Teleperformance - Annual Results 2008

- **Growth Rate and Profitability Ratios maintained in a challenging economic environment**
  - Revenues +12%
  - Net Operating Profit +12%
  - Net Profit - Group Share +18.9%
- **Achievements in line with objectives announced**

Paris, March 11, 2009 - The Teleperformance Supervisory Board met on March 10, 2009 and was submitted the consolidated financial statements for the year 2008.

KEY DATA IN THE INCOME STATEMENT

Selected Consolidated Data (in millions of euros)	31/12/2008	31/12/2007	Changes
Revenues	1,784.7	1,593.8	+12%
EBITDA	250.7	225.3	
EBITDA rate	14%	14%	
Net Operating Profit	177.9	158.6	+12%
Operating Margin Rate	10%	10%	
Net Financial Result	-1.9	-0.3	
Income Tax	-56.4	-57.3	
Net Profit	119.5	101.0	
Net Profit - Group Share	116.4	97.9	+18.9%
Diluted earnings per share (in €)	2.09	1.74	+20%

THE GROUP'S FINANCIAL STRUCTURE

Consolidated Financial Structure – Summary (in millions of euros)	31/12/08	31/12/07
Cash Flow	166.6	180.8
Change in Working Capital Requirements	-68.4	-3.8
Net Cash Flow from operating activities	98.2	177.0
Capex (net)	-68.8	-63.6
Free Cash Flow	29.4	113.4
Net Financial Investments (investments in subsidiaries and affiliates)	-141.4	-222.9
Total Equity	1,053.7	965.3
Equity, Group Share	1,041.8	952.3
Financial liabilities*	-262.9	-236.9
Including current financial liabilities	*-216.1*	*-101.0*
Cash Assets & Cash Equivalents	+280.6	+369.3
Net Cash Surplus	+17.7	+132.4
* including minority interest purchase commitments in subsidiaries	28.1	56.4

Teleperformance's detailed 2008 financial statements are presented in the Appendix to the press release.

BUSINESS ACTIVITY

Based on published data, the Group's revenues amounted to €1,784.7 million versus €1,593.8 million at December 31, 2007, increasing by 12%. On a comparable basis (excluding foreign exchange and scope of consolidation effects), the revenues increased by 8%, as follows:

- Europe +13.9%
- NAFTA +9.8%
- R.O.W. -29.8%

The Group's business activity in Europe remained stable throughout 2008 and was particularly strong in Southern Europe and in the UK.
In the NAFTA region however, a turndown in business activity was noticed in the second semester as a result of our main clients' decreasing business volumes, as well as of a negative base effect.
The ROW segment was impacted by the termination of the Brazil Telecom contract at the end of November 2007.

Breakdown of the Group's revenues by region:

Revenues %	31/12/08	31/12/07	Changes
Europe	54.5	52.0	+2.5%
Including France	*20.5*	*21.4*	*-0.9%*
NAFTA(*)	39.2	37.6	+1.6%
R.O.W. (**)	6.3	10.4	-4.1%
Total	100.0	100.0	

(*) North America Free Trade Agreement
(**) Rest of the World

- Foreign exchange effect

Excluding the foreign exchange effect, the Group's consolidated revenues increased by 16.4%.

The negative impact of foreign exchange effects mainly resulted from the rise of the Euro against the US Dollar and the Pound Sterling. This impact amounted to €71.7 million in 2008 and may be split up as follows:

- NAFTA - €49.0 million
- Europe - €17.6 million
- R.O.W. - €5.1 million

- Scope of consolidation effect

In 2008, the scope of consolidation effect represented a net positive impact of €124.4 million, which may be split as follows:

- Europe +€40.4 million
- NAFTA +€84.0 million

This positive impact mainly resulted from external growth transactions which were completed in 2007:

- In Europe during the first half of the year:

  Acquisition of a 100% interest in the German group twenty4help Knowledge Service AG, which was consolidated as of April 1, 2007.

  Acquisition of a 62% interest in the French company The Phone House Services Telecom, which was consolidated as of May 1, 2007.

- In the NAFTA region during the second half of the year:

  Acquisition of the US company AllianceOne, which was consolidated as of August 1, 2007.

  Acquisition of the Mexican company Hispanic Teleservices, which was consolidated as of December 1, 2007.

