

Omnicom Media Group A/S

Midtermolen 3
2100 København Ø

CVR no. 15 10 68 75

Annual report 2018

The annual report was presented and approved at the Company's annual general meeting	
on	24 May 2019
chairman of the annual general meeting	

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	7
Company details	7
Group chart	8
Financial highlights for the Group	9
Operating review	10
Consolidated financial statements and Parent Company	
financial statements 1 January – 31 December	13
Income statement	13
Balance sheet	14
Statement of changes in equity	16
Cash flow statement	17
Notes	18

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Omnicom Media Group A/S for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

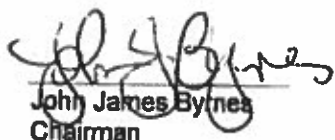
Copenhagen, 24 May 2019

Executive Board:



Peter Gottfredsen
CEO

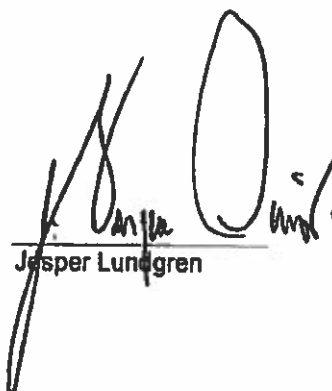
Board of Directors:



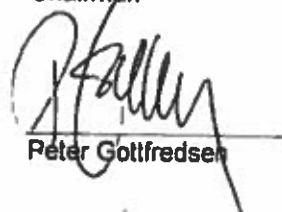
John James Byrnes
Chairman



Martin Møller



Jasper Lundgren



Peter Gottfredsen

Independent auditor's report

To the shareholders of Omnicom Media Group A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Omnicom Media Group A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Omnicom Media Group A/S
Annual report 2018
CVR no. 15 10 68 75

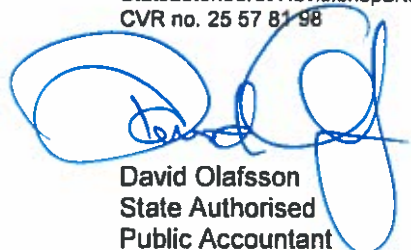
Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



David Olafsson
State Authorised
Public Accountant
MNE no. 19737

Omnicom Media Group A/S
Annual report 2018
CVR no. 15 10 68 75

Management's review

Company details

Omnicom Media Group A/S
Midtermolen 3A
2100 København Ø

Telephone: +45 38 14 56 00
Fax: +45 38 14 56 01
CVR-no.: 15 10 68 75
Financial period: 1 January – 31 December
Established: 1 May 1991
Registered office: Copenhagen

Board of Directors

John James Byrnes, Chairman
Martin Møller
Jesper Lundgren
Peter Gottfredsen

Executive Board

Peter Gottfredsen, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

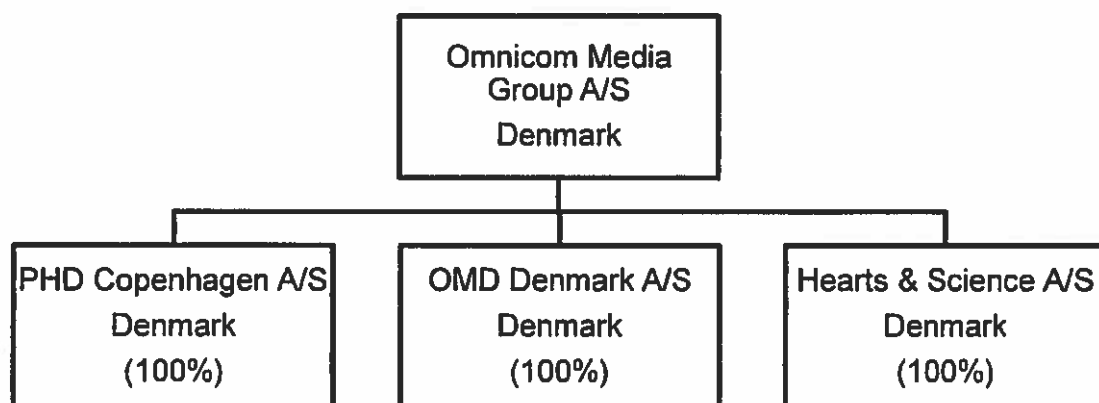
General meeting

The annual general meeting is held on 24 May 2019 at the Company's address.

