Teleperformance

Transforming Passion into Excellence

2017 Half-year financial report

Inspiring impact

2017 Half-year financial report

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1.1 Condensed consolidated statement of financial position *(in millions of euros)*

ASSETS	Notes	06.30.2017	12.31.2016
Non-current assets			
Goodwill	D	1,816	1,936
Other intangible assets		1,036	1,172
Property, plant and equipment		436	476
Financial assets		54	55
Deferred tax assets		42	30
Total non-current assets		3,384	3,669
Current assets			
Current income tax receivable		59	46
Accounts receivable - Trade	C.1	797	871
Other current assets	C.1	115	100
Other financial assets		29	24
Cash and cash equivalents	H.4	308	282
Total current assets		1,308	1,323
Total assets		**4,692**	**4,992**

EQUITY AND LIABILITIES	Notes	06.30.2017	12.31.2016
Equity			
Share capital	F.1	144	144
Share premium		575	575
Translation reserve		-47	100
Other reserves		1,144	1,092
Equity attributable to owners of the company		1,816	1,911
Non-controlling interests		11	10
Total shareholder's equity		1,827	1,921
Non-current liabilities			
Provisions	I.1	14	13
Financial liabilities	G.2	1,537	1,688
Deferred tax liabilities		398	444
Total non-current liabilities		1,949	2,145
Current liabilities			
Provisions	I.1	33	36
Current income tax		72	61
Accounts payable - Trade	C.3	127	126
Other current liabilities	C.3	412	442
Other financial liabilities	G.2	272	261
Total current liabilities		916	926
Total equity and liabilities		**4,692**	**4,992**

1.2 Condensed consolidated statement of income (in millions of euros)

	Notes	1st ½ yr 2017	1st ½ yr 2016
Revenues	**C.4**	**2,081**	**1,689**
Other revenues	C.4	4	2
Personnel		-1,377	-1,151
External expenses		-369	-309
Taxes other than income taxes		-12	-9
Depreciation and amortization		-83	-72
Amortization of intang. assets acquired as part of a business combination		-45	-11
Share-based payments	C.2	-8	-8
Operating profit		**191**	**131**
Income from cash and cash equivalents		0	1
Interest on financial liabilities		-32	-12
Net financing costs	**G.1**	**-32**	**-11**
Other financial income (expenses), net	G.1	7	1
Financial result		**-25**	**-10**
Profit before taxes		**166**	**121**
Income tax	E	-49	-34
Net profit		**117**	**87**
Net profit - Group share		**116**	**86**
Net profit (loss) attributable to non-controlling interests		1	1
Basic earnings per share (in €)	**F.3**	**2.01**	**1.51**
Diluted earnings per share (in €)	**F.3**	**1.98**	**1.48**

1.3 Condensed consolidated statement of comprehensive income (in millions of euros)

	1st ½ yr 2017	1st ½ yr 2016
Net profit	**117**	**87**
May not be reclassified to profit or loss in a subsequent period		
May be reclassified to profit or loss in a subsequent period		
Net gain on foreign exchange hedges (before tax)	6	5
Income tax net losses on foreign exchange hedges	-2	-2
Translation differences	-147	-37
Other recognized income and expenses, net	**-143**	**-34**
Total comprehensive income (loss)	**-26**	**53**
Group share	-27	52
Attributable to non-controllling interests	1	1

1.4 *Condensed consolidated statement of cash flows (in millions of euros)*

Cash flows from operating activities	Notes	1st ½ yr 2017	1st ½ yr 2016
Net profit - Group share		116	86
Net profit attributable to non-controlling interests		1	1
Income tax expense		49	34
Interest expense on financial liabilities		29	8
(Income) expenses, net, without effect on cash	**H.1**	137	90
Income tax paid		-81	-43
Internally generated funds from operations		**251**	***176***
Change in working capital	**H.2**	**22**	***20***
Net cash from operating activities		**273**	**196**

Cash flows from investing activities			
Acquisition of intangible assets and property, plant and equipment		-68	-76
Loans made			-1
Proceeds from disposals of intangible assets and property, plant and equipment			1
Repayment of loans			1
Net cash flow from investing activities		**-68**	**-75**

Cash flows from financing activities			
Acquisition/disposal of treasury shares		-1	-17
Change in ownership interest in controlled entities	**G.2**	-39	-33
Dividends paid to parent company shareholders			-68
Financial interests paid/received		-27	-8
Increase in financial liabilities		1,106	537
Repayment of financial liabilities		-1,282	-526
Net cash flow from financing activities		**-243**	**-115**

Change in cash and cash equivalents		***-38***	***6***
Effect of exchange rates on cash held		59	*-10*
Net cash at January 1	**H.4**	**279**	**254**
Net cash at June 30	**H.4**	**300**	**250**

1.5 Condensed consolidated statement of changes in equity *(in millions of euros)*

	Group share							Total
	Share capital	*Share premium*	*Translation reserve*	*Retained earnings*	*Impact of financial hedging instruments*	*Equity - Group share*	*Non-controlling interests*	
At December 31, 2015	**143**	**575**	**69**	**978**	**-7**	**1,758**	**7**	**1,765**
Translation differences from foreign operations			-37			**-37**		**-37**
Net profit				86		**86**	1	**87**
Net gain on cash flow hedges (after tax)					3	**3**		**3**
Total recognized income and expenses	***0***	***0***	***-37***	***86***	***3***	***52***	***1***	***53***
Operations on non-controlling interests				-13		**-13**		**-13**
Fair value of incentive plan share awards				8		**8**		**8**
Treasury shares				-18		**-18**		**-18**
Dividends (€1.20 per share)				-68		**-68**		**-68**
At June 30, 2016	**143**	**575**	**32**	**973**	**-4**	**1,719**	**8**	**1,727**
At December 31, 2016 (restated)*	**144**	**575**	**100**	**1,099**	**-7**	**1,911**	**10**	**1,921**
Translation differences from foreign operations			-147			**-147**		**-147**
Net profit				116		**116**	1	**117**
Net gain on cash flow hedges (after tax)					4	**4**		**4**
Total recognized income and expenses	***0***	***0***	***-147***	***116***	***4***	***-27***	***1***	***-26***
Operations on non-controlling interests				1		**1**		**1**
Fair value of incentive plan share awards				7		**7**		**7**
Treasury shares				-1		**-1**		**-1**
Dividends (€1.30 per share)				-75		**-75**		**-75**
At June 30, 2017	***144***	***575***	***-47***	***1,147***	***-3***	***1,816***	***11***	***1,827***

* see note B

1.6 Notes to the condensed consolidated financial statements *(in millions of euros)*

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Highlights of the first half of 2017

The group has made a bond issue in the amount of €600 million, redeemable in 2024, with a nominal interest rate of 1.50%, in order to complete the refinancing of its acquisition of LanguageLine Solutions LLC.

