Teleperformance - First-Half 2010 Financial Results

- **Results still impacted by French operations**
- **Efficient management of cash generation**
- **A strong financial position maintained**

Paris, August 31, 2010 - The Teleperformance Board of Directors met on August 30, 2010 and submitted the consolidated financial statements for the first half of 2010.

In € millions	First-half 2010	First-half 2009 *
Revenues	**983.2**	**946.7**
EBITDA	**105.8**	**109.8**
EBITA**	**65.6**	**74.8**
Operating Profit	**62.7**	**71.9**
Net Profit - Group Share	**40.2**	**51.9**
Internally generated funds from operations	**63.5**	**110.0**
Free Cash Flow	**58.2**	**61.0**

* During the process of measuring the assets and liabilities of The Answer Group acquired by Teleperformance at the end of 2008, the first-half 2009 financial statements have been adjusted for the retroactive recognition of the tangible and intangible assets reported at the acquisition date.

** Operating income before amortization of intangibles arising on acquisitions

BUSINESS ACTIVITY

Teleperformance's revenues amounted to €983.2 million for the first half of 2010, up a reported 3.9% compared to the prior-year period.

This was in line with initial forecasts for the first half, with the second half expected to see increased growth in demand.

The positive currency effect, which lifted reported revenue by €27.6 million, was mainly due to the appreciation against the euro in the Brazilian real (€9.5 million), Mexican peso (€6.4 million) and Canadian dollar (€4.6 million).

A further €34.7 million was added to revenue by changes in the scope of consolidation over the period. Of this amount, €27.9 million came from the consolidation of Colombia's Teledatos as from December 31, 2009 and the integration of two companies, Metis in Turkey and TLScontact in France, which were acquired in the first half and consolidated as from January 1.

On a like-for-like basis, revenue was down 2.6% for the period.

First-half revenue performance may be analyzed by region as follows:

In € millions	06/30/2010	06/30/2009	Growth	
			Based on published data	Excluding foreign exchange and scope of consolidation effects
English-speaking market & Asia-Pacific	349.7	358.3	-2.4%	-4.7%
Iberico-LATAM	277.5	229.3	+21.0%	+1.8%
Continental Europe & MEA	356.0	359.1	-0.9%	-3.6%
TOTAL	**983.2**	**946.7**	**+3.9%**	**-2.6%**

English-speaking market & Asia-Pacific

This region, including all English-speaking countries, reported a 4.7% decline in revenues (excluding foreign exchange and scope of consolidation effects).

This decline was primarily due to the greater difficulties encountered in the Canadian and UK domestic markets in the second quarter.

On the other hand, in a still uncertain North American market, Teleperformance demonstrated firm revenue resilience in the United States, reflecting the soundness of its positioning.

Iberico-LATAM region

Excluding foreign exchange and scope of consolidation effects, this region's revenues increased by +1.8% in the first half of the year, lifted by robust, double-digit growth in Brazil. In Spain, however, business slowed significantly due to the country's weaker economy.

Revenue in Mexico slipped slightly year-on-year, and more significantly in the second quarter, mainly due to non-recurring calendar effects.

In all, strong growth in South America helped to offset the more challenging environment in Spain.

Continental Europe & MEA region

Excluding foreign exchange and scope of consolidation effects, first-half revenues declined by 3.6% at June 30, 2010 versus June 30, 2009.

This noticeable improvement over the 7.3% fall-off reported in the first quarter was primarily due to the prior-year basis of comparison, which was higher in the first quarter than the second, when revenues in France started declining more quickly.

Elsewhere, the Nordic countries, Benelux countries and Greece posted strong performance that partly offset the contraction in Germany and Italy.

RESULTS

Net operating profit amounted to €62.7 million versus €71.9 million compared to the prior-year period. It is worth noting it included a €9 million provision to cover all restructuring costs related to the reorganization plans defined for the European operations.

The decline in net operating profit mainly resulted from the French operations' significant losses amounting to €18.5 million (versus €9.4 million last year).

EBITDA amounted to €105.8 million, slightly declining compared to the prior-year period (€109.8 million) and standing for 10.8% of revenues versus 11.6% at June 30, 2009.

Income tax amounted to €27.0 million, versus €21.8 million in the first half of 2009, that is to say an average tax rate of 33.9% versus 28.8% in 2009. This increase may be essentially explained by a change in the geographical distribution of the Group's profit and the increasing market share in the United States where the average tax rate is higher.

As a consequence, the Group's **net profit** amounted to €41.0 million, versus €52.5 million in the first half of 2009, and the net profit attributable to equity holders of the parent amounted to €40.2 million, versus €51.9 million in the first half of 2009.
The Group will benefit from a mechanical improvement in results due to the positive effects of the voluntary redundancy scheme implemented throughout the first half of 2010.

