HALF-YEAR FINANCIAL REPORT

for the six months ended June 30, 2017

This English language version of the 2017 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.

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Message from Chairman & CEO

Arthur Sadoun

Launched 18 months ago, The Power of One has been one of the boldest moves the Group has made. Maurice Lévy has been the architect and has designed it. We are now moving to the next stage. The first 6 months of 2017 were particularly dense, as we modified our governance, defined our action plan and brought together the teams responsible for taking The Power of One to new heights. Thanks to our capabilities in consulting, creativity, media and technology, Publicis Groupe is in a unique position to help transform and grow our clients' businesses, through big ideas.

We have one objective: become the market leader of marketing and business transformation. This means being recognized as the indispensable partner of our clients in their transformation. To achieve this ambition, we need to accelerate in execution and go deeper in integration. We have set 4 priorities for the months to come: make our model a reality for all of our clients, leverage our competitive advantage in technology and consulting, simplify our organizational structures for greater efficiency; design a culture that attracts and retains the best talents.

Improving organic growth is our number one imperative. This is because organic growth is the key metric of the industry, it is the demonstration of our attractiveness in the market, it is the demonstration that we are competitive and that our model is both built on our clients' needs and sustainable. Organic growth is required to attract and retain the best talent on the market. And obviously it has to come with greater efficiency. This is vital, as we must remain competitive for our clients and invest in our talents.

We have the right strategy. Our first half results are encouraging. Thanks to the good account win momentum over the last 12 months, resulting directly from The Power of One, organic growth exceeded our own expectations in the second quarter at +0.8% with the US returning to positive territory, and margin improved by 20 basis points in a low growth context.

When it comes to the outlook for the year, we expect the sequential improvement in organic growth to continue in third quarter. And we should return to a growth rate comparable with peers in the second half of the year. For the longer term, our goals are clear: accelerate growth and increase efficiency. We are at the beginning of implementing an action plan with our new governing bodies and we will come back in an articulate and concrete way in the coming months.

Arthur Sadoun

Chaiman & CEO

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INTERIM MANAGEMENT REPORT

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Publicis Groupe's Supervisory Board met on July 19, 2017, under the chairmanship of Maurice Lévy, to examine the half-year accounts at June 30, 2017, presented by Arthur Sadoun, Chairman of the Management Board and Chief Executive Officer.

Key figures

(in millions of euros, excepting data per share and percentages)	H1 2017	H1 2016	2017 vs. 2016
Revenue	4,843	4,753	+1.9%
Operating margin before Depreciation & Amortization	719	704	
% of revenue	*14.8%*	*14.8%*	
Operating margin	638	619	+3.1%
% of revenue	*13.2%*	*13.0%*	
Operating income	604	595	+1.5%
Group net income	387	381	+1.6%
Diluted EPS	1.69	1.70	
Headline diluted EPS [(1)]	1.89	1.81	+4.4%
Free Cash Flow before changes in working capital requirements	594	564	+5.3%
	June 30, 2017	**Dec. 31, 2016**	
Total assets	22,234	24,896	
Group share of Shareholders' equity	5,618	6,055	
Net debt (net cash)	2,092	1,244	

(1) Group net income, after elimination of impairment charges, amortization of intangibles arising from acquisitions, main capital gains (or losses) on disposals and the reappraisal of earn-out costs, divided by the average number of shares on a diluted basis.

The second quarter of 2017 brought confirmation that the global economy is indeed recovering. According to the OECD, global economic growth currently stands at 3.5%. Furthermore, growth is increasingly synchronous, even though the gaps between emerging and developed countries remain substantial. The risk of deflation seems to be fading away and interest rates are still particularly low, both testifying to monetary policies that continue to be conducive to growth in Europe and Japan.

In the USA, growth in the first quarter was limited to 1.4% on an annualized basis, but should pick up in the second quarter to reach 3% according to economic forecasts. Some statistics suggest there is a risk of a slowdown (retail sales, industrial orders, and lower corporate productivity), particularly as Donald Trump has not yet delivered on his election campaign promises (lower corporate income tax, stimulus package for public investment) and is not expected to do so before next year.

In the euro zone, growth continues to accelerate. The latest surveys conducted by Markit confirm growth of between 1.5 and 2%. In Q2 2017, the two principal leading indicators compiled by the European Commission (*i.e.* the consumer confidence index and business confidence index) confirmed their upward trend to reach a 10-year high. The risk of deflation has abated significantly, with the President of the ECB considering it has disappeared altogether, which should lead to a phasing down of the ECB's monetary policy of buying up bonds in the market.

In the United Kingdom, growth has commenced a marked slowdown. GDP was a mere 0.2% in the first quarter. The sharp decline of sterling has caused prices to rise by 2.9%, a growth rate that is well above wage growth. Household purchasing power is falling and household consumption is affected. The uncertainties around the Brexit negotiations and implementation are impacting corporate investment and household consumption. For the full year, growth is expected at 1.6%, slightly down on the 1.8% recorded in 2016.

The Japanese economy is growing (+1% in Q1). The price index is moving away from negative territory and has now been positive for several months. The latest Tankan quarterly company survey has confirmed the return of significant growth, suggesting that Shinzo Abe's "three arrows" policy seems to have finally hit the target.

In China, economic growth indicators show that the situation has stabilized at growth of around 6.5%. The highly pro-active monetary policy is aimed at avoiding expansion of the already considerable credit bubble.

At the time of releasing its latest forecasts in June 2017, Zenith slightly lowered its advertising media market growth guidance to 4.2% for 2017 (from 4.4% in December 2016). By region, North America is expected to grow by 3.4%, driven largely by Internet advertising (+14.2%) which is expected to account for one-third of the total media spend in 2017. Investment in television advertising is expected to remain unchanged. Western Europe should see growth of 2.0% with Internet advertising up 8.3% (Internet growth stands at over 150% of the market growth rate). Within Europe, France is only expected to grow by 1.1%, compared with growth of +2.5% in Germany, +1.4% in Italy and +0.9% in the UK. The Asia Pacific region expects growth of +5.8%, boosted notably by +6.6% in China and +10.2% in India. Latin America is expected to grow by 4.1% due to the impact of inflation. Brazil should grow by +1.1% despite the Olympic Games staged in Rio in 2016 which make the comparable period difficult to outperform.

Publicis Groupe's consolidated revenue in Q2 2017 was euro 2,515 million, compared with euro 2,462 million in Q2 2016, *i.e.* an increase of 2.2%. Exchange rates had a euro 26 million positive impact, *i.e.* 1.1% of Q2 2016 revenue. Net acquisitions contributed euro 8 million to revenue in Q2 2017, *i.e.* 0.3% of Q2 2016 revenue. Growth at constant exchange rates was 1.1% in the second quarter. Organic growth stood at +0.8% for the same period, an improvement on the -1.2% recorded in the first quarter due to the more limited impact of past issues and the good performance registered in North America. In Q2 2017, while organic growth continued to be hampered by the weakness in the FMCG sector, it benefited nonetheless from the growing contributions of accounts gained since Q2 2016 (particularly Walmart, HPE, USAA, Asda, Motorola and Lowe's).

For the first half year, Publicis Groupe's consolidated revenue totaled euro 4,843 million, up 1.9% from euro 4,753 million in H1 2016. Exchange rates had a euro 76 million positive impact, *i.e.* 1.6% of H1 2016 revenue. Net acquisitions contributed euro 22 million in H1 2017, *i.e.* 0.5% of H1 2016 revenue. Growth at constant exchange rates was +0.3%. Organic growth was -0.2% in H1 2017.

Against a backdrop of modest growth, Publicis Groupe is more focused than ever on the robustness of its operating margin and on its ability to generate cash flow. The reorganization announced in December 2015 is aimed at achieving a more efficient cost structure by eliminating duplication. Various cost optimization programs are scheduled or already up and running. These cost optimization plans include, among others, the simplification of structures that comes with the Group's reorganization, productivity gains, improved margins on the part of entities that have been underperforming, endeavors in procurement, continued regionalization of the Shared Services Centers and the continuous improvement of processes.

The operating margin rose 3.1% to euro 638 million. The percentage operating margin rose 20 basis points on H12016, to 13.2%.

Group net income was euro 387 million, up 1.6% from euro 381 million in 2016.

Headline EPS (diluted) – as defined in Note 8 to the condensed consolidated half-yearly financial statements – stood at euro 1.89, *i.e.* an increase of 4.4%.

The balance sheet at June 30, 2017 shows net debt of euro 2,092 million, compared with net debt of euro 1,244 million at December 31, 2016. Average net debt in H1 2017 was euro 1,993 million, down from an average of euro 2,380 million during the corresponding period in 2016.

Governance and appointments

Since June 1, 2017 Arthur Sadoun has been CEO and Chairman of the Management Board. The Board has been strengthened by the addition of Steve King, currently CEO of Publicis Media, who joined forces with Jean-Michel Etienne, Deputy CEO in charge of finance, and Anne-Gabrielle Heilbronner, Secretary General.

Véronique Weill has joined Publicis Groupe as General Manager. She will be taking up her position from September 1, 2017 and will be in charge of Re:Sources, IT, real estate, insurance and M&A. Véronique spent 21 years with JPMorgan, mainly in the USA, where she was in charge of operations and IT at global level. She then joined Axa in 2006, where, as a member of the Management Committee, she worked in operations, technology, digital, marketing and innovation. As Axa's Chief Operating Officer and then Chief Customer Officer, she helped make Axa one of the world's leading insurance brands.

