Presse Release

First-Half 2013 Results

PARIS, JULY 30, 2013 – The Board of Directors of Teleperformance, the global leader in outsourced multi-channel customer experience management, met today and reviewed the consolidated financial statements for the six months ended June 30, 2013. The Group also announced its financial results for the period.

SUSTAINED GROWTH IN RESULTS

- **Revenue:** **€1,196.1 million, up 6.1% year-on-year**
  Like-for-like growth: **8.4% year-on-year**
- **EBITA before non-recurring items:** **€95.9 million, up 11.9% year-on-year**
  EBITA margin before non-recurring items: **8.0% versus 7.6% in H1-2012**
- **Diluted earnings per share:** **€0.94, up 14.6% year-on-year**

FULL-YEAR OBJECTIVES

- **Full-year revenue growth target raised:**
  5% to 7% like-for-like growth, instead of 3% to 5%
- **Full-year margin growth target maintained:**
  EBITA margin before non-recurring items of 9.3% to 9.5%
- **Higher return on capital employed**

INTERIM FINANCIAL HIGHLIGHTS

€ millions	**H1 2013**	**H1 2012**	***% change***
	€1 = US$ 1.31	**€1 = US$ 1.29**	
Revenue	**1,196.1**	**1,126.9**	***+ 6.1%***
EBITDA before non-recurring items	**145.4**	**131.2**	***+ 10.8%***
% Revenue	12.2%	11.6%	
EBITA before non-recurring items*	**95.9**	**85.7**	***+ 11.9%***
% Revenue	8.0%	7.6%	
Operating profit	**83.0**	**75.3**	***+ 10.3%***
Net profit – Group share	**53.1**	**45.3**	***+ 17.2%***
Diluted earnings per share (€)	**0.94**	**0.82**	***+ 14.6%***

*Earnings before interest, taxes, amortization of acquired intangible assets and non-recurring items

NB: half year financial statements at 30 June 2012 and 30 June 2013 have been subject to limited audit review.

Paulo César Vasques, Chief Executive Officer, Teleperformance Group, said:

"We enjoyed sustained growth in business in the first half, with gains of 6.1% as reported and 8.4% like-for-like. This good performance was led by the steady growth in business in the United States and the fast expansion in a large number of markets in Latin America, notably in Brazil, Mexico and Colombia. In Europe, operations in a certain number of countries are gradually continuing to recover in a challenging economic environment.

In this way, we are heightening our global leadership in the outsourced customer experience management market, thanks to the success of a strategy focused on developing our human capital, nurturing high-quality client partnerships and building differentiation on our value added. In this regard, our new Customer Experience (CX) Lab, which opened with state-of-the-art technology in Lisbon last June, will enhance the added value of solutions delivered to clients through proprietary research supporting a multichannel approach in an environment of greater mobility. In addition, the success of our strategy was recently illustrated by a large number of awards, including the "Best Partner Award" for our partnership with Google in the Netherlands and the "Best Place to Work" awards bestowed on our subsidiaries in Greece, Portugal, China and India.

For 2013, as indicated when our quarterly review was released last May and based on the first-half results, we are raising our full-year revenue growth target to between 5% and 7% on a like-for-like basis. We are maintaining our target for EBITA margin before non-recurring items at between 9.3% and 9.5%."

FIRST-HALF AND SECOND-QUARTER 2013 REVENUE

CONSOLIDATED REVENUE

Consolidated revenue amounted to €1,196.1 million in the first half of 2013, an increase of 6.1% as reported and of 8.4% at constant scope of consolidation and exchange rates (like-for-like).

The negative currency effect reduced revenue by €23.8 million, reflecting declines against the euro primarily in the Brazilian real (average rate of 2.67 in first-half 2013 vs. 2.41 in first-half 2012) and the Argentine peso (6.73 vs. 5.70) and to a lesser extent in the British pound (0.85 vs. 0.82) and the US dollar (1.31 vs. 1.30).

Consolidated revenue for the second quarter stood at €604.2 million, an increase of 3.3% as reported and of 5.6% like-for-like.

Overall, the Group benefited from a more favorable basis of comparison in the first quarter than in the second, particularly in the Ibero-LATAM region; in 2012, like-for-like growth came to 1.5% in the first quarter and 4.7% in the second.