FINANCING AND FINANCIAL STRUCTURE

Free cash flow in the first half of 2010 almost stabilized at €58.2 million, versus €61 million in the first half of 2009.
Such achievement occurred even though the Group had to cover a significant part of the voluntary redundancy scheme in France. This resulted from the efforts made throughout the first six months to increase the Group's cash assets.

Slight decline in **net capital expenditures**: €31.8 million in 2010 (3.2% of revenues) versus €35.3 million in 2009 (3.7% of revenues). These are mainly related to the development of production capacities in Brazil and the Philippines.

Financial investments (€28 million), which noticeably dropped (€44.2 million in the first half of 2009), were related to the acquisition of the TLScontact Group (50%) and the Turkish company Metis (75%), as well as to the price adjustment for the acquisition of Teledatos, which was mostly paid up in 2009.

The Group's **financial structure** is very sound with a €23.7 million increase in the net cash surplus reported in the first half of the year.

As a consequence, the **net cash surplus** at June 30, 2010 amounted to €34.7 million. The unused revolving credit facility represents an additional investment opportunity of €196 million.

ACQUISITIONS

On July 28, 2010, TPUSA has acquired U.S. Solutions Group Inc (USSG). The, Bristol, Virginia-based USSG was established in 2001 and currently operates 3 contact centers with approximately 480 workstations on behalf of several clients. U.S. Solutions Group core services include inbound customer care, technical support, billing inquiry and web-enabled customer support. Annual Revenue forecasted for 2010 is approximately $17 million.

On August 17, 2010, Teleperformance announced the acquisition of 100% of the equity of UK-based beCogent. The company has around 3,000 employees at its four call centres in Scotland (Airdrie, Erskine, Kilmarnock and Glasgow) and forecast 2010 revenue is approximately £50 million. With this new operation in Scotland, Teleperformance is significantly extending its geographic footprint in the UK and becomes the second largest operator of outsourced contact centres in the UK.

OUTLOOK

As market trends still remain very uncertain, especially in Europe, the Group now expects for FY 2010 to achieve revenue growth on a reported basis but anticipate a lack of organic growth (excluding changes in scope of consolidation and exchange rates).

However Teleperformance maintains its profitability objectives. This year's profile is symmetrically opposed to last year's, which explains, in part, the changes in the results reported for the first half of 2010. Thanks to close cost management, the Group still aims at reaching an EBITA rate - excluding non-recurring items - standing for 8.5% of its revenues in 2010.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2010

The interim financial statement review is over, and the report is under preparation.

The company announced today that it has published and filed with the *Autorité des marchés financiers* (the French securities regulator) its half-year financial report as of June 30, 2010. It will be available in French and English from August 31, 2010, after close of trading, on Teleperformance's website, at the following address: **www.teleperformance.com**

NEXT PUBLICATIONS

Information on Q3 Business Activity: November 3, 2010

SFAF Meeting: November 29, 2010

ABOUT TELEPERFORMANCE

Teleperformance (NYSE Euronext Paris: FR 0000051807), the **world's leading provider of outsourced CRM and contact center services**, has been serving companies around the world rolling out customer acquisition, customer care, technical support and debt collection programs on their behalf. In 2009, the Teleperformance Group achieved €1.848 billion revenues (US$2.6 billion – average exchange rate at December 31, 2009: €1 = US$1.39).
The Group operates about 83,000 computerized workstations, with more than 112,000 employees (Full-Time Equivalents) across 276 contact centers in 51 countries and conducts programs in more than 66 different languages and dialects on behalf of major international companies operating in various industries.
www.teleperformance.com

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

in € thousands	H1 2010	H1 2009 Adjusted	H1 2009 Published data
Revenues	**983,242**	**946,705**	**946,705**
Other revenue	5,502	5,923	5,923
Personnel	-704,086	-668,481	-668,481
External expenses	-169,166	-154,574	-154,574
Taxes other than income taxes	-8,195	-9,441	-9,441
Depreciation and amortization	-40,214	-34,971	-34,783
Acquisition-related depreciation and amortization of intangible assets	-2,908	-2,898	-1,647
Change in inventory	-38	98	98
Other operating revenue	3,759	8,506	8,506
Other operating expenses	-5,214	-18,951	-18,951
Operating profit	**62,682**	**71,916**	**73,355**
Income from cash and cash equivalents	1,554	2,672	2,672
Interest on financial liabilities	-4,217	-4,420	-4,420
Net financing costs	**-2,663**	**-1,748**	**-1,748**
Other financial income	10,119	13,131	13,131
Other financial expenses	-8,152	-9,637	-9,637
Profit before tax	**61,986**	**73,662**	**75,101**
Income tax	-21,026	-21,204	-21,750
Net profit	**40,960**	**52,459**	**53,351**
Net profit – Group share	**40,162**	**51,895**	**52,787**
Net profit – Minority interests	798	564	564
Basic and diluted earnings per share (in €)	**0.71**	**0.92**	**0.93**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In € thousands