Carla Serrano, CEO of Publicis New-York and Chief Strategy Officer at Publicis Communications, has been promoted to Chief Strategy Officer at Publicis Groupe. Throughout her career, Carla has held strategic management positions in large networks and creative agencies. Before joining Publicis, Carla Serrano was CEO of Naked NA, CSO of TBWA Chiat/DAY NY, and Chair at Berlin Cameron and Partners.

Publicis Groupe is announcing the creation of two new Management Committees, in addition to its Management Board (*Directoire*).

The first will be known as the Executive Committee and will be entrusted with managing the Group's transformation. It will meet every month and will be comprised of the following members, in addition to the members of the Management Board:

- Chip Register, Co-CEO, Publicis.Sapient;
- Carla Serrano, Chief Strategy Officer, Publicis Groupe;
- Nigel Vaz, President, DigitasLBi;
- Véronique Weill, General Manager, Publicis Groupe;
- Alan Wexler, Co-CEO, Publicis.Sapient.

The second committee, which will be called the Management Committee, will meet every quarter and will oversee the Group's operations and execution of its strategy. It will be comprised of the Executive Committee members plus the following:

- Valérie Beauchamp, EVP Business Development, Publicis Groupe;
- Justin Billingsley, COO Publicis Communications;
- Agathe Bousquet, Présidente France, Publicis Groupe (taking office from September 1);
- Gerry Boyle, CEO APAC, Publicis Media;
- Andrew Bruce, CEO North America, Publicis Communications;
- Nick Colucci, CEO, Publicis Health;
- Lisa Donohue, Global Brand President, Starcom;
- Tim Jones, CEO North America, Publicis Media;
- Loris Nold, COO Publicis Communications;
- Rishad Tobaccowala, Chief Growth Officer, Publicis Groupe;
- Alexandra Von Plato, Group President, Publicis Health;
- Jarek Ziebinski, CEO, Publicis One.

At the request of the Supervisory Board, Maurice Lévy has become a member of the Supervisory which he now chairs. This proposal was approved by the shareholders at the Shareholders' Meeting of May 31, 2017.

Group CSR policy

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Throughout 2017, the Group continued to work on its future integrated reporting system with a dedicated in-house team and the support of its specialized subsidiary SalterBaxter.

The 2016 CSR report (62 entities audited on-site in six different countries, representing over 40% of total headcount) has progressed in terms of several indicators. From the operational point of view, the main projects continue afoot.

- Concerning talent and employees, we continue to grant pride of place to diversity and inclusion, and the figures are there to show that we have improved, notably in terms of gender parity; the role of affinity groups has been reinforced to enhance the way we meet employees' expectations. The Group has signed up for the "CEO Pledge for Diversity and Inclusion Initiative".

  Training remains an absolute priority given the current upheavals in various businesses and the transformation on-going in the Company and the agencies. At Group level, Publicis Academy has launched several programs in this field.
- On the client side, our core mission is to support our clients in their transformation, with creative and technological innovation at the very heart of our concerns. Responsible marketing is a powerful tool in helping them develop and better understand the challenges with which they are currently faced. Through its participation in "Unstereotype Alliance" (alongside UN Women), the Group is committed to help eradicate outdated representations and stereotypes in communications.

  The Group continues to be committed to responsible purchasing, taking a more qualitative approach to encourage suppliers to sign up for this program.
- In terms of society and its citizen-consumers, under the leadership of our Chief Data Privacy Officer and Chief Security Officer, we have intensified information to employees on the various issues relating to data protection and the security of our systems.

  Finally, "Create & Impact"- which inventories all undertakings in the field of *pro bono* campaigns, volunteer initiatives and sponsored campaigns – was assessed at euro 66.6 million in 2016, evidence of a high level of commitment. All these initiatives are now built into the United Nations' Sustainable Development Goals in order to measure their impact more accurately.

In ethics, the Group continues to be involved in various inter-professional working groups aiming to improve the standard of ethics in our businesses.

With regard to the environment, the "Consume Less and better" policy has been made more ambitious insofar as it now aligned on the 2030 objectives set out in the European Climate and Energy strategy.

As part of its participation in the first sectoral initiative in favor of sustainable development goals called "Common Ground", Publicis Groupe launched its own specific program around Sustainable Development Goal no. 2, *i.e.* the end hunger. This is the Group's long-term commitment to help change matters and behavior for the better. This project falls within the broader scope of the Group's intention to determine the type of positive impact it wants its activities to have.

External growth

In January 2017, Publicis Communications acquired two digital agencies via Leo Burnett: The Abundancy and Ardent. These agencies will add to Leo Burnett's arsenal of data, creative and technological capabilities. Ardent provides proprietary technology that uses search data to understand behavior and predict consumer intent, while The Abundancy applies these learnings to inform custom content. Together, these two agencies count 60 professionals who have now joined Leo Burnett under newly appointed CEO Andrew Swinand in the USA.

Finance

On March 13, 2017, Publicis Groupe entered into a share buyback agreement with an Investment Services Provider under the share buyback program authorized by the Shareholders' Meeting of May 25, 2016. The buyback period extended from March 14, 2017 to June 30, 2017.

This agreement was capped at 5,000,000 shares at an average share price not exceeding the limits imposed by the Shareholders' Meeting of May 25, 2016. Shares bought back on the last two days in June were only settled and delivered at the start of July, pursuant to stock market regulations. On June 30, 2017, the 4,878,002 treasury shares effectively delivered, and bought within this agreement for a consideration of euro 316 million, had been purchased at an average of euro 64.66 per share (euro 64.86 per share including tax on financial transactions).

Analysis of the financial situation and result

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Simplified consolidated income statement

(in millions of euros)	H1 2017	H1 2016	2017 vs. 2016
Revenue	**4,843**	**4,753**	**+1.9%**
Personnel costs	(3,095)	(3,071)	
Other operating costs	(1,029)	(978)	
Operating margin before Depreciation & Amortization	**719**	**704**	
Depreciation & Amortization	(81)	(85)	
Operating margin	**638**	**619**	**+3.1%**
Percentage operating margin (% of revenue)	*13.2%*	*13.0%*	
Amortization of intangibles arising from acquisitions	(35)	(40)	
Other non-recurring income (expenses)	1	16	
Operating income	**604**	**595**	
Financial income (expense)	(38)	(40)	
Reevaluation of earn-out	(22)	(10)	
Income tax	(151)	(162)	
Share of profit of Associates	(2)	2	
Minority interests	(4)	(4)	
GROUP NET INCOME	**387**	**381**	**+1.6%**

Revenue

Q2 2017 revenue by region

	Revenue			
(in millions of euros)	Q2 2017	Q2 2018	Organic growth	Reported growth
Europe	722	718	+3.2%	+0.6%
North America	1,353	1,319	+0.2%	+2.6%
Asia Pacific	268	273	-3.3%	-1.8%
Latin America	97	81	+2.8%	+19.8%
Middle East & Africa	75	71	+0.2%	+5.6%
TOTAL	**2,515**	**2,462**	**+0.8%**	**+2.2%**

Publicis Groupe's consolidated revenue for the second quarter of 2017 was euro 2,515 million, up 2.2% from euro 2,462 million in Q2 2016. Exchange rates had a euro 26 million positive impact, *i.e.* 1.1% of revenue in Q2 2016. Net acquisitions contributed euro 8 million in Q2 2017, *i.e.* 0.3% of the revenue reported in Q2 2016. Growth at constant exchange rates was +1.1%. Organic growth was +0.8% in Q2, a moderate improvement on the -1.2% organic growth recorded in Q1 due to the more limited impact of previous difficulties and the good performance registered in North America. In Q2 2017, while organic growth continued to be hampered by the weak FMCG sector, it benefited nonetheless from the growing contributions of accounts gained since Q2 2016 (particularly Walmart, HPE, USAA, Asda, Motorola and Lowe's).

First half 2017 revenue by region

(in millions of euros)	Revenue H1 2017	Revenue H1 2016	Organic growth	Reported growth
Europe	1,377	1,349	+4.3%	+2.1%
North America	2,644	2,620	-2.4%	+0.9%
Asia Pacific	511	503	-1.4%	+1.6%
Latin America	174	152	+3.5%	+14.5%
Middle East & Africa	137	129	+0.8%	+6.2%
TOTAL	**4,843**	**4,753**	**-0.2%**	**+1.9%**

For the first half year, Publicis Groupe's consolidated revenue amounted to euro 4,843 million, up 1.9% from 4,753 million for the corresponding period in 2016. Exchange rates had a euro 76 million positive impact, *i.e.* the equivalent of 1.6% of revenue in H1 2016. Net acquisitions contributed euro 22 million to revenue in H1 2017, *i.e.* 0.5% of revenue in H1 2016. Growth at constant exchange rates was +0.3%. Organic growth was -0.2% in the first half year, bearing in mind that the impact of previous difficulties was less than 300 basis points.

Europe grew by 2.1%. When the impact of acquisitions and exchange rates is factored out, organic growth was +4.3%. France performed well at +6.2%, while the UK and Italy posted strong momentum at +7.8% and +10.5% respectively. However, Germany recorded negative growth of -2.1% against a very difficult comparable period.

