2019 Full Year Results

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Solid results in a transformation year

February 6, 2020

- **Reported net revenue up 9.3% for the full year, with Epsilon contributing in H2**
- **Organic growth at -2.3%, in line with update provided in October**
- **Operating margin rate up, at 17.3% (1) (+30 basis points), including c.€100m additional investment in talents**
- **Headline diluted EPS of €5.02 (+8.2%) (2) and Free Cash Flow (3) of nearly €1.3 billion (+8.2%)**
- **Number 1 in New Business for the 2nd year in a row (4)**
- **Confirmation of 2020 outlook**

2019 Results

(EUR million)	2019	2019 vs 2018
Revenue	**11,001**	**+10.6%**
Net revenue	**9,800**	**+9.3%**
Organic growth		***-2.3%***
Operating margin (1)	**1,699**	**+11.6%**
Operating margin rate (1)	***17.3%***	***+30bps***
Headline Groupe net income	**1,188**	**+9.8%**
Headline diluted EPS (euro)	**5.02**	**+8.2%(2)**
Free Cash Flow (3)	**1,253**	**+8.2%**

Q4 2019 Revenue

Net revenue	**€ 2,871 M**
Reported growth	**+15.2%**
Organic growth	**-4.5%**

(1) Excluding €40m transaction costs related to the acquisition of Epsilon
(2) At constant exchange rates, excluding BEAT Tax. Reported basis: +8.9%
(3) Before change in working capital requirements
(4) Source: Goldman Sachs, JP Morgan

Arthur Sadoun, Chairman and CEO of Publicis Groupe:

« 2019 was a transition year when we completed our model.

We acquired and integrated Epsilon. We changed Publicis Sapient's management and repositioned its operations around business transformation through industry verticals. We put in place a country model to foster cross-fertilization across our expertise in creativity, media, data and technology. And while we were implementing our model, we continued to promote a new generation of leaders in strategic positions, in our most iconic brands, our biggest countries and for our top clients.

All of these necessary changes, combined with the effects of our transition, had a negative impact on our organic growth in 2019. But our model is already delivering concrete results that make us confident for the future. Our reported growth of +9.3% with Epsilon reflects the shift in our revenue profile. We are posting strong financials, increasing our operating margin (1) by +11.6% and Headline diluted EPS (2) by +8.2%, while investing an additional c.100 million euros in our talents. Our model and our go-to-market demonstrate their attractiveness, as illustrated by the new business ranking: for the second year in a row, we are number one in the new business league tables.

Now that we have completed our transformation in terms of assets and organization, we are in position to deliver what our clients really need to thrive in a world increasingly dominated by the platforms, as we demonstrated in our recent wins with Disney and Novartis.

In 2020 our priority is to deliver our organic growth recovery plan by progressively returning to growth in our traditional activities; preparing our future revenue streams with Epsilon and Publicis Sapient, and of course continuing to invest in talents and learning & development to strengthen our offer.

We have taken great steps forward in our transformation journey. We are clear on the steps ahead of us and focused on execution. I would like to thank everyone at Publicis Groupe for their efforts and all of our clients for their trust. »

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(1) Excluding €40m transaction costs related to the acquisition of Epsilon
(2) At constant exchange rates, excluding BEAT Tax. Reported basis: +8.9%

Publicis Groupe's Supervisory Board met on February 5, 2020, under the chairmanship of Maurice Lévy, to examine the annual accounts for 2019 presented by Arthur Sadoun, CEO and Chairman of the Management Board.

KEY FIGURES

EUR million, except per-share data and percentages	*2019*	*2018*	*2019 vs 2018*
Data from the Income and Cash flow Statement			
Net revenue	9,800	8,969	+9.3%
Pass-through revenue	1,201	982	+22.3%
Revenue	11,001	9,951	+10.6%
Operating margin before Depreciation & Amortization	2,245	2,049	+9.6%
% of Net revenue	*22.9%*	*22.8%*	*10 bps*
Operating margin	1,659	1,523	+8.9%
% of Net revenue	*16.9%*	*17.0%*	*-10 bps*
Operating margin excluding transaction costs (1)	1,699	1,523	+11.6%
% of Net revenue	*17.3%*	*17.0%*	*+30 bps*
Operating income	1,267	1,303	-2.8%
Net income attributable to the Groupe	841	919	-8.5%
Earnings Per Share (EPS)	3.59	4.01	-10.5%
Headline diluted EPS (2)	5.02	4.61	+8.9%
Dividend per share (3)	2.30	2.12	+8.5%
Free Cash Flow *before change in working capital requirements*	1,253	1,158	+8.2%
EUR million ***Data from the Balance Sheet***	***Dec. 31, 2019***	***Dec. 31, 2018***	
Total assets	32,659	27,080	+20.6%
Groupe share of Shareholders' equity	7,401	6,853	+8.0%
Net debt (net cash)	2,713	(288)	-

(1) Transaction costs related to the acquisition of Epsilon totaled 40 million euros in 2019

(2) 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, the impact of US tax reform, the revaluation of earn-out costs and Epsilon transaction costs, divided by the average number of shares on a diluted basis

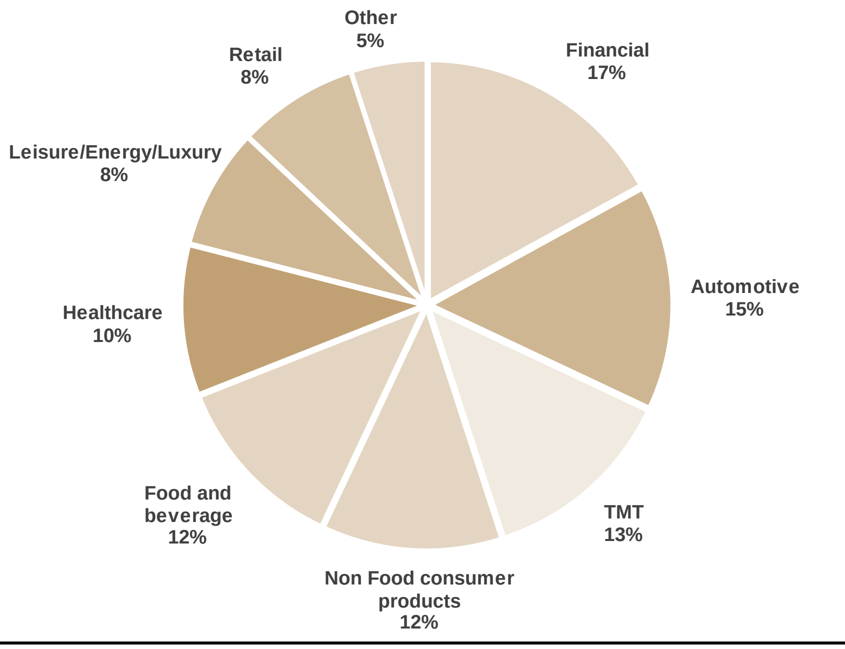
(3) To be proposed to the shareholders at the AGM of May 27, 2020

