



# 1<sup>st</sup> Quarter Revenue

April 21, 2011

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- ◆ Healthy growth confirmed after 2010 recovery
- ◆ USA, the largest world economy recovering well
- ◆ Europe more contrasted : growth in UK, France, Germany; difficulties persist in Southern Europe
- ◆ Emerging markets : solid growth
- ◆ Japan : earthquake and tsunami consequences (components, automotive...)
  
- ◆ Uncertainties remain :
  - Sovereign debts at their highest levels
  - Unemployment remains a threat in developed economies
  - No clear view on the impact of recent events on the global economy : Middle East, North Africa
    - Oil prices, raw materials, agriculture

# 1<sup>ST</sup> QUARTER 2011

- Off to a good start
- Ahead of our internal plans

## Publicis Groupe Key Figures

Revenue (EUR million)

2011

1,286

2010

1,162

+ 10.7%

Organic Growth  
Digital\*

+ 6.5%

+ 12.6%

## Q1 Revenue by Geography

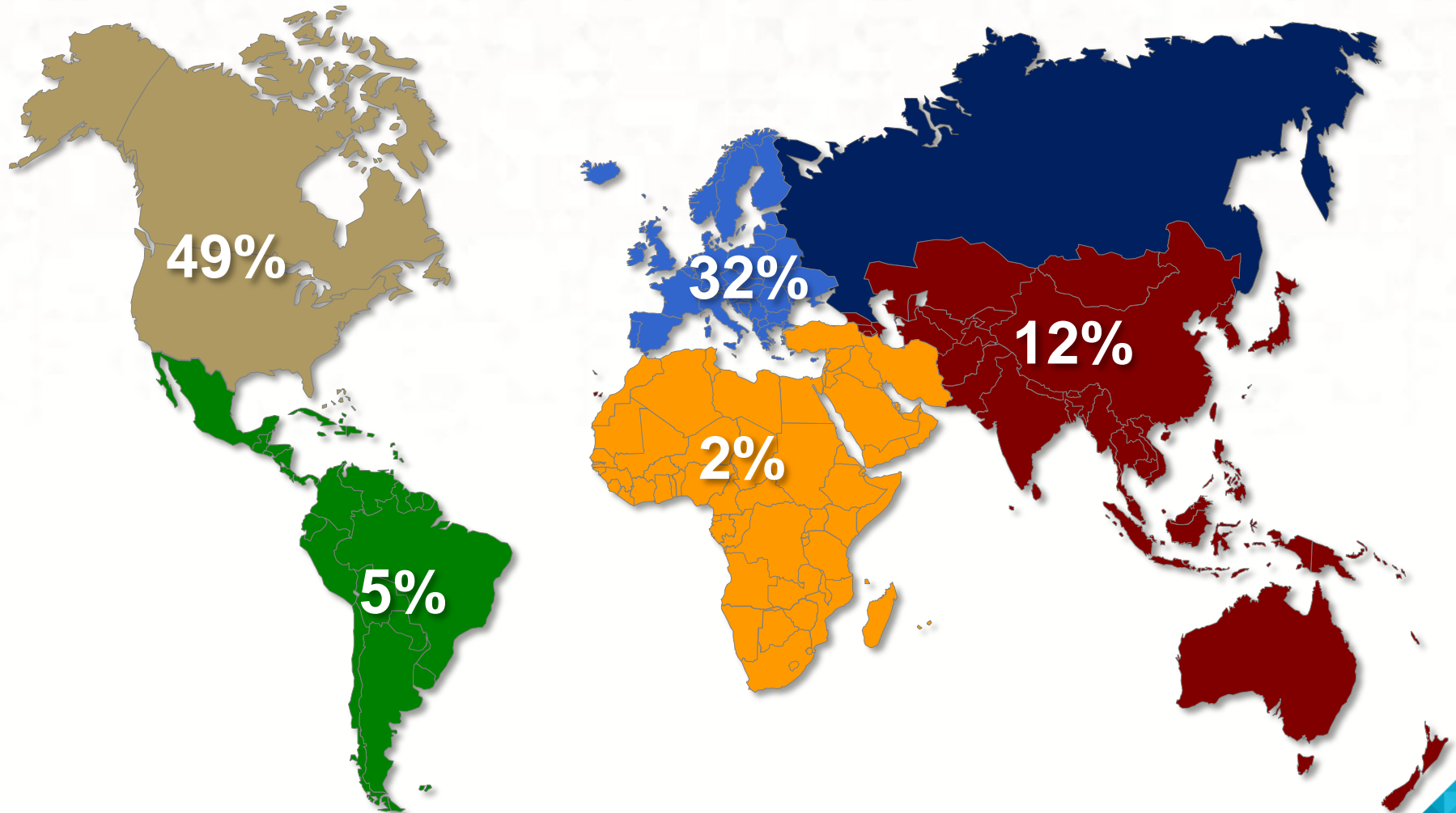
(EUR million)	Q1 2011	Q1 2010	Organic Growth 2011	Var. 2011 vs 2010
Europe	409	369	+6.2%	+10.8%
North America	632	579	+8.1%	+9.2%
Asia Pacific	148	131	+1.5%*	+13.0%
Latin America	68	55	+8.7%	+23.6%
Middle East & Africa	29	28	-0.5%	+3.6%
<b>Total</b>	<b>1,286</b>	<b>1,162</b>	<b>+6.5%</b>	<b>+10.7%</b>