A. Accounting policies and methods

A.1 Reporting entity

Teleperformance ("the company") is a company domiciled in France.

The condensed consolidated interim financial statements of the company as at and for the six months ended June 30, 2017 include the company and its subsidiaries (together referred to as "the group").

The consolidated financial statements of the group for the year ended December 31, 2016 are available upon request from the company's registered office at 21/25 rue Balzac, 75008 Paris, or from its website (www.teleperformance.com).

All financial information presented in euro has been rounded to the nearest million unless otherwise specified..

A.2 Basis of preparation

These condensed consolidated interim financial statements as at and for the six months ended June 30, 2017 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and are presented in accordance with revised and amended IAS 1. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended December 31, 2016 which are included in the 2016 reference document D.17-0122 that was filed with the AMF (the French Stock Exchange regulator) on March 2, 2017.

The accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors on July 27, 2017.

The following standards, amendments and interpretations:

- Amendments to IAS 12, on the recognition of deferred tax assets for unrealized losses;
- Amendments to IAS 7 on the statement of cash flows

came into force in 2017 but did not have a significant impact on the group's financial statements.

The group has elected not to early apply the following new standards:

- IFRS 15 on revenues;
- IFRS 9 on financial instruments;

These standards will come into effect from January 1, 2018.

The group does not expect a significant impact on its financial statements from the adoption of IFRS 15. The group uses foreign exchange hedging instruments on a regular basis and the adoption of IFRS 9 should result in a reduction of the volatility it experiences in the results of these operations.

The assessment of the impact of the new standard IFRS 16 on leases, which comes into effect on January 1, 2019, is still in progress.

The accounting policies applied by the group in these condensed consolidated interim financial statements are the same as those applied by the group in its consolidated financial statements as at and for the year ended December 31, 2016, with the exception of the new standards, amendments and interpretations set out above, and are in accordance with IFRSs as issued by the IASB and adopted by the European Union.

A.3 Estimates

The preparation of financial statements in conformity with IFRS requires making estimates and assumptions which affect the reported amounts in the financial statements, especially with respect to the following items:

- the depreciation and amortization rates,
- the calculation of losses on doubtful receivables,
- impairment of intangible assets and goodwill,
- the measurement of provisions and retirement benefits,
- the measurement of share-based payment expense,
- provisions for contingencies and expenses,
- the measurement of intangible assets acquired as part of a business combination,
- deferred taxation.

The estimates are based on information available at the time of preparation of the financial statements, and may be revised, in a future period, if circumstances change, or if new information is available. Actual results may differ from these estimates.

B. Consolidation scope

The group made no acquisition or disposal during the first half of.

During the first half of 2017, the group restated its measurement of the fair values of the identifiable assets and liabilities acquired of LanguageLine Solutions LLC. The principal impact concerns the US income tax rate which has been revised.

The following schedule sets out the revised fair values of the identifiable assets and liabilities as of the date of acquisition:

In millions of US$	**Fair values at 09/19/2016**
Non-current assets	
Intangible assets	983
Property, plant and equipment	9
Other non-current assets	4
Total non-current assets	996
Current assets	
Current tax assets	4
Accounts receivable - Trade	77
Other current assets	6
Cash and cash equivalents	10
Total current assets	97
TOTAL ASSETS	1,093
Non-current liabilities	
Provisions	1
Deferred tax liabilities	377
Total non-current liabilities	378
Current liabilities	
Provisions	3
Accounts payable - Trade	8
Other current liabilities	20
Total current liabilities	31
TOTAL LIABILITIES	409
Net assets, acquired 100%	**684**
Acquisition price	**1,538**
Goodwill	**854**

Following changes emerge on certain items of the condensed consolidated statement of financial position as of December 31, 2016:

Consolidated statement of financial position, December 31, 2016 (extract)	***As published***	***Restatements***	***After restatements***
Non-current assets			
Goodwill	1,952	-16	1,936
Intangible assets	1,175	-3	1,172
Property, plant and equipment	476		476
Financial assets	55		55
Deferred tax assets	30		30
Total non-current assets	**3,688**	**-19**	**3,669**
Non-current liabilities			
Provisions	13		13
Financial liabilities	1,688		1,688
Deferred tax liabilities	464	-20	444
Total non-current liabilities	**2,165**	**-20**	**2,145**
Current provisions	34	2	36
Total equity	**1,922**	**-1**	**1,921**

C. Operational activity

C.1 Accounts receivable – Trade and Other current assets

	06/30/2017			*12/31/2016*
	Gross	*Write-downs*	*Net*	*Net*
Accounts receivable - Trade	804	-7	797	871
Other receivables	23	-9	14	12
Taxation recoverable	41		41	37
Advances and receivables on non-current assets	6		6	8
Prepaid expenses	54		54	43
Total	928	-16	912	971

Factoring arrangements :

The group and a number of its subsidiaries use factoring arrangements which comply with criteria for derecognition. The outstanding amounts totaled €51.4 million and €50.5 million at June 30, 2017 and December 31, 2016, respectively.

Under the agreement, the Group retains the credit control and receipt functions in respect of the sold receivables on behalf of the factor.

C.2 Share-based payments

2016 incentive share award plans

The Board of Directors' meetings of April 28 and November 2, 2016 approved free awards in a total amount of 1,065,808 incentive plan shares to group personnel, including company officers, under the authorization given at the Shareholders' General Meeting of April 28, 2016, which included a maximum limit of 2.5% of the share capital of the company at the grant date. The board meeting on April 28, 2016 also approved the setting-up of a long-term incentive plan for company officers, with the free award of 350,000 shares. The two plans have identical conditions for vesting.