NET REVENUE IN FULL YEAR 2019

Publicis Groupe's net revenue for the full year 2019 was 9,800 million euros, compared with 8,969 million euros in 2018, i.e. a 9.3% increase. At constant exchange rates, growth was 5.9% and the actual impact of exchange rate variations was positive at 3.1% or 282 million euro. Acquisitions (net of disposals) contributed 760 million euros to net revenue in 2019, reflecting the contribution of Epsilon from July 2019, and of other acquisitions such as Xebia, Soft Computing and Rauxa, partially offset by the disposals of PHS at the end of January 2019 and of Proximedia at the end of April 2019.

Organic growth is -2.3% in 2019. This performance is in line with the expectations shared in October. It reflects three well-identified negative factors. Firstly, an impact of attrition of around 200 basis points; secondly, the effect of contract losses in media in 2018; and thirdly, the repositioning of Publicis Sapient in the United States. These negative effects were partially offset by the continued very good performance of Strategic Game Changers, which saw its net revenue grow by 18%, and by the positive effect of budget gains in 2019.

Breakdown of 2019 Net revenue by sector



Based on 3,769 clients representing 88% of the Groupe's total revenue.

Breakdown of 2019 Net revenue by region

EUR million	Net revenue		Reported growth	Organic growth
	2019	2018		
Europe	2,630	2,622	+0.3%	-2.0%
North America	5,516	4,795	+15.0%	-3.5%
Asia Pacific	1,006	924	+8.9%	+0.8%
Latin America	326	347	-6.1%	-4.9%
Middle East & Africa	322	281	+14.6%	+10.0%
Total	**9,800**	**8,969**	**+9.3%**	**-2.3%**

Europe reported a growth of 0.3%. Excluding the impact of acquisitions and exchange rates, organic growth was -2.0%. The performance compares to high bases, particularly in the second half of the year, in the three main countries of the region. France and the United Kingdom posted slightly negative organic growth of -0.8% and -0.2% respectively. Net revenue in Germany declined -10.0% organically, primarily impacted by media losses in 2018.

Net revenue in North America is up 15.0% from 2018, including the positive impact of the Epsilon acquisition in the last six months of the year. On an organic basis, the region posted a decline in net revenue of -3.5% in 2019. The negative factors explained above apply particularly to the United States, which saw negative growth of -4.1% over the year. Canada posted organic net revenue growth of 8.3%.

Asia Pacific net revenue were up 8.9% on a reported basis and 0.8% on an organic basis. Australia recorded a decline of -7.0% in net revenue on an organic basis, China was down -1.8%, while Singapore and India recorded double-digit growth (16.5% and 10.4% respectively).

Net revenue in Latin America was down -6.1%, on a reported basis. On an organic basis, net revenue was down -4.9% for the year, despite a positive fourth quarter. This is primarily impacted by high comparables and the economic situation in some countries. Business in Brazil was down -10.7% organically over the year. Mexico saw its net revenue fall -6.1% over the year on an organic basis.

Net revenue in the Middle East and Africa region rose by 14.6% thanks to the impact of the rise in the euro and to an increase in organic growth of 10.0%, driven by the United Arab Emirates (16.6%).

NET REVENUE IN Q4 2019

Publicis Groupe's net revenue in Q4 2019 was 2,871 million euros compared to 2,492 million euros in Q4 2018, up by 15.2%. Growth at constant exchange rate was 12.9%. Exchange rate variations had a positive impact of 52 million euros (+2.1%). The acquisitions (net of disposals) contributed 441 million euros to net revenue in Q4 2019, reflecting the contribution of Epsilon from July 2019, and other acquisitions such as Xebia, Soft Computing and Rauxa, partially offset by the disposals of PHS at the end of January 2019 and of Proximedia at the end of April 2019.

Organic growth was -4.5% in Q4 2019. This performance is in line with the indications shared in October. It highlights the impact of three well-identified negative factors. Firstly, attrition, i.e. budget cuts by some clients in traditional advertising, continued. Second, the performance of our media business reflected, as expected, the fact that our budget gains have not fully offset the losses incurred since the third quarter of 2018. Finally, the repositioning of Publicis Sapient in the United States, initiated by the Groupe in 2019, is having a negative impact on short-term growth. As announced at the beginning of the year, Publicis Sapient in the United States is repositioning around business transformation through industry verticals. This reflects the structure already in place for Publicis Sapient's international activities. To do this, several projects have been carried out simultaneously: part of the digital marketing activity is being transferred to our communication activities; Publicis Sapient in the United States is evolving from digital project-based assignments to longer-term digital transformation ones; the business is thus gradually refocusing on activities generating long-term growth.

Breakdown of Q4 2019 Net revenue by region

EUR million	**Net revenue**		**Reported growth**	**Organic growth**
	Q4 2019	**Q4 2018**		
Europe	728	753	-3.3%	-7.0%
North America	1,639	1,260	+30.1%	-4.2%
Asia Pacific	302	277	+9.0%	-2.3%
Latin America	107	110	-2.7%	+0.9%
Middle East & Africa	95	92	+3.3%	-1.2%
Total	**2,871**	**2,492**	**+15.2%**	**-4.5%**

ANALYSIS OF 2019 KEY FIGURES

Income Statement

Operating margin before depreciation and amortization amounted to 2,245 million euros in 2019, compared to 2,049 million euros in 2018, up by 9.6%, including the contribution of Epsilon in H2 2019. This translates into a margin rate of 22.9% of net revenue (22.8% in 2018). Excluding transaction costs related to the acquisition of Epsilon, the operating margin before depreciation and amortization reached 2,285 million euros in 2019, representing a margin rate of 23.3%.

