PUBLICIS GROUPE

First Half 2018 Results

July 19, 2018

- **H1 results on track with our objective to improve organic growth and expand margin in 2018**
- **Slowdown from a good Q1 to a negative Q2 partly due to health sector**
- **27% growth on our strategic game changers and unprecedented new business track-record ramping up in H2 2018**
- **Strong operating margin rate expansion of 60 basis points in H1 2018 allowing both investment in our transformation to build future growth and 13% headline EPS growth at constant currency**
- **All numbers in value impacted by lower US dollar and other currencies versus the euro**

H1 2018 Results

(million euro)	H1 2018 *before IFRS 16*	2018 vs 2017 at constant exchange rates *before IFRS 16*	2018 vs 2017 *before IFRS 16*
Net revenue [1] [2]	**4,280**	**-0.5%**	**-8.2%**
Organic growth	***-0.4%***		
Operating margin [1]	**611**	**+5.6%**	**-4.2%**
Operating margin rate	***14.3%***	***+80bps***	***+60bps***
Headline group net income [2]	**450**	**+14.2%**	**+4.2%**
Headline EPS, diluted (euro) [2]	**1.94**	**+12.8%**	**+2.6%**

(1) in dollars US, Net revenue: + 2.6 % ; Operating margin: +7.1% (H1 2018 vs. H1 2017)

(2) See definitions

Q2 2018

Net revenue	**2,198**
Reported growth	**-8.3%**
Growth at constant currency	**-2.4%**
Organic growth	**-2.1%**

Arthur Sadoun, Chairman and CEO of Publicis Groupe:

"*First half of 2018 was a busy but very productive period for Publicis Groupe. We have focused on 3 main objectives directly in line with our 3-year transformation plan, Sprint To The Future.*

First, we have set the financial conditions to deliver our full year 2018 targets of organic growth and margin expansion. First half organic growth was slightly negative as in 2017, but with an improvement in North America which turned positive. This is an encouraging sign as this is where our new model is the most advanced. We saw a slowdown from our good first quarter of +1.6% to a second quarter at -2.1%, mostly due to two conjunctural challenges – tougher basis of comparison and uncertainty relating to GDPR implementation impacting our net revenue in Europe – but also to one specific operational bump with our volatile health sales representatives business in the US. This bump represents the biggest share of our negative growth as the overall impact of our Publicis Health business was around 30 million euro.

Despite the environment, we showed a 60 basis point margin improvement and 40 basis points on a comparable basis at constant restructuring charges. This 40 basis point expansion actually includes +70 basis points thanks to cost savings and investment in our game changers representing 30 basis points. These reflect two important points: first, we are making progress in delivering on our efficiency plan, demonstrating our ability to reduce costs while providing more high value products and services to our clients. Second, we are investing in our key strategic capabilities to build the growth of the future.

Overall, our first half financial results, combined with our impressive new business wins that will start ramping up in the second half, make us confident to deliver our full year objective of improving growth and margin versus 2017.

Our second objective was to accelerate our transformation by scaling up our new model connecting data, creativity and technology to accelerate our organic growth.

During this semester, we continued to develop our global practices and simplify our structure in the countries where we operate and the way we work with our clients. We are on track and sometimes ahead on all the KPIs we communicated during the Investor Day in March 2018.

We are actually experiencing very high growth, above 25%, in what will be the core of our offer in the future: our strategic game changers, namely data, dynamic creativity and digital business transformation.

Being at the core of our client transformation has made us win like never before with our existing clients and in new business, be it globally with Daimler, Campbell's and Marriott, or locally with McDonald's, Macy's and Nestlé. The momentum is continuing in Q3, and only last week, we announced the wins of Lenovo media globally, P&G Shopper in the UK and Nestlé in the US.

I reiterate, if necessary, that our market has been facing major challenges and transformation has become a necessity for all. Initiatives we launched very early and acquisitions we made are bearing fruits: we are able to overcome unavoidable budget cuts and changes in marketing plans thanks to our assets and our organization that position us in the most competitive way possible.

Our third objective was to increase shareholder value to make sure we reward our shareholders for the trust they put in our transformation journey. During this semester, we were able to deliver strong financial results, beyond organic growth. We improved margin significantly, headline EPS went up 13% at constant currency, and our financial situation is stronger with a net debt reduction of almost 1 billion euros over the last 12 months.

No doubt, during H1, we have set the foundations to deliver our full year objectives and even more importantly our 3 years transformation plan. It will not be an easy journey as we must transform ourselves while facing some strong market headwinds. There could be some unexpected bumps in the road like the one we just experienced in the health sector. But we have an outstanding team, unmatched capabilities in data, creativity and technology and a proven winning model that make us very confident for the future."

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Publicis Groupe's Supervisory Board met on July 18, 2018, under the chairmanship of Maurice Lévy, to examine the accounts for the first half of 2018 presented by Arthur Sadoun, CEO and Chairman of the Management Board.

KEY FIGURES, IN EURO

EUR million, except per share data and percentages	*H1 2018 (1) with IFRS 16*	*H1 2018 before IFRS 16*	*H1 2017 before IFRS 16*
Data from the Income statement:			
Net revenue (3)	4,280	4,280	4,664
Pass-through revenue	445	445	457
Revenue (3)	4,725	4,725	5,121
Operating margin before Depreciation & Amortization	882	683	719
% of net revenue	*20.6%*	*16.0%*	*15.4%*
Operating margin	617	611	638
% of net revenue	*14.4%*	*14.3%*	*13.7%*
Operating income	458	452	604
Net income attributable to the Groupe	301	313	387
Earnings Per Share	1.33	1.38	1.72
Headline EPS, diluted (2)	1.89	1.94	1.89
Free Cash Flow before changes in working capital requirements	500	499	594
Data from the Balance sheet	***June 30, 2018** with IFRS 16*	***June 30, 2018** before IFRS 16*	***Dec. 31, 2017** before IFRS 16*
Total assets	24,591	22,833	23,780
Groupe share of Shareholders' equity	6,155	6,157	5,956
Net debt (Net cash)	1,044	1,136	727

(1) Accounts as of June 30, 2018 have been established applying IFRS 16 accounting standard (use of prospective method).

(2) Net income attributable to the Groupe after elimination of impairment charge/real estate consolidation charge, amortization of intangibles arising on acquisitions, the main capital gains (losses) on disposals, the impact of US tax reform and the revaluation of earn-out payments, divided by the average number of shares on a diluted basis.