REVENUE BY REGION

First-half 2013 revenue was primarily shaped by the strong growth in business in the Ibero-LATAM region, especially in Mexico, Brazil, Colombia and Portugal, and in the English-speaking market & Asia-Pacific region, particularly the United States.

The fast growing Ibero-LATAM and English-speaking market & Asia-Pacific regions continued to increase their relative contribution to the revenue stream, which rose to 71.0% from 69.4% in first-half 2012, whereas the Continental Europe & MEA region's contribution declined to 29.0% from 30.6% a year earlier.

€ millions	2013	2012	% change	
			Reported	Like-for-like
FIRST-HALF				
English-speaking market & Asia-Pacific	454.8	422.3	+ 7.7%	+ 9.7%
Ibero-LATAM	394.4	359.7	+ 9.7%	+ 14.5%
Continental Europe & MEA	346.9	344.9	+ 0.6%	+ 0.8%
TOTAL	**1,196.1**	**1,126.9**	**+ 6.1%**	**+ 8.4%**
SECOND QUARTER				
English-speaking market & Asia-Pacific	224.2	214.2	+ 4.7%	+ 7.7%
Ibero-LATAM	202.5	191.7	+ 5.6%	+ 9.3%
Continental Europe & MEA	177.4	179.2	- 1.0%	- 0.7%
TOTAL	**604.1**	**585.1**	**+ 3.3%**	**+ 5.6%**
FIRST QUARTER				
English-speaking market & Asia-Pacific	230.6	208.1	+ 10.8%	+ 12.1%
Ibero-LATAM	191.9	168.0	+ 14.2%	+ 20.1%
Continental Europe & MEA	169.5	165.7	+ 2.3%	+ 2.3%
TOTAL	**592.0**	**541.8**	**+ 9.3%**	**+ 11.5%**

- ### English-speaking market & Asia-Pacific

Compared with the prior year, regional revenue rose by 7.7% as reported and 9.7% like-for-like in the first half and by 4.7% as reported and 7.7% like-for-like in the second quarter alone.

Revenue rose steadily in the United States, thanks in particular to low prior-year comparatives.

Business in the Asia-Pacific region is being driven by expansion in China, led by the ramp-up of recent contracts signed with multinational clients.

- ### Ibero-LATAM

Compared with the prior year, regional revenue rose by 9.7% as reported and 14.5% like-for-like in the first half and by 5.6% as reported and 9.3% like-for-like in the second quarter alone.

The negative currency effect primarily reflected the depreciation of the Brazilian real and the Argentine peso against the euro.

The region's leading countries all contributed to the substantial growth recorded in the first half.

Trends remained very positive in the local Brazilian market and in Mexico, where demand is being lifted both by offshore services covering North America and by the development of the local market.

Business in Colombia was very strong ; it also benefited from a shift in business from Chile.

The good performance delivered in Portugal reflected the sustained success of the multilingual hubs offering, which is seamlessly aligned with the needs of large accounts seeking to simplify their customer service strategy in Europe. During the first half, the Portuguese operations also benefited from a shift in business from the Continental Europe & MEA region.

The difficult economic environment in Argentina continued to weigh on the local subsidiary's business in the first half.

The slowdown in regional growth in the second quarter was primarily attributable to the less favorable comparison with the first quarter in Spain and Brazil. In particular, last year, operations in Spain saw a significant increase in business volumes with the start-up of a major new contract in the second quarter.

- **Continental Europe & MEA**

In the first half, regional revenue was almost unchanged year-on-year, with an increase of just 0.6% as reported and 0.8% like-for-like. In the second quarter, it eased back by a slight 1.0% as reported but remained roughly stable like-for-like (down 0.7%).

The overall stability reflected situations that varied by country. Performance remained satisfactory in Turkey, Greece and the Netherlands, where the Group has multilingual hubs, as well as in Eastern Europe. In Italy, growth gained momentum starting in the second quarter.

Despite an intense marketing drive, business in France continues to be impacted by the persistently difficult environment in the telecommunications industry. Political instability in Egypt weighed on business volumes in the second quarter and the Nordic countries continued to stall after a good year in 2012.

FIRST-HALF 2013 RESULTS

Consolidated EBITDA before non-recurring items rose by 10.8% to €145.4 million in the first half, representing 12.2% of revenue versus 11.6% in the prior-year period.

