



# Q1 2017

20 April 2017



**PUBLICIS  
GROUPE**





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# HIGHLIGHTS



## HIGHLIGHTS

### Q1 2017 FINANCIALS

Revenue of €2,328 million, up 1.6%, and -0.6% at constant FX

Organic growth of -1.2%

- ➔ Improved underlying performance with growing contribution from account wins
- ➔ Despite material impact of past issues

Average net debt of €1,677 million, down 20% year-on-year

**Encouraging momentum**



# Q1 2017 FINANCIALS



## Q1 REVENUE

(EUR million)	Q1
<b>2017 REVENUE</b>	<b>2,328</b>
2016 REVENUE	2,291
Reported growth	+1.6%
Change at constant FX	-0.6%
<b>Organic growth</b>	<b>-1.2%</b>

➔ **Negative impact of past issues: more than 400 basis points**



## Q1 2017 REVENUE BY GEOGRAPHY

(EUR million)	Q1 2017	Q1 2016	Q1 2017 vs. Q1 2016	Organic growth
Europe	655	631	+3.8%	+5.5%
North America	1,291	1,301	-0.8%	-5.0% <sup>(1)</sup>
Asia Pacific	243	230	+5.7%	+0.8%
Latin America	77	71	+8.5%	+4.5%
Middle East Africa	62	58	+6.9%	+1.5%
<b>Total</b>	<b>2,328</b>	<b>2,291</b>	<b>+1.6%</b>	<b>-1.2%</b>

(1) Including negative impact of past issues exceeding 600 basis points



## FOCUS ON NORTH AMERICA

Headwinds due to past issues exceeding 600 basis points



### Improved Momentum

- ➔ Power of One in motion
  - Reorganization of New York and Chicago offices: media, creation and technology
  - Appointment of Country Client Leaders
- ➔ SapientNitro / Razorfish merger almost completed
- ➔ New management team at Leo Burnett USA
- ➔ Encouraging new business wins & retention: Special K, GMC, MolsonCoors





## Q1 2017 ORGANIC GROWTH BY COUNTRY

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**> +10%**

France, Israel, Korea,  
Mexico, Russia, Turkey, Vietnam

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**+5% to +10%**

Canada, Indonesia, Italy, Singapore, UK

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**0 to +5%**

Australia, China, Colombia, India,  
Malaysia, Netherlands, UAE

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**< 0%**

Brazil, Germany, Japan, South Africa, Spain, USA

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## DIGITAL & TECH REVENUE

	Q1 2017	Q1 2016
EUR million	1,273	1,255

➔ Digital & Tech represents 55% of Groupe revenue



## NET DEBT / (NET CASH)

(EUR million)	Q1 2017	Q1 2016	FY 2016
Net Debt (Net Cash), average	1,677	2,092	2,385
Net Debt (Net Cash), at end of period	2,339	2,864	1,244



## LIQUIDITY AS OF MARCH 31, 2017

(EUR million)	TOTAL	DRAWN	AVAILABLE
<b>Committed Facilities</b>			
364-day revolving credit facilities	165	-	165
5-year revolving credit facility <sup>(1)</sup>	520	-	520
5-year syndicated facility (Club Deal) <sup>(2)</sup>	2,000	-	2,000
<b>Total Committed Facilities</b>	<b>2,685</b>	-	<b>2,685</b>
Cash and Marketable Securities	1,087	-	1,087
<b>Total liquidity</b>	<b>3,772</b>	-	<b>3,772</b>
<b>Group other uncommitted facilities</b>	275	11	264

(1) €70m maturing in 2017, €300m maturing in 2018, €50m maturing in 2019 and €100m maturing in 2022

(2) Maturing in 2020



# STRATEGIC UPDATE



# PUBLICIS GROUPE: THE NEW ERA

## “ONE”

From a “holding” company to a “connecting” company

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## SOLUTION HUBS

“The Power of One”

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## CLIENT CENTRICITY

Global Client Leaders (GCL) and Country Client Leaders (CCL)

