

# First Quarter 2021 Revenue

## Returning to growth in Q1 in a challenging environment

April 15, 2021

- Solid organic growth of +2.8% in Q1, thanks to our transformation
- U.S. positive for the second quarter in a row at +5.1% organic, with:
  - Publicis Sapient at +11.2%
  - Mid-single digit growth for Epsilon for the 2<sup>nd</sup> consecutive quarter, at +4.7%
  - Double-digit growth in digital media
- Acceleration of organic growth in Asia at +5.7%, +3.0% in China
- Sequential improvement in Europe at -1.8% (+2.8% excluding MediaTransports and the Drugstore)
- Uncertainties remain due to still evolving sanitary conditions

### Q1 2021

|                               |              |
|-------------------------------|--------------|
| 2021 Net revenue              | €2,392m      |
| 2020 Net revenue              | €2,481m      |
| <b>Organic growth</b>         | <b>+2.8%</b> |
| Growth at constant currencies | +2.7%        |
| Reported growth               | -3.6%        |



Arthur Sadoun, Chairman and CEO of Publicis Groupe:

*“In an environment that remains challenging, Publicis Groupe is returning to positive organic growth. Thanks to the effects of our transformation, we posted a solid +2.8% in Q1, ahead of expectations.*

*This performance is mainly driven by the U.S. and Asia, which already outperformed all of our competitors in 2020.*

*Our U.S. operations were positive for the second quarter in a row, with +5.1% organic growth. We continued to capture a disproportionate amount of the shift in client investment towards digital channels, e-commerce and DTC, as demonstrated in the acceleration of Publicis Sapient’s U.S growth at +11.2%. It is also visible with Epsilon, posting mid-single digit growth for the second consecutive quarter, at +4.7%.*

*In Asia, we reported an acceleration in organic growth of +5.7% for Q1. China returned to growth at +3.0%, as it began to benefit from a strong series of wins over the past 18 months.*

*Europe meanwhile is showing sequential improvement, with a performance that was slightly down in Q1 at -1.8%. Excluding Mediatransports, and The Drugstore, on the Champs-Élysées, organic growth in Europe was at +2.8%. Some countries like France and Germany are returning to growth, but ongoing lockdowns weighed on some of our operations.*

*On the new business front, Q1 has been very busy, with some structural wins like L’Oréal Media business in China, Infiniti’s global creative, AB InBev’s data business, Toyota’s entire advertising portfolio in Australia, Unilever Shopper Marketing and Samsung media in the U.S.*

*For the rest of the year, we will continue to focus on our main priorities: putting our people first by safeguarding their health and wellbeing; staying close to our clients, who are under pressure to reinvent their business model; and accelerating on our product roadmap, which is advancing well, as demonstrated by our recent partnership with The Trade Desk.*

*Of course, returning to growth earlier than expected raises even further the confidence we have in our model, and I would like to thank our people for their incredible efforts and our clients for their trust. Nonetheless, we remain cautious in what is a still very challenging environment.”*

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## NET REVENUE IN Q1 2021

Publicis Groupe's net revenue in Q1 2021 was 2,392 million euros, down by 3.6% from 2,481 million euros in 2020. Exchange rates had a negative impact of 151 million euros. Acquisitions, net of disposals, accounted for a decrease in net revenue of 3 million euros. Organic growth stood at +2.8%, a solid number supported by the performance in the U.S.

### *Breakdown of Q1 2021 Net revenue by region*

| <i>EUR<br/>million</i> | Net revenue  |              | Reported<br>Growth | Organic<br>Growth |
|------------------------|--------------|--------------|--------------------|-------------------|
|                        | Q1 2021      | Q1 2020      |                    |                   |
| North America          | 1,505        | 1,555        | -3.2%              | +4.7%             |
| Europe                 | 561          | 578          | -2.9%              | -1.8%             |
| Asia Pacific           | 217          | 219          | -0.9%              | +5.7%             |
| Middle East & Africa   | 62           | 75           | -17.3%             | -11.0%            |
| Latin America          | 47           | 54           | -13.0%             | +7.7%             |
| <b>Total</b>           | <b>2,392</b> | <b>2,481</b> | <b>-3.6%</b>       | <b>+2.8%</b>      |

North America net revenue was up by 4.7% on an organic basis in Q1 2021, down by 3.2% reported due to the US dollar exchange rate. This includes a solid performance in the U.S., up by 5.1% on an organic basis, demonstrating further sequential improvement and positive for the second quarter in a row. This is the result of a faster than expected economic recovery in the country, combined with the strength of the Groupe's model that allowed to capture the shift in client investment towards digital, e-commerce and direct-to-consumer. Publicis Sapient was up by 11.2%, benefitting from the encouraging pipeline that started to pick up in Q3 2020. Epsilon recorded a +4.7% growth, driven by digital media, data practice, as well as recovery in automotive and further cross-fertilization with existing Groupe's clients. Outside Epsilon, digital media activities were up double digit, supporting the growth of Media overall. Creative was broadly flat and Health activities were up double digit for the fourth consecutive quarter. Canada was down 4.4% organically.