The features of these plans are as follows:

	04/28/16 plan	**11/02/16 plan**
Date of board meeting allocating the awards	04/28/2016	11/02/2016
Vesting period	04/28/2016 to 04/28/2019	11/02/2016 to 11/02/2019
Grant date	04/28/2016	11/02/2016
Number of share awards*	1,264,300	151,508
Number of canceled shares	-59,700	-13,264
Number of outstanding share awards at June 30, 2017	1,204,600	138,244
Fair value of each share award at the grant date (taking into account the market condition)	€48.51	€72.40
Fair value of each share award at the grant date (without taking into account the market condition)	€75.20	€88.80
* including for company officers	350,000	0

Vesting of the free share awards is conditional on the beneficiaries remaining with the group until at least the end of the vesting period and on meeting certain performance conditions relating to the financial years between 2016 and 2018.

As of June 30, 2017, it is considered probable that it will be necessary to meet the market condition in order to obtain the highest number of shares and the amount of expense recognized in respect of the plans is therefore based on fair values of €48.51 and €72.40 per share, which results in related expense of €8.4 million in the first half of 2017.

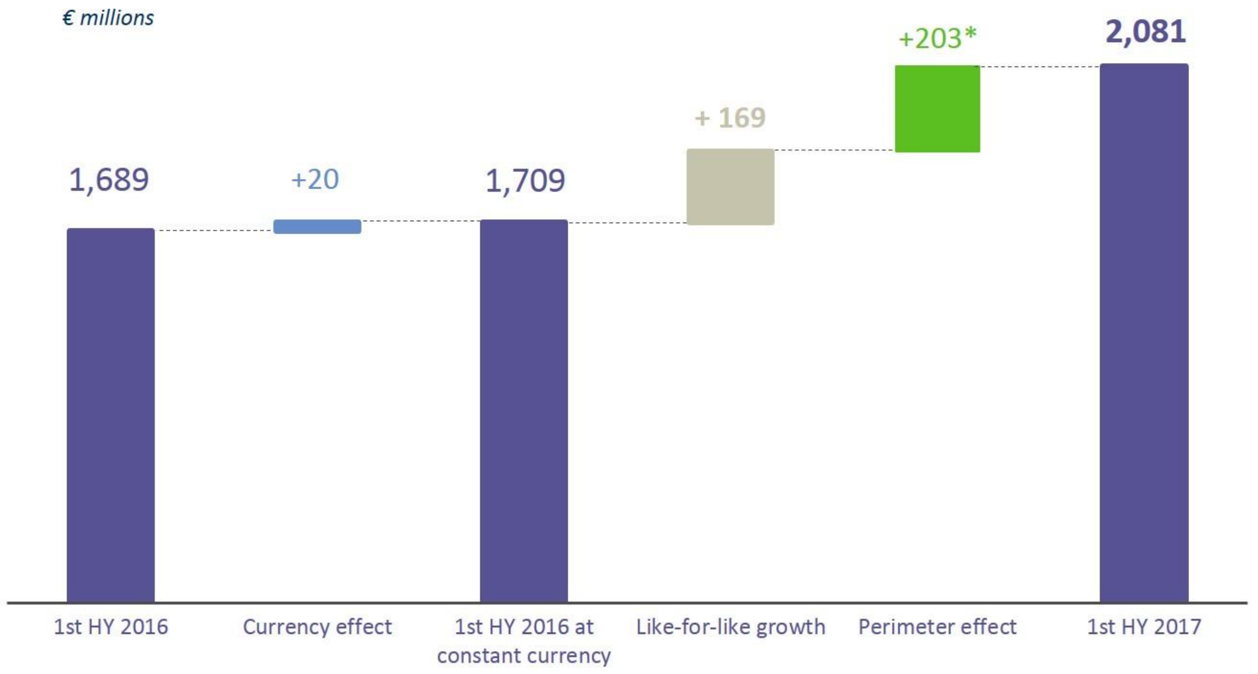
C.3 Accounts payable – Trade and Other current liabilities

	06/30/2017	*12/31/2016*
Accounts payable - Trade	127	126
Other payables	144	158
Taxes payable	58	56
Accruals	180	160
Other operating liabilities	30	68
Total	539	568

Other operating liabilities at June 30, 2017 include an amount of €9.8 million (December 31, 2016: €23.9 million) in respect of the negative fair value of derivative financial instruments used for currency hedging.

C.4 Revenues and other operating revenues

Revenues



** Relates to LanguageLine Solutions LLC, acquired in the second half of 2016.*

Group revenues in the first half of 2017 amounted to €2,081 million, which represents an increase (on the basis of published figures) of 23.2% over the same period in 2016.

At constant currency rates and consolidation scope, the increase is 9.9%.

Other operating revenues

Other operating revenues mainly comprise government grants.

In the first half of 2017, grant income amounted to €4.3 million, compared with €2.2 million in the same period of 2016. It includes French competitiveness and employment tax credits for € 1.4 million in 2017, compared with €1.3 million in the same period of 2016.

C.5 Segment reporting

Segment information is reported in the schedules set out below.

Inter-segment operations are not significant and are not identified separately.

With effect from January 1, 2017, group activity as followed by the chief executive officer is split into the following two segments:

- The « Core Services » segment which includes customer care, technical support and new customer acquisitions and is divided into three principal management regions :
  - English-speaking & APAC, which covers the activities in the following countries: Canada, USA, United Kingdom, South Africa, China, Indonesia, India, Philippines, Singapore, Jamaica, Guyana, Australia and Malaysia;
  - Ibero-LATAM, which covers the activities in the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Mexico, Spain and Portugal;
  - Continental Europe & MEA, which covers the activities in the countries of the EMEA region with the exception of the United Kingdom, Spain and Portugal.
- The « Specialized Services » segment which includes the interpreting services of LanguageLine Solutions, the visa application management services for government departments offered by TLScontact, GN Research's analytics solutions and the accounts receivable credit management services of AllianceOne Receivables Management (ARM) in North America.

