HALF-YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2020

This English language version of the 2020 Half-year financial report is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

PUBLICIS GROUPE

SUMMARY

MESSAGE FROM CHAIRMAN & CEO

Arthur Sadoun
Chairman & CEO

"The results we are publishing today demonstrate that Publicis has strong fundamentals to weather the crisis.

With our transformation almost completed, tailwind in the US and continued new business momentum, we were off to a good 2020.

As anticipated, we have been hit in Q2 by the first economic consequences of the coronavirus crisis. But thanks to our unique offer combining seamlessly creative, media, data and technology, to our unmatched backbone of shared services and our strong balance sheet, we have been able to reduce its impact.

Our reported net revenue was up 9.7% in H1 with the contribution of Epsilon.

Our organic growth in H1 came at -8.0% with Q2 at -13.0%, significantly better than the 23% decline in Global advertising expenditures predicted by Zenith and the 30% mentioned by WFA for Q2.

US organic growth was only down by -3.3% in H1, with Q2 at -6.8%, when ad spend is expected to decline by 18%. Our creative and media activities were still positive at the end of May. Europe posted an organic growth of -23.5% in Q2, as the lockdowns impacted most of the second quarter. In Asia, the performance was at -5.7% in Q2, with China clearly improving from Q1 but remaining negative and volatile.

Thanks to our ability to adapt fast, our country-model and our strong culture in managing costs, the Groupe demonstrated financial resilience in the first half, with an operating margin rate at 13.0%, despite the sudden drop in net revenue since March.

At the same time, we continued to record significant wins in new business across the world, such as Sephora in North America, McDonald's in China, or Française des Jeux in France, demonstrating our ability to continue to win large pitches with our unique model.

There is no doubt that we will all have to live with the virus and its economic and social consequences for a while, but Publicis is well armed to weather this crisis.

First, we have the products and services that our clients need. Over the last few weeks, we have seen an increased demand for all the capabilities that drove our strategy in the last few years: first-party data, breakthrough creativity, digital-first media and technology. The crisis has clearly accelerated the relevance of our go-to-market. We are uniquely positioned to help our clients take back control over their customer relationship, deliver personalized experiences at scale and reduce their cost while increasing their sales.

Second, in a world where our structure needs to be flatter, agile and remote, we are now truly operating as a platform. Our shared service organization has proven its efficiency and we have finalized the implementation of our country-model. This enabled us to react faster and immediately answer all our client needs in a seamless way. With the global roll-out of Marcel, 60,000 of our talents around the world now have a unique way to share their expertise, learn, collaborate, and contribute to client assignments.

Last but not least, we have a very solid financial backbone and a strong liquidity position that will get us through these uncertain times.

As we head into the second half, we are focusing on limiting the impact of the downturn, accelerating our new offering for our clients, while continuing to adapt our cost structure.

I would like to thank all of our clients for their trust as well as the Publicis' teams around the world. They are our most precious asset and the ones who will drive our clients' and our own future success. They have demonstrated outstanding commitment, solidarity, dedication and resilience despite the challenges they have endured, professionally and personally, during the lockdown."

CHAPTER

INTERIM MANAGEMENT REPORT

1

Publicis Groupe's Supervisory Board met on July 22, 2020, under the chairmanship of Maurice Lévy, to examine the half-yearly accounts at June 30, 2020, presented by Arthur Sadoun, Chairman of the Management Board and Chief Executive Officer.

1.1 KEY FIGURES

(in euro million except per-share data and percentages)	H1 2020	H1 2019	2020 vs. 2019
Data from the Income and Cash-Flow Statements			
Net revenue	4,774	4,352	+9.7%
Pass-through revenue	504	516	-2.3%
Revenue	5,278	4,868	+8.4%
EBITDA	923	885	+4.3%
% of Net revenue	*19.3%*	*20.3%*	*(100) bps*
Operating margin excluding transaction costs[(1)]	622	652	-4.6%
% of Net revenue	*13.0%*	*15.0%*	*(200) bps*
Operating margin	622	612	+1.6%
% of Net revenue	*13.0%*	*14.1%*	*(110) bps*
Operating income	254	489	-48.1%
Net income attributable to the Groupe	136	345	-60.6%
Earnings Per Share (EPS)	0.57	1.49	-61.7%
Headline diluted EPS[(2)]	1.75	1.98	-11.6%
Free Cash Flow before change in working capital requirements	495	491	+0.8%

Data from the Balance sheet	June 30, 2020	Dec. 31, 2019
Total assets	29,624	32,659
Groupe share of Shareholders' equity	7,030	7,401
Net debt (net cash)	3,221	2,713

(1) Transaction costs related to the acquisition of Epsilon totaled euro 40 million in 2019.
(2) Net income attributable to the Groupe, after elimination of impairment charges, amortization of intangibles arising from acquisitions, the main capital gains or (losses) on disposals, change in the fair value of financial assets, the revaluation of earn-out *costs* and Epsilon transaction costs, divided by the average number of shares on a diluted basis.

1.2 MACROECONOMIC ENVIRONMENT

The second quarter of 2020 has experienced the sharpest decline in GDP ever recorded over this period. This significant contraction, of -10 to -20%, compared to the same quarter in the previous year, was of course the result of the political decision to voluntarily halt economic activity in an effort to control the worldwide pandemic of Covid-19. This reduction is unique not only in its size but also in its intentional nature. The severity of the decline in GDP depends mainly on containment, whose modalities and duration have differed from one country to another.

Europe is the most affected by the health crisis, due to the often harsh containment conditions; the drop in GDP in the second quarter ranges from -12.8% (Germany; -6.3% for the year 2020) to -23% (France; -9% for the year 2020).

Great Britain has suffered from a similar health context, after a period of denial. The stress of Brexit is added to the health stress. GDP was expected to fall by -15% in the second quarter, and by -8% for the year 2020.

Japan is limiting the decline in its GDP (-5%) thanks especially to its reliance on China, whose GDP is expected to grow by 1% in 2020.

After undergoing a considerable shock in March, commodity market have recovered, which suggests a less gloomy future for producer countries, often emerging countries such as Brazil (nevertheless, its GDP decline in 2020 will be -8%).

The intentional shutdown of activity is not a recession. The conditions for reopening economies and the psychology of the players involved (households and companies) will be crucial to ensure the cessation of activity is not followed by a recession in the second half of the year. The proactivity and voluntarism of the monetary and political authorities should limit this risk.

(All data calculated in relation to the same period of the previous year. Source: FACSTET, or IMF as indicated in the commentary)

In the USA, the economic situation has deteriorated and remains very uncertain. The labour market has been very responsive, as usual, to the general economic downturn. The American economy, despite the measures taken by the government to limit the impact of the health crisis, has wiped out more than 21 million private jobs in 3 months, i.e. as many jobs as it has created in 20 years (the American economy employed 132 million people in the private sector in 2001, and 152 million just before the health crisis). The situation has already started to recover because of early deconfinement measures in some states: job creation reached 2.7 million in May and 4.8 million in June (about a third of the jobs destroyed were re-created in two months). Some indicators show a vigorous recovery, but there are many optical effects. Leading indicators such as ISM Services (back to pre-crisis levels) or consumer confidence (up 12.4 points in May-June after a 46.9 point drop in March-April) have regained much of the lost ground. Nevertheless, the situation on the health front remains tough, and at the beginning of the third quarter, the health crisis in the United States seems to be lacking in control, due to measures deemed ineffective and late in some states, cities or counties. The measures taken by the Central Bank have prevented a financial crisis. Within a few weeks, financing circuits have reopened, and companies have managed to finance themselves despite the risk of default, which usually limits investors' appetite for corporate debt. Despite all the measures taken by the government, which will result in a sharp increase in the deficit, which is expected to reach between 15 and 20% of GDP in 2020, the IMF expects the GDP to fall by -8% in 2020. It will be most concentrated in the second quarter (-11.9% according to the consensus of Factset economists). Uncertainty remains high for the third quarter.

The economy of the euro zone is slowly recovering, after a strict lockdown in the southern countries. The euro zone was affected by the health crisis before the USA, and its containment conditions were harsher, especially for the southern countries (Italy, France, Spain). These factors explain why the decline in activity is more significant in Europe: the drop in GDP could be more than 10% according to the IMF. National governments and the ECB have deployed support measures for activity, involving considerable amounts, as in the USA. These support measures should be combined with stimulus measures at the European level, totalling euro 750 billion. The fall in GDP is unequalled in the second quarter: Factset consensus economists forecast GDP falls of -12.8% for Germany, -23% for France, -17.2% for Italy, -19.1% for Spain… Germany is by far the country least affected, probably because it has made the biggest effort to support its economy. The health crisis is widening pre-existing gaps in economic performance.

In Great Britain, the scenario is similar. British GDP, which is still very dependent on the European economic situation and faces the same containment after a short period of denial, is also very affected in this context, to which must be added the still strong uncertainty about Brexit's conditions. As in the rest of the world, it is in the second quarter that the decline will be the most significant, -15% according to the Factset consensus. The decline in GDP over the year 2020 should reach -8.5%, while the IMF fears a contraction of -10.2%.

The virus, due to the low incidence of chronic diseases and better hospital facilities, has less directly affected the Japanese economy. Japan should also benefit from the resilience of the Chinese economy, which remains a major economic partner. The decline in GDP should be less pronounced than in Europe, in the order of -5 to -6% according to the consensus and the IMF. The Japanese authorities have also launched a major support plan, in addition to a plan already in place prior to the health crisis. Nevertheless, the decline in GDP in the second quarter is expected to be deep, at -9.2% according to the Factset consensus.

In China, the plague has been properly controlled in the context of a more authoritarian country. Despite the resurgence of outbreaks, particularly in Beijing, and new containment measures, it seems that the epidemic risk is decreasing. Both local and national authorities have proven their effectiveness. The negative impact on the economy has been significant, but the change in GDP remains positive: Chinese GDP is expected to grow by 1% in 2020, according to the IMF and the Facstet consensus. The decline occurred in the first quarter of 2020 (-6.8%), while GDP is already recovering in the second quarter (+1.8%). The measures taken to tackle the crisis, mainly monetary, have been successful.

Oil prices have recovered well. Now at \$40-\$45 a barrel vs. \$50-\$55 before the crisis, the price of oil has risen by nearly 50% from its March lows. The drop in the number of wells in the United States is significant, and the production restrictions decided by the producing countries have compensated for the fall in consumption. Consumption is evolving in line with the deconfinement measures taken in May and June. The prices of the main industrial raw materials have also recovered and are gradually returning to their pre-crisis levels. This is providing some relief to the often emerging producer countries, whose economic situation remains very worrying, especially Brazil, whose GDP is expected to fall by -9% in 2020, and by -8% in the second quarter of 2020.

1.3 GROUPE CSR POLICY

The Group's priorities in the first half of the year were affected by major events around the world. The health of employees was the first subject of mobilization with the Covid-19 pandemic. The teams then focused on providing the best possible assistance to our clients, who faced the economic consequences of varying degrees of confinement across many countries. Finally, issues of diversity, inclusion and social justice have played an important role and generated strong internal mobilization.