ASSETS	06/30/2010	12/31/2009
Non-current assets		
Goodwill	718,201	642,798
Other intangible assets	74,056	65,452
Property, plant and equipment	235,102	217,283
Financial assets	20,148	18,080
Deferred tax liabilities	14,586	10,438
Total non-current assets	1,062,093	954,051
Current assets		
Inventory	534	567
Current income tax receivable	34,593	31,781
Accounts receivable – Trade	465,838	445,626
Other current assets	118,293	93,500
Other financial assets	6,979	6,239
Cash assets and cash equivalents	225,922	238,686
Total current assets	852,159	816,399
Total assets	**1,914,252**	**1,770,450**

LIABILITIES	06/30/2010	12/31/2009
Shareholders' equity		
Capital	141,495	141,490
Share premium	556,181	556,181
Translation reserve	74,914	-46,245
Other reserves	474,044	459,706
Total - Attributable to equity holders of the parent	1,246,634	1,111,132
Attributable to minority interests	5,071	2,933
Total shareholders' equity	1,251,705	1,114,065
Non-current liabilities		
Provisions	6,676	6,251
Financial liabilities	36,424	36,589
Deferred tax liabilities	31,054	27,833
Total non-current liabilities	74,154	70,673
Current liabilities		
Provisions	21,438	34,810
Current income tax	26,853	25,277
Accounts payable – Trade	105,908	88,088
Other current liabilities	279,375	246,433
Other financial liabilities	154,819	191,104
Total current liabilities	588,393	585,712
Total liabilities	**1,914,252**	**1,770,450**

CONDENSED CASH FLOW STATEMENT

Cash flows from operating activities	H1 2010	H1 2009 Adjusted	H1 2009 Published data
Net profit – attributable to equity holders of the parent	40,162	51,895	52 787
Net profit – attributable to minority interests	799	564	564
Income tax expense	21,026	21,204	21,750
Depreciation and amortization	43,110	37,868	36,430
Change in provisions	-12,437	13,409	13,409
Expense relating to share-based payments		56	56
Unrealized gain and loss on financial instruments	-1,279	-3,997	-3,997
Gain/Loss on disposals, net of tax	116	508	508
Income tax paid	-27,920	-11,151	-11 151
Other	-97	-375	-375
Internally generated funds from operations	**63,480**	**109,981**	**109,981**
Change in Working Capital Requirements relating to operations	26,520	-13,641	-13,641
Cash flows from operating activities	**90,000**	**96,340**	**96,340**
Cash flows from investing activities			
Acquisition of intangible assets & property, plant and equipment	-31,824	-36,136	-36,136
Acquisition of investments in subsidiaries and affiliates	-28,009	-44,237	-44,237
Other financial assets acquired	-55	-941	-941
Sale of intangible assets & property, plant and equipment	31	802	802
Sale of investments in subsidiaries and affiliates		5	5
Other financial assets sold	1,100	1,212	1,212
Cash flows from investing activities	**-58,757**	**-79,295**	**-79,295**
Cash flows from financing activities			
Increase in shareholders' equity	4,282	3,342	3,342
Acquisition of treasury shares	4	262	262
Dividends paid to parent company shareholders	-18,677	-24,808	-24,808
Dividends paid to minority shareholders	-52	-160	-160
Increase in financial liabilities	33,485	11,347	11,347
Repayment of financial liabilities	-67,819	-33,751	-33,751
Cash flows from financing activities	**-48,777**	**-43,768**	**-43,768**
Change in cash and cash equivalents	***-17,534***	***-26,723***	***-26,723***
Effect of exchange rates on cash held	*7,324*	*2,488*	*2,488*
Cash and cash equivalents at January 1	**215,851**	**238,235**	**238,235**
Cash and cash equivalents at December 31	**205,641**	**214,000**	**214,000**

ADJUSTMENT OF THE FIRST-HALF 2009 FINANCIAL STATEMENTS

It has to be noted that after identifying tangible and intangible fixed assets in the second half of 2009 during the process of measuring the assets and liabilities of The Answer Group acquired by Teleperformance at the end of 2008, the first-half 2009 financial statements have been adjusted for the recognition of the tangible and intangible fixed assets reported at the acquisition date. This amount was deducted from the goodwill originally carried and deferred tax liabilities were recognized.