Management's review

Group chart

Parent company



Management's review

Financial highlights for the Group

DKK'000	2018	2017	2016	2015	2014
Revenue	168,485	165,003	157,364	148,324	140,860
Ordinary operating profit	26,609	28,069	25,180	25,896	25,820
Net financials	-224	-73	-762	-837	-1,326
Net profit for the year	20,422	23,158	18,691	18,195	18,084
Balance sheet total	339,777	379,753	365,329	260,511	409,905
Investments in property, plant and equipment	-804	-1,674	-2,832	-1,452	-1,213
Equity	27,136	29,714	25,056	24,809	24,614
Gross margin	85.3%	84.5%	84.4%	85.1%	84.9%
Profit margin	15.8%	17.0%	16.0%	17.5%	18.3%
Return on assets	7.4%	7.5%	8.0%	8.0%	7.2%
Solvency ratio	8.0%	7.8%	6.9%	9.4%	6.0%
Return on equity	71.8%	84.6%	75.0%	73.6%	75.1%
Liquid test	107.1%	107.0%	105.9%	106.2%	106.9%

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Ordinary operating profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Liquid test	$\frac{\text{Current assets total} \times 100}{\text{Current liabilities}}$

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios".

Management's review

Operating review

The Group's principal activities

The Group Companies enjoy an integrated and continuous cooperation with a number of the largest advertisers in Denmark and the Nordic region and deliver a wide range of consultancy services to these clients.

In 2018, the Media and Marketing Consultancy Services, included; Media and Marketing strategy, Customer Journey Analysis, eCommerce consulting and other digital Business- and Communication strategies. Companies within the group provided; Media negotiation and optimization of advertising space in media, Market Analysis and Advanced Decision Support Systems. In 2018 the company expanded the activities within Machine Learning, Digital Transformation Consultancy Services, Marketing Automation and Customer Journey Analysis.

In addition, the Company's business includes advanced decision support systems that are produced and marketed through the specialist unit "Annalect" as well as data-driven digital marketing optimization through the specialist entity 'Resolution'. Finally, the company delivers digital production and content development through the specialist unit 'DRUM'.

Omnicom Media Group provides shared services for the Group Companies in the areas of Management, Finance, IT and HR.

Business development and finances

The Group's profitability and financial development is satisfactory and in line with the forecast in the company's latest annual report.

The Company's financial results has been delivered while continuously investing in the development of new capabilities, especially in the fields of marketing automation and data-driven digital solutions.

In 2018 the specialist units; Annalect, Resolution and DRUM, developed new methodologies, capabilities and systems which have ensured a continued increase in the demand for these services.

The Group has continued to successfully expand its specialist competencies within a wide range of advanced digital services including Customer Journey Analysis, Digital Transformation and Marketing Automation.

The Group has enjoyed an inflow of 21 new clients in 2018, and the media agencies within the group received an exceptionally high number of awards and recognitions.

In fact, Omnicom Media Group was the most award-winning media agency group in 2018.

Management's review

Operating review

Outlook

We expect a moderate development in the Danish economy and a corresponding trend in media spending. The intensified competition in the market is expected to continue.

We expect the Company to strengthen its market position, and through a continued prioritisation of product and service development we expect an increase in both revenue and gross profit.

Intellectual capital

The Company's business concept is primarily based on the offering of advanced consultancy services delivered by highly qualified specialists.

This requires comprehensive knowledge resources, both in terms of talents and business procedures. To continuously offer such services, it is imperative for the Company to be able to recruit and retain highly skilled employees in the fields of marketing, technology, and CRM.

The Company's objective is to be able to continue to base its consulting services on the latest know-how and to ensure the ability to quickly adjust to market changes.

Special risks – business risks and financial risks

The Company's business and financial risk is closely related to the development of the national economy, which is currently considered stable.

The primary financial risk for the company is the customers' ability to pay; therefore, the company has credit insurance coverage on all customers.

Subsidiaries

In the past year, the Company's two subsidiaries, the media agency OMD Denmark A/S and the media agency PHD Copenhagen A/S, experienced a positive result and contributed with approximately DKK 14.2 million to the Company's total earnings.

A positive development and even better financial performance is expected for the subsidiaries in the coming year.

In 2018 the group launched a third agency; 'Hearts & Science'. This agency will be focusing on clients with complex technical requirements and advertisers with advanced internal capabilities within marketing and advertising technology.

