

Outperforming in Q2 with +7.1% organic growth

Upgrade of FY 2023 guidance on all KPIs

July 20, 2023

- Q2 organic growth at +7.1% thanks to revenue mix and New Business tailwind
- Continued sustained performance across regions: U.S. +5%, Europe +15%, China +7%
- Operating margin rate maintained at historically high level of 17.3% in H1
- Headline diluted EPS up +11% at €3.21, Free Cash Flow slightly up at €725m despite FY'22 R&D tax payment
- Upgrade of 2023 guidance despite persistent macro uncertainties: organic growth now expected at circa +5%, operating margin rate close to 18%, Free Cash Flow at least €1.6bn

Q2 2023

Net revenue	€3,239m
Reported growth	+5.4%
Organic growth	+7.1%

H1 2023 Results

(EUR million)	H1 2023	2023 vs 2022
Revenue	7,105	+8.5%
Net revenue	6,318	+7.6%
<i>Organic growth</i>	<i>+7.1%</i>	
Operating margin	1,093	+7.4%
<i>Operating margin rate</i>	<i>17.3%</i>	
Headline Groupe net income	813	+11.8%
Headline diluted EPS (euro)	3.21	+11.3%
Free Cash Flow ¹	725	+2.4%
Free Cash Flow ^{1,2} excluding 2022-related TCJA	835	+17.9%

¹ Before change in working capital requirements.

² **Reported H1 2023 FCF of €725m** includes a €110m cash tax payment made in January 2023 relating to 2022. This payment reflects the impact of the new application of the U.S. Tax Cuts and Jobs Act (TCJA) on the capitalization of R&D expenses, confirmed late December 2022. **Excluding this payment, H1 2023 FCF is at €835m, up 17.9% compared to H1 2022.**



Arthur Sadoun, Chairman and CEO of Publicis Groupe:

“The first half of the year has been strong for Publicis.

In Q2, we continue to outperform the market on organic growth thanks to our unique revenue mix and new business track record with +7.1%, ahead of expectations after double-digit growth in 2022.

We delivered the best financial KPIs in the industry in H1 thanks to our platform organization, with operating margin at 17.3%, in line with the historically high level of 2022.

As we shifted from a communication to a transformation partner for our clients, we are confirming that we have become a stronger company since 2019 with our net revenue up +45% on a reported basis and our operating margin up +68% over this period.

With our investments in Epsilon, powering Creative and Media through personalization at scale, Sapient and Marcel, we are uniquely positioned to lead the future of our industry. It will inevitably be shaped by data, tech and AI that are already at the heart of our business model both in how we work for our clients and in the way we operate.

But Publicis is not only future-proof. It is also more resilient to business cycles, allowing us to upgrade our guidance on all KPIs for the year despite persistent macroeconomic uncertainty. We now expect to deliver organic growth at circa +5% for 2023, above our 3Y CAGR of +4%, with operating margin rate close to 18%.

I would like to sincerely thank our clients for their continued trust and all our talent for their dedication throughout the last months.”

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Publicis Groupe's Supervisory Board met on July 19th, 2023, under the chairmanship of Maurice Lévy, to examine the 2023 first semester accounts presented by Arthur Sadoun, CEO and Chairman of the Management Board.

KEY FIGURES

<i>EUR million, except per-share data and percentages</i>	<i>H1 2023</i>	<i>H1 2022</i>	<i>2023 vs 2022</i>
Data from the Income Statement and Cash flow Statement			
Net revenue	6,318	5,873	+7.6%
Pass-through revenue	787	674	+16.8%
Revenue	7,105	6,547	+8.5%
EBITDA	1,335	1,287	+3.7%
% of Net revenue	21.1%	21.9%	-80bps
Operating margin	1,093	1,018	+7.4%
% of Net revenue	17.3%	17.3%	-
Operating income	843	761	+10.8%
Net income attributable to the Groupe	623	537	+16.0%
Earnings Per Share (EPS)	2.48	2.15	+15.3%
Headline diluted EPS ³	3.21	2.88	+11.3%
Free Cash Flow before change in working capital requirements	725	708	+2.4%
Data from the Balance Sheet			
	June 30, 2023	Dec 31, 2022	
Total assets	33,700	35,898	
Groupe share of Shareholders' equity	9,188	9,635	
Net debt (net cash)	226	(634)	

³ Net income attributable to the Groupe, after elimination of impairment charges, amortization of intangibles arising on acquisitions, the main capital gains (or losses) on disposals, change in the fair value of financial assets, the revaluation of earn-out costs, divided by the average number of shares on a diluted basis



NET REVENUE IN Q2 2023

Publicis Groupe's net revenue in Q2 2023 was 3,239 million euros, up +5.4% from 3,073 million euros in 2022. Exchange rates had a negative impact of 73 million euros. Acquisitions, net of disposals, accounted for an increase in net revenue of 26 million euros. Organic growth reached +7.1%.

