HALF-YEAR FINANCIAL REPORT

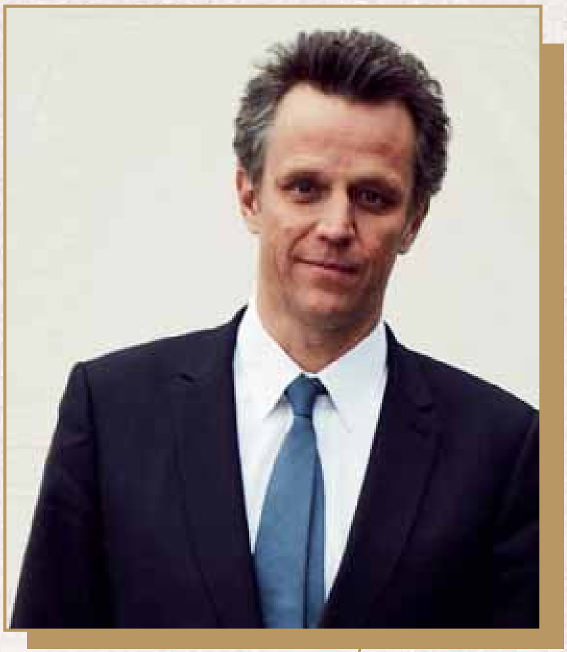
FOR THE SIX MONTHS ENDED JUNE 30, 2019

This English language version of the 2019 Half-year financial report is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

PUBLICIS GROUPE

SUMMARY

MESSAGE FROM CHAIRMAN & CEO



Arthur Sadoun
Chairman & CEO

"As anticipated, we recorded a sequential improvement in Q2 *versus* Q1, with organic growth returning to positive territory. This growth is healthy and built on solid foundations, with the ramp-up of our Q4 new business and continued double-digit growth of our strategic game changers (+24% in H1).

But our progress has been slowed down by the ongoing fee reduction on traditional advertising that continued to impact our overall US operations by around 300 basis points in the quarter. We have taken a major organizational step by accelerating the implementation of our country-model which helps generating growth through cross fertilization.

Where it is the most advanced, this model is already working very well. This is the case in the UK and France, with net revenue in H1 growing by 4.8% and 3.1% respectively.

For H1, we are posting strong financial results for the Groupe, with an operating margin improvement of 40 basis points supported by our ongoing cost savings plan, half of which was reinvested in our talents and expertise. Our headline EPS is up by 2.5% at constant currencies and excluding Beat tax and Epsilon transaction costs, and our free cash flow remains at a high level.

Last but not least, we just closed the acquisition of Epsilon in record time at a compelling price. We have a clear integration plan with 25 dedicated teams having worked tirelessly with one very clear objective in mind to accelerate growth. This plan will be executed swiftly.

Everyone is familiar with the disruption created by data and technology. The need for transformation has never been so strong in our industry. We have a model allowing us to address those challenges and invest both in the talents (over euro 150 million over the last 18 months) and expertise of the future, such as Sapient and Epsilon, while delivering strong financials.

When it comes to our short-term organic growth, two phenomena explain our situation. On the one hand, our clients are suffering from various pressures leading to budget cuts and fee reductions in sectors where we have a disproportionate share of market. On the other hand, the profound transformation we have been engaged in has penalized us in the short term. But our new model and organization are a clear strength for the longer term, as shown by our track record in new business or the growth posted by our game changers.

For the second part of the year, we will deliver sequential improvement *versus* H1 on organic growth. But, as spending cuts are not gone away, we are taking a conservative approach for the full year, forecasting a broadly stable net revenue on an organic basis.

With this in mind, thanks to the robustness of our model, we can already confirm we will deliver, as planned, a 30 to 50 basis points increase in operating margin and a Headline EPS up by 5 to 10% at constant rates and including Epsilon.

In the long term, having the organization, talents and assets our clients need, we are very confident that we will generate strong growth thanks to three levers.

First, our unique set of assets in data, creative, media and technology that can deliver personalized experiences at scale to help our clients accelerate their sales while reducing their costs.

Second, our country model that is already producing strong results in France and the UK, and we will accelerate its implementation in the US where we have just announced a new organization.

Third, our unparalleled way to go to market that will maintain, and for sure accelerate, our New Business momentum.

Our focus now is execution in order to create superior value for all our stakeholders."

CHAPTER

INTERIM MANAGEMENT REPORT

1

Publicis Groupe's Supervisory Board, met under the chairmanship of Maurice Lévy, to examine the half-yearly accounts at June 30, 2019, presented by Arthur Sadoun, Chairman of the Management Board and Chief Executive Officer.

1.1 KEY FIGURES

(in millions of euros, excl. %)	6 months 2019	6 months 2018[1]	2019 *vs.* 2018
Data from the Income statement:			
Net revenue	4,352	4,280	+1.7%
Operating margin before Depreciation & Amortization	885	882	
% of net revenue	20.3%	20.6%	
Operating margin	612	617	
% of net revenue	14.1%	14.4%	
Operating margin excluding transaction costs[3]	652	617	+5.7%
% of net revenue[4]	15.0%	14.4%	+60 pts
Operating income	489	458	+6.8%
Group net income	345	301	+14.6%
Earnings Per Share	1.49	1.33	
Headline EPS, diluted[2]	1.98	1.89	+4.8%
Free Cash Flow before changes in working capital requirements	491	500	

Data from the Balance sheet	June 30, 2019	December 31, 2018[1]
Total assets	28,569	27,080
Groupe share of Shareholders' equity	6,692	6,853
Net debt (net cash)	74	(288)

(1) Data from income statement and balance sheet are comparable as the financial statements at June 30, 2018 and December 31, 2018 were prepared under IFRS16 which was adopted early in 2018.
(2) Net income attributable to equity holders of the parent company after elimination of impairment losses, amortization of acquisition-related intangible assets, major capital gains or (losses) from disposals, changes in fair value of financial assets, revaluation of earn-outs and Epsilon acquisition expenses, divided by the average number of shares on a diluted basis.
(3) Transaction costs related to the acquisition of Epsilon totaled euro 40 million as at June 30, 2019.
(4) Improvement from operating margin rate including 20 basis points of technical effect of IFRS 16.

The IMF revised its growth forecast for the global economy downward, to 3.3% in 2019, compared to 3.6% in 2018 and 4% in 2017. The slowdown is affecting developed countries, especially in Europe, while the US economy is resisting. The title of the latest of the IMF update is explicit: "Growth slowdown, precarious recovery".

Among developed countries, the US is expected to grow by 2.4%, following 2.9% in 2018, while Europe is experiencing a sharp slowdown due to the strong dependence of the German economy on exports and the structural weakness of the Italian economy (only +0.2% in 2019). The French economy is showing higher growth (+1.4%) because of the distribution of purchasing power decided at the end of 2018 due to the yellow vests crisis. The UK economy is expected to grow by 1.3% despite the impact of Brexit.

Lower growth is also affecting emerging countries, China foremost among them. Various leading indicators show that industry is close to recession; industrial production has grown at its lowest rate in 17 years. The Middle Kingdom's economy remains very vulnerable to trade tensions with the US.

1.2 APPOINTMENTS

Publicis Sapient, the digital business transformation hub of Publicis Groupe, announced the appointment of **John Maeda as Chief Experience Officer**. The selection of Maeda, one of the world's creative leaders of computational design – the convergence of design and technology – signals Publicis Sapient's ongoing commitment to pushing the boundaries of how businesses create exponential value for their customers and markets. In this role, John joins the Creative Executive Collective of Publicis Groupe whereby creative leadership is multi-faceted and structured to develop the necessary broad palette of creativity for the modern world – dynamic creativity brought to life through stories, experiences and innovation.

Publicis Groupe UK appointed **Ben Mooge** in the newly-created position of **Chief Creative Officer, Publicis Groupe UK**. The role reinforces Publicis Groupe's commitment to putting the creative product at the very heart of the business. It recognises creativity's value to clients and talent and its true potential when connected with data and technology.

Publicis Groupe announced **two executive leadership infrastructures** (namely, Publicis Groupe US ComEx and Publicis Communications US organized into three Zones) **that will drive US governance**, accelerate the implementation of the Groupe's strategy, and further transform the Groupe's creative offering.

Publicis Groupe US ComEx will be accountable for advancing the Groupe's strategy and driving overall performance and growth for the Groupe and its clients in the Company's largest market. The Publicis Groupe US ComEx will be chaired by Arthur Sadoun, Chairman and CEO, Publicis Groupe, and comprised of Tim Jones, CEO, Publicis Media Americas; Bryan Kennedy, CEO, Epsilon; Ros King, EVP, Global Clients, Publicis Groupe; Steve King, COO, Publicis Groupe & CEO, Publicis Media; Adrian Sayliss, CFO, Publicis Groupe North America; Carla Serrano, CSO, Publicis Groupe; Liz Taylor, CCO, Publicis Communications US & CCO, Leo Burnett Worldwide; and Nigel Vaz, CEO, Publicis Sapient.

Publicis Communications US has been organized into three zones to catalyse transformation and cross-fertilization of the Groupe's creative brand portfolio spanning brands such as Leo Burnett, Saatchi & Saatchi, Publicis, BBH and Fallon. The West zone will be led by Andrew Bruce, CEO, Publicis Communications West; the Center zone will be headed up by Andrew Swinand, CEO, Publicis Communications Center; and the East zone will be under the leadership of Jem Ripley who returns to Publicis Groupe as Publicis Communications CEO East. Additionally, Ripley will also lead Publicis Sapient's marketing transformation business and clients in the US, which will transit to Publicis Communications. The digital business transformation capability remains within the Publicis Sapient hub.

1.3 GROUPE CSR POLICY

CSR activities in the first half of 2019 are progressing, in line with the Groupe's priorities.

As regards **talent**, and **diversity** and **inclusion** in particular, close attention is paid to gender equality issues, be it equal pay, promotion or access to positions of responsibility. The numbers show continued positive growth, and actions must be strengthened for creative and technological leadership positions. Affinity networks such as VivaWomen! (women) and Égalité (LGBT) continue their geographical expansion.

In terms of training, the new Publicis Learning Platform continues to enrich its catalog, enabling all employees to have permanent access to a wide range of content, and to be supported in this period of profound internal transformation for the Group. New programs such as Sprint and Lab have been successfully implemented.

The Marcel internal platform was piloted in the UK before being rolled out across the Group.

The Women's Forum for the Economy and Society made a stopover in Mexico in May 2019, for its annual "Americas" meeting, which brought together over 1,500 leaders. A special event was held in Kyoto in June 2018, to send a warning message to G20 policymakers about climate change as well as the need to give women a more prominent place in decision-making and action. The next "Asia" session will take place in Singapore on September 18/20, before the Global Meeting in Paris on November 20/22 on the theme "Taking the lead for inclusion".