\* Asia Pacific : negative growth in Australia, Japan, Korea, Thailand

## Organic Growth by Country

Organic Growth Rate	Q1 2011
<b>Above 10%</b>	Argentina, Brazil, Germany, Italy, Norway, Russia, Singapore
<b>From 5 to 10%</b>	Arab Emirates, Canada, France, Greater China, USA
<b>From 0 to 5%</b>	Netherlands, Poland, UK
<b>Below 0%</b>	Australia, Belgium, Japan, Korea, Mexico, Spain, Thailand

## Revenue by Geography





# Revenue by Activity

## Media

**19%**

19% in 2010



## SAMS\*

**49%**

47% in 2010



## Advertising

**32%**

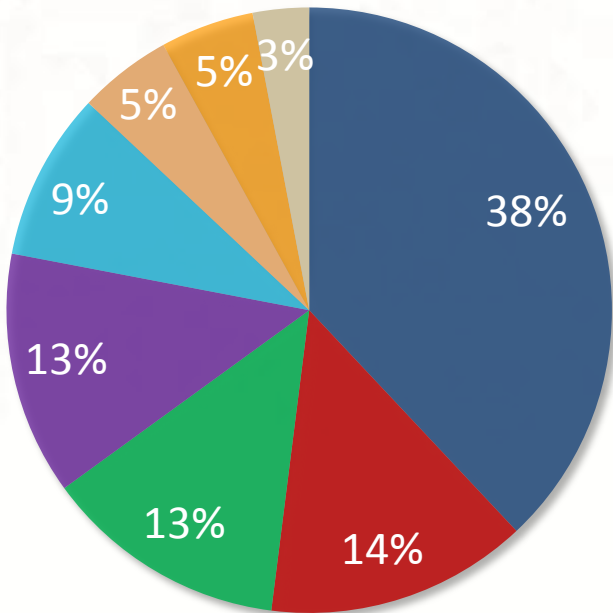
34% in 2010



\* SAMS including 100% Digital

## Revenue by Sector

Q1 2010

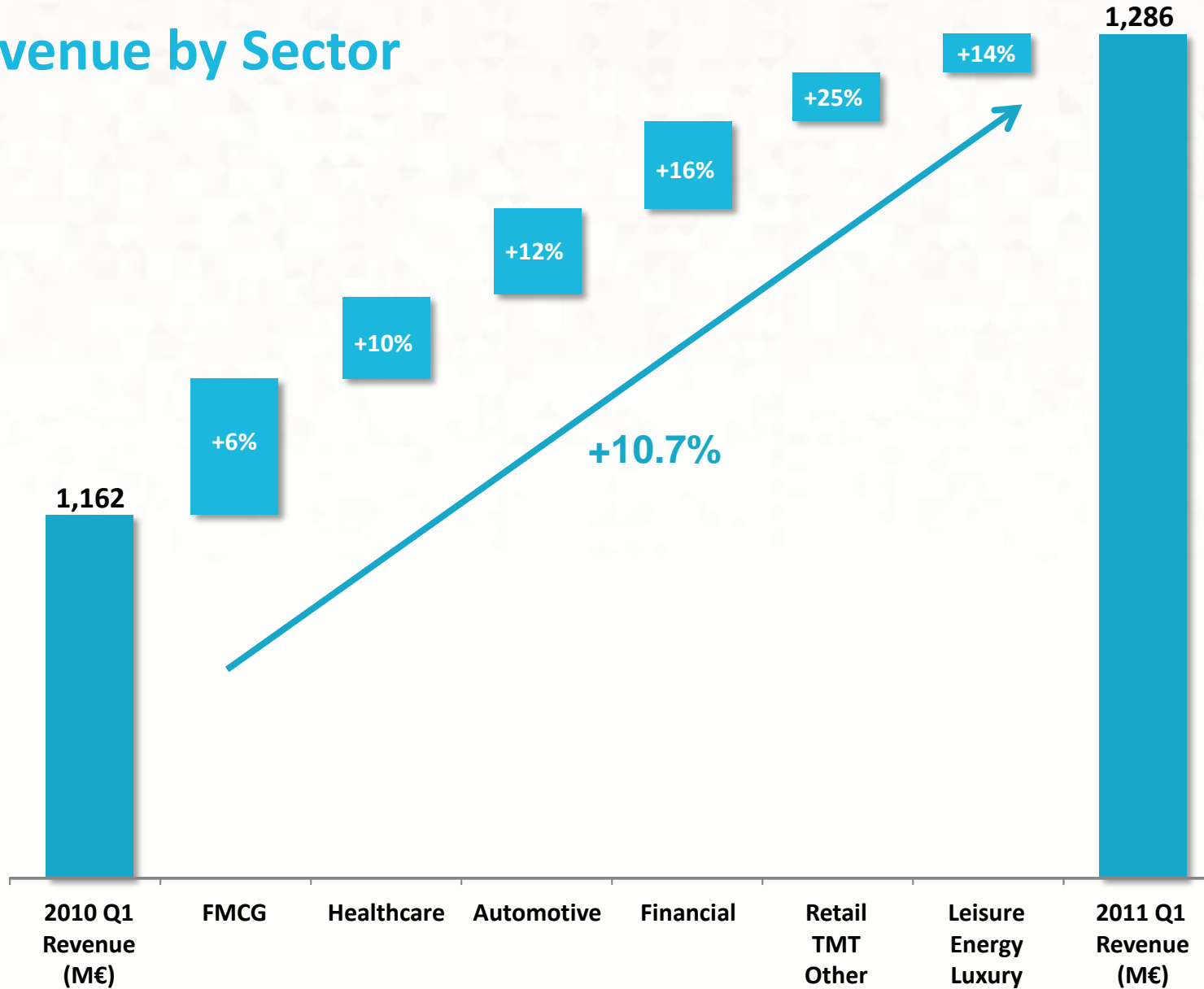


Q1 2011



Stable and balanced portfolio

# Revenue by Sector



# NET NEW BUSINESS

USD 1.9 billion

## New Business Wins



JPMorganChase 



L'ORÉAL  
USA

lenovo



YAHOO!

