

# PUBLICIS GROUPE FINALIZES THE ACQUISITION OF EPSILON

- **With the acquisition of Epsilon, Publicis Groupe is completing its transformation to become the industry leader in delivering personalized experiences at scale.**
- **Placed at the heart of Publicis Groupe’s organization, Epsilon will turbocharge its creative, media and technology operations to accelerate growth.**
- **The transaction is positive for shareholders, with an accretion of 12.5% on Headline EPS<sup>1</sup> and 18.3% for Free Cash Flow<sup>2</sup>, excluding any transaction-related synergies.**

**PARIS, July 2, 2019 – Publicis Groupe (Euronext Paris: FR0000130577, CAC 40)** today announced the completion of the acquisition of data-driven marketing company, **Epsilon**, from Alliance Data Systems Corporation (NYSE: ADS), at a net value of 3.95 billion dollars after tax step-up, implying an 8.2 times Adjusted EBITDA multiple.

Based on pro-forma 2018 numbers, the transaction is 12.5% accretive to headline EPS and 18.3% to Free Cash Flow, excluding any transaction-related synergies.

**Arthur Sadoun, Chairman and CEO of Publicis Groupe**, stated: *“We are very pleased to have finalised the closing of the Epsilon acquisition in record time, at a very compelling price, creating immediate value for our shareholders. This acquisition completes our sets of assets harmoniously, with data capabilities that are second to none, and propels the Groupe as the global leader of personalized experiences at scale.*

*With the addition of Epsilon’s capabilities in data to our existing creative, media and technology firepower, we have all the necessary assets and talent to help our clients leapfrog their competition and grow profitably, in a data-led, digital-first world.*

*Our clients will benefit from a seamless, end-to-end service to solve all their marketing and transformation challenges across creative, media, data and technology.*

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<sup>1</sup> Headline EPS adjusted for Epsilon stand-alone carve-out costs and the runrate cost reduction being implemented at Epsilon.

<sup>2</sup> FCF per share reflecting above adjustments, as well as yearly tax step up effects.



*Our focus in the next months will be to successfully execute the integration while implementing our model, the Power of One, with our clients.*

*Over the last few weeks, client feedback has been overwhelmingly positive, showing a huge amount of interest and demand that we will now be able to address. All of this gives us great confidence for the future.”*

## **Integration**

Since the signing was first announced, many meetings between the Publicis Groupe and Epsilon teams have taken place, laying the foundations of the integration, based on three key principles:

### **1. Epsilon will be at the core of Publicis Groupe**

Epsilon will become the unique data-tech platform of Publicis Groupe, to deliver personalization at scale. Its expertise in onboarding, enriching and activating clients' first party data, its unique data sets and its vertical expertise in the Auto sector will be placed at the core of the Groupe. The very successful Publicis PeopleCloud platform and related activities will be folded into Epsilon.

It will be run by its current CEO Bryan Kennedy, who will join the Groupe Executive Committee and report directly to Arthur Sadoun.

Synergies will be created by combining Epsilon's creative agency businesses with Publicis Communications North America, while CJ Affiliate will be aligned with Publicis Media to leverage its growth potential.

### **2. Epsilon will turbocharge all of Publicis Groupe's operations**

The integration of Epsilon will accelerate the seamless implementation of the Power of One for the benefit of our clients.

**Publicis Communications** will leverage Epsilon's customer insights to improve ideation and build more relevant campaigns, and will power Epsilon's Dynamic Creative Engine to adapt to real-time consumer context.

**Publicis Media's** billions of touchpoints will be connected with Epsilon's data sets to provide superior intelligence to build consumer IDs, segment audiences and maximize media buying ROI.



**Publicis Sapient** will gain access to deep proprietary customer insights to optimize their clients' organization and business model.

And **Publicis Health** will partner with Epsilon's health practice to deliver outcomes-based measurement and optimization across strategic, creative and media engagements.

### 3. **Unlocking growth**

Every Publicis Groupe client will be able to access Epsilon through their Groupe Client Leaders. This will be effective immediately in the US and will ramp up internationally in the months to come.

The integration plan is focused on unlocking growth: 6 strategic workstreams have been defined, to address subjects ranging from the definition of 'a go to market' approach to lead the change in the industry, to how Publicis Groupe is able to leverage Epsilon's incredibly talented teams of engineers and data experts in India with its own Publicis Sapient-led expertise in the region.

All other integration topics including data privacy, real estate, support functions or shared services are covered by 19 operational task forces.

#### ***Financial details of the acquisition***

Publicis Groupe financed the acquisition of Epsilon through the successful placement of 2.25 billion euros bonds in three tranches on June 5, 2019, combined with a term loan and the use of 650 million dollars of cash on the Groupe's balance sheet.

The financing of the transaction aims to maintain a financial profile in line with current BBB+ / Baa2 ratings, with full deleveraging four years after completion of the transaction. Publicis Groupe remains committed to its current dividend pay-out of 45%.

Publicis Groupe will begin consolidating Epsilon's financial results as of July 1, 2019.

#### ***Upcoming events***

Half year results: July 18th, 2019 post market close.



## 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 and Publicis Health. Present in over 100 countries, Publicis Groupe employs nearly 75,000 professionals.

[www.publicisgroupe.com](http://www.publicisgroupe.com) | [Twitter : @PublicisGroupe](#) | [Facebook](#) | [LinkedIn](#) | [YouTube](#) | *Viva la Difference!*

## About Epsilon

Epsilon® is an all-encompassing global marketing innovator providing unrivaled data intelligence and customer insights, world-class technology including loyalty, email and CRM platforms and data-driven creative, activation and execution. Epsilon's digital media arm, Conversant®, is a leader in personalized digital advertising and insights through its proprietary technology and trove of consumer marketing data, delivering digital marketing with unprecedented scale, accuracy and reach through personalized media programs and through CJ Affiliate™, one of the world's largest affiliate marketing networks. For more information, visit [www.epsilon.com](http://www.epsilon.com)

## Contacts

Delphine Stricker	Corporate Communications	+ 33 (0)6 38 81 40 00	<a href="mailto:delphine.stricker@publicisgroupe.com">delphine.stricker@publicisgroupe.com</a>
Alessandra Girolami	Investor Relations	+ 33 (0)1 44 43 77 88	<a href="mailto:alessandra.girolami@publicisgroupe.com">alessandra.girolami@publicisgroupe.com</a>
Chi-Chung Lo	Investor Relations	+ 33 (0)1 44 43 66 69	<a href="mailto:chi-chung.lo@publicisgroupe.com">chi-chung.lo@publicisgroupe.com</a>