When it comes to **customers**, Responsible marketing is a central concept that feeds the projects and campaigns carried out by the Group's branches. The Grand Prize won by the French agency Marcel in Cannes in June 2019 illustrates the relevance of civic commitment and the impact of brand messages: the "Forbidden Market" campaign for Carrefour was widely commended at this gathering.

In **responsible purchasing**, the Groupe is extending its program of assessment and monitoring of its global and local suppliers, using various internal and external tools. This is an important link in the action plan for the application of French due diligence law.

In terms of **ethics**, training sessions for all employees continued to be offered, in line with the program launched in 2017, for both the European GDPR (General Data Protection Regulation), and anti-corruption with the implementation of the French *Sapin 2* Law. Since January 2019, the new whistleblowing system has been in place for the central processing of all alerts, be they from employees, customers, suppliers or any other stakeholder. (ethicsconcerns@publicisgroupe.com)

As for the Company, for the past three years, the branches have continued to support initiatives or associations related to SDG (Sustainable Development Goal) 2 – Zero Hunger, continuing the industry effort to which the Group has committed itself vis-à-vis the United Nations.

Finally, as regards the **environment**, moving teams to new buildings in various countries makes it possible to reduce the Group's direct impact thanks to real estate choices that limit environmental impacts. Furthermore, as part of the Group's 2030 environmental policy "Consuming less – Consuming better", a program to offset incompressible energy impacts was put in place in three countries, thus increasing the share of renewable energies by 33.5% to 77.3%. The goal for the Group is to reach 100% and do the maximum to reduce greenhouse gas emissions.

Everything done in the field of CSR by the Group and its agencies is publicly available *via* the CSR section of the Group's website, and a summary of all CSR data can be found under CSR Smart data.

1.4 ACQUISITIONS & DISPOSALS

On January 31, 2019 Publicis Groupe announced the final signature for the disposal of **Publicis Health Solutions** (PHS) to Altamont Capital Partners (Altamont). PHS, which was part of the Publicis Health solutions hub, is an organization of medical and marketing representatives for pharmaceutical, biotechnology, medical device and diagnostic companies. Its brands, which include Touchpoint, PDI, Tardis Medical, PHrequency and CustomPoint Recruiting, offer a full range of services to customers.

On February 7, 2019 Publicis Groupe confirmed that on February 6, 2019, it had acquired 82.99% of the capital of **Soft Computing**, the French leader in Data Marketing, at a price of euro 25 per share, for a total amount of approximately euro 43.4 million. This acquisition was realized with the founding shareholders and their families and follows the lifting of all conditions precedent for the agreements signed on December 19, 2018. The price offered was 66.67% above the December 19, 2018 closing price. Created in 1984 by Eric Fischmeister and Gilles Venturi, Soft Computing is specialized in data and how it is applied to enhance digital marketing and transform the customer experience. With over 400 experts, this market leading company provides its services to the majority of large corporates in the retail, services and financial sectors.

On February 14, 2019 Publicis Groupe announced that, following a competitive sale process, conducted with the help of a major bank, the group entities that own **Proximedia** have entered into exclusive negotiations with Ycor for the sale of all of Proximedia. With operations in France, Belgium, the Netherlands and Spain, Proximedia provides digital services to SMEs, small shops and craftsmen for their online presence and promotion. Publicis Groupe completed the disposal in the first half of 2019.

On April 14, 2019 Publicis Groupe announced it has entered into an agreement with Alliance Data Systems Corporation (NYSE: ADS) under which Publicis Groupe will acquire **Epsilon** for a net purchase price of USD 3.95 billion after tax step-up (total cash consideration of USD 4.40 billion) and build a strategic partnership with Alliance Data remaining business. This acquisition will accelerate the implementation of Publicis' strategy to become the preferred transformation partner for its clients. At the core of Publicis Groupe, Epsilon will strengthen its creative, media and technology activities and accelerate its growth. This transaction is positive for shareholders, with accretion of 12.5% in headline net income per share and 18.3% in free cash flow per share, excluding any transaction-related synergies on 2018 *proforma* numbers. The closing took place on July 1 and was announced on July 2, 2019.

1.5 ANALYSIS OF THE FINANCIAL SITUATION AND RESULT

Simplified consolidated income statement

(in millions of euros)	6 months 2019	6 months 2018[1]	2019 *vs.* 2018
Net revenue	**4,352**	**4,280**	**+1.7%**
Pass-through revenue	516	445	
Revenue	**4,868**	**4,725**	**+3.0%**
Personnel costs	(2,879)	(2,834)	
Other operating costs	(1,104)	(1,009)	
Operating margin before Depreciation & Amortization	**885**	**882**	
Depreciation & Amortization	(273)	(265)	
Operating margin	**612**	**617**	
Percentage operating margin (% of net revenue)	***14.1%***	***14.4%***	
Operating margin excluding transaction costs[2]	**652**	**617**	**+5.7%**
Percentage operating margin (% of net revenue)	***15.0%***	***14.4%***	***+60 pts***
Amortization of intangibles arising from acquisitions	(27)	(34)	
Impairment	(113)	(107)	
Other non-recurring income (expense)	17	(18)	
Operating income	**489**	**458**	**+6.8%**
Financial income (expense)	(1)	(36)	
Revaluation of earn-out *costs*	(1)	(11)	
Income tax	(136)	(109)	
Share of profit of Associates	(5)	1	
Minority interests	(1)	(2)	
Group net income	**345**	**301**	**+14.6%**

(1) Data from income statement are comparable as the financial statements at June 30, 2018 were prepared under IFRS16 which was adopted early in 2018.
(2) Transaction costs related to the acquisition of Epsilon totaled euro 40 million as at June 30, 2019.

Net revenue in Q2

Breakdown of Q2 2019 Net revenue by region

(in millions of euros)	Net revenue Q2 2019	Net revenue Q2 2018	Growth Reported	Growth Organic
Europe	663	641	+3.4%	+2.4%
North America	1,177	1,179	-0.2%	-1.7%
Asia Pacific	237	224	+5.8%	+2.7%
Latin America	78	86	-9.3%	-8.7%
Middle East & Africa	79	68	+16.2%	+12.9%
Total	**2,234**	**2,198**	**+1.6%**	**+0.1%**

Publicis Groupe Net revenue in Q2 was euro 2,234 million, a 1.6% increase from euro 2,198 million in 2018. The effects of exchange rate had a positive impact of euro 72 million. Acquisitions (net of disposals) had a negative contribution on net revenue of euro 39 million, reflecting the disposal of PHS at the end of January 2019 and Proximedia at the end of April 2019 and partially offset by the contribution from acquisitions, namely Xebia and Soft Computing in France.

Organic growth amounted to 0.1%. As expected, Publicis Groupe recorded a sequential improvement over the first quarter, returning to positive growth. Although at the lower range of our expectations, this growth is based on solid foundations, with the ramp-up of Q4 new business wins and continued double-digit growth in Strategic Game Changers (+21%). However, fee reductions in traditional advertising continued to impact our US operations by almost 300 basis points in the second quarter, thus preventing us from seeing better growth.

Europe posted reported growth of +3.4% and +2.4% on an organic basis. France and the United Kingdom continued to perform well with growth of 2.1% and 4.6% respectively over the quarter. Conversely, Italy and Germany recorded respective declines of 4.3% and 9.1%.

North America posted virtually stable growth but a 1.7% decline on an organic basis. This decline reflects the attrition that continues to affect traditional advertising and some losses in media activity in the third quarter of 2018.

Asia Pacific posted reported growth of +5.8% and +2.7% on an organic basis, with Singapore at +21.9% and India at +20.5%. China was slightly negative at -2.4%.

Latin America fell by 9.3% as reported and 8.7% on an organic basis. This can be explained by the high comparable and economic situations in some countries. Brazil was down 20.5%, explaining the decline in that region. Mexico recorded sustained organic growth of 7.1%.

The Middle East and Africa were up 16.2% as reported and 12.9% on an organic basis.

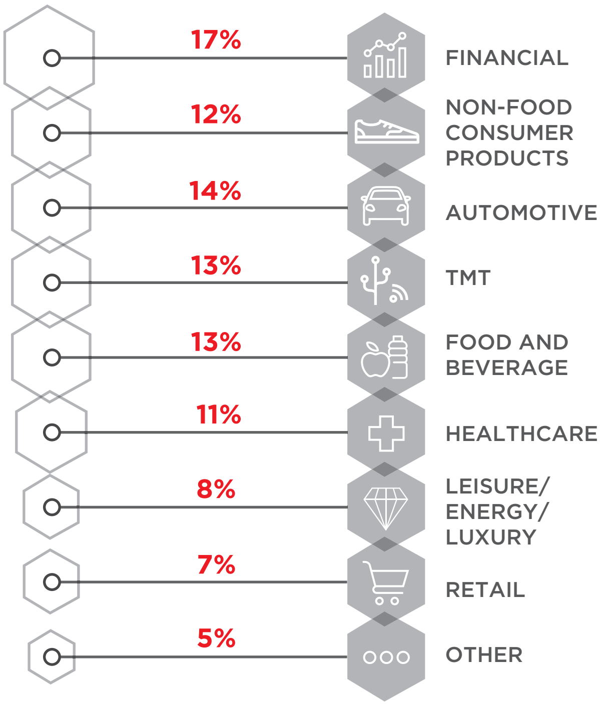
Net revenue at end-June 2019

Publicis Groupe Net revenue in H1 was euro 4,352 million, a 1.7% increase from euro 4,280 million in 2018. The effects of exchange rate had a positive impact of euro 165 million. Acquisitions (net of disposals) had a negative contribution on net revenue of euro 57 million, reflecting the disposal of PHS at the end of January 2019 and Proximedia at the end of April 2019 and partially offset by the contribution from acquisitions, namely Xebia and Soft Computing in France.

Organic growth stood at -0.8%, and -0.7% excluding PHS. This mainly reflects the attrition associated with a handful of FMCG clients that affected mainly North America.

Strategic Game Changers growth reached 24% for a total net revenue of circa euro 580 million, *i.e.* 13% of Groupe's total net revenue.

/ Breakdown of net revenue at end-June 2019 by sector



On the basis of 2,888 clients representing 88% of net revenue.