<i>EUR</i> <i>million</i>	<i>Breakdown of Q2 2023 Net revenue by region</i>		Reported Growth	Organic Growth
	Net revenue			
	Q2 2023	Q2 2022		
North America	1,955	1,912	+2.2%	+4.9%
Europe	809	709	+14.1%	+15.2%
Asia Pacific	300	289	+3.8%	+2.6%
Middle East & Africa	91	90	+1.1%	+6.5%
Latin America	84	73	+15.1%	+5.9%
Total	3,239	3,073	+5.4%	+7.1%

North America net revenue was up +2.2% on a reported basis in Q2 2023, including a negative impact of the US dollar to Euro exchange rate. Organic growth in the region was +4.9%, of which +5.0% in the **U.S.**. Publicis Sapient grew at a very solid +5.1% organically despite high comparables of 17%, in a context of slower decision making process for DBT projects. Epsilon grew +6.9% organically, notably driven by outperforming Digital Media. **Canada** was up +2.2% organically.

Net revenue in **Europe** was up by +14.1% on a reported basis. It was up by +15.2% on an organic basis, or +11.6% excluding the contribution of our Outdoor Media activities & the Drugstore. Organic growth in **the U.K.** was +17.0%, with a notable double-digit growth in Media and at Publicis Sapient. Organic growth in **France** was +5.0%⁴ with double-digit growth in Media and at Publicis Sapient. **Germany** was up +9.5% organically with double-digit growth in Media and very solid Publicis Sapient. **Central & Eastern Europe** grew +17.1% organically thanks to double-digit growth in **Poland, Hungary** and **Czech Republic** and the resumption of activity in **Ukraine**.

Net revenue in **Asia Pacific** was +3.8% on a reported basis, and +2.6% organically. **China** accelerated to +7.0% organic growth after +3.7% in Q1. **Thailand** sequentially improved while remaining in negative territory due to the phasing of a large project, while **Singapore, Vietnam** and **Japan** posted double digit growth. **Australia** and **New Zealand** were stable.

In **Middle East & Africa**, net revenue was up +1.1% on a reported basis, and +6.5% organically on top of a high comparable basis of +15.3% in Q2 2022.

Net revenue in **Latin America** was up +5.9% organically driven by strong Media like in Q1. The region posted +15.1% on a reported basis notably benefitting from the acquisition of Practia.

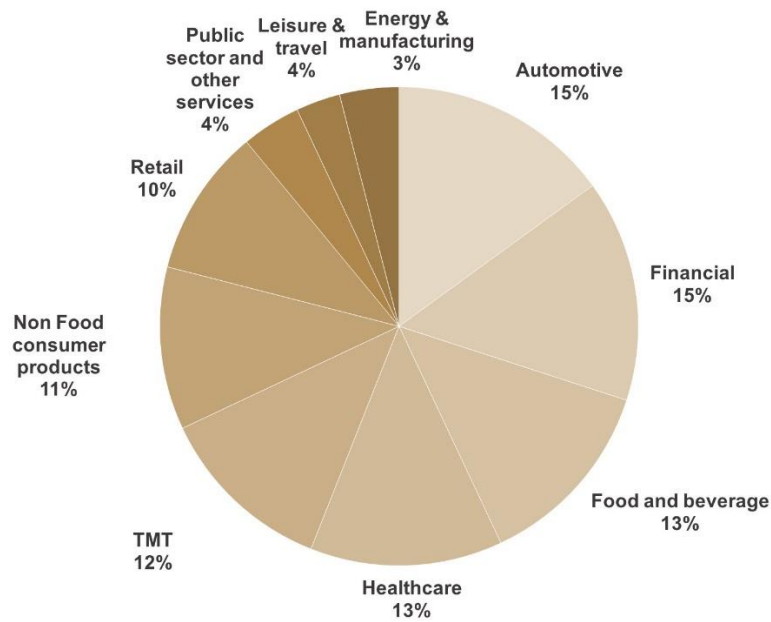
⁴ Excluding Outdoor Media activities & the Drugstore



NET REVENUE IN H1 2023

Publicis Groupe's net revenue for the first half 2023 was 6,318 million euros, up by +7.6% compared to 5,873 million euros in H1 2022. Exchange rate variations over the period had a low negative impact of 12 million euros. Acquisitions (net of disposals) have a positive impact of 40 million euros on net revenue. Organic growth was +7.1% in H1 2023.

Breakdown of H1 2023 net revenue by sector



On the basis of 3,298 clients representing 91% of Groupe net revenue



Breakdown of H1 2023 net revenue by region

EUR million	Net revenue		Reported growth	Organic growth
	H1 2023	H1 2022		
North America	3,893	3,660	+6.4%	+5.3%
Europe	1,552	1,371	+13.2%	+13.8%
Asia Pacific	550	550	0.0%	+1.7%
Middle East & Africa	179	165	+8.5%	+11.2%
Latin America	144	127	+13.4%	+6.7%
Total	6,318	5,873	+7.6%	+7.1%

Net revenue in **North America** was up by +5.3% on an organic basis in the first half (+6.4% on a reported basis). The **U.S.** performed strongly at +5.4% organically reflecting the strength of our model.

Europe posted +13.8% organic growth in H1 (+13.2% on a reported basis). Excluding the impact of the Groupe's Outdoor Media activities and the Drugstore in France, the organic growth in Europe is +12.1%. **The U.K.** was at +20.3% organic, **France** at +4.0%⁵, **Germany** at +9.9% and **Central & Eastern Europe** at +14.0%.

Asia Pacific net revenue was up by +1.7% on an organic basis (flat on a reported basis). **China** reported an organic growth of +5.6%, and **Australia & New Zealand** were up by +2.4% on an organic basis.