Transactions completed in 2008 and which impacted the scope of consolidation in 2008 were mainly carried out in Europe:

- Acquisition of a 67% interest in GN Research, which was consolidated as of July 1, 2008.
- Disposal of ISM and IDCC, specialized in training activities, deconsolidated as of January 1, 2008. By completing this transaction, Teleperformance sold its remaining interest in Marketing Services operations.

The US company The Answer Group, specializing in high level technical support, which acquisition was completed on December 19, 2008, was consolidated as December 31, 2008. Therefore it has not been included in the consolidated revenues for 2008.

PROFITABILITY

- The Group's Net Operating Profit amounted to €177.9 million, versus €158.6 million in 2007, an increase of nearly 12% in line with the growth rate in revenues.
  At this stage, the operating margin rate was 10% of the Group's revenues.

  Net Operating Profit includes the following items:
  - An expense of €5.8 million equal to the value of benefits acquired by employees under stock option and bonus share plans;
  - The Brazilian operations' goodwill was tested for impairment and partially depreciated (up to €1.5 million) during the 2008 first half year ;
  - A €3 million amortization expense recognized in 2008 for intangible assets (trademarks and customer relationships which were valued at €38 million) identified during the purchase price allocation process of HTC and AllianceOne, two companies acquired by Teleperformance in 2007. The corresponding expense, adjusted in the 2007 financial statements, was €0.7 million. The impact of such adjustment on the 2007 financial statements is described in the Appendix to the press release.
  - A net income of €7.8 million gained from the sale of investments in subsidiaries and affiliates, and the sale of investment property in 2008.

- EBITDA amounted to €250.7 million, or 14.0% of the Group's revenues.

- The financial result showed a net expense of €1.9 million versus €0.3 million in 2007.

  This decline in the financial result was mainly due to a lower level of "cash and cash equivalent" following the financing of the acquisitions completed in the second half of 2007 and in 2008, as well as to decrease of the deposit investment rates in the second half of 2008.

- Income tax expense amounted to €56.4 million versus €57.3 in 2007. The tax rate was 32% versus 36.2% at December 31, 2007.

  The tax rate was higher in 2007 largely as a result of consolidation adjustments. These were related to our recognition under IFRS of the employee bonus share plan granted in August 2006, which only impacted the 2008 income statement for seven months.

- To be noted that no result on sale of discontinued operations was recognized in 2008 and 2007.

- **The Group' Net Profit** amounted to **€119.5 million**, versus €101 million in 2007.

  Net Profit, Group Share, amounted to **€116.4 million**, versus €97.9 million in 2007, representing an **increase of** 18.9%.

  Diluted earnings per share amounted to €2.09, versus €1.74 in 2007, **increasing by 20%**.

FINANCIAL STRUCTURE

- At December 31, 2008, the Teleperformance Group's **financial structure** was particularly **strong** :

  - **Shareholders' equity** amounted to €1,053.7 **million**, including €1,041.8 **million, Group Share.**
  - **Cash available** amounted to €280.6 **million.**
  - **Financial liabilities** amounted to €262.9 **million**, including **€28 million** financial liabilities related to **minority interest purchase commitments** in subsidiaries (versus €56.4 million in 2007). Such reduction in minority interests resulted from the policy initiated by the Group in the second half of 2008 to purchase minority interests in some subsidiaries. This policy is expected to continue in the same track throughout 2009.
  - The **positive net cash flow** amounted to €17.7 **million.**

- **Internally generated funds from operations** before tax amounted to **€250.6 million**, versus €226.5 million in 2007, **increasing by 10.5%.**

- **Income tax paid out** in 2008 amounted to **€83.9 million**, versus €45.6 million in 2007.
  Such steep rise may be explained in particular by the income tax installments paid in the first half of 2008 on deferred income recorded in 2007 arising out of the buy-out transaction.

- **Working capital requirements** increased by **€68.4 million**, including €27 million standing for deferred income recognized at December 31, 2007 and materialized in 2008. After deduction, working capital requirements amounted to €41.5 millions in 2008, versus €30.8 millions in 2007.

- The Group's **cash flow generated by operating activities** amounted to **€98.2 million**, versus €177 million in 2007.

- **Capex**, excluding finance leases, represented a net amount of **€68.8 million** (i.e., 3.9% of revenues) in 2008, versus €63.6 million in 2007. This figure includes the income gained from the sale of investment property, i.e., €0.5 million.

- **Free cash flow** ended up at **€29.4 million**, versus **€113.4 million** at December 31, 2007.