- Personnel costs totaled 6,073 million euros at December 31, 2019, up by 5.7% from 5,747 million euro in 2018. This evolution reflects several factors: the integration of Epsilon in the second half of the year, investments in talents amounting to c.100 million euros for both our Game Changers and our media and creative activities, only partly offset by the adjustment in variable compensation reflecting the fact that organic growth target has not been met. As a percentage of net revenue, personnel expenses were 62.0%, compared to 64.1% in 2018, partly reflecting the structure of Epsilon Income Statement, in which personnel costs are less significant as a percentage of revenue. Fixed personnel costs of 5,353 million euros represented 54.6% of net revenue versus 55.4% in 2018. The cost of freelancers was 348 million euros in 2019, compared to 367 million euros in 2018. Restructuring costs reached 116 million euros in 2019 (104 million euros in 2018) and are part of the Groupe's ongoing reorganization, "The Power of One", which results in increased integration of structures and activities at country level.

- Other operating expenses (excluding depreciation & amortization) amounted to 2,683 million euros, up from 2,155 million euros in 2018. These costs represent 27.4% of net revenue compared to 24.0% in 2018. Excluding Epsilon-related transaction costs of 40 million euros, operating expenses in 2019 amounted to 2,643 million euros, or 27.0% of net revenue. The cost structure of Epsilon explains the increase in this ratio.

Depreciation and amortization charge was 586 million euros in 2019, up by 11.4% compared to 2018. The increase is largely due to the consolidation of Epsilon on the second half of the year.

The operating margin amounted to 1,659 million euros, up by 8.9% compared to the 2018 margin of 1,523 million euros. Excluding transaction costs related to the acquisition of Epsilon, the operating margin was 1,699 million euros, i.e. a margin rate of 17.3%, up by 30 basis points compared to 2018. This improvement is mainly due to the decrease in personnel costs as a percentage of net revenue, the sale of PHS, as well as favorable currency impacts, partially offset by the increase in other operating expenses. These elements made it possible to generate the necessary resources to finance investment in talents, for both our Game Changers and our creative and media activities.

Excluding transaction costs related to the acquisition of Epsilon, operating margin rates by major geographic area were 13.7% for Europe, 19.6% for North America, 17.7% for Asia-Pacific, 13.8% for Latin America and 10.9% for the Africa / Middle East region.

Amortization of intangibles arising from acquisitions totaled 204 million euro in 2019, up from 69 million euro in 2018. This increase is mainly due to the new intangible items arising from the consolidation of Epsilon, as well as the implementation of our country-model organization that leads to a change in accounting approach regarding tradenames arising from acquisitions. Tradenames started to be amortized from 1st July 2019. Impairment losses amounted to 209 million euros, out of which 82 million euros mainly on intangibles. It also includes 127 million euros linked to the real estate consolidation "All in One", which leads to a reduction in the number of sites, while allowing better collaboration between the teams. In 2018, impairment losses were 131 million euros (of which 114 million euros related to real estate plan “All in One”). In addition, net non-current income is positive of 21 million euros 2019, resulting from disposals, compared to a charge of 20 million euros in 2018.

Operating income totaled 1,267 million euro in 2019, after 1,303 million euro in 2018.

The financial result, comprising the cost of net financial debt and other financial charges and income, is an expense of 91 million euros in 2019 compared to an expense of 71 million euros in 2018. The net expense on net financial debt was 25 million euros in 2019, including a 58 million euros interest charge related to Epsilon’s acquisition debt. Net expense on net financial debt was 11 million euros in 2018. Other financial income and expenses were a charge of 66 million euros, notably composed of 70 million euros interest on lease liabilities. Other financial income and expenses were a charge of 60 million euros in 2018, including 58 million euros of interest on lease obligations.

The revaluation of earn-out payments amounted to an expense of 22 million euros at year-end, after an expense of 13 million in 2018.

The tax charge is 305 million euros, corresponding to an effective tax rate of 25.0% in 2019, compared to 285 million euros in 2018, corresponding to an effective tax rate of 24.0%.

The share in the profit of associates is a loss of 5 million euros, compared to a loss of 4 million euros the previous year. Minority interests were 3 million euros in 2019 compared to 11 million in 2018.

Overall, Net income attributable to the Groupe was 841 million euros at December 31, 2019, compared to 919 million euro at December 31, 2018.

Free Cash Flow

EUR million	*2019*	*2018*
Operating margin before Depreciation & Amortization	2,245	2,049
Financial interest paid (net)	11	(3)
Refunding of lease commitments and associated interest	(480)	(432)
Income tax paid	(349)	(328)
Other	51	68
Cash Flow from operations before change in WCR	**1,478**	**1,354**
Investments in fixed assets (net)	(225)	(196)
Free Cash Flow before changes in WCR	**1,253**	**1,158**
Variation in working capital requirements	394	153
Free cash-flow	**1,647**	**1,311**

The Groupe's free cash flow, excluding change in working capital requirements, was up by 8.2% compared to 2018, at 1,253 million euros. This upswing is mainly due to the increase in the operating margin before depreciation and amortization. The increase in net investments in fixed assets is mainly due to the consolidation of Epsilon's activity in the second half of the year. Tax paid increased from 328 million euros in 2018 to 349 million euros in 2019.
The change in working capital requirements is 394 million euros in 2019, compared to 153 million euro in 2018. This increase is related to the continued cash management policy, particularly on overdue recovery. It also benefits from the positive contribution of Epsilon's change in working capital requirements.
The Groupe's free cash flow including variations in working capital requirements was 1,647 million euros up by 25.6% from the previous year.

Net debt

Net financial debt amounted to 2,713 million euros as of December 31, 2019 compared to net cash of 288 million euros as of December 31, 2018. The Groupe's average net debt in 2019 amounted to 2,375 million euros compared to 1,323 million euros in 2018. The increase in the Groupe's debt reflects the financing linked to the acquisition of Epsilon, largely funded by the issue of bonds amounting to 2.25 billion euros in three tranches.

NEW BUSINESS

In 2019, for the second year in a row, Publicis was ranked first across the industry in new business league tables[1].

Publicis offer demonstrated its attractiveness, in every dimension, with both new and existing clients. New clients have elected the Groupe for their marketing transformation, like *Disney* globally, *LVMH* in Europe and *British Telecom* in the UK. The Groupe has successfully extended its scope with existing clients and won new assignments, with *Mondelez* or *NBC Universal*, both in the US. In addition, only one year after the Groupe won the media and digital assignment of *GSK*, it has been awarded the *Pfizer Consumer Healthcare* media business. Finally, Publicis Groupe has leveraged its existing relationship with *Novartis* and *Axa* and increased its market share in consolidation pitches.

