

## Third Quarter 2023 Revenue

**Strong Q3 with organic growth at +5.3%**

**Upgrade of FY 2023 guidance on all KPIs**

October 12, 2023

- Q3 organic growth at +5.3% thanks to revenue mix and New Business tailwind
- Very solid U.S. at +3.2% after 2 years of double-digits, standout performance in Europe at +10.7%, Asia Pacific improving to +3.8%
- Acceleration of organic growth versus 2019: +22% in Q3, after +20% in Q2 and +18% in Q1
- Further upgrade of 2023 guidance despite persistent macroeconomic uncertainties:
  - Organic growth expected at +5.5% to 6%, vs. circa +5% previously
  - Operating margin rate at 18%, vs. close to 18% previously
  - Free cash flow<sup>1</sup> close to €1.7bn, vs. at least €1.6bn previously

### Q3 2023

<b>2023 Net revenue</b>	<b>€3,241 m</b>
Reported growth	+0.1%
<b>Organic growth</b>	<b>+5.3%</b>

### 9M 2023

<b>2023 Net revenue</b>	<b>9,559m€</b>
Reported growth	+4.9%
<b>Organic growth</b>	<b>+6.5%</b>

<sup>1</sup> Before change in working capital requirements



Arthur Sadoun, Chairman and CEO of Publicis Groupe:

*“ Despite a macroeconomic context that became more difficult over the quarter, we delivered strong organic growth of +5.3% in Q3, ahead of expectations.*

*Our media capabilities, which continued to gain market share, and Epsilon’s data offer were the main drivers of this performance, achieving high single-digit and double-digit growth respectively. At a moment when the comparable consulting firms experienced project delays, Publicis Sapient nonetheless continued to grow, and Creative confirmed its resilience once again, in spite of industry-wide cuts to classic advertising activities.*

*All of our regions posted solid organic growth, with the US at +3.2% on top of double digits in the last two years, Europe at a standout +10.7% and APAC improving again at +3.8%.*

*Looking at our journey since the pandemic, the acceleration of our growth amid persistent macroeconomic challenges is clearly visible, with Q3 at +22% compared to 2019 levels, coming after +20% in Q2 and +18% in Q1.*

*Today we have a differentiated go-to-market, that allows us to gain market share; a uniquely balanced revenue mix that makes us more resilient to business cycles; and a platform organization that enables us to post industry high financial ratios.*

*This gives us the confidence to further upgrade our 2023 guidance, even in a context of rising global socio-economic tensions. We now expect to deliver +5.5% to 6% organic growth for the full year, while upgrading our operating margin to 18% and free cash flow at close to 1.7 billion euros.*

*For the rest of the year, we intend to lead what we believe to be the two major priorities for our industry today: bringing our teams back together in person, and accelerating the AI-ification of our operations, which we are uniquely able to do through Publicis Sapient. ”*

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## NET REVENUE IN Q3 2023

Publicis Groupe's net revenue in Q3 2023 was 3,241 million euros, broadly stable compared to 3,237 million euros in Q3 2022. Exchange rate variations had a 189 million euros negative impact. The acquisitions (net of disposals) have a positive impact of 32 million euros this quarter.

Organic growth was +5.3% in Q3 2023 compared to 2022. Media, one third of revenue, continued to experience strong new business momentum and grew high-single digit on top of double-digit last year. Data and tech activities, another third of revenue, posted very solid growth overall. On the one hand, in a context of slowdown in digital business transformation experienced by comparable consulting firms, Publicis Sapient nonetheless achieved a +1.2% organic growth despite a very strong comparable base of +18% in Q3 2022. On the other hand, Epsilon's strong performance further accelerated to double-digits with +10.5% organic growth in Q3 after double-digits also last year, benefitting from increased client demand for first-party data management. Creative, the remaining third, posted a resilient performance with organic growth in the low-single digits for the quarter.

### ***Breakdown of Q3 2023 Net revenue by region***

<i>EUR million</i>	Net revenue		Reported Growth	Organic growth
	Q3 2023	Q3 2022		
North America	1,999	2,076	-3.7%	+3.0%
Europe	769	694	+10.8%	+10.7%
Asia Pacific	288	303	-5.0%	+3.8%
Middle East & Africa	95	90	+5.6%	+18.2%
Latin America	90	74	+21.6%	+6.9%
<b>Total</b>	<b>3,241</b>	<b>3,237</b>	<b>+0.1%</b>	<b>+5.3%</b>

**North America** net revenue was up +3.0% organically in Q3 2023. Taking into account a negative impact of the US dollar to Euro exchange rate, reported growth was at -3.7%. The **U.S.** posted a very solid quarter with a +3.2% organic growth. Media grew mid-single digit on top of double digits last year. Creative activities were slightly negative on the quarter, affected by localized cuts in classic advertising and on top of a high base in Q3 last year. Epsilon posted double-digit organic growth this quarter on top of +14% in Q3 2022, largely driven by digital media and data divisions. Finally, in the context of delays in IT consulting projects, Publicis Sapient was stable, facing a particularly strong comparison base of +21% in Q3 2022.