- The **net cash outflow** amounting to **€149.4 million in 2008** was related to **external growth transactions** mainly completed in the NAFTA region (The Answer Group) and to the **purchase from managers of their minority interests** in some subsidiaries of the Teleperformance network.
  The sale of investments in subsidiaries and in affiliates generated a net cash flow of €8 million, mainly with the sale of ISM and IDCC at the beginning of 2008, two companies specializing in training activities.
  Other investment transactions involved a net cash outflow of **€0.6 million.**

- **Cash flows from financing activities** were translated into a net cash inflow of **€37.6 million**, including:
  -€26.3 million for the payment of dividends,
  +€4.8 million from a cash increase in capital,
  +€59.1 million corresponding to the net increase in financial liabilities (including the €110 million drawdown from the revolving credit facility).

- Finally, after considering all these transactions, **net cash flows** generated in 2008, excluding foreign exchange and scope of consolidation effects, **declined by €73.8 million.**

  In 2008 net cash surplus developed as follows:

Net Cash Assets at January 1, 2008 - in millions of euros	+132.4
Free Cash Flow	29.4
Net impact of changes in the scope of consolidation	-141.4
Dividends paid	-26.3
Capital Increase	+7.0
Cancellation of treasury shares	-2.2
Finance leases	-9.8
Minority interest purchase commitments	+27.2
Translation differences	-
Other	+1.4
Net Cash Assets at December 31, 2008 - in millions of euros	+17.7

DIVIDENDS 2008

During the **Shareholders' General Meeting** which will be held on **May 29, 2009**, the Board of Directors will suggest to maintain the dividend amount at **€0.44 per share.**

OUTLOOK

In an unsteady economic environment faced with many uncertainties and events impacting our clients' business, as well as our clients' customers' daily life, it is particularly difficult to have a crystal clear vision of the Group's short-term outlook.
The first weeks' business trends in 2009 did not have a major impact on our activities.
The objectives announced in November 2008 will be fine-tuned, like every year, during our next financial meeting on May 26, 2009, based on the first quarter 2009 achievements and market trends.
As far as we are concerned, we remain fairly confident in the strengths of our Group to face up to the very challenging economic situation.

KEY DATES

Financial Results - 1st Quarter 2009: Publication on May 5, 2009 before market opening.

ABOUT TELEPERFORMANCE

Teleperformance (NYSE Euronext Paris: FR 0000051807), the world's leading provider of outsourced CRM and contact center services, has been serving companies around the world rolling out customer acquisition, customer care, technical support and debt collection programs on their behalf. In 2008, the Teleperformance Group achieved €1.784 billion revenues (US$2.6 billion – average exchange rate at December 31, 2008: €1 = US$1.46).
The Group operates about 79,800 computerized workstations, with more than 88,000 employees (Full-Time Equivalents) across 248 contact centers in 46 countries and conducts programs in more than 66 different languages and dialects on behalf of major international companies operating in various industries.
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BALANCE SHEET - in thousands of euros

ASSETS	31.12.2008	31.12.2007
Non-current assets		
Goodwill	591,928	510,034
Other intangible assets	47,213	50,172
Property, plant and equipment	184,898	166,245
Financial assets	13,826	9,718
Deferred tax assets	7,535	24,063
Total non-current assets	845,400	760,232
Current assets		
Inventory	520	641
Current income tax receivable	37,108	10,189
Accounts receivable – Trade	433,890	390,393
Other current assets	62,790	56,921
Other financial assets	10,518	9,507
Cash Assets and Cash Equivalents	280,642	369,342
Assets classified as held for sale	0	5,380
Total current assets	825,468	842,374
TOTAL ASSETS	1,670,868	1,602,606

LIABILITIES	31.12.2008	31.12.2007
Shareholders' equity		
Attributable to equity holders of the parent	1,041,806	952,336
Attributable to minority interests	11,877	12,916
Total shareholders' equity	1,053,683	965,252
Non-current liabilities		
Provisions	5,792	5,486
Financial liabilities	46,822	135,907
Deferred tax liabilities	17,128	14,089
Total non-current liabilities	69,742	155,482
Current liabilities		
Provisions	13,782	7,289
Current income tax	20,294	42,347
Accounts payable – Trade	77,217	75,309
Other current liabilities	220,057	253,230
Other financial liabilities	216,093	101,019
Liabilities classified as held for sale		2,677
Total current liabilities	547,443	481,871
TOTAL LIABILITIES	1,670,868	1,602,606