Net revenue in the **Middle East and Africa** region was up by +11.2% on an organic basis (+8.5% reported) and up by +6.7% in **Latin America** (+13.4% reported).

⁵ Excluding Outdoor Media activities and the Drugstore



ANALYSIS OF H1 2023 KEY FIGURES

Income Statement

EBITDA amounted to 1,335 million euros in H1 2023, compared to 1,287 million euros in H1 2022, up by +3.7%. This represents 21.1% of net revenue.

Personnel costs totaled 4,200 million euros in H1 2023 from 3,888 million euros in H1 2022, an increase of +8.0% close to the growth in net revenue. As a percentage of net revenue, personnel expenses were 66.5% in H1 2023, versus 66.2% in H1 2022. Fixed personnel costs were 3,725 million euros and represented 59.0% of net revenue versus 57.5% in H1 2022. As expected the cost of freelancers decreased by 68 million euros in H1 2023 or 140 basis points, representing 165 million euros. Restructuring costs were 45 million euros, up versus 30 million euros in H1 2022.

Non personnel costs amounted to 1,025 million euros in H1 2023, compared to 967 million euros in H1 2022. This represented 16.2% of net revenue in H1 2023 versus 16.5% of net revenue in H1 2022. They comprised:

- **Other operating expenses** (excluding pass-through costs, depreciation & amortization) amounted to 783 million euros, compared to 698 million euros in H1 2022. This represents 12.4% of net revenue compared to 11.9% in H1 2022.
- **Depreciation and amortization** charge was 242 million euros in H1 2023 compared to 269 million euros in H1 2022, a reduction of 10.0%, or 27 million euros. It reflects the consolidation of our real estate footprint as well as an increase in the share of SaaS platforms used by the Groupe and directly expensed.

As a result, the **operating margin** amounted to 1,093 million euros, up by +7.4% compared to H1 2022. This represents an operating margin rate of 17.3% in H1 2023, in line with H1 2022.

Operating margin rates by geographies were 18.6% in North America, 16.3% in Europe, 17.3% in Asia-Pacific, 10.1% in Middle East/Africa and 2.8% in Latin America.

Amortization of intangibles arising from acquisitions totaled 142 million euros in H1 2023, up by 5 million euros versus H1 2022. **Impairment losses on real estate consolidation charge** amounted to 112 million euros compared to 44 millions in H1 2022 in a context of real estate footprint optimization.

In addition, **non-current expense** was an income of 4 million euros compared to a cost of 76 million euros in H1 2022 which included a loss related to the Groupe's exit from Russia.

Operating income totaled 843 million euros in H1 2023, after 761 million euros in H1 2022.

The **financial result**, comprising the cost of net financial debt and other financial charges and income, is a charge of 14 million euros in H1 2023 compared to a charge of 40 million euros last year.

- The **cost of net financial debt** was an income of 42 million euros in H1 2023, compared to a cost of 27 million euros in H1 2022. It included 59 million euros of financial expenses (56 million euros in H1 2022) and financial income of 101 million euros, improving from 29 million euros last year largely thanks to higher remuneration on cash balances.



- **Other financial income and expenses** were a charge of 56 million euros in H1 2023, notably composed by 39 million euros interest on lease liabilities and 8 million euros cost from the fair value remeasurement of Mutual Funds. In H1 2022, other financial income and expenses were a charge of 13 million euros, notably composed by 45 million euros interest on lease liabilities and 34 million in income from the fair value remeasurement of Mutual Funds

The **revaluation of earn-out payments** amounted to an income of 1 million euros in H1 2023, compared to a charge of 4 million euros in H1 2022.

The **income tax charge** was 205 million euros in H1 2023, corresponding to a forecasted effective tax rate of 24.8% in 2023, compared to 189 million euros in H1 2022 corresponding to an effective tax rate of 23.4%.

The **share of profit of associates** is a 3 million euros income in H1 2023 (5 million euros income in H1 2022).

Minority interests were a gain of 5 million euros in H1 2023 compared to a loss of 4 million euros in Groupe results in H1 2022.

Overall, **net income attributable to the Groupe** was 623 million euros in H1 2023, compared to 537 million euros in H1 2022.

Finally the **Earning Per Share** was 2.48 euros in H1 2023, compared to 2.15 euros in H1 2022, up by +15.3%.

Free Cash Flow

<i>EUR million</i>	<i>H1 2023</i>	<i>H1 2022</i>
EBITDA	1,335	1,287
Repayment of lease liabilities and related interests	(207)	(215)
Investments in fixed assets (net)	(75)	(82)
Financial interest paid (net)	17	(63)
Tax paid	(386)	(251)
Other	41	32
Free cash-flow before changes in WCR	725	708
TCJA transitional cash tax related to 2022 paid in January 2023	110	-
Free cash-flow before changes in WCR	835	708

The Groupe's free cash flow, before change in working capital requirements, is up by 17 million euros compared to H1 2022, to 725 million euros. Excluding the TCJA transitional cash tax related to 2022 and paid in January 2023, Free cash flow is up by 127 million euros to 835 million euros.

Repayment of lease liabilities and related interests amounted to 207 million euros in H1 2023 (215 million euros in H1 2022). Net investments in fixed assets were 75 million euros (82 million euros in H1 2022).



Financial interest were an income of 17 million euros, compared to a cost of 63 million euros in H1 2022, reflecting higher remuneration on cash balances.