As a result of this new operational organization, the 2016 comparable amounts have been restated accordingly:

Six months ended June 30, 2017	**CORE SERVICES**				**SPECIALIZED SERVICES**	**TOTAL**
	English-speaking & APAC	*Ibero-LATAM*	*Continental Europe & MEA*	*Holdings*		
Revenue	**812**	**534**	**406**		**329**	**2,081**
Operating profit	**51**	**53**	**11**	**12**	**64**	**191**
Capital expenditure	25	20	14		9	68
Intangible assets and Property, plant and equipment (carrying amounts)	1,069	294	270	2	1,653	3,288
Depreciation and amortization of non-current assets	48	24	13		43	128

Six months ended June 30, 2017 (proforma)	**CORE SERVICES**				**SPECIALIZED SERVICES**	**TOTAL**
	English-speaking & APAC	*Ibero-LATAM*	*Continental Europe & MEA*	*Holdings*		
Revenue	**784**	**400**	**392**		**113**	**1,689**
Operating profit	**52**	**41**	**6**	**9**	**23**	**131**
Capital expenditure	35	23	12		6	76
Intangible assets and Property, plant and equipment (carrying amounts)	1,130	293	264	4	92	1,783
Depreciation and amortization of non-current assets	45	19	13		6	83

D. Goodwill

There were no changes to the composition of CGUs or groups of CGUs in the first half of 2017.

The group has reviewed its CGUs and groups of CGUs to determine whether there is any indication of impairment.

These reviews did not result in any subsequent requirement to perform impairment tests, and no impairment losses were therefore recognized in the first half of 2017.

E. Income tax

Income tax expense in an interim period is measured using management's best estimate of the expected full-year rate.

The income tax expense in the first half of 2017 amounted to €49.0 million compared with €33.9 million in the first half of 2016. This increase is principally due to the contribution of LanguageLine Solutions LLC which was acquired in the second half of 2016.

F. Equity and earning per share

F.1 Share capital and dividends

The share capital at June 30, 2017 amounted to €144,450,000 represented by 57,780,000 shares with a nominal value of €2.50 each, fully paid up.

The company made a dividend distribution of €75.1 million during July 2017.

F.2 Treasury shares

At June 30, 2017, the group held 20,500 treasury shares, acquired under its liquidity contract, in a carrying amount of €2.3 million which has been deducted from equity.

F.3 Earnings per share

Basic and diluted earnings per share are calculated as follows:

	1st ½ yr 2017	*1st* ½ yr 2016
Net profit - Group share	**116**	**86**
Weighted-average number of shares used to calculate basic earnings per share	57,769,706	56,918,628
Dilutive effect of incentive share awards	935,172	933,421
Weighted-average number of shares used to calculate diluted earnings per share	58,704,878	57,852,049
Basic earnings per share *(in €)*	2.01	1.51
Diluted earnings per share *(in €)*	1.98	1.48

Weighted-average number of shares used to calculate basic earnings per share:

	1st ½ yr 2017	*1st* ½ yr 2016
Number of ordinary shares in issue at January 1	57,780,000	57,201,690
Treasury shares	-10,294	-283,062
Total	57,769,706	56,918,628

G. Financial assets and financial liabilities

G.1 Financial result

	1st ½ yr 2017	*1st* ½ yr 2016
Income from cash and cash equivalents	**0**	**1**
Other interest expense, net	-25	-9
Bank commissions	-7	-3
Gross financing costs	**-32**	**-12**
Net financing costs	-32	-11
Foreign exchange gains	18	17
Foreign exchange losses	-11	-15
Other financial expense	0	-1
Other financial income (expenses), net	7	1
Financial result	-25	-10

G.2 Financial liabilities

Net financial indebtedness: Schedule of debt maturities:

	06/30/2017	Current	Non-current	12/31/2016	Current	Non-current
Loans from financial institutions	613	175	438	1,344	201	1,143
USPP loans	504		504	544		544
Bonds	600		600			
Bond issuance expense/premiums & discounts	-10	-4	-6	-7	-7	
Loan hedging instruments	12	12		17	17	
Bank overdrafts and advances	8	8		3	3	
Dividends payable	75	75		0		
Due to minority shareholders	0			39	39	
Other financial liabilities	7	6	1	9	8	1
Total financial liabilities	1,809	272	1,537	1,949	261	1,688
Marketable securities	43	43		7	7	
Cash and bank	265	265		275	275	
Total cash and cash equivalents	308	308		282	282	
Net debt	**1,501**	**-36**	**1,537**	**1,667**	**-21**	**1,688**

The group made a bond issue in the amount of €600 million, redeemable in 2024, with a nominal interest rate of 1.50%, in order to complete the refinancing of its acquisition of LanguageLine Solutions LLC. The proceeds were used to reimburse the bridging loan of €668 million which had been obtained originally for a duration of 24 months.

The group also made a payment of €38.5 million during the first half of 2017 relating to the balance of deferred consideration due on the acquisition of minority interests.

Covenants

Our principal financial liabilities are subject to financial covenants which were all respected as of June 30, 2017.

G.3 Foreign exchange hedging operations

Revenues and operating expenses of group subsidiaries may be denominated in a currency other than the functional currency of each country concerned. To cover these exchange risks, hedge contracts are entered into between the following principal currencies:

- the US dollar and the Mexican peso ;
- the US dollar and the Colombian peso ;
- the Philippine peso and the US dollar ;
- the Colombian peso, the Turkish pound, the Tunisian dinar and the Euro.

The policy of the group is cover its highly probable forecast commercial transactions denominated in foreign currency, usually up to 12 months ahead. The group uses forward exchange contracts and plain vanilla foreign exchange options.

In addition, hedging arrangements are in place to cover the risk of changes in exchange rates amongst the various currencies managed in the cash pool (particularly the US$ and the Mexican peso) and the euro, and on certain loans between Teleperformance SE and its subsidiaries.