Microsoft

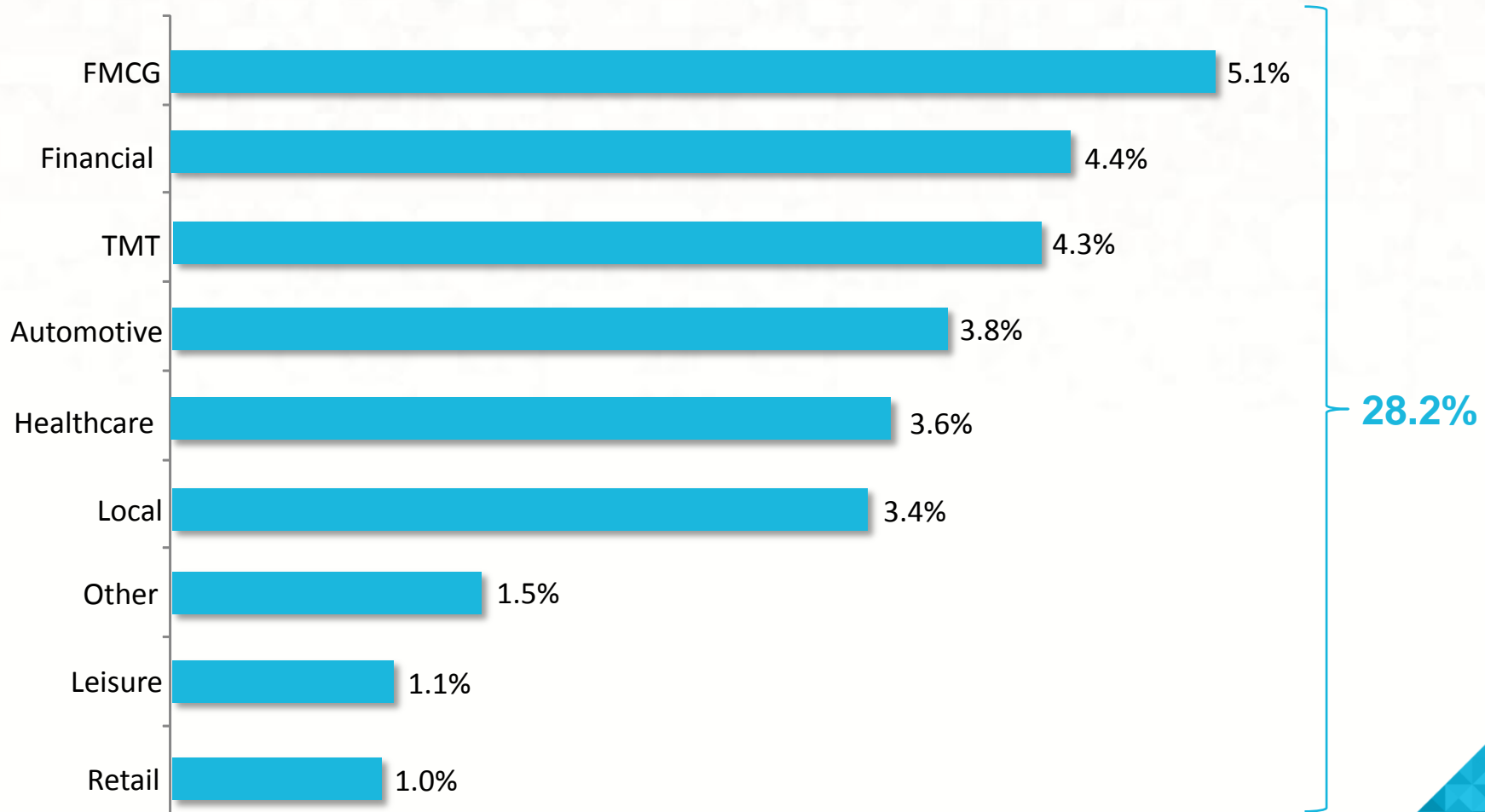


# ACTIVITIES

## 1<sup>ST</sup> PILLAR : DIGITAL

## Contribution by sectors

◆ 2011 Q1 Group digital revenue represents 28.2% of total revenue



### NORTH AMERICA : Role Model

- ◆ Digital activity represents 42.1% of total North America revenue (49% of Group Revenue)
- ◆ Digital organic growth in Q1 2011 : +10.8%
- ◆ Strongest position of all Advertising Groups

