Teleperformance - 2011 Results

2011: results in line with targets set in June

- Organic growth of 3.5%
- EBITA before non-recurring items at €181.4 million, representing 8.5% of revenue
- Significant increase in free cash flow

2012: continued organic growth and improved profitability expected in 2012

PARIS, FEBRUARY 28, 2012 – The Board of Directors of Teleperformance met on February 27, 2012 and reviewed the consolidated financial statements for the year ended December 31, 2011.

€ millions	2011	2010
	€1 = US$ 1.39	**€1 = US $1.33**
Revenue	**2,126.2**	**2,058.5**
Growth as reported	+3.3%	
EBITDA before non-recurring items*	**269.0**	**257.8**
EBITDA margin before non-recurring items	12.6%	12.5%
EBITA before non-recurring items** *	**181.4**	**174.5**
EBITA margin before non-recurring items	8.5%	8.5%
Net operating profit	**152.9**	**118.7**
Net profit – attributable to shareholders	**92.3**	**71.6**
Free cash flow	**86.5**	**74.5**

€ millions	December 31, 2011	December 31, 2010
Equity	**1,277.8**	1,230.5
Net cash surplus	**+25.1**	+1.1

Statements of Income – 2011: €1 = US$1.39 – 2010: €1 = US$1.33 Balance Sheets – 2011: €1 = US$1.29 – 2010: €1 = US$1.34

*Before provisions for restructuring operations (2010: €47 million in France – 2011: €12.3 million in Argentina, Spain and Italy)

** EBITA before non-recurring items: Net operating profit before amortization of acquired intangible assets and non-recurring items

REVENUE

Revenue amounted to **€2,126.2 million in 2011** compared with €2,058.5 million in 2010, **up 3.3% as reported** and **3.5% like-for-like**, within the target range announced at the beginning of the year.

The improvement in revenue was almost exclusively attributable to organic growth, as the positive and negative effects of changes in the scope of consolidation and exchange rates were mutually offsetting.

Changes in the scope of consolidation, representing a contribution of €36.1 million, resulted from the acquisition of beCogent in the United Kingdom and US Solutions Group Inc. (USSG) in the United States. Both companies were consolidated as of August 1, 2010.

The currency effect was negative, trimming €41 million from revenue for the year. Teleperformance was particularly affected by the fall of the US dollar against the euro, which accounted for €29.7 million of the adverse impact.

REVENUE PERFORMANCE BY REGION

€ millions	**2011**	2010	**Change**	
			Reported	**Like-for-like***
English-speaking market & Asia-Pacific	819.6	761.9	+ 7.6%	+ 6.5%
Ibero-LATAM	628.1	581.9	+ 7.9%	+ 10.5%
Continental Europe & MEA	678.5	714.6	-5.1%	- 5.2%
TOTAL	**2,126.2**	**2,058.5**	**+ 3.3%**	**+ 3.5%**

** at constant exchange rates and comparable scope of consolidation*

- **English-speaking market & Asia-Pacific**

Revenue generated in this region advanced **7.6%** as reported and **6.5%** like-for-like, representing roughly 38% of the Group total in 2011. In the United States, revenue levels were very satisfactory, despite the unexpected non materialization of volumes for a major contract signed in fourth-quarter 2010. The 2010 acquisition of UK-based beCogent and US-based US Solutions Group Inc. also contributed to the region's performance.

- **Ibero-LATAM**

This region also delivered solid growth for the year, with gains of **7.9%** as reported and **10.5%** like-for-like. The increase mainly stemmed from the robust expansion of operations in Brazil. At the same time, most of the other countries in the region saw an improvement in business during the year, except for Argentina, where exports became uncompetitive, and Spain, where the Group reduced its exposure in a weakened economic environment.

- **Continental Europe & MEA**

Revenue in the Continental Europe & MEA region contracted by **5.1 %** as reported and **5.2 %** at constant scope of consolidation. The region's contribution to total revenue continued to shrink, representing 31.9 % of the total in 2011 versus 34.7% the previous year.

In **France**, which led the decline, operations were concentrated at 14 centers and the industrial restructuring plan was completed in the third quarter of 2011. Having streamlined its organization and slimmed down its cost structure, the French subsidiary can now focus on building new sales momentum.

In **Italy**, the market remained fragile throughout the year and the Group deployed a program to gradually adjust its operations base to the new conditions.

Other regions enjoyed satisfactory growth, with the vitality of the "Europe-Mediterranean-South East" region, the Scandinavian countries, Benelux and Eastern Europe confirming the strategic importance of the Group's operations in continental Europe.

RESULTS

EBITA before non-recurring items (net operating profit before amortization of acquired intangible assets and non-recurring items) stood at **€181.4 million** compared with €174.5 million in 2010. EBITA margin before non-recurring items was stable at **8.5%**, in line with the target set by the Group in June 2011. Profitability increased significantly in the second half of the year, with EBITA before non-recurring items representing **10.6 %** of revenue versus 6.5 % in the first half.