The pandemic that spread from country to country at the end of January defined the Group's top priority: to protect all employees, by following national confinement instructions and recommended barrier actions. Because of Covid-19, 95% of the Group's employees switched to remote working within a few days. Everyone was equipped in record time (laptop with VPN, mobile, etc.) thanks to the IT teams, who carried out a considerable amount of operational deployment and infrastructure monitoring work.

Every Sunday for three months, Arthur Sadoun, Chairman of the *Directoire* (Management Board), spoke by video to all the Group's employees, explaining the priorities of the moment and indicating the challenges and next steps. This regular information, supplemented by local managers, enabled employees not to feel isolated and to be mobilized around the Group's strategic and operational priorities. As soon as they were able to return to the office, local HR teams deployed highly structured recovery plans, taking care to give priority to remote working for as many people as possible and to organize the best possible management of the flow of people in the various sites. Employees have been equipped (masks, hydro-alcoholic gel, etc.) and the offices, once disinfected, have been refurbished to respect social distancing, with reinforced health precautions.

At the same time, on the strength of the successful test year in the United Kingdom, the accelerated and anticipated deployment of the Marcel platform took place in almost all countries during the second quarter. Employees were able to stay connected to the Group's news and access the library of online training courses accessible to all 24/7 – Marcel Classes – and via hundreds of modules, to improve their skills and discover new business developments or listen to inspirational personalities. Also on Marcel, they were able to benefit from individual support programs to take care of their physical and mental health. Finally, as the pandemic has hit some customers and activities hard, Marcel has enabled employees who are more available to help other teams who are particularly in demand. A more dynamic management of talents and skills started during the health crisis.

Issues of equality and inclusion, anti-racism and social justice took centre stage in the United States and many other countries in the second quarter. June 17 was a "pause" for US agency employees and their managers to reflect on how to move forward and be more effective in promoting inclusion in our agencies and in society. The Diversity and Inclusion teams and the Chief Talent Officers coordinated the work, and strong commitments were made, under the responsibility of the US Executive Committee, on seven measures to promote real inclusion that have an impact on our agencies and communities. Other countries, such as the United Kingdom, have mobilised internally to strengthen their internal and local actions.

The Group's clients were affected in very contrasting ways, as confinement did not have the same consequences for everyone. All the teams deployed a great deal of energy and rigor to be at their side at all times during this critical period, and to prepare for the continuation and resumption of normal activities. This period also accelerated the digital transformation for our clients. In this turbulent context, the teams also shared with their clients the numerous studies carried out by the agencies with groups of citizen-consumers on the impact of this crisis. These groups have shown a greater awareness of the challenges of sustainability and resilience; they have formulated expectations for major changes, being more demanding with regard to companies and their CSR strategy, as well as on their brands and promises. They appeared to be more concerned by climate issues and more willing to act at their level and on their territory on a daily basis.

The pandemic and the months of confinement have also led to a rethinking of certain events such as the regional editions of the Women's Forum, which have been transformed into a series of high-level virtual sessions. The Paris edition of Viva Technology has been postponed until 2021.

Towards society, with the pandemic, the Group's agencies have focused on a few causes of general interest through pro bono campaigns or projects and volunteer work.

In terms of climate change, at the beginning of 2020 the Group joined the Science Based Targets Initiative (SBTi) to determine its new objectives for 2030, as those for 2020 have already been largely achieved. The action plan will be based on 3 elements: firstly, the drastic reduction of all impacts (more than 40%), secondly, the use of 100% renewable energies before 2030, and finally, as a very last resort, the use of carbon offsetting for irreducible impacts, the objective being the Group achieving carbon neutrality before 2030. In addition, the proprietary tool for assessing the impacts of client campaigns and projects has been finalized; “Alice” (Advertising Limiting Impacts & Carbon Emissions) will be gradually deployed in all countries.

The Group's and agencies' CSR actions are publicly accessible in the CSR section of the Group's website and the data is summarized in the CSR Smart data section.

1.4 ACQUISITIONS & DISPOSALS

There were no significant transaction on the period.

1.5 ANALYSIS OF THE FINANCIAL SITUATION AND RESULT

Simplified consolidated income statement

(in millions of euros)	H1 2020	H1 2019	2020 vs. 2019
Net revenue	**4,774**	**4,352**	**+9.7%**
Pass-through revenue	504	516	-2.3%
Revenue	**5,278**	**4,868**	**+8.4%**
Personnel costs	(3,224)	(2,879)	+12.0%
Other operating costs	(1,131)	(1,104)	+2.4%
Operating margin before Depreciation & Amortization	**923**	**885**	**+4.3%**
Depreciation & Amortization	(301)	(273)	+10.3%
Operating margin	**622**	**612**	**+1.6%**
Percentage operating margin (% of Net revenue)	***13.0%***	***14.1%***	***(110) bps***
Amortization of intangibles arising from acquisitions	(142)	(27)	-
Impairment	(231)	(113)	+104.4%
Other non-recurring income (expense)	5	17	-70.6%
Operating income	**254**	**489**	**-48.1%**
Financial income (expense)	(92)	(1)	-
Revaluation of earn-out costs	2	(1)	-
Income tax	(39)	(136)	-71.3%
Share of profit of Associates	(2)	(5)	-60.0%
Minority interests	13	(1)	-
Group net income	**136**	**345**	**-60.6%**

Net revenue in Q2 2020

/ Breakdown of Q2 2020 Net revenue by region

	Net revenue			
(in millions of euros)	Q2 2020	Q2 2019	Reported growth	Organic growth
Europe	510	663	-23.1%	-23.5%
North America	1,458	1,177	+23.9%	-7.6%
Asia Pacific	215	237	-9.3%	-5.7%
Latin America	50	78	-35.9%	-20.2%
Middle East & Africa	60	79	-24.1%	-23.5%
Total	**2,293**	**2,234**	**+2.6%**	**-13.0%**

Publicis Groupe's net revenue in Q2 2020 was euro 2,293 million compared to euro 2,234 million in Q2 2019, up by 2.6%. Exchange rate variations had a euro 1 million negative impact. The acquisitions (net of disposals) contributed euro 350 million to net revenue in Q2 2020, mainly reflecting the contribution of Epsilon.

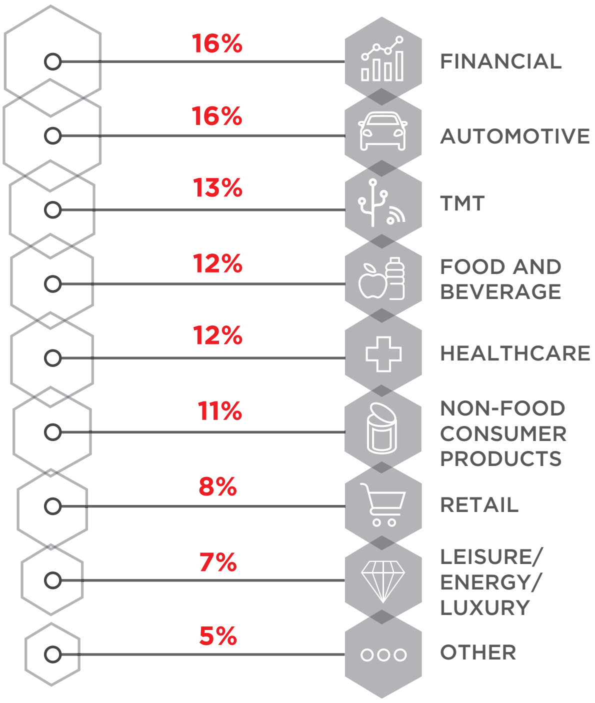
Organic growth was -13.0% in Q2 2020. Excluding the impact of French activities that were shut down during Q2, like outdoor media activities and the Drugstore, organic growth for the Groupe was -11.0%. Most of Groupe's activities were negatively impacted in Q2, except the Health division which recorded a double-digit growth. Europe was particularly affected as containment measures lasted over the vast majority of the quarter.

Net revenue in H1 2020

Publicis Groupe's net revenue for the first half 2020 was euro 4,774 million, up 9.7% compared to euro 4,352 million in H1 2019. Exchange rate variations over the period have a positive impact of euro 32 million. Acquisitions (net of disposals) have a contribution of euro 743 million on net revenue, most of it being related to the acquisition of Epsilon.

Organic growth is -8.0% in H1 2020. The Group has been impacted by the effects of the Covid-19 pandemic from March, with a further decline in organic growth in Q2 following the containment measures that were implemented by governments in different geographies. With its transformation almost completed, the Groupe entered well the year 2020 thanks to its strong tailwind in the US and its continued new business momentum.

/ Breakdown of H1 2020 net revenue by sector



Based on 3,285 clients representing 91% of Groupe's net revenue.

/ Breakdown of H1 2020 Net revenue by region

(in millions of euros)	Net revenue H1 2020	Net revenue H1 2019	Reported growth	Organic growth
Europe	1,088	1,296	-16.0%	-16.5%
North America	3,013	2,316	+30.1%	-3.6%
Asia Pacific	434	444	-2.3%	-3.9%
Latin America	104	144	-27.8%	-15.7%
Middle East & Africa	135	152	-11.2%	-11.8%
Total	**4,774**	**4,352**	**+9.7%**	**-8.0%**

Europe declined by -16.5% on an organic basis in H1 (-16.0% on a reported basis). Excluding the impact of French activities that were shut down in Q2, like our outdoor media operations and the Drugstore, the organic growth in Europe is -12.9%. The performance varied per country, as it reflects different activity mix and local economic situations. It was also impacted in Q2 by the different containment measures that were decided by governments in the main countries of the region. In H1, organic decline was -14.0% in the UK and -17.1%[1] in France. In Germany, organic growth was down -5.3%, also suffering from the lockdown but benefitting from 2019 new business wins in the country.

Net revenue in North America is up by +30.1% in H1, including the positive impact of the Epsilon acquisition. On an organic basis, the region posted a decline in net revenue of -3.6% in H1. The performance was resilient, notably in the US (-3.3%), where the Groupe benefitted from a strong start to the year for all its activities.

(1) Excluding French activities that were shut down during the lockdown, i.e. our outdoor media operations and the Drugstore.

Asia Pacific net revenue was down by -2.3% on a reported basis and down by -3.9% on an organic basis. China reported an organic growth of -10.2%, Australia was down by -5.4% on an organic basis, while India and Singapore grew respectively by +3.6% and +1.5% on an organic basis.

Net revenue in Latin America was down by -27.8% on a reported basis, with a significant negative impact from currencies in the region, especially in Brazil. On an organic basis, the decline was -15.7%. This is mostly due to an organic decline of -22.8% in Brazil and of -14.4% in Mexico.

Net revenue in the Middle East and Africa region was down by -11.2% on a reported basis, and -11.8% on an organic basis.