Tax paid amounted to 386 million euros, up by 135 million euros compared to H1 2022 including 110 million euros due to the TCJA tax payment realized in January 2023 and related to 2022.

Net debt

Net financial debt amounted to 226 million euros as of June 30, 2023 compared to 634 million euros net cash position as of December 31, 2022 reflecting the seasonality of the activity. The Groupe's last twelve months average net debt as of June 30, 2023 amounted to 498 million euros compared to 1,024 million euros as of June 30, 2022.



ACQUISITIONS AND DISPOSALS

On **January 4, 2023**, Publicis announced the acquisition of **Yieldify**, a London-based marketing technology company. Founded in 2013, Yieldify's leading platform and service enable companies to better personalize consumers' website experiences, driving incremental revenue and other desired outcomes by delivering the right message at the right time based on a consumer's profile and stage in their purchase journey. Yieldify will become part of Epsilon, and its onsite personalization, conversion optimization and customer journey offerings will complement Epsilon PeopleCloud to better address the mid-market.

On **January 10, 2023**, Publicis announced the acquisition of **Advertise BG**, one of the leading performance marketing agencies in Bulgaria. The strategic acquisition will further reinforce Publicis Groupe Bulgaria's competencies in digital transformation, adding firepower to its existing offering across digital strategy, data, social media, and digital content creation.

On **March 30, 2023**, Publicis announced the acquisition of **Practia**, based in Buenos Aires, a leading Latin America independent technology company and provider of digital business transformation services. With its 1,200 experienced professionals, this acquisition will position Publicis Sapient to enter the Latin America market while establishing a foundation for a nearshore delivery platform that will enable the company to better service clients based in North America.

On **May 23, 2023**, Publicis announced the acquisition of full stake in **Publicis Sapient AI Labs**, an innovative artificial intelligence research and development joint venture launched in 2020 in partnership between Publicis Sapient, Elder Research and Tquila. The acquisition will further strengthen Publicis Sapient's data & AI capabilities and enable the company to develop innovative solutions across industries for a wide range of applications, such as generative AI, natural language processing (NLP), computer vision and autonomous systems.

On **June 5, 2023**, Publicis announced the acquisition of **Corra**, based in New York, an ecommerce leader recognized by Adobe as one of the top commerce firms in North America. Corra will augment Publicis Sapient's existing expertise in commerce solutions, including Adobe Commerce, while extending Publicis Sapient's offerings in digital and omnichannel commerce. By acquiring Corra, Publicis Sapient will further establish itself as a global leader across the entire Adobe Product Suite, in addition to further cementing its already leading capabilities.

On **June 15, 2023**, Publicis and Carrefour announced the launch of their joint-venture **Unlimitail**, to address the booming retail media market in Continental Europe, Brazil and Argentina. The launch of the company comes six months after the initiative was announced and has been unveiled during VivaTech.

Unlimitail will partner with retailers and brands, bringing the scale, connectivity and consistency for retail media to reach its full potential in those geographies. It is built on the most advanced technologies, "CitrusAd powered by Epsilon", and the deepest retail expertise from Carrefour. Unlimitail has already converted its first 13 retail partners, representing together more than 120 million loyalty customers.



CSR

During the first half of 2023, Publicis Groupe continued its actions and innovated in its various priorities.

1 - Diversity, Equity and Inclusion: the 4th edition of "Pause for Action" in the United States on 27 June 2023 brought together committed employees to take stock and work together on inclusion, diversity and social justice. The data published on the diversity of our teams in the United States shows continued progress on several indicators, illustrating how far we have come in three years. The Chairman of the Management Board, Arthur Sadoun, emphasised the importance of all these actions, which are assessed over the longer term, and welcomed the financial commitments made with 45 million euros dedicated to diversity and social justice, as announced in 2020. This target has been reached thanks in particular to the "*Once And For All Coalition*" initiative which funds content creators in favour of the widest possible diversity.

In March 2023, a special edition of the Women's Forum was held in Washington, bringing together 250 experts to discuss education as one of the keys to equity, with a focus on health, climate and peace. In June 2023, with a view to the third edition of the Women's Forum Singapore (scheduled for March 2024), a one-day "Meet-Up" kicked off work on education as a lever for change, with 80 experts from the region and many talented young people brought together.

The "Working with Cancer" pledge launched by Arthur Sadoun in January 2023 has now been taken up by close to 700 companies worldwide, representing more than 20 million employees. The common objective is to break the taboo of cancer⁶ in the workplace, provide better protection for affected employees and offer them (and their carers) better support. The Publicis Groupe campaign won the Grand Prix for Good at Cannes Lions in June 2023.

Marcel, the Groupe's internal platform remains a central place for employees, hosting quarterly plenary sessions led by country managers and their leaders. It is also the platform used in the countries for exchange, work and dialogue with stakeholders on many topical issues. From February 2023, employees have had access to a series of modules and live sessions, sharing the latest advances in artificial intelligence and giving them access to a number of tools to train and collaborate, in order to best support their customers.

2 - Responsible marketing and business ethics: the carbon emissions calculation tool A.L.I.C.E (Advertising Limiting Impacts & Carbon Emissions) is used for 220 clients/brands. A.L.I.C.E enables all the Group's activities (creation, production, media, technology, events, etc.) to measure their impact (100 countries) using the GHG Protocol method and with the support of Bureau Veritas for the calculation methodology and the updating of emission factors. Publicis Groupe remains very involved in the work carried out by the industry at international level, in particular Ad Net Zero on the search for a methodological consensus on measuring impacts with all stakeholders.

