2019 Half-Year Financial Report

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WARNING

The accounting policies applied in the condensed consolidated interim financial statements as of June 30th, 2019 are the same as those at June 30th, 2018, with the exception of IFRS 16 concerning lease accounting which has been applied from January 1st, 2019.

As the Group has elected to apply IFRS 16 using the modified retrospective approach, the 2018 comparative amounts have not been restated.

The issues posed by the standard and details of the transition to IFRS 16 are disclosed in note 1.4 *IFRS 16 Leases.*

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

ASSETS	Notes	06.30.2019	12.31.2018
Non-current assets			
Goodwill	4	2,325	2,304
Other intangible assets		1,187	1,231
Right-of-use of leased assets	3.1	658	
Other property, plant and equipment		506	497
Financial assets		56	59
Deferred tax assets		16	35
Total non-current assets		4,748	4,126
Current assets			
Current income tax receivable		177	175
Accounts receivable - Trade	3.2	1,079	1,048
Other current assets	3.2	181	147
Other financial assets		64	56
Cash and cash equivalents	8.5	408	336
Total current assets		1,909	1,762
TOTAL ASSETS		**6,657**	**5,888**

EQUITY AND LIABILITIES	Notes	06.30.2019	12.31.2018
Equity			
Share capital	6.1	146	144
Share premium		575	575
Translation reserve		-14	-58
Other reserves		1,577	1,556
Equity attributable to owners of the Company		2,284	2,217
Non-controlling interests		1	8
Total equity		2,285	2,225
Non-current liabilities			
Provisions	9.1	24	22
Lease liabilities	3.1	537	
Financial liabilities	7.2	2,173	2,224
Deferred tax liabilities		289	306
Total non-current liabilities		3,023	2,552
Current liabilities			
Provisions	9.1	35	90
Current income tax	9.1	160	130
Accounts payable - Trade	3.4	163	147
Other current liabilities	3.4	518	531
Lease liabilities	3.1	151	
Financial liabilities	7.2	322	213
Total current liabilities		1,349	1,111
TOTAL EQUITY AND LIABILITIES		**6,657**	**5,888**

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

	Notes	*1st ½ yr 2019*	*1st ½ yr 2018*
Revenues	**3.5**	**2,564**	**2,070**
Other revenues	3.5	2	3
Personnel		-1,696	-1,387
External expenses		-353	-353
Taxes other than income taxes		-12	-10
Depreciation and amortization		-93	-77
Amortization of intangible assets acquired as part of a business combination		-54	-41
Depreciation of right-of-use of leased assets		-85	
Impairment loss on goodwill		-2	
Share-based payments	3.3	-11	-12
Other operating income and expenses		-5	-3
Operating profit		**255**	**190**
Income from cash and cash equivalents		2	2
Interest on financial liabilities		-28	-27
Interest on lease liabilities		-21	
Net financing costs	**7.1**	**-47**	**-25**
Other financial income and expenses	7.1	0	6
Financial result		**-47**	**-19**
Profit before taxes		**208**	**171**
Income tax	5	-63	-48
Net profit		**145**	**123**
Net profit - Group share		**145**	**123**
Net profit attributable to non-controlling interests			
Earnings per share (in euros)	**6.3**	**2.51**	**2.14**
Diluted earnings per share (in euros)	**6.3**	**2.49**	**2.10**

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

	1st ½ yr 2019	*1st ½ yr 2018*
NET PROFIT	**145**	**123**
May not be reclassified to profit or loss in a subsequent period		
May be reclassified to profit or loss in a subsequent period		
Gains (losses) on foreign exchange hedges (before tax)	9	-10
Income tax on gains (losses) on foreign exchange hedges	-3	3
Translation differences	44	31
Other recognized income and expenses	**50**	**24**
TOTAL COMPREHENSIVE INCOME	**195**	**147**
Group share	195	147
Attributable to non-controlling interests	0	0

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

Cash flows from operating activities	Notes	*1st ½ yr 2019*	*1st ½ yr 2018*
Net profit - Group share		145	123
Net profit attributable to non-controlling interests			
Income tax expense (credit)		63	48
Net financial interest expense		23	16
Interest expense on lease liabilities		21	
Non-cash items of income and expense	**8.1**	242	123
Income tax paid		-87	-81
Internally generated funds from operations		**407**	***229***
Change in working capital requirements	**8.2**	**-13**	***28***
Net cash flow from operating activities		**394**	**257**
Cash flows from investing activities			
Acquisition of intangible assets and property, plant and equipment		-101	-82
Proceeds from disposals of intangible assets and property, plant and equipment		0	1
Net cash flow from investing activities		**-101**	**-81**
Cash flows from financing activities			
Acquisition net of disposal of treasury shares		-9	3
Change in ownership interest in controlled entities	**7.2**	-24	-14
Dividends paid to parent company shareholders		-111	-107
Dividends paid to minority shareholders			-5
Financial interest paid/received		-20	-20
Lease payments	**8.3**	-101	
Increase in financial liabilities		899	798
Repayment of financial liabilities		-845	-758
Net cash flow from financing activities		**-211**	**-103**
Change in cash and cash equivalents		***82***	***73***
Effect of exchange rates on cash held		-14	*-19*
Net cash at January 1st	**8.5**	**333**	**283**
Net cash at June 30th	**8.5**	**401**	**337**

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

	Attributable to owners of the Company							*Total*
	Share capital	*Share premium*	*Translation reserve*	*Retained earnings*	*Impact of financial hedging instruments*	*Equity attributable to owners of the Company*	*Non-controlling interests*	
At December 31st, 2017, as published	**144**	**575**	**-165**	**1,356**	**0**	**1,910**	**12**	**1,922**
At December 31st, 2017, as restated*	**144**	**575**	**-165**	**1,359**	**-3**	**1,910**	**12**	**1,922**
Translation differences from foreign operations			31			**31**		**31**
Net profit				123		**123**		**123**
Net gains on foreign exchange hedges (after tax)					-7	**-7**		**-7**
Total recognized income and expenses	***0***	***0***	***31***	***123***	***-7***	***147***	***0***	***147***
Operations on non-controlling interests				-13		**-13**		**-13**
Fair value of incentive plan share awards				11		**11**		**11**
Treasury shares				3		**3**		**3**
Dividends (€1.85 per share)				-107		**-107**	-5	**-112**
At June 30th, 2018	**144**	**575**	**-134**	**1,376**	**-10**	**1,951**	**7**	**1,958**
At December 31st, 2018, as published	**144**	**575**	**-58**	**1,547**	**9**	**2,217**	**8**	**2,225**
At December 31st, 2018, as restated**	**144**	**575**	**-58**	**1,543**	**9**	**2,213**	**8**	**2,221**
Translation differences from foreign operations			44			**44**		**44**
Net profit				145		**145**		**145**
Net gains on foreign exchange hedges (after tax)					6	**6**		**6**
Total recognized income and expenses	***0***	***0***	***44***	***145***	***6***	***195***	***0***	***195***
Operations on non-controlling interests				-17		**-17**	-7	**-24**
Fair value of incentive plan share awards	2			12		**14**		**14**
Treasury shares				-9		**-9**		**-9**
Dividends (€1.90 per share)				-111		**-111**		**-111**
Other				-1		**-1**		**-1**
At June 30th, 2019	**146**	**575**	**-14**	**1,562**	**15**	**2,284**	**1**	**2,285**

* Restated following the adoption of IFRS 9

** Restated following the adoption of IFRIC 23

1.6 Notes to the condensed consolidated financial statements

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1. Accounting policies and methods

1.1 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 30th, 2019 include the company and its subsidiaries (together referred to as "the Group").

The consolidated financial statements of the Group for the year ended December 31st, 2018 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.