/ Breakdown of H1 net revenue by region

(in millions of euros)	Net revenue H1 2019	Net revenue H1 2018	Growth Reported	Growth Organic	Growth Organic excluding PHS
Europe	1,296	1,255	+3.3%	+1.6%	+1.6%
North America	2,316	2,321	-0.2%	-3.1%	-3.0%
Asia Pacific	444	423	+5.0%	+2.0%	+2.0%
Latin America	144	158	-8.9%	-7.6%	-7.6%
Middle East & Africa	152	123	+23.6%	+19.1%	+19.1%
Total	**4,352**	**4,280**	**+1.7%**	**-0.8%**	**-0.7%**

Europe posted reported growth of +3.3% and +1.6% on an organic basis. France and the United Kingdom continued to perform well with growth of 3.1% and 4.8% respectively over the semester. Italy recorded double-digit growth of 11.4%, with a strong impact from new customer wins as well as an increase in existing customer spending in the first quarter. Conversely, Germany recorded a decline of 9.6%.

North America posted stable growth on a reported basis but a 3.1% decline on an organic basis. This decline reflects the attrition that continues to affect traditional advertising as well as some customer losses in media activities.

Asia Pacific posted reported growth of +5.0% and +2.0% on an organic basis, with Singapore and India at +14.8%. China was slightly negative at -1.5%.

Latin America fell by 8.9% as reported and 7.6% on an organic basis. This can be explained by the high comparables and the economic situation in some countries of the region. Brazil was down 14.1%, explaining the decline in that region. Mexico was stable on an organic basis.

The Middle East and Africa were up 23.6% as reported and 19.1% on an organic basis.

Operating margin & operating income

Personnel costs totaled euro 2,879 million at June 30, 2019, compared to euro 2,834 million in 2018. Fixed personnel costs amounted to euro 2,510 million, *i.e.* 57.7% of Net revenue *versus* 58.6% in 2018. Freelance costs were down to euro 174 million in 2019, after euro 187 million in 2018. Restructuring costs totaled euro 61 million in 2019 (up from euro 36 million in 2018) as the Group reorganized around The Power of One, which increasingly integrated structures and activities. Numerous investments (organization by country, development of production platforms, on-going regionalization of the Shared Services Centers, as well as various technological developments) all help improve operational efficiency.

Other operating costs (excluding depreciation & amortization) amounted to euro 1,104 million, compared with euro 1,009 million in 2018. These costs made up 25.4% of net revenue (23.6% in 2018). Excluding transaction costs related to the acquisition of Epsilon for an amount of euro 40 million, operating expenses in 2019 amounted to euro 1,064 million, representing 24.4% of net revenue.

The **operating margin before depreciation and amortization** was euro 885 million in the first semester of 2019, compared to euro 882 million for the same period in 2018, generating a margin of 20.3% of net revenue (20.6% in 2018). Excluding transaction costs related to the acquisition of Epsilon, the operating margin before amortization amounted to euro 925 million, for a margin of 21.3%.

Depreciation and amortization was euro 273 million at June 30, 2019, slightly up from 2018 (euro 265 million).

The **operating margin** was euro 612 million, compared to euro 617 million at June 30, 2018. The operating margin was 14.1% compared to 14.4% at June 30, 2018. Excluding transaction costs related to the acquisition of Epsilon, the operating margin amounted to euro 652 million, or 15.0%. This 60-basis-point improvement is due to lower personnel expenses, net income from the disposal of PHS and Proximedia, and a favorable foreign exchange impact.

Operating margins (excluding Epsilon transaction costs) by major geographical region were 10.3% for Europe, 18.2% for North America, 16.7% for Asia-Pacific, 5.6% for Latin America and 9.2% for the Africa/Middle East region.

Amortization of intangibles arising from acquisitions in the first half of 2019 totaled euro 27 million in 2019, *versus* euro 34 million in 2018. Impairment losses, due mainly to the All in One real estate restructuring plan, amounted to euro 113 million in 2019 compared to euro 107 million in 2018, and other non-current income and expenses amounted to an income of euro 17 million in 2019, compared to an expense of euro 18 million in 2018.

Operating income totaled euro 489 million for the first six months of 2019, after 458 million in 2018.

Other income statement items

Net financial expense, made up of net borrowing costs and other financial income and expenses, amounted to euro 1 million at June 30, 2019 compared with an expense of euro 36 million in 2018. The cost of net debt was income of euro 15 million in 2019, compared to an expense of euro 9 million in 2018. Other financial expenses totaled euro 16 million, consisting of euro 30 million in interest expense on lease liabilities and euro 19 million in income from the fair value re-measurement of Mutual Funds (re-measurement recorded in equity before 2019). Other financial income and expenses represented an expense of euro 27 million in 2018, including euro 29 million of interest expense on lease liabilities (mainly resulting from the early application of IFRS 16 in 2018).

The revaluation cost of earn-outs was euro 1 million in the first half of 2019, compared to an expense of 11 million in 2018.

Income tax amounted to euro 136 million, after application of a forecast effective tax rate of 25.8% for 2019, compared to an income tax of euro 109 million in 2018, corresponding to a forecast effective tax rate of 25.9%.

The share of profit of equity-accounted entities at June 30, 2019 was a loss of euro 5 million, compared to profit of euro 1 million the previous year. Minority interests in net income were euro 1 million at June 30, 2019 and euro 2 million in 2018.

In total, Group net income for the first half of 2019 was a euro 345 million profit, compared with a euro 301 million profit for the corresponding period in the previous year.

Balance sheet and cash flow statement

Simplified Balance sheet

(in millions of euros)	June 30, 2019	December 31, 2018[1]
Goodwill (net)	8,857	8,751
Other intangibles (net)	1,107	1,125
Net right-of-use assets related to leases	1,954	1,732
Other fixed assets (net)	854	888
Current and deferred taxes	(489)	(560)
Working capital requirements	(2,618)	(2,904)
Assets held for sale (net)	0	83
Total assets	**9,665**	**9,115**
Group share of Shareholders' equity	6,692	6,853
Minority interests	(9)	0
Total shareholders' equity	**6,683**	**6,853**
Long- and short-term provisions	592	509
Net financial debt	74	(288)
Lease obligations	2,316	2,041
Total liabilities	**9,665**	**9,115**

(1) Data from income statement are comparable as the financial statements at June 30, 2018 were prepared under IFRS 16 which was adopted early in 2018.

Consolidated equity attributable to holders of the parent company rose from euro 6,853 million at December 31, 2018 to euro 6,692 million at June 30, 2019.

Minority interests were negative at euro -9 million, after euro 0 million at December 31, 2018.

Net financial debt

(in millions of euros)	June 30, 2019	December 31, 2018
Financial debt (long- and short-term)	4,754	2,874
Fair value of hedging derivatives on the 2021 and 2024 Eurobonds[1]	78	46
Fair value of hedging derivatives on the 2025, 2028 and 2031 Eurobonds[1]	(8)	0
Fair value of hedging derivatives on medium-term syndicated loans[1]	(1)	(3)
Fair value of derivatives hedging intra-group loans and borrowings[1]	(5)	1
Total financial debt including market value of the associated derivatives	**4,818**	**2,918**
Cash and cash equivalents	(4,744)	(3,206)
Net financial debt	**74**	**(288)**
Debt/equity (including minority interests)	**0,01**	**n/a (positive net cash)**

(1) Carried on the consolidated balance sheet under "Other receivables and current assets" and/or under "Other payables and current liabilities".

Net debt totaled euro 74 million at June 30, 2019 (*i.e.* a debt/equity ratio of 0.01), after a positive net cash position of euro 288 million at December 31, 2018. The Group's average net debt was euro 550 million in H1 2019, down from euro 1,317 million in H1 2018.

The acquisition of Epsilon, closed on July 1, 2019, is mainly funded by (i) the issue of a euro 2.25 billion bond in three tranches, the settlement of which took place on June 13, 2019 and (ii) a medium-term loan established on June 28, 2019 (draw-down effective July 1, 2019) in three tranches (one for USD 900 million and two for euro 150 million each). It is worth mentioning that the net debt between June 13 and 30, 2019 is not affected by the Eurobond issuance as the proceeds of the bonds were immediately deposited until the payment of the acquisition.

Cash flow

Net cash flow from operations resulted in an outflow of euro 89 million in the first six months of 2019, after an outflow of euro 119 million for the corresponding period in the previous year. Income tax paid totaled euro 190 million in 2019 compared with euro 149 million in 2018. Working capital requirements deteriorated by euro 826 million, vs. a deterioration of euro 890 million in 2018.

Net cash flows from investing activities used up euro 83 million in 2019 compared with outflow of euro 163 million in 2018. Net investments in property, plant and equipment and intangible assets amounted to euro 65 million (including investments relating to the "All in One" real estate plan) compared with euro 86 million in 2018. Net investment in the acquisition of subsidiaries amounted to euro 30 million compared with euro 66 million in 2018.

Financing operations represented a surplus of euro 1,707 million at June 30, 2019, after an outflow of euro 353 million the previous year. The surplus comes mainly from the issuance in June 2019 of three eurobonds-totaling euro 2.3 billion subscribed in connection with the acquisition of Epsilon (which were only paid on July 1, 2019).

In total, the Group's cash position net of credit balances on bank accounts increased by euro 1,537 million in the first half of 2019, compared with a decrease of euro 600 million over the corresponding period in the previous year.

Including lines of credit that can be drawn down on short notice, the Group's available liquidity amounted to euro 8,439 million at June 30, 2019 or euro 4,544 million after taking into account the Epsilon payment on July 1, 2019, compared to euro 5,887 million at December 31, 2018.

Free Cash Flow

The Group's free cash flow before changes in Working Capital Requirements (WCR) is an indicator used by the Group to measure operating cash flow net of real estate investments, but before the acquisition or disposal of long-term equity investments and before financing activities (including the funding of Working Capital Requirements).

The Group's free cash flow, excluding changes in working capital requirements, decreased by euro 9 million compared with the previous period to stand at euro 491 million for the first six months of 2019, after euro 500 million for the first six months of 2018.

The table below shows the calculation of the Group's free cash flow:

(in millions of euros)	6 months 2019	6 months 2018
Operating margin before Depreciation & Amortization	**885**	**882**
Financial interest paid (net)	33	19
Refunding of lease commitments and associated interest	(214)	(204)
Income tax paid	(190)	(149)
Other	42	38
Cash flow from operations before changes in WCR	**556**	**586**
Investments in fixed assets (net)	(65)	(86)
Free cash flow before variations in WCR	**491**	**500**

Related party transactions

The entities of the Proximedia group sold during the first half of 2019 were acquired by Ycor S.C.A., in which Maurice Lévy, Chairman of the Supervisory Board of Publicis Groupe, has interests.

Publicis Groupe (parent company)

Publicis Groupe revenue is entirely comprised of rental income on real estate and fees for services to the Groupe's subsidiaries.