The principal outstanding derivative financial instruments at the reporting date are as follows:

Derivative financial instruments at June 30, 2017 (in thousands)	*Notional amount in currency*	*Notional amount in € at 06/30/2017*	*Fair value in € at 06/30/2017*	*In equity*	*In 2017 profit or loss*
Hedge of forecast transactions					
USD/MXN - 2017	57	50	3	1	2
MXN/USD - 2017	485	24	1	0	1
USD/PHP - 2017	10,895	189	-5	-3	-2
COP/EUR - 2017	23	23	-1	-2	1
COP/USD - 2017	56	53	0	-1	1
USD/INR - 2017	29	25	1	0	1
EUR/TND - 2017	44	16	-1	-1	1
Cross Currency Interest Swap EUR/USD	85	74	-11	0	-11
USD interest caps	400	351	-1	0	-1
Interest rate swap fixed/variable	200	200	0	0	0
€ interest cap	120	120	0	0	0
Hedge of intra-group loans					
in USD	192	169	3	0	3
in PHP	4,293	75	-3	0	-3
Cash pooling hedges					
in GBP	10	11	0	0	0
in MXN	1,150	56	1	0	1
in USD	20	18	0	0	0

Derivative financial instruments at December 31, 2016 (in thousands)	*Notional amount in currency*	*Notional amount in € at 12/31/2016*	*Fair value in € at 12/31/2016*	*In equity*	*In 2016 profit or loss*
Hedge of forecast transactions					
USD/MXN - 2017	10	9	-1		-1
USD/MXN - 2017	45	43	-2	-2	0
MXN/USD - 2016	197	9	-1		-1
MXN/USD - 2017	846	39	-3	-3	0
USD/PHP - 2016	2,395	46	0	0	0
USD/PHP - 2017	11,005	211	-8	-6	-2
COP/EUR - 2017	28	28	0	0	0
COP/USD - 2017	50	47	0	0	0
USD/INR - 2017	25	24	0	0	0
EUR/TND - 2017	52	21	0	0	0
Cross Currency Interest Swap EUR/USD	85	81	-17		-17
USD interest caps	400	380	0		0
Hedge of intra-group loans					
in GBP	6	7	1		1
in USD	140	133	-7		-7
in PHP	4,486	86	1		1
Cash pooling hedges					
in MXN	1,570	72	-1		-1
in USD	45	43	0		0

At June 30, 2017, the net negative fair value of derivative financial instruments amounted to -€14.0 million (December 31, 2016: negative fair value of -€37.7 million) of which €8.3 million is presented in Other financial assets, €9.8 million in Other current liabilities and €12.5 million in Other financial liabilities.

Counterparty credit risk (Credit value adjustment – CVA) and own credit risk (Debt value adjustment – DVA) are taken account of in the fair values of hedging instruments, but the amounts are not significant.

G.4 Carrying amount and fair value of financial assets and financial liabilities by accounting category

The following schedules show the carrying amounts of financial assets and financial liabilities by accounting category as well as their fair values by level of hierarchy :

	Accounting category					Fair value			
06/30/2017	Financial instruments at fair value through profit or loss	Derivative financial instruments	Loans and receivables	Financial liabilities at amortized cost	**Total**	Lev 1	Lev 2	Lev 3	**Total**
Financial instruments: Assets									
I - Financial assets at fair value	43	8	0	0	**51**	43	8	0	**51**
Exchange rate hedging instruments		8			**8**		8		**8**
Marketable securities	43				**43**	43			**43**
II - Financial assets at amortized cost	0	0	1,252	0	**1,252**	265	987	0	**1,252**
Loans			11		**11**		11		**11**
Guarantee deposits			54		**54**		54		**54**
Net asset warranty			10		**10**		10		**10**
Accounts receivable - Trade			797		**797**		797		**797**
Other assets			115		**115**		115		**115**
Cash and bank			265		**265**	265			**265**
Financial instruments: Liabilities									
I - Financial liabilities at fair value	0	22	0	0	22	0	22	0	22
Cross Currency Interest Swap/Interest caps on loan		12			**12**		12		**12**
Exchange rate hedging instruments		10			**10**		10		**10**
II - Financial liabilities at amortized cost	0	0	8	2,328	**2,336**	8	2,328	0	**2,336**
Loans from financial institutions, USPP and Bonds				1,707	**1,707**		1,707		**1,707**
Finance lease liabilities				2	**2**		2		**2**
Other borrowings and financial liabilities				80	**80**		80		**80**
Bank overdrafts and advances			8		**8**	8			**8**
Accounts payable - Trade				127	**127**		127		**127**
Other liabilities				412	**412**		412		**412**

12/31/2016	Accounting category					Fair value			
	Financial instruments at fair value through profit or loss	Derivative financial instruments	Loans and receivables	Financial liabilities at amortized cost	**Total**	Lev 1	Lev 2	Lev 3	**Total**
Financial instruments: Assets									
I - Financial assets at fair value	7	3	0	0	**10**	7	3	0	**10**
Exchange rate hedging instruments		3			**3**		3		**3**
Marketable securities	7				**7**	7			**7**
II - Financial assets at amortized cost	0	0	1,322	0	**1,322**	275	1,047	0	**1,322**
Loans			12		**12**		12		**12**
Guarantee deposits			53		**53**		53		**53**
Net asset warranty			11		**11**		11		**11**
Accounts receivable - Trade			871		**871**		871		**871**
Other assets			100		**100**		100		**100**
Cash and bank			275		**275**	275			**275**
Financial instruments: Liabilities									
I - Financial liabilities at fair value	0	41	0	0	41	0	41	0	41
Cross Currency Interest Swap on loan		17			**17**		17		**17**
Exchange rate hedging instruments		24			**24**		24		**24**
II - Financial liabilities at amortized cost	0	0	3	2,458	**2,461**	3	2,458	0	**2,461**
Loans from financial institutions and the USPP				1,881	**1,881**		1,881		**1,881**
Finance lease liabilities				2	**2**		2		**2**
Other borrowings and financial liabilities				7	**7**		7		**7**
Bank overdrafts and advances			3		**3**	3			**3**
Accounts payable - Trade				126	**126**		126		**126**
Other liabilities				442	**442**		442		**442**

No assets or liabilities measured at fair value have been transferred between different levels of the fair value hierarchy.

