372</b>	<b>525</b>
Earn-out / Buy-out	286	286		
Cash & marketable securities	(892)			(892)
<b>Net debt (cash)</b>	<b>2,291</b>	<b>286</b>	<b>2,372</b>	<b>(367)</b>

(1) Including fair values of associated derivatives

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

(3) 555mUSD swapped in fix rate in 2017



## DEFINITIONS

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**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.

**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.



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