Operating margin & operating income

EBITDA amounted to euro 923 million in H1 2020, compared to euro 885 million in H1 2019, up by 4.3%, including the contribution of Epsilon. The impact of the cost reduction plan announced in April was euro 286 million in H1, on a comparable basis and excluding Epsilon acquisition costs. This translates into a margin rate of 19.3% of net revenue (compared to 20.3% in H1 2019).

- Personnel costs totaled euro 3,224 million at June 30, 2020, up by 12.0% from euro 2,879 million in H1 2019. This evolution reflects the integration of Epsilon during H1, as well as the continued investment in the Groupe's transformation. This was partly offset by the impact of the first measures of the cost reduction plan. As a percentage of net revenue, the personnel expenses represented 67.5% in H1 2020, compared to 66.1% in H1 2019. Fixed personnel costs were euro 2,862 million represented 59.9% of net revenue versus 57.7% in H1 2019. On a comparable basis, fixed personnel costs declined by euro 61 million year-on-year, thanks to the actions taken by the Groupe, as hiring freeze, pause in internal promotions, shorter work week or voluntary salary cuts. Moreover, the Groupe decided to limit the use of freelancers. As a result, the cost of freelancers declined by euro 43 million in H1 2020 on a comparable basis, representing euro 141 million. Restructuring costs reached euro 69 million (euro 61 million in H1 2019), reflecting additional charges related to the cost reduction plan.
- Other operating expenses (excluding depreciation & amortization) amounted to euro 1,131 million, compared to euro 1,104 million in H1 2019. This represents 23.7% of net revenue compared to 25.4% in H1 2019, implying that the cost reduction measures more than offset the negative impact of Epsilon cost structure on this ratio. The Group was able to make significant savings on other operating expenses in H1 2020, thanks to the actions taken as part of the cost reduction plan, and thanks to some expenses that drastically reduced during the lockdowns. This was notably the case with travel, recruitment and seminar related expenses.

Depreciation and amortization charge was euro 301 million in H1 2020, up by 10.3% compared to H1 2019. The increase is largely due to the consolidation of Epsilon over the period.

The operating margin amounted to euro 622 million, up by 1.6% compared to H1 2019. This represents a margin rate of 13.0%, down by 110 basis points from 14.1% in H1 2019. When compared to the H1 2019 margin excluding Epsilon acquisition costs, the margin declined by 200 basis points. This decrease is due to the decline in organic growth related to the impact of the Covid-19 crisis, partially offset by a 6.4% reduction in the cost base.

Operating margin rates by major geographic areas reflected the various challenges faced by the different regions in H1 2020, in the context of the global pandemic. It was 1.8% in Europe, 16.4% in North America, 22.5% in Asia-Pacific, 5.7% in Latin America and 3.0% in the Africa/Middle East region.

Amortization of intangibles arising from acquisitions totaled 142 million euro in H1 2020, up from 27 million euro in H1 2019. This increase is mainly due to the amortization from July 1, 2019 of new intangibles arising from Epsilon acquisition and the amortization of tradenames arising from acquisition. Starting from July 1, 2019 tradenames are amortized, following the implementation of our country-model organization. Impairment losses amounted to euro 231 million, and are exclusively related to the real estate consolidation plan "All in One", which leads to a reduction in the number of sites, while allowing better collaboration between the teams. In H1 2019, impairment losses were euro 113 million (of which euro 90 million related to real estate plan "All in One"). In addition, net non-current income is positive at euro 5 million H1 2020, compared to an income of euro 17 million in H1 2019.

Operating income totaled 254 million euro in H1 2020, after 489 million euro in H1 2019.

Other income statement items

The financial result, comprising the cost of net financial debt and other financial charges and income, is an expense of euro 92 million in H1 2020 compared to an expense of euro 1 million last year. The net expense on net financial debt was euro 48 million in H1 2020, including a euro 51 million interest charge related to Epsilon's acquisition debt. Last year, it was a net income of euro 15 million. Other financial income and expenses were a charge of euro 44 million in H1 2020, notably composed by euro 40 million interest on lease liabilities. Other financial income and expenses were a charge of euro 16 million in H1 2019, including euro 30 million of interest on lease obligations and 19 million in income from the fair value remeasurement of Mutual Funds.

The revaluation of earn-out payments amounted to a profit of euro 2 million at end-June, compared to a charge of 1 million in H1 2019.

The tax charge is euro 39 million, corresponding to a forecast effective tax rate of 25.0% in 2020, compared to euro 136 million in H1 2019, corresponding to a forecast effective tax rate of 25.8% in 2019.

The share in the profit of associates is a loss of euro 2 million, compared to a loss of euro 5 million in H1 2019. Minority interests were an income of euro 13 million in Groupe results in H1 2020 compared to a loss of 1 million in the previous year.

Overall, net income attributable to the Groupe was euro 136 million at June 30, 2020, compared to 345 million euro at June 30, 2019.

Balance sheet and cash flow statement

Simplified Balance sheet

(in millions of euros)	June 30, 2020	December 31, 2019
Goodwill (net)	11,526	11,629
Other intangibles (net)	1,852	1,979
Net right-of-use assets related to leases	1,831	2,122
Other fixed assets (net)	903	969
Current and deferred taxes	(371)	(498)
Working capital requirements	(2,423)	(2,969)
Total assets	**13,318**	**13,232**
Group share of Shareholders' equity	7,030	7,401
Minority interests	(21)	(9)
Total shareholders' equity	**7,009**	**7,392**
Long- and short-term provisions	694	596
Net financial debt	3,221	2,713
Lease obligations	2,394	2,531
Total liabilities	**13,318**	**13,232**

Consolidated equity attributable to holders of the parent company decreased from euro 7,401 million at December 31, 2019 to euro 7,030 million at June 30, 2020.

Minority interests were negative at euro 21 million, after euro 9 million at December 31, 2019.

Net financial debt

(in millions of euros)	June 30, 2020	December 31, 2019
Financial debt (long- and short-term)	6,527	5,888
Fair value of hedging derivatives on the 2021 and 2024 Eurobonds(1)	169	112
Fair value of hedging derivatives on the 2025, 2028 and 2031 Eurobonds(1)	214	87
Fair value of hedging derivatives on medium-term syndicated loans(1)	-	0
Fair value of derivatives hedging intra-group loans and borrowings(1)	54	39
Total financial debt including market value of the associated derivatives	**6,964**	**6,126**
Cash and cash equivalents	(3,743)	(3,413)
Net financial debt	**3,221**	**2,713**
Debt/equity (including minority interests)	**0.46**	**0.37**

(1) Carried on the consolidated balance sheet under "Other receivables and current assets" and/or under "Other payables and current liabilities".

Net financial debt amounted to euro 3,221 million as of June 30, 2020 compared to euro 2,713 million as of December 31, 2019. The Group's average net debt in H1 2020 amounted to euro 3,684 million compared to euro 550 million in H1 2019. The increase in average net debt reflects the financing linked to the acquisition of Epsilon, for USD 4.5 billion.

Cash flow

Net cash flow from operations resulted in a surplus of euro 31 million in the first six months of 2020, after an outflow of euro 89 million for the corresponding period in the previous year. Income tax paid totaled euro 74 million in 2020 compared with euro 190 million in 2019. Working capital requirements deteriorated by 853 million euro, vs. a deterioration of 826 million euro in 2019.

Net cash flows from investing activities used up euro 115 million in H1 2020 compared with outflow of euro 83 million in H1 2019. Net investments in property, plant and equipment and intangible assets amounted to euro 73 million (including investments relating to the "All in One" real estate plan) compared with euro 65 million in 2019. Net investment in the acquisition of subsidiaries amounted to euro 35 million compared with euro 30 million in 2019.

Financing operations represented a surplus of 339 million euro at June 30, 2020, after a surplus of euro 1,707 million at June 30, 2019. The surplus comes mainly from the issuance in June 2019 of three Eurobonds -totaling euro 2.3 billion- subscribed in connection with the acquisition of Epsilon (which were only paid on July 1, 2019).

In total, the Group's cash position net of credit balances on bank accounts increased by euro 330 million in the first half of 2020, compared with an increase of euro 1,537 million over the corresponding period in the previous year.

Including lines of credit that can be drawn down on short notice, the Group's available liquidity amounted to euro 5,369 million at June 30, 2020 compared to euro 6,045 million at December 31, 2019.

Free Cash Flow

The Group's free cash flow, before change in working capital requirements, is euro 495 million, equivalent when compared to last year (euro 491 million). The change in working capital requirements is euro 853 million in H1 2020, compared to euro 826 million in H1 2019. Free cash flow after change in working capital requirements is therefore euro -358 million, a slight decrease compared to last year (euro -335 million).

The table below shows the calculation of the Group's free cash-flow:

(in millions of euros)	H1 2020	H1 2019
EBITDA	**923**	**885**
Financial interest paid (net)	(81)	33
Refunding of lease commitments and associated interest	(234)	(214)
Income tax paid	(74)	(190)
Other	34	42
Cash flow from operations before changes in WCR	**568**	**556**
Investments in fixed assets (net)	(73)	(65)
Free cash flow before variations in WCR	**495**	**491**
Variation in working capital requirements	(853)	(826)
Free cash-flow	**(358)**	**(335)**

Related party transactions

There are no new related party transactions entered into during the first half of 2020.

Publicis Groupe (parent company)

Publicis Groupe's revenue is entirely comprised of rental income on real estate and fees for services to the Groupe's subsidiaries.

Operating income totaled 51 million in the first half of 2020, compared to 30 million in 2019. Financial income stood at 48 million as of June 30, 2020 compared to 88 million in the previous year; this decrease was due to lower dividends received.

Operating expenses for the year amounted to euro 48 million as of June 30, 2020, compared to euro 30 million the previous year. Financial expenses amounted to 62 million as of June 30, 2020, compared to 54 million the previous year, an increase mainly due to the interest expense on the drawdown of the syndicated credit facility in full, i.e., euro 2.2 billion, from the end of March to the end of June.

Pre-tax profit is a loss of 10 million for the first half of 2020, against a profit of euro 35 million in the first half of 2019.

After inclusion of a euro 2 million income tax credit resulting from tax consolidation in France, the net result of Publicis Groupe, the parent company of the Group, was a loss of euro 8 million for the six months to June 30, 2020, compared with a profit of euro 48 million for the six months to June 30, 2019.

1.6 OUTLOOK

The full impact of the current crisis on the economy remains largely unknown. This creates uncertainties which make it difficult to provide any specific guidance for the second half of 2020.

When it comes to net revenue, Q2 could be the low point, but it is premature to say whether the second half will be better or worse than the first half, as some sectors but also some countries will recover faster than others, and clients will react differently.

The operating margin rate will be higher in H2 than in H1, taking into account that several factors will have a negative impact: as countries reopen, some of the operating expenses will resume, and the Groupe will continue to invest in its model.

Heading into the second half, the Groupe is committed to limit the impact of client cuts, accelerate its new offering and continue to adapt its cost base to the evolution of revenue.