The model to roll out



## Digital Transformation

	Q1 2010	Q1 2011
Digital (% Group revenue)	27.0%	28.2%

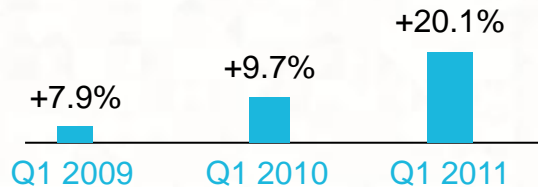
# ACTIVITIES

## 2<sup>ND</sup> PILLAR : EMERGING MARKETS (BRIC\*)

## Strong Growth Countries : Brazil

### Brazil : Q1 organic growth + 20.1%

#### ◆ Organic Growth :



#### ◆ Acceleration of acquisitions over the past 2 years :

- MS&L Brazil
- AG2 Publicis Modem
- Talent – Majority stake in 2011 (impact in Q2)

#### ◆ In 2011 : 6<sup>th</sup> Publicis Groupe market

- Employees : 1070p (x 1,5 in 5 years)
- Revenue x 2 in 5 years

#### ◆ ZenithOptimedia Forecasts (April 2011) :

- 2011 : +9.5%
- 2012 : +7.0%

## Strong Growth Countries : Russia

### Russia : Q1 organic growth + 20%

#### ◆ Organic Growth :



- ◆ In 2011 : 13<sup>th</sup> Publicis Groupe market
- ◆ Exploration of further external and internal growth possibilities
- ◆ ZenithOptimedia Forecast (April 2011) :
  - 2011 : +21.9%
  - 2012 : +23.3%

## INDIA : New strategy to be developed (after China)

- ◆ Market highly fragmented
- ◆ Leo Burnett : one of the top three agencies in the market
- ◆ Strong PR position :
  - Acquisition of 20:20  
(One of the market leaders in this field)
- ◆ New growth strategy to be developed

**Focus on acquisitions and alignment**

## Emerging markets : Increased Exposure

	Q1 2010	Q1 2011
Fast growing markets (% Group revenue)	21.7%	22.3%*

\* Excluding Razorfish Q1 : 23.4%

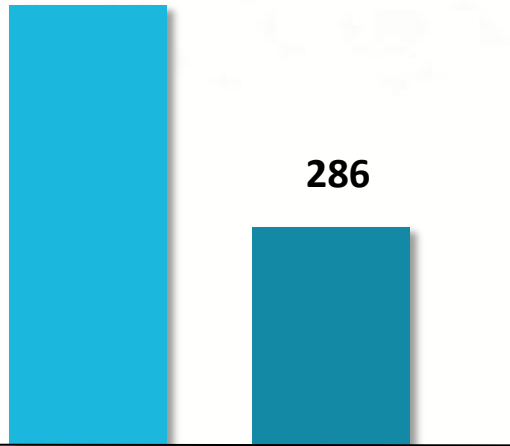
# FINANCE

## Average Net Debt Reduced

(EUR million)

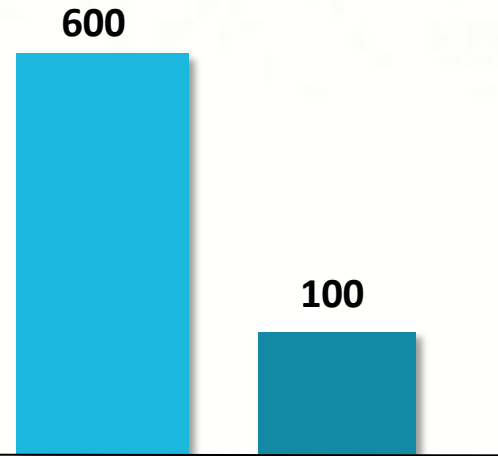
### Net Debt

March 31, 2010	March 31, 2011
707	286



### Average Net Debt

Q1 2010	Q1 2011
600	100





## Gross Debt at March 31, 2011

### Split by maturity

(EUR million)	Total	Apr. 2011- March 2012	Apr. 2012- March 2013	Apr. 2013- March 2014	Apr. 2014- March 2015	Apr. 2015 onwards
Oceane 2018*	122				122	
Oceane 2014	662				662	
Eurobond 2012**	522	522				
Eurobond 2015**	258				258	
Oranes	20	3	3	2	2	10
Earn-out / Buy-out	299	203	37	31	21	7
Other debt**	150	73	1			76
<b>Total gross debt</b>	<b>2,033</b>	<b>801</b>	<b>41</b>	<b>33</b>	<b>1 065</b>	<b>93</b>

No Covenants

\* Put Option in 2014





\*\* Including fair value of associated derivatives

## Liquidity at March 31, 2011

(EUR million)	Total	Drawn	Available
<b>Committed Facilities:</b>			
364-day revolving credit facilities	205	-	205
5-year revolving credit facility	450	-	450
5-year syndicated facility (Club Deal)	1,500	-	1,500
<b>Total Committed Facilities</b>	<b>2,155</b>	-	<b>2,155</b>
Cash and Marketable Securities	1,747	-	1,747
<b>Total Liquidity</b>	<b>3,902</b>	-	<b>3,902</b>
Groupe other uncommitted Facilities	233	6	227

