

First Quarter 2017 Revenue

April 20, 2017

Revenue	€2,328 million
Reported growth	+1.6%
Growth at constant currency	-0.6%
Organic growth	-1.2%

Maurice Lévy, Chairman and CEO of Publicis Groupe:

“Our first quarter figures send out faint but encouraging signals as to the Groupe’s situation. Although organic growth is slightly negative at -1.2%, this is an improvement on the fourth quarter of 2016.

We expect Q2 to remain in negative territory, but to show an improvement compared with the first quarter.

To measure performance adequately, organic growth needs to be put into perspective alongside the impact of past difficulties. Contribution of account wins to Q1 revenue illustrates a positive momentum.

This momentum is encouraging in many respects: the implementation of The Power of One is generating positive feedback from clients; over 60 GCLs and CCLs (Groupe Client Leaders and Country Client Leaders) have been appointed; Razorfish has been combined with SapientNitro to form SapientRazorfish, a merger that is well under way with new teams appointed and simplification progressing. As a result, notable progress has been made in terms of new business.



Instability continues to prevail in the international environment, causing companies to proceed with great caution despite strong balance sheets. Changes in the field of technology, in consumer behavior and in the media landscape have led companies to question their business models and marketing strategies. Our recent successes show that our investment in Sapient, our own business model, which has been influenced by innovation and our understanding of advertisers needs have put us in a strong position to help our clients overcome these difficult obstacles. Moreover, Publicis has been substantially transformed to enable us to provide our clients with even better “end-to-end” service in business transformation.

I am all the more confident since we have also announced Publicis Groupe’s upcoming change of governance with Arthur Sadoun appointed CEO & Chairman of a Management Board which will be reinforced by the addition of Steve King to the Management Board currently comprised of with Jean-Michel Etienne and Anne-Gabrielle Heilbronner. I am very happy about the arrangement we have chosen, especially as this was the solution I advocated before the Nominations Committee and the Supervisory Board.

As for myself, this results from Madame Badinter’s request, approved by the Supervisory Board. Should the shareholders so decide, I will become Chairman of the Supervisory Board to play an active part in the consolidating of our clients, providing support to our teams when and where I am needed.

The second half of 2017 should see the Groupe posting a more usual level of growth and I have every confidence in our ability to achieve our 2018 objectives. The cash we generate enables us to improve the return to shareholders while managing our debt responsibly.”

1 – Q1 2017 REVENUE

Publicis Groupe’s consolidated revenue in Q1 2017 was 2,328 million euro, up 1.6% from 2,291 million euro in 2016. Exchange rates had a positive impact of 50 million euro, i.e. the equivalent of 2.2% of Q1 2016 revenue. Net acquisitions contributed 14 million euro to revenue in Q1 2017, i.e. the equivalent of 0.6% of Q1 2016 revenue. Growth at constant exchange rates was -0.6%.

Organic growth stood at -1.2% in the first quarter of 2017. It was adversely affected by more than 400 basis points due to past issues. Organic growth in Q1 2017 continued to be affected by the weakness of the FMCG sector. Conversely, it benefited from the continued growth of accounts awarded since Q2 2016, in particular those of Walmart, HPE, USAA and Asda.



Breakdown of Q1 2017 revenue by region

EUR Million	Revenue		Organic growth	Reported growth
	Q1 2017	Q1 2016		
Europe	655	631	+5.5%	+3.8%
North America	1,291	1,301	-5.0%	-0.8%
Asia Pacific	243	230	+0.8%	+5.7%
Latin America	77	71	+4.5%	+8.5%
Middle East & Africa	62	58	+1.5%	+6.9%
Total	2,328	2,291	-1.2%	+1.6%

Europe recorded growth of 3.8%. When the impact of acquisitions and exchange rates is factored out, organic growth stands at +5.5%. It is worth highlighting the good performance in France (+11.9%) and the dynamism of the UK and Italy (respectively +9.1% and +6.3%). Nonetheless, Germany was down 3.6% due to unfavorable basis of comparison. The situation has been recovering in Russia with a 20.4% growth.