CHAPTER

CONSOLIDATED INTERIM FINANCIAL STATEMENTS HALF-YEAR ENDED JUNE 30, 2020

2

2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	June 30, 2020 (6 months)	June 30, 2019 (6 months)	December 31, 2019 (12 months)
Net revenue[1]		**4,774**	**4,352**	**9,800**
Pass-through revenue		504	516	1,201
Revenue		**5,278**	**4,868**	**11,001**
Personnel costs	4	(3,224)	(2,879)	(6,073)
Other operating costs		(1,131)	(1,104)	(2,683)
Operating margin before depreciation & amortization		**923**	**885**	**2,245**
Depreciation (excluding intangibles arising from acquisitions)	5	(301)	(273)	(586)
Operating Margin		**622**	**612**	**1,659**
Amortization of intangibles from acquisitions	5	(142)	(27)	(204)
Impairment loss	5	(231)	(113)	(209)
Non-current income and expenses	6	5	17	21
Operating income		**254**	**489**	**1,267**
Financial expense		(95)	(52)	(137)
Financial income		47	67	112
Cost of net financial debt	7	**(48)**	**15**	**(25)**
Other financial income and expenses	7	(44)	(16)	(66)
Revaluation of earn-out payments	7	2	(1)	(22)
Pre-tax income of consolidated companies		**164**	**487**	**1,154**
Income taxes	8	(39)	(136)	(305)
Net income of consolidated companies		**125**	**351**	**849**
Share of profit of associates	11	(2)	(5)	(5)
Net income		**123**	**346**	**844**
Of which:				
• Net income attributable to non-controlling interests		(13)	1	3
• Net income attributable to equity holders of the parent company		136	345	841

Per-share data (in euros) **– Net income attributable to equity holders of the parent company**	9			
Number of shares		*237,468,157*	*231,745,008*	*234,293,034*
Earnings per share		0.57	1.49	3.59
Number of diluted shares		*238,280,061*	*233,885,720*	*236,608,597*
Diluted earnings per share		0.57	1.48	3.55

(1) Net revenue: revenue less pass-through costs. Those costs are mainly production & media costs and out of pocket expenses. As these items that can be passed on to clients are not included in the scope of analysis of transactions, the net revenue indicator is the most appropriate for measuring the Group's operational performance.

2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	June 30, 2020 (6 months)	June 30, 2019 (6 months)	December 31, 2019 (12 months)
Net income for the period (a)	**123**	**346**	**844**
Comprehensive income that will not be reclassified to income statement			
• Actuarial gains (and losses) on defined benefit plans	(24)	(45)	(29)
• Deferred taxes on comprehensive income that will not be reclassified to income statement	4	11	5
Comprehensive income that may be reclassified to income statement			
• Remeasurement of hedging instruments	(134)	(35)	(84)
• Consolidation translation adjustments	(133)	48	78
Total other comprehensive income (b)	**(287)**	**(21)**	**(30)**
Total comprehensive income for the period (a) + (b)	**(164)**	**325**	**814**
Of which:			
• Total comprehensive income for the period attributable to non-controlling interests	(10)	1	3
• Total comprehensive income for the period attributable to equity holders of the parent company	(154)	324	811

2.3 CONSOLIDATED BALANCE SHEET

(in millions of euros)	Note	June 30, 2020	December 31, 2019
Assets			
Goodwill, net	9	11,526	11,629
Intangible assets, net		1,852	1,979
Right-of-use assets related to leases	16	1,831	2,122
Property, plant and equipment, net		657	720
Deferred tax assets		208	143
Investments in associates	11	26	32
Other financial assets	12	220	218
Non-current assets		**16,320**	**16,843**
Inventories and work-in-progress		328	411
Trade receivables		7,402	10,233
Assets on contracts		1,091	1,002
Other current receivables and assets		740	757
Cash and cash equivalents		3,743	3,413
Current assets		**13,304**	**15,816**
Total assets		**29,624**	**32,659**
Equity and Liabilities			
Share capital		96	96
Additional paid-in capital and retained earnings, Group share		6,934	7,305
Equity attributable to holders of the parent company	13	**7,030**	**7,401**
Non-controlling interests		(21)	(9)
Total equity		**7,009**	**7,392**
Long-term borrowings	15	6,274	4,286
Long-term lease liabilities	16	2,061	2,196
Deferred tax liabilities		314	413
Long-term provisions	14	517	426
Non-current liabilities		**9,166**	**7,321**
Trade payables		9,914	13,411
Liabilities on contracts		331	353
Short-term borrowings	15	253	1,602
Short-term lease liabilities	16	333	336
Income taxes payable		373	351
Short-term provisions	14	177	170
Other creditors and current liabilities		2,068	1,723
Current liabilities		**13,449**	**17,946**
Total equity and liabilities		**29,624**	**32,659**

2.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	June 30, 2020 (6 months)	June 30, 2019 (6 months)	December 31, 2019 (12 months)
Cash flow from operating activities			
Net income	123	346	844
Neutralization of non-cash income and expenses:			
• Income taxes	39	136	305
• Cost of net financial debt	48	(15)	25
• Capital losses (gains) on disposal of assets (before tax)	(5)	(18)	(20)
• Depreciation, amortization and impairment loss	674	413	999
• Share-based compensation	28	37	49
• Other non-cash income and expenses	47	21	88
• Share of profit of associates	2	5	5
Dividends received from associates	2	2	2
Taxes paid	(74)	(190)	(349)
Change in working capital requirements[1]	(853)	(826)	394
Net cash flows generated by (used in) operating activities (I)	**31**	**(89)**	**2,342**
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets	(83)	(68)	(232)
Disposals of property, plant and equipment and intangible assets	10	3	7
Purchases of investments and other financial assets, net	(7)	12	20
Acquisitions of subsidiaries	(37)	(117)	(4,143)
Disposals of subsidiaries	2	87	88
Net cash flows generated by (used in) investing activities (II)	**(115)**	**(83)**	**(4,260)**
Cash flow from financing activities			
Dividends paid to holders of the parent company	-	-	(285)
Dividends paid to non-controlling interests	(4)	(8)	(12)
Proceeds from borrowings[2]	2,091	2,257	3,413
Repayment of borrowings[2]	(1,436)	(324)	(485)
Repayment of lease liabilities	(194)	(184)	(403)
Interest paid on lease liabilities	(40)	(30)	(77)
Interest paid	(106)	(45)	(96)
Interest received	25	78	107
Buy-out of non-controlling interests	-	(35)	(40)
Net (buybacks)/sales of treasury shares and warrants	3	(2)	7
Net cash flows generated by (used in) financing activities (III)	**339**	**1,707**	**2,129**
Impact of exchange rate fluctuations (IV)	**75**	**2**	**4**
Change in consolidated cash and cash equivalents (I + II + III + IV)	**330**	**1,537**	**215**
Cash and cash equivalents on January 1	3,413	3,206	3,206
Bank overdrafts on January 1	(6)	(14)	(14)
Net cash and cash equivalents at beginning of year (V)	**3,407**	**3,192**	**3,192**
Cash and cash equivalents at closing date	3,743	4,744	3,413
Bank overdrafts at closing date	(6)	(15)	(6)
Net cash and cash equivalents at end of the year (VI)	**3,737**	**4,729**	**3,407**
Change in consolidated cash and cash equivalents (VI - V)	**330**	**1,537**	**215**

(1) Breakdown of change in working capital requirements.

Change in inventory and work in progress	67	(51)	(14)
Change in trade receivables and other receivables	2, 605	390	(529)
Change in accounts payable, other payables and provisions	(3,525)	(1,165)	937
Change in working capital requirements	**(853)**	**(826)**	**394**

(2) See Note 15.

2.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital
236,956,827	**December 31, 2019**	**96**	**4,137**
	Net income		
	Other comprehensive income, net of tax		
	Total comprehensive income for the period	**-**	**-**
	Dividends		
274,325	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy out non-controlling interests		
1,602	Equity warrant exercise	-	0
1,164,001	(Buybacks)/sales of treasury shares		
238,396,755	**June 30, 2020**	**96**	**4,137**

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital
231,240,308	**December 31, 2018**	**94**	**3,926**
	Net income		
	Other comprehensive income, net of tax		
	Total comprehensive income for the period	**-**	**-**
	Dividends		
522,277	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy out non-controlling interests		
180,574	Equity warrant exercise	0	5
534,301	(Buybacks)/sales of treasury shares		
232,477,460	**June 30, 2019**	**94**	**3,931**

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to equity holders of the parent company	Minority interests	Total equity
3,240	**(185)**	**113**	**7,401**	**(9)**	**7,392**
136			136	(13)	123
	(136)	(154)	(290)	3	(287)
136	**(136)**	**(154)**	**(154)**	**(10)**	**(164)**
(273)			(273)	(4)	(277)
28			28		28
0			0	2	2
0			0		0
28			28		28
3,159	**(321)**	**(41)**	**7,030**	**(21)**	**7,009**

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to equity holders of the parent company	Minority interests	Total equity
2,875	**(263)**	**221**	**6,853**	**-**	**6,853**
345			345	1	346
	48	(69)	(21)		(21)
345	**48**	**(69)**	**324**	**1**	**325**
(490)			(490)	(8)	(498)
37			37		37
(30)			(30)	(2)	(32)
			5		5
(7)			(7)		(7)
2,730	**(215)**	**152**	**6,692**	**(9)**	**6,683**

2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated interim financial statements for the half-year ended June 30, 2020 and the accompanying notes were approved by the Management Board on July 20, 2020 and reviewed by the Supervisory Board on July 22, 2020.

The consolidated interim financial statements are presented in euros rounded to the nearest million.

Note 1 Accounting polices and methods

Pursuant to European Regulation no. 1606/2002 of July 19, 2002, Publicis Groupe's consolidated financial statements as of June 30, 2020 were prepared in accordance with the IAS/IFRS international accounting standards as approved by the European Union and mandatory at that date.

The consolidated condensed interim financial statements as of June 30, 2020 were prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies and methods applied in the interim financial statements are consistent with those used by the Group in the consolidated financial statements dated December 31, 2019, and presented in the Universal Registration Document filed with the AMF (*Autorité des marchés financiers* (the French Financial Markets Authority)) on April 27, 2020 ("2019 Universal Registration Document", pages 191 to 200).

1.1 New applicable standards and interpretations

Application of new standards and interpretations

As of June 30, 2020, the Group has not adopted any new standards or interpretations.

Early application

As of June 30, 2020, the Group has not adopted any new standards or interpretations in advance.

1.2 Use of estimates

The Group's financial position and earnings depend on the accounting methods applied, and the assumptions, estimates and judgements made when the consolidated financial statements are prepared. The Group bases its estimates on its past experience and on a series of other assumptions considered reasonable under the circumstances to measure the amounts to be used for the Group's assets and liabilities. The assets and liabilities which are impacted by the use of estimates in the first half of 2020, are of the same nature as those described as at December 31, 2019 in the 2019 Universal Registration Document. Management revises these estimates when it identifies new events to take into account or in the event of a change in the circumstances on which these assumptions were based. As of June 30, 2020, the assumptions have been revised to take into account the effects of the Covid-19 crisis on the consolidated financial statements. Actual outcomes may, however, vary significantly from these estimates.