# Outlook

## ZenithOptimedia Major Media Ad Forecasts for 2011 and 2012, current prices (%) – Key Markets

	Forecast 2011		Forecast 2012	
	At December 2010	At April 2011	At December 2010	At April 2011
<b>Worldwide</b>	<b>+4.6%</b>	<b>+4.2%</b>	<b>+5.2%</b>	<b>+5.8%</b>
United States	+2.4%	+2.5%	+2.8%	+3.4% 
Japan	+1.1%	-4.1%	+1.5%	+4.6% 
United Kingdom	+3.0%	+3.3%	+3.7%	+4.0%
Germany	+2.8%	+2.8%	+2.5%	+2.5%
China	+13.4%	+11.7%	+17.7%	+15.0% 
France	+1.9%	+3.5% 	+2.6%	+2.8%
Italy	+2.8%	+2.3%	+3.0%	+3.0%
Spain	+3.0%	+3.7%	+5.0%	+5.2%
Brazil	+9.9%	+9.5%	+9.8%	+7.0% 

## Publicis Groupe : Heading to Sustainable Growth

- ◆ Best adapted digital asset combination
  - Digital capabilities : well ahead of market
  - Digital network : unique access to global accounts
  - VivaKi Nerve Center : anticipation, innovation, break-through solutions, partnerships
- ◆ Focus on fast growing segments

## 2011 Active Strategic Acquisitions Policy : a Growth Booster

### ◆ UK : bolstering our Digital Capabilities

- Chemistry - UK (181 staff) : leading independent integrated communications agencies specialized in integrated marketing services. Strong emphasis on digital
- Airlock - UK (16 staff) : digital agency, specializing in multi-platform interactive solutions
- Holler - UK (32 staff) : specialized in branded entertainment strategy, content creation, social media, high digital content
- Kitcatt Nohr - UK (68 staff) : integrated digital agency  
already winning : Aviva, ...

### ◆ Healthcare

- Publicis Healthcare Consulting - France (10 staff)
- Watermelon-India (45 staff) : healthcare advertising agency in Mumbai

### ◆ Digital/PR

- ICL - Taiwan (25 staff) : top Taiwan public relations and social media consultancy

**STRATEGIC PRIORITY :**

**FOCUS ON CHINA**

### China today : moving to a new era

- ◆ Strong growth of Chinese middle class : from 200 m to 400 m in 2015
- ◆ A shift in demand from capital goods to consumer goods
- ◆ Development of services industries
- ◆ Improvement of the banking system
- ◆ A supportive public policy
- ◆ Mass consumption :
  - Cars, luxury, clothes, agri-food, pharma...

China : moving to consumption-led growth



### China : Golden Age for consumption up to 2020

- ◆ Decelerating growth, but economic rebalancing
- ◆ Abundant labor supply
- ◆ Eight drivers :
  - Economic growth
  - Development of service industries
  - Wage increases
  - Public expenditure
  - Income redistribution
  - Aging population
  - Level of economic development
  - Urbanization

**China : moving to consumption-led growth**



- ◆ Already 2<sup>nd</sup> largest luxury goods market in the world (25%)
- ◆ By 2015, expected to be the largest (32%) overtaking Japan
- ◆ 60% of luxury consumers are in their 30s, the youngest in the world
- ◆ In 2010, car sales in China surpassed that of the USA, with 15 million units
- ◆ No.1 in number of mobile phone users (880 million users) , with the largest telecom company in the world
- ◆ No.1 in number of internet users
- ◆ Have the world's top 3 banks: ICBC, CCB and BOC's total value is more than US\$528 billion
- ◆ Market for food, apparel, household and personal products to grow from 1.9 trillion RMB in 2006 to 7.7 trillion in 2020

China : moving to consumption-led growth

### China : The Advertising Market

- ◆ 2010 China overall traditional media advertising reached 13% yoy growth
- ◆ 2011 is forecast to grow at 15%
- ◆ China internet market growing : yoy +54.9%
- ◆ Mini blog (weibo) on a considerable uptake
- ◆ E-commerce becoming a way of life for young shoppers
- ◆ Social media, mobile and mini blogs will be top 3 highest growth media

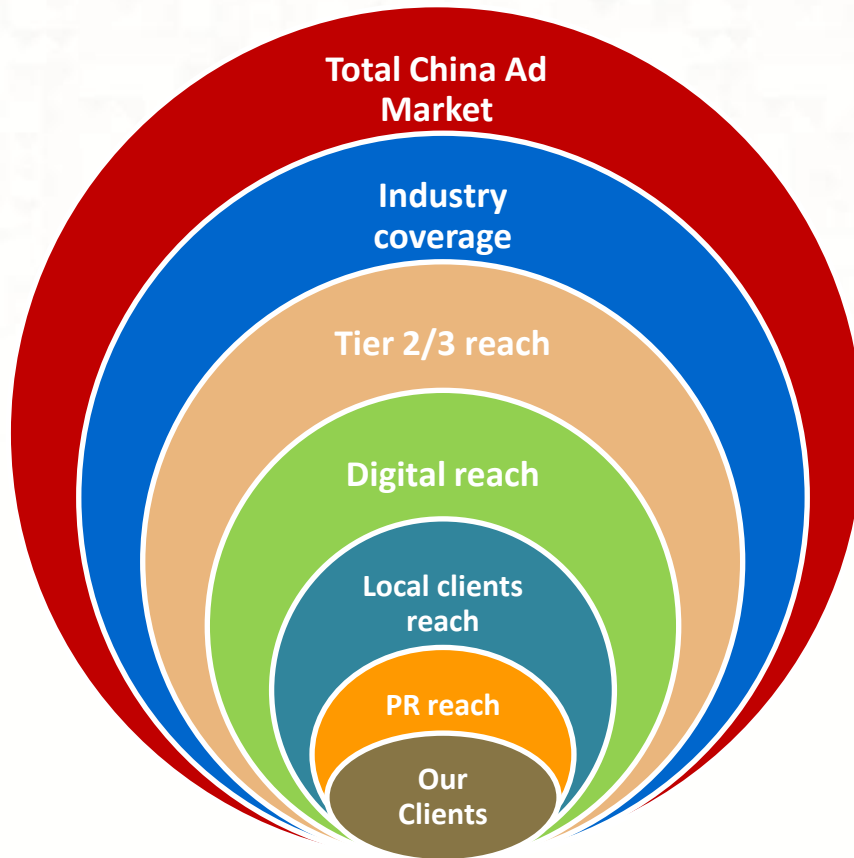
China : moving to consumption-led growth