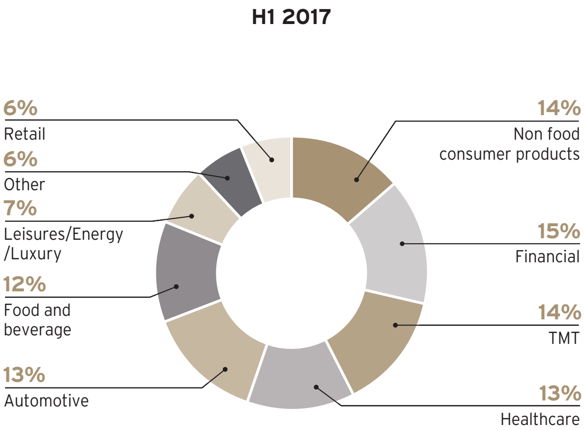
North America posted growth of +0.9% despite organic growth of -2.4% as a result of past issues and at a time when more recent accounts have yet to build up to cruising speed. Organic growth was, however, back in positive territory in the second quarter (+0.2%) due to the ramp-up of accounts awarded since the summer of 2016.

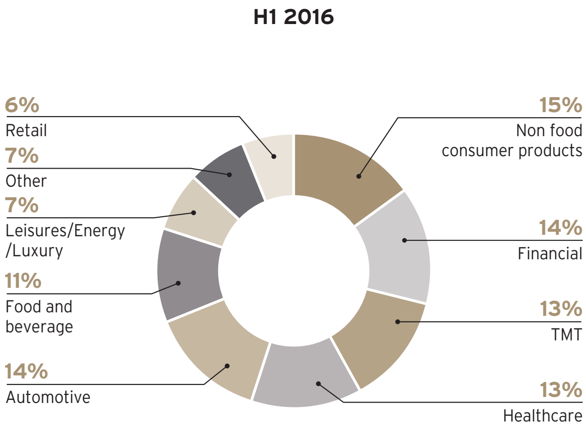
Asia Pacific reported positive growth of +1.6% despite organic growth of -1.4%. China fell 6.9% as a result of difficulties at certain entities. Singapore was up 6.2% while business is consolidating in India (+0.4% in Q1 followed by +6.4% in Q2).

Latin America reported +14.5% and organic growth of +3.5%. Brazil improved by 1.0% and Mexico continued its strong growth trend at +14.7%.

The Middle East & Africa region reported +6.2% and organic growth of 0.8%.

H1 revenue by client sector





Operating margin & Operating income

Personnel costs amounted to euro 3,095 million at June 30, 2017, up 0.8% from euro 3,071 million in 2016. Fixed personnel costs of euro 2,740 million represented 56.6% of total revenue, up from 56.3% in 2016. Freelance costs totaled euro 199 million in H1 2017, down from 219 million in 2016. Restructuring costs stood at euro 52 million in H1 2017 (euro 55 million in 2016) as the Group reorganizes around The Power of One which increasingly integrates structures and activities. Operational efficiency will be enhanced by the various projects in which the Group continues to invest (ERP roll-out, the development of production platforms, on-going regionalization of the Shared Services Centers, as well as a number of technological developments).

Other operating costs (excluding Depreciation & Amortization) amounted to euro 1,029 million *versus* 978 million in H1 2016. These costs represented 21.2% of consolidated revenue (*versus* 20.6% in H1 2016).

The **Operating margin before depreciation and amortization** was euro 719 million in the first half of 2017, up 2.1% from euro 704 million in 2016, *i.e.* a percentage margin of 14.8% of revenue, unchanged by comparison with H1 2016.

Depreciation & Amortization for the first half year was euro 81 million, down slightly from 85 million in H1 2016.

The **Operating margin** rose 3.1% to euro 638 million, *i.e.* a percentage operating margin of 13.2% (up 20 basis points on 2016). This improvement was made possible by savings linked to the implementation of The Power of One, partly offset by investments in new client contracts, new IT projects and higher other operating costs.

The operating margin by region was 13.7% in Europe, 14.1% in North America, 11.9% in Asia Pacific, 5.7% in Latin America and 4.4% in the Middle East & Africa region.

Amortization of intangibles arising from acquisitions totaled euro 35 million in H1 2017, after euro 40 million for the corresponding period in 2016. Other non-recurring income (expenses) for the period stood amounted to income of euro 1 million, compared with income of euro 16 million in H1 2016.

Operating income totaled euro 604 million in H1 2017, up 1.5% from 595 million in H1 2016.

Other Income statement items

Financial income (expense) – not including the revaluation of earn-out costs – amounted to an expense of euro 38 million in H1, after an expense of 40 million in 2016. The cost of net debt was euro 32 million in H1 2017, down from 39 million in H1 2016. Other financial income and expenses amounted to a net expense of euro 6 million in H1 2017, up from a net expense of 1 million in H1 2016.

The revaluation of earn-out costs totaled euro 22 million (*versus* 10 million in 2016).

Income tax in H1 2017 was euro 151 million, *i.e.* an effective tax rate of 27.8%, after 162 million in H1 2016 when the effective tax rate was 29.7%.

The Associates' share of profit was a negative euro 2 million in H1 2017, compared with a positive 2 million in 2016. Minority interests totaled euro 4 million in H1, *versus* euro 4 million in 2016.

Overall, Group net income totaled euro 387 million at June 30, 2017, after euro 381 million at June 30, 2016.

Balance sheet and cash flow statement

Simplified balance sheet

(in millions of euros)	June 30, 2017	December 31, 2016
Goodwill (net)	8,718	9,150
Other intangibles (net)	1,213	1,345
Other fixed assets (net)	841	910
Current and deferred income tax	(478)	(494)
Working capital requirements	(1,908)	(2,916)
TOTAL ASSETS	**8,386**	**7,995**
Shareholders' equity	5,618	6,055
Minority interests	12	10
Total shareholders' equity	***5,630***	***6,065***
Long- and short-term provisions	664	686
Net debt	2,092	1,244
TOTAL LIABILITIES	**8,386**	**7,995**

Consolidated shareholders' equity attributable to the Group was euro 5,618 million at June 30, 2017, down from euro 6,055 million at December 31, 2016. This decrease was mainly due to the buyback (net of sales) of Publicis shares in H1 2017, for an amount of euro 296 million (this figure includes euro 316 million paid under the terms of the agreement signed to acquire a maximum of 5,000,000 shares) and the payment of dividends in cash (for euro 170 million). Net income for the first half year 2017 was largely absorbed by the negative impact of exchange rates which was carried under shareholders' equity.

Minority interests amounted to euro 12 million for the period, after euro 10 million at December 31, 2016.

Net financial debt

(in millions of euros)	June 30, 2017	December 31, 2016
Financial debt (long- and short-term)	3,144	3,311
Fair value of the derivative hedging the 2021 and 2024 Eurobonds [(1)]	75	164
Fair value of the derivatives hedging intra-group loans and borrowings [(1)]	24	(3)
TOTAL FINANCIAL DEBT INCLUDING MARKET VALUE OF THE ASSOCIATED DERIVATIVES	**3,243**	**3,472**
Cash and cash equivalents	(1,151)	(2,228)
NET FINANCIAL DEBT	**2,092**	**1,244**
DEBT/EQUITY RATIO (INCL. MINORITY INTERESTS)	**0.37**	**0.21**

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

Net debt totaled euro 2,092 million at June 30, 2017 (*i.e.* a debt/equity ratio of 0.37), after euro 1,244 million at December 31, 2016 (when the gearing ratio was 0.21). The Group's average net debt for the first half year was euro 1,993 million, compared with euro 2,380 million in H1 2016.

Cash flow

Net cash flow from operations amounted to an outflow of euro 382 million in H1 2017, compared with an outflow of 466 million for the corresponding period in 2016. Income tax paid over the period totaled euro 115 million, after 79 million in H1 2016. Interest paid amounted to euro 26 million in H1 2017, up from 22 million in 2016, while interest received reached euro 26 million, up from 10 million in H1 2016. Working capital requirements rose by euro 1,013 million in H1 2017, after rising by 1,102 million in H1 2016.

Net cash flow from investments includes acquisitions and disposals of tangible and intangible assets, net acquisitions of financial assets and acquisitions and disposals of subsidiaries. Net cash flow from investment activities was an outflow of euro 217 million at June 30, 2017, after using up 192 million in the first half of 2016. Net investments in fixed assets (tangible and intangible) amounted to euro 37 million for the period, after 72 million in 2016.

Financing activities used up euro 312 million in the first half of 2017, after generating a surplus of 22 million the previous year. This use of cash in 2017 was mainly due to euro 316 million share buybacks paid under the terms of the agreement signed to acquire a maximum of 5,000,000 shares (euro 287 million including euro 9 million of treasury shares bought under the liquidity contract and after deduction of the proceeds from the sale and subscription of equity warrants).

Overall, the Group's cash position net of bank balances was reduced by euro 1,077 million at June 30, 2017, compared with a reduction of euro 617 million at June 30, 2016.

Including lines of credit that can be drawn down on short notice, the Group's available liquidities amounted to euro 3,832 million at June 30, 2017, after euro 4,914 million at December 31, 2016.

Free cash flow

The Group's free cash flow, before changes in working capital requirements, increased by 5.3% by comparison with H1 2016 to reach euro 594 million in the first half 2017.