Operating income totaled euro 30 million in the first half of 2019 compared to euro 28 million in 2018. Financial income amounted to euro 88 million at June 30, 2019 compared to euro 113 million the previous year. This drop is due to the decrease in interest received on the loan granted to MMS USA Holdings repaid in December 2018, whereas the dividends received were stable (euro 53 million in 2019 and euro 54 million in 2018),

Operating expenses for the period amounted to euro 30 million at June 30, 2019, compared with euro 31 million in the previous year. Financial expenses totaled euro 54 million at June 30, 2019, compared with euro 70 million the previous year, a reduction also due to the repayment of a loan granted by Publicis Finance Services also repaid at the end of 2018.

Pre-tax profit was euro 35 million for the first half of 2019, *versus* euro 40 million in 2018.

After inclusion of a euro 13 million income tax credit resulting from tax consolidation in France, Publicis Groupe, the Group's parent company, posted a profit of euro 48 million at June 30, 2019 after euro 47 million at June 30, 2018.

1.6 OUTLOOK

For 2019, we will post a sequential improvement in H2 *versus* H1 in organic growth. Due to market conditions and continued attrition, we are taking a conservative approach for full year and expect to deliver a broadly stable net revenue on an organic basis. We confirm we will deliver a 30 to 50 basis points increase in our operating margin for the full year, including Epsilon from July and excluding transaction costs. We confirm our objective to grow headline EPS by 5% to 10% in 2019 (excluding BEAT tax and transaction costs, at constant exchange rates).

For 2020, the main structural change is the integration of Epsilon, which will be contributing to our organic growth from July 1. We expect growth and extension of collaboration on data with our current clients, while benefitting from cross-fertilization between our assets and Epsilon's portfolio of clients. Conversely, we also believe that some of our clients will continue to reduce their spending in traditional areas. We will update our new forecasts taking into account all those moving pieces in the coming months. We will grow our operating margin rate and we can also confirm an increase in headline EPS by 5% to 10% (excluding BEAT tax, at constant exchange rates).

CHAPTER

CONSOLIDATED INTERIM FINANCIAL STATEMENTS HALF-YEAR ENDED JUNE 30, 2019

2

2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	June 30, 2019 (6 months)	June 30, 2018 (6 months)	December 31, 2018 (12 months)
Net revenue[1]		**4,352**	**4,280**	**8,969**
Pass-through Revenue		516	445	982
Revenue		**4,868**	**4,725**	**9,951**
Personnel expenses	3	(2,879)	(2,834)	(5,747)
Other operating expenses		(1,104)	(1,009)	(2,155)
Operating margin before Depreciation & Amortization		**885**	**882**	**2,049**
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	4	(273)	(265)	(526)
Operating Margin		**612**	**617**	**1,523**
Amortization of intangibles from acquisitions	4	(27)	(34)	(69)
Impairment loss	4	(113)	(107)	(131)
Non-current income and expenses	5	17	(18)	(20)
Operating income		**489**	**458**	**1,303**
Financial expenses		(52)	(40)	(81)
Financial income		67	31	70
Cost of net financial debt	**6**	**15**	**(9)**	**(11)**
Revaluation of earn-out payments on acquisitions	6	(1)	(11)	(13)
Other financial income and expenses	6	(16)	(27)	(60)
Pre-tax income of consolidated companies		**487**	**411**	**1,219**
Income taxes	7	(136)	(109)	(285)
Net income of consolidated companies		**351**	**302**	**934**
Share of profit of associates	10	(5)	1	(4)
Net income		**346**	**303**	**930**
Of which:				
• Net income attributable to non-controlling interests		1	2	11
• Net income attributable to equity holders of the parent company		345	301	919

Data per-share (in euros) - Net income attributable to equity holders of the parent company	**8**			
Number of shares		*231,745,008*	*226,898,746*	*229,231,677*
Earnings per share		1.49	1.33	4.01
Number of diluted shares		*233,885,720*	*231,379,546*	*234,564,382*
Diluted earnings per share		1.48	1.30	3.92

(1) Net revenue: Revenue less pass-through costs. Those costs are mainly production & media costs and out of pocket expenses. As these items that can be passed on to clients are not included in the scope of analysis of transactions, the net revenue indicator is the most appropriate for measuring the Group's operational performance.

2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	June 30, 2019 (6 months)	June 30, 2018 (6 months)	December 31, 2018 (12 months)
Net income for the period (a)	**346**	**303**	**930**
Comprehensive income that will not be reclassified to income statement			
• Actuarial gains (and losses) on defined benefit plans	(45)	14	22
• Deferred taxes on comprehensive income that will not be reclassified to income statement	11	(6)	(2)
Comprehensive income that may be reclassified to income statement			
• Remeasurement of hedging instruments	(35)	20	6
• Consolidation translation adjustments	48	17	73
Total other comprehensive income (b)	**(21)**	**45**	**99**
Total comprehensive income for the period (a) + (b)	**325**	**348**	**1,029**
Of which:			
• Total comprehensive income for the period attributable to non-controlling interests	1	2	10
• Total comprehensive income for the period attributable to equity holders of the parent company	324	346	1,019

2.3 CONSOLIDATED BALANCE SHEET

(in millions of euros)	Notes	June 30, 2019	December 31, 2018
Assets			
Goodwill, net	9	8,857	8,751
Intangible assets, net		1,107	1,125
Right-of-use assets related to leases	15	1,954	1,732
Property, plant and equipment, net		598	611
Deferred tax assets		162	150
Investments in associates	10	31	62
Other financial assets	11	225	215
Non-current assets		**12,934**	**12,646**
Inventories and work in progress		421	367
Trade receivables		8,493	9,115
Assets on contracts		1,087	874
Other current receivables and assets		890	689
Cash and cash equivalents		4,744	3,206
Assets held for sale		0	183
Current assets		**15,635**	**14,434**
Total assets		**28,569**	**27,080**
Equity and Liabilities			
Share capital		94	94
Additional paid-in capital and retained earnings, Group share		6,598	6,759
Equity attributable to holders of the parent company	**12**	**6,692**	**6,853**
Non-controlling interests		(9)	0
Total equity		**6,683**	**6,853**
Long-term borrowings	14	4,122	2,425
Long-term lease liabilities	15	1,994	1,648
Deferred tax liabilities		443	446
Long-term provisions	13	479	384
Non-current liabilities		**7,038**	**4,903**
Trade payables		11,300	12,176
Liabilities on contracts		305	284
Short-term borrowings	14	632	449
Short-term lease liabilities	15	322	393
Income taxes payable		331	365
Short-term provisions	13	113	125
Other creditors and current liabilities		1,845	1,432
Liabilities held for sale		0	100
Current liabilities		**14,848**	**15,324**
Total equity and liabilities		**28,569**	**27,080**

2.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	June 30, 2019 (6 months)	June 30, 2018 (6 months)	December 31, 2018 (12 months)
Cash flow from operating activities			
Net income	346	303	930
Neutralization of non-cash income and expenses:			
Income taxes	136	109	285
Cost of net financial debt	(15)	9	11
Capital losses (gains) on disposal of assets (before tax)	(18)	18	20
Depreciation, amortization and impairment loss	413	406	726
Share-based compensation	37	32	63
Other non-cash income and expenses	21	42	76
Share of profit of associates	5	(1)	4
Dividends received from associates	2	2	2
Taxes paid	(190)	(149)	(328)
Change in working capital requirements[1]	(826)	(890)	153
Net cash flows generated by (used in) operating activities (I)	**(89)**	**(119)**	**1,942**
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets	(68)	(95)	(207)
Disposals of property, plant and equipment and intangible assets	3	9	11
Purchases of investments and other financial assets, net	12	(11)	(11)
Acquisitions of subsidiaries	(117)	(91)	(260)
Disposals of subsidiaries	87	25	19
Net cash flows generated by (used in) investing activities(II)	**(83)**	**(163)**	**(448)**
Cash flow from financing activities			
Dividends paid to holders of the parent company	-	-	(210)
Dividends paid to non-controlling interests	(8)	(5)	(10)
Proceeds from borrowings[2]	2,257	10	11
Repayment of borrowings[2]	(324)	(178)	(159)
Repayment of lease liabilities	(184)	(175)	(374)
Interest paid on lease liabilities	(30)	(29)	(58)
Financial interest paid	(45)	(13)	(69)
Financial interest received	78	32	66
Net purchases of non-controlling interests	(35)	(17)	(21)
Net (purchases)/sales of treasury shares and warrant	(2)	22	9
Net cash flows generated by (used in) financing activities (III)	**1,707**	**(353)**	**(815)**
Impact of exchange rate fluctuations (IV)	**2**	**35**	**133**
Change in consolidated cash and cash equivalents (I + II + III + IV)	**1,537**	**(600)**	**812**
Cash and cash equivalents on January 1	3,206	2,407	2,407
Bank overdrafts on January 1	(14)	(27)	(27)
Net cash and cash equivalents at beginning of year (V)	**3,192**	**2,380**	**2,380**
Cash and cash equivalents at closing date	4,744	1,812	3,206
Bank overdrafts at closing date	(15)	(32)	(14)
Net cash and cash equivalents at end of the year (VI)	**4,729**	**1,780**	**3,192**
Change in consolidated cash and cash equivalents (VI - V)	**1,537**	**(600)**	**812**

(1) Breakdown of change in working capital requirements			
Change in inventory and work in progress	(51)	(14)	42
Change in trade receivables and other receivables	390	545	(274)
Change in accounts payable, other payables and provisions	(1,165)	(1,421)	385
Change in working capital requirements	**(826)**	**(890)**	**153**

(2) See Note 14.

2.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital
231,240,308	**December 31, 2018**	**94**	**3,926**
	Net income		
	Other comprehensive income, net of tax		
	Total comprehensive income for the year	**-**	**-**
	Dividends		
522,277	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy-out non-controlling interests		
180,574	Equity warrant exercise	0	5
534,301	(Purchases)/sales of treasury shares		
232,477,460	**June 30, 2019**	**94**	**3,931**

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital
226,295,805	**December 31, 2017**	**92**	**3,680**
	First-time application of IFRS 16		
226,295,805	**January 1, 2018**	**92**	**3,680**
	Net income		
	Other comprehensive income, net of tax		
	Total comprehensive income for the year	**-**	**-**
4,323,480	Dividends	2	243
210,612	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy-out non-controlling interests		
87,984	Equity warrant exercise	0	3
498,177	(Purchases)/sales of treasury shares		
231,416,058	**June 30, 2018**	**94**	**3,926**

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to equity holders of the parent company	Minority interests	Total equity
2,875	**(263)**	**221**	**6,853**	**-**	**6,853**
345			345	1	346
	48	(69)	(21)		(21)
345	**48**	**(69)**	**324**	**1**	**325**
(490)			(490)	(8)	(498)
37			37		37
(30)			(30)	(2)	(32)
			5		5
(7)			(7)		(7)
2,730	**(215)**	**152**	**6,692**	**(9)**	**6,683**

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to equity holders of the parent company	Minority interests	Total equity
2,326	**(337)**	**195**	**5,956**	**2**	**5,958**
10			10		10
2,336	**(337)**	**195**	**5,966**	**2**	**5,968**
301			301	2	303
	17	28	45		45
301	**17**	**28**	**346**	**2**	**348**
(455)			(210)	(5)	(215)
32			32		32
(1)			(1)		(1)
			3		3
19			19		19
2,232	**(320)**	**223**	**6,155**	**(1)**	**6,154**

2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated interim financial statements for the half-year ending June 30, 2019 and the accompanying notes were approved by the Management Board on July 15, 2019 and reviewed by the Supervisory Board on July 17, 2019.