⁶ Cancer or serious diseases



3 - Fighting climate change: as part of the action plan designed to achieve the carbon emission reduction targets for 2030 (-50%) & 2040 (-90%), validated by SBTi (Science Based Targets Initiative) and aligned with the 1.5° scenario, the Groupe has continued its internal work, in particular:

- The introduction of an internal shadow price for carbon to mobilise all the Group's agencies in reduction actions and to better quantify the direct impacts linked to the various activities,
- The introduction of a new voluntary carbon credit plan (VCCs Plan 2 - 2024/2028) to follow on from the first VCC Plan 1 (2020/2023).

Finally, in June 2023, the success of VivaTech was confirmed with more than 150,000 visitors in Paris for this 7th edition - becoming the world's leading event for the Tech sector, with sessions over three days bringing together more than 11,000 start-ups, around prestigious guests with a peak of 1 billion impressions on social networks. The VivaTech News channel reached over 5 million people live over the three days.

The CSR actions of the Groupe and its agencies are publicly accessible in the CSR section of the Groupe website, and the data is summarised in the CSR Smart data section.

2023 OUTLOOK

With a better than expected first half 2023, and driven by the strength of its unique model, the Groupe upgrades its guidance on all KPIs for the full year 2023 despite persistent macroeconomic uncertainties.

- **Organic growth is now expected at circa +5%**, versus the top half of the +3% to +5% previous guidance.
- **Operating margin rate close to 18%** versus between 17.5% and 18% previously.
- **Free cash flow before working capital requirement of at least 1.6 billion euros⁷**, versus circa 1.6 billion euros previously.

⁷ Based on 1.10 EUR/USD exchange rate



NEW BUSINESS

EUROPE

Santen France (Health), Glaxo Smith Kline (Health), Comité Colbert (Creative), Speedy (Data), Carlsberg (Creative), Abeille Assurances (Creative), Visa (Technology), DomusVi (Technology), DocuSign (Creative), The Football Association Premier League (Creative), Allwyn (Creative), Pivovara Daruvar (Creative), heroal (Creative), Deutsche Telekom (Creative), DATEV (Influence), Samsung (DTC), PepsiCo (Media), L'Oréal (Media), Tesco (Creative), Asda (Technology), Renault (Influence), FoodWell (Media), Notino (Media), Casavo (Creative), La Poste (Media), Dream Games (Media), Cassa Depositi e Prestiti (Media), Meggle (Media), Île-de-France Mobilités (Creative), TotalEnergies (Creative), Bioderma (Creative), Pernod Ricard (Influence), Ovo Energy (Creative), Le manège à bijoux (Creative), Inserm (Media), SNCF (Digital), John Lewis (Creative), Alfa Romeo (Air France KLM (Influence), Ikea (Creative & media), Gruppo Iren (Creative), Bulgari (Creative), Gruppo Campari (Influence), Western Union (Media), Beko (Influence), Société Générale (DBT), IVECO (Media), Sony Music (Digital)

NORTH AMERICA

Krafton (Influence), Intuit (Creative), Shelter Movers (Influence), Universite de Sherbrooke (Creative), Steak 'n Shake (Creative), Loblaw's (Creative), Mattress Firm (Creative), Jasco Games (Creative), Wondery (CRM), McDonald's (CRM), Milton Hershey School (Influence), University of Oklahoma (Production), Progress Residential (Production), Wyndham Hotels & Resorts (Production), Robert Walters (Production), HP (Commerce), Sun Life of Canada (Commerce), Rite Aid (Media), The PUR Company (Media), MTY Food Group (Influence), General Mills (Commerce), Dunkin' (Creative), Walgreens (Media), KB Home (Creative), Burger King (Creative), Sanofi (Influence), Virgin Mobile (Creative), Toronto Parking Authority (Creative), HealthPartners Canada (Influence), Groupe Atallah (Media), Kicking Horse Coffee (Creative & Influence), General Motors Company (Production), Tillamook County Creamery Association (Creative), Signet Jewelers (Media), Blue Diamond Growers (Media), Turo (Creative), UPS (Creative), LVMH (Media), Shark Beauty (Creative), New Age Products (Media), Samsung (Commerce), TGI Fridays (Media)

ASIA PACIFIC/MEA

Miele (CRM), United Homeware Company (Creative), Krungthai Bank (Creative), Anker (Media), Royal Automobile Club (Media), Charles & Keith (Commerce), Nick Did This (Media), Nine Network (Creative), Essity (Media), OSHO (DBT), La Trobe University (DBT), LVMH (Production), Cathay Pacific Airways (Commerce), Pepsico (Production), Duolingo (Creative), Aeries Financial Technologies (Media), Central Provident Fund Board (Production), AIA Company (Media), Haleon (Production), L'Oréal (Media & Production), The Standard Bank of South Africa (Creative), Sanofi (Creative), Nestlé (Production), Diageo (Commerce), Mondelez (Production), Pizza Hut (Creative), Cancer Council Victoria (Media), Emirates NBD (Creative), Grupo Bimbo (Creative), Microsoft (Influence), JioMart (Creative), AkBank (Media), Novartis (Creative & Production), United Breweries (Production), Charlotte Tilbury Beauty (Creative), Genesis Motor (Creative), Torrent Pharmaceuticals (Creative), More Retail (Media), GlaxoSmithKline (Creative), Crocs (Creative), Shanghai Neobio (Creative), FWD Group (Media), Bank of China (Media), Yili (Creative), Singhealth (Digital), P&G (Digital), Oritain (Creative & Media), Neom Company (Creative), Renault (Media), Bosideng (Production), HSBC (Creative), BASF (Creative), Union Bank of the Philippines (Creative), Roborock (Production), Indeed (Influence), Samsonite (Media), New Balance (Production), Keypath Education (Media), Jio-bp (Digital), Enamor (Digital), UniScholars (Creative)