(3) Under IFRS 15 on revenue recognition, in force since January 1, 2018, comparative data from the previous period have been restated. Revenue is equal to net revenue after re-billable costs have been reintegrated.

KEY FIGURES, IN US DOLLARS

USD million, except per share data	*H1 2018 before IFRS 16*	*H1 2017 before IFRS 16*	*H1 2018 vs. H1 2017 before IFRS 16*
Net revenue (1)	5,179	5,046	+2.6%
Operating margin	739	690	+7.1%
Headline group net income	545	467	+16.7%
Headline EPS, diluted (2)	2.35	2.04	+15.2%

(1) Under IFRS 15 on revenue recognition, in force since January 1, 2018, comparative data from the previous period have been restated. Revenue is equal to net revenue after re-billable costs have been reintegrated.

(2) Net income attributable to the Groupe after elimination of impairment charge/real estate consolidation charge, amortization of intangibles arising on acquisitions, the main capital gains (losses) on disposals, the impact of US tax reform and the revaluation of earn-out payments, divided by the average number of shares on a diluted basis.

Nota bene: All comparisons of H1 2018 numbers with H1 2017 numbers are done before impact of IFRS 16 accounting standard.

IFRS 15 ON "REVENUE"

Publicis Groupe has applied IFRS 15, the accounting standard on revenue recognition, since it became effective on January 1, 2018. The 2017 financial statements have therefore been restated for the purposes of comparison with revenue since the standard came into force. 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 , which is a more relevant indicator to measure the operational performance of the Groupe's activities.

The table below provides a detailed account of revenue reported for 2017 before the impact of IFRS 15, as well as the 2017 figures restated after applying IFRS 15, i.e. net revenue and revenue.

EUR million	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**	**2017**
Before IFRS 15					
Reported revenue	2,328	2,515	2,264	2,583	9,690
With IFRS 15					
Net revenue	**2,267**	**2,397**	**2,185**	**2,483**	**9,332**
– Pass-through revenue	222	235	206	251	914
= IFRS revenue	2,489	2,632	2,391	2,734	10,246

Details of 2017 net revenue by quarter and by geography, and the main items of 2017 half year and full year results before and after IFRS 15 impact, have been disclosed in a press release dated July 6, 2018 (available on our website: www.publicisgroupe.com).

IFRS 16 ON “LEASES”

Publicis has decided to early adopt IFRS 16 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 at January 1, 2018, after application of IFRS 16, is presented in the press release dated July 6, 2018 (available on our website: www.publicisgroupe.com). Furthermore, the 2017 consolidated income statement will not be restated. The Groupe will communicate 2018 half-year and full-year results including IFRS 16 and will provide those financial items excluding IFRS 16.

Q2 2018 REVENUE

Publicis Groupe’s net revenue in Q2 2018 was 2,198 million euro, i.e. an 8.3% decline from 2,397 million euro in 2017. At constant exchange rates, growth was -2.4% after a 145 million euro negative impact of currency (-6.0% impact). Net acquisitions contributed a negative 5 million euro to net revenue in Q2 2018 following the deconsolidation of Genedigi from January 1, 2018.

Organic growth was -2.1% in Q2 2018. This is a slowdown by comparison with the +1.6% recorded in Q1 2018 due to the strong comparable period in 2017, especially in North America. The Groupe has yet to register the benefits of the accounts won in the first quarter, which will only contribute to organic growth from Q3 2018 onwards. Furthermore, organic growth was affected by implementation of GDPR (General Data Protection Regulation) in Europe which caused several campaigns to be temporarily suspended at the initiative of clients but also at the initiative of Publicis due to uncertainties surrounding the obtaining of consumer consent via the websites on which these campaigns are rolled out. Mention should also be made of the difficulties encountered in the healthcare sector, notably concerning the activities of Contract Sales Organizations (see paragraph below).

Breakdown of Q2 net revenue by region

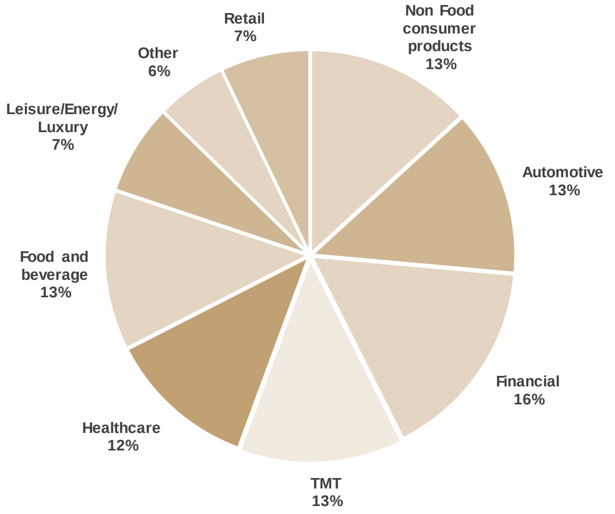
EUR million	Net revenue		Organic growth
	Q2 2018	Q2 2017	
Europe	641	670	-3.6%
North America	1,179	1,300	-2.3%
Asia Pacific	224	261	-2.1%
Latin America	86	96	+7.2%
Middle East & Africa	68	70	+4.5%
Total	**2,198**	**2,397**	**-2.1%**

H1 2018 REVENUE

Publicis Groupe's net revenue in H1 2018 was 4,280 million euro, down 8.2% from 4,664 million euro in H1 2017. At constant exchange rates, growth was -0.5%, after exchange rates adversely affected net revenue by 362 million euro (-7.8% impact). Net acquisitions contributed a negative 6 million euro to net revenue in H1 2018 following the deconsolidation of Genedigi from January 1, 2018. Organic growth was -0.4% in H1 2018.

In US dollars, Publicis Groupe net revenue was up 2.6%.

Breakdown of net revenue in H1 2018 by sector



The healthcare sector is undergoing radical transformation everywhere in the world. At a time when medical research and sales have moved on from the blockbuster era to an era of more specialized therapies, it has become necessary to adapt the marketing and propose measures that target patients and prescribers much more specifically. Publicis Health, Publicis Groupe's solution hub in healthcare, has developed an offering aligned with these needs – which revolves around data, dynamic creativity and digital business transformation.