The Group uses this indicator to measure liquidity generated by the business after investments in fixed assets but before acquisitions and disposals of equity interests and before financing (including the financing of working capital requirements).

The table below shows how the Group's free cash flow was generated (before changes in working capital requirements).

(in millions of euros)	H1 2017	H1 2016	2017 *vs.* 2016
Operating margin before Depreciation & Amortization	**719**	**704**	**15**
Net interest paid	0	(12)	12
Income tax paid	(115)	(79)	(36)
Others	27	23	4
CASH FLOW FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL REQUIREMENTS	631	636	(5)
Investments in fixed assets (net)	(37)	(72)	35
FREE CASH FLOW BEFORE CHANGES IN WORKING CAPITAL REQUIREMENTS	**594**	**564**	**30**

Related party transactions

There has been no material change in related party transactions since December 31, 2016.

Publicis Groupe (Group parent company)

Publicis Groupe SA's revenue consists exclusively of rental income from property and fees for services to the Group's subsidiaries. This revenue amounted to euro 27 million in the first half year 2017 *versus* 19 million the previous year.

Financial income totaled euro 130 million at June 30, 2017, compared with 154 million in H1 2016. This decline in income was mainly due to the downturn in dividends received from the subsidiaries (72 million in H1 2017 *versus* 95 million in H1 2016).

Operating expenses for the period amounted to euro 18 million, a level that is very similar to H1 2016 (euro 17 million).

Financial expenses amounted to euro 74 million in H1 2017, after 73 million in H1 2016.

Pre-tax profit from recurring operations was euro 65 million at June 30, 2017, compared with 83 million at June 30, 2016.

After inclusion of a euro 4 million tax credit arising from tax consolidation in France, Publicis Groupe SA, the parent company of the Group, reported a profit of euro 69 million at June 30, 2017, after a profit of euro 87 million at June 30, 2016.

Outlook

The early part of 2017 has shown encouraging signs. Publicis Groupe returned to positive growth in the second quarter and the operating margin has been improved despite the backdrop of weak growth. The momentum of accounts won has been good, including some prestigious wins such as HSBC, Bel and McDonald's.

The Group's priority is to improve its organic growth and there are quite a number of projects still ongoing. Our ambition is to post higher growth than our competitors by becoming the leader in marketing and operational transformation. Four concrete measures have been taken for this purpose: make our model a reality for all of our clients, leverage our competitive advantage in technology and consulting, simplify our organizational structures for greater efficiency, design a culture that attracts and retains the best talents.

We expect the sequential improvement in organic growth to continue in Q3 2017, and we should return to a growth rate comparable with peers in the second half of the year. For the long term, goals are identified: accelerate growth and increase efficiency. The Group is at the beginning of implementing an action plan with new governing bodies. A concrete and articulate update will be provided in the coming months.

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS HALF-YEAR ENDED JUNE 30, 2017

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Consolidated income statement

(in millions of euros)	Notes	June 30, 2017 (6 months)	June 30, 2016 (6 months)	December 31, 2016 (12 months)
REVENUE		**4,843**	**4,753**	**9,733**
Personnel expenses	3	(3,095)	(3,071)	(6,059)
Other operating expenses		(1,029)	(978)	(1,992)
OPERATING MARGIN BEFORE DEPRECIATION AND AMORTIZATION		**719**	**704**	**1,682**
Depreciation and amortization expense (excluding intangibles from acquisitions)	4	(81)	(85)	(166)
OPERATING MARGIN		**638**	**619**	**1,516**
Amortization of intangibles from acquisitions	4	(35)	(40)	(79)
Impairment	4	-	-	(1,440)
Non-current income and expenses	5	1	16	12
OPERATING INCOME		**604**	**595**	**9**
Financial expenses		(54)	(54)	(107)
Financial income		22	15	33
COST OF NET FINANCIAL DEBT	**6**	**(32)**	**(39)**	**(74)**
Revaluation of earn-out payments on acquisitions	6	(22)	(10)	(108)
Other financial income and expenses	6	(6)	(1)	-
PRE-TAX INCOME OF CONSOLIDATED COMPANIES		**544**	**545**	**(173)**
Income taxes	7	(151)	(162)	(342)
NET INCOME OF CONSOLIDATED COMPANIES		**393**	**383**	**(515)**
Share of profit of associates	10	(2)	2	(5)
NET INCOME		**391**	**385**	**(520)**
Of which:				
• Net income attributable to non-controlling interests		4	4	7
• **Net income attributable to equity holders of the parent company**		**387**	**381**	**(527)**

Per share data (in euros) **– Net income attributable to equity holders of the parent company**	8			
Number of shares		*224,581,868*	*221,728,433*	*223,498,871*
Earnings per share		1.72	1.72	(2.36)
Number of diluted shares		*228,808,205*	*224,617,656*	*223,498,871*
Diluted earnings per share		1.69	1.70	(2.36)

Consolidated statement of comprehensive income

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(in millions of euros)	June 30, 2017 (6 months)	June 30, 2016 (6 months)	December 31, 2016 (12 months)
NET INCOME FOR THE PERIOD (A)	391	385	(520)
Comprehensive income that will not be reclassified to income statement			
• Actuarial gains (and losses) on defined benefit plans	6	(48)	(4)
• Deferred taxes on comprehensive income that will not be reclassified to income statement	(18)	15	14
Comprehensive income that may be reclassified to income statement			
• Revaluation of available-for-sale investments and hedging instruments	(20)	(11)	31
• Consolidation translation adjustments	(358)	(67)	100
TOTAL OTHER COMPREHENSIVE INCOME (B)	(390)	(111)	141
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A) + (B)	**1**	**274**	**(379)**
Of which:			
• Total comprehensive income attributable to non-controlling interests	2	4	7
• Total comprehensive income attributable to equity holders of the parent company	(1)	270	(386)

Consolidated balance sheet

(in millions of euros)	Notes	June 30, 2017	December 31, 2016
Assets			
Goodwill, net	9	8,718	9,150
Intangible assets, net		1,213	1,345
Property, plant and equipment, net		581	640
Deferred tax assets		143	150
Investments in associates	10	77	87
Other financial assets	11	183	182
NON-CURRENT ASSETS		10,915	11,554
Inventories and work in progress		429	406
Trade receivables		9,086	10,010
Other current receivables and assets		653	698
Cash and cash equivalents		1,151	2,228
CURRENT ASSETS		11,319	13,342
TOTAL ASSETS		**22,234**	**24,896**
Equity and liabilities			
Share capital		92	90
Additional paid-in capital and retained earnings, Group share		5,526	5,965
Equity attributable to holders of the parent company	**12**	**5,618**	**6,055**
Non-controlling interests		12	10
TOTAL EQUITY		5,630	6,065
Long-term borrowings	14	2,589	3,028
Deferred tax liabilities		589	649
Long-term provisions	13	533	556
NON-CURRENT LIABILITIES		3,711	4,233
Trade payables		10,071	11,992
Short-term borrowings	14	555	283
Income taxes payable		123	88
Short-term provisions	13	131	130
Other creditors and current liabilities		2,013	2,105
CURRENT LIABILITIES		12,893	14,598
TOTAL EQUITY AND LIABILITIES		**22,234**	**24,896**

Consolidated statement of cash flows

2

(in millions of euros)	June 30, 2017 (6 months)	June 30, 2016 (6 months)	December 31, 2016 (12 months)
Cash flows from operating activities			
Net income	391	385	(520)
Neutralization of non-cash income and expenses:			
Income taxes	151	162	342
Cost of net financial debt	32	39	74
Capital (gains) losses on disposals (before tax)	-	(16)	(9)
Depreciation, amortization and impairment loss on property, plant and equipment and intangible assets	116	125	1,685
Non-cash expenses on stock options and similar items	28	19	55
Other non-cash income and expenses	25	15	115
Share of profit of associates	2	(2)	5
Dividends received from associates	1	-	3
Taxes paid	(115)	(79)	(257)
Interest paid	(26)	(22)	(106)
Interest received	26	10	40
Change in working capital requirements [1]	(1,013)	(1,102)	(355)
NET CASH FLOWS GENERATED BY (USED IN) OPERATING ACTIVITIES (I)	**(382)**	**(466)**	**1,072**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	(39)	(73)	(173)
Disposals of property, plant and equipment and intangible assets	2	1	7
Purchases of investments and other financial assets, net	(6)	(2)	(12)
Acquisitions of subsidiaries	(176)	(129)	(240)
Disposals of subsidiaries	2	11	7
NET CASH FLOWS GENERATED BY (USED IN) INVESTING ACTIVITIES (II)	**(217)**	**(192)**	**(411)**
Cash flows from financing activities			
Dividends paid to holders of the parent company	-	-	(193)
Dividends paid to non-controlling interests	(5)	(16)	(20)
Proceeds from borrowings	25	61	513
Repayment of borrowings	(22)	(1)	(517)
Net purchases of non-controlling interests	(23)	(30)	(44)
Net (purchases)/sales of treasury shares and warrants	(287)	8	24
NET CASH FLOWS GENERATED BY (USED IN) FINANCING ACTIVITIES (III)	**(312)**	**22**	**(237)**
Impact of exchange rate fluctuations (IV)	**(166)**	**19**	**126**
CHANGE IN CONSOLIDATED CASH AND CASH EQUIVALENTS (I + II + III + IV)	**(1,077)**	**(617)**	**550**
Cash and cash equivalents on January 1	2,228	1,672	1,672
Bank overdrafts on January 1	(25)	(19)	(19)
Net cash and cash equivalents at beginning of period (V)	**2,203**	**1,653**	**1,653**
Cash and cash equivalents at closing date	1,151	1,064	2,228
Bank overdrafts at closing date	(25)	(28)	(25)
Net cash and cash equivalents at closing date (VI)	**1,126**	**1,036**	**2,203**
CHANGE IN CONSOLIDATED CASH AND CASH EQUIVALENTS (VI – V)	**(1,077)**	**(617)**	**550**
(1) Breakdown of change in working capital requirements			
Change in inventory and work in progress	*(44)*	*(74)*	*28*
Change in trade receivables and other receivables	*424*	*325*	*(222)*
Change in accounts payable, other payables and provisions	*(1,393)*	*(1,353)*	*(161)*
Change in working capital requirements	*(1,013)*	*(1,102)*	*(355)*