Note 2 Impact of Covid-19 on condensed interim financial statements

The impact of the current crisis on the Group has been as follows:

2.1 Impairment tests on goodwill

The review of impairment loss indicators led the Group to conduct impairment tests on all of its goodwill. Given the uncertainty around future projections, a number of scenarios were developed based on different rates of recovery. These tests did not lead the Group to record additional impairment loss in the interim financial statements (see Note 5).

2.2 Exposure to credit risk

In accordance with the Group's Accounting policies and methods, a review of trade receivables has been carried out to identify those that present a risk of non-recovery. Impairment of trade receivables has been recognized on a case-by-case basis in the interim financial statements.

In respect of the expected losses on receivables, the simplified approach permitted by IFRS 9 and applied by the Group has been adapted to factor in the growing risks associated with the crisis.

In respect of the first half and due to the consequences of the Covid-19 crisis, trade receivables have been impaired by euro 40 million and recognized under other operating costs.

2.3 Exposure to liquidity risk

An analysis of the Group's general funding requirements has been carried out. Taking into account the undrawn available credit lines, the Group has sufficient liquidity to meet its needs for the next 12 months.

It should also be noted that the Group preventatively drew its euro 2 billion (dollars 2.2 billion) revolving credit line in response to any potential short-term impact of the global pandemic on its activities: for a 3-month period beginning on March 20 for the whole line, then a second 3-month period beginning on June 20 for only half of this amount, i.e. dollars 1.1 billion (see Note 15).

2.4 Method for recognizing certain governmental measures

Where the Group has benefited from governmental support measures, these have been recognized either as a reduction of personnel costs (furlough measures), or a reduction of other operating expenses. Only the products for which an application has been made to the relevant authority and the eligibility conditions have been met have been recognized at June 30, 2020. The government grants received are not significant at Group level.

Note 3 Change in the scope of consolidation

3.1 Acquisitions during the period

There were no major acquisitions during the period.

The fair value, at the acquisition date, of the consideration paid (excluding cash and cash equivalents acquired) for all consolidated entities taken as a whole with an exclusive takeover during the period, totaled euro 31 million. This amount mainly includes:

- euro 11 million paid out during the period;
- euro 20 million in earn-out payment commitments.

The amount paid out in the first half of 2020 for acquisitions (net of cash and cash equivalents acquired) totaled euro 37 million and includes:

- euro 11 million paid out during the period in respect mainly of the acquisition of Third Horizon;
- euro -2 million in acquired net cash and cash equivalents;
- euro 28 million in earn-out payments relating to prior acquisitions paid out during the period.

Taken as a whole, all acquisitions made over the period represented less than 1% of consolidated revenue in the first half of 2020 and less than 1% of net income attributable to equity holders of the parent company.

3.2 Disposals during the period

There were no major disposals during the period.

The Group finalized the disposal of Matomy Media Group, in which the Group had a 24.9% interest (under the equity method).

Note 4 Personnel costs and headcount

Personnel costs include salaries, commissions, employee profit sharing, vacation pay and bonus estimation. They also include expenses related to share-based payments (stock option and free share plans) and expenses related to pensions (excluding the net effect of unwinding the discount on benefit obligations, which is included in other financial income and expenses). The increase in personnel costs is due to Epsilon acquisition on July 1, 2019. This also explains the increase in headcount as of June 30, 2020 compared to June 30, 2019.

(in millions of euros)	June 30, 2020 (6 months)	June 30, 2019 (6 months)
Compensation	(2,573)	(2,241)
Social security charges, including post-employment benefits	(482)	(427)
Share-based payments	(28)	(37)
Temporary employees and freelancers	(141)	(174)
Total	**(3,224)**	**(2,879)**

/ Breakdown of headcount at June 30 by geographic region

	June 30, 2020	December 31, 2019	June 30, 2019
Europe	21,026	21,762	21,921
North America	25,846	27,098	20,933
Latin America	6,116	6,081	6,045
Asia Pacific	24,202	24,431	21,017
Middle East & Africa	3,597	3,863	3,937
Total	**80,787**	**83,235**	**73,853**

Note 5 Depreciation, amortization and impairment loss

(in millions of euros)	June 30, 2020 (6 months)	June 30, 2019 (6 months)
Amortization of other intangible assets (excluding intangibles arising from acquisitions)	(24)	(15)
Depreciation of property, plant and equipment	(77)	(61)
Amortization of right-of-use assets	(200)	(197)
Amortization expense (excluding intangibles arising from acquisitions)	**(301)**	**(273)**
Amortization of intangibles from acquisitions	**(142)**	**(27)**
Impairment of right-of-use assets	(231)	(90)
Impairment of equity investments	-	(23)
Total depreciation, amortization and impairment loss	**(674)**	**(413)**

Amortization of intangibles arising from acquisitions

From July 1, 2019, brands are amortized over a period of eight years, corresponding to their estimated period of use. The amortization expense for brands represented euro 48 million in the first half of 2020. In the first half of 2019, the expense was nil since the brands began to be amortized on July 1, 2019.

The amortization expense for Epsilon intangible assets stood at euro 68 million in the first half of 2020. Since the acquisition of Epsilon took place on July 1, 2019, there was no amortization expense in the first half of 2019.

Other acquisition-related intangible assets with a finite useful life were also amortized for euro 26 million.

Goodwill impairment loss

In the context of the pandemic, impairment indicators have been identified leading the Group to conduct impairment tests on goodwill.

The impairment tests were carried out on the basis of the value-in-use of the cash-generating units, which was determined based on five-year financial forecasts. Net revenue and operating margin forecasts for 2020 have been adjusted to take into account short-term reductions in activity.

Given the uncertainty and lack of visibility, these tests took the form of multiple scenarios based on different rates of recovery. The operational assumptions envisaged are trends corroborated by macroeconomic scenarios. They were carried out in order to have a sufficiently large range of values to reach a conclusion on the risk of impairment.

The key assumptions used are described below for each of the possible scenarios:

- scenario 1: no return to pre-Covid net revenue levels at the end of the plan, but margins kept at level stated in 2019 financial forecasts;
- scenario 2: no return to pre-Covid net revenue levels at the end of the plan, and alignment of operating margins in 2022 with pre-Covid financial objectives for 2020;
- scenario 3: in 2022, return to pre-Covid net revenue levels and alignment of operating margins in 2022 with pre-Covid financial objectives for 2020;
- scenario 4: no return to pre-Covid net revenue levels at the end of the plan, and lower margins. This scenario is the most pessimistic;
- scenario 5: in 2022, return to pre-Covid net revenue levels and alignment of operating margins in 2021 with pre-Covid financial objectives for 2020.

These tests did not lead to any impairment loss being recognized as of June 30, 2020.

The other assumptions used in these tests are presented in the table below:

	June 30, 2020		
(in millions of euros)	Carrying amount of goodwill	After-tax discount rate	Terminal growth rate
North America	7,943	9.5%-10%	1%-2%
Europe	1,590	9%-11%	1%-2%
Asia-Pacific	1,084	11.5%	3%
Middle East & Africa	319	11.5%	3%
Latin America	244	12.5%-13.5%	0%-3%
Other goodwill	346	9% -10%	0%-2%
Total goodwill	**11,526**		

Impairment of right-of-use assets relating to leases

The Group has continued to implement the program to optimize premises launched in early 2018 which aims to group agencies at one or more sites in the main countries.

This program required vacated leased spaces, to best use the existing space at other sites, and consequently right-of-use assets concerning the empty spaces were subject to total or partial impairment loss, and likewise concerning the fixtures in these spaces.

Impairment losses in the first half of 2020 reached euro 231 million, of which euro 128 million for right-of-use assets and euro 42 million for fixtures. Ancillary costs such as lease expenses and any taxes on vacant properties in the amount of euro 61 million are included in vacant property provisions (see Note 14).

Impairment losses in the first half of 2019 reached euro 90 million, of which euro 41 million for right-of-use assets and euro 4 million for fixtures. Expenses such as lease expenses and any taxes on vacant properties in the amount of euro 45 million were included in vacant property provisions.

Note 6 Non-current income and expenses

This covers non-recurring income and expenses. This line item mainly includes gains and losses on the disposal of assets.

(in millions of euros)	June 30, 2020 (6 months)	June 30, 2019 (6 months)
Capital gains (losses) on disposal of assets	2	18
Non-current income and (expenses)	3	(1)
Total non-current income and (expenses)	**5**	**17**

In the first half of 2020, euro (2) million in respect of capital losses on asset disposals were related to the sale of Matomy Media Group, and euro 4 million in respect of the fair value adjustment of securities previously held in Sapient.i7 Limited, as part of the Group's takeover in the first half of 2020.

The other non-current income and (expenses) mainly relate to the extinguishment of a debt from a past acquisition.

In the first half of 2019, capital gains and losses on asset disposals were related to a price adjustment on the sale of Genedigi and the sales of Publicis Health Solutions and Proximedia. The sale of Proximedia resulted in a capital loss of euro 7 million in the first half of 2019.

Note 7 Financial income and expenses

/ Net financial income (expense) excluding revaluation of earn-out payments

(in millions of euros)	June 30, 2020 (6 months)	June 30, 2019 (6 months)
Financial expense	**(95)**	**(52)**
Financial income	47	67
Cost of net financial debt	**(48)**	**15**
Foreign exchange gains (losses) and change in the fair value of currency derivatives	4	0
Net financial expense related to the discounting of pension provisions	(3)	(4)
Interest expense on lease liabilities	(40)	(30)
Change in fair value of financial assets	(4)	19
Other	(1)	(1)
Other financial income and expenses	**(44)**	**(16)**
Net financial income (expense) excluding revaluation of earn-out payments	**(92)**	**(1)**

/ Revaluation of earn-out payments

(in millions of euros)	June 30, 2020 (6 months)	June 30, 2019 (6 months)
Revaluation of earn-out payments	**2**	**(1)**

Note 8 Income taxes

Effective tax rate

Income tax expense for the first half of 2020 was calculated by applying the estimated effective tax rate for the full year to pre-tax income for the period.

(in millions of euros)		June 30, 2020 (6 months)	June 30, 2019 (6 months)
Pre-tax income of consolidated companies		**164**	**487**
Impairment of equity investments[1]		-	23
Revaluation of earn-out payments		(2)	1
Main non-taxable/non-deductible disposals		(4)	17
Pre-tax income of consolidated companies	**A**	**158**	**528**
Effective tax rate	**B**	**25.0%**	**25.8%**
Income tax in the income statement	**A x B**	**(39)**	**(136)**

(1) An impairment loss of euro 23 million was recognized on equity investments (see Note 10).

