IMPACT OF APPLICATION OF IFRS15 AND IFRS16 ACCOUNTING STANDARDS

July 6, 2018 – **Publicis Groupe SA [Euronext Paris: FR0000130577, CAC40]** has applied IFRS15 "Revenue" accounting standard since January 1, 2018 and will also apply IFRS16 "Leases" accounting standard in advance, as of January 1, 2018. In so doing, the Groupe will have, as soon as 2018, implemented all major account principle changes expected over the next 3 years of its "*Sprint To The Future*" strategic plan, and will have numbers on comparable basis for the plan. This will provide a better understanding of a strategic plan that covers 2018, 2019 and 2020, which was presented at the Investor Day on March 20, 2018. Organic growth and operating margin rate improvement objectives communicated at that time remain unchanged.

IFRS15 "Revenue": This accounting standard increases IFRS revenue insofar as certain costs re-billed directly to clients are excluded from revenue. These costs mainly concern production activities as well as various expenses incumbent on clients.

In this context, as the items that can be re-billed to clients do not come within the scope of assessment of operations, Publicis Groupe has decided to use a different indicator, i.e. Net Revenue (1), which is a more relevant indicator to measure the operational performance of the Groupe's activities. The bridge from IFRS15 revenue to net revenue is provided below.

This press release aims to provide:

- 2017 quarterly and full year revenue before and after IFRS15 impact (see Appendix 1),
- 2017 net revenue by quarter and by geography (see Appendix 2),
- The main items of 2017 half year and full year results before and after IFRS15 impact (see Appendix 3).

1 See definition in Appendix 5

IFRS16 “Leases”: Publicis has also decided to early adopt IFRS16 accounting standard as of January 1, 2018.

This accounting standard considers all lease contracts under a single model by which a lease contract is accounted for as a liability (discounted future payments), and a right of use is accounting for as an asset. The right of use will be amortized over the period of the lease contract (taking into account option periods during which the exercise is reasonably certain).

Contracts committed by Publicis for which this accounting standard applies, are:

- Mainly, real-estate leases: Publicis is a tenant of the offices in most cities where the Groupe operates,
- And to a lesser extent, outdoor activities: the Groupe has committed to advertising contract concessions in its advertising sales activity where minimum guarantees apply, as well as vehicles and IT hardware leases.

Publicis has retained the “prospective method” allowed by the accounting standard by which the cumulative effect of the standard will be accounted for as an adjustment to the opening equity, considering the “right of use” asset equals the amount of the lease commitment, adjusted for rents paid in advance. The opening balance sheet with the application of IFRS16 as of January 1, 2018 is provided in appendix 4. Besides, the 2017 consolidated income statement will not be restated. The Groupe will communicate 2018 half-year and full-year results including IFRS16 and will provide those financial items excluding IFRS16.

The information communicated in this press release are currently reviewed by auditors as part of the half-year review process as of June 30, 2018.

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, Spark Foundry, Blue 449, Performics, Digitas)**, Publicis.Sapient** (SapientRazorfish & 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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APPENDIX 1 : 2017 revenue with IFRS15 (million euros)

	Q1 2017			Q2 2017		
	As reported, with net revenue & pass-through	IFRS15 impact	Restated	As reported, with net revenue & pass-through	IFRS15 impact	Restated
NET REVENUE	**2,267**		**2,267**	**2,397**		**2,397**
Pass-through revenue	61	161	222	118	117	235
IFRS REVENUE	2,328	161	2,489	2,515	117	2,632

	Q3 2017			Q4 2017		
	As reported, with net revenue & pass-through	IFRS15 impact	Restated	As reported, with net revenue & pass-through	IFRS15 impact	Restated
NET REVENUE	**2,185**		**2,185**	**2,483**		**2,483**
Pass-through revenue	79	127	206	100	151	251
IFRS REVENUE	2,264	127	2,391	2,583	151	2,734

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APPENDIX 2: 2017 net revenue by geography

(million euros)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
Europe	619	670	589	718	**2,596**
North America	1,274	1,300	1,205	1,253	**5,032**
Asia Pacific	238	261	238	300	**1,037**
Latin America	77	96	88	126	**387**
Middle East Africa	59	70	65	86	**280**
Net revenue	**2,267**	**2,397**	**2,185**	**2,483**	**9,332**

APPENDIX 3: 2017 results with IFRS15 (million euros)

	H1 2017			FY 2017		
	As reported, with net revenue & pass-through	**IFRS15 impact**	**Restated**	**As reported, with net revenue & pass-through**	**IFRS15 impact**	**Restated**
NET REVENUE	**4,664**	**-**	**4,664**	**9,332**	**-**	**9,332**
Pass-through revenue	179	278	457	358	556	914
IFRS REVENUE	4,843	278	5,121	9,690	556	10,246
Personnel costs	(3,095)		(3,095)	(5,977)		(5,977)
Other operating expenses excluding pass-through costs	*(850)*		*(850)*	*(1,689)*		*(1,689)*
Pass-through costs	*(179)*	*(278)*	*(457)*	*(358)*	*(556)*	*(914)*
Other operating expenses	(1,029)	(278)	(1,307)	(2,047)	(556)	(2,603)
Depreciation	(81)		(81)	(161)		(161)
OPERATING MARGIN	**638**	**-**	**638**	**1,505**	**-**	**1,505**
Operating margin rate as a % of revenue	13.2%			15.5%		
Operating margin rate as a % of net revenue	**13.7%**		**13.7%**	**16.1%**		**16.1%**

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APPENDIX 4: Simplified balance sheet with IFRS16 (unaudited)

(million euros)	December 31, 2017	IFRS16 impact	January 1, 2018
ASSETS			
Rights of use relating to leases	-	1,906	1,906
Property, plant and equipment, net	590	(43)	547
Other financial assets	169	23	192
Other non-current assets	9,768	-	9,768
Non-current assets	**10,527**	**1,886**	**12,413**
Other current receivables and assets	649	(4)	645
Other current assets	12,604	0	12,604
Current assets	**13,253**	**(4)**	**13,249**
Total Assets	**23,780**	**1,882**	**25,662**
LIABILITIES			
Total equity	**5,958**	**10**	**5,968**
Long term borrowings	2,780	(89)	2,691
Long term lease liabilities	-	1,681	1,681
Deferred tax liabilities	419	-	419
Long term provisions	591	(11)	580
Non-current liabilities	**3,790**	**1,581**	**5,371**
Short term borrowings	350	-	350
Short term lease liabilities	-	356	356
Short term provisions	107	(4)	103
Other creditors and current liabilities	1,814	(61)	1,753
Other current liabilities	11,761	-	11,761
Current liabilities	**14,032**	**291**	**14,323**
Total Equity and Liabilities	**23,780**	**1,882**	**25,662**
Net debt (1)	**727**	**(89)**	**638**

Impact of first application of IFRS16 on balance sheet opening are:

- Accounting of rights of use and lease liabilities;
- Reclassification of assets and debts relating to existing finance lease as of December 31, 2017;
- Reclassification of incentives to rights of use;
- Reclassification of provisions for vacant spaces as a deduction to rights of use;
- Reclassification of advanced rent payments to right of use;
- Reclassification from right of use to financial assets for sub-leases on the residual period of the contract leases.

1 See definition in Appendix 5

APPENDIX 5: 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: Group net income after elimination of impairment charges, amortization of intangibles arising from acquisitions, main capital gains (or losses) on disposals, effect of US tax reform 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, effect of US tax reform 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.

Free Cash Flow before changes in working capital requirements: Net cash flow from operating activities before changes in WCR linked to operating activities.

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.