Beyond creative and media activities, Publicis Health has a very distinctive positioning in the healthcare communications sector with Publicis Health Solutions (PHS). This entity supplies CSOs (Contract Sales Organizations), a line of business that does not exist in other healthcare communications networks and where our competitors are mostly specialized in outsourcing. By its very nature, this business is highly volatile and developments in the healthcare sector have led clients to make last-minute adjustments, leading to the postponement or even the cancellation of campaigns.

Publicis Health saw its revenue decline in the first half year, particularly that of PHS, its outsourcing business. Publicis Health remains committed to providing its clients with the best and this will require investing in health-related consulting, data and technology, in order to continue providing our clients with cutting-edge expertise for their digital transformation. The Groupe will continue to look at every opportunity to create as much value as possible from all its operations, for the greater benefit of all stakeholders.

Breakdown of H1 net revenue by region

EUR million	**Net revenue**		**Organic growth**
	H1 2018	**H1 2017**	
Europe	1,255	1,289	-1.7%
North America	2,321	2,574	+0.1%
Asia Pacific	423	499	-3.3%
Latin America	158	173	+9.1%
Middle East & Africa	123	129	+4.6%
Total	**4,280**	**4,664**	**-0.4%**

Europe posted negative growth of -2.6%. With acquisitions and exchange rates factored out, organic growth stood at -1.7%. In addition to the loss of a few accounts, this weak growth should be seen in the perspective of a difficult comparable period as growth in H1 2017 was +4.3%. Furthermore, there were the induced effects of the GDPR (General Data Protection Regulation) in Europe which caused several campaigns to be temporarily suspended, at the initiative of clients but also at the initiative of Publicis, due to uncertainties about obtaining consumer consent via the websites on which these campaigns are rolled out. Given this general context, the main countries are down in Q2 year-on-year (France, Spain and Switzerland). Among the main markets mention should be made of the good performance of the UK (+1.7% in H1, +2.2% in Q2) and the sharp decline in Germany (-8.3%) where the comparable period in 2017 saw particularly strong growth.

North America achieved organic growth of +0.1% in H1 2018, shored up by accounts won in 2017 (including McDonald's, Diesel, Lionsgate, Molson Coors and Southwest). The region is affected by the difficulties encountered by Publicis Health whose net revenue declined by some 30 million euro over the first six months of 2018. Given the impact of exchange rates, North America's revenue fell by 9.8% compared with 2017.

Asia Pacific saw its net revenue decline by 15.2 % and its organic growth drop 3.3% over the period. This negative performance is largely attributable to Australia (-10.8%) which has been impacted by the discontinuation of the Qantas call center contract. China posted satisfactory growth, returning to positive territory (+0.4%) despite the impact of accounts lost. Singapore saw its net revenue rise by +6.3%.

Latin America reported net revenue down 8.7% but organic growth of +9.1%. In Brazil, net revenue progressed by 7.6% thanks to the gain of the Petrobras and Bradesco accounts. Mexico continued to record sustained growth at +9.7%.

The Middle East & Africa reported a decline of 4.7% but organic growth of +4.6% driven by South Africa (+11.1%) and the United Arab Emirates (+6.2%).

ANALYSIS OF THE KEY FIGURES

Unless otherwise stated, figures are presented before impact of IFRS 16.

Income statement

The operating margin before depreciation & amortization was 683 million euro in H1 2018, down 5.0% from 719 million euro in 2017, i.e. a percentage margin of 16.0% of net revenue (vs. 15.4% in 2017):

- Personnel costs totaled 2,834 million euro at June 30, 2018, down 8.4% from 3,095 million euro in 2017. Fixed personnel costs amounted to 2,507 million euro, i.e. 58.6% of net revenue versus 58.7% in 2017. Freelance costs were down to 187 million euro in 2018, after 199 million in 2017. Restructuring costs totaled 36 million euro in 2018 (down from 52 million euro in 2017) as the Groupe reorganizes around The Power of One which increasingly integrates structures and activities. Numerous investments (organization by country, development of production platforms, on-going regionalization of the Shared Services Centers, as well as various technological developments) will all help improve operational efficiency.
- Other operating costs (excluding Depreciation & Amortization) amounted to 1,208 million euro, compared to 1,307 million euro in 2017. When pass-through costs are factored out, these costs stand at 17.8% of net revenue (versus 18.2% in 2017).

Depreciation & Amortization for the period amounted to 72 million euro in 2018, down 11.1% by comparison with H1 2017.

The Operating margin was 611 million euro, i.e. a 4.2% decrease from 638 million euro in 2017. At constant exchange rates, the Operating margin rose by 5.6%. Operating margin rate was 14.3%, up 60 basis points over 2017. On a like-for-like basis (constant exchange rates and constant scope of consolidation), it was 70 basis points higher than in 2017. This improvement was due to the downswing in restructuring costs (for 30 basis points), and to the impact of the cost savings program over the last 18 months (for 70 basis points), despite the investments made to accompany growth of game changers (for -30 basis points) .

By region, the operating margin was 12.2% in Europe, 17.3% in North America, 9.7% in Asia Pacific, 8.2% in Latin America and 1.6% in the Middle East & Africa.

Amortization of intangibles arising on acquisitions totaled 34 million euro in H1 2018, versus 35 million euro in 2017. Impairment - Real estate consolidation totaled 107 million euro that was mainly due to real estate restructuring costs incurred by our real estate program "*All in One*" commenced in early 2018. In addition, non-current income and expense was a charge of 18 million euro (compared with 1 million euro in H1 2017) which corresponds to 17 million euro of capital loss for Genedigi before the sale of this entity was completed at the start of April 2018.

Operating income totaled 452 million euro in H1 2018, after 604 million euro in H1 2017.

Financial income (expense), comprised of the cost of net debt and Other financial income and expenses, amounted to an expense of 13 million euro in H1 2018, down from an expense of 38 million euro for the corresponding period in 2017. The cost of net debt was 15 million euro in H1 2018, after 32 million euro in 2017. Other financial income and expenses netted out at income of 2 million euro after an expense of 6 million euro in H1 2017.

The revaluation of earn-out payments amounted to an expense of 11 million euro in H1 2018, down from an expense of 22 million in 2017.

Income tax for the period was 114 million euro, stemming from the application of a forecast effective tax rate of 25.9% for 2018, after 151 million euro in H1 2017, corresponding to a forecast effective tax rate of 26.7%.

The Associates share of profit was 1 million euro, compared with a loss of 2 million in H1 2017. Minority interests totaled 2 million euro in H1 2018 after 4 million in 2017.

