Ipsos

Press release

First half 2011

Good news and very good news

Revenues: 558.2 million euros
Organic growth: +6.3%
Net profit attributable to the Group: +17.8%

Paris, 27 July 2011. Following 6.2% in the first quarter, Ipsos achieved organic growth of 6.3% in the first half of the year, again above the target of “over 5%” set at the start of the year.

Total growth came to 5.6%, down slightly relative to the first quarter due to an unfavourable currency effect (-0.9%) and a limited change in the scope of consolidation of 0.2% relating to the integration of Panamanian company TMG.

Unsurprisingly, growth remained brisk in emerging markets at 14.2%, and 3.1% in developed markets. This was partly due to the very specific and temporary phenomena in Japan, where revenues fell by 23%, but where sales of new projects have returned to a more or less normal rate since mid-May. It’s worth noting, that in the United Kingdom, where revenues were down by around 15% as expected, due to the budgetary cuts in the public sector following the election of David Cameron, sales improved during the second quarter, pointing to a good second half of the year.

In million euros	**H1 2011**	**H1 2010**	**Change**	**Full-year 2010**
Revenue	**558.2**	**528.8**	**+5.6%**	**1 140.8**
Gross profit	**361.8**	**333.0**	**+8.6%**	**722.7**
Gross margin	*64.8%*	*63.0%*		*63.4%*
Operating margin	**46.9**	**43.0**	**+8.9%**	**119.5**
Operating margin / revenue	*8.4%*	*8.2%*		*10.5%*
Net profit *(attributable to the Group)*	**27.6**	**23.4**	**+17.8%**	**66.2**
Adjusted net profit* attributable to the Group	**37.4**	**32.0**	**+16.8%**	**86.1**

*Adjusted net profit is calculated before non-cash items linked to IFRS 2 (share-based payments), amortisation of acquisition-related intangible assets (client relationships), deferred tax liabilities related to goodwill on which amortisation is tax-deductible in certain countries, and the impact net of tax of other operating income expenses and other non-recurring income and expenses.

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Performance by region and business line

By region, Ipsos' performance did not vary much between the first and second quarters, with the Asia-Pacific region leading the way despite the poor performance of Japan.

Consolidated revenues by geographic area *(In million euros)*	**H1 2011**	**H1 2010**	**Change 2011/2010**	**Organic Growth**
Europe, Middle East and Africa	247.7	242.1	2.3%	2.5%
Americas	245.4	232.1	5.8%	8.5%
Asia-Pacific	65.1	54.6	19.1%	15.5%
First-half revenues	**558.2**	**528.8**	**5.6%**	**6.3%**

By business line, bearing in mind that quarterly changes are not always very significant, it is worth noting the Group's strong overall performance, apart from in the Opinion & Social Research business, which reflects the British story.

Consolidated revenues by business line *(In million euros)*	**H1 2011**	**H1 2010**	**Change 2011/2010**	**Organic Growth**
Advertising Research	121.7	118.1	3.0%	6.5%
Marketing Research	253.6	242.2	4.7%	8%
Media Research	62.3	50.6	23.1%	12.5%
Opinion & Social Research	61.3	66.5	-7.8%	-9%
Customer Relationship / Management Research	59.3	51.4	15.4%	14.5%
First-half revenues	**558.2**	**528.8**	**5.6%**	**6.3%**

Profitability. *Gross profit* is calculated by deducting external direct variable costs attributable to the performance of contracts from revenues. It grew more quickly than revenues (+8.6%), giving a gross margin of 64.8% versus 63.0% in the previous six-month period. The rise in gross margin was driven by the ongoing shift to online surveys, especially in Europe and the ability to maintain pricing at a good level in emerging countries.

Other operating income and expenses totalled -4.9 million euros. This figure mainly consists of non-recurring items related to staff departures as well as currency effects related to commercial transactions. These foreign exchange results fluctuated negatively by 2.3 million euros over the period.

Operating profit came in at 46.9 million euros (8.4% of revenues), an increase of 8.9% relative to the first half of 2010.

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Amortisation of acquisition-related intangible assets. A portion of goodwill is allocated to client relationships during the 12-month period following an acquisition, and amortisation charges are recognised in the income statement over several years, in accordance with IFRS. This charge came to 0.8 million euros in the first half of 2011.