## China : The Advertising Market

- ◆ TV stations : 3,200\*
- ◆ Newspapers : 1,943\* , Magazines titles : 9,549\*
- ◆ Radio channels : 2,437\*
- ◆ In 2010, China had over 300 m mobile internet users, a 60 m increase vs. 2009 (CNNIC)
- ◆ Instant messaging (QQ) , news, and search are still the top 3 mobile data usage in China
- ◆ 3G has gradually gained momentum, with 13 m 3G subscribers,
  - China Mobile (TD-SCDMA) : 5.51 m
  - China Telecom (CDMA2000 1x EV-DO) : 4.81 m
  - China Unicom (WCDMA) : 2.74 m
- ◆ The successful launch of iPhone by Apple in Q4 2009 and Android later further push the application of mobile

**China : moving to consumption-led growth**

## China – Addressing the total Ad market

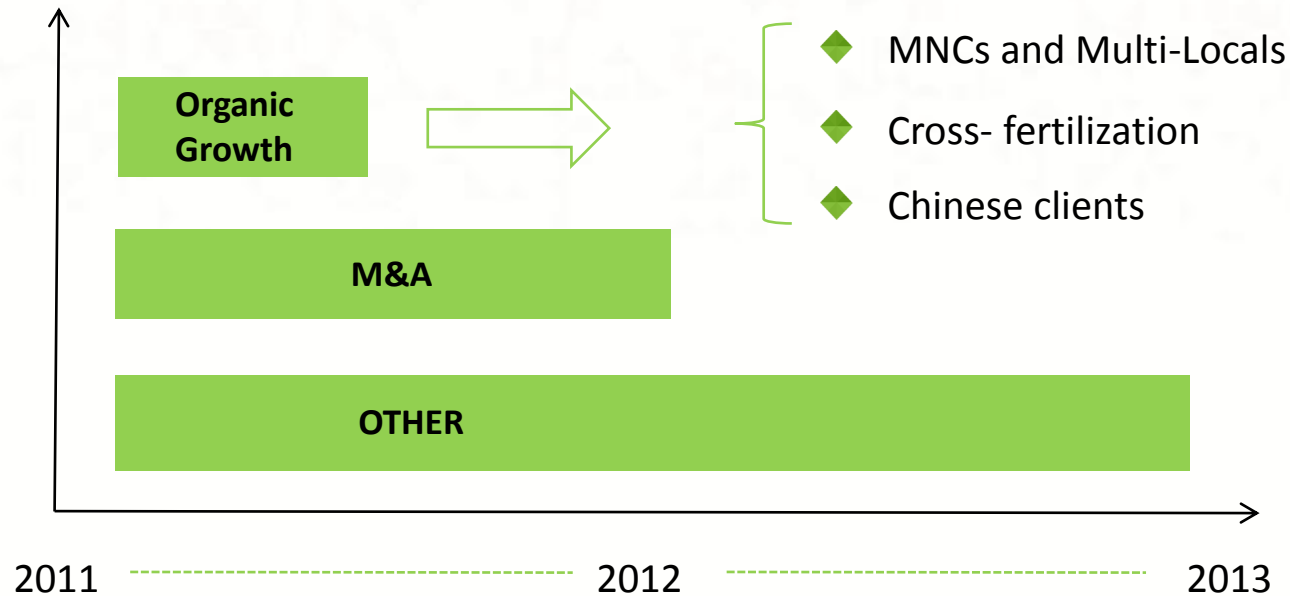


- ◆ 4 A agencies only reach 20% of the total Chinese ad market
- ◆ Competition is local, increasingly sophisticated (PR, digital) and growing rapidly
- ◆ New geographies (« go west »)
- ◆ Explosive growth in e-commerce, gaming, etc.
- ◆ Vast potential of industry verticals (e.g. healthcare, real estate, etc.)