Consolidated statement of changes in equity

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital
225,367,784	**JANUARY 1, 2017**	**90**	**3,429**
	Net income		
	Other comprehensive income, net of tax		
	TOTAL INCOME AND EXPENSES FOR THE PERIOD		
3,992,216	Dividends	2	242
383,457	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy-out non-controlling interests		
298,085	Equity warrant exercise		9
(3,754,991)	Purchases/sales of treasury shares		
226,286,551	**JUNE 30, 2017**	**92**	**3,680**

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital
221,323,901	**JANUARY 1, 2016**	**89**	**3,262**
	Net income		
	Other comprehensive income, net of tax		
	TOTAL INCOME AND EXPENSES FOR THE PERIOD		
	Dividends		
462,580	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy-out non-controlling interests		
85,762	Equity warrant exercise		3
320,702	Purchases/sales of treasury shares		
222,192,945	**JUNE 30, 2016**	**89**	**3,265**

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to the holders of the parent company	Non-controlling interests	Total equity
2,118	**255**	**163**	**6,055**	**10**	**6,065**
387			387	4	391
	(355)	(33)	(388)	(2)	(390)
387	**(355)**	**(33)**	**(1)**	**2**	**1**
(414)			(170)	(5)	(175)
30			30		30
(9)			(9)	5	(4)
			9		9
(296)			(296)		(296)
1,816	**(100)**	**130**	**5,618**	**12**	**5,630**

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to the holders of the parent company	Non-controlling interests	Total equity
2,928	**155**	**122**	**6,556**	**27**	**6,583**
381			381	4	385
	(67)	(44)	(111)		(111)
381	**(67)**	**(44)**	**270**	**4**	**274**
(356)			(356)	(16)	(372)
19			19		19
(2)			(2)	4	2
			3		3
5			5		5
2,975	**88**	**78**	**6,495**	**19**	**6,514**

Notes to the consolidated interim financial statements

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The consolidated interim financial statements for the half-year ending June 30, 2017 and the accompanying notes were approved by the Management Board on July 17, 2017 and reviewed by the Supervisory Board on July 19, 2017.

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

Note 1 Accounting policies

Pursuant to European Regulation no. 1606/2002 of July 19, 2002, Publicis Groupe's consolidated financial statements as of June 30, 2017 were prepared in accordance with the IAS/IFRS international accounting standards as approved by the European Union and mandatory at that date. The international IAS/IFRS accounting standards are available on the following European Commission website:

https://ec.europa.eu/commission/index_en

The consolidated interim financial statements as of June 30, 2017 were prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies applied to the interim financial statements are consistent with those used by the Group for the consolidated financial statements to December 31, 2016, presented in the Registration Document filed with the Autorité des marchés financiers (the French Financial Markets Authority, or AMF) on May 9, 2017 ("2016 Registration Document", pages 156 to 163), except for the standards and interpretations adopted by the European Union applicable as of January 1, 2017 and described below.

New applicable standards and interpretations

Application of new standards and interpretations

The following standards and interpretations, which have not yet been adopted by the European Union for financial years beginning on or after January 1, 2017, are not expected to have any major impact on the Group's financial statements:

- Amendment to IAS 7 – Disclosure Initiative concerning information provided on the statement of cash flows;
- Amendment to IAS 12 – Recognition of deferred tax assets for unrealised losses;
- IFRS annual improvements cycle 2014-2014.

Early application

As at June 30, 2017 the Group has not introduced the early application of any new standard or interpretation.

Standards published by the IASB for which application is not mandatory

The principles applied by the Group do not differ from the IFRS standards published by the IASB insofar as the application of the following standards and interpretations is not mandatory for financial years beginning on or after January 1, 2017:

- IFRS 15 – Revenue from contracts with customers. This standard impacts the recognition of directly reimbursable costs, variable compensation (performance bonuses) and the classification between "agent" and "principal", notably for media contracts;
- IFRS 9 and amendments to IFRS 9 – Financial Instruments: Classification and Measurement of financial assets, fair value option for financial liabilities and hedge accounting; Analysis of the potential impact of the application of this new standard on the Group's consolidated financial statements is currently being carried out, in particular regarding the impairment of trade receivables and the recognition of swaps qualified as cash flow hedges. Based on the analyses performed to date, the impact should be minimal;
- IFRS 16 – Leases: the main impacts of this standard relate to real estate leases. Work to produce an estimate of the impact of the application of this standard with effect from January 1, 2019 began during the first half of 2017. At this stage, the Group has not elected to early apply IFRS 16 at the same time as IFRS 15;
- IFRIC 22 – Foreign currency transactions and advance consideration;
- IFRIC 23 – Uncertainty over income tax treatments.

Use of estimates

The Group's financial position and earnings depend on the accounting methods applied and the assumptions, estimates and judgments 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 assumptions on which the main estimates considered for the first half of 2017 are of the same nature as those described as at December 31, 2016 in the 2016 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. Actual outcomes may, however, vary significantly from these estimates.

Note 2 Changes in the scope of consolidation

Acquisitions during the period

No material acquisitions were made over the period.

Taken as a whole, the acquisitions made over the period represent less than 1% of consolidated revenue and consolidated net income attributable to equity holders of the parent company.

Disposals during the period

No material disposals were made during the period.

Taken as a whole, the disposals made over the period represent less than 1% of consolidated revenue and consolidated net income attributable to equity holders of the parent company.

Note 3 Personnel expenses and headcount

Personnel expenses 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).

(in millions of euros)	June 30, 2017 (6 months)	June 30, 2016 (6 months)
Compensation	(2,414)	(2,390)
Social security charges	(386)	(364)
Post-employment benefits	(68)	(79)
Share-based payments	(28)	(19)
Temporary employees and freelancers	(199)	(219)
TOTAL	**(3,095)**	**(3,071)**

Breakdown of headcount at june 30 by region

	June 30, 2017	June 30, 2016
Europe	22,698	22,487
North America	24,865	26,143
Latin America	5,678	5,604
Asia Pacific	22,245	21,890
Middle East & Africa	3,409	3,729
TOTAL	**78,895**	**79,853**

Note 4 Depreciation, amortization and impairment loss

(in millions of euros)	June 30, 2017 (6 months)	June 30, 2016 (6 months)
Amortization of other intangible assets (excluding intangibles arising from acquisitions)	(10)	(10)
Depreciation of property, plant and equipment	(71)	(75)
DEPRECIATION AND AMORTIZATION EXPENSE (EXCLUDING INTANGIBLES FROM ACQUISITIONS)	**(81)**	**(85)**
AMORTIZATION OF INTANGIBLES FROM ACQUISITIONS	**(35)**	**(40)**
TOTAL DEPRECIATION AND AMORTIZATION	**(116)**	**(125)**

At June 30, 2017, no indicators suggesting impairment loss have been identified.

At June 30, 2016, the impairment tests did not result in the Group recognizing any impairment loss on cash-generating units (CGU) or on property, plant and equipment.

Note 5 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, 2017 (6 months)	June 30, 2016 (6 months)
Capital gains (losses) on disposal of assets	-	16
Non-current income and expenses	1	-
TOTAL NON-CURRENT INCOME AND EXPENSES	**1**	**16**

During first-half 2016, the majority of the gain resulted from the sale of 56.67% of the share capital and voting rights of the company Mediavision et Jean Mineur SA. Following this transaction, the Group holds 10% of the share capital and voting rights in this company.

Note 6 Financial income and expenses

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

(in millions of euros)	June 30, 2017 (6 months)	June 30, 2016 (6 months)
Interest expense on loans and bank overdrafts [(1)]	(48)	(48)
Interest expense on finance leases	(6)	(6)
Financial expenses	**(54)**	**(54)**
Financial income	22	15
COST OF NET FINANCIAL DEBT	**(32)**	**(39)**
Foreign exchange gains (losses) (including the change in the fair value of derivatives)	(1)	3
Net financial expense related to the discounting of pension provisions	(4)	(4)
Other	(1)	-
NET FINANCIAL INCOME (EXPENSE) EXCLUDING REVALUATION OF EARN-OUT *PAYMENTS*	**(38)**	**(40)**

(1) Including the revaluation of interest rate swaps and bonds in respect of fair value hedges.