As a reminder, the effective tax rate for financial year 2019 (12 months) was 25.0%.

Note 9 Earnings per share

/ Earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2020	June 30, 2019
Net income used for the calculation of earnings per share			
Net income attributable to equity holders of the parent company	**A**	**136**	**345**
Impact of dilutive instruments:			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Group net income – diluted	**B**	**136**	**345**
Number of shares used to calculate earnings per share			
Number of shares at January 1		240,437,061	235,249,801
Shares created over the period		46,238	130,156
Treasury shares to be deducted (average for the period)		(3,015,142)	(3,634,949)
Average number of shares used for the calculation	**C**	**237,468,157**	**231,745,008**
Impact of dilutive instruments:			
• Free shares and dilutive stock options		714,961	1,728,566
• Equity warrants (BSA)		96,943	412,146
Number of diluted shares	**D**	**238,280,061**	**233,885,720**
(in euros)			
Earnings per share	**A/C**	**0.57**	**1.49**
Diluted earnings per share	**B/D**	**0.57**	**1.48**

/ Headline earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2020	June 30, 2019
Net income used to calculate headline earnings per share[1]			
Group net income		136	345
Items excluded:			
• Amortization of intangibles from acquisitions, net of tax		107	20
• Impairment loss, net of tax		173	90
• Revaluation of earn-out payments		(2)	1
• Main capital gains (losses) on disposal of assets and fair value adjustment of financial assets, net of tax		3	(23)
• Costs relating to the acquisition of Epsilon, net of taxes		0	30
Headline Group net income	**E**	**417**	**463**
Impact of dilutive instruments:			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Headline Group net income, diluted	**F**	**417**	**463**
Number of shares used to calculate earnings per share			
Number of shares at January 1		240,437,061	235,249,801
Shares created over the period		46,238	130,156
Treasury shares to be deducted (average for the period)		(3,015,142)	(3,634,949)
Average number of shares used for the calculation	**C**	**237,468,157**	**231,745,008**
Impact of dilutive instruments:			
• Free shares and dilutive stock options		714,961	1,728,566
• Equity warrants		96,943	412,146
Number of diluted shares	**D**	**238,280,061**	**233,885,720**
(in euros)			
Headline earnings per share[1]	**E/C**	**1.76**	**2.00**
Headline earnings per share – diluted[1]	**F/D**	**1.75**	**1.98**

(1) EPS after elimination of impairment losses, amortization of intangibles from acquisitions, the main capital gains and losses on disposal and fair value adjustment of financial assets, revaluation of earn-out payments and costs relating to the acquisition of Epsilon.

Note 10 Goodwill

Allocation of goodwill

As part of its strategic development, Publicis Groupe launched the country-model in 2017 to bring together all Group expertise under one roof and provide clients with a single offering. This model was extended to all territories in which the Group operates and has been fully operational since January 1, 2020 (see note 18). In this context, goodwill has been reallocated to the level at which it is monitored by management. Impairment tests were carried out prior to this reallocation and no impairment loss had been identified as of the reallocation date.

The value of goodwill following the reallocation on January 1, 2020 is presented below:

/ At January 1, 2020

(in millions of euros)	Carrying amount of goodwill
North America	8,027
Europe	1,590
Asia-Pacific	1,084
Middle East & Africa	323
Latin America	251
Other goodwill	354
Total goodwill	**11,629**

Changes in goodwill

(in millions of euros)	Gross value	Impairment loss	Net amount
January 1, 2020	**13,089**	**(1,460)**	**11,629**
Acquisitions	35	-	35
Disposals	-	-	-
Translation adjustments and other	(139)	1	(138)
June 30, 2020	**12,985**	**(1,459)**	**11,526**

Note 11 Investments in associates

Investments accounted for using the equity method amounted to euro 26 million at June 30, 2020 (versus euro 32 million at December 31, 2019).

(in millions of euros)	Investments in associates
Amount at January 1, 2020	**32**
Share of profit of associates	(2)
Disposals	(1)
Dividends paid	(2)
Effect of translation and other	(1)
Amount at June 30, 2020	**26**

At June 30, 2020, the value of equity investments included mainly One Point (euro 9 million), Burrell Communications (euro 7 million), Somupi (euro 4 million) and Insight Redefini (euro 2 million).

Note 12 Other financial assets

(in millions of euros)	June 30, 2020	December 31, 2019
Other financial assets at fair value through profit and loss:		
• Venture Capital Funds[1]	92	87
• Other	20	20
Security deposits	33	33
Loans to associates and non-consolidated companies	16	21
Sub-lease receivables	21	22
Other	53	50
Gross value	**235**	**233**
Impairment	(15)	(15)
Net amount	**220**	**218**

(1) These Venture Capital Funds are dedicated to investments in companies that belong to the digital economy.

Note 13 Shareholders' Equity

Share capital of the parent company

(in shares)	June 30, 2020	December 31, 2019
Share capital at January 1	240,437,061	235,249,801
Capital increase	275,927	5,187,260
Shares comprising the share capital at the end of the period	**240,712,988**	**240,437,061**
Treasury shares at the end of the period	(2,316,233)	(3,480,234)
Shares outstanding at the end of the period	**238,396,755**	**236,956,827**

Publicis Groupe SA's share capital increased by euro 110,371 in the first half of 2020, corresponding to 275,927 shares with a par value of euro 0.40:

- 1,602 shares issued following the exercise of equity warrants by certain holders;
- 274,325 shares issued as part of free share plans.

At June 30, 2020, the share capital of Publicis Groupe SA totaled euro 96,285,195, divided into 240,712,988 shares each with a par value of euro 0.40.

Neutralization of the treasury shares existing on June 30, 2020

Treasury shares held at the end of the year, including those owned under the liquidity contract, are deducted from the share capital. The portfolio of treasury shares showed the following movements in the first half of 2020:

	Number of shares
Treasury shares held on December 31, 2019[1]	**3,480,234**
Disposals (exercise of stock options) and deliveries of free shares	(1,050,751)
Movements as part of the liquidity contract	(113,250)
Treasury shares held on June 30, 2020[1]	**2,316,233**

(1) Including shares held as part of the liquidity contract 283,250 on December 31, 2019 and 170,000 on June 30, 2020.

Dividends

Following the decision of the Ordinary General Shareholders' Meeting of May 27, 2020, Publicis Groupe SA will pay a dividend of euro 1.15 per share on September 28, 2020, which may be paid in cash or in shares at the shareholder's request no later than September 28, 2020. The issue price of the shares provided for dividend payment in shares has been set at euro 24.46 per share.

An amount of euro 273 million was recognized in debt at June 30, 2020 corresponding to the total amount of dividend payment. This amount will be adjusted in the second half of the year in accordance with the effective exercise of options for dividend payment in shares.

Note 14 Provisions for liabilities and charges

(in millions of euros)	Restructuring	Vacant property commitments[1]	Pensions and other long-term benefits	Risks and litigations	Others provisions	Total
December 31, 2019	**35**	**44**	**311**	**103**	**103**	**596**
Increases	34	61	22	13	10	140
Releases with usage	(20)	(6)	(17)	0	(14)	(57)
Other releases	0	0	0	0	0	0
Changes to consolidation scope	0	0	0	0	0	0
Actuarial losses (gains)	0	0	24	0	0	24
Translation adjustments and other	(1)	(1)	(3)	(1)	(3)	(9)
June 30, 2020	**48**	**98**	**337**	**115**	**96**	**694**
Of which short-term	44	25	26	55	27	177
Of which long-term	4	73	311	60	69	517

(1) See Note 5.

Actuarial assumptions (weighted average rates)

The provision for pensions was discounted at June 30, 2020. Discount rates are calculated using rates of long-term investment grade corporate bonds (minimum AA rating) with maturities equivalent to the length of the plans assessed. They were determined on the basis of external indices commonly used as a reference.

	Pension plans				Post-employment medical cover	
June 30, 2020	**United States**	**United Kingdom**	**Euro zone**	**Other Countries**	**United States**	**United Kingdom**
Discount rate	2.30%	1.50% - 1.55%	0.85%	0.20% - 5.55%	2.30%	1.50% - 1.55%

	Pension plans				Post-employment medical cover	
December 31, 2019	**United States**	**United Kingdom**	**Euro zone**	**Other Countries**	**United States**	**United Kingdom**
Discount rate	2.84%	1.75% - 1.85%	0.80%	(0.05)% - 6.30%	2.84%	1.75% - 1.85%

Note 15 Borrowings and other financial liabilities

(in millions of euros)	June 30, 2020	December 31, 2019
Bonds (excl. accrued interest)	4,028	4,027
Other debt	2,499	1,861
Total borrowings and other financial liabilities	**6,527**	**5,888**
Of which short-term	**253**	**1,602**
Of which long-term	**6,274**	**4,286**

/ Change in financial liabilities

(in millions of euros)	December 31, 2019	Cash flow	Changes excl. cash and cash equivalents: Acquisitions	Changes excl. cash and cash equivalents: Exchange rate fluctuations	Changes excl. cash and cash equivalents: Changes in fair value	June 30, 2020
Eurobond 1.125% – December 2021 (EIR 1.261%)(1)	698	-	-	-	1	699
Eurobond 0.5% – November 2023 (EIR 0.741%)(1)	495	-	-	-	1	496
Eurobond 1.625% – December 2024 (EIR 1.732%)(1)	603	-	-	-	(1)	602
Eurobond 0.625% – June 2025 (EIR 0.781%)(1)	744	-	-	-	-	744
Eurobond 1.25% – June 2028 (EIR 1.329%)(1)	745	-	-	-	-	745
Eurobond 1.75% – June 2031 (EIR 1.855%)(1)	742	-	-	-	-	742
Bonds (excl. accrued interest)	**4,027**	**-**	**-**	**-**	**1**	**4,028**
Medium-term loan (financing of Epsilon acquisition)	**1,100**	**-**	**-**	**4**	**-**	**1,104**
Medium-term syndicated loan	**327**	**(327)**	**-**	**-**	**-**	**0**
Credit facility	**0**	**983**	**-**	**-**	**-**	**983**
Debt related to earn-out payments	**347**	**(28)**	**20**	**(1)**	**(14)**	**324**
Debt related to commitments to purchase non-controlling interests	**36**	**-**	**-**	**(1)**	**-**	**35**
Accrued interest	25	(47)	-	-	52	30
Other borrowings and credit lines(3)	20	(3)	-	-	-	17
Bank overdrafts	6	-	-	-	-	6
Other financial liabilities	**51**	**(50)**	**-**	**-**	**52**	**53**
Total borrowings and other financial liabilities	**5,888**	**578**	**20**	**2**	**39**	**6,527**
Fair value of derivative hedging on the 2021 and 2024 Eurobonds(2)	112	-	-	-	57	169
Fair value of derivative hedging on the 2025, 2028 and 2031 Eurobonds(2)	87	(59)	-	-	186	214
Fair value of derivative hedging on intra-group loans and borrowings(2)	39	-	-	-	15	54
Total liabilities related to financing activities	**6,126**	**519**	**20**	**2**	**297**	**6,964**

(1) Net of issuance costs. The number of securities at June 30, 2020 is 7,000 for the Eurobond maturing in 2021, 5,000 for the Eurobond maturing in 2023, 6,000 for the Eurobond maturing in 2024, 7,500 for the Eurobond maturing in 2025, 7,500 for the Eurobond maturing in 2028 and 7,500 for the Eurobond maturing in 2031. The Effective Interest Rate (EIR) is given before the effects of the swaps.
(2) Carried under "Other receivables and current assets" and/or under "Other debts and current liabilities" on the consolidated balance sheet.
(3) Cash flows net of inflows and outflows during the period.