**Europe** net revenue was up by +10.7% on an organic basis (+10.8% reported). It grew +10.2% organically when excluding the contribution of our Outdoor Media activities and the Drugstore. The U.K. was again very strong at +10.0% organically on a particularly high base of +23% last year, mainly led by Media and Creative, while Publicis Sapient grew mid-single digit. France recorded a +6.5%<sup>2</sup> organic growth, driven by Media as well as Creative. In Germany, organic growth was up by +4.0%.

<sup>2</sup> Excluding Outdoor Media activities & the Drugstore



Net revenue in **Asia Pacific** improved sequentially to +3.8% organic this quarter (-5.0% on a reported basis), led by growth in India and Singapore by New Business wins. This was achieved despite a slower China at -2.5% organic growth, due to delays in spend this quarter in a tougher macroeconomic context.

Net revenue in the **Middle East and Africa** region was up by +18.2% organically (+5.6% on a reported basis), largely driven by strong dynamics at Publicis Sapient.

In **Latin America**, net revenue was up +6.9% organically (+21.6% on a reported basis), led by Argentina while Brazil was slightly down and Mexico stable.



## NET REVENUE IN 9M 2023

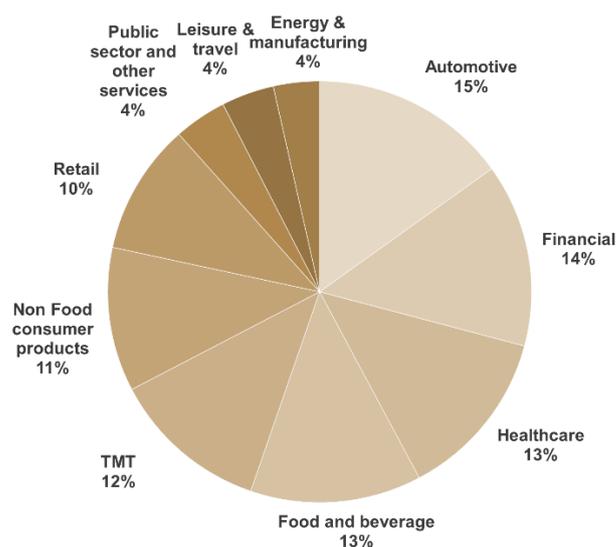
Publicis Groupe's net revenue in the first nine months 2023 was 9,559 million euros compared to 9,110 million euros in 9 months 2022, up +4.9%. Exchange rate variations had a 201 million euros negative impact. The acquisitions (net of disposals) have a positive impact of 72 million euros in the first nine months.

Organic growth was +6.5% in the first nine months of 2023.

### *Breakdown of Net revenue for the first 9 months 2023 by region*

<i>EUR million</i>	Net revenue		Reported Growth	Organic Growth
	9M 2023	9M 2022		
North America	5,892	5,736	+2.7%	+4.5%
Europe	2,321	2,065	+12.4%	+12.7%
Asia Pacific	838	853	-1.8%	+2.4%
Middle East & Africa	274	255	+7.5%	+13.5%
Latin America	234	201	+16.4%	+6.8%
<b>Total</b>	<b>9,559</b>	<b>9,110</b>	<b>+4.9%</b>	<b>+6.5%</b>

### *Breakdown of Net revenue for the first 9 months 2023 by sector*



Based on 3,478 main clients representing 92% of the Groupe's net revenue.



## Net debt and liquidity

Net financial debt amounted to 714 million euros as of September 30, 2023, compared to 226 million euros net debt position as of June 30, 2023 and to a net debt of 919 million euros at the end of September 2022. The Groupe's last twelve months average net debt as of September 30, 2023 amounted to 451 million euros compared to 870 million euros as of September 30, 2022.

## Acquisitions and disposals

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

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

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

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

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

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

Unlimitail will partner with retailers and brands, bringing the scale, connectivity and consistency for retail media to reach its full potential in those geographies. It is built on the most advanced technologies, "CitrusAd powered by



Epsilon”, and the deepest retail expertise from Carrefour. Unlimitail has already converted its first 13 retail partners, representing together more than 120 million loyalty customers.

## Outlook

Thanks to the strength of its model and a better than expected Q3 performance, the Groupe is in a position to upgrade once again its 2023 guidance despite ongoing macroeconomic uncertainties.

**When it comes to organic growth, the Groupe now aims at +5.5% to 6% for the full year, compared to circa +5% previously.**

Our +5.5% is solid and factors in:

- Economic and social tensions that are likely to continue to affect client spend,
- Further delays in digital business transformation,
- And negative end of year adjustments of advertisers’ budgets.