Revaluation of earn-out payments

(in millions of euros)	June 30, 2017 (6 months)	June 30, 2016 (6 months)
REVALUATION OF EARN-OUT PAYMENTS ON ACQUISITIONS	**(22)**	**(10)**

Note 7 Income taxes

Effective tax rate

Income tax expense for the half-year to June 30, 2017 was calculated by applying the estimated effective tax rate for the full year to profit before tax for the period.

(in millions of euros)		June 30, 2017 (6 months)	June 30, 2016 (6 months)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	A	544	545
EFFECTIVE TAX RATE	B	27.8%	29.7%
INCOME TAX IN THE INCOME STATEMENT	**A X B**	**(151)**	**(162)**

As a reminder, the effective income tax rate for financial year 2016 (12 months) was 29.0%.

Note 8 Earnings per share

Earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2017	June 30, 2016
Net income used for the calculation of earnings per share			
Group net income	**A**	**387**	**381**
Impact of dilutive instruments:			
• Savings in financial expenses linked to the conversion of debt instruments, net of tax		-	-
Group net income – diluted	**B**	**387**	**381**
Number of shares used to calculate earnings per share			
Number of shares at January 1		225,945,387	222,540,740
Shares created over the period		344,728	197,830
Treasury shares to be deducted (average for the year)		(1,708,247)	(1,010,137)
Average number of shares used for the calculation	**C**	**224,581,868**	**221,728,433**
Impact of dilutive instruments:			
• Free shares and dilutive stock options (1)		3,588,145	2,093,218
• Equity warrants (1)		638,192	796,005
Number of shares – diluted	**D**	**228,808,205**	**224,617,656**
(in euros)			
EARNINGS PER SHARE	**A/C**	**1.72**	**1.72**
DILUTED EARNINGS PER SHARE	**B/D**	**1.69**	**1.70**

(1) Only stock options and warrants with a dilutive impact, i.e. whose strike price is lower than the average strike price, are included in the calculation. For H1 2017 and 2016, all stock options and warrants not yet exercised at the reporting date had a dilutive impact.

Headline earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2017	June 30, 2016
Net income used to calculate headline earnings per share [1]			
Group net income		**387**	**381**
Items excluded:			
• Amortization of intangibles from acquisitions, net of tax		23	25
• Revaluation of earn-out *payments*		22	10
• Main capital gains (losses) on disposal of assets, net of tax		-	(10)
Headline Group net income	**E**	**432**	**406**
Impact of dilutive instruments:			
• Savings in financial expenses linked to the conversion of debt instruments, net of tax		-	-
Headline Group net income, diluted	**F**	**432**	**406**
Number of shares used to calculate earnings per share			
Number of shares at January 1		225,945,387	222,540,740
Shares created over the period		344,728	197,830
Treasury shares to be deducted (average for the year)		(1,708,247)	(1,010,137)
Average number of shares used for the calculation	**C**	**224,581,868**	**221,728,433**
Impact of dilutive instruments:			
• Free shares and dilutive stock options		3,588,145	2,093,218
• Equity warrants		638,192	796,005
Number of diluted shares	**D**	**228,808,205**	**224,617,656**
(in euros)			
HEADLINE EARNINGS PER SHARE [1]	**E/C**	**1.92**	**1.83**
HEADLINE EARNINGS PER SHARE – DILUTED [1]	**F/D**	**1.89**	**1.81**

(1) EPS after elimination of the impairment losses, amortization of intangibles from acquisitions, the main capital gains and losses on disposal of assets and the revaluation of earn-out payments.

Note 9 Goodwill

Changes in goodwill

(in millions of euros)	Gross value	Impairment loss	Net amount
JANUARY 1, 2017	**10,687**	**(1,537)**	**9,150**
Acquisitions	67	-	67
Changes related to the recognition of commitments to buy-out non-controlling interests	(8)	-	(8)
Translation adjustments and other	(598)	107	(491)
JUNE 30, 2017	**10,148**	**(1,430)**	**8,718**

Note 10 Investments in associates

Investments accounted for using the equity method amounted to euro 77 million at June 30, 2017 (*versus* euro 87 million as of December 31, 2016).

(in millions of euros)	Investments in associates
Amount at January 1, 2017	87
Share of profit of associates	(2)
Dividends paid	(1)
Effect of translation and other	(7)
AMOUNT AT JUNE 30, 2017	**77**

The Group's main investments in associates are Matomy Media Group, Jana Mobile, Burrell Communications, Somupi and On Point. As of June 30, 2017, the carrying amounts of these five associates amounted to euro 30 million, euro 18 million, euro 6 million, euro 5 million and euro 10 million respectively.

Note 11 Other financial assets

Other financial assets mainly include investments classified as "available for sale".

Balances related to other non-current financial assets maturing in less than one year are classified under current assets.

(in millions of euros)	June 30, 2017	December 31, 2016
Other available-for-sale financial assets		
• Venture Capital Fund [1]	74	68
• Other	18	18
Security deposits	35	41
Loans to non-consolidated companies	12	7
Loans and receivables owed by associates and non-consolidated companies	9	15
Other	49	47
Gross value	**197**	**196**
Impairment	(14)	(14)
NET AMOUNT	**183**	**182**

(1) These Venture Capital Funds are dedicated to businesses that create value in the digital economy.

Note 12 Equity

Share capital of the parent company

(in shares)	June 30, 2017	December 31, 2016
Share capital at January 1	225,945,387	222,540,740
Capital increase	4,673,758	3,404,647
SHARES COMPRISING THE SHARE CAPITAL AT THE END OF THE PERIOD	**230,619,145**	**225,945,387**
Treasury shares at the end of the period	(4,332,594)	(577,603)
SHARES IN CIRCULATION AT THE END OF THE PERIOD	**226,286,551**	**225,367,784**

Publicis Groupe SA's share capital increased by euro 1,869,503 in the first half of 2017, corresponding to 4,673,758 shares with a par value of euro 0.40:

- 298,085 shares issued following the exercise by certain holders of their stock warrants;
- 383,457 shares issued as part of free share plans;
- 3,992,216 shares issued following the exercise by certain shareholders of their option for dividend payment in shares.

As of June 30, 2017, the share capital of Publicis Groupe SA totaled euro 92,247,658, divided into 230,619,145 shares with a par value of euro 0.40 each.

Neutralization of the treasury shares existing on June 30, 2017

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 2017:

	Number of shares
TREASURY SHARES HELD ON DECEMBER 31, 2016 (1)	**577,603**
Disposals (exercise of stock options) and deliveries of free shares	(1,270,958)
Buyback of treasury shares	4,878,002
Movements as part of the liquidity contract	147,947
TREASURY SHARES HELD ON JUNE 30, 2017 (1)	**4,332,594**

(1) Including shares held as part of the liquidity contract (40,553 at December 31, 2016 and 188,500 at June 30, 2017).

Pursuant to an agreement signed with an investment services provider on March 13, 2017, as part of the share buyback program authorized by the Combined Ordinary and Extraordinary Shareholders' Meeting of May 25, 2016, Publicis Groupe set up a share buyback program for a total of five million shares. Under this agreement, at June 30, 2017, the Company had acquired 4,878,002 shares at an average price of euro 64.66 (euro 64.86 including financial transaction taxes), representing a total amount of euro 316 million. The balance of the remaining shares to be acquired under this agreement (121,998 shares) was paid and the shares delivered in early July.

Dividends

As resolved by the shareholders at the General Shareholders' Meeting held on May 31, 2017, Publicis Groupe SA, on July 4, 2017:

- issued 3,992,216 new shares for the dividend payment in shares to shareholders who had exercised this option;
- paid euro 170 million in dividends (*i.e.* euro 1.85 per share). This payment is subject to the 3% tax on cash dividends.

Note 13 Provisions for liabilities and charges

(in millions of euros)	Restructuring	Vacant property commitments	Pensions and other long-term benefits	Risks and litigation	Other provisions	Total
JANUARY 1, 2017	**23**	**21**	**330**	**237**	**75**	**686**
Increases	23	3	17	33	6	82
Releases with usage	(14)	(3)	(22)	(13)	(4)	(56)
Other release	(3)	(2)	-	(7)	-	(12)
Changes to consolidation scope	-	-	2	-	1	3
Actuarial losses (gains)	-	-	(6)	-	0	(6)
Translation adjustments and other	(1)	(1)	(10)	(15)	(6)	(33)
JUNE 30, 2017	**28**	**18**	**311**	**235**	**72**	**664**
Of which short-term	23	5	48	34	21	131
Of which long-term	5	13	263	201	51	533

Actuarial assumptions (weighted average rates)

The provision for pension commitments was discounted at June 30, 2017. 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 based on external indexes commonly considered to be benchmarks, namely the iBoxx in Europe and the Citigroup Index in the United States.