G.5 Foreign currencies

Principal currencies	*Country*	*Average rate* 1st half year 2017	*Closing rate* 06/30/2017	*Average rate* 1st half year 2016	*Closing rate* 12/31/2016
Europe					
£ sterling	United Kingdom	0.86	0.88	0.78	0.86
Americas and Asia					
Brazilian real	Brazil	3.44	3.76	4.14	3.43
Colombian peso	Colombia	3,161.00	3,474.00	3,484.00	3,159.00
US dollar	USA	1.08	1.14	1.12	1.05
Mexican peso	Mexico	21.03	20.58	20.17	21.77
Philippine peso	Philippines	54.05	57.58	52.32	52.27

H. Cash flows

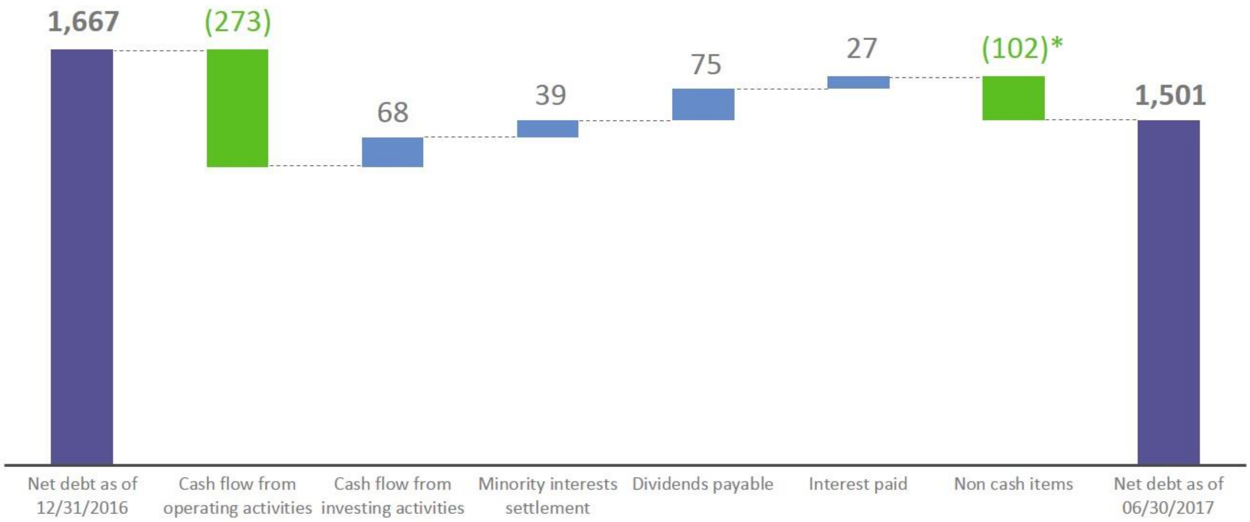
H.1 (Income) expenses, net, without effect on cash

	1st half year 2017	*1st half year 2016*
Depreciation, amortization and impairment losses on non-current assets	128	83
Change in provisions	0	1
Unrealized gains and losses on financial instruments	2	-2
Share-based payments	7	8
Total	137	90

H.2 Change in working capital

	1st half year 2017	*1st half year 2016*
Accounts receivable - Trade	25	10
Accounts payable - Trade	-11	14
Other	8	-4
Total	22	20

H.3 Reconciliation of the change in net debt with cash flows



** Including effect of exchange rate €60 million*

H.4 Analysis of net cash presented in the condensed consolidated statement of cash flows

	06/30/2017	12/31/2016
Bank overdrafts and advances	-8	-3
Marketable securities	43	7
Cash and bank	265	275
Net cash	300	279

I. Provisions, litigation, commitments and other contractual obligations

I.1 Change in provisions

	12/31/2016	*Increases*	*Releases*		*Translation*	*Other*	*06/30/2017*
			Utilized	*Not utilized*	*differences*		
Non-current							
Provisions for retirement benefits	12	1					13
Provisions for risks	1						1
Total	13	1	0	0	0	0	14
Current							
Provisions for risks	34	2	-2	-1	-2		31
Provisions for other expenses	2						2
Total	36	2	-2	-1	-2	0	33
TOTAL	**49**	**3**	**-2**	**-1**	**-2**	**0**	**47**

Provisions for risks at June 30, 2017, include a contingent liability of €10.8 million (US$12.4 million), in respect of risks identified during the Aegis USA Inc. acquisition process in 2014, including tax risks of €10.3 million. An equivalent asset of €10.3 million has been recognized, as these risks are covered by a contractual warranty.

Other provisions for risks at June 30, 2017 include other risks in a total amount of €20.1 million, of which €8.2 million relates to personnel-related risks, principally concerning lawsuits with former employees, particularly in Argentina and France.

As legal proceedings are ongoing for most of these disputes, their settlement date is uncertain.

I.2 Warranties and other contractual obligations

The group has neither given nor received any significant new warranties during the first half of 2017.

J. Related parties

The group has no knowledge of any significant transactions with related parties during the first half of 2017.

K. Events after the reporting date

None

2. 2017 half year management report

2.1 Group revenue in the first half year 2017

A. Business activity over the last half year

Consolidated revenue amounted to €2,081 million in the first half of 2017, representing a year-on-year increase of + 9.9% on a like-for-like basis. Revenue growth was + 23.2% as reported, essentially due to the €204 million contribution from the consolidation of LanguageLine Solutions as from September 19, 2016. Reported revenue was also lifted by the €20 million positive currency effect, stemming mainly from the increase in the Brazilian real, Colombian peso and US dollar against the euro.

The table below shows the change in revenues generated by activity:

(€ millions)	**1st half year 2017**	**1st half year 2016**	***variation***	
			based on reported figures	*constant exchange rate & scope of consolidation*
CORE SERVICES	**1,752**	**1,576**	***11.2%***	***9.8%***
English-speaking market & Asia-Pacific	812	784	*3.7%*	*3.7%*
Ibero-LATAM	534	400	*33.5%*	*25.1%*
Continental Europe & MEA	406	392	*3.4%*	*5.2%*
SPECIALIZED SERVICES	**329**	**113**	***191.4%***	***11.4%***
Total	**2,081**	**1,689**	***23.2%***	***9.9%***

- **Core services**

Core Services revenue amounted to €1,752 million in the first half of 2017, a gain of + 11.2% as reported and of + 9.8% like-for-like. The currency effect was positive for the period, primarily reflecting the increase in the US dollar, Brazilian real and Colombian peso against the euro.