This momentum is continuing in 2020. *Bank of America* decided early February to consolidate its creative business with Leo Burnett to accelerate their data driven creative approach with the Groupe.

ACQUISITION OF EPSILON

On April 14, 2019, Publicis Groupe announced that it had entered into an agreement with Alliance Data Systems Corporation (NYSE: ADS) to acquire **Epsilon** for a net acquisition price of $3.95 billion after taking into account the favorable tax impacts related to the transaction (and a total cash amount of $ 4.45 billion). At the same time, Publicis Groupe and Alliance Data Systems have decided to forge a strategic partnership. This acquisition accelerates the implementation of Publicis Groupe's strategy of becoming the preferred partner of its customers in their transformation. The closing, which took place on July 1, 2019, was announced on July 2. At the end of 2019, the integration was largely completed. Epsilon was positioned as the Groupe core expertise in building, enriching, and activating first party data to irrigate all activities. Epsilon’s advertising activities were folded into Leo Burnett while CJ Affiliate has been placed under strategic review, to explore different ways to unlock value.

OTHER ACQUISITIONS AND DISPOSALS

On January 31, 2019, Publicis Groupe announced the definitive signing of the sale of **Publicis Health Solutions (PHS)** to Altamont Capital Partners (Altamont). PHS, which belonged to the Publicis Health solution pole, is an organization of medical and marketing representatives for pharmaceutical, biotechnology, medical device and diagnostic companies. Its brands, including Touchpoint, PDI, Tardis Medical, PHrequency and CustomPoint Recruiting, offer a full range of services to customers.

[1] Source: Goldman Sachs, JP Morgan

On February 7, 2019, Publicis Groupe confirmed that it had finalized on February 6, 2019 the acquisition of 82.99% of the capital of **Soft Computing**, French leader in Data Marketing, at a price of 25 euros per share, i.e. a total amount of approximately 43.4 million euros. This acquisition was carried out with the founding shareholders and their families and follows the lifting of all the suspensory conditions relating to the agreements signed on December 19, 2018. The proposed price shows a premium of 66.67% compared to the closing price on December 19, 2018. Founded in 1984 by Eric Fischmeister and Gilles Venturi, Soft Computing is a company specializing in data and its exploitation for digital marketing and the transformation of the customer experience. This leading structure, with more than 400 talents, supports most of the large companies in the distribution, services and finance sectors. In April 2019, the Groupe acquired the remaining minority interests in Soft Computing, on which it now has a 100% control.

On February 14, 2019, Publicis Groupe announced that following a competitive sales process, conducted with the help of a large local bank, the group entities holding the companies of **Proximedia group** entered in exclusive negotiations with the company Ycor with a view to selling the entire Proximedia group. Present in France, Belgium, Holland and Spain, Proximedia provides digital services to VSEs, SMEs, traders and artisans for their presence on the Web and their promotion. The sale was completed during the first half of 2019.

On August 19, 2019, Publicis Groupe announced its acquisition of **Rauxa**, an independent, full-service marketing agency. Rauxa has become part of Publicis Media, the media solution hub of Publicis Groupe. Founded in 1999, the agency has averaged double-digit growth every year, with a net revenue of around 70M$ in 2018, and more than 300 employees spanning New York, Los Angeles, San Francisco, Seattle, Orange County and Dallas. Rauxa's clients include Verizon, Samsung, Alaska Airlines, Vans, Celgene and 20 other leading client brands. Rauxa operates as a Publicis Media agency brand in the United States, and continues to be led by its founder Jill Gwaltney, and its President and Chief Executive Officer Gina Smith, reporting to David Penski, COO Publicis Media U.S and Chairman of PMX and Tim Jones, CEO of Publicis Media Americas. Rauxa will work closely alongside Publicis Media's digital agencies (Moxie, MRY and Digitas) driving deeper communications touchpoints across strategy, CRM and personalized creative.

NOMINATIONS

In 2019, the Groupe continued to promote a new generation of leaders in strategic positions, in its most iconic brands, its biggest countries and its top clients. The Groupe invested an additional 100 million euros in talents, promoted 100 leaders internally, and hired 150 top executives.

Publicis Sapient, the digital business transformation hub of Publicis Groupe, announced the appointment of **John Maeda** as Chief Experience Officer. The selection of Maeda 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, illustrating the 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 U.S. ComEx and Publicis Communications U.S. organized into three Zones) that will drive U.S. 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 steering overall performance and growth for the Group and its clients, in the company's largest market. Publicis Groupe U.S. ComEx is chaired by Arthur Sadoun, Chairman and CEO, Publicis Groupe, and comprises 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, Nigel Vaz, CEO, Publicis Sapient; and Dave Penski, COO Publicis Media U.S and Chairman of PMX.

Publicis Communications U.S. 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 U.S., which will transit to Publicis Communications. The digital business transformation capability remains within the Publicis Sapient hub.

Publicis Groupe has appointed **Ian Wharton** as Executive Creative Director at Publicis Sapient, the Groupe's digital transformation hub. Ian Wharton joins the Publicis Groupe UK creative teams, led by Ben Mooge, Chief Creative Officer of Publicis Groupe UK, and is part of the Publicis Sapient Global Experience team, where he is responsible for designing projects of excellence.

Publicis Groupe has formed the **North Asia zone**, made up of China, Hong Kong, Taiwan, South Korea and Japan, to drive synergy on digital practices, content, production and digital business transformation across these markets to further enhance the Power of One offering for our clients. **Jane Lin-Baden** took up the position of General Manager of the North Asia region, in parallel with her position of Managing Partner of Publicis Groupe APAC. In order to strengthen its positioning in these countries, the Group has made several appointments. **Katie Xie** has been appointed Chief Talent Officer of the North Asia region to lead the HR and Talent organization of five markets in the region; she previously held the position of HR Executive Director for

Disney North Asia region across all its lines of business. **Andy Ho** joins the Groupe as Global Client Partner of Publicis Groupe China, he brings 22 years of experience in the automotive, FMCG and technology sectors, through leadership positions in various agencies, including Group Strategist, Integration & Innovation of Dentsu Aegis China, Key Client President of Beijing Dentsu, as well as MD of McGarryBowen China. **Irene Chang** has also been promoted to Managing Director of Publicis Media Taiwan.