Net revenue in Europe was down by 2.9% on a reported basis. It was down by 1.8% on an organic basis, but it is worth mentioning that excluding the French outdoor media activities and the Drugstore, Europe was up by 2.8% on an organic basis. Some countries like France and Germany returned to organic growth, at +4.9% (excluding MediaTransports and the Drugstore) and +6.0% respectively. But ongoing government restrictions in the region continued to weigh on some of our largest operations, like in the UK, which declined organically by -3.4%.

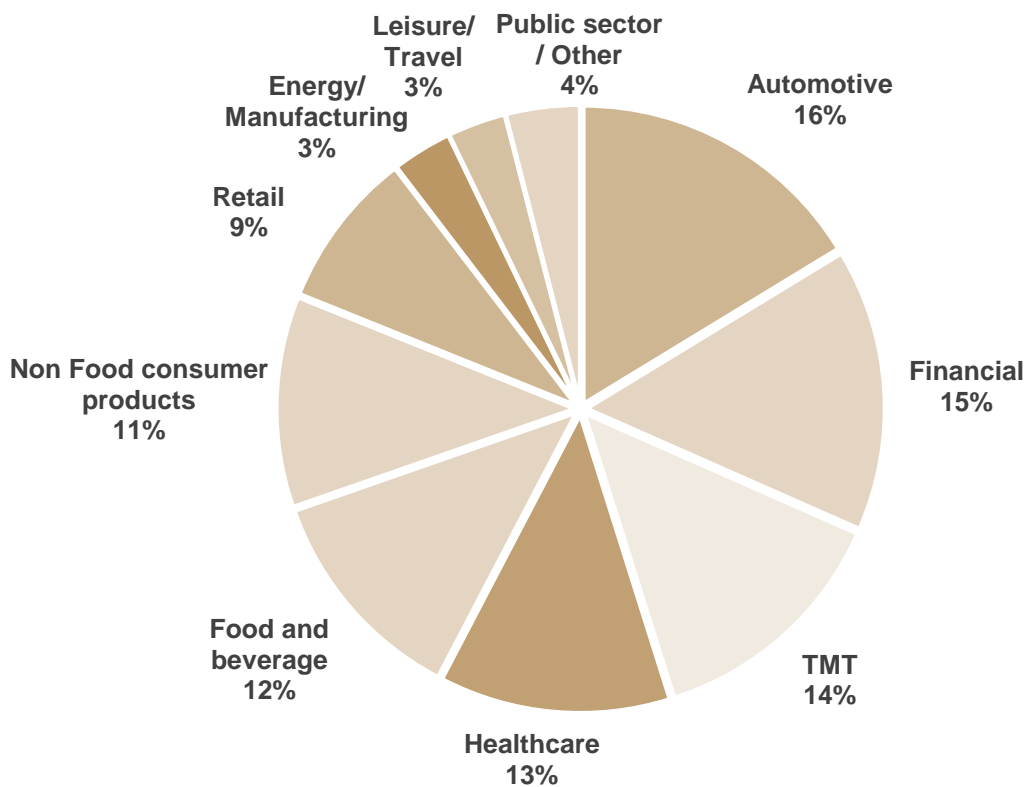
Net revenue in Asia Pacific was down by 0.9% on a reported basis, but returned to positive on an organic basis at +5.7%. China, which was the first country impacted by the Covid-19 pandemic in 2020, posted an organic growth of +3.0% thanks to a better sanitary context and strong series of wins. India and Australia both recorded dynamic organic growth in Q1.



Middle East & Africa declined by 17.3% in net revenue, or -11.0% on an organic basis, remaining impacted by the sanitary situation and impacted by a particularly high comparison base for Publicis Sapient.

Net revenue in Latin America was down by 13.0% on a reported basis due to currency impact, it was up by 7.7% on an organic basis. Brazil was broadly flat, while Mexico, Argentina and Columbia saw an increase in organic growth.

***Breakdown of net revenue at March 31, 2021 by sector***



*On the basis of 2,984 clients representing 92% of net revenue*



## NET DEBT AND LIQUIDITY

Net debt totaled 1,866 million euros at the end of March 2021, compared with 833 million euros at year-end 2020, reflecting the seasonality in the activity. Net debt was 4,094 million euros at the end of March 2020.

The Groupe's average net debt stood at 1,497 million euros in the first quarter 2021, compared to 3,486 million euros in the first quarter 2020.

The Groupe's liquidity position remains very solid, at 5.1 billion euros, improving by around 400 million euros compared to 4.7 billion euros a year ago.

Furthermore, following the merger of MMS USA Investments Inc. into MMS USA Holdings Inc. that took place on March 31<sup>st</sup> 2021, MMS USA Holdings Inc. is the new issuer of the 2025 (FR0013425139), 2028 (FR0013425147), et 2031 (FR0013425154) eurobonds.

## ACQUISITIONS AND DISPOSALS

There were no significant transaction on the period.