LATAM

L'Oréal (Media), Bayer (Media), Samsung (Media), Nestlé (Creative), PicPay (Creative), Pizza Hut (Commerce), Polla Chilena (Media)

GLOBAL

Adobe (Media), Mondelez (Production), King (Creative), Ninjacart (Creative), Alvarium Tiedemann (Creative), Amplifon (Creative), Pfizer (Creative, Media, Data, Production)

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About Publicis Groupe - The Power of One

Publicis Groupe [Euronext Paris FR0000130577, CAC 40] is a global leader in communication. The Groupe is positioned at every step of the value chain, from consulting to execution, combining marketing transformation and digital business transformation. Publicis Groupe is a privileged partner in its clients' transformation to enhance personalization at scale. The Groupe relies on ten expertise concentrated within four main activities: Communication, Media, Data and Technology. Through a unified and fluid organization, its clients have a facilitated access to all its expertise in every market. Present in over 100 countries, Publicis Groupe employs around 98,000 professionals.

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Appendices

Net revenue: organic growth calculation

<i>(million euro)</i>	Q1	Q2	H1
2022 net revenue	2,800	3,073	5,873
Currency impact ⁽²⁾	61	(73)	(12)
2022 net revenue at 2023 exchange rates (a)	2,861	3,000	5,861
2023 net revenue before acquisition impact (b)	3,065	3,213	6,278
Net revenue from acquisitions ⁽¹⁾	14	26	40
2023 net revenue	3,079	3,239	6,318
Organic growth (b/a)	+7.1%	+7.1%	+7.1%

Impact of currency at end June 2023 <i>(million euro)</i>	
GBP ⁽²⁾	(20)
USD ⁽²⁾	43
Others	(35)
Total	(12)

(1) Acquisitions (Profitero, Practia, Tremend, Tquila, Wiredcraft, Yieldify, Retargetly, Corra, Bizon, VivNetworks, Cheat, Changi, ARBH, Perlu, Advertise Bulgaria), net of disposals (Russia, Qorvis, Makers Lab)

(2) EUR = USD 1.081 on average in H1 2023 vs. USD 1.094 on average in H1 2022
EUR = GBP 0.877 on average in H1 2023 vs. GBP 0.842 on average in H1 2022



Definitions

Net revenue or Revenue less pass-through costs: Pass-through costs mainly concern production and media activities, as well as various expenses incumbent on clients. These items that can be re-billed to clients do not come within the scope of assessment of operations, net revenue is a more relevant indicator to measure the operational performance of the Groupe's activities.

Organic growth: Change in net revenue excluding the impact of acquisitions, disposals and currencies.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): Operating margin before depreciation & amortization.

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 net revenue.

Headline Group Net Income: Net income attributable to the Groupe, after elimination of impairment charges / real estate transformation expenses, amortization of intangibles arising on acquisitions, the main capital gains (or losses) on disposals, change in the fair value of financial assets and the revaluation of earn-out costs.

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

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

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

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

Free Cash Flow before changes in working capital requirements: Net cash flow from operating activities less interests paid & received, repayment of lease liabilities & related interests and before changes in WCR linked to operating activities

Free Cash Flow: Net cash flow from operating activities less interests paid & received, repayment of lease liabilities & related interests

Net Debt (or financial net debt): Sum of long and short financial debt and associated derivatives, net of treasury and cash equivalents, excluding lease liabilities since 1st January 2018.

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

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

Organic Growth vs. 2019: calculated as
[[1 + organic growth (n-3)] * [1 + organic growth (n-2)] * [1 + organic growth (n-1)] * [1 + organic growth (n)]]-1



Consolidated income statement

<i>(in millions of euros)</i>	June 30, 2023 (6 months)	June 30, 2022 (6 months)	December 31, 2022 (12 months)
Net revenue⁸	6,318	5,873	12,572
Pass-through revenue	787	674	1,624
Revenue	7,105	6,547	14,196
Personnel costs	(4,200)	(3,888)	(8,211)
Other operating costs	(1,570)	(1,372)	(3,184)
Operating margin before depreciation & amortization	1,335	1,287	2,801
Depreciation and amortization (excluding intangibles from acquisitions)	(242)	(269)	(535)
Operating margin	1,093	1,018	2,266
Amortization of intangibles from acquisitions	(142)	(137)	(287)
Impairment loss	(112)	(44)	(109)
Other non-current income and expenses	4	(76)	(103)
Operating income	843	761	1,767
Financial expense	(59)	(56)	(118)
Financial income	101	29	101
Cost of net financial debt	42	(27)	(17)
Other financial income and expenses	(56)	(13)	(100)
Revaluation of earn-out payments	1	(4)	(2)
Pre-tax income of consolidated companies	830	717	1,648
Income taxes	(205)	(189)	(431)
Net income of consolidated companies	625	528	1,217
Share of profit of associates	3	5	5
Net income	628	533	1,222
Of which:			
- Net income attributable to non-controlling interests	5	(4)	-
Net income attributable to equity holders of the parent company	623	537	1,222