1.2 Basis of preparation

These condensed consolidated interim financial statements as at and for the six months ended June 30th, 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting". 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 31st, 2018 which are included in the 2018 registration document D.19-0093 that was filed with the AMF (the French Stock Exchange regulator) on March 4th, 2019.

The accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements, with the exception of the adoption of IFRS 16 with effect as of January 1st, 2019 using the modified retrospective approach.

These condensed consolidated interim financial statements were approved by the Board of Directors on July 25th, 2019.

1.3 Change in accounting policies

New standards and interpretations applicable from January 1st, 2019

The Group has adopted IFRS 16 Leases with effect as of January 1st, 2019 (the date of "transition to IFRS 16"). The issues posed by the standard and details of the transition to IFRS 16 are disclosed in note 1.4 *IFRS 16 Leases*.

The mandatory application of IFRIC 23, which clarifies the requirements of IAS 12 in respect of the measurement and recognition of uncertainty over income tax treatments, did not have a significant impact on the Group's consolidated financial statements. On its adoption, equity as of December 31st, 2018 was retrospectively restated in an amount of €3.6 million.

The following amendments:

- Annual improvements to IFRS, 2015-2017 cycle, which modify IFRS 3, IFRS 11, IAS 12 and IAS 23;
- Amendments to IFRS 9 concerning prepayment features with negative compensation;
- Amendments to IAS 19 concerning a plan amendment, curtailment or settlement;

came into force with effect from January 1st, 2019 but did not have a significant impact on the Group's financial statements.

Standards and interpretations adopted by the European Union but not yet applicable as of June 30th, 2019

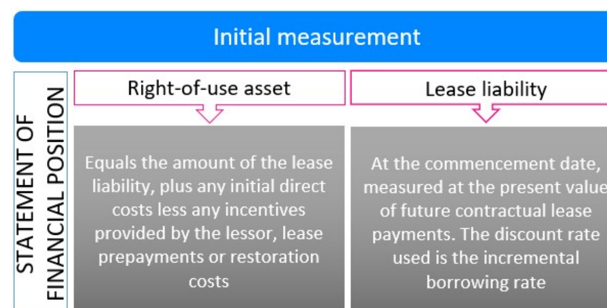
None.

1.4 IFRS 16 Leases

Accounting policies

❖ *Initial measurement*

Under IFRS 16, all lease contracts are now recognized on the statement of financial position, measured by discounting the future contractual lease payments to present value. This results in the recognition of a new specific non-current asset and financial liability. At the commencement date, the asset and the liability are of the same amount, except in certain specific cases, such as lease prepayments, restoration costs etc.



❖ *Over the lease term*

The right-of-use asset is depreciated on a straight-line basis over the expected lease term.

The lease liability is increased by the interest expense of the period and reduced by the amount of lease payments.

At the end of the lease term, the asset will be fully depreciated and the liability paid off.

In consequence, the presentation of lease expense in the statement of income is significantly modified, as follows:

STATEMENT OF INCOME	Prior to January 1st, 2019 (IAS 17)	From January 1st, 2019 (IFRS 16)
	Operating leases	Lease contracts
	Lease expense	✗
	EBITDA	
	✗	*Depreciation of right-of-use asset*
	OPERATING PROFIT	
	✗	*Interest expense on lease liabilities*
	NET PROFIT	

Concerning the condensed consolidated statement of cash flows, cash outflows in respect of lease contracts are now classified as cash flows from financing activities, whereas they were previously shown as cash flows from operating activities (until December 31st, 2018).

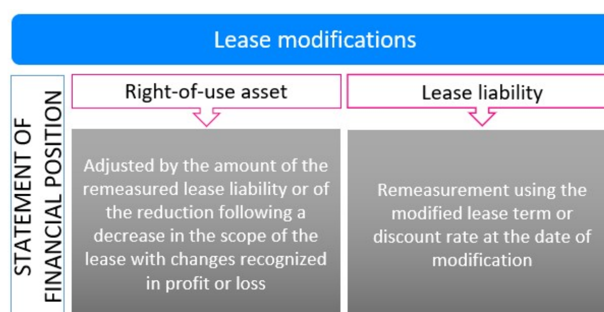
During the lease term, it may become necessary to adjust the carrying amount of the right-of-use asset and the amount of the lease liability, principally in the following cases:

- change in the assumptions relating to the lease term, or
- change in the amount of future lease payments linked to an index or rate.

❖ *Lease modifications*

When a lease contract is modified for an increase in its scope at a stand-alone price for the increase, the modification is accounted for as a separate lease.

In all other contract modifications, the lease liability is remeasured and the right-of-use asset is adjusted as shown in the following table:



Specific application features within the Group

As lessee, the Group is party to lease contracts in respect of a large number of assets, almost exclusively of real estate. The Group leases most of the premises in which its contact centers are installed. Generally, these leases take the form of a commercial lease, some of whose terms may be a function of the relevant laws applying in each of the countries in which it operates, particularly in respect of lease terms. Certain leases may include a renewal option and/or additional lease payments based on changes in local price indices.

The Group has elected not to apply the lease accounting model (i.e. recognition of right-of-use assets and lease liabilities) for low-value assets (less than €5,000) or short-term leases (less than 12 months). The related lease payments are expensed on a straight-line basis over the lease term.

From the date of transition to IFRS 16, right-of-use assets are presented under the heading “Right-of-use of leased assets”. Lease liabilities are presented under the heading “Lease liabilities”.

As the Group has elected to apply IFRS 16 using the modified retrospective approach, the 2018 comparative amounts have not been restated and continue to be presented in accordance with IAS 17 and its related interpretations.

The impact of the application of the standard on the principal sub-totals in the statement of financial position and the statement of income are set out in note 3.1 *Leases*.

Transition disclosures

On transition to IFRS 16, all current leases previously accounted for as operating leases under IAS 17* were subject to measurement prior to their recognition under IFRS 16.

Liabilities were measured at the present value of future lease payments, discounted using the marginal borrowing rate. This rate is specific to each contract and was determined as of January 1st, 2019 for each country

**Excluding low-value and short-term leases*

over the residual lease term of all current leases. The resulting weighted average rate was 6.9%. This rate reflects our world-wide presence, particularly in the USA, India and the Philippines.
The right-of-use assets were measured at the same amount as the related lease liabilities, adjusted for any lease prepayments or liabilities previously resulting from the recognition of operating lease expense on the straight-line basis.

In most cases, the lease term is represented by the length of time between the date of initial application and the end of the lease term. Where a renewal option exists, the Group has used reasonable judgement in determining the lease term. This can impact the amounts of the lease liabilities and of the right-of-use of leased assets recognized in the statement of financial position.

The reconciliation between the amount of lease liabilities recognized on transition to IFRS 16 and the amount of operating lease commitments disclosed in the notes to the consolidated financial statements for the year ended December 31st, 2018 is as follows:

In millions of euros

Operating lease commitments at December 31st, 2018	**847**
Effect of timing differences between inception and commencement	-37
Renewal options not included in commitments	28
Short-term leases not included in lease liabilities	-5
Other	-1
Lease liabilities before discounting	**832**
Discounting to present value	-146
Lease liabilities at January 1st, 2019 after initial application	**686**

1.5 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:

- impairment of intangible assets and goodwill;
- the measurement of share-based payment expense;
- provisions for contingencies and expenses;
- the measurement of intangible assets and of liabilities acquired as part of a business combination;
- the effective tax rate.

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.

2. Consolidation scope

The Group made no acquisition or disposal during the first half of 2019.

On October 4th, 2018, the Group acquired Intelenet, a major provider of high added-value services and digital transformation solutions. Intelenet has been fully consolidated since October 1st, 2018 and was therefore not included in the consolidation scope as of June 30th, 2018. To date, the Group has not identified any adjustments relating to the measurement of the assets and liabilities acquired, and to the related amount of goodwill, as disclosed in the consolidated financial statements as of December 31st, 2018.