Overall, net income attributable to the Groupe amounted to 313 million euro at June 30, 2018, versus 387 million at June 30, 2017.

When IFRS 16 is applied, the Operating margin stands at 617 million euro, and the percentage operating margin for the period is 14.4%. By region, the Operating margin then becomes 12.4% in Europe, 17.4% in North America, 9.9% in Asia Pacific, 8.2% in Latin America and 1.6% in the Middle East & Africa.

The Operating income was 458 million euro in H1 2018.

After IFRS 16, Financial income (expense) was an expense of 36 million euro in H1 2018 after inclusion of lease obligations totaling 29 million euro.

Income tax was 109 million euro when the 2018 forecast effective tax rate of 25.9% was applied.

Overall, net income attributable to the Groupe amounted to 301 million euro (after IFRS 16) at June 30, 2018.

Free Cash Flow

The Groupe's free cash flow, before application of IFRS 16 and excluding variations in working capital requirements, decreased by 16% compared with the previous period to stand at 499 million euro. At constant exchange rates, it fell 8%. This decline was due to higher capex and the higher level of tax paid. Investments rose to 86 million euro versus 37 million euro in the first half of 2017. The increase in H1 2018 includes investments made under the All in One real estate program. Income tax paid rose from 115 million euro in H1 2017 to 149 million euro in H1 2018. Also, while the Groupe received a tax refund in H1 2017, the first half of 2018 marked the first payment of the toll charge (payment spread over an eight-year period) for 18 million euro. After application of IFRS 16, free cash flow amounted to 500 million euro.

Net debt

At June 30, 2018, net debt totaled 1,136 million euro, up from 727 million euro at December 31, 2017. The substantial debt reduction (close to 1 billion euro) over the last 12 months can be attributed to strong cash flow generation combined with very strict control of variations in working capital requirements. In fact, the increase in working capital requirements was limited to 889 million euro in H1 2018, after an increase of 1,013 million euro in H1 2017. In H1 2018, the Groupe's average net debt stood at 1 405 million euro, after 1,993 million euro in the first half of 2017.

HIGHLIGHTS FROM H1 2018

Sprint To The Future

Since 2014 and the acquisition of Sapient, Publicis Groupe has been undergoing a deep transformation and is now uniquely positioned thanks to three key differentiation points:

- The vision: the technology provided by Publicis.Sapient gives the Groupe the expertise to combine marketing and digital business transformation, connected with data. Thanks to these unparalleled assets, Publicis Groupe is able to engage with both Chief Marketing Officers (CMOs) and Chief Information Officers (CIOs).
- The model: The Power of One gathers all the Groupe's capabilities under one roof, putting clients at the core of its organization. It has led to the deployment of Global Client Leaders (GCLs) and the implementation of our country model under one leader and a unified executive team drawing from all the expertise of the Groupe to break down silos and improve efficiency.
- The governance: the Groupe has successfully completed its management succession and has reinforced its decision-making committees, with a strong focus on the execution of strategy.

Sprint To The Future is Publicis Groupe's strategy and execution plan for 2018-2020 and is based on three pillars:

1. To provide each client with the keys to its future success: one-to-one consumer engagement at scale, and three strategic game changers, namely data, dynamic creativity and digital business transformation expertise.
2. A sprint to accelerate the Groupe's transformation, notably through the deployment of Global Client Leaders, the roll-out of a country-by-country organization, and an "invest in growth" plan funded by a major cost-cutting program.
3. Greater value to shareholders during the transformation, by accelerating organic growth and the percentage operating margin.

For further details, see the Groupe's press release dated March 20, 2018:

http://www.publicisgroupe.com/en/news/press-releases/publicis-2020-sprint-to-the-future-en-1

First results are very encouraging. net revenue of *Strategic Game Changers* is up 27% in the course of the first 6 months of 2018, validating the strategic decisions of the Groupe. Net revenue generated with the first 100 clients of the Groupe amounted to 450 million, representing 18% of net revenue of the top 100 clients.

Publicis Groupe appointed 46 Global Client Leaders as of June 30, compared with 35 end 2017 and an objective of 100 by 2020. The objective to achieve 100% of net revenue under country model was reached at the end the first half of 2018, with the implementation around 8 key markets: France, United Kingdom, DACH (Germany, Austria, Switzerland), Central & Northern Europe, Southern Europe, North America, Latin America, Asia Pacific & Middle East / Africa. This organization will aim at accelerating Groupe's growth and delivering efficiency gains.

Headcount in global delivery platform was 9,100 at end June, versus 8,700 end 2017.

All the energy of the Groupe is mobilized to execute its strategy and to deliver greater value to its clients, its people and its shareholders. A dedicated incentive plan, fully aligned with the objectives presented during the investor day, will be implemented for the group of executives in charge of the execution of the plan.

Disposal

Publicis Groupe finalized the disposal of Genedigi during the second quarter of 2018.

OUTLOOK

Publicis Groupe remains focused on three priorities: to deliver the results announced year after year, to accelerate its transformation by rolling out its model at scale, and to create shareholder value throughout the period. The first half-year 2018 yielded a marked improvement of its percentage margin, double-digit growth (at constant exchange rates) of headline EPS, and a strengthening of its financial position. Business gains in the first quarter should lead to higher organic growth than in 2017. Concerning the margin, cost saving efforts will be continued, and part of the savings achieved will be reinvested to establish the basis for sustained future growth. Overall, the margin can be expected to increase by 30 to 50 basis points in 2018.

In the longer term, Publicis Groupe intends to deliver greater value to shareholders by accelerating the growth of its headline diluted EPS over 2018-2020, using three levers:

- accelerated organic growth,
- improved margins,
- bolt-on acquisitions.

The objective is to accelerate organic growth over 2018-2020 with the ambition of achieving +4% by 2020.

Publicis Groupe is also aiming to increase its percentage operating margin by 30 to 50 basis points per annum between now and 2020. This objective includes a 450-million euro cost savings plan fully aligned with the Groupe's strategy. This cost savings plan will serve to fund a 300-million euro operational investment program spanning 2018-2020, a plan that is primarily dedicated to the Groupe's talent through hiring, training, development and re-skilling.

Publicis Groupe is targeting 5% to 10% annual growth of its headline diluted EPS, ramping up over the next three years, at constant exchange rates, through continuous enhancement of its organic growth, improved margins and the contribution of acquisitions to earnings.

