Teleperformance – First-Half 2012 Financial Results

- **Sustained growth in first-half 2012**
  - **Revenue : €1 126,9 M** **up 6.1%** As reported
    up 3.1% Like-for-like
  - **Faster momentum in Q2**

- **Clear improvement in EBITA margin : €85.7 M**
  - **EBITA before non-recurring items up 24.9% year-on-year**
  - **7.6% EBITA margin before non-recurring items, versus 6.5% in H1 2011**

- **2012 targets confirmed**

PARIS, JULY 30, 2012 – The Teleperformance Board of Directors met today under the chairmanship of Daniel Julien and approved the consolidated financial statements for the six months ended June 30, 2012.

€ millions	H1 2012	H1 2011
Revenue	**1,126.9**	**1,061.9**
Growth as reported	+ 6.1%	
EBITDA before non-recurring items*	**131.2**	**111.9**
EBITDA margin before non-recurring items	11.6%	10.5%
EBITA before non-recurring items*	**85.7**	**68.6**
EBITA margin before non-recurring items	7.6%	6.5%
Net operating profit	**75.3**	**59.3**
Net profit – attributable to shareholders	**45.3**	**33.3**
Free cash flow	**+ 19.5**	**+ 0.2**

€ millions	June 30, 2012	Dec. 31, 2011
Equity	**1,335.1**	**1,277.8**
Net cash	**+ 14.9**	**+ 25.1**

Statements of income – First-half 2012: €1 = $1.30; First-half 2011: €1 = $1.40
Balance sheets – June 30, 2012: €1 = $1.26; December 31, 2011: €1 = $1.29
*Before non-recurring items
EBITA before non-recurring items: Earnings before interest, taxes, amortization of acquired intangible assets and non-recurring items

REVENUE

- **First-half 2012**

Revenue amounted to **€1,126.9 million** in the first half of 2012, compared with €1,061.9 million in the year-earlier period, **an increase of 6.1% as reported** and **3.1% like-for-like** (at constant scope of consolidation and exchange rates).

Favorable changes in exchange rates over the period added €32.8 million to reported revenue, primarily as a result of the decline in the euro against the US dollar, to an average $1.30 versus $1.40 in first-half 2011.

- **Second quarter 2012**

In line with the expected workload, revenue growth **picked up speed in the second quarter**, **rising 9.2% to €585.1 million** from €535.9 million in second-quarter 2011.

Like-for-like revenue was up 4.7% in the second quarter, compared with a 1.5% year-on-year gain in the first three months.

REVENUE PERFORMANCE BY REGION

€ millions	2012	2011	% change	
			As Reported	Like-for-Like
FIRST HALF				
English-speaking market & Asia-Pacific	422.3	411.0	+ 2.8%	- 4.4%
Ibero- -LATAM	359.7	309.1	+ 16.4%	+ 16.0%
Continental Europe & MEA	344.9	341.8	+ 0.9%	+ 1.1%
TOTAL	**1,126.9**	**1,061.9**	**+ 6.1%**	**+ 3.1%**
SECOND QUARTER				
English-speaking market & Asia-Pacific	214.2	199.2	+ 7.5%	- 2.2%
Ibero -LATAM	191.7	161.6	+ 18.6%	+ 17.1%
Continental Europe & MEA	179.2	175.1	+ 2.3%	+ 1.9%
TOTAL	**585.1**	**535.9**	**+ 9.2%**	**+ 4.7%**
FIRST QUARTER				
English-speaking market & Asia-Pacific	208.1	211.7	- 1.7%	- 5.5%
Ibero -LATAM	168.0	147.5	+ 13.9%	+ 13.5%
Continental Europe & MEA	165.7	166.7	- 0.6%	- 0.1%
TOTAL	**541.8**	**525.9**	**+ 3.0%**	**+ 1.5%**

In the **second quarter**, **revenue performance by region** was as follows:

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

Regional revenue **increased by 7.5% as reported**, led by the increase in the US dollar against the euro.

On a **like-for-like** basis, business is gradually returning to 2011 levels, and the unfavorable basis of comparison stemming from the loss of expected volumes on a major US contract should no longer have an impact in the second half.
Growth was also lifted by significant improvement in sales in the United Kingdom and, to a lesser extent, in China.

- **Ibero-LATAM**

The **Ibero-LATAM** region turned in another excellent performance in the second quarter, with revenue rising 18.6% as reported and 17.1% like-for-like, primarily on the back of sustained strong growth in Brazil.

Operations in Portugal and Colombia also delivered a good quarter, thanks to an offering particularly well aligned with customer expectations.