Bonds

Bonds and medium-term loan used to finance the acquisition of Epsilon

A euro 2.25 billion bond was issued on June 5, 2019 to finance the acquisition of Epsilon. It was issued in three tranches of euro 750 million each, at a fixed rate and in euros, each swapped into US dollars at a fixed rate.

The swaps are qualified as cash flow hedges. The fair value of these swaps was booked in the balance sheet under “Other current receivables and current assets” and/or “Other creditors and current liabilities”. The change in the fair value of these instruments is booked in “Other comprehensive income” and transferred to the income statement as interest on debt is booked and the asset value changed in US dollars. At June 30, 2020, the fair value of these derivative instruments was recorded on the consolidated balance sheet at euro 214 million (euro 87 million at December 31, 2019).

A medium-term loan was also signed on July 1, 2019, in three tranches (a USD 900 million tranche with a 3-year maturity, a euro 150 million tranche with a 4-year maturity; and a euro 150 million tranche with a 5-year maturity). The effective aggregate interest rate for this loan was 1.50% for the first half of 2020.

Other bonds

The other Publicis Groupe SA bonds are issued at a fixed rate and denominated in euros.

The tranche of euro 700 million maturing in December 2021 (Eurobond 2021) and the tranche of euro 600 million maturing in December 2024 (Eurobond 2024) were swapped into US dollars, at a fixed rate, for the purposes of financing the acquisition of Sapient Corporation.

The swaps were qualified as cash flow hedges for intercompany US dollar financing. The fair value of these swaps was booked in the balance sheet under “Other creditors and current liabilities” in the amount of euro 169 million as at June 30, 2020 (euro 112 million as at December 31, 2019). The change in the fair value of these instruments is booked in “Other comprehensive income” and transferred to the income statement as interest on debt is booked and the asset value changed in US dollars.

These financial instruments were recognized at fair value according to the level 2 measurement method that corresponds to observable data other than quoted prices for identical assets or liabilities in active markets. This observable data corresponds primarily to exchange rates and interest rates.

/ Analysis by date of maturity

	June 30, 2020						
		Maturity					
(in millions of euros)	Total	-1 year	1-2 years	2-3 years	3-4 years	4-5 years	+5 years
Bonds (excl. accrued interest)	4,028	-	699	-	496	1,346	1,487
Medium-term loan (financing of Epsilon acquisition)	1,104	-	804	150	150	-	-
Revolving credit facility	983	-	-	-	-	983	-
Debt related to commitments to purchase non-controlling interests acquisitions of shareholdings	35	27	4	2	-	2	-
Liabilities related to earn-out payments	324	181	74	36	32	1	-
Other financial liabilities	53	45	8	-	-	-	-
Total borrowings and other financial liabilities	**6,527**	**253**	**1,589**	**188**	**678**	**2,332**	**1,487**

/ Analysis by currency

(in millions of euros)	June 30, 2020	December 31, 2019
Euros(1)	5,355	4,354
US dollars	1,055	1,430
Other currencies	117	104
Total	**6,527**	**5,888**

(1) Including euro 3,350 million in Eurobonds swapped to US dollar at June 30, 2020 (euro 3,550 million at December 31, 2019).

Analysis by interest rate type

Borrowings are comprised of fixed-rate loans that make up 67% of gross borrowings (excluding borrowings for acquisitions of equity investment securities and commitments to buy-out non-controlling interests) at June 30, 2020 and variable rate loans for the remaining 33%.

Exposure to liquidity risk

In order to manage its liquidity risk, Publicis holds a substantial amount of cash (cash and cash equivalents) at June 30, 2020 with a total of euro 3,743 million and unused but confirmed credit lines representing euro 1,626 million, after drawing of dollars 1.1 billion on its euro 2,000 million multi-currency syndicated credit facility maturing in 2024. These immediately or almost immediately available sums allow the Group to meet its general funding requirements.

Apart from bank overdrafts, most of the Group's debt is comprised of bonds and the medium-term syndicated loan, none of which are subject to financial covenants. They only include standard credit default event clauses (liquidation, cessation of payment, default on the debt itself or on the repayment of another debt above a given threshold) which are generally applicable above a threshold of euro 25 million.

The Group has not established any credit derivatives to date.

Note 16 Lease contracts

/ Analysis of right-of-use assets by category of underlying assets

(in millions of euros)	Real Estate	Concession agreements	Other assets	Total
Gross value at January 1, 2020	**2,489**	**305**	**45**	**2,839**
Addition of assets	62	-	9	71
Terminations or end of contracts	(39)	-	(8)	(47)
Changes to consolidation scope	6	-	-	6
Translation adjustments and other	(38)	-	(2)	(40)
Gross value at June 30, 2020	**2,480**	**305**	**44**	**2,829**
Accumulated amortization at January 1, 2020	**(503)**	**(197)**	**(17)**	**(717)**
Amortization	(138)	(49)	(13)	(200)
Impairment losses	(128)	-	-	(128)
Terminations or end of contracts	25	-	7	32
Changes to consolidation scope	-	-	-	-
Translation adjustments and other	15	-	-	15
Accumulated amortization at June 30, 2020	**(729)**	**(246)**	**(23)**	**(998)**
Net value at June 30, 2020	**1,751**	**59**	**21**	**1,831**

/ Analysis of maturities of lease liabilities

	June 30, 2020					
(in millions of euros)	Total	-1 year	1-2 years	2-3 years	3-4 years	+4 years
Lease liabilities	**2,394**	**333**	**265**	**226**	**198**	**1,372**
Of which short-term	333					
Of which long-term	2,061					

For the first half of 2020, the interest expense on lease liabilities was euro -40 million (versus euro -30 million at June 30, 2019).

Note 17 Commitments

(in millions of euros)	June 30, 2020			
		Maturity		
	Total	-1 year	1-5 years	+5 years
Commitments given				
Guarantees[1]	255	45	122	88
Total	**255**	**45**	**122**	**88**
Commitments received				
Undrawn confirmed credit lines	1,627	165	1,462	-
Undrawn unconfirmed credit lines	238	238	-	-
Other commitments	13	6	6	1
Total	**1,878**	**409**	**1,468**	**1**

(1) At June 30, 2020, guarantees included undertakings to pay euro 35 million into innovation mutual funds by 2027. They also included guarantees of approximately euro 11 million relating to media-buying operations.

Obligations related to warrants

The exercise of warrants, which can occur at any time from September 24, 2013 to September 24, 2022, will lead to an increase in the Publicis Groupe's capital stock. The conversion ratio was adjusted by a factor of 1,068 so as to reflect those distributions drawn from the Company's reserves and premiums. Following the cancellation of the warrants acquired in previous years or exercised since September 24, 2013, Publicis Groupe was, at June 30, 2020, committed to issuing (in the event that the 895,329 outstanding warrants are exercised) 956,211 shares with a euro 0.40 par value and a euro 30.10 premium.

Other commitments

As at June 30, 2020, there were no significant commitments such as pledges, guarantees or collateral, or any other significant off-balance sheet commitments.

Note 18 Operating segment information

Information by business sector

The Publicis Groupe structure has been developed to provide the Group's clients with comprehensive, holistic communication services involving all disciplines. As of January 1, 2020, Publicis Groupe has defined 10 key markets (country or region) which has led to operating segments being redefined. These 10 countries or regions are each run or supervised by a single person and overseen day-to-day by a single Executive Committee, bringing together members with a wide range of expertise. They are thus structured to offer our clients a broad-based solution that meets their needs.

The Group has therefore identified 10 operating segments corresponding to the geographic regions in which it operates: United States, Canada, United Kingdom, France, DACH (Germany, Austria and Switzerland), Asia-Pacific & Africa-Middle East. Northern and Central Europe, Western Europe, Latin America (excluding Brazil) and Brazil.

Those operating segments with similar economic characteristics (similar margins), or where the nature of services provided to clients and the type of clients at which they are aimed are similar, have been grouped into five reporting segments: North America, Europe, Asia-Pacific, Middle-East Africa and Latin America.

Reporting by region

The presentation of financial information based on the new operating segments results in the same level of information being presented as by geographic region.

/ First-half 2020

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue[1]	**1,088**	**3,013**	**434**	**104**	**135**	**4,774**
Revenue[1]	1,276	3,227	501	109	165	5,278
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	(121)	(128)	(38)	(7)	(7)	(301)
Operating Margin	**20**	**495**	**97**	**6**	**4**	**622**
Amortization of intangibles from acquisitions	(72)	(69)	-	(1)	-	(142)
Impairment	(2)	(229)	-	-	-	(231)
Non-current income and expenses	1	4	-	-	-	5
Operating income after impairment	**(53)**	**201**	**97**	**5**	**4**	**254**
Balance sheet items						
Intangible assets, net	1,887	9,809	1,105	247	330	13,378
Property, plant and equipment, net (including right-of-use assets on leases)	872	1,330	207	33	46	2,488
Other financial assets	125	55	31	6	3	220
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(19)	(56)	(6)	(1)	(1)	(83)
Purchases of investments and other financial assets, net	(7)	2	(2)	(1)	1	(7)
Acquisitions of subsidiaries	(3)	(24)	(9)	-	(1)	(37)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no eliminations between the different zones.

/ 2019 financial year

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue[1]	**2,630**	**5,516**	**1,006**	**326**	**322**	**9,800**
Revenue[1]	3,123	5,972	1,152	335	419	11,001
Depreciation and amortization expense (excluding intangibles arising from acquisitions and right-of-use assets)	(251)	(228)	(75)	(17)	(15)	(586)
Operating Margin	**360**	**1,041**	**178**	**45**	**35**	**1,659**
Epsilon transaction costs		(40)				(40)
Operating margin excluding Epsilon transaction costs	**360**	**1,081**	**178**	**45**	**35**	**1,699**
Amortization of intangibles from acquisitions	(11)	(191)	(1)	(1)	-	(204)
Impairment	(38)	(156)	-	(1)	(14)	(209)
Non-current income and expenses	(30)	38	12	0	1	21
Operating income after impairment	281	732	189	43	22	1,267
Balance sheet items						
Intangible assets, net[2]	1,904	10,008	1,105	256	335	13,608
Property, plant and equipment, net (including right-of-use assets on leases)	991	1,570	187	44	50	2,842
Other financial assets	124	56	29	6	3	218
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(68)	(143)	(15)	(3)	(3)	(232)
Purchases of investments and other financial assets, net	19	1	1	(1)	-	20
Acquisitions of subsidiaries	(378)	(3,764)	1	(2)	-	(4,143)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no eliminations between the different zones.
(2) The intangible assets breakdown has been restated to take into account the new organization. The presentation of the other balance sheet items is not impacted by the reorganization.