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

First-half revenue for the region climbed + 3.7% on both a like-for-like and reported basis compared to the same period in 2016. The positive impacts of a stronger US dollar were largely offset by the negative impacts of sterling's weakness against the euro.

Teleperformance continued to diversify its client portfolio in the region over the first half of the year. The fastest growing client segments in the United States were e-distribution and e-transport services, along with healthcare. Consumer goods and consumer electronics also contributed to regional revenue growth. In this way, over the period, the Group continued to reduce its dependence on pay-TV and other telecommunications segments, which accounted for less than 30% of the regional revenue stream in 2016.

Given the phase-out of unprofitable contracts in the United Kingdom, which primarily impacted revenue growth in the English-speaking market & Asia-Pacific region in late 2016, business in the United Kingdom was still down in the first half.

In Asia-Pacific, business continued to benefit from the significant investments made in the region since 2016 and remained upbeat, particularly in India, with North American and regional multinationals in a wide range of buoyant client industries, such as consumer electronics and e-tailing. The positive impacts of this good momentum were offset in the first half by a slowdown in offshore operations serving the North American market in the Philippines, to the benefits of Mexico (Ibero-LATAM region), which is currently enjoying a more favorable currency and geopolitical environment.

- **Ibero-LATAM**

Business in the Ibero-LATAM region saw exceptionally strong growth in first-half 2017, with year-on-year gains of + 25.1% like-for-like and of + 33.5% as reported, lifting revenue to €534 million for the period. Exchange rates had a positive impact on revenue, mainly reflecting gains in the Brazilian real and Colombian peso against the euro.

The Group continued to leverage the same growth drivers in the second quarter as in the beginning of the year, reflecting the significant investments made during 2016 and successful diversification in a number of different sectors. Operations in Portugal, Colombia and Brazil along with offshore activities in the region, including in Mexico, delivered the highest levels of growth. Offshore activities have become particularly attractive as local currencies have weakened.

Operations in Brazil remain upbeat despite the persistently uncertain economic and political environment, thanks to recent new contract wins with large US companies in various sectors, and particularly the new economy.

Business in Portugal once again contributed to regional growth, still powered by the success of the Lisbon-based multilingual platforms with large international accounts. E-retailing and e-services were among the fastest growing customer segments.

- **Continental Europe & MEA**

In the Continental Europe & MEA region, first-half 2017 revenue rose by + 5.2% like-for-like and by + 3.4% as reported, ending the period at €406 million. The negative currency effects stemmed mainly from the fall in the Egyptian pound against the euro.

The healthy momentum seen in the three months to March 31, 2017 continued into the second quarter, which posted like-for-like growth of + 4.9%. The Group's growth drivers remained unchanged. Teleperformance continued to enjoy brisk sales momentum, particularly with global clients, in Eastern Europe (Russia, Poland, Czech Republic and Romania) and in most Mediterranean countries: in Greece where, as in Lisbon, the Group is benefiting from the success of its multilingual platforms; in Egypt, especially in the Internet and consumer electronics segment; in Albania, which serves the Italian market; and in Turkey.

In Northern Europe, the Group's operations in Scandinavia returned to firm growth in good profitability conditions, whereas the market environment in France, the Netherlands and Germany remained subdued.

The fastest growing markets in the region are consumer electronics, financial services, travel agencies and consumer goods. E-services accounted for a good number of the recently awarded contracts.

- **Specialized services**

Revenue from Specialized Services rose sharply to €329 million in the first half of 2017 from €113 million one year earlier, due to the consolidation of LanguageLine Solutions as from September 19, 2016. On a like-for-like basis, revenue was up + 11.4% for the period.

Growth in Specialized Services was primarily attributable to the fast-paced expansion at TLScontact, led by an increase in visa applications and by brisk sales of add-on services.

LanguageLine Solutions reported satisfactory pro forma revenue growth in the first half, in line with Group expectations. Given the date on which LanguageLine Solutions was acquired, like-for-like growth for the Group in the first half of 2017 excludes growth reported by LanguageLine Solutions.

The LanguageLine Solutions and TLScontact businesses account for more than 80% of annual pro forma Specialized Services revenue.

B. First half 2017 result

EBITA before non-recurring items came to €245 million for the first half, up + 62.6% from €150 million in the first-half 2016. EBITA margin before non-recurring items widened further to 11.8% from 8.9% in the six months to June 30, 2016.

(€ millions)	1st Half year 2017	1st Half year 2016
Operating profit	**191**	**131**
Share-based payments	9	8
Acquisition of intang. Assets acquired as part of business combination	45	11
EBITA before non-recurring items	**245**	**150**

EBITA before non-recurring items by activity – excluding holding companies

(€ millions)	**1st half year 2017**	**1st half year 2016**
English-speaking market & Asia-Pacific	60	60
% or revenue	**7.4%**	**7.7%**
Ibero-LATAM	55	43
% of revenue	**10.3%**	**10.7%**
Continentale Europe & MEA	11	6
% revenue	**2.7%**	**1.6%**
Specialized activities	98	24
% or revenue	**29.7%**	**21.0%**
Total - including holding companies	245	150
% of revenue	**11.8%**	**8.9%**

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

The English-speaking market and Asia-Pacific region achieved EBITA before non-recurring items of €60 million in the first half of 2017, on a par with the prior-year period. EBITA margin before non-recurring items came to 7.4% versus 7.7% in first-half 2016. This primarily reflects:

  - An unfavorable geographic mix effect on margins owing to significant growth in domestic business in the United States, whereas offshore operations slowed in the Philippines in favor of offshore activities in Mexico (Ibero-LATAM region), which has become particularly attractive thanks to local currency trends and a more secure geopolitical environment ;
  - Significant investments made in the region over the past few half-year periods and the resulting gradual ramp-up of facilities opened in Australia, China and, more recently, Malaysia.