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## DIGITAL TRANSFORMATION

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## DATA



## “THE POWER OF ONE” IS UP AND RUNNING

- ➔ Alchemy of Creativity and Technology
- ➔ 60+ Group Client Leaders operational
- ➔ Strong momentum at *Sapient Inside*
- ➔ Publicis.Sapient reorganization
  - SapientNitro / Razorfish merger is done outside the US; Near completion in the US
  - New management at DigitasLBi



## SUSTAINED ACCOUNT WINS MOMENTUM IN Q1 2017







# CONCLUSION



## FOCUS ON ORGANIC GROWTH, MARGIN AND CASH FLOW

Growth momentum has kicked off

- Q2 2017 organic growth likely to show a slight improvement versus Q1
- “Back to normal” organic growth expected in H2 2017

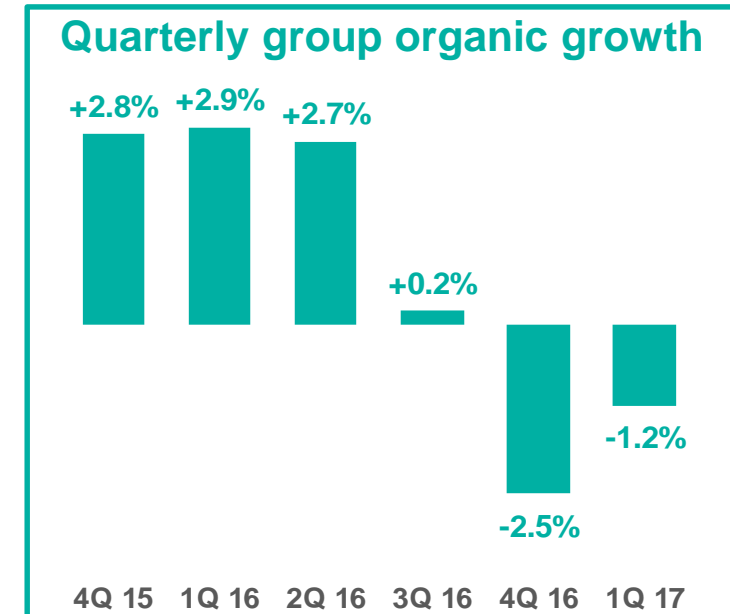
➔ **More revenue opportunities through The Power of One**

Tight cost control in a low global growth environment

➔ **Simplified structures with the end of the holding company model**

Significant cash flow generation

➔ **Sensible capital allocation policy**





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# Supplemental Information



## Q1 2017 REVENUE IN USD MILLION

	2017	2016	Q1 2017 vs. Q1 2016
Revenue	2,479	2,527	-1.9%



## REVENUE & ORGANIC GROWTH CALCULATION

(EUR million)	Q1
<b>2016 revenue</b>	<b>2,291</b>
Currency impact <sup>(2)</sup>	50
2016 revenue at 2017 exchange rate (a)	2,341
2017 revenue before impact of acquisitions <sup>(1)</sup> (b)	2,314
Revenue from acquisitions <sup>(1)</sup>	14
<b>2017 revenue</b>	<b>2,328</b>
<b>Organic growth (b/a)</b>	<b>-1.2%</b>

Currency impact (EUR million)	
	Q1 2017
GBP <sup>(2)</sup>	(21)
USD <sup>(2)</sup>	44
Other	27
<b>Total</b>	<b>50</b>

(1) Acquisitions (MercerBell, Vertiba, Seven Seconds, Insight Redéfini, Venus Communications, Arcade, Digitouch, PT Publicis Metro Indonesia, PT Indonesia Media Exchange, North Notch, Metadesign, Regicom, Ardent, The Abundancy), net of disposals

(2) EUR = USD 1.065 in Q1 2017 vs. USD 1.103 in Q1 2016  
 EUR = GBP 0.860 in Q1 2017 vs. GBP 0.771 in Q1 2016