## Publicis Groupe Strategy in China

Two pillars :

1. Organic growth : grow faster than the market, go deeper into China
2. M&A : build capabilities / reach



**Objective : double size in 2013**

### Publicis Groupe China M&A focus

- ◆ Objectives:
  - Acquire further capabilities / scale
  - Expand our presence in tier 2 cities
- ◆ 2 acquisitions in 2010 : PR (Eastwei) and full service (G4)
- ◆ Several ongoing discussions with leading Chinese agencies

**Objective : double size in 2013**

## Publicis Groupe : Objectives over three years

- ◆ Digital : 35% of total revenue in 3 years
- ◆ Fast Growing Markets : 30% of total revenue in 3 years with China doubling its revenue
- ◆ Profitability : continuous improvement of margins
  - Identified drivers :
    - Razorfish : margin catch up
    - Scalability of digital activities
    - Fixing underperforming entities
    - Critical mass of business in fast-growing economies
    - Shared services : regionalization
    - ERP implementation

**Growth-led organization**



## ◆ Outperform market growth

- Digital
- BRIC strategy
- New business machine

## ◆ Targeted acquisitions

- BRIC , next eleven
- Digital

## ◆ Margin

- Improved margin compared to 2010



# 1<sup>st</sup> Quarter 2011

April 21, 2011

## Q&A

2010



# Appendix

## Revenue and Organic Growth Calculation

(EUR million)	Q1
2010 Revenue	1,162
Currency impact	29
2010 Revenue at 2011 exchange Rate (a)	1,191
2011 Revenue before impact of acquisitions <sup>(1)</sup> (b)	1,269
Revenue from acquisitions <sup>(1)</sup>	17
2011 Revenue	1,286
<b>Organic Growth (b/a)</b>	<b>+6.5%</b>

Currency impact (EUR million)	
	Q1
GBP	3
USD	7
Others	19
<b>Total</b>	<b>29</b>

(1) Net of disposals

Average Exchange rate March 31. 2011 : 1 USD = 0.7318 EUR    1 GBP = 1.1720 EUR

## Q1 Revenue by Geography in USD

(USD million)	Q1 2011	Q1 2010	Organic Growth 2011	Var. 2011 vs 2010
Europe	558	510	+6.2%	9.4%
North America	865	801	+8.1%	8.0%
Asia Pacific	202	182	+1.5%	11.0%
Latin America	93	76	+8.7%	22.4%
Middle East & Africa	40	39	-0.5%	2.6%
<b>Total</b>	<b>1,758</b>	<b>1,608</b>	<b>+6.5%</b>	<b>9.3%</b>

*All entities translated into USD dollars using the following exchange rates :*

*March 31, 2010 : 1 USD = 0.7228 EUR*

*March 31, 2011 : 1 USD = 0.7318 EUR*

## Q1 Revenue by Geography in GBP

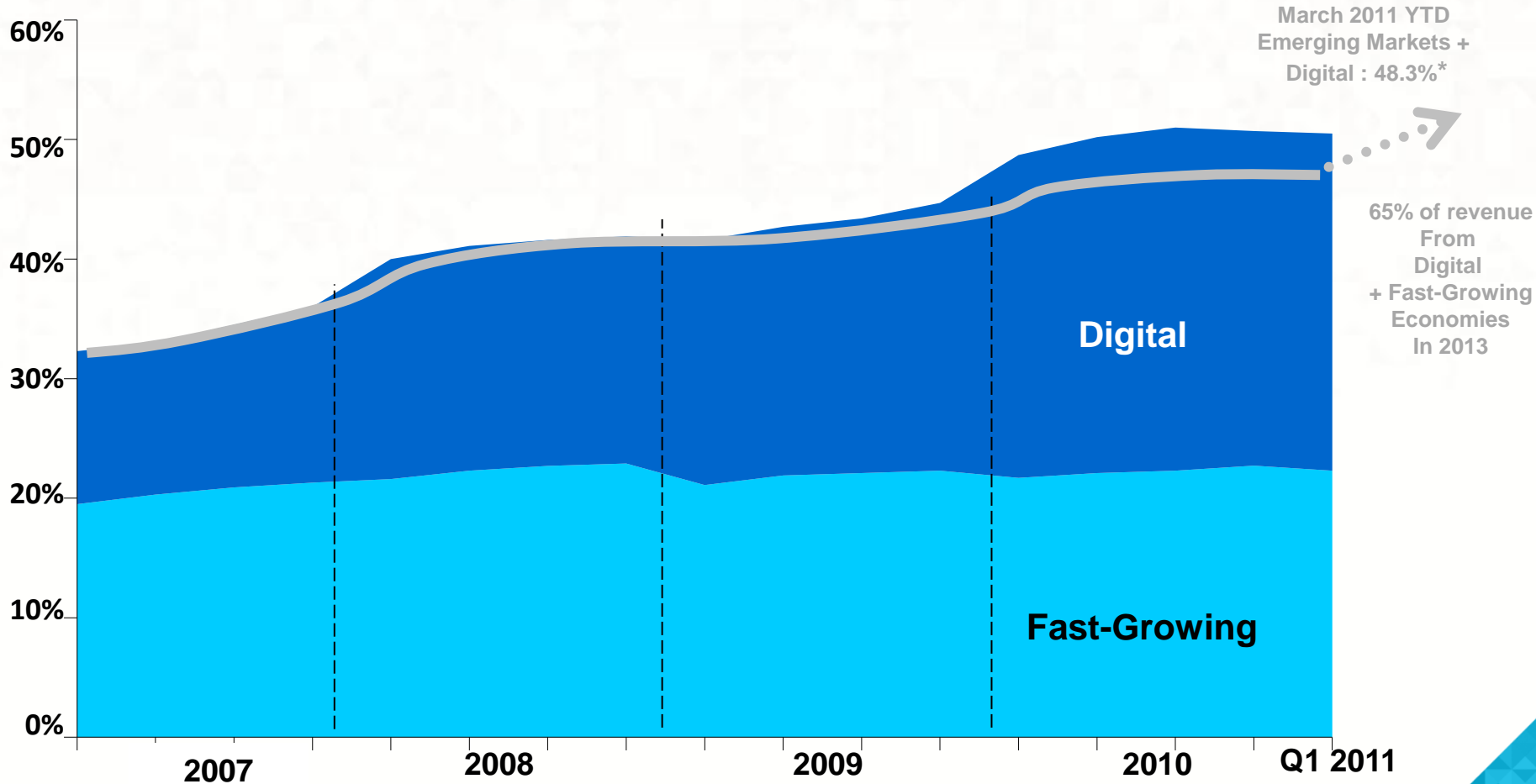
(GBP million)	Q1 2011	Q1 2010	Organic Growth 2011	Var. 2011 vs 2010
Europe	<b>348</b>	327	<b>+6.2%</b>	6.4%
North America	<b>540</b>	513	<b>+8.1%</b>	5.3%
Asia Pacific	<b>126</b>	117	<b>+1.5%</b>	7.7%
Latin America	<b>58</b>	49	<b>+8.7%</b>	18.4%
Middle East & Africa	<b>25</b>	25	<b>-0.5%</b>	0.0%
<b>Total</b>	<b>1,097</b>	<b>1,031</b>	<b>+6.5%</b>	<b>6.4%</b>