JUNE 30, 2017

	Pension plans				Post-employment medical cover	
	United States	United Kingdom	Euro zone	Other countries	United States	United Kingdom
Discount rate	3.33%	2.50% - 2.65%	1.65%	0.40% - 6.63%	3.33%	2.50% - 2.65%

DECEMBER 31, 2016

	Pension plans				Post-employment medical cover	
	United States	United Kingdom	Euro zone	Other countries	United States	United Kingdom
Discount rate	3.58%	2.15% - 2.35%	1.50%	0.30% - 6.55%	3.58%	2.15% - 2.35%

Note 14 Financial liabilities

(in millions of euros)	June 30, 2017	December 31, 2016
Bonds (excl. accrued interest)	1,791	1,791
Other debt	1,353	1,520
TOTAL FINANCIAL LIABILITIES	**3,144**	**3,311**
Of which short-term	555	283
Of which long-term	2,589	3,028

Change in financial liabilities

(in millions of euros)	June 30, 2017	December 31, 2016
Eurobond 1.125% – December 2021 (EIR 1.261%) (1)	695	695
Eurobond 0.5% – November 2023 (EIR 0.741%) (1)	492	492
Eurobond 1.625% – December 2024 (EIR 1.732%) (1)	604	604
Bonds (excl. accrued interest)	**1,791**	**1,791**
Medium-term syndicated loan	**932**	**972**
Debt related to acquisitions of shareholdings	**198**	**316**
Debt arising from commitments to buy-out non-controlling interests	**58**	**62**
Accrued interest	27	4
Other borrowings and credit lines	19	40
Bank overdrafts	25	25
Debt related to finance leases	94	101
Other financial liabilities	**165**	**170**
TOTAL FINANCIAL LIABILITIES	**3,144**	**3,311**
Fair value of derivative hedging on the 2021 and 2024 Eurobonds (2)	75	164
Fair value of derivative hedging on intra-group loans and borrowings (2)	24	(3)
TOTAL FINANCIAL LIABILITIES INCLUDING THE MARKET VALUE OF ASSOCIATED DERIVATIVES	**3,243**	**3,472**

(1) Net of issuance costs. The number of securities at June 30, 2017 is 7,000 for the Eurobond maturing in 2021, 5,000 for those maturing in 2023, and 6,000 for those maturing in 2024. The Effective Interest Rate (EIR) is given for each Eurobond.

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

Bonds

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

The loan of euro 700 million maturing in December 2021 (Eurobond 2021) and the loan 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 75 million as at June 30, 2017 (euro 164 million as at December 31, 2016). The change in the fair value of these instruments was booked in "Other comprehensive income" and transferred to the income statement as interest on debt was paid and the asset value changed in US dollars.

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

Analysis by date of maturity

	June 30, 2017						
		Maturity					
(in millions of euros)	Total	-1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	+5 years
Bonds (excl. accrued interest)	1,791	-	-	-	-	695	1,096
Medium-term syndicated loan	932	311	311	310	-	-	-
Debt related to acquisitions of shareholdings	198	149	33	10	6	-	-
Debt arising from commitments to buy-out non-controlling interests	58	31	12	11	3	1	-
Other financial liabilities	165	64	7	-	-	-	94
TOTAL FINANCIAL LIABILITIES	**3,144**	**555**	**363**	**331**	**9**	**696**	**1,190**

Analysis by currency

(in millions of euros)	June 30, 2017	December 31, 2016
Euros [1]	2,295	2,283
US dollars	678	802
Other currencies	171	226
TOTAL	**3,144**	**3,311**

(1) Including euro 1,299 million in swapped Eurobonds in USD as at June 30, 2017 (euro 1,299 million as at December 31, 2016).

Analysis by interest rate type

Borrowings comprise fixed rate loans that make up 66% of gross borrowings (excluding borrowings for acquisitions of investment securities and commitments to buy-out non-controlling interests) at June 30, 2017, and variable rate loans for the remaining 34%.

Exposure to liquidity risk

In order to manage its liquidity risk, Publicis holds a substantial amount of cash (cash and cash equivalents) with a total of euro 1,151 million as at June 30, 2017 and undrawn confirmed credit lines representing a total of euro 2,681 million as at June 30, 2017. The main component of these credit lines is a multi-currency syndicated facility in the amount of euro 2,000 million, maturing in 2020. 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 15 Commitments

Operating leases

(in millions of euros)	June 30, 2017						
		Maturity					
	Total	-1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	+5 years
Commitments given	2,066	325	280	260	239	196	766
Operating leases							
Commitments received	39	7	7	7	7	6	5
Sub-lease commitments							

(in millions of euros)	December 31, 2016						
		Maturity					
	Total	-1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	+5 years
Commitments given							
Operating leases	2,192	356	313	270	255	227	771
Commitments received							
Sub-lease commitments	13	4	2	2	1	1	2

Other commitments

(in millions of euros)	June 30, 2017			
		Maturity		
	Total	-1 year	1 to 5 years	+5 years
Commitments given				
Guarantees [1]	203	45	32	126
Other commitments [2]	324	67	254	3
TOTAL	**527**	**112**	**286**	**129**
Commitments received				
Undrawn confirmed credit lines	2,681	231	2,450	-
Undrawn unconfirmed credit lines	246	246	-	-
Other commitments	20	4	9	7
TOTAL	**2,947**	**481**	**2,459**	**7**

(1) At June 30, 2017, guarantees included undertakings to pay euro 75 million into innovation mutual funds by 2022. They also include guarantees of approximately euro 13 million relating to media-buying operations.
(2) These include euro 308 million of minimum fees guaranteed under advertising space usage contracts.

	December 31, 2016			
		Maturity		
(in millions of euros)	Total	-1 year	1 to 5 years	+5 years
Commitments given				
Guarantees [(1)]	164	70	38	56
Other commitments [(2)]	375	122	250	3
TOTAL	**539**	**192**	**288**	**59**
Commitments received				
Undrawn confirmed credit lines	2,686	236	2,450	-
Undrawn unconfirmed credit lines	251	251	-	-
Other commitments	20	3	9	8
TOTAL	**2,957**	**490**	**2,459**	**8**

(1) At December 31, 2016, guarantees included a guarantee to pay real estate taxes and expenses relating to the Leo Burnett building in Chicago for a total of euro 11 million, staggered until 2022. They also included guarantees of approximately euro 14 million relating to media-buying operations.

(2) These included euro 359 million of minimum fees guaranteed under advertising space usage contracts.

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 1.015 so as to reflect those distributions drawn from the Company's reserves and premiums. Following the cancellation of the warrants bought in previous years or exercised since September 24, 2013, Publicis Groupe was, at June 30, 2017, committed to creating (in the event that the 1,169,963 outstanding stock warrants are exercised) 1,187,512 shares with a euro 0.40 par value and a euro 30.10 premium.

Other commitments

As at June 30, 2017, there were no significant commitments such as pledges, guarantees or collateral, or any other significant off-balance sheet commitments in accordance with currently applicable standards.

Note 16 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.

The Group has, therefore, identified operating segments which correspond to Solution hubs and which may be categorized together since they share similar economic features (similar margins across the various operating segments) and provide similar services (a full range of advertising and communications services) and do so for similar types of clients (the vast majority of the Group's top 50 clients are clients of several operating segments). The operating segments are thus pooled into a single sector in accordance with IFRS 8.

Reporting by region

Given the importance of geographic location in the analysis of the business, detailed information has been provided by geographic region.

Data are established on the basis of the location of the agency.

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First half 2017

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Revenue [(1)]	1,377	2,644	511	174	137	4,843
Depreciation and amortization expense (excluding intangibles from acquisitions)	(26)	(38)	(12)	(3)	(2)	(81)
Operating Margin	189	372	61	10	6	638
Amortization of intangibles from acquisitions	(7)	(26)	(1)	(1)	0	(35)
Balance sheet items						
Goodwill, net	2,468	4,517	1,140	389	204	8,718
Intangible assets, net	119	1,081	1	10	2	1,213
Property, plant and equipment, net	291	220	47	15	8	581
Other financial assets	108	33	35	5	2	183
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(20)	(11)	(5)	(2)	(1)	(39)
Purchases of investments and other financial assets, net	(4)	2	(5)	-	1	(6)
Acquisitions of subsidiaries	(41)	(119)	(12)	(4)	-	(176)

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

Year 2016

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Revenue [(1)]	2,760	5,236	1,085	365	287	9,733
Depreciation and amortization expense (excluding intangibles from acquisitions)	(56)	(78)	(23)	(5)	(4)	(166)
Operating Margin	429	813	173	51	50	1,516
Amortization of intangibles from acquisitions	(18)	(56)	(2)	(3)	0	(79)
Impairment	(310)	(1,029)	(59)	(1)	(41)	(1,440)
Balance sheet items						
Goodwill, net	2,484	4,850	1,195	416	205	9,150
Intangible assets, net	127	1,202	2	12	2	1,345
Property, plant and equipment, net	300	259	55	17	9	640
Other financial assets	105	39	31	5	2	182
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(70)	(66)	(30)	(4)	(3)	(173)
Purchases of investments and other financial assets, net	(8)	(4)	1	-	(1)	(12)
Acquisitions of subsidiaries	(110)	(88)	(28)	(5)	(9)	(240)

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

First half 2016

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Revenue [(1)]	1,349	2,620	503	152	129	4,753
Depreciation and amortization expense (excluding intangibles from acquisitions)	(31)	(38)	(11)	(3)	(2)	(85)
Operating Margin	176	369	56	(1)	19	619
Amortization of intangibles from acquisitions	(11)	(27)	(1)	(1)	-	(40)
Balance sheet items						
Goodwill, net	2,670	5,381	1,459	412	193	10,115
Intangible assets, net	169	1,288	2	13	1	1,473
Property, plant and equipment, net	311	243	46	17	9	626
Other financial assets	109	33	30	5	1	178
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(28)	(32)	(10)	(2)	(1)	(73)
Purchases of investments and other financial assets, net	(3)	1	-	-	-	(2)
Acquisitions of subsidiaries	(24)	(77)	(26)	(2)	-	(129)

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

Note 17 Publicis Groupe SA stock option and free share plans

Two types of free share plans were created in the first half of 2017, with the following features:

- Long-Term Incentive Plan "LTIP 2017" (May 2017)

  Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the three-year vesting period. The free shares are also subject to performance criteria, so the total number of shares received will depend on the growth and profitability objectives attained in 2017. The shares, awarded in May 2017, will vest in May 2020.