EBITA before non-recurring items stood at €95.9 million, up 11.9% from the €85.7 million reported in first-half 2012. EBITA margin before non-recurring items widened to 8.0% from 7.6% a year earlier, in line with the Group's annual target for margin improvement.

EBITA BEFORE NON-RECURRING ITEMS BY REGION – EXCLUDING HOLDINGS

€ millions	**H1 2013**	**H1 2012**
English-speaking market & Asia-Pacific	39.8	40.8
% Revenue	**8.8%**	**9.7%**
Ibero-LATAM	44.6	39.8
% Revenue	**11.3%**	**11.1%**
Continental Europe & MEA	0.4	(3.7)
% Revenue	**0.1%**	**- 1.1%**
Total – including holdings	95.9	85.7
% Revenue	**8.0%**	**7.6%**

The **English-speaking markets & Asia-Pacific** region continues to deliver high EBITA margin before non-recurring items, despite the negative currency effect on the cost resulting from the weak US dollar against the Philippine peso.

Despite strong growth, margin in the **Ibero-LATAM** region improved to 11.3% from 11.1% in first-half 2012. This good performance was led by a positive shift in the country mix within the region, with a steep climb in nearshore business in Mexico and Colombia, and by the strict cost discipline demonstrated while developing the business in Brazil. On the other hand, the specific environment in Argentina had a negative impact on regional margins, which prompted the Group to reduce its exposure to the country. As part of this process, an impairment loss was recognized on the Argentine assets during the first half.

The **Continental Europe & MEA** region has now returned to breakeven.

Non-recurring items represented a net expense of €5.5 million for the period, as follows:

- €1.5 million in restructuring costs related to operations in Argentina and Chile.
- €4.0 million in accounting costs on the performance share plan set up in 2011, after the requisite performance criteria were fulfilled.

After these non-recurring items and the amortization of intangible assets – which amounted to €7.3 million (of which €3.0 million in Argentina) compared with €4.4 million in first-half 2012 – operating profit stood at €83.0 million for the period, up 10.3% year-on-year.

Net financial expense came to €4.1 million, versus €4.6 million in first-half 2012.

Income tax expense amounted to €25.7 million, corresponding to an effective tax rate of 32.6%, versus 34.9% in first-half 2012.

Minority interests declined to €0.1 million from €0.7 million in the year-earlier period, following the sustained buyback of shares in TLS and the Turkish subsidiary.

As a result, net profit attributable to shareholders rose by 17.2% to €53.1 million from €45.3 million in first-half 2012, while diluted earnings per share gained 14.6% to €0.94 from €0.82.

CASH FLOWS AND FINANCIAL STRUCTURE

Cash flow before tax rose by 20.2% year-on-year, to €140.9 million from €117.2 million in first-half 2012. After tax, it stood at €101.7 million, up 18.1%.

Consolidated working capital requirement decreased by €33.1 million, compared with a €25.2-million decrease in first-half 2012, reflecting the significant growth in the Group's operations during the period.

Net capital expenditure amounted to €56.5 million, or 4.7% of revenue, versus €41.5 million and 3.7% in first-half 2012. Reflecting the Group's focus on organic growth in recent months, these investments were primarily committed to create or expand centers serving fast growing markets, in Latin America, the United States and the Philippines.

In light of this substantial growth capex, free cash flow ended the period at €12.1 million versus €19.5 million in first-half 2012.

After the payment of €16.5 million in dividends and the buyback of non-controlling interests as part of the Group's ongoing integration, net cash stood at 62.3 million at June 30, 2013. The Group's financial structure therefore remains very solid, with equity of €1,389.0 million at June 30, 2013.

DEVELOPMENTS AND AWARDS

In the first half of 2013, Teleperformance continued to deploy its strategy focused on driving organic growth in its business, developing its human capital, nurturing the quality of its client partnerships and building differentiation through value added.