Free cash flow generation is expected to remain strong and the Groupe's balance sheet will remain solid. With a payout ratio in the region of 45%, dividend growth can be expected to accelerate over the next three years.

This enhanced financial performance will place Publicis Groupe at the forefront of the market in marketing and business transformation.

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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 as 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 carefully to consider the risk factors that may affect its business, as set out in the Registration Documents 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 or that the products of certain clients are defective, 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.

Publicis Groupe has applied IFRS 15 "Revenue" accounting standard since January 1, 2018. Details of 2017 quarterly and full year revenue before and after IFRS 15 impact, 2017 net revenue by quarter and by geography, and the main items of 2017 half year and full year results before and after IFRS 15 impact, have been disclosed in a press release dated July 6, 2018.

Publicis Groupe has applied IFRS 16 “Leases” accounting standard in advance, as of January 1, 2018. 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 IFRS 16 as of January 1, 2018 have been disclosed in a press release dated July 6, 2018. Besides, the 2017 consolidated income statement will not be restated. The Groupe will communicate 2018 half-year and full-year results including IFRS 16 and will provide those financial items excluding IFRS 16.

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**. Present in over 100 countries, Publicis Groupe employs nearly 80,000 professionals.

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Appendices

Net revenue [1]: organic growth calculation

(million euro)	Q1	Q2	H1
2017 net revenue [1]	**2,267**	**2,397**	**4,664**
Currency impact [3]	(217)	(145)	(362)
2017 net revenue [1] at 2018 exchange rates (a)	2,050	2,252	4,302
2018 net revenue before acquisition impact [2] (b)	2,083	2,203	4,286
Net revenue from acquisitions [2]	(1)	(5)	(6)
2018 net revenue [1]	**2,082**	**2,198**	**4,280**
Organic growth (b/a)	**+1.6%**	**-2.1%**	**-0.4%**

Impact of currency at end June 2018 ***(million euro)***	
GBP [3]	(10)
USD [3]	(262)
Others	(90)
Total	**(362)**

(1) Revenue less pass-through costs. See definition in appendix

(2) Acquisitions (Ardent, The Abundancy, The Herd Agency, Ella Factory, SFR Studio, Translate Plus, Plowshare, Harbor & Village, Optix, Independent Ideas, Domaines Publics), net of disposals.

(3) EUR = USD 1.210 on average in H1 2018 vs. USD 1.082 on average in H1 2017
EUR = GBP 0.880 on average in H1 2018 vs. GBP 0.860 on average in H1 2017

New Business: Main wins in H1 2018

PUBLICIS COMMUNICATIONS

Mercedes-Benz (Global), Campbell Soup Company (USA), Ricola (Global), Swarovski (France), Zhuyeqing Tea (China), Carrefour (China), Luzhou Laojiao, Whitail (China), Adobe (India), Asics (Singapore), P&O Ferries Holdings (UK), Department of Transport and Main Roads - Queensland Government (Australia), Lapp Holding AG (Germany), Hotwire (USA), Sentosa (Singapore), ABInBev (USA), Muthoot Pappachan Group (India), Kraft Heinz (China), Tourism Fiji (Global)

PUBLICIS MEDIA

Almara (Middle East), Campbell's Arnott (Australia), Campbell's Soup Company (North America), Clas Ohlson (Norway), Didi Chuxing (China), Etisalat Misr (Egypt), Henryk Kania (Poland), Iberdrola (Norway), LT Grp (Philippines), Lucano Group (Italy), Marriott International (Global), Maspex (Poland), Mcdonald's (Middle East), Mondelez International (North America), NBC Universal/Telemundo (USA), Ola (India), Pirelli (Global), Pizzardi Editore (Italy), Red Bull (USA), The Body Shop (Singapore), ZEE5 (India), Banyan Tree (Singapore), Coty (China & South East Asia), Dunkin' Donuts (USA), Glovo (Italy), IKEA (MENA), L'Oreal (Mexico), Macy's (USA), McDonald's (France & Latin America), NBCU Universal Kids (USA), Nonno Nanni (Italy), Sensee (France)

PUBLICIS.SAPIENT

Carrefour (Global), Marriott International (Global), Mercedez Benz (Global)

PUBLICIS ONE

Marriott International (LATAM), Mercedes Benz (Colombia, Argentina, Regional), Daimler (Korea, Greece, Hungary, Czech republic, Turkey, Belgium), Hochalnd (Romania), Central Beverage Company (Israel), Mercedes (Portugal), Eviso (Belgium), VISA (Argentina), Nestlé (Chile), McDonalds (LATAM- Regional), IKEA (South Korea), Petronas (Malaysia), Kering (Japan)

PUBLICIS HEALTH

Alexion Pharmaceuticals (USA), AVANIR Pharmaceuticals (USA), DBV Technologies (USA), Eli Lilly & Co. (USA), Galderma (USA), ParatekPharmaceuticals (USA), Pfizer Inc. (UK & USA), Roche (USA), Astrazeneca (USA), Bayer (USA), Bristol-Myers Squibb (USA), EyePoint Pharmaceuticals (USA), Masimo Corporation (USA), Merck & Co. (USA), Novo Nordisk (USA), Merz Aesthetics (USA), Proctor & Gamble (USA), Rhythm Pharmaceuticals (Europe), Sarepta Therapeutics (USA)

2018 press releases

05-01-2018	Publicis Groupe half-year financial statement liquidity contract
22-01-2018	Nick Law Joins Publicis as Chief Creative Officer of Publicis Groupe and President of Publicis Communications
23-01-2018	Carrefour group signs strategic partnership with Publicis.Sapient to accelerate its digital transformation
23-01-2018	Press release “Anonymous Letter”
29-01-2018	Publicis Groupe and Microsoft Announce Partnership for Marcel AI Platform
01-02-2018	Publicis Groupe Announces Global Leadership Promotions Across its Solutions & Regions
01-02-2018	Loris Nold appointed to the newly created role of CEO of Publicis Groupe APAC
01-02-2018	Alexandra von Plato Appointed Chief Executive Officer of Publicis Health
08-02-2018	Publicis Groupe : 2017 Annual Results
14-02-2018	Viva Tech 2018
14-02-2018	Leo Burnett Chicago Names Kieran Ots EVP, Executive Creative Director
26-02-2018	Robett Hollis and FrontSide join Saatchi & Saatchi New Zealand
28-02-2018	Saatchi & Saatchi New Zealand wins global Tourism Fiji account
05-03-2018	Brill and Crovitz announce launch of NewsGuard to fight fake news
20-03-2018	Publicis 2020: *Sprint To The Future*
27-03-2018	Publicis Groupe Named 2018 Adobe Experience Cloud Partner of the Year
29-03-2018	Publicis Media launches Global Commerce capability to manage the intersection of media and marketplaces
10-04-2018	Leo Burnett wins international Betfair account
19-04-2018	Publicis Groupe: Q1 2018 revenue
23-04-2018	2017 Registration Document available
25-04-2018	Publicis Groupe appoints leadership team to lead Indian market
30-04-2018	Publicis Media aligns EMEA & APAC markets under unified leadership
24-05-2018	Publicis Groupe unveils Marcel
28-05-2018	Combined General Shareholders’ Meeting
13-06-2018	Tom Kao appointed as Publicis Groupe Hong Kong CEO
22-06-2018	Publicis Groupe clients champion creativity in Cannes
26-06-2018	Publicis Groupe appoints Raja Trad to the newly created role of Chairman Middle East