3. Operational activity

3.1 Leases

The carrying amount of right-of-use of leased assets at the reporting date was €646.3 million, and may be analyzed as follows:

	Cost	*Accumulated depreciation*	*Carrying amount*
At December 31st, 2018	**0**	**0**	**0**
Adoption of IFRS 16	665		665
Increase in cost / accumulated depreciation	78	-85	-7
Decrease in cost / accumulated depreciation	-2	2	0
Translation differences	0		0
At June 30th, 2019	**741**	**-83**	**658**

Lease liabilities amounted to €688.2 million at the reporting date, with the following maturities:

	Total 06/30/2019	*Under 1 year*	*1 - 2 years*	*2 - 3 years*	*3 - 4 years*	*4 - 5 years*	*Over 5 years*
Lease liabilities	688	151	132	103	81	64	157

Interest expense on the lease liabilities in the first half of 2019 amounted to €20.8 million.

Lease expense in respect of lease contracts not included in the determination of the lease liability amounted to €11.3 million in the first half of 2019. The related lease commitments not recognized in the statement of financial position amounted to €17.1 million at the reporting date. Variable lease payments not included in the determination of the lease liability are not significant.

There are six lease contracts which have been entered into but where the underlying assets have not yet been made available for use by the lessee, amounting to €5.4 million at the reporting date.

3.2 Accounts receivable – Trade and Other current assets

	06/30/2019			*12/31/2018*
	Cost	*Impairment*	*Net*	*Net*
Accounts receivable - Trade	1,092	-13	1,079	1,048
Other receivables	23	-1	22	12
Taxation recoverable	71		71	63
Advances and receivables on non-current assets	14		14	10
Prepaid expenses	74		74	62
Total	1,274	-14	1,260	1,195

Factoring arrangements:

The Group and a number of its subsidiaries use factoring arrangements which comply with criteria for derecognition. The outstanding amounts totaled €72.0 million and €72.1 million at June 30th, 2019 and December 31st, 2018, respectively.

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

3.3 Share-based payments

Incentive share award plans – Authorization given at the AGM held on May 9th, 2019

Under the authorization given at the Shareholders' General Meeting of May 9th, 2019, and subject to a ceiling of 3% of the share capital of the company at the grant date, the Board of Directors' meeting of June 3rd, 2019 approved:

- free awards in a total amount of 442,241 incentive plan shares to Group personnel, including company officers, and
- the setting-up of a long-term incentive plan for one of the company officers, with the free award of 58,333 performance shares, with the same features as the above-mentioned plan.

Effective transfer of the free share awards is conditional on beneficiaries' performance and continued presence.

The features of these plans are as follows:

	06/03/2019 plan
Date of board meeting allocating the awards	06/03/2019
Vesting period	06/03/2019 to 06/03/2022
Grant date	06/03/2019
Number of share awards*	500,574
Number of outstanding share awards at June 30th, 2019	500,574
Fair value of each share award at the grant date (taking into account the market condition)	€108.50
Fair value of each share award at the grant date (without taking into account the market condition)	€163.90
* including for company officers	*80,333*

Incentive share award plans – Authorization given at the AGM held on April 28th, 2016

Under the authorization given at the Shareholders' General Meeting of April 28th, 2016, and subject to a ceiling of 2.5% of the share capital of the company at the grant date, the Board of Directors' meeting of April 28th, 2016 approved:

- free awards in a total amount of 914,300 incentive plan shares to Group personnel, including company officers, and
- the setting-up of a long-term incentive plan for company officers, with the free award of 350,000 performance shares, with the same features as the above-mentioned plan.

Effective transfer of the free shares was conditional on beneficiaries' performance relating to the financial years between 2016 and 2018, with full realization of the objectives giving right to the transfer of 100% of the shares awarded, and on the beneficiaries remaining with the Group until April 28th, 2019.

At the end of the plan, the following shares were transferred to beneficiaries:

- 800,600 new shares, and
- 279,041 shares obtained through purchase on the stock exchange.

Under the authorization given at the same Shareholders' General Meeting of April 28th, 2016, the Board of Directors' meeting of November 2nd, 2016 approved free awards in a total amount of 151,508 incentive plan shares to Group personnel, including company officers. Effective transfer of the free shares was conditional on beneficiaries' performance relating to the financial years between 2016 and 2018, with full realization of the objectives giving right to transfer of 100% of the shares awarded, and on the beneficiaries remaining with the Group until November 2nd, 2019.

The features of this plan are as follows:

	11/02/2016 plan
Date of board meeting allocating the awards	11/02/2016
Vesting period	11/02/2016 to 11/02/2019
Grant date	11/02/2016
Number of share awards*	151,508
Number of canceled shares**	-11,632
Number of outstanding share awards at June 30th, 2019	139,876
Fair value of each share award at the grant date (taking into account the market condition)	€72.40
Fair value of each share award at the grant date (without taking into account the market condition)	€88.80
* including for company officers	*0*
** including for company officers	*0*

The Board of Directors' meetings on June 23rd and November 30th, 2017 and February 28th, 2018 approved free awards totaling 18,600 incentive plan shares to Group personnel, including company officers of Group companies, under the authorization given at the same Shareholders' General Meeting of April 28th, 2016. Vesting of these free share awards is also conditional on the beneficiaries remaining with the Group until at least the end of the vesting period and on meeting certain performance conditions.

The expense in respect of the above-mentioned plans amounted to €11.2 million in the first half of 2019.

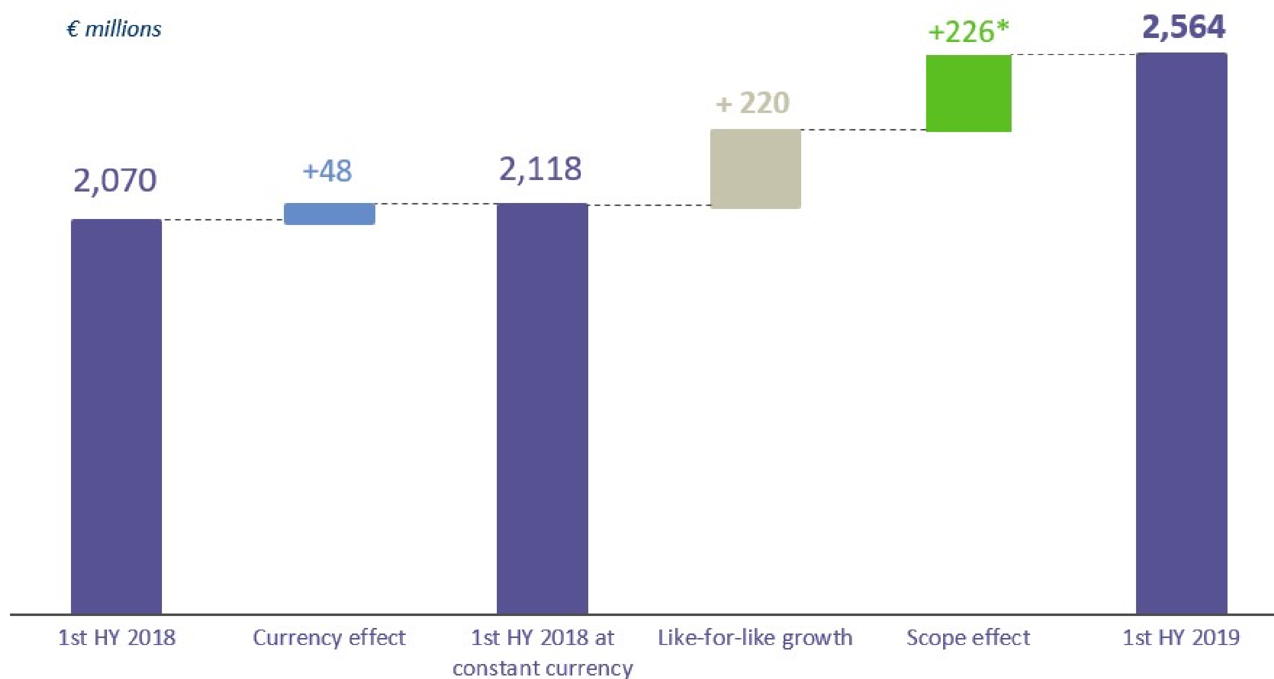
3.4 Accounts payable – Trade and Other current liabilities

	06/30/2019	*12/31/2018*
Accounts payable - Trade	163	147
Other payables	194	193
Taxes payable	58	73
Accrued expenses	217	218
Other operating liabilities	49	47
Total	681	678

Other operating liabilities at June 30th, 2019 include an amount of €3.3 million (December 31st, 2018: €9.1 million) in respect of the negative fair value of derivative financial instruments used for currency hedging.