Organic growth could move closer to the higher end of the guidance range under the following assumptions:

- Fewer cuts in classic advertising,
- A faster ramp up in new business,
- Some positive impact from increased client budgets in Q4.

This means that Q4 organic growth is now expected between +3% and +5% at a stretch.

The Groupe anticipates to continue to deliver industry-high financial ratios, **upgrading its operating margin guidance to 18%** (from ‘close to 18%’ previously) and its **free cash flow before working capital requirements to close to 1.7 billion euros** (from ‘at least 1.6 billion euros’ previously).



## New business

### EUROPE

Santen France (Health), Glaxo Smith Kline (Health), Comité Colbert (Creative), Speedy (Data), Carlsberg (Creative), Abeille Assurances (Creative), Visa (Technology & Creative), DomusVi (Technology), DocuSign (Creative), The Football Association Premier League (Creative), Allwyn (Creative), Pivovara Daruvar (Creative), heroal (Creative), Deutsche Telekom (Creative), DATEV (Influence), Samsung (DTC), PepsiCo (Media), L'Oréal (Media), Tesco (Creative), Asda (Technology), Renault (Influence), FoodWell (Media), Notino (Media), Casavo (Creative), La Poste (Media), Dream Games (Media), Cassa Depositi e Prestiti (Media), Meggle (Media), Île-de-France Mobilités (Creative), TotalEnergies (Creative), Bioderma (Creative), Pernod Ricard (Influence), Ovo Energy (Creative), Le manège à bijoux (Creative), Inserm (Media), SNCF (Digital), John Lewis (Creative), Alfa Romeo (Air France KLM (Influence), Ikea (Creative & media), Gruppo Iren (Creative), Bulgari (Creative), Gruppo Campari (Influence), Western Union (Media), Beko (Influence), Société Générale (DBT), Iveco (Media), Sony Music (Digital), Legrand (Creative), Nexity (Creative), Skoda (Social Media), Charlotte Tilbury (Media), Ferrero (Media/Creative/Influence), Laya Healthcare (Creative), PublicJobs.ie (Creative), ADAC (Influence), Innomatics (Media), Bosch (Media), ASOS (Media), Sodexo (Media, Portu (Media), Bundesministerium fuer Arbeit und Soziales (DBT), Belvedere Vodka (Creative), SAS Bagel Chef (Creative), Answear.com (Creative), Miele (Commerce), Sandoz (Content)

### NORTH AMERICA

Krafton (Influence), Intuit (Creative), Shelter Movers (Influence), Universite de Sherbrooke (Creative), Steak 'n Shake (Creative), Loblaws (Creative), Mattress Firm (Creative), Jasco Games (Creative), Wondery (CRM), McDonalds (CRM), Milton Hershey School (Influence), University of Oklahoma (Production), Progress Residential (Production), Wyndham Hotels & Resorts (Production), Robert Walters (Production), HP (Commerce), Sun Life of Canada (Commerce), Rite Aid (Media), The PUR Company (Media), MTY Food Group (Influence), General Mills (Commerce), Dunkin' (Creative & Digital), Walgreens (Media), KB Home (Creative), Burger King (Creative), Sanofi (Influence), Virgin Mobile (Creative), Toronto Parking Authority (Creative), HealthPartners Canada (Influence), Groupe Atallah (Media), Kicking Horse Coffee (Creative & Influence), General Motors Company (Production), Tillamook County Creamery Association (Creative), Signet Jewelers (Media & Production), Blue Diamond Growers (Media), Turo (Creative & Production), UPS (Creative), LVMH (Media), Shark Beauty (Creative), New Age Products (Media), Samsung (Commerce), TGI Fridays (Media), National Life Insurance (Media), Sierra Nevada Brewing Company (Creative), Coopers Hawk Winery and Restaurants (CRM), Haribo of America (Creative), Air Transat (Influence), The Cadillac Fairview Corporation (CRM), Kellogg Company (Content), The Procter And Gamble Company (Influence), Duracell (Creative), Kimberly-Clark (Media), The Container Store (Data), Dicks Sporting Goods (CRM), ConAgra Foods (Creative), QuadReal Property (Content & Influence), GlaxoSmithKline (Production), Edo Japan Restaurants (Influence), Starbucks (Influence), Olymel (Creative), Insurance Brokers Association of Ontario (Influence), Foresters Life Insurance (Production), The TJX Companies (Content)