INCOME STATEMENT - in thousands of euros

	2008	2007
Revenues	1,784,752	1,593,795
Other operating revenues	29,997	33,873
Personnel	-1,246,090	-1,114,687
External expenses	-299,920	-271,186
Taxes other than income taxes	-18,431	-15,723
Depreciation and amortization	-68,412	-63,862
Acquisition-related depreciation & amortization of intangible assets	-2,984	-687
Impairment loss on Goodwill	-1,464	-2,217
Change in inventory	-137	107
Other operating income	6,236	7,028
Other operating expenses	-5,695	-7,868
Net Operating Profit	177,853	158,572
Income from cash and cash equivalents	12,018	14,516
Interest on financial liabilities	-14,219	-14,387
Net financing costs	-2,200	129
Other financial income	25,649	14,103
Other financial expenses	-25,394	-14,509
Share of profit of associates	0	-11
Profit before tax	175,908	158,284
Income tax	-56,424	-57,281
Net Profit	119,484	101,003
Attributable to minority interests	-3,126	-3,142
Net Profit, attributable to equity holders of the parent	116,358	97,861
Diluted earnings per share (in €)	2.09	1.74

CASH FLOW STATEMENT - in thousands of euros

	2008	2007
Cash flows from operating activities		
Net profit – attributable to equity holders of the parent	116,358	98,283
Net profit – attributable to minority interests	3,126	3,142
Income tax expense	56,338	57,546
Depreciation and amortization	71,392	63,900
Impairment loss on goodwill	1 464	2,276
Change in provisions	4 836	167
Expense relating to share-based payments	5 836	12 116
Unrealized gain and loss on financial instruments	-618	2 336
Gain/Loss on disposals, net of tax	-7 952	-12,982
Income tax paid	-83,932	-45,612
Other	-201	-314
Internally generated funds from operations	166,647	180,858
Change in Working Capital Requirements relating to operations	-68,456	-3,845
Cash flows from operating activities	98,191	177,013
Cash flows from investing activities		
Acquisition of Intangible assets and property, plant and equipment	-70,712	-70,941
Acquisition of investments in subsidiaries and affiliates	-149,380	-233,880
Other financial assets acquired	-1,192	-6,090
Sale of Intangible assets and property, plant and equipment	1,925	7,350
Sale of investments in subsidiaries and affiliates	7,977	10,985
Other financial assets sold	1,744	7,366
Cash flows from investing activities	-209,638	-285,210
Cash flows from financing activities		
Increase in shareholders' equity	6,930	9,188
Acquisition of treasury shares	-2,159	
Dividends paid to parent company shareholders	-24,316	-17,460
Dividends paid to minority shareholders	-2,032	-3,644
Increase in financial liabilities	134,215	-56,174
Repayment of financial liabilities	-75,022	64,609
Cash flows from financing activities	37,616	-3,481
Change in cash and cash equivalents	-73,830	-111,678
Effect of exchange rates on cash held	-7,489	-2,967
CASH AND CASH EQUIVALENTS at January 1	319,555	434,200
CASH AND CASH EQUIVALENTS at December 31	238,235	319,555

IMPACT OF THE FINAL ALLOCATION OF ASSETS AND LIABILITIES RELATED TO ACQUISITIONS COMPLETED IN 2007 ON THE 2007 FINANCIAL STATEMENTS

It should be pointed out that, after identifying intangible assets in 2008 during the process of measuring the assets and liabilities of companies acquired in 2007, and in accordance with IFRS 3, which allows the measurement of the assets and liabilities recognized at the consolidation date to be adjusted within a twelve-month period, the 2007 financial statements were **restated for the recognition of such intangible assets identified** in the financial statements of HTC and AllianceOne, two companies acquired in the second half of 2007. This amount was deducted from the goodwill carried at the end of 2007.

The accounts that were impacted by such adjustments are summarized below (in thousands of euros):

Balance Sheet	Published 2007	Adjustments	Restated 2007
Goodwill	532,748	-22,714	510,034
Other intangible assets*	14,876	35,296	50,172
Deferred tax assets	32,620	-8,557	24,063
Total assets	580,244	4,025	584,269
Shareholders' equity	965,644	-392	965,252
Deferred tax liabilities	9,672	4,417	14,089
Total liabilities	975,316	4,025	979,341

Income Statement		2007	
Acquisition-related depreciation and amortization of intangible assets	0	-687	-687
Income tax	-57,546	265	-57,281
Net Profit	-57,546	-422	-57,968

* mainly trademarks and customer relationships