3.5 Income

Revenues



** Relates to Intelenet, acquired in the second half of 2018.*

Group revenues in the first half of 2019 amounted to €2,564.3 million, which represents an increase (on the basis of published figures) of 23.9% over the same period in 2018.

At constant exchange rates and consolidation scope, there is an increase of 10.4%.

Core Services & DIBS

In the first half of 2019, Core Services & DIBS revenues amounted to €2,220.6 million, an increase of 26.1% on the basis of published figures compared with the same period in 2018. At constant exchange rates and consolidation scope, there was an increase of 11.4%.

- English-speaking and APAC

The revenues of this zone (€800.9 million) showed an increase of 15.3% on the basis of published figures for the same period of 2018. At constant exchange rates and consolidation scope, there was an increase of 4.4%.

- Ibero-LATAM

The Group's business in this zone has continued to make very satisfactory progress during the first half of 2019, with increases in revenues of 16.1% on the basis of constant exchange rates and consolidation scope, and of 14.6% on the basis of published figures, compared with the first half of 2018.

- Continental Europe & MEA

Compared with the same period in 2018, revenues in this zone increased by 14.5% on the basis of constant exchange rates and consolidation scope, and by 14.3% on the basis of published figures.

- India & Middle East

Revenues in this zone increased by 32.7% over 2018, on the basis of constant exchange rates and consolidation scope.

Specialized Services

Specialized Services revenues amounted to €343.8 million in the first half of 2019, compared with €309.3 million in the same period of 2018. On the basis of constant exchange rates and consolidation scope, the increase was 5.0%, while it increased by 11.1% on the basis of published figures.

Other revenues

Other revenues are mainly from government grants.

During the first half of 2019, these amounted to €1.3 million, compared with €3.0 million in the same period of 2018. The decrease is principally due to the ending of the French *CICE* subsidy which has been replaced by a reduction in social charges.

3.6 Segment reporting

At the beginning of 2019, following the acquisition of Intelenet in October 2018, the Group has restructured its organization.

This has resulted in a change to its segment reporting in order to reflect Group activity as followed by the chief executive officer, and is split as following:

- The Core Services & DIBS (Digital Integrated Business Services) segment which includes customer care, technical support and new customer acquisitions, in addition to the management of business processes, digital platform services and the high added-value consulting and data analysis offered by Praxidia. It is divided into four principal management regions:
    - English-speaking & APAC, which covers the activities in the following countries: Canada, USA, United Kingdom, South Africa, China, Indonesia, Philippines, Singapore, Australia, Malaysia and Japan;
    - Ibero-LATAM, which covers the activities in the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Guyana, Guatemala, El Salvador, Peru, Mexico, Spain and Portugal;
    - Continental Europe & MEA, which covers the activities in Europe, with the exception of those in the United Kingdom, Spain and Portugal, as well as the Group's historic activities in the Middle East and Africa;
    - India & Middle East, which covers the activities in India, the former Intelenet businesses in the Middle East, and the analytics solutions activity developed by its subsidiary, Praxidia.

- The Specialized Services segment which includes the interpreting services of LanguageLine Solutions, the visa application management services for government departments offered by TLScontact and the accounts receivable credit management services of AllianceOne Receivables Management in North America.

Six months ended June 30th, 2019	CORE SERVICES & DIBS					SPECIALIZED SERVICES	TOTAL
	English-speaking & APAC	*Ibero-LATAM*	*Continental Europe & MEA*	*India & Middle East*	*Holding companies*		
Revenues	**801**	**645**	**519**	**255**		**344**	**2,564**
Operating profit	**46**	**66**	**30**	**28**	**6**	**79**	**255**
Impairment loss on goodwill			**-2**				**-2**
Capital expenditure	**19**	**34**	**26**	**9**	**0**	**13**	**101**
Intangible assets, right-of-use assets and property, plant and equipment (carrying amounts)	**1,107**	**520**	**418**	**1,038**	**7**	**1,586**	**4,676**
Depreciation and amortization of non-current assets	**-64**	**-49**	**-39**	**-28**	**-1**	**-50**	**-231**

Six months ended June 30th, 2018*	CORE SERVICES & DIBS					SPECIALIZED SERVICES	TOTAL
	English-speaking & APAC	*Ibero-LATAM*	*Continental Europe & MEA*	*India & Middle East*	*Holding companies*		
Revenues	**695**	**563**	**454**	**49**		**309**	**2,070**
Operating profit	**35**	**59**	**19**	**6**	**6**	**65**	**190**
Capital expenditure	**20**	**27**	**21**	**4**	**0**	**10**	**82**
Intangible assets and property, plant and equipment (carrying amounts)	**985**	**286**	**205**	**25**	**2**	**1,554**	**3,057**
Depreciation and amortization of non-current assets	**-37**	**-24**	**-14**	**-4**	**0**	**-39**	**-118**

* Restated in accordance with the new organization

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

4. Goodwill

Following the acquisition of Intelenet in October 2018 and its integration into the Core Services & DIBS segment at the beginning of 2019, the Group has modified certain of its CGUs and CGU groups.

The modifications principally concern:

- a CGU group “India & Middle East” has been created, covering the activities of Intelenet in India and the Middle East, as well as the Group’s historic activities in India, which were previously included in the North America & FHCS CGU;

- Intelenet’s Guatemalan subsidiary has been attached to the Nearshore CGU;

- Intelenet’s American and Philippine subsidiaries have been attached to the North America & FHCS CGU;

The related carrying amounts of goodwill affected by this reorganization have been reallocated between the CGUs, as follows:

CGU - Carrying amounts	*12/31/2018*	*Reallocation*	*Translation differences*	*06/30/2019*
North America (US Market)	596	-65	6	537
Intelenet	566	-566	0	0
India & Middle East		626	9	635
Nearshore	111	5	3	119
Total	1,273	0	18	1,291

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

These reviews led to the subsequent performance of impairment testing, and an impairment loss of €2.4 million in respect of the full amount of goodwill in the TP Italy CGU group was recognized in the first half of 2019.

5. Income tax

5.1 Income tax expense for the half year

Income tax expense in an interim period is measured by applying the best estimate of the annual weighted average income tax rate to the profit or loss before tax for the period.

The income tax expense in the first half of 2019 amounted to €62.6 million compared with €48.0 million in the first half of 2018, which includes an increase in the effective tax rate, from 27.8% to 30.1%, due to the increased scale of our activities in India resulting from the acquisition of Intelenet in October 2018.

5.2 Uncertain tax treatments

Following the application of IFRIC 23, which clarifies the requirements of IAS 12 in respect of the measurement and recognition of uncertainty in accounting for income taxes, an additional income tax liability of €3.6 million was recognized in the 2019 interim financial statements, through opening equity.