Per share data *(in euros)* - Net income attributable to equity holders of the parent company

Number of shares	250,829,338	250,274,576	250,972,110
Earnings per share	2.48	2.15	4.87
Number of diluted shares	253,618,058	252,508,128	253,605,167
Diluted earnings per share	2.46	2.13	4.82

⁸ 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 Groupe's operational performance.



Consolidated statement of comprehensive income

<i>(in millions of euros)</i>	June 30, 2023 (6 months)	June 30, 2022 (6 months)	December 31, 2022 (12 months)
Net income for the period (a)	628	533	1,222
Comprehensive income that will not be reclassified to income statement			
- Actuarial gains (and losses) on defined benefit plans	(6)	91	42
- Deferred taxes on comprehensive income that will not be reclassified to income statement	2	(22)	(10)
Comprehensive income that may be reclassified to income statement			
- Remeasurement of hedging instruments	13	8	(21)
- Consolidation translation adjustments	(217)	676	311
Total other comprehensive income (b)	(208)	753	322
Total comprehensive income for the period (a) + (b)	420	1,286	1,544
Of which:			
- Comprehensive income for the period attributable to non-controlling interests	(2)	(1)	-
- Comprehensive income for the period attributable to equity holders of the parent company	422	1,287	1,544



Consolidated balance sheet

(in millions of euros)

June 30, 2023

December 31, 2022

Assets

Goodwill, net	12,636	12,546
Intangible assets, net	1,094	1,247
Right-of-use assets related to leases	1,672	1,753
Property, plant and equipment, net	582	610
Deferred tax assets	199	186
Investments in associates	55	55
Other financial assets	351	394
Non-current assets	16,589	16,791
Inventories and work-in-progress	319	327
Trade receivables	10,729	12,089
Contract assets	1,451	1,149
Other receivables and current assets	930	926
Cash and cash equivalents	3,682	4,616
Current assets	17,111	19,107
Total assets	33,700	35,898

Equity and liabilities

Share capital	102	102
Additional paid-in capital and retained earnings, Groupe share	9,086	9,533
Equity attributable to holders of the parent company – Groupe share	9,188	9,635
Non-controlling interests	(44)	(35)
Total equity	9,144	9,600
Long-term borrowings	3,085	2,989
Long-term lease liabilities	2,124	2,197
Deferred tax liabilities	203	219
Long-term provisions	553	504
Non-current liabilities	5,965	5,909
Trade payables	13,861	15,660
Contract liabilities	444	549
Short-term borrowings	625	627
Short-term lease liabilities	353	360
Income taxes payable	328	486
Short-term provisions	278	291
Other creditors and current liabilities	2,702	2,416
Current liabilities	18,591	20,389
Total equity and liabilities	33,700	35,898



Consolidated statement of cash flows

<i>(in millions of euros)</i>	June 30, 2023 (6 months)	June 30, 2022 (6 months)	December 31, 2022 (12 months)
<u>Cash flow from operating activities</u>			
Net income	628	533	1,222
Neutralization of non-cash income and expenses:			
Income taxes	205	189	431
Cost of net financial debt	(42)	27	17
Capital losses (gains) on disposal of assets (before tax)	(2)	76	103
Depreciation, amortization and impairment losses	496	450	931
Share-based compensation	41	30	64
Other non-cash income and expenses	51	16	86
Share of profit of associates	(3)	(5)	(5)
Dividends received from associates	2	3	3
Taxes paid	(386)	(251)	(430)
Change in working capital requirements	(1,053)	(858)	(5)
Net cash flows generated by (used in) operating activities (I)	(63)	210	2,417
<u>Cash flow from investing activities</u>			
Purchases of property, plant and equipment and intangible assets	(75)	(84)	(198)
Disposals of property, plant and equipment and intangible assets	-	2	4
Purchases of investments and other financial assets, net	(10)	18	11
Acquisitions of subsidiaries	(158)	(400)	(523)
Disposals of subsidiaries	-	(43)	(43)
Net cash flows generated by (used in) investing activities (II)	(243)	(507)	(749)
<u>Cash flow from financing activities</u>			
Dividends paid to holders of the parent company	-	-	(603)
Dividends paid to non-controlling interests	(7)	(3)	(4)
Proceeds from new borrowings	4	5	-
Repayment of borrowings	-	(10)	(10)
Repayment of lease liabilities	(168)	(170)	(317)
Interest paid on lease liabilities	(39)	(45)	(87)
Interest paid	(86)	(84)	(101)
Interest received	103	21	84
Buy-outs of non-controlling interests	(2)	-	(3)
Net (buybacks)/sales of treasury shares and warrants	(193)	7	41
Net cash flows generated by (used in) financing activities (III)	(388)	(279)	(1,000)
Impact of exchange rate fluctuations (IV)	(239)	258	300
Change in consolidated cash and cash equivalents (I + II + III + IV)	(933)	(318)	968
Cash and cash equivalents on January 1	4,616	3,659	3,659
Bank overdrafts on January 1	(1)	(12)	(12)
Net cash and cash equivalents at beginning of year (V)	4,615	3,647	3,647
Cash and cash equivalents at closing date	3,682	3,342	4,616
Bank overdrafts at closing date	-	(13)	(1)
Net cash and cash equivalents at closing date (VI)	3,682	3,329	4,615
Change in consolidated cash and cash equivalents (VI - V)	(933)	(318)	968