- **Expansion and creation of contact centers to support organic growth in promising markets**

  Most of the new sites have emerged in areas Ibero-LATAM and English & Asia-Pacific region. Among the major expansions and site openings in the first-half year :

  - **In the Ibero-LATAM region :**
    - in Colombia - Glaxo site and expansion of Connecta site in Bogota, and Vizcaya site in Medellin
    - in Dominican Republic - expansion of Domicanan site in Santo-Domingo ;
    - in Brazil - new operations in Natal and expansion of existing Group sites in Sao Paulo ;
    - in Portugal – new Expo-Oceanario multilingual hub in Lisbon ;

  - **In the English & Asia-Pacific region:**
    - In Philippines - significant new capacities in two sites (more than 1 000 workstations for each) in Davao, the capital city of Mindanao island and the fourth most heavily populated city in the country, and in Antipolo located in east of Manila ;

- **Recognition for the strategy focused on developing human capital and partnering with market-leading customers**

  - **Teleperformance India** has been named among the best workplace locations for 2013 by the prestigious Great Place to Work® Institute. Employing more than 4,500 people in support of clients across geographies for all major vertical industries, Teleperformance India continues to raise performance, quality and employee-care benchmarks to help set leading standards for the outsourcing industry.

  - The **Teleperformance Hellas contact center in Athens, Greece** has been named a Best Workplaces location for 2013 by the prestigious Great Place to Work® Institute. With a multi-cultural staff representing over 90 nationalities, the Athens hub serves the world's largest multinationals in 25 languages.

  - **Teleperformance Netherlands has won the Best Partner Award for its Google operations.** Presented by the Netherlands National Contact Center Association (NCCA), the Best Partner Award honors the quality of the partnership with Google, designed to deliver services for small and medium business customers. Teleperformance is supporting Google's goal of providing excellent service by providing AdWords advice to Google customers in the Netherlands.

- **Recognition for the Group's multi-channel solutions and expanded research and development capabilities**

  - At the Contact Centre World Awards 2013, **Teleperformance UK was honored with the first place (Gold)** for **"Best Use of Social Media in the Contact Centre EMEA".** The award recognized the e-Performance social media-based program developed in the United Kingdom.

  - To strengthen its industry-leading research and development capabilities, **Teleperformance has opened a Customer Experience (CX) Lab at its Multilingual Euro Hub location in Lisbon.** Its research addresses specific issues related to changing customer behaviors, preferences and key satisfaction drivers. The new marketing platform will enhance the added value of solutions delivered to clients through proprietary research supporting a multichannel approach in an environment of greater mobility.

FULL-YEAR OUTLOOK

As indicated last May during the release of first-quarter revenue figures and based on the first half results, Teleperformance has raised its full-year 2013 revenue growth target and now expects to report between a 5% and 7% increase on a like-for-like basis.

The Group maintains its initial objective of improving EBITA margin before non-recurring items to between 9.3% and 9.5%.

VIDEO WEBCAST WITH ANALYSTS AND INVESTORS

Date: July 30, 2013 at 6:15 p.m. (CEST)
Presentation materials will also be available on the Teleperformance website (www.teleperformance.com).

INVESTOR CALENDAR

November 7, 2013: Third-quarter 2013 revenue

ABOUT TELEPERFORMANCE GROUP

Teleperformance, the worldwide leader in outsourced multichannel customer experience management, serves companies around the world with customer care, technical support, customer acquisition and debt collection programs. In 2012, it reported consolidated revenue of €2,347 million ($3,028 million, based on €1 = $1.29). The Group operates more than 100,000 computerized workstations, with 138,000 employees across more than 270 contact centers in 46 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, Eurolist-Compartment A, and are eligible for the deferred settlement service. They are included in the following indices: SBF 120, STOXX 600 and France CAC Mid & Small. Symbol: RCF - ISIN: FR0000051807 - Reuters: ROCH.PA - Bloomberg: RCF FP

For further information, please visit the Teleperformance website at **www.teleperformance.com.**

CONTACT

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CONSOLIDATED STATEMENT OF INCOME

€ thousands

	H1 2013	*H1 2013*
Revenues	**1 196 155**	**1 126 913**
Other revenues	5 196	4 634
Personnel	-848 633	-799 940
Share-based payments	-3 984	-6 039
External expenses	-200 724	-193 704
Taxes other than income taxes	-6 775	-6 311
Depreciation and amortization	-49 498	-45 492
Amortization of intangible assets acquired as part of a business combination	-4 288	-4 422
Impairment loss on goodwill	-3 000	
Change in inventories	8	-406
Other operating income	1 742	6 741
Other operating expenses	-3 141	-6 690
Operating profit	**83 058**	**75 284**
Income from cash and cash equivalents	608	725
Interest on financial liabilities	-4 594	-2 719
Net financing costs	**-3 986**	**-1 994**
Other financial income	10 601	23 833
Other financial expenses	-10 692	-26 417
Financial result	**-4 077**	**-4 578**
Profit before taxes	**78 981**	**70 706**
Income tax	-25 751	-24 699
Net profit	**53 230**	**46 007**
Net profit - Group share	**53 090**	**45 290**
Net profit attributable to non-controlling interests	-140	-717
Basic earnings per share (in €)	**0,96**	**0,82**
Diluted earnings per share (in €)	**0,94**	**0,82**