Management's review

Operating review

Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2018 of the Group and the results of the Company's operations and cash flows for the financial year 2018 have not been affected by any unusual events.

External environment

Omnicom Media Group A/S is environmentally conscious and works to reduce the environmental impacts of corporate operations.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Income statement

DKK'000	Note	Group		Parent Company	
		2018	2017	2018	2017
Revenue	2	168,485	165,003	95,043	95,329
Other external costs		<u>-24,796</u>	<u>-25,522</u>	<u>-22,184</u>	<u>-21,526</u>
Gross profit		143,689	139,481	72,859	73,804
Staff costs	3	-115,807	-109,780	-63,019	-63,159
Depreciation, amortisation		<u>-1,274</u>	<u>-1,632</u>	<u>-1,157</u>	<u>-1,464</u>
Ordinary operating profit		26,609	28,069	8,683	9,181
Income from investments in subsidiaries	4	0	0	14,151	14,771
Financial income	5	448	726	0	62
Financial expenses	6	<u>-672</u>	<u>-799</u>	<u>-477</u>	<u>-407</u>
Profit before tax		26,385	27,995	22,357	23,607
Tax on profit for the year	7	<u>-5,962</u>	<u>-4,837</u>	<u>-1,935</u>	<u>-449</u>
Profit for the year		<u>20,422</u>	<u>23,158</u>	<u>20,422</u>	<u>23,158</u>
Proposed distribution of profit					
Proposed dividend for the year		20,000	23,000	20,000	23,000
Retained earnings		<u>422</u>	<u>158</u>	<u>422</u>	<u>158</u>
		<u>20,422</u>	<u>23,158</u>	<u>20,422</u>	<u>23,158</u>

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group		Parent Company	
		2018	2017	2018	2017
ASSETS					
Fixed assets					
Intangible assets	8				
Software		213	267	213	267
		<u>213</u>	<u>267</u>	<u>213</u>	<u>267</u>
Property, plant and equipment	9				
Other fixtures and fittings, tools and equipment		1,876	2,133	1,754	1,909
Leasehold improvements		540	702	485	644
		<u>2,416</u>	<u>2,835</u>	<u>2,239</u>	<u>2,553</u>
Investments					
Investments in subsidiaries	10	0	0	25,569	24,918
Deposits		2,519	2,497	2,519	2,497
		<u>2,519</u>	<u>2,497</u>	<u>28,088</u>	<u>27,415</u>
Total fixed assets		<u>5,149</u>	<u>5,599</u>	<u>30,540</u>	<u>30,235</u>
Current assets					
Receivables					
Trade receivables		193,999	200,208	7,301	4,911
Contract work in progress	11	949	1,923	266	1,870
Amount owed by group entities		130,280	162,499	90,067	99,449
Other receivables		7,952	7,957	1,163	3,842
Deferred tax asset	12	502	543	330	370
Prepayments		946	1,024	892	947
		<u>334,628</u>	<u>379,753</u>	<u>100,019</u>	<u>111,387</u>
Cash at bank and in hand		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total current assets		<u>334,628</u>	<u>379,753</u>	<u>100,019</u>	<u>111,387</u>
TOTAL ASSETS		<u>339,777</u>	<u>379,753</u>	<u>130,560</u>	<u>141,623</u>

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group		Parent Company	
		2018	2017	2018	2017
EQUITY AND LIABILITIES					
Equity					
Share capital		3,037	3,037	3,037	3,037
Reserves in accordance with the articles of association		2,267	2,267	2,267	2,267
Retained earnings		1,831	1,409	1,831	1,409
Proposed dividend		20,000	23,000	20,000	23,000
Total equity		27,136	29,714	27,136	29,714
Liabilities other than provisions					
Non-current liabilities other than provisions					
Lease commitments		153	298	153	298
		153	298	153	298
Current liabilities other than provisions					
Lease commitments		144	134	144	134
Trade payables		168,305	193,663	5,948	4,542
Contract work in progress	11	3,016	3,470	724	2,571
Payables to associates		81,230	87,831	80,722	87,646
Corporation tax		3,620	4,229	896	1,128
Other payables		29,223	31,027	14,836	15,590
Deferred income		26,950	29,388	0	0
		312,488	349,741	103,271	111,611
Total liabilities other than provisions		312,641	350,039	103,424	111,909
TOTAL EQUITY AND LIABILITIES		339,777	379,753	130,560	141,623
Contractual obligations and contingencies, etc.					
	13				
Related parties and ownership		14			

