

Third Quarter 2024 Revenue

## Strong Q3 2024 at +5.8% organic growth

### Upgrading full year organic growth guidance despite challenging macro

October 17, 2024

- Q3 2024 organic growth at +5.8%
  - Continuing to gain market share
  - Accelerating versus 4-year Q3 CAGR of +5.1%
- #1 ranking in net new business<sup>1</sup> in Q3 and 2024 YTD
- M&A acceleration: acquisition of the world's largest influencer and commerce marketing companies for \$1 billion
- Expecting to maintain momentum in Q4: upgrading full year 2024 organic growth guidance floor to +5.5%, versus +5.0% previously.
- Confirming industry-high 2024 financial KPIs: operating margin rate at 18.0% and free cash flow<sup>2</sup> between €1.8bn-1.9bn

#### Q3 2024

Net revenue	€3,423m
Organic growth	+5.8%
Reported growth	+5.6%

#### 9M 2024

Net revenue	€10,111m
Organic growth	+5.6%
Reported growth	+5.8%

<sup>1</sup> JP Morgan new business ranking (published October 10, 2024)

<sup>2</sup> Before change in working capital requirements



Arthur Sadoun, Chairman and CEO of Publicis Groupe:

*“Publicis had a very busy and very strong Q3, with organic growth of +5.8%.*

*Once again, we were able to gain market share by capturing a disproportionate amount of client demand for personalization at scale, with our combined media and Epsilon activities growing at almost +10%. All of our regions delivered strongly, with the U.S. at +4%, Europe at +4.9% and APAC at +6.4%, with China accelerating to +12.4%.*

*The strength of our model is also reflected in our net new business performance. Not only have we topped new business league table since the beginning of 2024, for the fifth year in a row we also led the ranking in Q3 which was very active quarter when it comes to pitch activity.*

*Despite an increasingly challenging macroeconomic environment, we expect to sustain our momentum in Q4. We are in a position to upgrade our organic growth guidance for the full year. This means that we should outperform the industry by close to 400 basis points on average in 2024.*

*Beyond our immediate results, in Q3 we also took steps to continue to stay ahead of the industry thanks to our model. We invested 1 billion dollars in acquiring Influential, the world’s largest influencer marketing platform and Mars United Commerce, the #1 independent commerce marketing company. We are now clearly leading on 3 critical expertise for our clients: addressable media, Creators and Commerce. We are then able to directly link this expertise with Epsilon’s identities around the world to create a connected media ecosystem that we can build transparently within our clients’ owned environments.*

*Our ability to fuel this unique and breakthrough connected ecosystem with intelligent content through our creative and production capabilities, and power it with the technology of Publicis Sapient, makes us confident in our ability to continue to outperform the market in 2024, and in the years to come.*

*I’d like to take this opportunity to thank our clients for their trust, and our people for their outstanding efforts.”*

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## Q3 2024 NET REVENUE

Publicis Groupe's net revenue in Q3 2024 was 3,423 million euros, up +5.6% compared to 3,241 million euros in Q3 2023. Exchange rate variations had a 36 million euros negative impact. Acquisitions, net of disposals, accounted for a positive impact of 33 million euros. Organic growth reached +5.8%.

### *Breakdown of Q3 2024 net revenue by region*

<i>EUR million</i>	Net revenue		Reported growth	Organic growth
	Q3 2024	Q3 2023		
North America	2,105	1,999	+5.3%	+4.7%
Europe	812	769	+5.6%	+4.9%
Asia Pacific	307	288	+6.6%	+6.4%
Middle East & Africa	105	95	+10.5%	+13.6%
Latin America	94	90	+4.4%	+30.3%
<b>Total</b>	<b>3,423</b>	<b>3,241</b>	<b>+5.6%</b>	<b>+5.8%</b>

**North America** net revenue was up +4.7% organically in Q3 2024. Taking into account a negative impact of the US dollar to euro exchange rate and the contribution of acquisitions completed over the last 12 months, reported growth was at +5.3%. The **U.S.** posted a very solid quarter with +4.0% organic growth, with Media and Epsilon combined continuing to be accretive, confirming the strength of the Groupe's integrated offer in this geography where its model is the most advanced. Publicis Sapient posted a slight decline in a context of a continued "wait and see" attitude from clients. Finally, Creative activities were up by a mid-single digit on the quarter.