The improvement partly reflected seasonal effects on business, but it was also the result of disciplined management throughout the year.

Note that the 2011 results were achieved in an environment shaped by less favorable foreign exchange rates, the unanticipated "Arab Spring" events and the loss of expected volumes on a major contract in the United States.

By region, Continental Europe & MEA once again made a small positive contribution to EBITA, while the other two regions continued to report EBITA margin before non-recurring items in the double digits, at 10.3% of revenue in the English-speaking market & Asia-Pacific and 11.1% in the Ibero-LATAM.

Non-recurring expenses totaled **€19.2 million**, including €12.3 million in costs related to restructuring programs in Argentina, Spain and Italy (versus €47 million spent in 2010 on restructuring in France). The remaining €6.9 million concerned a non-compete indemnity payable to a former senior executive and recognition of the new performance share plan costs.

Net operating profit surged 28.8% to **€152.9 million** in 2011 from €118.7 million in 2010, representing **7.2 %** of revenue versus 5.8% the previous year.

Income tax expense came to €51.8 million in 2011, compared with €41.1 million in 2010. The increase was in line with the growth in net operating profit, as evidenced by the effective tax rate which stood at 35.2 % versus 35.7 % in 2010.

Net profit attributable to non-controlling interests climbed to €3.1 million from €2.5 million in 2010. The program to buy out minority shareholders deployed in second-half 2011 should reduce this figure by half in the future, all other things being equal.

Net profit attributable to shareholders amounted to €92.3 million, up 29% on the 2010 figure of €71.6 million.

FINANCIAL STRUCTURE

- **Free cash flow**

In 2011, Teleperformance was particularly vigilant about managing its cash flow. As a result, **capital expenditure** for the year was limited to €97.1 million, or 4.6% of revenue, compared with €103 million, or 5.0% of revenue in 2010. The outlay mainly concerned the development of six new campuses in six different countries and global license portfolio upgrades.

Free cash flow rose sharply to €86.5 million from €74.5 million in 2010. The increase mainly reflected measures to reduce working capital requirement and was achieved despite higher income taxes and the payment of €35.5 million in benefits under the voluntary separation plan in France.

- **Financing**

The Group optimized its financing policies in last year's financial environment.

It stepped up its program to buy out minority shareholders, rather than making acquisitions that would be excessively dilutive, and dedicated €18 million to buying back 2% of the share capital at an average price of €15.32 per share, to cover rights granted under the performance share plan introduced during the year.

At December 31, 2011, the Group's **balance sheet** was even stronger. **Equity** stood at €1,277.8 million compared with €1,230.5 million a year earlier, while the **net cash surplus** was very considerably higher, at €25.1 million, versus €1.1 million at end-2010.

Teleperformance ended the year with a robust liquidity position, thanks to its €240 million **undrawn syndicated credit facility**.

2011 DIVIDEND

In light of the improvement in net profit, at the Annual Meeting on May 29, 2012 the Board of Directors will recommend that shareholders raise the dividend to €0.46 per share, thereby maintaining the gradual increase in the payout ratio initiated two years ago.

STRATEGY AND OUTLOOK FOR 2012

The global leader in its segment, Teleperformance intends to pursue its strategy of value creation and balanced growth in 2012. The English-speaking market & Asia-Pacific region as well as the Ibero-LATAM region should continue to enjoy double-digit EBITA margins before non-recurring items, while the Continental Europe & MEA region, despite an uncertain economic situation, should begin showing signs of margin improvement.

In 2012, Teleperformance expects to achieve like-for-like growth of 2 % to 4 %.

The Group will focus on improving its profitability ratios, with the primary objective of generating overall EBITA margin before non-recurring items of between 8.6 % and 9 %.

CERTIFICATION OF THE ACCOUNTS BY THE AUDITORS

The consolidated financial statements have been audited. The auditors will issue their report once they have completed the procedures required for the publication of the annual financial report.

UPCOMING FINANCIAL ANNOUNCEMENT

First-quarter 2012 revenue: May 10, 2012

ABOUT TELEPERFORMANCE

Teleperformance, the world's leading provider of outsourced CRM and contact center services, serves companies around the world with customer acquisition, customer care, technical support and debt collection programs. In 2011, it reported consolidated revenue of €2,126.2 million (US$2,955.4 million) based on €1 = US$1.39).

The Group operates 98,000 computerized workstations, with more than 130,000 full-time equivalent employees across 248 contact centers in 49 countries. It manages programs in more than 66 languages and dialects on behalf of major international companies operating in a wide variety of industries.

Teleperformance shares are traded on the NYSE Euronext Paris market, Compartment A, and are eligible for the deferred settlement service. Teleperformance is included in the following indices: SBF 120, STOXX 600 and France CAC Mid & Small.