Publicis Groupe has appointed **Margaret Key** Chief Executive Officer, MSL, Asia Pacific, Middle East and Africa. She is in charge of driving MSL's strategy across the region while overseeing all MSL's global clients and key strategic initiatives across talents and capabilities, with a view to continue strengthening MSL's presence across the markets and within the region.

Publicis Groupe announced the appointment of **Anupriya Acharya** as Chief Executive Officer, South Asia. In this newly created role, Acharya will be leading Publicis Groupe's country agenda across India and Sri Lanka. Her primary responsibilities will include driving greater integration across the Groupe's operations to deliver end to end marketing transformation to existing clients while winning the trust of new ones, as well as cultivating and attracting the best talent across Agencies and Practices. She will be supported by the India leadership team, comprising all the agencies' CEOs, including creative, media, digital, influence, data and technology.

Publicis Groupe has appointed industry veteran leader **Cary Huang** Chief Executive Officer of Media, Digital of Publicis Groupe in China. He will oversee all Media, Digital and Commerce brands in China, including Starcom, Zenith, Spark, Performics, Digitas, Publicis Commerce.

OUTLOOK

The transformation of Publicis Groupe is now finalized in terms of assets and structures. The teams' priority in 2020 is to focus on the execution of the strategy and on returning to organic growth.

The Groupe is well-positioned and now has the assets and the talents that its clients need. The Groupe has taken the necessary actions to lay the foundations for profitable and sustainable growth, which should enable it to return to positive growth over time. A sequential improvement will be visible fairly rapidly. However, half-year performance should remain negative, most notably in the 1st quarter.

The Groupe is confirming the outlook communicated in October 2019, with organic growth between -2% and +1%. The Groupe also confirms its ambition of an operating margin rate at around 17%, supported by the simplification of its structures and its new sources of revenue.

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Disclaimer

Certain information contained in this document, other than historical information, may constitute forward-looking statements or unaudited financial forecasts. These forward-looking statements and forecasts are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These forward-looking statements and forecasts are presented at the date of this document and, other than as required by applicable law, Publicis Groupe does not assume any obligation to update them to reflect new information or events or for any other reason. Publicis Groupe urges you to carefully consider the risk factors that may affect its business, as set out in the Registration Document filed with the French Autorité des Marchés Financiers (AMF) and which is available on the website of Publicis Groupe (www.publicisgroupe.com), including an unfavorable economic climate, an extremely competitive market sector, the possibility that our clients could seek to terminate their contracts with us at short notice, the fact that a substantial part of the Group's revenue is derived from certain key clients, conflicts of interest between advertisers active in the same sector, the Group's dependence on its directors and employees, laws and regulations which apply to the Group's business, legal action brought against the Group based on allegations that certain of the Group's commercials are deceptive or misleading, the strategy of growing through acquisitions, the depreciation of goodwill and assets listed on the Group's balance sheet, the Group's presence in emerging markets, exposure to liquidity risk, a drop in the Group's credit rating and exposure to the risks of financial markets.

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 data, creativity, media and technology, uniquely positioned to deliver personalized experience at scale. Publicis Groupe offers its clients a seamless end-to-end service to address all their marketing and transformation challenges. Publicis Groupe is organized across Solutions hubs: Publicis Communications (Publicis Worldwide, Saatchi & Saatchi, Leo Burnett, BBH, Marcel, Fallon, MSL, Prodigious), Publicis Media (Starcom, Zenith, Spark Foundry, Performics, Digitas), Publicis Sapient and Publicis Health. Epsilon, the data-driven marketing and tech company and its platform Conversant, is positioned at the center of the group fueling all the group's operations. Present in over 100 countries, Publicis Groupe employs nearly 84,000 professionals.

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Contacts

Publicis Groupe

Delphine Stricker	Corporate Communications	+ 33 (0)6 38 81 40 00	delphine.stricker@publicisgroupe.com
Alessandra Girolami	Investor Relations	+ 33 (0)1 44 43 77 88	alessandra.girolami@publicisgroupe.com
Brice Paris	Investor Relations	+ 33 (0)1 44 43 79 26	brice.paris@publicisgroupe.com

Appendices

Net revenue: organic growth calculation

(million euro)	Q1	Q2	Q3	Q4	12 months
2018 net revenue	**2,082**	**2,198**	**2,197**	**2,492**	**8,969**
Currency impact [(2)]	93	72	65	52	282
2018 net revenue at 2019 exchange rates (a)	2,175	2,270	2,262	2,544	9,251
2019 net revenue before acquisition impact [(1)] (b)	2,136	2,273	2,201	2,430	9,040
Net revenue from acquisitions [(1)]	(18)	(39)	376	441	760
2019 net revenue [(1)]	**2,118**	**2,234**	**2,577**	**2,871**	**9,800**
Organic growth (b/a)	**-1.8%**	**+0.1%**	**-2.7%**	**-4.5%**	**-2.3%**

Impact of currency at end December 2019 *(million euro)*	
GBP [(2)]	8
USD [(2)]	252
Others	22
Total	**282**

(1) Acquisitions (Optix, Independent Ideas, Ecosys, Domaines Publics, Payer Science, One Digital, The Shed, Kindred, Xebia, IDC Creation, Brilliant, Soft Computing, E2 Media, Epsilon, Rauxa, DigitasAffinity ID, McCready Bale Media, RDL, SearchForce) net of disposals.

(2) EUR = USD 1.119 on average in 2019 vs. USD 1.180 on average in 2018
EUR = GBP 0.877 on average in 2019 vs. GBP 0.885 on average in 2018

New Business: Main wins in 2019

PUBLICIS COMMUNICATIONS

Google (USA), Barclays (UK), Samsung (UK & USA), Massage Envy (USA), Cumberland Farms (USA), Nestlé (Australia), RAMS Financial Group (Australia), Health Promotion Board (HPB) (Singapore), Banco Safra (Brazil), Perdigão (Brazil), Distell (South Africa), MillerCoors, Coors Light (USA), Facebook Messenger (USA), Oppo (China), Nesqino (China), Nescafe (Brazil), Lincoln China (China), Aramco Eastern Province Festival (Saudi Arabia), Tesco Mobile (UK), Fan Duel Group (USA), Visit Victoria (Australia), Total (France), Coral (UK), Cooper Tire (USA), Servicemaster (USA), KeyBank (USA), The Cronos Group (Canada), CTC (USA), Mondelez (USA), British Telecom (UK), Axa Group (Global), Beiersdorf AG (Nivea) (Global), Citic Bank (Greater China), Tencent (Greater China), Sephora (France), Align Technology (USA), KeyBank (USA), TruGreen (USA), Tracfone (Saudi Arabia), G20 (Saudi Secretariat) (Saudi Arabia), Tamn (Abu Dhabi Government) (UAE), Bundesminidterium fuer Arbeit und Soziales (Germany), Adcock Ingram (South Africa), Ferrero (Italy), Alphabet Fuhrparkmanagement GmbH (Germany), Sanlam Asset Management (South Africa), Lodha Developers (India), Ambev (Brazil), Servicemaster (USA), Ladbrokes Coral (UK & Ireland)