North America returned a revenue decline of 0.8% while recording organic growth of -5.0% due to the impact of past issues, at a time when new projects had not yet ramped up to their full potential.

Asia Pacific reported growth of 5.7% (0.8% on an organic basis). China was up 2.6%. Activity in Singapore went up 7.3%. In India, we are consolidating our activity: after posting an increase of almost 9% in the first quarter of 2016, growth was 0.4% during the first three months of 2017.

Latin America grew its revenue by 8.5% partly due to exchange rates as organic growth for the region was 4.5%. Activities in Brazil went down 1.7% and Mexico sustained a strong growth rate (+25.7%).

The Middle East & Africa reported growth of 6.9% (1.5% on an organic basis).

Breakdown of Q1 2017 revenue by region: Digital & Tech and Analog

	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%
Total	+5.5%	-5.0%	+0.8%	+4.5%	+1.5%	-1.2%



Digital & Tech's contribution to total revenue rose 1.4% to 1,273 million euro. Digital & Tech accounts for 55% of the Groupe's revenue.

2 – NET DEBT

At March 31, 2017, net debt amounted to 2,339 million euro, compared with 1,244 million euro at December 31, 2016. The Groupe's average net debt at March 31, 2017 was 1,677 million euro, down 19.8% in twelve months by comparison with its average net debt of 2,092 million euro at March 31, 2016.

3 – HIGHLIGHTS OF THE FIRST QUARTER 2017

3.1 – Governance

Maurice Levy's succession plan as CEO & Chairman of the Management Board was announced on January 26, 2017.

From June 1, 2017, Arthur Sadoun will take on the role of CEO & Chairman of the Management Board. Steve King, CEO of Publicis Media will also join the Management Board, alongside current members Jean-Michel Etienne, Executive Vice-President and CFO, and Anne-Gabrielle Heilbronner, Secretary General.

To continue to develop the Groupe, the Management Board will be able to count on the collaboration of top quality leaders, Alan Wexler and Chip Register of Publicis.Sapient, Nick Colucci of Publicis Health, Jarek Ziebinski of Publicis One, as well as Rishad Tobaccowala, Publicis Groupe's Strategy & Growth Officer, in the field of strategy and the client-centric approach.

The Supervisory Board has proposed that, upon completion of his current term of office, Maurice Lévy join its ranks as Chairman. This motion will be put to a vote before the shareholders at their AGM on May 31, 2017.

3.2 – Acquisition

In January 2017, Publicis Communications acquired two companies: The Abundancy and Ardent. These agencies will add to Leo Burnett's growing arsenal of data, creative and technology capabilities. Ardent provides proprietary technology that uses search data to understand behavior and predict consumer intent, and The Abundancy applies these learnings to inform custom content. Together, they count sixty employees who have joined the Leo Burnett team, now under the leadership of Andrew Swinand in the US.



4 - OUTLOOK

The implementation of One Company and the transformation from a “holding” to a “connecting” company are taking place according to the announced plan, with excellent feedback from clients regarding the new Power of One offering. Recent successes in client retention (GMC, Mars) as well as client and budget wins (Walmart, HPE, USAA, and HSBC) and re-gains (Kellogg’s *Special K*) are promising signs that Publicis Groupe is ready to resume its growth.

As announced, the second quarter of 2017 will remain affected by past issues, and new accounts momentum should allow the return to a more satisfactory organic growth rate in the second half of 2017. Thus the 2018 plan should materialize as expected.

The One Company concept (“no silo, no solo”) developed by Publicis Groupe seems to be setting a trend, as well as the end-to-end approach from consulting to creativity through technology. Publicis Groupe’s lead should be favorable in the quarters to come.