6. Equity and Earnings per share

6.1 Share capital and dividends

Teleperformance SE has made two successive share capital increases in connection with the effective transfer of performance shares:

- a first issue of 35,000 shares (€87,500) in March 2019, followed by
- an issue of 765,600 shares (€1,914,000) in April 2019.

The share capital at June 30th, 2019 now amounts to €146,451,500 represented by 58,580,600 shares with a nominal value of €2.50 each, fully paid up.

The company made a dividend distribution of €111.3 million during May 2019.

6.2 Treasury shares

At June 30th, 2019, the Group held 6,426 treasury shares, acquired under its liquidity contract, in a carrying amount of €1.1 million.

In order to meet the requirements of a long-term incentive plan maturing on April 28th, 2019 (see note 3.3 Share-based payments), the Group also acquired 98,542 own shares during the first half of 2019, for a total amount of €14.7 million. These shares are in addition to the 180,499 treasury shares already acquired in 2018 for an amount of €30.2 million; all shares were transferred to the plan beneficiaries at the end of April 2019.

These amounts have been deducted from equity.

6.3 Earnings per share

Basic and diluted earnings per share are calculated as follows:

	1st ½ yr 2019	*1st ½ yr 2018*
Net profit - Group share	**145**	**123**
Weighted-average number of shares used to calculate basic earnings per share	57,881,330	57,766,729
Dilutive effect of incentive share awards	659,076	1,093,100
Weighted-average number of shares used to calculate diluted earnings per share	58,540,406	58,859,829
Basic earnings per share *(in €)*	2.51	2.14
Diluted earnings per share *(in €)*	2.49	2.10

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

	1st ½ yr 2019	*1st ½ yr 2018*
Number of ordinary shares in issue at January 1	57,780,000	57,780,000
Treasury shares	-181,997	-13,271
Shares isssued	283,327	0
Total	57,881,330	57,766,729

7. Financial assets and financial liabilities

7.1 Financial result

	1st ½ yr 2019	*1st* ½ yr 2018
Income from cash and cash equivalents	**2**	**2**
Other interest expense, net	-25	-21
Interest expense on lease liabilities *	-21	
Bank commissions	-3	-6
Gross financing costs	**-49**	**-27**
Net financing costs	-47	-25
Foreign exchange gains	32	28
Foreign exchange losses	-34	-22
Other financial income	2	
Other financial income (expenses), net	0	6
Financial result	-47	-19

* see note 3.1 *Leases*

7.2 Financial liabilities

Net financial indebtedness: Schedule of debt maturities:

	06/30/2019	**Current**	**Non-current**	**12/31/2018**	**Current**	**Non-current**
Loans from financial institutions	357	41	316	448	66	382
Commercial paper	275	275		134	134	
USPP loans - 2014	286		286	284		284
USPP loans - 2016	219		219	218		218
Bonds	1,350		1,350	1,350		1,350
Bond issuance expense/premiums & discounts	-14	-1	-13	-13	-2	-11
Loan hedging instruments	-4	-19	15	-5	-5	
Bank overdrafts and advances	7	7		3	3	
Other financial liabilities	19	19		18	17	1
Total financial liabilities	2,495	322	2,173	2,437	213	2,224
Marketable securities	57	57		36	36	
Cash and bank	351	351		300	300	
Total cash and cash equivalents	408	408		336	336	
Net debt	**2,087**	**-86**	**2,173**	**2,101**	**-123**	**2,224**
Lease liabilities *	688	151	537	0		
Total net debt	**2,775**	**65**	**2,710**	**2,101**	**-123**	**2,224**

* See note 3.1 *Leases*

In September 2016, the Group obtained a bank loan of US$500 million repayable in four equal installments on August 19th, 2018, 2019, 2020 and 2021. To date, the Group has:

- in 2018, repaid the first installment and made an early repayment in part of the second installment, in the amount of US$50 million;
- in the first half of 2019, made two early repayments, firstly, of the balance of the second installment, in the amount of US$75 million, and secondly, of a portion of the third installment, in the amount of US$30 million.

During the first half of 2019, the Group has put in place cross currency swaps to effectively convert the fixed rate USPP 2014 loans totaling US$325 million into two euro-denominated liabilities:

- at fixed rate, for US$160 million;
- at floating rate, for US$165 million.

The Group also has a number of unutilized credit facilities as of June 30th, 2019:

- A multi-currency (€ and US$) syndicated facility of €300 million, expiring in February 2023;
- Three credit lines, each of €50 million, obtained in the first half of 2019, which will expire in April, June and July 2020, respectively.

Covenants

The following financial liabilities are subject to financial covenants, all of which were in compliance as of June 30th, 2019:

US private placements of US$250 million and US$325 million:

At June 30th, 2019, the covenants were as follows:

	Contractual	Actual
Consolidated equity *(in millions of euros)*	> 1,643	2,285
Consolidated net debt*/consolidated EBITDA*	≤ 2.75x	2.39x

** As defined in the agreements*

Multi-currency syndicated facility of €300 million, 2016 bank loan of US$220 million, CMCCIC credit line of €50 million, 2018 bank loan of €164 million:

At June 30th, 2019, the covenant was as follows:

	Contractual	Actual
Consolidated net debt*/consolidated EBITDA*	≤ 2.75x	2.39x

** As defined in the agreements*

7.3 Foreign exchange and interest rate hedging operations

Revenues and operating expenses of group companies may be denominated in a currency other than their functional currency.
In order to reduce exposure to exchange rate risk, hedge contracts have been entered into, principally between the following currencies:

- the US dollar and the Mexican peso;
- the US dollar and the Colombian peso;
- the US dollar and the Philippine peso;
- the US dollar and the Indian rupee;
- the US dollar and the Canadian dollar;
- the pound sterling and the Indian rupee;
- the euro and the US dollar, the Colombian peso, the Turkish pound, the Tunisian dinar.

The policy of the Group is cover its highly probable commercial transactions denominated in foreign currency, usually up to 12 months ahead but longer in

certain cases. The Group uses forward exchange contracts and plain vanilla foreign exchange options.

In addition, currency hedges are in place to cover the exchange risk between currencies managed within the cash pool and the euro (in particular the US dollar) as well as certain loans between Teleperformance SE and its subsidiaries.

The Group has also put in place interest rate hedges in order to convert certain liabilities from fixed to floating rates, as well as caps to limit the impact of possible high interest rate rises.

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

Derivative financial instruments at June 30th, 2019	Notional amount in currency	Notional amount in € at 06/30/2019	Fair value in € at 06/30/2019	In equity	In 2019 1st ½ year profit or loss
Hedge of forecast transactions					
USD/MXN	49	43	2	1	1
USD/MXN*	11	9	0		
MXN/USD	430	20	1	1	
MXN/USD *	78	4	0		
USD/PHP	7	6	5	4	1
USD/PHP *	2	2	0		
COP/EUR	18	18	0		
COP/EUR *	2	2	0		
COP/USD	32	28	0		
COP/USD *	9	8	0		
EUR/TND	42	13	1	1	
USD/INR	37	32	2	1	1
USD/INR*	9	7	0		
GBP/INR	114	127	14	14	
USD/INR	144	127	4	4	
EUR interest caps	1	1	19	18	1
USD interest caps	0	0	0		
Hedge of intra-group loans					
- in USD	26	23	0		
- in PHP	7,802	134	6	1	5
- in GBP	13	15	1		1
- in PLN	44	10	0		
- in MYR	51	11	-1		-1
Cash pooling hedges					
- in GBP	10	11	0		
- in USD	36	32	0		

** Not eligible for hedge accounting.*

The principal derivative financial instruments in place as of June 30th, 2018 were as follows:

Derivative financial instruments at June 30th, 2018	Notional amount in currency	Notional amount in € at 06/30/2018	Fair value in € at 06/30/2018	In equity	In 2018 1st ½ year profit or loss
Hedge of forecast transactions					
USD/MXN	40	34	0	1	-1
MXN/USD	386	17	0		
USD/PHP	7,525	121	-3	-2	-1
COP/EUR	15	15	1	1	
COP/USD	38	33	0		
USD/INR	15	13	0		
Cross Currency Interest Swap EUR/USD	50	47	-6		-6
USD interest caps	500	428	3	3	
EUR interest caps	670	670	0	-1	1
USD investment: exchange rate hedge	425	364	-1	-1	
Hedge of intra-group loans					
- in USD	247	212	-4		-4
- in PHP	7,097	114	-1		-1
Cash pooling hedges					
- in GBP	22	25	0		
- in USD	110	94	0		-1

At June 30th, 2019, the net positive fair value of derivative financial instruments amounted to €54.2 million (December 31st, 2018: positive fair value of €28.7 million) of which €38.7 million is presented in Other financial assets, -€3.3 million in Other current liabilities and €18.8 million as a reduction of 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.