The consolidated interim financial statements are presented in euros rounded to the nearest million.

Note 1 Accounting policies and methods

Pursuant to European Regulation no. 1606/2002 of July 19, 2002, Publicis Groupe's consolidated financial statements as of June 30, 2019 were prepared in accordance with the IAS/IFRS international accounting standards as approved by the European Union and mandatory at that date.

The consolidated interim financial statements as of June 30, 2019 were prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies and methods applied in the half-year financial statements are consistent with those used by the Group in the consolidated financial statements at December 31, 2018, and presented in the Registration Document filed with the Autorité des marchés financiers (the French Financial Markets Authority, or AMF) on April 16, 2019 ("2018 Registration Document", pages 183 to 193).

1.1 New applicable standards and interpretations

Application of new standards and interpretations

As a reminder, the Group decided to early apply IFRS 16 "Leases" and IFRIC 23 "Uncertainty over income tax treatments" from January 1, 2018.

Early application

As of June 30, 2019, the Group has not adopted any new standards or interpretations in advance.

1.2 Use of estimates

The Group's financial position and earnings depend on the accounting methods applied, and the assumptions, estimates and judgements made when the consolidated financial statements are prepared. The Group bases its estimates on its past experience and on a series of other assumptions considered reasonable under the circumstances to measure the amounts to be used for the Group's assets and liabilities. The assumptions on which the main estimates considered for the first half of 2019 are based, are of the same nature as those described as at December 31, 2018 in the 2018 Registration Document. Management revises these estimates when it identifies new events to take into account or in the event of a change in the circumstances on which these assumptions were based. Actual outcomes may, however, vary significantly from these estimates.

Note 2 Changes in the scope of consolidation

2.1 Acquisitions during the period

The main transaction during the period was the acquisition of 100% of Soft computing (France) in February 2019.

The fair value, at the acquisition date, of the consideration paid (excluding cash and cash equivalents acquired) for all consolidated entities taken as a whole (notably including those detailed above, as well as smaller acquisitions) with an exclusive takeover during the year, totaled euro 58 million. This amount mainly includes:

- euro 57 million paid out during the period;
- euro 1 million in earn-out payment commitments.

The amount paid out in the first half of 2019 for acquisitions (net of cash and cash equivalents acquired) totaled euro 117 million and includes:

- euro 57 million paid out during the period in respect mainly of the acquisition of Soft Computing;
- euro -8 million in acquired net cash and cash equivalents;
- euro 68 million in earn-out payments relating to prior acquisitions paid out during the period.

Taken as a whole, all acquisitions made over the period represented less than 1% of consolidated revenue in the first half of 2019 and less than 1% of net income attributable to equity holders of the parent company.

2.2 Disposals during the period

The Group finalized the disposals of Publicis Health Solutions and Proximedia activities (see Note 5). The companies sold in the first half of 2019 represented less than 1% of consolidated revenue in the first half of 2019 and 2% of net income attributable to equity holders of the parent company in the first half of 2019.

Note 3 Personnel expenses and headcount

Personnel expenses include salaries, commissions, employee profit sharing, vacation pay and bonus estimation. They also include expenses related to share-based payments (stock option and free share plans) and expenses related to pensions (excluding the net effect of unwinding the discount on benefit obligations, which is included in other financial income and expenses).

(in millions of euros)	June 30, 2019 (6 months)	June 30, 2018 (6 months)
Compensation	(2,241)	(2,191)
Social security charges, including post-employment benefits	(427)	(425)
Share-based payments	(37)	(31)
Temporary employees and freelancers	(174)	(187)
Total	**(2,879)**	**(2,834)**

/ Breakdown of headcount at June 30 by geographic region

	June 30, 2019	June 30, 2018
Europe	21,921	22,488
North America	20,933	23,697
Latin America	6,045	5,673
Asia Pacific	21,017	21,302
Middle East & Africa	3,937	3,558
Total	**73,853**	**76,718**

Note 4 Depreciation, amortization and impairment loss

(in millions of euros)	June 30, 2019 (6 months)	June 30, 2018 (6 months)
Amortization of other intangible assets (excluding intangibles arising from acquisitions)	(15)	(11)
Depreciation of property, plant and equipment	(61)	(61)
Amortization of right-of-use assets	(197)	(193)
Amortization expense (excluding intangibles arising from acquisitions)	**(273)**	**(265)**
Amortization of intangibles from acquisitions	**(27)**	**(34)**
Impairment of right-of-use assets	(90)	(107)
Impairment of equity investments	(23)	-
Total depreciation, amortization and impairment loss	**(413)**	**(406)**

Impairment of right-of-use assets relating to leases

In 2018 and 2019, impairment of the right-of-use assets for vacant spaces was totally or partially recognized following the launch of the Group's premises optimization program. Impairment losses in the first half of 2019 reached euro 90 million, of which euro 41 million for right-of-use assets and euro 4 million for fixtures. Expenses such as lease expenses and any taxes on vacant properties in the amount of euro 45 million are included in vacant property provisions.

Impairment loss on investments in associates

An impairment loss of euro 23 million was recognized on investments in associates (see Note 10).

Impairment loss on other assets

At June 30, 2019, no indicators suggesting impairment loss have been identified on other assets.

Note 5 Non-current income and expenses

This covers non-recurring income and expenses. This line item mainly includes gains and losses on the disposal of assets.

(in millions of euros)	June 30, 2019 (6 months)	June 30, 2018 (6 months)
Capital gains (losses) on disposal of assets	18	(18)
Non-current income and (expenses)	(1)	-
Total non-current income and (expenses)	**17**	**(18)**

In the first half of 2019, capital gains and losses on disposals of assets were related to a price adjustment on the sale of Genedigi and the sales of Publicis Health Solutions and Proximedia. The sale of Proximedia resulted in a capital loss of euro 7 million in the first half of 2019 (see Note 19).

In the first half of 2018, the disposal of Genedigi accounts for most of the losses.

Note 6 Financial income and expenses

Net financial income (expense) excluding revaluation of earn-out payments

(in millions of euros)	June 30, 2019 (6 months)	June 30, 2018 (6 months)
Financial expense	**(52)**	**(40)**
Financial income	67	31
Cost of net financial debt	**15**	**(9)**
Foreign exchange gains (losses) and change in the fair value of currency derivatives	0	6
Net financial expense related to the discounting of pension provisions	(4)	(3)
Interest expense on lease liabilities	(30)	(29)
Change in fair value of financial assets	19	0
Others	(1)	(1)
Net financial income (expense) excluding revaluation of earn-out payments	**(1)**	**(36)**

/ Revaluation of earn-out payments

(in millions of euros)	June 30, 2019 (6 months)	June 30, 2018 (6 months)
Revaluation of earn-out payments	**(1)**	**(11)**

Note 7 Income taxes

Effective tax rate

Income tax expense for the half-year to June 30, 2019 was calculated by applying the estimated effective tax rate for the full year to profit before tax for the period.

(in millions of euros)		June 30, 2019 (6 months)	June 30, 2018 (6 months)
Pre-tax income of consolidated companies		**487**	**411**
Impairment of equity investments[1]		23	-
Revaluation of earn-out payments		1	11
Main non-taxable/non-deductible disposals		17	-
Pre-tax income of consolidated companies	**A**	**528**	**422**
Effective tax rate	**B**	**25.8%**	**25.9%**
Income tax in the income statement	**A x B**	**(136)**	**(109)**

(1) An impairment loss of euro 23 million was recognized on equity investments (see Note 10).

As a reminder, the effective income tax rate for financial year 2018 (12 months) was 24%.

Note 8 Earnings per share

Earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2019	June 30, 2018
Net income used for the calculation of earnings per share			
Group net income	**A**	**345**	**301**
Impact of dilutive instruments:			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Group net income – diluted	**B**	**345**	**301**
Number of shares used to calculate earnings per share			
Number of shares at January 1		235,249,801	230,627,725
Shares created over the period		130,156	194,528
Treasury shares to be deducted (average for the period)		(3,634,949)	(3,923,507)
Average number of shares used for the calculation	**C**	**231,745,008**	**226,898,746**
Impact of dilutive instruments:			
• Free shares and dilutive stock options[(1)]		1,728,566	3,936,357
• Equity warrants[(1)]		412,146	544,443
Number of diluted shares	**D**	**233,885,720**	**231,379,546**
(in euros)			
Earnings per share	**A/C**	**1.49**	**1.33**
Diluted earnings per share	**B/D**	**1.48**	**1.30**

(1) Only stock options and warrants with a dilutive impact, i.e. whose strike price is lower than the average strike price, are included in the calculation. As of June 30, 2019 only warrants not yet exercised at the reporting date had a dilutive impact.

Headline earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2019	June 30, 2018
Net income used to calculate headline earnings per share[1]			
Group net income		345	301
Items excluded:			
• Amortization of intangibles from acquisitions, net of tax		20	28
• Impairment loss[2], net of tax		90	81
• Revaluation of earn-out payments		1	11
• Main capital gains (losses) on disposal of assets and fair value adjustment of financial assets, net of tax		(23)	17
• Costs relating to the acquisition of Epsilon, net of taxes		30	
Headline Group net income	**E**	**463**	**438**
Impact of dilutive instruments:			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Headline Group net income, diluted	**F**	**463**	**438**
Number of shares used to calculate earnings per share			
Number of shares at January 1		235,249,801	230,627,725
Shares created over the period		130,156	194,528
Treasury shares to be deducted (average for the period)		(3,634,949)	(3,923,507)
Average number of shares used for the calculation	**C**	**231,745,008**	**226,898,746**
Impact of dilutive instruments:			
• Free shares and dilutive stock options		1,728,566	3,936,357
• Equity warrants		412,146	544,443
Number of diluted shares	**D**	**233,885,720**	**231,379,546**

(in euros)			
Headline earnings per share[1]	**E/C**	**2.00**	**1.93**
Headline earnings per share – diluted[1]	**F/D**	**1.98**	**1.89**

(1) EPS after elimination of impairment losses, amortization of intangibles from acquisitions, the main capital gains and losses on disposal and fair value adjustment of financial assets, revaluation of earn-out payments and costs relating to the acquisition of Epsilon.
(2) At June 30, 2019 and 2018, this item mainly comprises impairment losses on right-of-use assets related to leases.