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Group				
	Share capital	Reserves in accordance with the articles of association	Retained earnings	Proposed dividend	Total
Equity at 1 January 2018	3,037	2,267	1,409	23,000	29,714
Ordinary dividend paid				-23,000	-23,000
Net profit for the year			422	20,000	20,422
Equity at 31 December 2018	3,037	2,267	1,831	20,000	27,136

DKK'000	Parent Company				
	Share capital	Reserves in accordance with the articles of association	Retained earnings	Proposed dividend	Total
Equity at 1 January 2018	3,037	2,267	1,409	23,000	29,714
Ordinary dividend paid				-23,000	-23,000
Net profit for the year			422	20,000	20,422
Equity at 31 December 2018	3,037	2,267	1,831	20,000	27,136

The share capital consists of 3,037 shares with a nominal value of DKK 1,000. No shares carry any special rights.

The share capital can be specified as follows:

DKK'000	2018	2017	2016	2015	2014
Share capital at 1 January 2018	3,037	3,037	3,037	3,037	3,037
Share capital at 31 December 2018	3,037	3,037	3,037	3,037	3,037

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	Group	
		2018	2017
Revenue	2	168,485	165,003
Costs		-24,796	-25,522
Other operation costs		-115,807	-109,780
Cash flows from operating activities before changes in working capital		27,882	29,700
Changes in working capital		2,831	-353
Cash flows from operations		30,713	29,348
Interest income		448	726
Interest expense		-672	-799
Cash flows from operating activities before extraordinary items and tax		30,489	29,274
Corporation tax paid		-6,531	-8,750
Cash flows from operating activities		23,959	20,525
Acquisition of property, plant and equipment		-801	-1,646
Changes in investments		-22	-245
Cash flows used for investing activities		-823	-1,891
Dividends paid		-23,000	-18,500
Payables to credit institutions		-135	-134
Cash flows from financing activities		-23,135	-18,634
Net cash flows for the year		0	0
Cash and cash equivalents at 1 January		0	0
Cash and cash equivalents at year end		0	0

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Omnicom Media Group A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C entities under the Danish Financial Statements Act.

The accounting policies used in the presentation of the financial statements are consistent with those of last year.

The annual report of Omnicom Media Group A/S is included in the consolidated financial statements of Omnicom Media Group A/S.

The annual report of Omnicom Media Group A/S is included in the consolidated financial statements of the ultimate parent company Omnicom Group Inc., USA. The annual report can be obtained on the Company's web site: <http://investor.omnicomgroup.com/investor-relations/news-events-and-filings/default.aspx#AnnualReports>.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Omnicom Media Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. An overview of the group appears on page 8.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

The comparative figures have been corrected in connection with missing elimination of intercompany receivables and payables, which has no effect on income statement and equity. The total eliminations amount to:

DKK'000	2017	2016	2015
Elimination	97,482	91,491	39,854

Income statement

Revenue

Revenue consists of media revenue and revenue regarding consultancy services.

Media invoicing to customers is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Media revenue is measured ex. VAT, tax charged and rebates in connection with the sale. We act as an agent and revenue is recognised as invoicing to customers less media expenses.

Contract work in progress is recognised as revenue as the production is carried out. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method). Revenue is recognised when total income and expenses and the stage of completion of the contract at the balance sheet date can be reliably calculated and when it is probable that the economic benefits, including payment, will flow to the Group.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other external costs

Other external costs comprise costs for sale, advertising, administration, rent, etc.

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pensions and other social security costs, etc., to the Company's employees excluding refunds from public authorities.

Incentive programmes

The value of services received in exchange for granted options is measured at fair value of the options granted at the time of grant.

The value of the options is measured on each balance sheet day and at final settlement and changes in the value of the options are recognised in the income statement under staff costs proportionally in line with the vesting period where the employee has the right to exercise the options. The offset is being accounted for under liabilities in the balance sheet.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amount relating to the financial year. Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on account tax scheme, etc.

Income from investments in group subsidiaries

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of internal gains/losses.

Tax on profit for the year

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is jointly taxed with the other Omnicom companies in Denmark. The tax effect of the joint taxation is allocated in proportion to the taxable income (full absorption).