PUBLICIS MEDIA

Agata Katowice (Poland), Banco De Oro (Philippines), CDO Foodsphere (Philippines), Coca-Cola (Philippines), Distell (South Africa), Driven Brands (USA), E. Wedel (Poland), FCA (Canada), Flo (Turkey), Friso (China), GreatCall (USA), Grupa Lotos (Poland), GSK (Portugal, Spain, Thailand, Denmark), Honor (China), Honor Mobiles (India), Huawei (China), Lactalis (Denmark, Malaysia, Spain), McDonald's (Russia), NBC Universal (USA), ONCE (Spain), OVS (Italy), Purplebricks (USA), Reckitt Benckiser (India, Philippines, Spain), Tomorrow Bank (Thailand), Twitter (USA), Visa (Mexico), Vuclip India (India), WeWork (China, Taiwan), Cassa Depositi e Prestiti (Italy), Greenleaf (USA), Hero Electronix (India), Lotos (Poland), LVMH (Middle East), mobile.de (Germany), mobile.de / eBay Motors (Germany), Orlen (Poland), Polo Ralph Lauren (USA), Realme Mobile (India), Tchibo (Czech Republic, Slovakia), Telkom (South Africa), Vinamilk Corp. (Vietnam), LVMH (EMEA), Alaska Milk Corp. (Philippines), Alcon (India, Mexico, USA), Australian Unity (Australia), Edeka (Germany), Ferrero (Indonesia, New Zealand, South Korea, Taiwan), Kellogs (Australia, New Zealand), Lowes (Canada), LVMH (Austria, Belgium, Czech Republic, Denmark, Finland, Germany, Greece, Norway, Poland, Portugal, Spain, Sweden, Ukraine), Mattel (Canada), Maxis (Malaysia), Netto (Germany), Republic TV (India), Three Hutchison (UK), Vistaprint (Canada, USA), Walmart (India), Disney (Global), AXA (Global), Eurowings (EMEA), Abbott Nutrition (Taiwan), Align Technology (Singapore, Taiwan), AXA (UK), Century Pacific Food Inc. (Philippines), Coty (Germany, Italy, UK, USA), Danone (China), Domitys (France), Eurowings (Austria, Germany, Italy, Switzerland, UK), Ferrero (China, Thailand, UK), Hero MotoCorp (India), Lapeyre (France), McDonald's (Taiwan), McMillan (UK), Pernod Ricard (Taiwan), Pfizer (France, Italy, Spain), Shanghai Disney Resort (China), Sodiaal Groupe (France), Unieuro (Italy), UpGrad (India), Well Yes (USA), Wyeth Consumer Healthcare/ Pfizer (China)

PUBLICIS SAPIENT

Goldman Sachs (USA), World Fuel Services Corporation (USA), UBS AG (USA), Heathrow Airport (UK), Citigroup Technology (USA), Bacardi-Martini (USA), Neiman Marcus (USA), Government of Abu Dhabi (UAE), Telefonica (Spain), The Capital Group Inc. (USA), Northern Trust (USA), Gibson Energy Inc. (Canada), BT Pensions (UK), ADNOC (UAE)

PUBLICIS HEALTH

Abbott (USA & Canada), Abbvie (USA), Amazon (USA), Boehringer Ingelheim (Global), Bristol-Myers Squibb (France), Roche (Global & EMEA), Merck & Co. (USA), Novo Nordisk (USA), Sanofi Genzyme (USA), Sunovion Pharmaceuticals, Inc. (USA & Canada), Alfasigma (USA & Canada), Pfizer (Global), Supernus Pharma (USA), AbbVie (Global), ACADIA Pharmaceuticals Inc. (USA), GlaxoSmithKline (Global), HCA Healthcare (USA), Novartis (USA), Oncopeptides (USA), Johnson & Johnson (USA), Regeneron Pharmaceuticals (USA), Sanofi Pasteur (Global), Align Technology (Global), Align Technology (Global), Arena Pharmaceuticals (Global), Edward LifeSciences (USA & Canada), Parexel (Global), Takeda (USA & Canada)

2019 press releases

08-01-2019	Publicis Groupe appoints Michael Rebelo as Chief Executive Officer, Australia & New-Zealand
24-01-2019	Publicis Groupe appoints Bertilla Teo and Michael Lee as co-Chief Executive Officers, Greater China
30-01-2019	Publicis Groupe finalizes the sale of its medical representative division, PHS
06-02-2019	Publicis Groupe: 2018 annual results
07-02-2019	Publicis Groupe finalizes the acquisition of soft computing
11-02-2019	Publicis Groupe announces the appointment of Alessandra Girolami as VP, investor relations & strategic financial planning
04-02-2019	Publicis Groupe enters into exclusive negotiations with Ycor for the sale of its digital services subsidiary, Proximedia
27-02-2019	Publicis Groupe Malaysia Appoints Abraham Varughese as Chief Creative Officer
07-03-2019	Supervisory Board
26-03-2019	Publicis Groupe Named Adobe’s Digital Experience Partner Of The Year For The Americas
01-04-2019	Statement
03-04-2019	Publicis Groupe Agencies Score High Marks on The Human Rights Campaign’s 2019 Corporate Equality Index
09-04-2019	Publicis Groupe Germany appoints Frank-Peter Lortz as CEO of Publicis Communications Germany
14-04-2019	Publicis Groupe Announces Plan to Acquire Epsilon
14-04-2019	Publicis Groupe: 1st quarter 2019 revenue
17-04-2019	Availability of the 2018 Reference Document
24-04-2019	2018 dividend
02-05-2019	Mark Tutssel Leaving Leo Burnett after Illustrious Three-Decade Career
07-05-2019	Maurice Lévy inducted into the Advertising Hall of Fame 2019 by the American Advertising Federation (AAF)
16-05-2019	Renault Group adds a new dimension to its on-board editorial content platform and enters into a strategic agreement with Publicis Groupe
23-05-2019	Publicis Groupe announces the appointment of Delphine Stricker as VP, Director of Communications
28-05-2019	Significant progress on the financing of the Epsilon acquisition
29-05-2019	Combined General Shareholders’ Meeting
05-06-2019	Publicis Groupe successfully places a 2.25 billion euros bond issue
17-06-2019	Publicis Groupe UK strengthens its “country model” with the appointment of Ben Mooge as Chief Creative Officer
18-06-2019	Publicis Sapient Announces Appointment of John Maeda as Chief Experience Officer
02-07-2019	Publicis Groupe finalizes the acquisition of Epsilon