**Europe** net revenue was up +4.9% on an organic basis (+5.6% reported). Organic growth in **France** and **Germany** accelerated this quarter, mainly led by double-digit growth in Media in both countries. **The U.K.** was impacted by a high comparable base last year, with Media and Creative activities together going up single digit after three years at double digits, while Publicis Sapient remained impacted by delays in digital business transformation projects. **Central & Eastern Europe** was very strong organically, with double-digit growth in most countries, led by both Media and Creative.

Net revenue in **Asia Pacific** recorded +6.6% growth on reported basis and +6.4% on an organic basis. **China** accelerated to +12.4% organic growth after +10.5% in Q2 2024, benefitting from new business wins in Media. **South-East Asia** grew by a low-single digit, on top of a double-digit growth in Q3 2023. **Australia** and **New Zealand** were up by a low-single digit this quarter.

Net revenue in the **Middle East and Africa** region was up +13.6% organically (+10.5% on a reported basis), largely driven by double-digit growth in Media and at Publicis Sapient.

In **Latin America**, net revenue was up +30.3% organically led by both Media and Creative, notably in Brazil, Colombia and Mexico. Reported growth was +4.4% due to the depreciation of the Argentinian peso relative to the euro.



### **Breakdown of net revenue for Q3 2024 by sector**

<b>Client sectors</b>	<b>% Net revenue</b>
Healthcare	17%
Automotive	14%
Financial	13%
Food & beverage	13%
TMT	13%
Non-food consumer products	10%
Retail	9%
Leisure & travel	4%
Public sector & others	4%
Energy & manufacturing	3%

Based on 3,397 main clients representing 91% of the Groupe's net revenue.

### **2024 NET REVENUE AT END SEPTEMBER 2024**

Publicis Groupe's net revenue in the first nine months of 2024 was 10,111 million euros up +5.8% compared to 9,559 million euros in the first nine months of 2023. Exchange rate variations had a 52 million euros negative impact. Acquisitions, net of disposals, accounted for a positive impact of 76 million euros. Organic growth reached +5.6%.

### **Breakdown of net revenue for the first 9 months of 2024 by region**

<b>EUR million</b>	<b>Net revenue</b>		<b>Reported growth</b>	<b>Organic growth</b>
	<b>9M 2024</b>	<b>9M 2023</b>		
North America	6,217	5,892	+5.5%	+4.9%
Europe	2,461	2,321	+6.0%	+5.0%
Asia Pacific	879	838	+4.9%	+6.8%
Middle East & Africa	295	274	+7.7%	+9.0%
Latin America	259	234	+10.7%	+19.7%
<b>Total</b>	<b>10,111</b>	<b>9,559</b>	<b>+5.8%</b>	<b>+5.6%</b>



## NET DEBT

Net financial debt amounted to 1,710 million euros as of September 30, 2024, compared to a net debt of 99 million euros as of June 30, 2024, and to a net debt of 714 million euros at the end of September 2023. The Groupe's last twelve months average net debt amounted to 406 million euros as of September 30, 2024, down from 451 million euros as of September 30, 2023.

## ACQUISITIONS

On **January 18, 2024**, Publicis Groupe Singapore announced the acquisition of **AKA Asia**, one of Singapore's leading integrated communications agencies. Founded in 2009, AKA is a highly respected player in the South-East Asian market, known for delivering award-winning and innovative communication campaigns. The acquisition expands and diversifies Publicis Groupe's capabilities in the region, while bolstering the Groupe's strategic communications, PR and influence offering. AKA has joined the Groupe's regional Influence practice.

On **March 12, 2024**, Publicis Sapient announced the acquisition of **Spinnaker SCA**, a leading supply chain services firm that provides end-to-end supply chain strategy, planning and execution consulting services. Founded in 2002 and based in Boulder in the U.S., Spinnaker SCA has become part of Publicis Sapient and brings core capabilities and skill sets including advanced AI and ML analytics, supply chain digital twins, warehouse and transportation management and expanded digital services. Spinnaker SCA further enables Publicis Sapient to offer solutions for clients to optimize their agile supply chains as part of their digital business transformation.

On **June 5, 2024**, Publicis Groupe in France announced the acquisition of **Downtown Paris**, a creation and production house specialized in leading brands in the beauty and luxury business. Founded in 2016, the agency has strengthened the production vertical of Publicis France and is working with the Groupe's various luxury entities.