CONSOLIDATED BALANCE SHEET

€ thousands

ASSETS	*June 30, 2013*	*December 31, 2012*
Non-current assets		
Goodwill	696 930	711 918
Other intangible assets	84 183	88 423
Property, plant and equipment	277 634	274 964
Financial assets	26 763	26 981
Deferred tax assets	41 450	36 304
Total non-current assets	1 126 960	1 138 590
Current assets		
Inventories	78	61
Current income tax receivable	35 614	38 516
Accounts receivable - Trade	483 173	479 628
Other current assets	92 738	82 997
Other financial assets	12 154	12 677
Cash and cash equivalents	152 876	170 362
Total current assets	776 633	784 241
Total assets	**1 903 593**	**1 922 831**

EQUITY AND LIABILITIES	*June 30, 2013*	*December 31, 2012*
Shareholder's equity		
Share capital	143 150	141 495
Share premium	575 727	556 181
Translation reserve	-2 321	17 415
Other reserves	669 463	661 257
Equity attributable to owners of the company	1 386 019	1 376 348
Non-controlling interests	2 938	6 079
Total shareholder's equity	1 388 957	1 382 427
Non-current liabilities		
Long-term provisions	7 328	6 639
Financial liabilities	18 556	13 914
Deferred tax liabilities	48 147	47 310
Total non-current liabilities	74 031	67 863
Current liabilities		
Short-term provisions	12 013	14 814
Current income tax	19 325	32 221
Accounts payable - Trade	77 692	80 483
Other current liabilities	259 614	268 573
Other financial liabilities	71 961	76 450
Total current liabilities	440 605	472 541
Total equity and liabilities	**1 903 593**	**1 922 831**

CONSOLIDATED CASH FLOW STATEMENT

€ thousands

Cash flows from operating activities	*H1 2013*	*H1 2012*
Net profit - Group share	53 090	45 290
Net profit attributable to non-controlling interests	140	717
Income tax expense	25 751	24 699
Depreciation and amortization	53 838	49 914
Impairment loss on goodwill	3 000	
Change in provisions	-1 806	-7 509
Share-based payments	3 984	6 039
Unrealized gains and losses on financial instruments	3 032	-2 199
Income tax paid	-39 181	-30 973
Other	-92	205
Internally generated funds from operations	***101 756***	***86 183***
Change in accounts receivable - trade	*-5 854*	*-22 052*
Change in accounts payable - trade	*-12 046*	*2 295*
Changes in other accounts	-15 245	-5 432
Change in working capital requirements relating to operations	***-33 145***	***-25 189***
Net cash flow from operating activities	**68 611**	**60 994**
Cash flows from investing activities		
Acquisition of intangible assets and property, plant and equipment	-57 214	-42 194
Loans and advances made	-48	-4 243
Proceeds relating to disposals of intangible assets and property,plant and equipment	687	679
Proceeds from disposals of other non-current assets	1 162	11
Net cash flow from investing activities	**-55 413**	**-45 747**
Cash flows from financing activities		
Proceeds from the issue of share capital		392
Acquisition of treasury shares	599	199
Changes in ownership interest in controlled entities	-11 164	-4 948
Dividends paid to parent company shareholders		-25 488
Dividends paid to non-controlling interests	-72	-119
Proceeds from new borrowings	6 460	95 345
Repayment of borrowings	-23 752	-88 955
Net cash flow from financing activities	**-27 929**	**-23 574**
Change in cash and cash equivalents	***-14 731***	***-8 327***
Effect of exchange rates on cash held	*3 568*	*1 560*
Net cash at January 1	**160 379**	**147 073**
Net cash at June 30	**149 216**	**140 306**