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Fixtures and fittings and tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Leasehold improvements	During the lease period
Other fixtures and fittings, tools and equipment	3-5 years

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealised intra-group profits and losses and goodwill.

Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost.

Deposits

Deposits are measured at amortised cost.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract work in progress.

When the selling price of a construction contract cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Contract work in progress is recognised in the balance sheet under receivables or payables, depending on the net amount of the selling price less progress billings and prepayments.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year (declaration date) is disclosed as a separate item under equity.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised on the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement and equity.

Current liabilities

Liabilities, which comprise trade and other payables and amount owed to group enterprises, are measured at amortised cost, substantially corresponding to nominal value.

Deferred income recognised as liabilities include incoming payments regarding income in following years.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise purchase and sale of treasury shares, payments arising from increases or reductions in capital and related costs as well as the payment of dividends to shareholders and the raising and repayment of interest-bearing debt.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less, which are easily convertible into cash, and which are subject to only an insignificant risk of changes in value.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

	Group		Parent Company	
	2018	2017	2018	2017
DKK'000				
2 Revenue				
Invoicing to customers	1,286,331	1,369,807	95,473	94,803
Media expenses, etc.	-1,117,846	-1,204,805	-430	527
Total revenue	168,485	165,003	95,043	95,329
3 Staff costs				
Wages and salaries	99,798	94,366	51,451	52,040
Pensions	6,836	6,431	3,587	3,454
Other social security costs	1,682	1,335	1,003	805
Other staff costs	7,491	7,648	6,977	6,860
	115,807	109,780	63,019	63,159
Average number of full-time employees	210	199	109	108

In accordance with section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed. No remuneration has been paid to the Board of Directors.

4 Income from investments in subsidiaries

	Parent Company	
	2018	2017
Income from investments in subsidiaries	14,151	14,771
	14,151	14,771

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

		Group		Parent Company	
DKK'000		2018	2017	2018	2017
5	Financial income				
	Interest income received from associates	0	0	0	0
	Other financial income	448	726	0	62
		<u>448</u>	<u>726</u>	<u>0</u>	<u>62</u>
6	Financial expenses				
	Interest paid to associates	0	0	0	0
	Other financial expenses	672	799	477	407
		<u>672</u>	<u>799</u>	<u>477</u>	<u>407</u>
7	Tax on profit for the year				
	Current tax for the year	5,922	6,482	1,896	2,056
	Deferred tax for the year	41	11	39	153
	Adjustment of tax concerning previous years	0	-1,656	0	-1,760
		<u>5,962</u>	<u>4,837</u>	<u>1,935</u>	<u>449</u>

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

8 Intangible assets

	Group
	Software
DKK'000	
Cost at 1 January 2018	1,514
Additions for the year	0
Disposals for the year	0
Cost at 31 December 2018	1,514
Impairment losses and depreciation at 1 January 2018	-1,246
Depreciation for the year	-54
Depreciation on disposed assets	0
Impairment losses and depreciation at 31 December 2018	-1,301
Carrying amount at 31 December 2018	213
	Parent
	Company
	Software
DKK'000	
Cost at 1 January 2018	1,514
Additions for the year	0
Disposals for the year	0
Cost at 31 December 2018	1,514
Impairment losses and depreciation at 1 January 2018	-1,246
Depreciation for the year	-54
Depreciation on disposed assets	0
Impairment losses and depreciation at 31 December 2018	-1,301
Carrying amount at 31 December 2018	213

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

9 Property, plant and equipment

	Group		
	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
DKK'000			
Cost at 1 January 2018	7,500	952	8,452
Additions for the year	771	33	804
Disposals for the year	-1,610	0	-1,610
Cost at 31 December 2018	6,661	984	7,645
Depreciation and impairment losses at 1 January 2018	-5,367	-250	-5,617
Depreciation for the year	-1,025	-194	-1,219
Depreciation on disposed assets	1,608	0	1,608
Impairment losses and depreciation at 31 December 2018	-4,785	-444	-5,229
Carrying amount at 31 December 2018	1,876	540	2,419
Of which relates to finance lease	277	0	277

	Parent Company		
	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
DKK'000			
Cost at 1 January 2018	6,705	879	7,584
Additions for the year	771	20	791
Disposals for the year	-1,279	0	-1,279
Cost at 31 December 2018	6,197	899	7,096
Impairment losses and depreciation at 1 January 2018	-4,796	-235	-5,031
Depreciation for the year	-924	-179	-1,102
Depreciation on disposed assets	1,276	0	1,276
Impairment losses and depreciation at 31 December 2018	-4,443	-414	-4,858
Carrying amount at 31 December 2018	1,754	485	2,239
Of which relates to finance lease	277	0	277