### ASIA PACIFIC/MEA

Miele (CRM), United Homeware Company (Creative), Krungthai Bank (Creative), Anker (Media), Royal Automobile Club (Media), Charles & Keith (Commerce), Nick Did This (Media), Nine Network (Creative), Essity (Media), OSHO (DBT), La Trobe University (DBT), LVMH (Production), Cathay Pacific Airways (Commerce), Pepsico (Production), Duolingo (Creative), Aeries Financial Technologies (Media), Central Provident Fund Board (Production), AIA Company (Media), Haleon (Production), LOréal (Media & Production), The Standard Bank of South Africa (Creative), Sanofi (Creative), Nestlé (Production), Diageo (Commerce), Mondelez (Production), Pizza Hut (Creative), Cancer Council Victoria (Media), Emirates NBD (Creative), Grupo Bimbo (Creative), Microsoft (Influence), JioMart (Creative),



AkBank (Media), Novartis (Creative & Production), United Breweries (Production), Charlotte Tilbury Beauty (Creative), Genesis Motor (Creative), Torrent Pharmaceuticals (Creative), More Retail (Media), GlaxoSmithKline (Creative), Crocs (Creative), Shanghai Neobio (Creative), FWD Group (Media), Bank of China (Media), Yili (Creative), Singhealth (Digital), P&G (Digital), Oritain (Creative & Media), Neom Company (Creative), Renault (Media), Bosideng (Production), HSBC (Creative), BASF (Creative), Union Bank of the Philippines (Creative), Roborock (Production), Indeed (Influence), Samsonite (Media), New Balance (Production), Keypath Education (Media), Jio-bp (Digital), Enamor (Digital), UniScholars (Creative), The Procter And Gamble Company (Commerce), Friesland Campina (Media), Sony Playstation (Creative), TPG (Media), Iveco (Media), Sace (Media), PUMA (Creative), Microtek (Creative), BikesOnline (Digital), Reliance Retail (Creative), Shimao Hotel Group (Influence), Hong Kong Technology Venture Company (Content), Honor (Influence), Hang Lung Properties (Creative), Amway (Production)

### **LATAM**

LORéal (Media), Bayer (Media), Samsung (Media), Nestlé (Creative), PicPay (Creative), Pizza Hut (Commerce), Polla Chilena (Media), Telecom Argentina (Media), Paper Excellence (Media), Comgás (Media), Sportingbet (Content)

### **GLOBAL**

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

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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 Universal Registration Document filed with the French Autorité des Marchés Financiers (AMF) and which is available on the website of Publicis Groupe ([www.publicisgroupe.com](http://www.publicisgroupe.com)), including an unfavorable economic climate, a highly competitive industry, risks associated with the confidentiality of personal data, the Groupe's business dependence on its management and employees, risks associated with mergers and acquisitions, risks of IT system failures and cybercrime, the possibility that our clients could seek to terminate their contracts with us on short notice, risks associated with the reorganization of the Groupe, risks of litigation, governmental, legal and arbitration proceedings, risks associated with the Groupe's financial rating and exposure to liquidity risks.

## About Publicis Groupe - The Power of One

Publicis Groupe [Euronext Paris FR0000130577, CAC 40] is a global leader in communication. The Groupe is positioned at every step of the value chain, from consulting to execution, combining marketing transformation and digital business transformation. Publicis Groupe is a privileged partner in its clients' transformation to enhance personalization at scale. The Groupe relies on ten expertise concentrated within four main activities: Communication, Media, Data and Technology. Through a unified and fluid organization, its clients have a facilitated access to all its expertise in every market. Present in over 100 countries, Publicis Groupe employs around 101,000 professionals.

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# Appendices

## Net revenue: organic growth calculation

<i>(million euro)</i>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>9 months</b>	<b>Impact of currency at end Sep. 2023 (million euro)</b>	
<b>2022 net revenue</b>	<b>2,800</b>	<b>3,073</b>	<b>3,237</b>	<b>9,110</b>	GBP <sup>(2)</sup>	(21)
Currency impact <sup>(2)</sup>	61	(73)	(189)	(201)	USD <sup>(2)</sup>	(95)
2022 net revenue at 2023 exchange rates (a)	2,861	3,000	3,048	8,909	Others	(85)
2023 net revenue before acquisition impact (b)	3,065	3,213	3,209	9,487	<b>Total</b>	<b>(201)</b>
Net revenue from acquisitions <sup>(1)</sup>	14	26	32	72		
<b>2023 net revenue</b>	<b>3,079</b>	<b>3,239</b>	<b>3,241</b>	<b>9,559</b>		
<b>Organic growth (b/a)</b>	<b>+7.1%</b>	<b>+7.1%</b>	<b>+5.3%</b>	<b>+6.5%</b>		

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

(2) EUR = USD 1.0835 on average in 9M 2023 vs. USD 1.065 on average in 9M 2022  
EUR = GBP 0.871 on average in 9M 2023 vs. GBP 0.847 on average in 9M 2022



## Definitions

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

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

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

**Average net debt:** 12 month average of monthly net debt at end of month.