04-07-2019	Publicis Groupe announces appointments in North Asia
11-07-2019	Publicis Groupe announces appointments in the United States to accelerate its transformation
22-07-2019	Viva Technology announces the dates of its 5th edition Rendez-vous in Paris from 11 to 13 June 2020
14-08-2019	Description of the share buyback program authorized by the Combined Ordinary and Extraordinary Shareholders' Meeting of May 29, 2019
19-08-2019	Publicis Groupe acquires Rauxa in the United States, an integrated marketing agency
04-09-2019	Publicis Groupe announces appointments in North Asia
08-10-2019	Publicis Groupe launches Epsilon France
10-10-2019	Publicis Groupe: 3rd Quarter 2019 Revenue
05-11-2019	Publicis Groupe wins partnership for AXA's advertising creation, strategy and media buying in four of its key markets
22-11-2019	Publicis Groupe appoints Margaret Key as Chief Executive Officer of MSL APAC and MEA

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: 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 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, the impact of US tax reform, the revaluation of earn-out costs and Epsilon transaction 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 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.

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

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

Consolidated income statement

(in millions of euros)	2019	2018
Net revenue[1]	**9,800**	**8,969**
Pass-through revenue	1,201	982
Revenue	**11,001**	**9,951**
Personnel costs	(6,073)	(5,747)
Other operating costs	(2,683)	(2,155)
Operating margin before depreciation and amortization	**2,245**	**2,049**
Depreciation (excluding acquired intangible assets)	(586)	(526)
Operating Margin	**1,659**	**1,523**
Amortization of intangibles from acquisitions	(204)	(69)
Impairment loss	(209)	(131)
Non-current income and expenses	21	(20)
Operating income	**1,267**	**1,303**
Financial expense	(137)	(81)
Financial income	112	70
Cost of net financial debt	**(25)**	**(11)**
Revaluation of earn-out payments	(22)	(13)
Other financial income and expenses	(66)	(60)
Pre-tax income of consolidated companies	**1,154**	**1,219**
Income taxes	(305)	(285)
Net income of consolidated companies	**849**	**934**
Share of profit of associates	(5)	(4)
Net income	**844**	**930**
Of which: - Net income attributable to non-controlling interests	3	11
Net income attributable to equity holders of the parent company	**841**	**919**

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

Number of shares	*234 293 034*	*229,231,677*
Earnings per share	*3,59*	*4.01*
Number of diluted shares	*236 608 597*	*234,564,382*
Diluted earnings per share	*3,55*	*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.

Consolidated statement of comprehensive income

(in millions of euros)	2019	2018
Net income for the period (a)	**844**	**930**
Comprehensive income that will not be reclassified to income statement		
- Actuarial gains (and losses) on defined benefit plans	(29)	22
- Deferred taxes on comprehensive income that will not be reclassified to income statement	5	(2)
Comprehensive income that may be reclassified to income statement		
- Remeasurement of hedging instruments	(84)	6
- Consolidation translation adjustments	78	73
Total other comprehensive income (b)	**(30)**	**99**
Total comprehensive income for the period (a) + (b)	**814**	**1,029**
Of which:		
- Total comprehensive income for the period attributable to non-controlling interests	3	10
- Total comprehensive income for the period attributable to equity holders of the parent company	811	1,019

Consolidated balance sheet

(in millions of euros)	**December 31, 2019**	**December 31, 2018**
Assets		
Goodwill, net	11,629	8,751
Intangible assets, net	1,979	1,125
Right-of-use assets related to leases	2,122	1,732
Property, plant and equipment, net	720	611
Deferred tax assets	143	150
Investments in associates	32	62
Other financial assets	218	215
Non-current assets	**16,843**	**12,646**
Inventories and work-in-progress	411	367
Trade receivables	10,233	9,115
Assets on contracts	1,002	874
Other current receivables and assets	757	689
Cash and cash equivalents	3,413	3,206
Assets held for sale	-	183
Current assets	**15,816**	**14,434**
Total assets	**32,659**	**27,080**

Equity and Liabilities		
Share capital	96	94
Additional paid-in capital and retained earnings, Group share	7,305	6,759
Equity attributable to holders of the parent company	**7,401**	**6,853**
Non-controlling interests	(9)	0
Total equity	**7,392**	**6,853**
Long-term borrowings	4,286	2,425
Long-term lease liabilities	2,196	1,648
Deferred tax liabilities	413	446
Long-term provisions	426	384
Non-current liabilities	**7,321**	**4,903**
Trade payables	13,411	12,176
Liabilities on contracts	353	284
Short-term borrowings	1,602	449
Short-term lease liabilities	336	393
Income taxes payable	351	365
Short-term provisions	170	125
Other creditors and current liabilities	1,723	1,432
Liabilities held for sale	-	100
Current liabilities	**17,946**	**15,324**
Total equity and liabilities	**32,659**	**27,080**