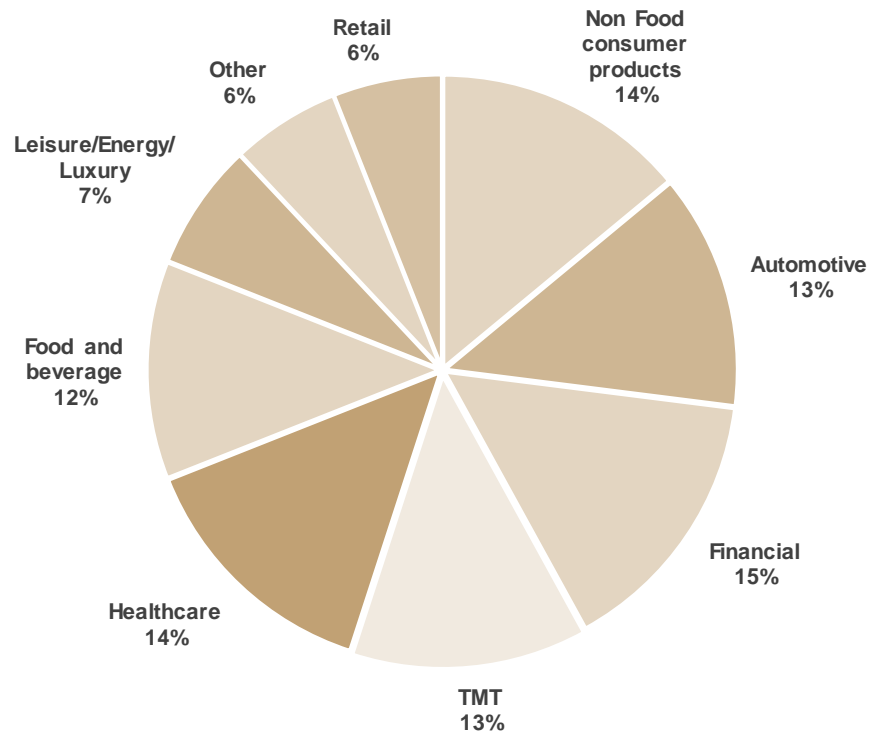
## Q1 2017 ORGANIC GROWTH

	Europe	North America	Asia Pacific	Latin America	Middle East Africa	Total
Digital & Tech	+4.8%	-5.3%	+9.4%	+13.0%	+38.8%	-1.3%
Analog	+6.2%	-4.5%	-4.3%	+2.9%	-8.9%	-1.1%
<b>Total</b>	<b>+5.5%</b>	<b>-5.0%</b>	<b>+0.8%</b>	<b>+4.5%</b>	<b>+1.5%</b>	<b>-1.2%</b>