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 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 less interests paid & received, repayment of lease liabilities & related interests and 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.

Consolidated income statement

(in millions of euros)	Notes	June 30, 2018 (6 months)[1]	June 30, 2017 (6 months)[2]	December 31, 2017 (12 months)[2] restated
Net Revenue[3]		**4 280**	**4 664**	**9 332**
Pass-through costs		445	457	914
Revenue	**2**	**4 725**	**5 121**	**10 246**
Personnel expenses	5	(2 834)	(3 095)	(5 977)
Other operating expenses		(1 009)	(1 307)	(2 603)
Operating margin before depreciation and amortization		**882**	**719**	**1 666**
Depreciation and amortization expense (excluding intangibles from acquisitions)	6	(265)	(81)	(161)
Operating Margin		**617**	**638**	**1 505**
Amortization of intangibles from acquisitions	6	(34)	(35)	(73)
Impairment	6	(107)	-	(115)
Non-current income and expenses	7	(18)	1	(1)
Operating income		**458**	**604**	**1 316**
Financial expenses		(40)	(54)	(101)
Financial income		31	22	50
Cost of net financial debt	8	**(9)**	**(32)**	**(51)**
Revaluation of debt related to acquisitions of shareholdings	8	(11)	(22)	(66)
Other financial income and expenses	8	(27)	(6)	(10)
Pre-tax income of consolidated companies		**411**	**544**	**1 189**
Income taxes	9	(109)	(151)	(312)
Net income of consolidated companies		**302**	**393**	**877**
Share of profit of associates	12	1	(2)	(5)
Net income		**303**	**391**	**872**
Of which :				
- Net income from non-controlling interests		2	4	10
Net income attributable to equity holders of the parent company		**301**	**387**	**862**
Per share data *(in euros)* - **Net income attributable to equity holders of the parent company**	10			
Number of shares		*226 898 746*	*224 581 868*	*226 384 707*
Earnings per share		*1,33*	*1,72*	*3,81*
Number of diluted shares		*231 379 546*	*228 808 205*	*230 673 578*
Diluted earnings per share		*1,30*	*1,69*	*3,74*

[1] The financial statements at of June 30, 2018 have been prepared with an early application of IFRS 16 Standard (using the prospective method with no restatement of previous year)

[2] In compliance with IFRS 15 applicable as of January 1, 2018, the comparative information for the year 2017 has been restated.

[3] 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.

Consolidated statement of comprehensive income

(in millions of euros)	June 30, 2018 (6 months)	June 30, 2017 (6 months)	December 31, 2017 (12 months) restated
Profit (loss) for the period (a)	**303**	**391**	**872**
Comprehensive income that will not be reclassified to income statement			
- Actuarial gains (and losses) on defined benefit plans	14	6	13
- Deferred taxes on comprehensive income that will not be reclassified to income statement	(6)	(18)	28
Comprehensive income that may be reclassified to income statement			
- Revaluation of available-for-sale investments and hedging instruments	20	(20)	(9)
- Consolidation translation adjustments	17	(358)	(597)
Total of other elements of comprehensive income (b)	**45**	**(390)**	**(565)**
Total comprehensive income for the period (a) + (b)	**348**	**1**	**307**
Of which :			
- Total comprehensive income attributable to non-controlling interests	2	2	5
- Total comprehensive income attributable to equity holders of the parent company	346	(1)	302

Consolidated balance sheet

(en millions d'euros)	Notes	June 30, 2018 [1]	December 31, 2017 [2]
Assets			
Goodwill, net	11	8 563	8 450
Intangible assets, net		1 119	1 124
Right-of-use asset related to leases	17	1 777	-
Property, plant and equipment, net		555	590
Deferred tax assets		142	130
Investments in associates	12	64	64
Other financial assets	13	203	169
Non-current assets		**12 423**	**10 527**
Inventories and work in progress		417	385
Trade receivables		8 199	8 907
Assets on contracts		1 017	843
Other receivables and current assets		723	649
Cash and cash equivalents		1 812	2 407
Assets held for sale		-	62
Current assets		**12 168**	**13 253**
Total assets		**24 591**	**23 780**
Equity and liabilities			
Share capital		94	92
Additional paid-in capital and retained earnings, Group share		6 061	5 864
Equity attributable to holders of the parent company	**14**	**6 155**	**5 956**
Non-controlling interests		(1)	2
Total equity		**6 154**	**5 958**
Long-term borrowings	16	2 364	2 780
Long-term lease liability	17	1 667	-
Deferred tax liabilities		423	419
Long-term provisions	15	587	591
Non-current liabilities		**5 041**	**3 790**
Trade payables		10 497	11 541
Liabilities on contracts		366	423
Short-term borrowings	16	505	350
Short-term lease liability	17	364	-
Income taxes payables		172	204
Short-term provisions	15	117	107
Other creditors and current liabilities		1 375	1 391
Liabilities held for sale			16
Current liabilities		**13 396**	**14 032**
Total equity and liabilities		**24 591**	**23 780**

[1] The financial statements at of June 30, 2018 have been prepared with an early application of IFRS 16 Standard (using the prospective method with no restatement of previous year)
[2] In compliance with IFRS 15 applicable as of January 1, 2018, the comparative information for the year 2017 has been restated.