Note 9 Goodwill

Changes in goodwill

(in millions of euros)	Gross value	Impairment	Net amount
January 1, 2019	**10,224**	**(1,473)**	**8,751**
Acquisitions	43		43
Disposals	(3)		(3)
Translation adjustments and other	74	(8)	66
June 30, 2019	**10,338**	**(1,481)**	**8,857**

Note 10 Investments in associates

Investments accounted for using the equity method amounted to euro 31 million at June 30, 2019 (*versus* euro 62 million as of December 31, 2018).

(in millions of euros)	Investments in associates
Amount at January 1, 2019	**62**
Share of profit of associates	(5)
Dividends paid	(2)
Impairment loss	(23)
Effect of translation and other	(1)
Amount at June 30, 2019	**31**

The impairment loss recognized in the first half of 2019 relates to investments in Matomy Media Group for euro 10 million and Jana Mobile for euro 13 million. The main assets of these two entities are currently being sold or liquidated.

At June 30, 2019, the value of equity investments amounted to euro 31 million and included mainly On Point (euro 8 million), Burrell Communications (euro 6 million), Viva Tech (euro 4 million), Matomy Media Group (euro 3 million) and Somupi (euro 3 million).

Note 11 Other financial assets

(in millions of euros)	June 30, 2019	December 31, 2018
Other financial assets at fair value through profit and loss:		
• Venture Capital Funds[1]	95	88
• Other	20	20
Security deposits	35	32
Loans to associates and non-consolidated companies	24	28
Sub-lease receivables	22	19
Others	44	43
Gross value	**240**	**230**
Impairment	(15)	(15)
Net amount	**225**	**215**

(1) These Venture Capital Funds are dedicated to investments in companies that belong to the digital economy.

Note 12 Shareholders' equity

Share capital of the parent company

(in shares)	June 30, 2019	December 31, 2018
Share capital at January 1	235,249,801	230,627,725
Capital increase	702,851	4,622,076
Shares comprising the share capital at the end of the period	**235,952,652**	**235,249,801**
Treasury shares at the end of the period	(3,475,192)	(4,009,493)
Shares outstanding at the end of the period	**232,477,460**	**231,240,308**

Publicis Groupe SA's share capital increased by euro 281,140 in the first half of 2019, corresponding to 702,851 shares with a par value of euro 0.40:

- 180,574 shares issued following the exercise of stock warrants by certain holders;
- 522,277 shares issued as part of free share plans.

At June 30, 2019, the share capital of Publicis Groupe SA totaled euro 94,381,061, divided into 235,952,652 shares each with a par value of euro 0.40.

Neutralization of the treasury shares existing on June 30, 2019

Treasury shares held at the end of the year, including those owned under the liquidity contract, are deducted from the share capital. The portfolio of treasury shares showed the following movements in the first half of 2019:

	Number of shares
Treasury shares held on December 31, 2018[1]	**4,009,493**
Disposals (exercise of stock options) and deliveries of free shares	(474,301)
Movements as part of the liquidity contract	(60,000)
Treasury shares held on June 30, 2019[1]	**3 ,475 ,192**

(1) Including shares held as part of the liquidity contract 286,000 at December 31, 2018 and 226,000 at June 30, 2019

Dividends

Subject to the approval of the Ordinary General Shareholders' Meeting of May 29, 2019, Publicis Groupe SA will pay a dividend of euro 2.12 per share on July 23, 2019, which may be paid in cash or in shares at the shareholder's request no later than July 17, 2019. An amount to be paid of euro 490 million was recognized at June 30, 2019. This amount will be adjusted in the second half of the year in accordance with the effective exercise of options for dividend payment in shares.

Note 13 Provisions for liabilities and charges

(in millions of euros)	Restructuring	Vacant property commitments	Pensions and other long-term benefits	Risks and litigations	Others provisions	Total
December 31, 2018	**47**	**32**	**276**	**79**	**75**	**509**
Increases	26	45	19	11	5	106
Releases with usage	(32)	(12)	(17)	(4)	(6)	(71)
Other releases	(1)	-	-	(1)	(1)	(3)
Changes to consolidation scope	-	-	-	-	(1)	(1)
Actuarial losses (gains)	-	-	45	-	-	45
Translation adjustments and other	2	-	0	3	2	7
June 30, 2019	**42**	**65**	**323**	**88**	**74**	**592**
Of which short-term	36	13	24	27	13	113
Of which long-term	6	52	299	61	61	479

Actuarial assumptions (weighted average rates)

The provision for pension commitments was discounted at June 30, 2019. Discount rates are calculated using rates of long-term investment grade corporate bonds (minimum AA rating) with maturities equivalent to the length of the plans assessed. They were determined on the basis of external indices commonly used as a reference.

	Pension plans				Post-employment medical cover	
June 30, 2019	**United States**	**United Kingdom**	**Euro zone**	**Other countries**	**United States**	**United Kingdom**
Discount rate	3.17%	2.20% - 2.30%	0.78%	0.10% - 6.70%	3.17%	2.20% - 2.30%

	Pension plans				Post-employment medical cover	
December 31, 2018	**United States**	**United Kingdom**	**Euro zone**	**Other countries**	**United States**	**United Kingdom**
Discount rate	3.98%	2.80% - 2.90%	1.55%	0.40% - 7.30%	3.98%	2.80% - 2.90%

Note 14 Borrowings and other financial liabilities

(in millions of euros)	June 30, 2019	December 31, 2018
Bonds (excl. accrued interest)	4,025	1,794
Other debt	729	1,080
Total borrowings and other financial liabilities	**4,754**	**2,874**
Of which short-term	**632**	**449**
Of which long-term	**4,122**	**2,425**

Change in financial liabilities

(in millions of euros)	December 31, 2018	Cash flow	Changes excl. cash and cash equivalents: Acquisitions	Changes excl. cash and cash equivalents: Exchange rate fluctuations	Changes excl. cash and cash equivalents: Changes in fair value	Reclassification[3]	June 30, 2019
Eurobond 1.125% – December 2021 (EIR 1.261%)[1]	697	-	-	-	1	-	698
Eurobond 0.5% – November 2023 (EIR 0.741%)[1]	494	-	-	-	1	-	495
Eurobond 1.625% – December 2024 (EIR 1.732%)[1]	603	-	-	-	(1)	-	602
Eurobond 0.625% – June 2025 (EIR 0.781%)[1]	-	750	-	-	-	(7)	743
Eurobond 1.25% – June 2028 (EIR 1.329%)[1]	-	750	-	-	-	(5)	745
Eurobond 1.75% – June 2031 (EIR 1.855%)[1]	-	750	-	-	-	(8)	742
Bonds (excl. accrued interest)	**1,794**	**2,250**	**-**	**-**	**1**	**(20)**	**4,025**
Medium-term syndicated loan	**782**	**(314)**	**-**	**3**	**-**	**-**	**471**
Debt related to acquisitions of shareholdings	**218**	**(68)**	**1**	**4**	**4**	**-**	**159**
Debt related to commitments to purchase non-controlling interests	**32**	**(1)**	**-**	**1**	**-**	**-**	**32**
Accrued interest	9	-	-	-	21	-	30
Other borrowings and credit lines[4]	25	(3)	-	-	-	-	22
Bank overdrafts	14	1	-	-	-	-	15
Debt related to finance leases	0	-	-	-	-	-	-
Other financial liabilities	**48**	**(2)**	**-**	**-**	**21**	**-**	**67**
Total borrowings and other financial liabilities	**2,874**	**1,865**	**1**	**8**	**26**	**(20)**	**4,754**
Fair value of derivative hedging on the 2021 and 2024 Eurobonds[2]	46	-	-	-	32	-	78
Fair value of derivative hedging on the 2025, 2028 and 2031 Eurobonds[2]	-	-	(8)	-	-	-	(8)
Fair value of hedging derivatives on medium-term syndicated loans[2]	(3)	-	-	-	2	-	(1)
Fair value of derivative hedging on intra-group loans and borrowings[2]	1	-	-	-	(6)	-	(5)
Total liabilities related to financing activities	**2,918**	**1,865**	**(7)**	**8**	**54**	**(20)**	**4,818**

(1) Net of issuance costs. The number of securities at June 30, 2019 was 7,000 for the Eurobonds maturing in 2021, 5,000 for the Eurobonds maturing in 2023, 6,000 for the Eurobonds maturing in 2024, 7,500 for the Eurobonds maturing in 2025, 7,500 for the Eurobonds maturing in 2028 and 7,500 for the Eurobonds maturing in 2031. The Effective Interest Rate (EIR) is given for each Eurobond.
(2) Carried under "Other receivables and current assets" and/or under "Other debts and current liabilities" on the consolidated balance sheet.
(3) Issue premiums have been recognized in interest paid.
(4) Cash flows net of inflows and outflows during the period.

Bonds

Bonds used to finance the acquisition of Epsilon

To finance the acquisition of Epsilon, for which closing was on July 1, 2019, on June 5, 2019, the Group issued bonds totaling euro 2.25 billion in three tranches:

- a first tranche of euro 750 million maturing in June 2025, with an annual coupon of 0.625%;
- a second tranche of euro 750 million maturing in June 2028, with an annual coupon of 1.25%;
- a third tranche of euro 750 million maturing in June 2031, with an annual coupon of 1.75%.

Each of the three euro 750 million tranches were swapped into US dollars at a fixed rate.

The swaps were classified as cash flow hedges insofar as the swaps were created for the same amounts and maturities as the bonds. The fair value of these swaps is recognized in the balance sheet under "Other current receivables and current assets" and/or "Other creditors and current liabilities". The change in the fair value of these instruments is booked in "Other comprehensive income" and transferred to the income statement as interests on debt are paid and the asset value changed in US dollars. At June 30, 2019, the fair value of these derivative instruments was recorded on the consolidated balance sheet at euro -8 million.

Other bonds

Publicis Groupe SA bonds are issued at a fixed rate and denominated in euros.

The tranche of euro 698 million maturing in December 2021 (Eurobond 2021) and the tranche of euro 602 million maturing in December 2024 (Eurobond 2024) were swapped into US dollars, at a fixed rate, for the purposes of financing the acquisition of Sapient Corporation.

The swaps were qualified as cash flow hedges for intercompany US dollar financing. The fair value of these swaps was booked in the balance sheet under "Other creditors and current liabilities" in the amount of euro 78 million as at June 30, 2019 (euro 46 million as at December 31, 2018). The change in the fair value of these instruments is booked in "Other comprehensive income" and transferred to the income statement as interests on debt are paid and the asset value changed in US dollars.