- **Ibero-LATAM**

EBITA before non-recurring items in the Ibero-LATAM region amounted to €55 million in the first half of 2017, compared to €43 million in the same period in 2016.

EBITA margin before non-recurring items remained high, representing 10.3% versus 10.7% in the first half of 2016. Growth in operations in Portugal and Colombia was particularly robust and profitable over the period.

The region benefited once again from currency fluctuations that continue to favor offshore business in Mexico serving the US market, but to a lesser extent than in first-half 2016.

- **Continental Europe & MEA**

In the Continental Europe & MEA region, Teleperformance remained on the steady upward trend in profitability that began in 2012. EBITA before non-recurring items for the region came to €11 million, giving a margin of 2.7% versus 1.6% in the prior-year period. Positive factors contributing to this growth included:

- Vibrant business growth with global clients and satisfactory cost discipline in a number of countries in Southern and Eastern Europe, such as Greece with its highly efficient multilingual solutions, and Russia;
- Ongoing improvement in profitability in certain countries, such as the Nordics, and to a lesser extent Italy with the development of its offshore solutions in Albania

- **Specialized services**

In Specialized Services, EBITA before non-recurring items amounted to €98 million in the first half of 2017, compared to €24 million in first-half 2016. EBITA margin before non-recurring items stood at 29.7% versus 21.0% in the prior-year period.

These figures primarily reflect the consolidation of LanguageLine Solutions as from September 19, 2016. The US company contributed €41 million to consolidated EBITA before non-recurring items in full-year 2016, for a margin of 36.3%.

Consolidated operating profit (EBIT) amounted to €191 million, up + 45.8% from €131 million in first-half 2016.

First-half 2017 EBIT reflects the amortization of intangible assets in an amount of €45 million, up sharply on the prior-year period following the acquisition of LanguageLine Solutions, and an €8 million accounting expense on performance share plans.

The financial result represented a net expense of €25 million versus €10 million in first-half 2016, reflecting the cost of debt incurred in connection with the LanguageLine Solutions acquisition.

Income tax expense amounted to €49 million. The Group's average tax rate was 29.5% compared to 28.0% in first-half 2016, owing to the increasing contribution of the Group's North American operations to its results.

2.2 Cash flow and capital structure

A. Consolidated financial structure as of June 30, 2017

Long-term capital

(€ millions)	**06/30/2017**	**12/31/2016**
Shareholders' equity	1,827	1,921
Non-current financial liabilities	1,537	1,688
Total non-current capital	**3,364**	**3,609**

Short-term capital

(€ millions)	**06/30/2017**	**12/31/2016**
Current financial liabilities	272	261
Cash and cash equivalent	308	282
Cash, net of current liabilities	**36**	**21**

B. Cash flow

Source and amount of cash flows

(€ millions)	**06/30/2017**	**06/30/2016**
Internally generated funds from operations before changes in working capital requirements	251	176
Changes in working capital requirements	22	20
Cash flow from operating activitites	**273**	**196**
Investment and capital expenditure	-68	-75
Repayment of loans	0	0
Cash flow from investing activities	**-68**	**-75**
Proceeds from share capital increases/Treasury shares	-1	-17
Change in ownership interest in controlled activities	-39	-33
Dividends paid	0	-68
Net change in financial liabilities	-176	11
Interest paid on financial liabilities	-27	-8
Cash flow from financing activities	**-243**	**-115**
Change in cash and cash equivalent	**-38**	**6**

Cash flow after tax and interest paid rose to €224 million from €168 million in first-half 2016. Change in consolidated working capital requirement was an inflow of €22 million, on a par with the prior-year period. This good performance reflects, in particular, the success of the policy deployed to improve the group's liquidity.

Net capital expenditure amounted to €68 million, or 3.3% of revenue, versus €75 million and 4.4% in first-half 2016. The group continued to create or expand contact centers to support clients in all markets, while maintaining discipline in the choice of capital expenditure.

In all, net free cash flow increased sharply, to €178 million from €113 million in the prior-year period.

Minority interests' transactions, which totaled €40 million in the first half, mainly included TLScontact final earn-out.

After considering a dividend of €75 million paid in early July, net debt stood at €1,501 million at June 30, 2017. The group's financial structure therefore remains very solid with equity of €1,827 million at end June.

2.3 Related parties

The group has no knowledge of any significant transactions with related parties during the first half of 2017.

2.4 Event after the reporting date

None.

2.5 Trend and prospects

A. Risks and uncertainties

The group is exposed to the risks which were described in the Reference document for the year ended December 31, 2016; which was subject to visa by the AMF.

The group's management team has not anticipated any significant changes in such risks and uncertainties or new risk and uncertainty elements for the second half of 2017.

B. 2017 Outlook

In light of the encouraging first-half year results, Teleperformance confirms and refines its full year guidance, targeting:

- Like-for-like revenue growth of at least + 7% ;
- An EBITA margin before non-recurring items above 13 %.

In addition, Teleperformance expects to maintain a high level of net free cash flow in 2017.

3. Attestation of the person responsible for the condensed consolidated interim financial statements and management report

« I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the first half of 2017 have been prepared in accordance with applicable accounting principles and give a true and fair view of the assets and liabilities, financial situation and results of the Group. I further declare that the half year Management Report gives a true and fair view of the material events occurring during the first six months of the financial year and of their impact on the half year financial statements, of the principal related party transactions, and of the principal risks and uncertainties for the remaining six months of 2017 ».

Paris, July 27, 2017

Paulo César Salles Vasques

Chief Executive Officer

4. Statutory auditors' review report on 2017 Half-yearly Financial information

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English speaking users. This report includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the six-month period ended June 30, 2017

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Teleperformance SE, for the period from January 1st, 2017 to June 30, 2017 ;

- the verification of the information presented in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II – Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense	Neuilly sur seine
July 27, 2017	July 27, 2017
KPMG Audit IS	Deloitte & Associés
Jacques Pierre	Philippe Battisti
Partner	Partner

Teleperformance

Transforming Passion into Excellence

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