Other non-operating income and expenses. The balance of this item was a net expense of 0.5 million euros compared with 0.7 million euros in the first half of 2010. It includes unusual items not relating to operations and acquisition costs since the change in IFRS applicable from 1 January 2010 (IFRS3 Revised).

Finance costs. Finance costs came to 4.8 million euros, down 18% relative to the same period in the previous year, because of the decrease in net debt. Other financial income and expenses included foreign exchange losses totalling 1.1 million euros as opposed to a gain of 0.1 million in the first half of 2010.

Tax. The effective tax rate on the IFRS income statement was 27.5%, as the same level as the first half of 2010. As in the past, the effective tax rate included a deferred tax liability (2.0 million euros), cancelling out the tax saving achieved through the tax-deductibility of goodwill amortisation in certain countries, even though this deferred tax charge would fall due only if the activities concerned were sold.

Adjusted net profit attributable to the Group came to 34.7 million euros, up 16.8% compared with the first half of 2010. Net profit attributable to the Group came in up 17.8% at 27.6 million euros.

Financial structure - ***Shareholders' equity*** stood at 604.3 million euros, while ***net debt*** came to 186.8 million euros at 30 June 2011. This resulted in gearing of 30.9%, lower than the 30 June 2010 figure of 39.1%.

Operating Cash flow amounted to 56.8 million euros, up 6.3% relative to the first half of 2010. The increase in gross operating cash flow was partly offset by an increase in the working capital requirement, which is traditionally higher at the end of the first half because a large number of surveys are under way at that time of year.

About Synovate, the second half of 2011 and the outlook for Ipsos

The debt crisis in the West is not yet ready to be extinguished and, despite the efforts of various parties, the facts can be summarised as follows: in the majority of European countries and the United States, public and private debt combined represent considerably more than one year's GDP. The shuffling of cards that consists of moving debt from the private sector to the public sector or from the public sector to the private sector by means of budget cuts may gain time but will not reduce the amounts owed. The same applies when the subject relates to transferring debt from one country to another.

As returning to a certain level of inflation is not considered a solution, and as default by one country is apparently no longer an option because of fears of contamination, there only remains one harsh reality: taxpayers will have to pay, thereby depriving people and consumers of some of their resources.

The consequence is clear. Demand will not rise rapidly in the United States and Western Europe for a long time. There are just two solutions left to stimulate developed economies: re-balancing of trade

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– where does this leave the trade deficit for China? - and/or an upturn in investment as a result of innovation.

Ipsos' clients – in particular private companies – are acting based on this constraint. They are going to where demand is growing, and searching – here in the west – for efficiency. They want to invest in digital media, which is not too expensive for the time being, and sometimes works. They want to build and optimise their contacts with consumers, at home and at sales outlets - now is the time for mobile media. And they want to work with service providers covering all of their markets – those that are developing, those that are developing less and those in which they are not yet active – and which are able to work effectively and efficiently, and are also in a position to use and deploy new technologies allowing for a better and quicker understanding of the behaviour patterns, attitudes, reactions and opinions of citizens and consumers.

The reasons for Ipsos' proposal to Aegis to acquire Synovate are inherent in this analysis. In order to better meet the new needs of its clients, Ipsos needs to improve its geographical coverage – for example, by enhancing its presence in Asia – and to grow in order to have greater resources and become more efficient. It also needs to invests more in the use of technologies that allow for better measurement and understanding of people – including Chinese people in rural areas and people living in New York – and, finally offer its clients more experience, more professionals, more methodologies and more expertise.

Over the next few months, we will draw up our plans with the teams at Ipsos and our new colleagues from Synovate. Subject to the agreement of Aegis's shareholders and that of the antitrust authorities of certain countries, Ipsos' 10,000 professionals are preparing to welcome the 6,000 professionals from Synovate, working together to achieve one aim: to be our clients' partner of choice in our chosen areas of expertise.

This is the very good news that should materialise at the start of next year with the roll-out of a stronger company with a balanced geographical presence, able to anticipate, understand and work in close collaboration with its thousands of clients.

To go back to the good news, Ipsos as it currently stands should achieve organic growth of over 6% in 2011, its operating margin will be at least 11%, as stated previously.