Consolidated statement of cash flows

En millions of euros)	**2019**	**2018**
Cash flow from operating activities		
Net income	844	930
Neutralization of non-cash income and expenses:		
Income taxes	305	285
Cost of net financial debt	25	11
Capital losses (gains) on disposal of assets (before tax)	(20)	20
Depreciation, amortization and impairment loss	999	726
Share-based compensation	49	63
Other non-cash income and expenses	88	76
Share of profit of associates	5	4
Dividends received from associates	2	2
Taxes paid	(349)	(328)
Change in working capital requirements[1]	394	153
Net cash flows generated by (used in) operating activities (I)	**2,342**	**1,942**
Cash flow from investing activities		
Purchases of property, plant and equipment and intangible assets	(232)	(207)
Disposals of property, plant and equipment and intangible assets	7	11
Purchases of investments and other financial assets, net	20	(11)
Acquisitions of subsidiaries	(4,143)	(260)
Disposals of subsidiaries	88	19
Net cash flows generated by (used in) investing activities (II)	**(4,260)**	**(448)**
Cash flow from financing activities		
Dividends paid to holders of the parent company	(285)	(210)
Dividends paid to non-controlling interests	(12)	(10)
Proceeds from borrowings	3,413	11
Repayment of borrowings	(485)	(159)
Repayment of lease liabilities	(403)	(374)
Interest paid on lease liabilities	(77)	(58)
Interest paid	(96)	(69)
Interest received	107	66
Buyouts of non-controlling interests	(40)	(21)
Net (buybacks)/sales of treasury shares and warrant	7	9
Net cash flows generated by (used in) financing activities (III)	**2,129**	**(815)**
Impact of exchange rate fluctuations (IV)	**4**	**133**
Change in consolidated cash and cash equivalents (I + II + III + IV)	**215**	**812**
Cash and cash equivalents on January 1	3,206	2,407
Bank overdrafts on January 1	(14)	(27)
Net cash and cash equivalents at beginning of year (V)	**3,192**	**2,380**
Cash and cash equivalents at closing date	3,413	3,206
Bank overdrafts at closing date	(6)	(14)
Net cash and cash equivalents at end of the year (VI)	**3,407**	**3,192**
Change in consolidated cash and cash equivalents (VI - V)	**215**	**812**

[1] *Breakdown of change in working capital requirements*		
Change in inventory and work in progress	(14)	42
Change in trade receivables and other receivables	(529)	(274)
Change in accounts payable, other payables and provisions	937	385
Change in working capital requirements	**394**	**153**

Consolidated statement of changes in equity

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital	Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to equity holders of the parent company	Minority interests	Total equity
231,240,308	**December 31, 2018**	**94**	**3,926**	**2,875**	**(263)**	**221**	**6,853**	**-**	**6,853**
	Net income			841			841	3	844
	Other comprehensive income, net of tax				78	(108)	(31)	(0)	(31)
	Total comprehensive income for the year			**841**	**78**	**(108)**	**811**	**3**	**814**
4,481,915	Dividends	2	206	(493)			(285)	(12)	(297)
522,277	Share-based compensation, net of tax			48			48		48
	Effect of acquisitions and commitments to buy out non-controlling interests			(40)			(40)		(40)
183,068	Equity warrant exercise	0	5				5		5
529,259	(Buybacks)/sales of treasury shares			9			9		9
236,956,827	**December 31, 2019**	**94**	**4,137**	**3,240**	**(185)**	**113**	**7,401**	**(9)**	**7,392**

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital	Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to equity holders of the parent company	Minority interests	Total equity
226,295,805	**January 1, 2018**	**92**	**3,680**	**2,336**	**(337)**	**195**	**5,966**	**2**	**5,968**
	Net income			919			919	11	930
	Other comprehensive income, net of tax				74	26	100	(1)	99
	Total comprehensive income for the year			**919**	**74**	**26**	**1,019**	**10**	**1,029**
4,323,480	Dividends	2	243	(455)			(210)	(10)	(220)
210,612	Share-based compensation, net of tax			63			63		63
	Effect of acquisitions and commitments to buy out non-controlling interests			(1)			(1)	(2)	(3)
87,984	Equity warrant exercise	0	3				3		3
322,427	(Buybacks)/sales of treasury shares			13			13		13
231,240,308	**December 31, 2018**	**94**	**3,926**	**2,875**	**(263)**	**221**	**6,853**	**-**	**6,853**

Earnings per share (basic and diluted)

(in millions of euros, except for share data)		2019	2018
Net income used for the calculation of earnings per share			
Group net income	**A**	841	919
Impact of dilutive instruments:			
- Savings in financial expenses linked to the conversion of debt instruments, net of tax		-	-
Group net income – diluted	**B**	841	919
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 year		2,457 867	2,426,498
Treasury shares to be deducted (average for the year)		(3,414 634)	(3,822,546)
Average number of shares used for the calculation	**C**	234 293 034	229,231,677
Impact of dilutive instruments:			
-Free shares and dilutive stock options [(1)]		1 951 354	4,815,491
-Equity warrants [(1)]		364 209	517,214
Number of diluted shares	**D**	236,608,597	234,564,382
(in euros)			
Earnings per share	A/C	**3.59**	**4.01**
Diluted earnings per share	B/D	**3.55**	**3.92**

[(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. At December 31, 2019 the stock options not yet exercised have not been taken into consideration due to their accretive impact on earnings per share.*

Headline earnings per share (basic and diluted)

(in millions of euros, except for share data)		**2019**	**2018**
Net income used to calculate headline earnings per share[(1)]			
Group net income		841	919
Items excluded:			
- Amortization of intangibles from acquisitions, net of tax		153	55
- Impairment loss[(2)], net of tax		163	103
- Main capital gains and losses on disposals of asset and change in fair value of financial assets, net of tax		(21)	10
- Epsilon acquisition related costs		30	
- Net effect of the tax reform in the United States		-	(18)
- Revaluation of earn-out payments		22	13
Headline Group net income	**E**	1,188	1,082
Impact of dilutive instruments:			
- Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Headline Group net income, diluted	**F**	1,188	1,082
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 year		2,457 867	2,426,498
Treasury shares to be deducted (average for the year)		(3,414 634)	(3,822,546)
Average number of shares used for the calculation	**C**	234 293 034	229,231,677
Impact of dilutive instruments:			
- Free shares and dilutive stock options		1 951 354	4,815,491
- Equity warrants		364 209	517,214
Number of diluted shares	**D**	236,608,597	234,564,382
(in euros)			
Headline earnings per share[(1)]	E/C	**5.07**	**4.72**
Headline earnings per share - diluted [(1)]	F/D	**5.02**	**4.61**

(1) *EPS after elimination of the impairment losses, amortization of intangibles from acquisitions, the main capital gains and losses on disposal of assets, the change in the fair value of financial assets, the revaluation of earn-out payments and Epsilon acquisition related costs.*

(2) *this amount includes the impairment losses on right-of-use assets related to leases for euro 95 million in 2019 and euro 114 million in 2018*