In the troubled Spanish market, Teleperformance successfully strengthened its positioning as a credible, reliable partner, thereby driving an upturn in business.

- **Continental Europe & MEA**

Revenue in the **Continental Europe and MEA** region rose by **1.9% like-for-like**, with all of the member countries contributing to growth except France, which remains on a downward trend and impacted by recent turbulence in the telephone market.

RESULTS

- **EBITA before non-recurring items** (net operating profit before amortization of acquired intangible assets and non-recurring items) **rose by 24.9%** in the first half, to **€85.7 million** or 7.6% of revenue from €68.6 million and 6.5% in the same period of 2011.

The tangible improvement in EBITA margin was led by:

- The sustained, **high quality performance** in the United States and Mexico.
- **A significant increase** in results in **South America**, with ramp-up in Brazil and Colombia and a return to profit in Argentina thanks to the in-depth work accomplished over the past two years.
- **A noteworthy improvement** in performance in several **European countries.**
  - Spain's contribution rose sharply following implementation of the competitiveness revitalization plan in 2011.
  - Operations in the UK and Germany significantly improved their results after a marketing drive led to an upturn in sales.
  - Business in the Benelux countries, Portugal and Greece remains on an upward trend, with satisfactory margins.

On the other hand, operations in France are still loss-making, with no improvement compared with first-half 2011 despite the efforts undertaken to rationalize production facilities, improve the quality of service and restore the marketing drive.

Today, these French operations represent less than 9% of consolidated revenue and are responsible for a one-point reduction in margin.

By management region, EBITA margin:

- Rose to 9.7% of revenue in the English-speaking market & Asia-Pacific region from 8.4% in first-half 2011.
- Rose to 11.1% of revenue in the Ibero-LATAM region from 7.8% in first-half 2011.
- Was stable in the Continental Europe & MEA region, at a negative 1.1% versus a negative 1.2% in first-half 2011.

- **Non-recurring items** amounted to €6.0 million for the period, corresponding to a provision to cover the accounting costs of performance shares. Note that if these costs are incurred, they will not require any cash outlay nor lead to any dilution, in as much as the corresponding shares were purchased on the open market in 2011.

- After this non-recurring item, **net operating profit** for the first six months of the year stood at €75.3 million versus €59.3 million in the year-earlier period.

- **Net financial expense** improved considerably, to €4.6 million from €7.1 million in first-half 2011, as net exchange gains helped to offset the recognition of costs incurred in renewing the bank lines of credit.

- **Income tax expense** rose to €24.7 million from €17.1 million in first-half 2011, corresponding to an effective tax rate of 34.9%, in line with the projected rate for full-year 2012.

- **Net profit attributable to shareholders** rose by 35.8% to €45.3 million from €33.3 million in first-half 2011, reflecting the improvement in business, as well as the reduction in the share of net profit attributable to non-controlling interests, which after the 2011 buyback campaign declined to €0.7 million from €1.7 million in the year-earlier period.

FINANCIAL STRUCTURE

- **Capital expenditure and investments**

Capital expenditure amounted to **€42.2 million** or 3.7% of revenue, compared with €49 million and 4.6% in first-half 2011. Outlays were primarily committed to building or expanding centers in regions where business is experiencing sustained growth.

- **Cash flow**

Free cash flow improved significantly over the period, to **€19.5 million** from 0.2 million in first-half 2011. This strong performance reflected the improvement in earnings, capital expenditure discipline and the tight working capital management that kept the change in working capital requirement almost in line with revenue.

- **Financing**

The Group's **financial structure** remains solid. **Equity** stood at €1,335.1 million at June 30, 2012, versus €1,277.8 million at December 31, 2011. After payment of the 2011 dividend, **net cash** amounted to €14.9 million at June 30, 2012, compared with €25.1 million a year earlier.

During the first half, Teleperformance also secured its financing by renegotiating its five-year bank lines of credit ahead of time and before the summer. The Group is therefore positioned to seize any acquisition opportunities that may arise.

FULL-YEAR OBJECTIVES

For full-year 2012, Teleperformance confirms its targets for **revenue growth** of **between 2% and 4%**, like-for-like, and a **recurring EBITA margin** 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 interim financial report.