- Long-Term Incentive Plan "Sapient 2017 Plan" (June 2017)

  In accordance with the agreements entered into during the acquisition of Sapient, and as a transitional measure for financial years 2015 to 2017, at the same time as LTIP 2017, which concerns only Group employees to the exclusion of Publicis.Sapient employees, two specific plans were introduced in respect of 2017 to the exclusive benefit of Publicis.Sapient directors and employees. The first plan is conditional only upon continued employment and gives rise to the delivery of one-quarter of the shares awarded on the dates of the first four anniversaries of the plan (*i.e.* in June 2017, 2018, 2019 and 2020). In addition to the condition of continued employment, the second plan is conditional upon performance criteria, such that the total number of shares delivered shall depend on the level of attainment of targets in respect of 2017, 2018 and 2019. The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, *i.e.* in June 2020.

In addition, the performance of the following plans was assessed in 2017:

- LTIP 2016: the performance targets set for 2016 were 50% achieved;
- Sapient 2015 and 2016 Plans: the targets set for 2016 were not achieved;
- Lionlead3 2016-2018 Plan: the targets set for 2016 were 75% achieved.

Share subscription or purchase option plans originated by Publicis Groupe

Characteristics of Publicis Groupe stock option plans outstanding at June 30, 2017

Plans	Type [1]	Date of grant	Exercise price of options (in euros)	Options outstanding at January 1, 2017	Options canceled, lapsed or transferred [2] in first half 2017	Options exercised in first half 2017	Options outstanding at June 30, 2017	Of which exercisable at June 30, 2017	Expiry date	Remaining contract life (in years)
23rd tranche LTIP 2006-2008	A	08/24/2007	31.31	111,419	-	(17,691)	93,728	93,728	08/24/2017	0.15
Co-investment 2013 France – options	A	04/30/2013	52.76	323,371	-	(39,358)	284,013	284,013	04/30/2023	5.84
Co-investment 2013 Outside France – options	A	04/30/2013	52.76	1,790,362	(40,908)	(444,858)	1,304,596	1,304,596	04/30/2023	5.84
TOTAL OF ALL TRANCHES				**2,225,152**	**(40,908)**	**(501,907)**	**1,682,337**	**1,682,337**		

(1) A = stock options; S = share subscription options.
(2) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.

Movements in Publicis Groupe stock option plans in first half 2017

	First half 2017	
	Number of options	Average exercise price (in euros)
Options at January 1	2,225,152	51.69
Options exercised [1]	(501,907)	52.00
Cancelled or lapsed options	(40,908)	52.76
STOCK OPTIONS AT JUNE 30, 2017	**1,682,337**	**51.56**
Of which exercisable	1,682,337	51.56

(1) Average share price on exercise (in euros). *64.96*

Free share plans originated by Publicis Groupe

Characteristics of Publicis Groupe free share plans outstanding at June 30, 2017

Plans	Date of grant initial	Grants as of January 1, 2017 (or if later: date of grant)	Shares canceled, lapsed or transferred (1) in first half 2017	Shares vesting in first half 2017 (3)	Shares yet to vest at June 30, 2017	Vesting date of shares (2)	Remaining contract life (in years)
50 free shares plan 2013 – 26 countries	02/01/2013	116,400	(2,125)	(114,275)	-	02/01/2017	-
LTIP Plan 2013 – Outside France	04/16/2013	252,990	(34,796)	(218,194)	-	04/16/2017	-
LTIP Plan 2013-2015 (Directoire Outside France)	06/17/2013	18,632	-	(18,632)	-	06/17/2017	-
Co-investment Plan 2013 Outside France – Shares	04/30/2013	504,118	1,365	(505,483)	-	04/30/2017	-
LTIP Plan 2014 – France	03/20/2014	34,781	(2,300)	(32,481)	-	03/20/2017	-
LTIP Plan 2014 – Outside France	03/20/2014	229,325	(1,737)	-	227,588	03/20/2018	0.72
LTIP Plan 2015 – France	04/17/2015	36,182	350	-	36,532	04/17/2018	0.80
LTIP Plan 2015 – Outside France	04/17/2015	247,201	(10,390)	-	236,811	04/17/2019	1.80
Sapient 2015 Plan (4-year)	04/17/2015	277,452	(20,588)	(82,332)	174,532	2016 to 2019	1.80
Sapient 2015 Plan (3-year)	04/17/2015	42,665	(17,065)	(5,628)	19,972	04/17/2018	0.80
LTIP Plan 2016	06/23/2016	745,600	(375,675)	-	369,925	06/23/2019	1.98
LTIP Plan 2016-2018 Directoire and “Directoire +”	06/23/2016	120,000	-	-	120,000	06/23/2019	1.98
2016-2018 LionLead3 Plan – France	06/16/2016	509,652	69,498	-	579,150	06/16/2019	1.96
2016-2018 LionLead3 Plan – International	06/16/2016	3,239,379	(69,498)	(293,436)	2,876,445	06/16/2020	2.96
2016-2018 LionLead3 Plan Directoire and “Directoire +”	06/16/2016	833,976	(173,745)	-	660,231	06/23/2019	1.98
Sapient 2016 Plan (4-year)	04/15/2016	381,342	(13,294)	(101,259)	266,789	2017 to 2020	2.79
Sapient 2016 Plan (3-year)	04/15/2016	61,262	-	(20,420)	40,842	04/15/2019	1.79
LTIP 2017 Plan	05/18/2017	678,450	-	-	678,450	05.18/2020	2.88
Sapient 2017 Plan (4-year)	06/15/2017	240,048	-	-	240,048	2018 to 2021	3.96
Sapient 2017 Plan (3-year)	06/15/2017	287,952	-	-	287,952	06/15/2020	2.96
TOTAL OF FREE SHARE PLANS		**8,857,407**	**(650,000)**	**(1,392,140)**	**6,815,267**		

(1) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.
(2) Plans allocated prior to 2016: French beneficiaries must observe an additional two-year lock-in period after vesting.
(3) In exceptional cases, as described in the plan regulations, shares may be delivered prior to the end of the vesting period.

The award of the free shares under the above plans is conditional on continued employment throughout the vesting period. Awards are also subject to non-market performance conditions for plans LTIP 2012 to 2017, for the 2013 Co-investment Plan (available only to members of the Management Board), for the Sapient 2015 to 2017 Plans, for which the vesting period is three years, and lastly for the Lionlead3 Plan.

Movements in Publicis Groupe free share plans in first half 2017

	First half 2017
Provisional share grants at January, 1	7,650,957
Provisional share grants in first half	1,206,450
Grants vesting (deliveries)	(1,392,140)
Grants lapsed	(650,000)
PROVISIONAL SHARE GRANTS AT JUNE 30, 2017	**6,815,267**

Fair value of Publicis Groupe free shares granted in first half 2017

Free shares	LTIP 2017 (1)	Sapient 2017 (4 years)	Sapient 2017 (3 years) (2)
Date of Management Board meeting	05/18/2017	06/15/2017	06/15/2017
Number of shares originally granted	678,450	240,048	287,952
Initial valuation of shares granted (weighted average, in euros)	59.38	61.48	60.36
Assumptions:			
Share price on the grant date (in euros)	65.50	67.10	67.10
Vesting period (in years)	3	4	3

(1) Conditional shares subject to the achievement of targets set for 2017.
(2) Conditional shares subject to the achievement of targets set for 2017, 2018 and 2019.

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

The total impact of these plans on the interim income statement for first half 2017 was euro 28 million (excluding taxes and social security charges) compared to euro 19 million for first half 2016.

With regard to the free share plans granted subject to non-market performance conditions, and for which performances have not yet been definitively measured as of June 30, 2017, the probability of the targets set in respect of financial year 2017 being met has been estimated as follows:

- LTIP 2017 Plan: 50%;
- LTIP 2016-2018 Plan (*Directoire* and "*Directoire* +"): 100%;
- LionLead3 2016-2018 Plan (excluding *Directoire* and "*Directoire* +"): 75%;
- LionLead3 2016-2018 Plan (*Directoire* and "*Directoire* +"): 100%;
- Sapient 2015, 2016 and 2017 Plans (3-year performance): 100%.

Note 18 Related party disclosures

None.

Note 19 Subsequent events

None.

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STATUTORY AUDITOR'S REPORT ON INTERIM 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 condensed half-yearly consolidated financial statements of Publicis Groupe, for the period from January 1 to June 30, 2017,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Management Board. Our role is to express a conclusion on these financial statements based on our review.

I. 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 condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the consolidated interim financial statements subject to our review.

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

Courbevoie and Paris-La Défense, July 20th, 2017

The statutory auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Philippe Castagnac	Ariane Mignon	Vincent de La Bachelerie	Valérie Desclève

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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, 2017 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

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Publicis Groupe SA

Société anonyme (French public limited company) with a Management Board and a Supervisory Board, with share capital of euro 92,247,658

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