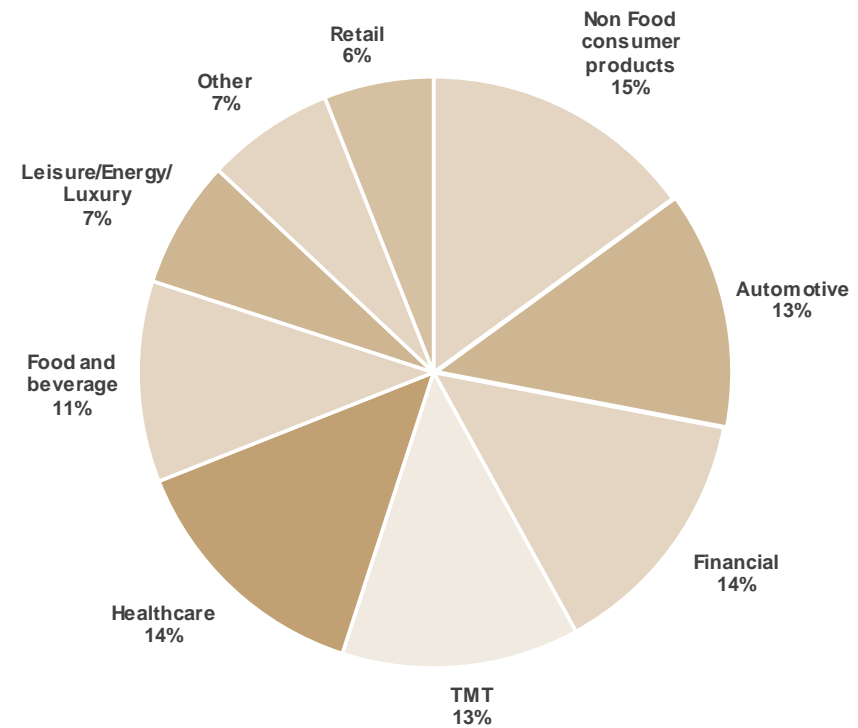


## Q1 REVENUE BY SECTOR (1)

2017



2016

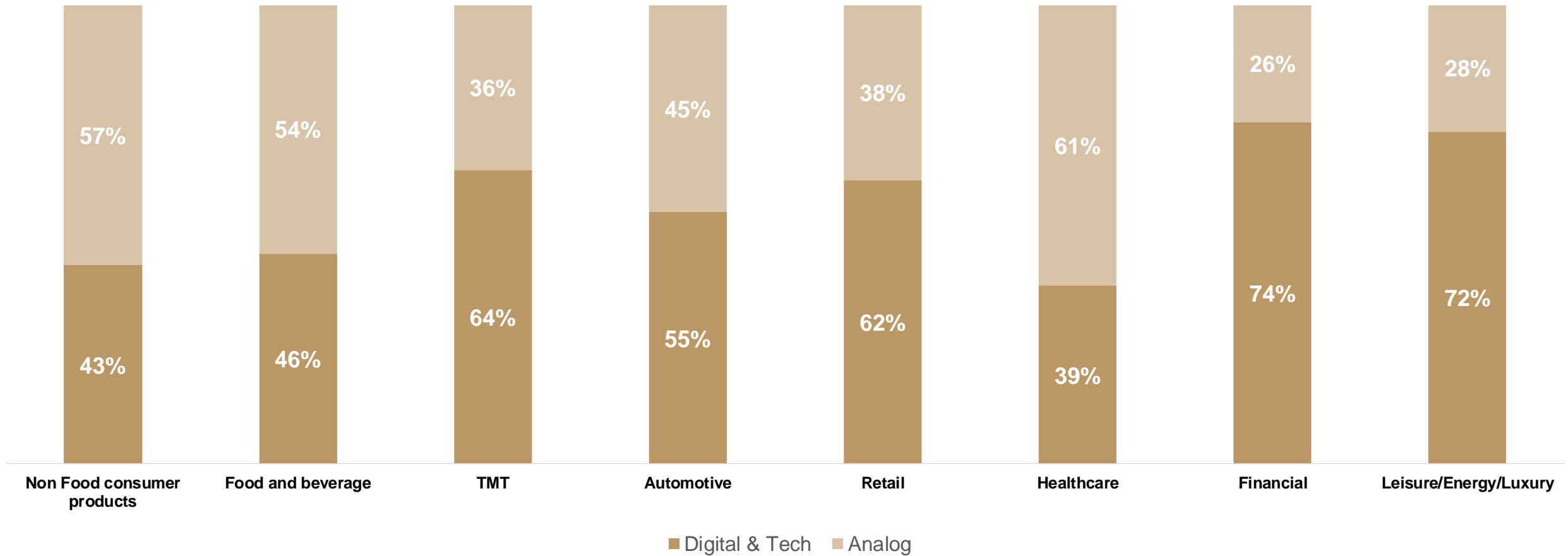


(1) Based on 2,587 clients representing 86% of Groupe revenue





## Q1 2017 REVENUE BY SECTOR <sup>(1)</sup>: ANALOG VS. DIGITAL & TECH



(1) Based on 2,587 clients representing 86% of Groupe revenue



## Q1 2017 REVENUE BY GEOGRAPHY (ALTERNATIVE BREAKDOWN)

(EUR million)	Q1 2017	Q1 2016	Q1 2017 vs. Q2 2016	Organic growth
Europe <sup>(1)</sup>	637	618	+3.1%	+5.2%
North America	1,291	1,301	-0.8%	-5.0%
BRIC + MISSAT <sup>(2)</sup>	217	205	+5.9%	-1.1%
Rest of the world	183	167	+9.6%	+6.9%
<b>Total</b>	<b>2,328</b>	<b>2,291</b>	<b>+1.6%</b>	<b>-1.2%</b>