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About Publicis Groupe – The Power of One

Publicis Groupe [Euronext Paris FR0000130577, CAC 40] is a global leader in marketing, communication, and digital transformation, driven through the alchemy of creativity and technology. Publicis Groupe offers its clients seamless access to its tools and expertise through modular offering. Publicis Groupe is organized across four Solutions hubs: **Publicis Communications** (Publicis Worldwide, Saatchi & Saatchi, Leo Burnett, BBH, Marcel, Fallon, MSL, Prodigious), **Publicis Media** (Starcom, Zenith, Mediavest | Spark, Blue 449, Performics), **Publicis.Sapient** (SapientRazorfish, DigitasLBI, Sapient Consulting) and **Publicis Health**. These 4 Solution hubs operate across principal markets, and are carried across all others by **Publicis One**, a fully integrated service offering bringing together the Groupe's expertise under one roof. Present in over 100 countries, Publicis Groupe employs nearly 80,000 professionals.

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Contacts

Publicis Groupe

Peggy Nahmany	Corporate Communications	+ 33 (0)1 44 43 72 83	peggy.nahmany@publicisgroupe.com
Jean-Michel Bonamy	Investor Relations	+ 33 (0)1 44 43 77 88	jean-michel.bonamy@publicisgroupe.com
Chi-Chung Lo	Investor Relations	+ 33 (0)1 44 43 66 69	chi-chung.lo@publicisgroupe.com



Appendices

Organic growth calculation

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

Impact of currency in Q1 2017	
<i>(in million euros)</i>	
GBP ⁽²⁾	(21)
USD ⁽²⁾	44
Others	27
Total	50

(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 at end March 2017 vs. USD 1.103 at end March 2016
EUR = GBP 0.860 at end March 2017 vs. GBP 0.771 at end March 2016



***New Business* : Main wins at end March 2017**



PUBLICIS COMMUNICATIONS

Bradesco (Brazil), Petrobras (Brazil), eBay (France), Nokia (South Africa), Uber (Singapore), Singtel (Singapore), Marriott (USA), SNHU (USA), Chromebook (USA), Truecaller (Sweden)



PUBLICIS MEDIA

Aldi Stores (Australia), Ego (Australia), Southern Cross Travel Insurance (Australia), Fiat Chrysler Automobiles (EMEA / APAC), KFC Corporation (USA), Lowes (USA), Mattel (USA), MolsonCoors (USA & UK), Le Groupe Bel (Global), Merck (Global), Singapore Tourism Board (Global)



PUBLICIS.SAPIENT

Mattel (USA), Carnival Corporation (USA), FirstNet / AT&T Gov't Solutions (USA)



PUBLICIS ONE

OCBC (Malaysia), Reckitt Beckenzier (Malaysia), 20th Fox Century (Malaysia), Ikea (Malaysia), BEL (Czech Republic), Societe Generale (Serbia), P&G (Netherlands), FCA (Netherlands), ABINVEB (Colombia)



2017 press releases

09-01-2017	Publicis Communications: Appointment at Leo Burnett USA and two acquisitions in digital
11-01-2017	Publicis Communications: Appointment at Saatchi & Saatchi; Robert Senior leaves the Groupe
18-01-2017	Publicis One: Appointment in Japan
19-01-2017	Publicis One: Appointment in Turkey
26-01-2017	Governance announcement at Publicis Groupe
01-02-2017	Publicis Communications: Appointment for the Nordics region
03-02-2017	Publicis.Sapient: Appointment at DigitasLBi; Luke Taylor leaves the Groupe
07-02-2017	Appointment of Laurent Carozzi as Publicis Groupe's Chief Performance Officer
09-02-2017	2016 annual results
21-02-2017	Viva Technology: 2 nd edition on June 15-17, 2017
13-03-2017	Share Repurchase Agreement
16-03-2017	Publicis.Sapient: launch of SapientRazorfish's integrated offering
22-03-2017	Partnership between Publicis Groupe and Microsoft



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.