7.4 Foreign currencies

Principal currencies	*Country*	*Average rate* 1st half year 2019	*Closing rate* 06/30/2019	*Average rate* 1st half year 2018	*Closing rate* 12/31/2018
Europe					
Pound sterling	United Kingdom	0.87	0.90	0.88	0.90
Americas and Asia					
Brazilian real	Brazil	4.34	4.35	4.15	4.44
Colombian peso	Colombia	3,599	3,650	3,450	3,722
US dollar	USA	1.13	1.14	1.22	1.15
Indian rupee	India	79.12	78.52	79.77	79.73
Mexican peso	Mexico	21.65	21.82	23.10	22.49
Philippine peso	Philippines	58.98	58.34	63.33	60.11

8. Cash flows

8.1 (Income) expenses, net, without effect on cash

	1st half year 2019	*1st half year 2018*
Depreciation, amortization and impairment losses on non-current assets	147	118
Impairment loss on goodwill	2	
Depreciation of right-of-use of leased assets	85	
Change in provisions	-5	2
Unrealized gains and losses on financial instruments	3	-8
Share-based payments	10	11
Total	242	123

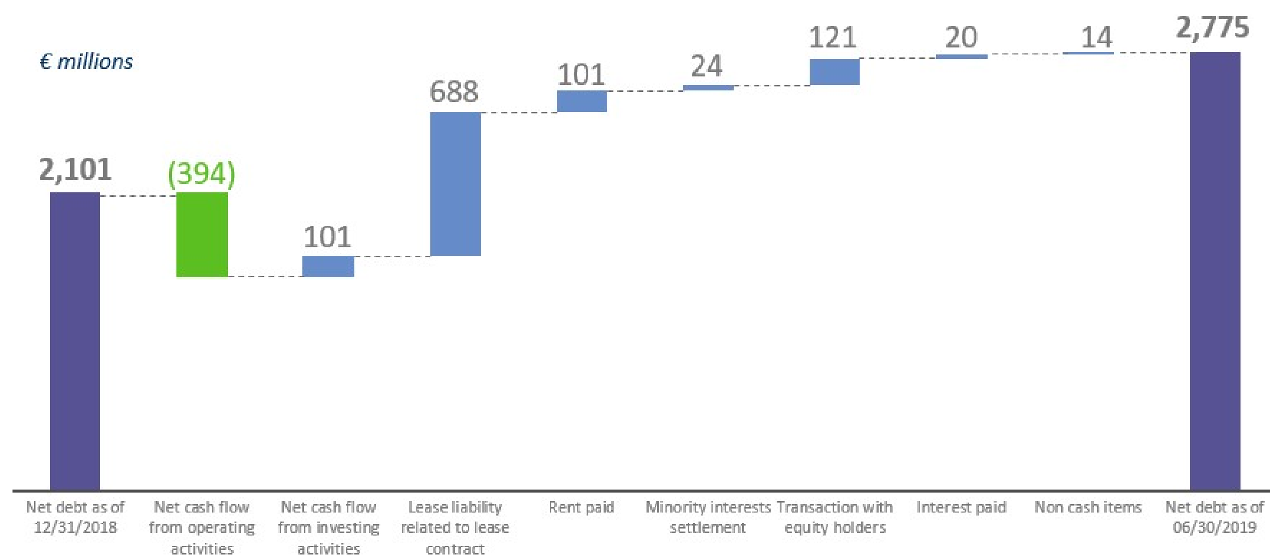
8.2 Change in working capital requirements

	1st half year 2019	*1st half year 2018*
Accounts receivable - Trade	-24	5
Accounts payable - Trade	12	22
Other	-1	1
Total	-13	28

8.3 Cash outflows in respect of leased assets

Following the adoption of IFRS 16 Leases, cash outflows in respect of lease contracts are now classified as cash flows from financing activities, whereas they were previously shown as cash flows from operating activities (until 2018).

8.4 Reconciliation of the change in net debt with cash flows



8.5 Analysis of net cash presented in the condensed consolidated statement of cash flows

	06/30/2019	12/31/2018
Bank overdrafts and advances	-7	-3
Marketable securities	57	36
Cash and bank	351	300
Net cash	401	333

9. Provisions, litigation, commitments and other contractual obligations

9.1 Change in provisions

	12/31/2018	*Increases*	*Releases*		*Translation*	*Other*	*06/30/2019*
			Utilized	*Not utilized*	*differences*		
Non-current							
Provisions for retirement benefits	21	1				1	23
Provisions for risks	1						1
Total	22	1	0	0	0	1	24
Current							
Provisions for risks	80	3	-2	-6		-45	30
Provisions for other expenses	10		-4	-1			5
Total	90	3	-6	-7	0	-45	35
TOTAL	**112**	**4**	**-6**	**-7**	**0**	**-44**	**59**

Provisions for risks at June 30th, 2019 include personnel-related risks in an amount of €9.8 million, principally concerning lawsuits with former employees, particularly in Argentina, Brazil and France.

Following the implementation of IFRIC 23, the contingent liability of €45.3 million in respect of risks identified during past acquisitions was reclassified as a current income tax liability.

Provisions for other expenses at June 30th, 2019 include in particular the balance of a provision made in 2017 for the reorganization of the businesses in France.

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

9.2 Warranties and other contractual obligations

The Group has neither given nor received any significant warranty or guarantee during the first half of 2019.

10. Related parties

The Group acquired the minority interests in a group company during the first half of 2019, for a total consideration of US$26.1 million, including an amount of US$12.2 million paid to an individual who is a senior manager and company officer of the Group. The acquisition price was determined on the basis of valuations performed by independent appraisers.

The Group has no knowledge of any other significant transactions with related parties during the first half of 2019.

11. Events after the reporting date

None.

2. 2019 half-year management report

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2.1 Change in accounting policies

The accounting policies applied in the condensed consolidated interim financial statements as of June 30th, 2019 are the same as those at June 30th, 2018, with the exception of IFRS 16 concerning lease accounting which has been applied from January 1st, 2019.

As the group has elected to apply IFRS 16 using the modified retrospective approach, the 2018 comparative amounts have not been restated.

Under IFRS 16, all lease contracts are now recognized on the statement of financial position, measured by discounting the future contractual lease payments to present value. This results in the recognition of a new specific non-current asset and financial liabilities.

The "right-of-use" asset is depreciated on a straight-line basis over the expected lease term; the lease liability is increased by the interest expense of the period and reduced by the amount of lease payments.

2.2 Business activity over the last half year

1. Group revenue in the first half year 2019

Consolidated revenue came in at €2,564 million for the first half of 2019, representing a year-on-year increase of 10.4% at constant exchange rates and scope of consolidation (like-for-like) and 23.9% as reported. The difference between reported and like-for-like growth reflects a favorable currency effect of €48 million, due notably to the rise of the US dollar against the euro, and the €226 million positive scope effect from the consolidation of ex-Intelenet operations in the Group's financial statements since October 1st, 2018.