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

DKK'000		Parent Company	
		2018	2017
10	Investments in subsidiaries		
	Cost at 1 January	14,373	14,373
	Additions for the year	500	0
	Cost at 31 December	14,873	14,373
	Revaluations at 1 January	10,545	8,774
	Net profit for the year	14,151	14,771
	Dividend to the Parent Company	-14,000	-13,000
	Revaluations at 31 December	10,696	10,545
	Carrying amount at 31 December	25,569	24,918

Investments in subsidiaries are specified as follows:

Name/legal form	Registered office	Equity interest	Equity DKK'000	Net profit for the year DKK'000
Subsidiaries:				
PHD Copenhagen A/S	Copenhagen	100%	15,932	7,124
OMD Denmark A/S	Copenhagen	100%	9,205	7,095
Hearts & Science A/S	Copenhagen	100%	432	-68
			25,569	14,151

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

		Group		Parent Company	
DKK'000		2018	2017	2018	2017
11	Contract work in progress				
	Contract work in progress	2,862	512	2,343	508
	Work in progress, payments received on account	-4,929	-2,058	-2,801	-1,209
		<u>-2,067</u>	<u>-1,547</u>	<u>-458</u>	<u>-701</u>
Recognised as follows in the balance sheet:					
	Contract work in progress recognised in assets	949	1,923	266	1,870
	Contract work in progress recognised in liabilities	-3,016	-3,470	-724	-2,571
		<u>-2,067</u>	<u>-1,547</u>	<u>-458</u>	<u>-701</u>
12	Deferred tax				
	Deferred tax at 1 January	543	554	370	522
	Deferred tax adjustment	-41	-11	-39	-153
		<u>502</u>	<u>543</u>	<u>330</u>	<u>370</u>

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

13 Contractual obligations and contingencies, etc.

Contingent liabilities/Rental obligations

DKK'000	Group	Parent Company
Lease obligations falling due within 1 year	6,997	6,903
Lease obligations falling due within 2-5 years	9,390	9,390
	<u>16,387</u>	<u>16,293</u>

The office lease contracts have a period of interminability at 60 months.

Joint taxation

The Company is jointly taxed with the group of Danish subsidiaries. The administrative company, together with the group of Danish subsidiaries included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends and interest. The jointly taxed companies' net liabilities to SKAT appears in the administrative Company's annual report, DDB Copenhagen A/S, CBR no. 24 25 69 44. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, interest and royalties may entail that the Company's liability will increase.

DKK'000	Group		Parent Company	
	2018	2017	2018	2017
14 Related parties and ownership				
Purchase of services from group enterprises	-14,035	-11,788	-7,792	-6,527
Sale of services from group enterprises	48,149	27,414	91,151	96,703
	<u>34,114</u>	<u>15,626</u>	<u>83,359</u>	<u>90,176</u>

Omnicom Media Group A/S' related parties include Optimum Media Direction A/S, Omnicom Media Group Europe Limited and OmnicomGroup Inc.

Omnicom Media Group A/S' related parties with significant influence comprise group enterprises, as and the Boards of Directors, Executive Boards and executive employees of the companies and their family members. Furthermore, related parties comprise companies in which the abovementioned persons have significant interests.

Purchase of services from group enterprises consists of management fee, IT costs and handling fees.

Sale of services to group enterprises consists of management fee, facility services, administration services, IT costs and handling fees.

Omnicom Media Group A/S
Annual report 2018
CVR no. 15 10 68 75

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

Controlling interest

Optimum Media Direction A/S, Møntergade 1, 2., 1116 Copenhagen K, Denmark.

Ownership

According to the register of shareholders, the following shareholders control minimum 5% of the votes or own minimum 5% of the share capital:

Optimum Media Direction A/S
Møntergade 1, 2.
1116 Copenhagen K
Denmark

Omnicon Media Group Europe Limited
5th Floor, 85 Strand
London WC2R 0DW
England

Consolidated annual report

The supreme parent is Omnicom Group Inc., and their consolidated annual report can be required at:

Omnicom Group Inc.
437 Madison Avenue
New York, New York 10022