On **July 25, 2024**, Publicis Groupe announced the acquisition of **Influential**, the world's preeminent influencer marketing company and platform, creating the world's leading influencer marketing solution. Influential's proprietary AI-powered technology platform with over 100 billion data points, coupled with its network of over 3.5 million creators, including access to and data on 90% of global influencers with more than 1 million followers, currently serves more than 300 brands around the world. By combining these capabilities with the unique data and identity assets of Epsilon, Publicis Groupe is putting the leadership of ID-driven influencer marketing in the hands of all of its clients through a premium creator network, revolutionized influencer planning and maximized cross-channel outcomes.

On **September 19, 2024**, Publicis Groupe announced the acquisition of **Mars United Commerce**, the largest independent commerce marketing company in the world. With over 1,000 employees based in 14 hubs worldwide, Mars leverages its proprietary suite of commerce solutions to drive growth for more than 100 of the world's top brands. The combined forces of Publicis Groupe and Mars has created the industry-leading connected commerce solution, allowing clients to influence the complete commerce journey for billions of global shoppers through an offering that begins with the industry's deepest and richest database of consumer behavior and ends at the digital and physical shelves of the world's leading online and offline retailers.



## OUTLOOK

After delivering a very strong third quarter of 2024, which continued to demonstrate the strength of the Groupe's model and its ability to win market share and outperform the industry, the Groupe raises the floor of its organic growth guidance for the full year 2024.

The floor is now expected at **+5.5% organic growth for the full year** compared to a floor of +5.0% previously, despite a macroeconomic environment that became more challenging over the quarter. This guidance takes into account the current macroeconomic uncertainties, which affect client spend, continue to weigh on Publicis Sapient like other IT consulting firms and would impact clients' end-of-year budget adjustments.

The Groupe also **confirms its 2024 guidance on financial ratios**, which will be maintained at the industry-leading levels of 18% operating margin rate and between 1.8 and 1.9 billion euros free cash flow before change in working capital, while sustaining its industry-high bonus pool and including the Groupe's opex investment of 100 million euros for its AI plan.



## 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 103,000 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. 2024 (million euro)</b>	
<b>2023 net revenue</b>	<b>3,079</b>	<b>3,239</b>	<b>3,241</b>	<b>9,559</b>	GBP <sup>(2)</sup>	20
Currency impact <sup>(2)</sup>	(29)	13	(36)	(52)	USD <sup>(2)</sup>	(19)
2023 net revenue at 2024 exchange rates (a)	3,050	3,252	3,205	9,507	Others	(53)
2024 net revenue before acquisition impact (b)	3,212	3,433	3,390	10,035	<b>Total</b>	<b>(52)</b>
Net revenue from acquisitions <sup>(1)</sup>	18	25	33	76		
<b>2024 net revenue</b>	<b>3,230</b>	<b>3,458</b>	<b>3,423</b>	<b>10,111</b>		
<b>Organic growth (b/a)</b>	<b>+5.3%</b>	<b>+5.6%</b>	<b>+5.8%</b>	<b>+5.6%</b>		

(1) Acquisitions (Spinnaker SCA, Practia, Mars United Commerce, Corra, Influential, AKA Asia, ARBH, Downtown Paris), net of disposals.

(2) EUR = USD 1.0871 on average in 9M 2024 vs. USD 1.0835 on average in 9M 2023  
EUR = GBP 0.8514 on average in 9M 2024 vs. GBP 0.8710 on average in 9M 2023



## 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.

**4Y CAGR organic growth:** Calculated as:  $( [1 + \text{organic growth (n-4)}] * [1 + \text{organic growth (n-3)}] * [1 + \text{organic growth (n-2)}] * [1 + \text{organic growth (n-1)}] )^{1/4} - 1$ .

**Operating margin:** Revenue after personnel costs, other operating expenses (excl. non-current income and expense) and depreciation (excl. amortization of intangibles arising on acquisitions).

**Operating margin rate:** Operating margin as a percentage of net revenue.

**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 before changes in WCR linked to operating activities.

**Free cash flow:** Net cash flow from operating activities less interests paid & received, repayment of lease liabilities & related interests.

**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:** Last 12-month average of monthly net debt at end of each month.