Consolidated statement of changes in equity

<i>Number of outstanding shares</i>	<i>(in millions of euros)</i>	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Reserves and earnings brought forward</i>	<i>Translation reserve</i>	<i>Fair value reserve</i>	<i>Equity attributable to equity holders of the parent company</i>	<i>Non- controlling interests</i>	<i>Total equity</i>
251,992,065	December 31, 2022	102	4,037	5,324	85	87	9,635	(35)	9,600
	Net income			623			623	5	628
	Other comprehensive income, net of tax				(210)	9	(201)	(7)	(208)
	Total income and expenses for the period	0	0	623	(210)	9	422	(2)	420
	- Dividends		(701)	(25)			(726)	(7)	(733)
	- Share-based compensation, net of tax			50			50		50
	Effect of acquisitions and commitments to buy-out non-controlling interests			1			1		1
	- Equity warrant exercise			0			0		0
(1,490,149)	(Buybacks)/Sales of treasury shares			(194)			(194)		(194)
250,501,916	June 30, 2023	102	3,336	5,779	(125)	96	9,188	(44)	9,144



<i>Number of outstanding shares</i>	<i>(in millions of euros)</i>	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Reserves and earnings brought forward</i>	<i>Translation reserve</i>	<i>Fair value reserve</i>	<i>Equity attributable to equity holders of the parent company</i>	<i>Non- controlling interests</i>	<i>Total equity</i>
249,600,509	December 31, 2021	101	4,581	4,056	(226)	76	8,588	(33)	8,555
	Net income			537			537	(4)	533
	Other comprehensive income, net of tax				673	77	750	3	753
	Total income and expenses for the period	-	-	537	673	77	1,287	(1)	1,286
-	Dividends			(599)			(599)	(3)	(602)
246,225	Share-based compensation, net of tax			29			29		29
	Effect of acquisitions and commitments to buy-out non-controlling interests			2			2	3	5
161,412	Equity warrant exercise	1	3				4		4
1,116,166	(Buybacks)/Sales of treasury shares			3			3		3
251,124,312	June 30, 2022	102	4,584	4,028	447	153	9,314	(34)	9,280



Earnings per share (basic and diluted)

(in millions of euros, except for share data)

June 30, 2023

June 30, 2022

Net income used for the calculation of earnings per share

Net income share attributable to equity holders of the parent company	A	623	537
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Impact of dilutive instruments:

- Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
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Net income – Groupe share – diluted	B	623	537
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Number of shares used to calculate earnings per share

Number of shares at January 1		254,311,860	253,462,409
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Shares created over the period		-	133,430
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Treasury shares to be deducted (average for the period)		(3,482,522)	(3,321,264)
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Average number of shares used for the calculation	C	250,829,338	250,274,576
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Impact of dilutive instruments:

- Free shares and dilutive stock options		2,788,720	2,124,694
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- Equity warrants (BSA)		-	108,858
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Number of diluted shares	D	253,618,058	252,508,128
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(in euros)

Earnings per share	A/C	2.48	2.15
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Diluted earnings per share	B/D	2.46	2.13
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Headline earnings per share (basic and diluted)

(in millions of euros, except for share data)

June 30, 2023

June 30, 2022

Net income used to calculate headline earnings per share⁽¹⁾

Net income – Groupe share	623	537
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Items excluded:

- Amortization of intangibles from acquisitions, net of tax	105	103
- Impairment loss, net of tax	83	33
- Revaluation of earn-out payments	(1)	4
- Main capital gains and losses on disposal of assets and fair value adjustment of financial assets, net of tax ⁽²⁾	3	50

Headline Groupe net income	E	813	727
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Impact of dilutive instruments:

- Savings in financial expenses related to the conversion of debt instruments, net of tax	-	-
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Headline Groupe net income, diluted	F	813	727
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Number of shares used to calculate earnings per share

Number of shares at January 1	254,311,860	253,462,409
-------------------------------	-------------	-------------

Shares created over the period	-	133,430
--------------------------------	---	---------

Treasury shares to be deducted (average for the period)	(3,482,522)	(3,321,264)
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Impact of dilutive instruments:

- Free shares and dilutive stock options	2,788,720	2,124,694
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- Equity warrants (BSA)	-	108,858
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Number of diluted shares	D	253,618,058	252,508,128
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(in euros)

Headline earnings per share ⁽¹⁾	E/C	3.24	2.90
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Headline earnings per share – diluted ⁽¹⁾	F/D	3.21	2.88
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(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 and revaluation of earn-out payments.

(2) As of June 30, 2023, the main capital gains and losses on disposal amount to euro 4 million and the fair value adjustment of financial assets amounts to euro (7) million. At June 30, 2022, the main capital gains and losses on disposal amount to euro (79) million and the fair value adjustment of financial assets amounts to euro 29 million.