/ First-half 2019

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue[1]	**1,296**	**2,316**	**444**	**144**	**152**	**4,352**
Revenue[1]	1,535	2,487	499	148	199	4,868
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	(124)	(97)	(38)	(8)	(6)	(273)
Operating Margin	**129**	**387**	**74**	**8**	**14**	**612**
Amortization of intangibles from acquisitions	(5)	(21)	-	(1)	-	(27)
Impairment loss	(20)	(80)	(1)	-	(12)	(113)
Non-current income and expenses	(28)	32	12	-	1	17
Operating income after impairment	**76**	**318**	**85**	**7**	**3**	**489**
Balance sheet items						
Intangible assets, net[2]	1,877	6,452	1,058	253	324	9,964
Property, plant and equipment, net (including right-of-use assets on leases)	979	1,315	170	47	41	2,552
Other financial assets	134	56	27	5	3	225
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(21)	(39)	(6)	(1)	(1)	(68)
Purchases of investments and other financial assets, net	10	1	2	-	-	13
Acquisitions of subsidiaries	(88)	(29)	(1)	-	-	(118)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no eliminations between the different zones.
(2) The intangible assets breakdown has been restated to take into account the new organization. The presentation of the other balance sheet items is not impacted by the reorganization.

Note 19 Publicis Groupe SA stock option and free share plans

A free share plan was created in the first half of 2020, with the following features:

- Long Term Incentive “Sapient 2020 Plan” (May 2020)
- The plan put in place for the exclusive benefit of directors and employees is made up of two tranches:
  - the first tranche is conditional only upon continued employment and gives rise to the delivery of one-fourth of the shares awarded on the dates of the first four anniversaries of the plan (i.e. in May 2021, 2022, 2023 and 2024),
  - in addition to the condition of continued employment, the second tranche is conditional upon performance criteria, and the total number of shares delivered shall depend on the level of targets achieved for 2020, 2021 and 2022. Delivery will take place at the end of a three-year period, in May 2023;
- In addition, the performance of the following plans was assessed in March 2020:
  - LTIP 2019: the performance targets set for 2019 were 50% achieved,
  - Sapient 2017, 2018 and 2019 plans: the performance targets set for 2019 were 50% achieved,
  - Epsilon 2019-2021 replacement plans: the performance targets set for 2019 were achieved at an average of 66.5%.

Publicis Groupe share subscription or purchase option plans

/ Characteristics of Publicis Groupe stock option plans outstanding as of June 30, 2020

Plans	Type[(1)]	Date of grant	Option exercise price (in euros)	Options outstanding at January 1, 2020	Options canceled, lapsed or transferred in first-half 2020	Options exercised in first-half 2020	Options outstanding at June 30, 2020	Of which exercisable at June 30, 2020	Exercise expiry date	Remaining contract life (in years)
Lionlead3 2013-2016 France and outside France options	A	04/30/2013	52.76	1,091,937	-	-	1,091,937	1,091,937	04/30/2023	2.83

(1) A = stock options; S = share subscription options.

/ Movements in Publicis Groupe stock option plans in first-half 2020

	First-half 2020	
	Number of options	Average exercise price (in euros)
Options at January 1, 2020	1,091,937	52.76
Options exercised in first half[(1)]	-	-
Cancelled or lapsed options in first half	-	-
Options outstanding at June 30, 2020	**1,091,937**	**52.76**
Of which exercisable	1,091,937	52.76

(1) Average share price on exercise (in euros). n/a

Publicis Groupe free share plans at inception

/ Characteristics of Publicis Groupe free share plans outstanding at June 30, 2020

Plans	Date of grant	Shares yet to vest as of January 1, 2020 or shares granted in 2020	Shares canceled, lapsed or transferred[1] in first-half 2020	Shares vested in first-half 2020[2]	Shares yet to vest at June 30, 2020	Vesting date of shares	Remaining contract life (in years)
LTIP 2015 Plan – Outside France	04/17/2015	2,500	-	(2,500)	-	04/17/2019[3]	-
LionLead3 2016-2018 Plan – France	06/16/2016	22,395	-	-	22,395	06/16/2019[3]	-
LionLead3 2016-2018 Plan – Outside France	06/16/2016	568,664	(1,543)	(566,084)	1,037	06/16/2020[3]	-
Sapient 2016 Plan (4 years)	04/15/2016	59,810	(2,806)	(57,004)	-	04/15/2020	-
LTIP 2017 Plan	05/18/2017	279,275	(7,450)	(271,825)	-	05/18/2020	-
Sapient 2017 Plan (4 years)	06/15/2017	81,485	(2,475)	(39,937)	39,073	06/15/2021	0.96
Sapient 2017 Plan (3 years)	06/15/2017	191,376	(27,287)	(164,089)	-	06/15/2020	-
LTIP 2018 Plan	04/17/2018	326,900	(11,350)	-	315,550	04/17/2021	0.80
Sapient 2018 Plan (4 years)	04/17/2018	134,079	(7,418)	(42,477)	84,184	04/17/2022	1.80
Sapient 2018 Plan (3 years)	04/17/2018	201,619	(39,911)	-	161,708	04/17/2021	0.80
Sprint to the Future 2018-2020 – Excluding *Directoire*[4]	05/18/2018	48,340	-	-	48,340	06/01/2021	0.92
LTIP 2019 Plan	05/28/2019	327,450	(172,625)	-	154,825	05/28/2022	1.91
Sapient 2019 Plan (4 years)	05/28/2019	233,360	(14,356)	(54,715)	164,289	05/28/2023	2.91
Sapient 2019 Plan (3 years)	05/28/2019	335,014	(91,113)	-	243,901	05/28/2022	1.91
LTIP 2019-2021 "*Directoire*" Plan	06/14/2019	170,000	-	-	170,000	05/28/2022	1.96
Star Growth Performers Plan/2019 Special Plan	05/28/2019	251,200	(15,300)	-	235,900	05/28/2022	1.91
2019 Epsilon Replacement Plan	07/15/2019	597,135	(111,903)	(126,445)	358,787	03/31/2022	1.67
2019 Special Retention Plan	11/15/2019	765,110	-	-	765,110	03/31/2023	2.75
Sapient 2020 Plan (4 years)	05/19/2020	240,208	(1,150)	-	239,058	05/19/2024	3.89
Sapient 2020 Plan (3 years)	05/19/2020	345,295	(1,725)	-	343,570	05/19/2023	2.88
Total free share plans		**5,181,215**	**(508,412)**	**(1,325,076)**	**3,347,727**		

(1) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.
(2) In exceptional cases, as described in the plan regulations, shares may be delivered prior to the end of the vesting period.
(3) The delivery of certain shares was delayed but took place in the first half of 2020 or will take place before the end of the year.
(4) Although the performance measurement period is not yet ended, the performances recorded for 2018 and 2019 mean that the plan objectives will not even be partly achieved. The shares initially granted are thus considered canceled as of December 31, 2019, except for one participant for whom these shares will be delivered at the planned maturity date, subject solely to continued employment.

The vesting of free shares under the above plans is conditional on continued employment throughout the vesting period. Vesting also remains subject to non-market performance conditions for the LTIP 2017 to 2019, the LTIP 2019-2021 *Directoire* plan, the Sapient 2017 to 2020 plans with a 3-year vesting period, the 2019 Epsilon Replacement Plan and the 2019 Special Retention Plan.

/ Movements in Publicis Groupe free share plans in first-half 2020

	First-half 2020
Shares yet to vest as of January 1, 2020	4,595,712
New grants made during first half of the year	585,503
Grants vesting (deliveries)	(1,325,076)
Grants lapsed	(508,412)
Shares yet to vest as of June 30, 2020	**3,347,727**

/ Fair value of free Publicis Groupe shares granted in first-half 2020

Free shares	Sapient 2020 (4 years)	Sapient 2020 (3 years)(1)
Date of Management Board Meeting	05/19/2020	05/19/2020
Number of shares originally granted	240,208	345,295
Initial valuation of shares granted (weighted average, in euros)	22.18	21.35
Share price on the grant date (in euros)	26.00	26.00
Vesting period (in years)	1 to 4	3

(1) Conditional shares for which vesting is subject to the achievement of targets set for the years 2020 to 2022.

Effect of share subscription or purchase option plans and free share plans on profit (loss)

The total impact of these plans on the 2020 interim income statement was euro 28 million (excluding taxes and social security charges) compared to euro 37 million for first-half 2019.

With regard to the free share plans granted subject to performance conditions, and for which performances have not yet been definitively measured as of June 30, 2020, the probability of the targets set in respect of the financial statements for the first half of 2020 being met has been estimated as follows:

- for performance plans measured over a one-year period, in respect of 2020 performance:
  - Sapient 2018, 2019 and 2020 performance plans: 100%,
  - 2019-2021 Epsilon Replacement Plan: 100%,
  - 2019 Special Retention Plan: 100%;
- for performance plans measured over a three-year period, in respect of the three-year period performance over the three-year period:
  - LTIP 2019-2021 *Directoire* Plan: 100%.

Note 20 Related-party disclosures

No related-party transactions were entered into in the first half of 2020.

Note 21 Subsequent events

No subsequent events were identified.

CHAPTER

3

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying consolidated condensed interim financial statements of Publicis Groupe SA, for the period from January 1 to June 30, 2020;
- the verification of the information presented in the half-yearly management report.

These consolidated condensed interim financial statements have been prepared under the responsibilty of your Management Board on July 20, 2020 on the basis of the information available at this date in a changing context of the crisis related to Covid-19 and of in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the Financial Statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the IAS 34 from IFRS standards as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report established on July 20, 2020 on the consolidated condensed interim financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the consolidated condensed interim financial statements.

Courbevoie and Paris-La Défense, July 23, 2020

The statutory auditors
French original signed by

Mazars		Ernst & Young et Autres	
Olivier Lenel	Ariane Mignon	Nicolas Pfeuty	Valérie Desclève

CHAPTER

4

CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE FIRST HALF-YEAR FINANCIAL REPORT

As Chairman of the Management Board of Publicis Groupe, I hereby certify that, to the best of my knowledge, the consolidated interim financial statements for the 6 months ended on June 30, 2020 were prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company as well as the entities consolidated by Publicis Groupe and that the here enclosed interim management report provides a true and fair schedule of the highlights of the first half of the financial year and of their impact on the financial statements, of the main transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Arthur Sadoun
Chairman & CEO of Publicis Groupe

Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

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GROUPE

Publicis Groupe SA
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with a share capital of euro 96,285,195.
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