REVENUE BY ACTIVITY

	H1 2019	**H1 2018**	***% change***	
in millions of euros			*Like-for-like*	*Reported*
CORE SERVICES & D.I.B.S.	**2,221**	**1,761**	***+ 11.4%***	***+ 26.1%***
English-speaking & Asia-Pacific (EWAP)	801	**695**	*+ 4.4%*	*+ 15.3%*
Ibero-LATAM	645	**563**	*+ 16.1%*	*+ 14.6%*
Continental Europe & MEA (CEMEA)	519	**454**	*+ 14.5%*	*+ 14.3%*
India & Middle East*	255	**48**	*+ 32.7%*	*n/m*
SPECIALIZED SERVICES	**344**	**309**	***+ 5.0%***	***+ 11.1%***
TOTAL	**2,564**	**2,070**	***+ 10.4%***	***+ 23.9%***

**ex-Intelenet business activities in Middle East*

- **Core Services & DIBS (Digital Integrated Business Services)**

Core Services & DIBS revenue amounted to €2,221 million in first-half 2019, a year-on-year increase of 11.4% like-for-like. On a reported basis, revenue surged by 26.1%, due in particular to the consolidation of ex-Intelenet operations in the Group's financial statements since October 1st, 2018.

Like-for-like growth remained strong during the first half, reflecting further sharp gains in the Ibero-LATAM, Continental Europe & MEA (CEMEA) and India & Middle East regions.

- **English-speaking & Asia-Pacific (EWAP)**

In first-half 2019, revenue for the region came to €801 million, up 4.4% like-for-like. The 15.3% growth on a reported basis includes a favorable currency effect stemming from the US dollar's rise against the euro and a scope effect related to the consolidation of ex-Intelenet operations.

Throughout the first half of the year, operations in North America continued to benefit from the renewed sales momentum triggered in late 2018 and the diversification of the client portfolio. The most dynamic client segments were e-tailing, healthcare, transportation services and logistics, while the insurance, entertainment and automotive industries continued to ramp up rapidly.

In Asia, growth was sustained in Malaysia, where Teleperformance continued its expansion with the recent opening of a second multilingual hub in Penang, which primarily provides B2B solutions for large accounts in the internet services industry.

- **Ibero-LATAM**

First-half 2019 revenue for the Ibero-LATAM region amounted to €645 million. Year-on-year growth came to 16.1% on a like-for-like basis and to 14.6% as reported, mainly reflecting a decline in the Argentine peso against the euro.

Nearshore, pan-American solutions in Mexico and Colombia were the main growth drivers in the region. Teleperformance is growing its business in numerous industries in these countries, including financial services and logistics in Mexico and transportation services in Colombia. The domestic markets in both countries, as well as in Argentina, are also dynamic.

Portugal continues to be an important source of growth for the region. The Group's business in the country is supported by the rapid expansion of multilingual hubs serving multinationals in such industries as entertainment and fast-moving consumer goods.

In Spain, growth in the Group's businesses was driven by strong sales momentum in various industries, serving leading players in the new economy.

Lastly, operations in Brazil progressed at a satisfactory pace, with good performances recorded by the Group in the financial services, transportation and fast-moving consumer goods segments.

- **Continental Europe & MEA (CEMEA)**

In the CEMEA region, revenue rose by 14.5% like-for-like to €519 million in first-half 2019, or by 14.3% as reported versus the prior-year period.

The increase was driven once again by a very solid sales performance among multinational clients and fast-growing local market leaders in a wide range of industries.

The internet, online entertainment, e-tailing and utilities segments were the main drivers for growth in the region. Business is also ramping up rapidly in the automotive, transportation and logistics markets.

By country, the region's growth was mainly driven by a continued increase in revenue in Greece (multilingual hubs), in Eastern Europe (Russia, Romania and Poland), where Teleperformance significantly enhanced its capacity in 2018 and in Turkey.

Operations in France continued to perform well thanks to the ongoing ramp-up of new contracts, primarily in the energy and utilities segments.

- **India & Middle East**

In the first half of 2019, operations in the India & Middle East region generated €255 million in revenue, up 32.7% from the prior-year period on a like-for-like basis.

This solid performance is primarily attributable to the fast-paced expansion of Teleperformance operations in India (TP India), particularly in the transportation services and travel segments.

The region's like-for-like growth for first-half 2019 does not include ex-Intelenet operations, which have only been consolidated since the fourth quarter of 2018. These activities recorded fast-paced growth during the period on a pro forma basis, particularly in the Indian domestic market.

- **Specialized Services**

In the first half of 2019, revenue rose by 5.0% like-for-like and 11.1% as reported, compared with the same prior-year period.

As expected, LanguageLine Solutions returned to normal growth in the first half of 2019.

Visa application management services (TLScontact) also saw a return to healthy levels of growth over the first half.

2. First half 2019 operating profit

EBITDA before non-recurring items stood at €505 million for first-half 2019, up 56.7% from the prior-year period. It included a favorable +€96 million impact from the application of IFRS 16.

EBITA before non-recurring items rose by + 33.3% to €327 million from €246 million the year before. EBITA margin before non-recurring items widened by 90 bps to 12.8%, from 11.9% in first-half 2018. Excluding the impact of applying IFRS 16 from January 1st, 2019, the margin increase came to + 40 bps.

EBITA BEFORE NON-RECURRING ITEMS BY ACTIVITY

	H1 2019*	H1 2018
in millions of euros		
CORE SERVICES & DIBS	215	151
% of revenue	9.7%	8.6%
English-speaking & Asia-Pacific (EWAP)	58	43
% of revenue	7.2%	6.2%
Ibero-LATAM	69	61
% of revenue	10.7%	10.8%
Continental Europe & MEA (CEMEA)	32	19
% of revenue	6.2%	4.2%
India & Middle East	39	6
% of revenue	15.3%	11.5%
Holding companies	17	22
SPECIALIZED SERVICES	112	95
% of revenue	32.6%	30.7%
TOTAL	327	246
% of revenue	12.8%	11.9%

** In accordance with IFRS 16*

- **Core Services & DIBS**

For Core Services & DIBS, EBITA before non-recurring items came to €215 million in the first half of 2019, versus €151 million in the first half of 2018. EBITA margin before non-recurring items stood at 9.7%, versus 8.6% for the prior-year period. Excluding the positive impact of applying IFRS 16 in first-half 2019, the margin was still significantly higher than a year earlier.

The increase was primarily due to the continued recovery in margins in the EWAP and CEMEA regions. Margins in the Ibero-LATAM region remained high, despite a slight contraction due to the cost of starting up numerous new facilities.

- **English-speaking & Asia-Pacific (EWAP)**

The EWAP region generated EBITA before non-recurring items of €58 million in first-half 2019, compared to €43 million in the prior-year period, and the margin widened to 7.2% versus 6.2% the year before. Excluding the positive impact of applying IFRS 16, first-half 2019 still saw a satisfactory improvement in the margin year-on-year.

Margin growth in the first half of 2019 was supported by the ramp-up of recently signed contracts, relating in particular to domestic business in North America and multilingual solutions in Malaysia.

The Group confirms its objective of further improving the region's margins in 2019, excluding the positive impact of applying IFRS 16.

- **Ibero-LATAM**

EBITA before non-recurring items in the Ibero-LATAM region rose to €69 million in first-half 2019, from €61 million in the prior-year period.

Margin remained high, at 10.7%, but was slightly lower year-on-year excluding the impact of IFRS 16. The slight contraction was due to the cost of ramping up major new sites, notably including the new multilingual capabilities being developed in Portugal and the new contact centers opened in Colombia and Peru.