Consolidated statement of cash flows

(en millions d'euros)	**June 30, 2018 (6 months)**	**June 30, 2017 (6 months) [2]**	**December 31, 2017 (12 months) [2]**
Cash flows from operating activities			
Net income	303	391	872
Neutralization of non-cash income and expenses :			
Income taxes	109	151	312
Cost of net financial debt	9	32	51
Capital (gains) losses on disposals (before tax)	18	-	-
Depreciation, amortization and impairment loss on property, plant and equipment and intangible assets	406	116	349
Share-based compensation	32	28	55
Other non-cash income and expenses	42	25	74
Share of profit of associates	(1)	2	5
Dividends received from associates	2	1	2
Taxes paid	(149)	(115)	(264)
Change in working capital requirements [1]	(890)	(1 013)	69
Net cash flows generated by (used in) operating activities (I)	**(119)**	**(382)**	**1 525**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	(95)	(39)	(136)
Disposals of property, plant and equipment and intangible assets	9	2	5
Purchases of investments and other financial assets, net	(11)	(6)	2
Acquisitions of subsidiaries	(91)	(176)	(289)
Disposals of subsidiaries	25	2	1
Net cash flows generated by (used in) investing activities (II)	**(163)**	**(217)**	**(417)**
Cash flows from financing activities			
Dividends paid to holders of the parent company	-	-	(170)
Dividends paid to non-controlling interests	(5)	(5)	(10)
Proceeds from borrowings	10	25	19
Repayment of borrowings	(178)	(22)	(27)
Repayment of lease liabilities	(175)	-	-
Interest paid on lease liabilities	(29)	-	-
Financial interest paid [2]	(13)	(26)	(90)
Financial interest received [2]	32	26	52
Net purchases of non-controlling interests	(17)	(23)	(35)
Net (purchases)/sales of treasury shares and warrants	22	(287)	(291)
Net cash flows generated by (used in) financing activities (III)	**(353)**	**(312)**	**(552)**
Impact of exchange rate fluctuations (IV)	**35**	**(166)**	**(379)**
Change in consolidated cash and cash equivalents (I + II + III + IV)	**(600)**	**(1 077)**	**177**
Cash and cash equivalents on January 1	2 407	2 228	2 228
Bank overdrafts on January 1	(27)	(25)	(25)
Net cash and cash equivalents at beginning of year (V)	**2 380**	**2 203**	**2 203**
Cash and cash equivalents at closing date	1 812	1 151	2 407
Bank overdrafts at closing date	(32)	(25)	(27)
Net cash and cash equivalent at end of year (VI)	**1 780**	**1 126**	**2 380**
Change in consolidated cash and cash equivalents (VI – V)	**(600)**	**(1 077)**	**177**
(1) Breakdown of change in working capital requirements			
Change in inventory and work in progress	(14)	(44)	(17)
Change in trade receivables and other receivables	545	424	(693)
Change in accounts payables, other payables and provisions	(1 421)	(1 393)	779
Change in working capital requirements	**(890)**	**(1 013)**	**69**

(2) As disclosed in note 1, the financial interests have been reclassified to net cash flows generated by financing activities.

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 the holders of the parent company*	*Non-controlling interests*	*Total equity*
226 295 805	**December 31, 2017**	**92**	**3 680**	**2 326**	**(337)**	**195**	**5 956**	**2**	**5 958**
	First application of IFRS 16			10			10		10
226 295 805	**January 1, 2018**	**92**	**3 680**	**2 336**	**(337)**	**195**	**5 966**	**2**	**5 968**
	Net income			301			301	2	303
	Other comprehensive income, net of tax				17	28	45		45
	Total income and expenses for the period			**301**	**17**	**28**	**346**	**2**	**348**
4 323 480	Dividends	2	243	(455)			(210)	(5)	(215)
210 612	Share-based compensation, net of tax			32			32		32
	Effect of acquisitions and commitments to buy-out non-controlling interests			(1)			(1)		(1)
87 984	Equity warrant exercise		3				3		3
498 177	(Purchase)/sales of treasury shares			19			19		19
231 416 058	**June 30, 2018**	**94**	**3 926**	**2 232**	**(320)**	**223**	**6 155**	**(1)**	**6 154**

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 the holders of the parent company*	*Non-controlling interests*	*Total equity*
225 367 784	**January 1, 2017**	**90**	**3 429**	**2 118**	**255**	**163**	**6 055**	**10**	**6 065**
	Net income			387			387	4	391
	Other comprehensive income, net of tax				(355)	(33)	(388)	(2)	(390)
	Total income and expenses for the period			**387**	**(355)**	**(33)**	**(1)**	**2**	**1**
3 992 216	Dividends	2	242	(414)			(170)	(5)	(175)
383 457	Share-based compensation, net of tax			30			30		30
	Effect of acquisitions and commitments to buy-out non-controlling interests			(9)			(9)	5	(4)
298 085	Equity warrant exercise		9				9		9
(3 754 991)	(Purchase)/sales of treasury shares			(296)			(296)		(296)
226 286 551	**June 30, 2017**	**92**	**3 680**	**1 816**	**(100)**	**130**	**5 618**	**12**	**5 630**

Impacts of IFRS 16 on the opening balance sheet

(in millions of euros)	Information December 31, 2017 restated	First application of IFRS 16	Information January 1, 2018 with IFRS 16
Assets			
Right-of-use related 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
Other receivables and current assets	649	(4)	645
Other current assets	12,604	-	12,604
Total assets	**23,780**	**1,882**	**25,662**
Equity and liabilities			
Total equity	**5,958**	**10**	**5,968**
Long-term borrowings	2,780	(89)	2,691
Long-term lease liabilities	-	1,681	1,681
Long-term provisions	591	(11)	580
Others	419	-	419
Non-current liabilities	3,790	1,581	5,371
Short-term lease liabilities		356	356
Short-term provisions	107	(4)	103
Other creditors and current liabilities	1,391	(61)	1,330
Others	12,534	-	12,534
Current liabilities	**14,032**	**291**	**14,323**
Total equity and liabilities	**23,780**	**1,882**	**25,662**

The impacts of the first application of IFRS 16 on the opening balance sheet are the following:

- the accounting of the right-of-use assets and lease liabilities ;
- the reclassification of recognized assets and liabilities related to existing financing leases as of December 31, 2017;
- the reclassification of lease incentive benefits in addition to the right-of-use assets;
- the reclassification of provisions for vacant space provision in reduction of the right-of-use assets;
- the reclassification of rents paid in advance in addition to the right-of-use assets;
- the reclassification of right-of-use assets as financial assets in the case of sub-leases granted for the residual duration of the leases concerned. In addition, the re-valuation of these receivables impacts the opening shareholders' equity, taking into consideration sub-leases for an amount greater than that of the main agreement.