*All entities translated into GBP using the following average exchange rates :*

*March 31, 2010 : 1 GBP = 1.1277 EUR*

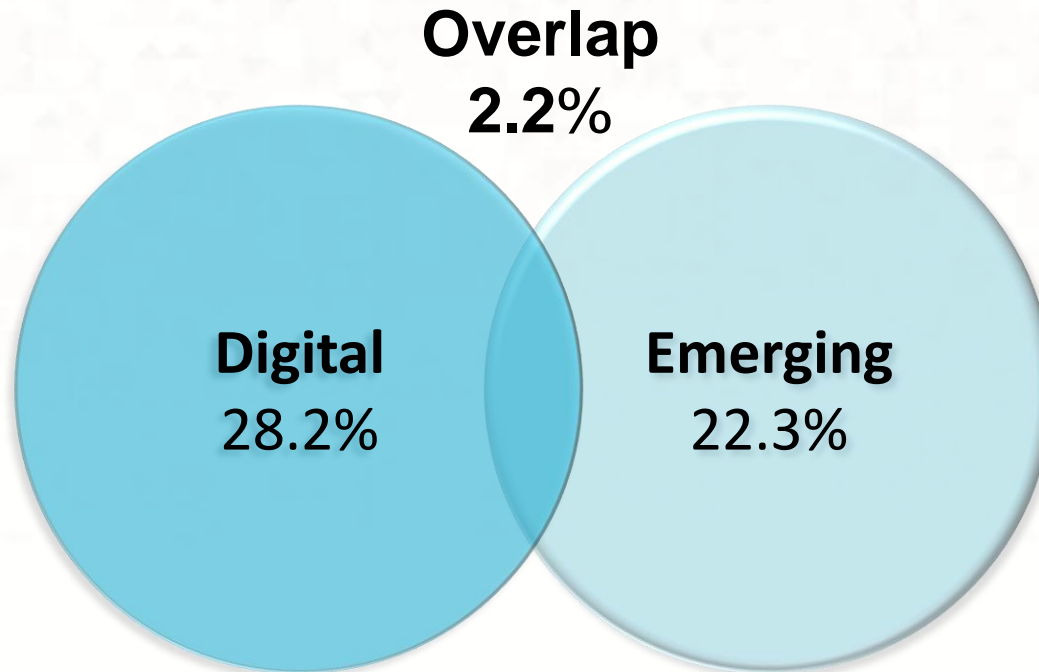
*March 31, 2011 : 1 GBP = 1.1720 EUR*

## Evolution of Revenue Share from Fast-Growing Economies and Digital



\* Including reduction for 2.2% due to overlap impact

## Combined Fast-Growing Segments



**Digital + Emerging**

**48.3%** in Q1 2011



## Net Debt

### Split by currency

(EUR million)	Total	EURO	USD	GBP	Others
Oceane 2018	122	122			
Oceane 2014	662	662			
Eurobond 2012*	522	522			
Eurobond 2015*	258	258			
Orane	20	20			
Earn-out / Buy-out	299	94	36	57	112
Other debt*	150	9	76	-	65
<b>Total gross debt</b>	<b>2,033</b>	<b>1,687</b>	<b>112</b>	<b>57</b>	<b>177</b>
Cash and marketable securities	(1,747)	( 1,396)	382	(102)	(631)
<b>Net debt (Cash)</b>	<b>286</b>	<b>291</b>	<b>494</b>	<b>(45)</b>	<b>(454)</b>

\* Including fair values of associated derivatives

## Net Debt Split by rate (after interest rate swap)

(EUR million)	Total	Earn-out / Buy-out	Fixed Rate	Variable Rate
Oceane 2018	122		122	
Oceane 2014	662		662	
Eurobond 2012*	522			522
Eurobond 2015*	258			258
Orane	20		20	
Other debt*	150		76	74
<b>Total gross debt excl. Earn-out / Buy-out</b>	<b>1,734</b>		<b>880</b>	<b>854</b>
Earn-out / Buy-out	299	299		
Cash and marketable securities	(1,747)			(1,747)
<b>Net debt (Cash)</b>	<b>286</b>	<b>299</b>	<b>880</b>	<b>(893)</b>

\* Including fair values of associated derivatives