(1) Europe excluding Russia and Turkey

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

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



## GROSS DEBT AS OF MARCH 31, 2017

### Breakdown by MATURITY

(EUR million)	Total	Apr. 2017 – Mar. 2018	Apr. 2018 – Mar. 2019	Apr. 2019 – Mar. 2020	Apr. 2020 – Mar. 2021	2021 onwards
Eurobond 2021 <sup>(1) (2)</sup>	794					794
Eurobond 2023	492					492
Eurobond 2024 <sup>(1) (2)</sup>	660					660
Medium term loan	965	322	322	321		
Earn out / Buy out	330	218	68	33	9	2
Other debt <sup>(1)</sup>	185	85				100
<b>Total gross debt</b>	<b>3,426</b>	<b>625</b>	<b>390</b>	<b>354</b>	<b>9</b>	<b>2,048</b>

- (1) Including fair values of associated derivatives  
 (2) Eurobond issued in December 2014 swapped in USD at fixed rate



**No covenants**



## NET DEBT AS OF MARCH 31, 2017

### Breakdown by CURRENCY

(EUR million)	Total	EURO	USD	GBP	Others
Eurobond 2021 <sup>(1) (2)</sup>	794		794		
Eurobond 2023	492	492			
Eurobond 2024 <sup>(1) (2)</sup>	660		660		
Medium term loan	965	446	519		
Earn out / Buy out	330	30	128	37	135
Other debt <sup>(1)</sup>	185	25	117	4	39
Cash & marketable securities <sup>(3)</sup>	(1,087)	(65)	(62)	(38)	(922)
<b>Net debt (cash)</b>	<b>2,339</b>	<b>928</b>	<b>2,156</b>	<b>3</b>	<b>(748)</b>

(1) Including fair values of associated derivatives

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

(3) After impact of currency swaps



## NET DEBT AS OF MARCH 31, 2017

### Breakdown by RATE

(EUR million)	Total	Earn-out / Buy-out	Fixed rate	Floating rate
Eurobond 2021 <sup>(1)</sup> <sup>(2)</sup>	794		794	
Eurobond 2023	492		492	
Eurobond 2024 <sup>(1)</sup> <sup>(2)</sup>	660		660	
Medium term loan	965			965
Other debt <sup>(1)</sup>	185		100	85
<b>Total gross debt excluding earn out/buy out</b>	<b>3,096</b>		<b>2,046</b>	<b>1 050</b>
Earn-out / Buy-out	330	330		
Cash & marketable securities	(1,087)			(1,087)
<b>Net debt (cash)</b>	<b>2,339</b>	<b>330</b>	<b>2,046</b>	<b>(37)</b>

(1) Including fair values of associated derivatives

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



## DEFINITIONS

**EBITDA:** operating margin before depreciation.

**Operating margin:** Revenue after personnel costs, other operating expenses (excl. non-current income and expense) and depreciation (excl. amortization of intangibles arising on acquisitions).

**Operating margin rate:** Operating margin as a percentage of revenue.

**Headline Group Net Income:** Group net income after elimination of impairment charges, amortization of intangibles arising from acquisitions, main capital gains (or losses) on disposals and revaluation of earn-out payments.

**EPS (Earnings per share):** Group net income divided by average number of shares, not diluted.

**EPS, diluted (Earnings per share, diluted):** Group net income divided by average number of shares, diluted.

**Headline EPS, diluted (Headline Earnings per share, diluted):** Group net income after elimination of impairment charges, amortization of intangibles arising from acquisitions, main capital gains (or losses) on disposals and revaluation of earn-out payments, divided by average number of shares, diluted.

**Capex:** Net acquisitions of tangible and intangible assets, excluding financial investments and other financial assets.

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

**Net Debt (or financial net debt):** Sum of long and short financial debt and associated derivatives, net of treasury and cash equivalents.

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

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



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