## OUTLOOK

The first quarter demonstrated a better than expected start of the year. As far as Q2 is concerned, the Groupe expects to recover between 60% to 80% of what it lost in Q2 2020, implying an organic growth between 8% and 10%, assuming no further deterioration in sanitary conditions. The crisis is not over yet, and a limited visibility continues to prevent the Groupe from giving a full year revenue guidance for 2021. As announced at the Full Year 2020 results, the Groupe will update further in July at its Half Year 2021 results, when the visibility on the economic and sanitary situation will have improved.

In the meantime, the Groupe will continue to manage its cost base and its cash tightly while preserving its agility and investing in future growth, providing confidence in delivering on the margin and cash objectives set for the year.

The Groupe confirms that its operating margin rate will improve by up to 50 basis points in 2021, consolidating further the achievement of 2020.

The Groupe also confirms that its free cash flow before change in working capital should be around 1.2 billion euros in 2021, contributing to the Groupe's deleveraging plans.



## **NEW BUSINESS**

### **EUROPE**

Pandora AS (Technology), Polestar Performance AB (Technology), Nomad Foods (Media), La Poste (Creative), Société des Produits Nestlé (Technology), Daimler (Technology), Unilever (Technology), PMU (Technology), TUI Group (Creative), Groupe Casino (Creative), SNCF (Creative), FNPCA - ARTISANAT (Creative), Procter & Gamble (Creative), Etihad Airways (Media), Sephora (Data), April (Technology), ABBVIE (Creative), France Télévisions (Data), Izneo (Media), Enedis (Creative), G-Star (Creative), Zava (Technology), Comic Relief (Creative), Brown Forman (Media), Vinted (Media), DocMorris N.V. (Media), Reckitt Benckiser (Media)

### **NORTH AMERICA**

Loblaw Digital (Technology), Verizon Wireless Digital (Technology), Mercedes-Benz USA (Technology), National Cancer Institute (Technology), Academy Sports & Outdoors (Technology), Comcast Corporation (Technology), The Depository Trust & Clearing Corp (Technology), Fiat Chrysler Automobiles (Technology), Sally Beauty (Media), Inspire Brands (Media), Samsung (Creative), Alcohol and Gaming Commission of Ontario (Creative), Unilever (Creative), Procter & Gamble (Creative), Hut 8 Bitcoin Mining (Creative), Mercedes-Benz (Creative), MacDonald, Dettwiler and Associates Inc (Creative)

### **ASIA PACIFIC/MEA**

Garena Online (Creative), PRC - Martell (Creative), L'Oréal (Media & Creative), Yili (Creative), Yinlu (Creative), Capital Foods (Creative), Diageo (Creative), Yinlu (Creative), Others (Creative), Ecco (Creative), AXA (Creative), Samsung (Digital), Penang South Island (Power of One), Spotify (Creative), AMC (Creative), Mercedes-Benz (Creative), Nestle Content (Production), Medgulf (Creative), Essilor (Creative), Nestlé (Wyeth) (Power of One), Sephora (Creative), Toyota Motor Corporation (Creative & Media)

### **LATAM**

Grupo SURA (Data), Banco Bradesco (Creative), Citigroup (Production), Pfizer (Creative), Astrazeneca (Creative), Compania Nacional de Chocolates de Peru S.A. (Creative), Visa (Creative), Grupo Nutresa (Creative), Mercedes-Benz (Creative), Heineken (Creative), PepsiCo (Digital), Grupo Bimbo (Creative), Procter & Gamble (Creative & Data)

### **GLOBAL**

AB InBev (Data), Nissan Motor Corporation – Infiniti (Creative)

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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 80,000 professionals.

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#### Publicis Groupe

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# Appendices

## Net revenue: organic growth calculation

| <i>(million euro)</i>                          | <b>Q1</b>    | <b>Impact of currency at end March 2021<br/>(million euro)</b> |              |
|------------------------------------------------|--------------|----------------------------------------------------------------|--------------|
| <b>2020 net revenue</b>                        | <b>2,481</b> | GBP <sup>(2)</sup>                                             | (2)          |
| Currency impact <sup>(2)</sup>                 | (151)        | USD <sup>(2)</sup>                                             | (122)        |
| 2020 net revenue at 2021 exchange rates (a)    | 2,330        | Others                                                         | (27)         |
| 2021 net revenue before acquisition impact (b) | 2,395        | <b>Total</b>                                                   | <b>(151)</b> |
| Net revenue from acquisitions <sup>(1)</sup>   | (3)          |                                                                |              |
| <b>2021 net revenue</b>                        | <b>2,392</b> |                                                                |              |
| <b>Organic growth (b/a)</b>                    | <b>+2.8%</b> |                                                                |              |

(1) Acquisitions (Octopus UK, Third Horizon), net of disposals (PC Epsilon Fitness, Sirius, Found)

(2) EUR = USD 1.199 on average in Q1 2021 vs. USD 1.102 on average in Q1 2020  
 EUR = GBP 0.870 on average in Q1 2021 vs. GBP 0.861 on average in Q1 2020





## Definitions

**Net revenue:** Revenue less pass-through costs which comprise amount paid to external suppliers engaged to perform a project and charged directly to clients. Those costs are mainly production & media costs and out of pocket expenses.

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