Symbol: RCF - ISIN : FR0000051807 - Reuters: ROCH.PA - Bloomberg: RCF FP

Website: www.teleperformance.com

CONTACTS

TELEPERFORMANCE

Olivier Rigaudy, Group Chief Financial Officer

T: + 33 1 53 83 59 00 - info@teleperformance.com

LT VALUE – Investor Relations and Corporate Communication

Nancy Levain

+ 33 1 44 50 39 30 - + 33 6 72 28 91 44

nancy.levain@ltvalue.com

Statement of Income

€ thousands

	2011	*2010*
Revenues	**2 126 222**	**2 058 473**
Other revenues	7 348	9 099
Personnel	(1 486 954)	(1 447 116)
Expense relating to share-based payments	(2 044)	
External expenses	(365 981)	(346 113)
Taxes other than income taxes	(12 441)	(13 847)
Depreciation and amortization	(87 646)	(83 329)
Amortization of intangible assets acquired as part of a business combination	(9 270)	(8 783)
Change in inventories	185	(121)
Other operating income	5 587	5 768
Other operating expenses	(22 095)	(55 322)
Net operating profit before finance costs	**152 911**	**118 709**
Income from cash and cash equivalents	869	3 161
Interest on financial liabilities	(8 311)	(8 805)
Net financing costs	**(7 443)**	**(5 644)**
Other financial income	33 922	22 606
Other financial expenses	(32 125)	(20 508)
Share of profit of equity-accounted investees (net of tax)		0
Profit before taxes	**147 265**	**115 163**
Income tax	(51 849)	(41 090)
Net profit	**95 416**	**74 073**
Net profit - Group share	**92 274**	**71 619**
Net profit attributable to non-controlling interests	3 142	2 454
Basic and diluted earnings per share (€)	**2**	**1**

BALANCE SHEET

€ thousands

ASSETS	*12.31.2011*	*12.31.2010*
Non-current assets		
Goodwill	710 272	701 059
Other intangible assets	97 972	107 246
Property, plant and equipment	255 170	256 007
Financial assets	24 099	23 454
Deferred tax assets	31 923	29 666
Total non-current assets	1 119 436	1 117 432
Current assets		
Inventories	621	454
Current income tax receivable	40 838	33 265
Accounts receivable - Trade	450 503	482 286
Other current assets	93 104	103 187
Other financial assets	6 961	7 397
Cash and cash equivalents	159 612	118 355
Total current assets	751 639	744 944
Total assets	**1 871 075**	**1 862 376**

EQUITY AND LIABILITIES	*12.31.2011*	*12.31.2010*
Equity		
Share capital	141 495	141 495
Share premium	556 181	556 181
Translation reserve	23 554	20 115
Other reserves	552 198	506 414
Total equity attributable to equity holders of the	1 273 428	1 224 205
Non-controlling interests	4 364	6 246
Total equity	1 277 792	1 230 451
Non-current liabilities		
Long-term provisions	5 457	5 465
Financial liabilities	25 686	29 439
Deferred tax liabilities	48 357	46 349
Total non-current liabilities	79 500	81 253
Current liabilities		
Short-term provisions	25 898	63 243
Current income tax	26 577	25 619
Accounts payable - Trade	83 345	93 365
Other current liabilities	269 106	280 671
Other financial liabilities	108 857	87 774
Total current liabilities	513 783	550 672
Total equity and liabilities	**1 871 075**	**1 862 376**

CASH FLOW STATEMENT

€ thousands

Cash flows from operating activities	*2011*	*2010*
Net profit - Group share	92 274	71 619
Net profit attributable to minority interests	3 142	2 454
Income tax expense	51 849	41 090
Depreciation and amortization	96 439	92 112
Change in provisions	(38 326)	29 279
Unrealized gains and losses on financial instruments	1 206	(1 851)
Gains/losses on disposal of non-current assets, net of tax	494	(197)
Income tax paid	(58 244)	(52 906)
Other	2 164	787
Internally generated funds from operations	***150 998***	***182 387***
Change in working capital requirements relating to operations	32 667	(4 855)
Net cash from operating activities	**183 665**	**177 532**
Cash flows from investing activities		
Acquisition of intangible assets and property, plant and equipment	(97 114)	(102 960)
Acquisition of subsidiaries, net of cash acquired	(15 087)	(79 570)
Loans and advances made	(32)	(116)
Proceeds relating to disposals of intangible assets and property, plant and e	1 609	2 354
Proceeds relating to disposals of subsidiaries, net of cash disposed of	1 182	1 431
Net cash from investing activities	**(109 442)**	**(178 861)**
Cash flows from financing activities		
Proceeds from the issue of share capital		4 313
Acquisition of treasury shares	(18 015)	186
Dividends paid to parent company shareholders	(18 654)	(18 677)
Dividends paid to minority interests in consolidated subsidiaries	(256)	(53)
Proceeds from new borrowings	39 722	10 895
Repayment of borrowings	(38 942)	(100 070)
Net cash from financing activities	**(36 145)**	**(103 406)**
Change in cash and cash equivalents	***38 078***	***(104 735)***
Effect of exchange rates on cash held	*(2 717)*	*596*
Net cash at January 1	**111 712**	**215 851**
Net cash at December 31	**147 073**	**111 712**