These financial instruments were recognized at fair value according to the level 2 measurement method that corresponds to observable data other than quoted prices for identical assets or liabilities in active markets. This observable data corresponds primarily to exchange rates and interest rates.

Analysis by date of maturity

	June 30, 2019						
		Maturity					
(in millions of euros)	Total	-1 year	1-2 years	2-3 years	3-4 years	4-5 years	+5 years
Bonds (excl. accrued interest)	4,025	-	-	698	-	495	2,832
Medium-term syndicated loan	471	471	-	-	-	-	-
Debt related to acquisitions of shareholdings	159	87	42	29	-	1	-
Debt related to commitments to purchase non-controlling interests	32	19	8	4	1	-	-
Other financial liabilities	67	55	12	-	-	-	-
Total borrowings and other financial liabilities	**4,754**	**632**	**62**	**731**	**1**	**496**	**2,832**

Analysis by currency

(in millions of euros)	June 30, 2019	December 31, 2018
Euros[1]	4,223	2,134
US dollars	445	625
Other currencies	86	115
Total	**4,754**	**2,874**

(1) Including euro 3,530 million in swapped Eurobonds to USD at June 30, 2019 (euro 1,300 million at December 31, 2018).

Analysis by interest rate type

Borrowings are comprised of fixed rate loans that make up 95% of gross borrowings (excluding borrowings for acquisitions of equity investment securities and commitments to buy-out non-controlling interests) at June 30, 2019, and variable rate loans for the remaining 5%.

Exposure to liquidity risk

In order to manage its liquidity risk, Publicis holds a substantial amount of cash (cash and cash equivalents) with a total of euro 4,744 million at June 30, 2019 and unused but confirmed credit lines representing a total of euro 3,695 million at June 30, 2019. The two main components of these credit lines are a medium-term loan in the amount of euro 300 million and USD 900 million, and a euro 2,000 million multi-currency syndicated facility. This credit line, for which the initial maturity was 2020, was renewed in June 2019 for five years, *i.e.* until 2024. These immediately or almost immediately available sums provide the Group with ample funds to cover the euro 4.4 billion acquisition of Epsilon, paid on July 1, 2019 (see Note 20), and to meet its general funding requirements.

Apart from bank overdrafts, most of the Group's debt is comprised of bonds and the medium-term syndicated loan, none of which are subject to financial covenants. They only include standard credit default event clauses (liquidation, cessation of payment, default on the debt itself or on the repayment of another debt above a given threshold) which are generally applicable above a threshold of euro 25 million.

The Group has not established any credit derivatives to date.

Note 15 Lease contracts

Analysis of right-of-use assets by category of underlying assets

(in millions of euros)	Real Estate	Concession agreements	Others assets	Total
December 31, 2018	**1,574**	**143**	**15**	**1,732**
Addition of assets, net of lease incentives	137	4	3	144
Lease modifications	306	-	-	306
Impairment losses[1]	(41)	-	-	(41)
Depreciation	(140)	(51)	(6)	(197)
Terminations	-	-	-	-
Translation adjustments and other	10	-	-	10
June 30, 2019	**1,846**	**96**	**12**	**1,954**

(1) See Note 4.

Analysis of maturities of lease liabilities

/ As of June 30, 2019

(in millions of euros)	Total	-1 year	1-2 years	2-3 years	3-4 years	+4 years
Lease obligations	**2,316**	**322**	**261**	**227**	**191**	**1,315**

For the first half of 2019, the interest expense on lease liabilities was euro 30 million.

Note 16 Commitments

	June 30, 2019			
		Maturity		
(in millions of euros)	Total	-1 year	1-5 years	+5 years
Commitments given				
Guarantees[1]	187	56	31	100
Other commitments[2]	4,004	3,960	43	1
Total	**4,191**	**4,016**	**74**	**101**
Commitments received				
Undrawn confirmed credit lines[3]	3,695	1,295	2,400	0
Undrawn unconfirmed credit lines	239	239	0	0
Other commitments	27	7	19	1
Total	**3,961**	**1,541**	**2,419**	**1**

(1) At June 30, 2019, guarantees included undertakings to pay euro 47 million into innovation mutual funds by 2027. They also included guarantees of approximately euro 15 million relating to media-buying operations.
(2) On June 30, 2019, the Group entered into an agreement with Alliance Data Systems Corporation to acquire Epsilon for a net purchase price of USD 4.4 billion (euro 3.9 billion).
(3) Confirmed credit lines include a medium-term loan of euro 1,064 million, drawn down on July 1, 2019 to finance the acquisition of Epsilon.

Obligations related to warrants

The exercise of warrants, which can occur at any time from September 24, 2013 to September 24, 2022, will lead to an increase in the Publicis Groupe's capital stock. The conversion ratio was adjusted by a factor of 1,068 so as to reflect those distributions drawn from the Company's reserves and premiums. Following the cancellation of the warrants acquired in previous years or exercised since September 24, 2013, Publicis Groupe was, at June 30, 2019, committed to issuing (in the event that the 899,164 outstanding warrants are exercised) 960,307 shares with a euro 0.40 par value and a euro 30.10 premium.

Other commitments

As at June 30, 2019, there were no significant commitments such as pledges, guarantees or collateral, or any other significant off-balance sheet commitments in accordance with currently applicable accounting standards.

Note 17 Operating segment information

Information by business sector

The Publicis Groupe structure has been developed to provide the Group's clients with comprehensive, holistic communication services involving all disciplines.

The Group has, therefore, identified operating segments which correspond to hubs and which may be categorized together since they share similar economic features (similar margins across the various operating segments) and provide similar services (a full range of advertising and communications services) and do so for similar types of clients (the vast majority of the Group's top 50 clients are clients of several operating segments). The operating segments are thus pooled into a single sector, in accordance with IFRS 8.

Reporting by region

Given the importance of geographic location in the analysis of the business and the new organization implemented in 2018, detailed information is provided by geographic region.

Data are established on the basis of the location of the agency.

/ First half 2019

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue(1)	**1,296**	**2,316**	**444**	**144**	**152**	**4,352**
Revenue(1)	1,535	2,487	499	148	199	4,868
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	(124)	(97)	(38)	(8)	(6)	(273)
Operating Margin	**129**	**387**	**74**	**8**	**14**	**612**
Amortization of intangibles from acquisitions	(5)	(21)	-	(1)	-	(27)
Impairment	(20)	(80)	(1)	-	(12)	(113)
Non-current income and expenses	(28)	32	12	-	1	17
Operating income after impairment	**76**	**318**	**85**	**7**	**3**	**489**
Balance sheet items						
Goodwill, net	2,523	4,679	1,105	355	195	8,857
Intangible assets, net	87	1,009	3	6	2	1,107
Right-of-use assets related to leases	677	1,089	125	34	29	1,954
Property, plant and equipment, net	302	226	45	13	12	598
Other financial assets	134	56	27	5	3	225
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(21)	(39)	(6)	(1)	(1)	(68)
Purchases of investments and other financial assets, net	10	1	2	-	-	13
Acquisitions of subsidiaries	(88)	(29)	(1)	-	-	(118)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no eliminations between the different zones.

/ 2018 Financial year

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue[(1)]	**2,622**	**4,795**	**924**	**347**	**281**	**8,969**
Revenue[(1)]	3,065	5,132	1,024	353	377	9,951
Amortization expense (excluding intangibles arising from acquisitions)	(255)	(179)	(65)	(15)	(12)	(526)
Operating Margin	**429**	**847**	**165**	**54**	**28**	**1,523**
Amortization of intangibles from acquisitions	(10)	(57)	(1)	(1)	0	(69)
Impairment	(45)	(75)	(9)	(1)	(1)	(131)
Non-current income and expenses	(1)	0	(19)	0	0	(20)
Operating income after impairment	**373**	**715**	**136**	**52**	**27**	**1,303**
Balance sheet items						
Goodwill, net	2,475	4,630	1,094	362	190	8,751
Intangible assets, net	94	1,020	2	7	2	1,125
Right-of-use assets related to leases	717	822	139	31	23	1,732
Property, plant and equipment, net	306	229	49	14	13	611
Other financial assets	122	56	29	5	3	215
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(47)	(126)	(21)	(5)	(8)	(207)
Purchases of investments and other financial assets, net	(6)	(4)	-	-	(1)	(11)
Acquisitions of subsidiaries	(100)	(94)	(36)	(22)	(8)	(260)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no eliminations between the different zones.

/ First half 2018

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue[(1)]	**1,255**	**2,321**	**423**	**158**	**123**	**4,280**
Revenue[(1)]	1,456	2,467	472	161	169	4,725
Amortization expense (excluding intangibles arising from acquisitions)	(123)	(93)	(34)	(8)	(7)	(265)
Operating Margin	**156**	**404**	**42**	**13**	**2**	**617**
Amortization of intangibles from acquisitions	(7)	(25)	(1)	(1)	-	(34)
Impairment	(22)	(74)	(10)	-	(1)	(107)
Non-current income and expenses	-	-	(18)	-	-	(18)
Operating income after impairment	**127**	**305**	**13**	**12**	**1**	**458**
Balance sheet items						
Goodwill, net	2,433	4,506	1,089	342	193	8,563
Intangible assets, net	100	1,009	1	7	2	1,119
Right-of-use assets related to leases	667	894	150	36	30	1,777
Property, plant and equipment, net	246	240	46	13	10	555
Other financial assets	135	31	30	5	2	203
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(20)	(61)	(9)	(2)	(3)	(95)
Purchases of investments and other financial assets, net	(10)	(1)	-	-	-	(11)
Acquisitions of subsidiaries	(18)	(43)	(25)	(5)	-	(91)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no eliminations between the different zones.

Note 18 Publicis Groupe SA stock option and free share plans

Four types of free share plans were created during 2019, with the following features:

- Long Term Incentive Plan "LTIP 2019" (May 2019)

  Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions:
  - employment must continue throughout the three-year vesting period;
  - the free shares are subject to performance criteria, and the total number of shares delivered will depend on the overall growth and profitability targets attained in 2019.

  The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, *i.e.* in May 2022.
- Long Term Incentive Plan "LTIP 2019-2021" (June 2019)

  Under this plan, the members of the Management Board were awarded free shares, subject to three conditions:
  - employment must continue throughout the three-year vesting period;
  - growth and profitability targets must be achieved for the years 2019, 2020 and 2021;
  - a CSR (Corporate Social Responsibility) criterion must be met. The condition will be considered to be met if, at the end of the third year of the performance period, at least 40% of the members of the Group's Executive Committees in the Solution Hubs and main countries are women.