Impacts of IFRS 16 on the consolidated balance sheet

(in millions of euros)	**Information June 30, 2018 with IAS 17**	**Application of IFRS 16**	**Reported June 30, 2018 information**
Assets			
Right-of-use related to leases		1,777	1,777
Property, plant and equipment, net	597	(42)	555
Deferred tax assets	138	4	142
Other financial assets	180	23	203
Other receivables and current assets	727	(4)	723
Others	21,191	-	21,191
Total assets	22,833	**1,758**	**24,591**
Equity and Liabilities			
Total shareholders' equity	**6,156**	**(2)**	**6,154**
Long-term borrowings	2,456	(92)	2,364
Long-term lease liabilities	-	1,667	1,667
Long-term provisions	617	(30)	587
Others	423	-	423
Non-current liabilities	3,496	1,545	5,041
Short-term lease liabilities	-	364	364
Short-term provisions	156	(39)	117
Other creditors and current liabilities	1,485	(110)	1,375
Others	11,540	-	11,540
Current liabilities	**13,181**	**215**	**13,396**
Total equity and liabilities	22,833	**1,758**	**24,591**

Impacts of IFRS 16 on the consolidated income statement

(in millions of euros)	Information June 30, 2018 with IAS 17	Application of IFRS 16	Reported June 30, 2018 information
Revenue	**4,725**	**-**	**4,725**
Personnel expenses	(2,834)	-	(2,834)
Depreciation and amortization expense (excluding intangible arising from acquisitions)	(72)	(193)	(265)
Other operating expenses	(1,208)	199	(1,009)
Operating margin	**611**	**6**	**617**
Operating income	**452**	**6**	**458**
Cost of net financial debt	**(15)**	**6**	**(9)**
Revaluation of debt related to acquisitions of shareholdings	(11)	-	(11)
Other financial income and expenses	2	(29)	(27)
Pre-tax income of consolidated companies	**428**	**(17)**	**411**
Income taxes	(114)	5	(109)
Net income of consolidated companies	**314**	**(12)**	**302**
Share of profit of associates	1	-	1
Net income	**315**	**(12)**	**303**
Of which: - Net income from non-controlling interests	2	-	2
Net income attributable to equity holders of the parent company	**313**	**(12)**	**301**

Impacts of IFRS 16 on the consolidated statement of cash flows

(in millions of euros)	**Information June 30, 2018 with IAS 17** [(1)]	**Application of IFRS 16**	**Reported June 30, 2018 information**
June 30, 2018			
Cash flow from operating activities			
Net income	315	(12)	303
Neutralization of non-cash income and expenses:			
Income taxes	114	(5)	109
Cost of net financial debt	15	(6)	9
Depreciation, amortization and impairment loss	126	280	406
Other non-cash income and expenses	100	(58)	42
Others	(98)	-	(98)
Change in working capital requirements	(889)	(1)	(890)
Net cash flows generated by (used in) operating activities (I)	**(317)**	**198**	**(119)**
Cash flow from investing activities			
Net cash flows generated by (used in) investing activities (II)	**(163)**	**-**	**(163)**
Cash flow from financing activities			
Repayment of lease liabilities	-	(175)	(175)
Interest paid on lease liabilities	-	(29)	(29)
Financial interest paid	(19)	6	(13)
Others	(136)	-	(136)
Net cash flows generated by (used in) financing activities (III)	**(155)**	**(198)**	**(353)**
Impact of exchange rate fluctuations (IV)	35	-	35
Change in consolidated cash flow (I+ II+ III+ IV)	**(600)**	**-**	**(600)**

[(1)] *Starting from January 1, 2018, the financial interest have been reclassified to the net cash-flow from financing activities*

Earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2018	June 30, 2017
Net income used for the calculation of earnings per share			
Group net income	**A**	301	387
Impact of dilutive instruments:			
- Savings in financial expenses linked to the conversion of debt instruments, net of tax		-	-
Group net income - diluted	**B**	301	387
Number of shares used to calculate earnings per share			
Number of shares at January 1		230,627,725	225,945,387
Shares created over the period		194,528	344,728
Treasury shares to be deducted (average for the period)		(3,923,507)	(1,708,247)
Average number of shares used for the calculation	**C**	226,898,746	224,581,868
Impact of dilutive instruments:			
- Free shares and dilutive stock options[(1)]		3,936,357	3,588,145
- Equity warrants[(1)]		544,443	638,192
Number of diluted shares	**D**	231,379,546	228,808,205
(in euros)			
Earnings per share	A/C	**1.33**	**1.72**
Diluted earnings per share	B/D	**1.30**	**1.69**

(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. For H1 2018 and 2017, all stock options and warrants not yet exercised at the reporting date had a dilutive impact.

Headline earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2018	June 30, 2017
Net income used to calculate headline earnings per share [(1)]			
Group net income		**301**	**387**
Items excluded:			
- amortization of intangibles from acquisitions, net of tax		28	23
- impairment loss [(2)], net of tax		81	-
- Revaluation of earn-out payments		11	22
- Main capital gains (losses) on disposal of assets, net of tax		17	-
Headline Group net income	**E**	438	432
Impact of dilutive instruments:			
- Savings in financial expenses linked to the conversion of debt instruments, net of tax		-	-
Headline Group net income, diluted	**F**	438	432
Number of shares used to calculate earnings per share			
Number of shares at January 1		230,627,725	225,945,387
Shares created over the period		194,528	344,728
Treasury shares to be deducted (average for the period)		(3,923,507)	(1,708,247)
Average number of shares used for the calculation	**C**	226,898,746	224,581,868
Impact of dilutive instruments:			
- free shares and dilutive stock options		3,936,357	3,588,145
- equity warrants		544,443	638,192
Number of diluted shares	**D**	231,379,546	228,808,205
(in euros)			
Headline earnings per share [(1)]	E/C	**1.93**	**1.92**
Headline diluted EPS [(1)]	F/D	**1.89**	**1.89**

(1) *EPS after elimination of the impairment losses, amortization of intangibles from acquisitions, the main capital gains and losses on disposal of assets and the revaluation of earn-out payments.*

(2) *As of June 30, 2018 this amount corresponds exclusively to an impairment loss of right-of-use related to lease contracts*