UPCOMING FINANCIAL ANNOUNCEMENT

Third-quarter 2012 revenue: November 8, 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 135,000 full-time equivalent employees across 249 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

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SUMMARY STATEMENT OF INCOME

€ thousands

	H1 2012	H1 2011
Revenues	**1 126 913**	**1 061 879**
Other revenues	4 634	4 332
Personnel	-799 940	-765 508
Share-based payments	-6 039	
External expenses	-193 704	-177 867
Taxes other than income taxes	-6 311	-6 371
Depreciation and amortization	-45 492	-43 321
Amortization of intangible assets acquired as part of a business combination	-4 422	-4 460
Change in inventories	-406	64
Other operating income	6 741	1 844
Other operating expenses	-6 690	-11 326
Operating profit	**75 284**	**59 266**
Income from cash and cash equivalents	725	317
Interest on financial liabilities	-2 719	-4 558
Net financing costs	**-1 994**	**-4 241**
Other financial income	23 833	11 947
Other financial expenses	-26 417	-14 817
Profit before taxes	**70 706**	**52 155**
Income tax	-24 699	-17 088
Net profit	**46 007**	**35 067**
Net profit - Group share	**45 290**	**33 340**
Net profit attributable to non-controlling interests	-717	-1 727
Basic and diluted earnings per share (in €)	**0,82**	**0,59**

SUMMARY BALANCE SHEET

€ thousands

ASSETS	June 30, 2012	December 31, 2011
Non-current assets		
Goodwill	727,806	710,272
Other intangible assets	96,444	97,972
Property, plant and equipment	255,715	255,170
Financial assets	27,029	24,099
Deferred tax assets	32,428	31,923
Total non-current assets	1,139,422	1,119,436
Current assets		
Inventories	238	621
Current income tax receivable	41,515	40,838
Accounts receivable - Trade	474,117	450,503
Other current assets	85,469	93,104
Other financial assets	19,656	6,961
Cash and cash equivalents	148,448	159,612
Total current assets	769,443	751,639
Total assets	**1,908,865**	**1,871,075**

EQUITY AND LIABILITIES	June 30, 2012	December 31, 2011
Shareholder's equity		
Share capital	141,495	141,495
Share premium	556,181	556,181
Translation reserve	55,664	23,554
Other reserves	576,657	552,198
Total equity attributable to equity holders of the parent	1,329,997	1,273,428
Non-controlling interests	5,082	4,364
Total shareholder's equity	1,335,079	1,277,792
Non-current liabilities		
Long-term provisions	5,510	5,457
Financial liabilities	27,786	25,686
Deferred tax liabilities	56,974	48,357
Total non-current liabilities	90,270	79,500
Current liabilities		
Short-term provisions	18,147	25,898
Current income tax	17,986	26,577
Accounts payable - Trade	81,898	83,345
Other current liabilities	259,676	269,106
Other financial liabilities	105,809	108,857
Total current liabilities	483,516	513,783
Total equity and liabilities	**1,908,865**	**1,871,075**

SUMMARY STATEMENT OF CASH FLOWS

€ thousands

Cash flows from operating activities	*H1 2012*	*H1 2011*
Net profit - Group share	45,290	33,340
Net profit attributable to non-controlling interests	717	1,727
Income tax expense	24,699	17,088
Depreciation and amortization	49,914	47,647
Change in provisions	-7,509	-15,423
Share-based payments	6,039	
Unrealized gains and losses on financial instruments	-2,199	-70
Gain/losses on disposal of non-current assets, net of tax	220	112
Income tax paid	-30,973	-30,923
Other	-15	-25
Internally generated funds from operations	***86,183***	***53,473***
Change in working capital requirements relating to operations	-25,189	-5,587
Net cash flow from operating activities	**60,994**	**47,886**
Cash flows from investing activities		
Acquisition of intangible assets and property, plant and equipment	-42,194	-49,007
Acquisition of subsidiaries, net of cash acquired	-4,948	-6,793
Loans and advances made	-4,243	-106
Proceeds relating to disposals of intangible assets and property,plant and equipment	679	1,282
Proceeds relating to disposals of subsidiaries, net of cash disposed		-169
Proceeds from loans and advances	11	1,055
Net cash flow from investing activities	**-50,695**	**-53,738**
Cash flows from financing activities		
Proceeds from the issue of share capital	392	6
Acquisition of treasury shares	199	-1,155
Dividends paid to parent company shareholders	-25,488	-18,677
Dividends paid to non-controlling interests	-119	-227
Proceeds from new borrowings	95,345	39,761
Repayment of borrowings	-88,955	-30,147
Net cash flow from financing activities	**-18,626**	**-10,439**
Change in cash and cash equivalents	***-8,327***	***-16,291***
Effect of exchange rates on cash held	*1,560*	*-718*
Net cash at January 1	**147,073**	**111,712**
Net cash at June 30	**140,306**	**94,703**