  The shares ultimately awarded in accordance with the level of attainment of these conditions will be deliverable at the end of a three-year period, *i.e.* in June 2022.
- Long Term Incentive Plan "Sapient 2019 Plan" (May 2019)

  In parallel with the LTIP 2019 and for the fifth consecutive year following the acquisition of Sapient, a plan with two tranches was put in place in 2019 exclusively for managers and employees of Publicis Sapient:
  - the first tranche is conditional only upon continued employment and gives rise to the delivery of one-fourth of the shares awarded on the dates of the first four anniversaries of the plan (*i.e.* in May 2020, 2021, 2022 and 2023);
  - in addition to the condition of continued employment, the second tranche is conditional upon performance criteria, and the total number of shares delivered shall depend on the level of targets achieved for 2019, 2020 and 2021. Delivery will take place at the end of a three-year period, in May 2022.
- Special "Star Growth Performers" plan (May 2019)

  To retain Group players that have a direct impact on growth, some of the Group's employees were awarded free shares subject only to a continued employment condition. The shares will be deliverable at the end of a three-year period, in May 2022.

In addition, the performance of the following plans was assessed in 2019:

- LTIP 2018: the performance targets set for 2018 were 50% achieved;
- LTIP 2016-2018 *Directoire/Directoire +*: the performance targets set for 2018 were 50% achieved;
- Lionlead3 (excluding *Directoire/Directoire +*): the performance targets set for 2018 were 75% achieved;
- Lionlead3 *Directoire/Directoire +*: the performance targets set for 2016-2018 were 75% achieved;
- Sapient 2016, 2017 and 2018 plans: the performance targets set for 2018 were 60% achieved.

Publicis Groupe share subscription or purchase option plans

/ Characteristics of Publicis Groupe stock option plans as of June 30, 2019

Plans	Type[(1)]	Date of grant	Option exercise price (in euros)	Options outstanding at January 1, 2019	Options canceled, lapsed or transferred in first-half 2019	Options exercised in first-half 2019	Options outstanding at June 30, 2019	Of which exercisable at June 30, 2019	Exercise expiry date	Remaining contract life (in years)
Co-investment 2013 France and outside France – options	A	4/30/2013	52,76	1,206,242	(63,761)		1,142,481	1,142,481	04/30/2023	3.84

(1) A = stock options; S = share subscription options.

/ Movements in Publicis Groupe stock option plans in first half 2019

	First half 2019	
	Number of options	Average exercise price (in euros)
Options at January 1, 2019	1,206,242	52.76
Options exercised[(1)] in first half	-	
Cancelled or lapsed options in first half	(63,761)	52.76
Options outstanding at June 30, 2019	**1,142,481**	**52.76**
Of which exercisable	1,142,481	52.76

(1) Average share price on exercise (in euros). n/a

Publicis Groupe free share plans at inception

/ Characteristics of Publicis Groupe free share plans outstanding at June 30, 2019

Plans	Date of grant	Shares yet to vest as of January 1, 2019 or shares granted during the first half of 2019	Shares canceled, lapsed or transferred(1) in first-half 2019	Shares vesting in first-half 2019(2)	Shares yet to vest at June 30, 2019	Vesting date of shares	Remaining contract life (in years)
LTIP 2015 Plan – Outside France	04/17/2015	184,947	(7,270)	(177,677)	-	04/17/2019	-
Sapient 2015 Plan (4 years)	04/17/2015	53,791	(3,769)	(50,022)	-	04/17/2019	-
LTIP 2016 Plan	06/23/2016	299,900	(12,800)	(287,100)	-	06/23/2019	-
LTIP 2016-2018 Plan *Directoire & Directoire +*	06/23/2016	120,000	(60,000)	(60,000)	-	06/23/2019	-
LionLead3 2016-2018 Plan – France	06/16/2016	520,319	(382,154)	(115,770)	22,395(3)	06/16/2019	-
LionLead3 2016-2018 Plan – Outside France	06/16/2016	2,429,775	(1,830,241)	-	599,534	06/16/2020	0.96
LionLead3 2016-2018 Plan – *Directoire & Directoire +*	06/16/2016	660,231	(521,037)	(139,194)	-	06/23/2019	-
Sapient 2016 Plan (4 years)	04/15/2016	135,801	(6,736)	(63,087)	65,978	04/15/2020	0.79
Sapient 2016 Plan (3 years)	04/15/2016	7,980	-	-	7,980(4)	04/15/2019	-
LTIP 2017 Plan	05/18/2017	306,100	(5,450)	-	300,650	05/18/2020	0.88
Sapient 2017 Plan (4 years)	06/15/2017	156,607	(17,174)	(43,774)	95,659	06/15/2021	1.96
Sapient 2017 Plan (3 years)	06/15/2017	241,233	(61,755)	-	179,478	06/15/2020	0.96
LTIP 2018 Plan	04/17/2018	715,500	(367,225)	-	348,275	04/17/2021	1.80
Sapient 2018 Plan (4 years)	04/17/2018	217,527	(15,352)	(47,370)	154,805	4/17/2022	2.80
Sapient 2018 Plan (3 years)	04/17/2018	269,704	(55,231)	-	214,473	4/17/2021	1.80
Sprint to the Future 2018-2020 – Excluding *Directoire*	05/18/2018	773,440	-	-	773,440	06/01/2021	1.92
Sprint to the Future 2018-2020 – *Directoire*	06/01/2018	306,156	-	-	306,156	06/01/2021	1.92
LTIP 2019 Plan	05/28/2019	335,950	-	-	335,950	05/28/2022	2.91
Sapient 2019 Plan (4 years)	05/28/2019	240,210	(550)	-	239,660	05/28/2023	3.91
Sapient 2019 Plan (3 years)	05/28/2019	345,289	(825)	-	344,464	05/28/2022	2.91
LTIP 2019-2021 *Directoire* Plan	06/14/2019	170,000	-	-	170,000	05/28/2022	2.96
Star Growth Performers Plan	05/28/2019	262,700	-	-	262,700	05/28/2022	2.91
Total free share plans		**8,753,160**	**(3,347,569)**	**(983,994)**	**4,421,597**		

(1) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.
(2) In exceptional cases, as described in the plan regulations, shares may be delivered prior to the end of the vesting period.
(3) Shares deliverable in October 2020 for a beneficiary who joined the Group in 2017.
(4) Delivery to take place in July 2019.

The vesting of free shares under the above plans is conditional on continued employment throughout the vesting period. Vesting also remains subject to non-market performance conditions for the LTIP 2019 and LTIP 2019-2021 *Directoire* plans, for the Sprint to the Future 2018-2020 plan, and for the Sapient 2017 to 2019 Plans (tranche for which the vesting period is three years).

/ Movements in Publicis Groupe free share plans in first half 2019

	First half 2019
Shares yet to vest as of January 1, 2019	**7,399,011**
New grants made during first half of the year	1,354,149
Grants vesting (deliveries)	(983,994)
Grants lapsed	(3,347,569)
Shares yet to vest as of June 30, 2019	**4,421,597**

/ Fair value of free Publicis Groupe shares granted in first half 2019

Free shares	LTIP 2019[1]	Sapient 2019 3 years[2]	Sapient 2019 (4 years)	LTIP 2019-2021 *Directoire*[2]	Star Growth Performers 2019-2021
Date of Management Board meeting	05/28/2019	05/28/2019	05/28/2019	06/14/2019	05/28/2019
Number of shares originally granted	335,950	240,210	345,289	170,000	262,700
Initial valuation of shares granted (weighted average, in euros)	42.81	43.95	42.81	43.29	42.81
Share price on the grant date (in euros)	49.66	49.66	49.66	50.14	49.66
Lock-in period (in years)	3	3	4	3	3

(1) Conditional shares whose vesting is subject to the achievement of targets set for the year 2019.
(2) Conditional shares whose vesting is subject to the achievement of targets set for the years 2019 to 2021.

Effect of share subscription or stock option plans and free share plans on profit (loss)

The total impact of these plans on the interim income statement for first-half 2019 was euro 37 million (excluding taxes and social security charges) compared to euro 31 million for first-half 2018.

With regard to the free share plans granted subject to performance conditions, and for which performances have not yet been definitively measured as of June 30, 2019, the probability of the targets set in respect of the financial statements for the first half of 2019 being met has been estimated as follows:

- for performance plans measured over one year, for 2019: LTIP 2018 Plan, Lionlead3 2016-2018 Plan excluding *Directoire* & *Directoire +*, Sapient 2016, 2017 and 2018 Performance Plans: 100%;
- for performance plans measured over three years, for the 3-years performance period: LTIP 2019-2021 *Directoire* Plan and Sprint to the Future 2018-2020 Plan: 100%.

Note 19 Related-party disclosures

Finalization of Proximedia sale

On February 14, 2019, Publicis Groupe announced that, following a competitive sale process conducted with the help of a major bank, its subsidiaries that own Proximedia had entered into exclusive negotiations with Ycor, in which Mr. Maurice Lévy, Chairman of the Supervisory Board of Publicis Groupe, has interests, for the sale of all of Proximedia. The sale was finalized in the first half of 2019 (see Note 5).

Note 20 Subsequent events

Acquisition of Epsilon

On July 1, 2019, Publicis Groupe finalized the acquisition of Epsilon Data Management, LLC, a data-driven marketing company. In April 2019, the Group entered into an agreement with Alliance Data Systems Corporation to acquire Epsilon for a purchase price of USD 4.4 billion.

This acquisition was mainly financed by (i) the issue on June 5, 2019 of a euro 2.25 billion bond in three tranches, and (ii) a medium-term loan established on June 28, 2019 (draw-down effective July 1, 2019) in three tranches (one for USD 900 million and two for euro 150 million each).

CHAPTER

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

3

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*code monétaire et financier*), we hereby report to you on:

- the review of the accompanying consolidated condensed interim financial statements of Publicis Groupe SA, for the period from January 1 to June 30, 2019,
- the verification of the information presented in the half-yearly management report.

These consolidated condensed interim financial statements are the responsibility of the Management Board. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the Financial Statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the IAS 34 from IFRS standards as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the consolidated condensed interim financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the consolidated condensed interim financial statements.

Courbevoie et Paris-La Défense, July 18, 2019

The statutory auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Olivier Lenel	Ariane Mignon	Nicolas Pfeuty	Valérie Desclève

CHAPTER

4

CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE FIRST HALF-YEAR FINANCIAL REPORT

As Chairman of the Management Board of Publicis Groupe, I hereby certify that, to the best of my knowledge, the consolidated interim financial statements for the 6 months ended on June 30, 2019 were prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company as well as the entities consolidated by Publicis Groupe and that the here enclosed interim management report provides a true and fair schedule of the highlights of the first half of the financial year and of their impact on the financial statements, of the main transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Arthur Sadoun
Chairman & CEO of Publicis Groupe

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Publicis Groupe SA
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