The Group confirms its objective of maintaining the region's margins throughout 2019, excluding the positive impact of applying IFRS 16.

- **Continental Europe & MEA (CEMEA)**

Teleperformance continued to improve the profitability of its CEMEA operations. In first-half 2019, EBITA before non-recurring items came to €32 million, versus €19 million in the prior-year period, with the margin coming out at 6.2%. Excluding the positive impact of applying IFRS 16 in first-half 2019, the EBITA margin before non-recurring items still improved sharply year-on-year, benefiting from:

- Continued solid, profitable growth in business with global and premium clients in a number of countries in Southern and Eastern Europe, such as Greece with its highly efficient multilingual solutions, and Russia;

- Ongoing margin recovery in French-speaking businesses, notably reflecting the development of nearshore solutions.

The Group confirms its objective of achieving further improvements in the region's margins in 2019, excluding the positive impact of applying IFRS 16.

- **India & Middle East**

EBITA before non-recurring items in the India & Middle East region amounted to €39 million, versus €6 million in the prior-year period. EBITA margin before non-recurring items came to 15.3%, representing an increase over the first half of 2018 (11.5%). Excluding the positive impact of applying IFRS 16 in first-half 2019, the margin still improved significantly.

It benefited fully from the profitable growth achieved by Teleperformance in India (TP India), and also included a scope effect related to the first-time consolidation in first-half 2019 of the high-value-added ex-Intelenet operations.

- **Specialized Services**

Specialized Services reported EBITA before non-recurring items of €112 million and a margin of 32.6%, representing an improvement over the prior-year period (30.7%). Excluding the positive impact of applying IFRS 16 in first-half 2019, the margin was significantly higher than a year earlier.

LanguageLine Solutions continued to post healthy margins in the first half of 2019, as did TLScontact, which benefited fully from the development of value-added services on behalf of the British government.

The Group confirms that it expects to see an improvement in Specialized Services margins for full-year 2019, excluding the positive impact of applying IFRS 16.

3. Other items of the 2019 1st half-year results

Group EBIT amounted to €255 million compared with €190 million in the same period of 2018, representing an increase of 34.1%.

EBIT for the 2019 first half year included amortization expense of intangible assets for €54 million, share-based payments expense of €11 million in respect of incentive share plans, an impairment loss on the goodwill of TP Italy of €2 million, and costs for the change in our visual identity which was unveiled in the final quarter of 2018, for €4 million.

The financial result is a net expense of €47 million, compared with one of €19 million in the first half of 2018. The first half of 2019 included a new expense heading, for €21 million, following the adoption of IFRS 16 on lease accounting (see note 2.1 *Change in accounting policies*).

The income tax expense amounted to €63 million. The weighted average income tax rate for the group was 30.1% compared with 27.8% in the same period last year. The increase was due to the increased scale of our activities in India resulting from the acquisition of Intelenet in October 2018.

2.3 Group financing and cash flow

1. Group financing at June 30th, 2019

Long-term financing

in millions of euros	**06/30/2019**	**12/31/2018**
Equity	2,285	2,225
Non-current financial liabilities	2,710	2,224
Total long-term financing	**4,995**	**4,449**

Non-current financial liabilities at June 30th, 2019 include a total of €537 million in respect of lease liabilities, a new heading following the adoption of IFRS 16 with effect from January 1st, 2019 (see note 2.1 *Change in accounting policies*).

Short-term financing

in millions of euros	**06/30/2019**	**12/31/2018**
Current financial liabilities	473	213
Cash and cash equivalents	408	336
Surplus (deficit) of net cash over current financial liabilities	**-65**	**123**

Current financial liabilities at June 30th, 2019 include a total of €151 million in respect of lease liabilities, a new heading following the adoption of IFRS 16 with effect from January 1st, 2019 (see 2.1 Change in accounting policies).

The group also has a number of unutilized credit facilities as of June 30th, 2019:

- a multi-currency (€ and US$) syndicated facility of €300 million, expiring in February 2023;

- three credit lines, each of €50 million, obtained in the first half of 2019, which will expire in April, June and July 2020, respectively.

2. Cash flow

Source of cash flow

in millions of euros	**1st ½ year 2019**	**1st ½ year 2018**
Internally generated funds from operations before change in working capital requirements	407	229
Change in working capital requirements	-13	28
Net cash flow from operating activities	**394**	**257**
Capital expenditure, net	-101	-81
Net cash flow from investing activities	**-101**	**-81**
Acquisition net of disposal of treasury shares	-9	3
Change in ownership interest in controlled entities	-24	-14
Dividend payments	-111	-112
Net change in financial liabilities	54	40
Lease payments (1)	-101	
Financial interest paid/received	-20	-20
Net cash flow from financing activities	**-211**	**-103**
Change in cash and cash equivalents	**82**	**73**

(1) Following the adoption of IFRS 16 on lease accounting, cash outflows in respect of lease contracts are now classified as a cash flow from financing activities, whereas they were previously shown as a cash flow from operating activities (until 2018).

The Group's free cash flow amounted to €172 million, compared with €156 million in the same period last year.

Capital expenditure, net of proceeds from disposals, amounted to €101 million, compared with €81 million, representing 3.9% of revenues in both periods.

The change in ownership interests in controlled entities, a cash outflow of €24 million in the first half of 2019, concerned the acquisition of minority interests in an Asian subsidiary.

Following the dividend payment of €111 million, net debt amounted to €2,775 million at June 30th, 2019, including an amount of €688 million in respect of lease liabilities following the adoption of IFRS 16 Leases (see 2.1 *Change in accounting policies*).

Group financing remains strong, with equity of €2,285 million as of June 30th, 2019.

2.4 Consolidation scope

The group made no acquisition or disposal during the first half of 2019.

On October 4th, 2018, the group acquired Intelenet, a major provider of high added-value services and digital transformation solutions. Intelenet has been fully consolidated since October 1st, 2018 and was therefore not included in the consolidation scope as of June 30th, 2018.

2.5 Related parties

The group acquired the minority interests in a group company during the first half of 2019, for a total consideration of US$26 million, including an amount of US$12 million paid to an individual who is a senior manager and company officer of the group. The acquisition price was determined on the basis of a valuation performed by an independent appraiser.

2.6 Events after the reporting date

None.

2.7 Trend and prospects

1. Risks and uncertainties

The group is exposed to the risks which were described in the Reference document for the year ended December 31st, 2018; 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 2019.

2. Outlook

Teleperformance is raising its full-year 2019 financial objectives:

- like-for-like revenue: growth objective from "at least + 7%" to "at least + 8.5%";
- EBITA margin before non-recurring items: the Group is now targeting an improvement of at least 20 bps, excluding the positive impact of the first application of IFRS 16 from January 1st, 2019.

The Group remains confident about its ability to continue to generate a strong level of cash flow during the year, enabling it to pursue its dynamic development strategy while maintaining strict financial discipline.

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 2019 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 2019."

Paris, July 25th, 2019

Daniel Julien

Chairman & Chief Executive Officer

4. Statutory auditors' review report on 2019 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 half-yearly 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-months period ended June 30th, 2019

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, 2019 to June 30th, 2019;

- the verification of the information presented in the half-yearly 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.

Without qualifying our conclusion, we draw your attention to the matter set out in note 1.3 *Change in accounting policies* to the condensed half-yearly consolidated financial statements regarding the changes in accounting methods that result from the first time application of IFRS 16 and IFRC 23 relating to leases and uncertainty over income tax treatments, respectively.

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. 25th

Paris La Défense July 25th, 2019	Paris La Défense July 25th, 2019
KPMG Audit IS Jacques Pierre Partner	Deloitte & Associés Ariane Bucaille Partner