A presentation of Ipsos' activities and results for the first half of 2011 and a complete set of consolidated financial statements will be available on the www.ipsos.com website on 28 July.

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Nobody's Unpredictable

"Nobody's Unpredictable" is the Ipsos signature.

Our clients' clients are increasingly changing their habits –
hopping from one trend to the next, changing their behaviour, views and preferences.
We help our clients to capture these trends, which characterise the society in which we live.
We help them to understand their clients – and the world - as they are.

Ipsos is listed on Eurolist - NYSE-Euronext.
The company is part of the SBF 120 and the Mid-100 index and is eligible for the Deferred Settlement Service (SRD).

ISIN code FR0000073298, Reuters ISOS.PA, Bloomberg IPS:FP
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Consolidated income statement

First half to 30 June 2011

In thousands of euros	30 June 2011	30 June 2010	31 December 2010
Revenue	**558,200**	**528,849**	**1,140,815**
Direct costs	(196,399)	(195,818)	(418,086)
Gross profit	**361,802**	**333,031**	**722,728**
Payroll - excluding share based payments	(232,397)	(209,998)	(441,406)
Payroll - share based payments *	(3,140)	(2,858)	(5,770)
General operating expenses	(74,505)	(73,291)	(148,005)
Other operating income and expense	(4,901)	(3,866)	(8,042)
Operating margin	**46,859**	**43,017**	**119,505**
Amortisation of additional intangibles identified on acquisitions *	(844)	(853)	(1,728)
Other non operating income and expense *	(451)	(744)	(1,447)
Income from associates	26	53	124
Operating profit	**45,590**	**41,472**	**116,454**
Finance costs	(4,750)	(5,811)	(15,333)
Other financial income and expense	(1,123)	96	(783)
Profit before tax	**39,718**	**35,757**	**100,337**
Income tax - excluding deferred tax on goodwill	(8,915)	(8,205)	(21,692)
Income tax - deferred tax on goodwill *	(2,008)	(1,628)	(5,848)
Income tax	(10,923)	(9,833)	(27,540)
Net profit	**28,794**	**25,925**	**72,797**
Attributable to the Group	27,573	23,412	66,233
Attributable to Minority interests	1,221	2,513	6,564
Earnings per share (in euros) - Basic	0.81	0.70	1.97
Earnings per share (in euros) - Diluted	0.80	0.69	1.94

Adjusted net profit *	**38,666**	**34,607**	**92,786**
Attributable to the Group	**37,385**	**32,009**	**86,068**
Attributable to Minority interests	**1,281**	**2,598**	**6,718**
Adjusted earnings per share (in euros) - Basic	1.09	0.96	2.55
Adjusted earnings per share (in euros) - Diluted	1.08	0.95	2.52

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Consolidated balance sheet

First half to 30 June 2011

In thousands euros	30 June 2011	31 December 2010
ASSETS		
Goodwill	681,058	716,926
Other intangible assets	35,163	38,120
Property, plant and equipment	26,395	26,663
Interests in associates	998	972
Other non-current financial assets	7,171	5,976
Deferred tax assets	22,275	22,968
Total non-current assets	**773,060**	**811,625**
Trade receivables	337,605	349,493
Current income tax	3,092	5,743
Other current assets	28,509	27,305
Derivative financial assets	477	732
Cash and cash equivalents	116,705	150,016
Total current assets	**486,387**	**533,289**
TOTAL ASSETS	**1,259,447**	**1,344,914**

In thousands euros	30 June 2011	31 December 2010
LIABILITIES		
Share capital	8,567	8,533
Share premium	344,168	339,630
Own shares	(629)	(228)
Currency translation differences	(23,855)	398
Other consolidated reserves	265,190	268,028
Shareholders' equity - attributable to the Group	**593,441**	**616,361**
Minority interests	10,867	11,576
Total shareholders' equity	**604,308**	**627,937**
Borrowings and other long-term financial liabilities	248,660	276,948
Non-current provisions and retirement benefit obligations	10,513	10,157
Deferred tax liabilities	49,906	52,601
Other non-current liabilities	19,893	41,597
Total non-current liabilities	**328,972**	**381,304**
Trade payables	131,335	143,073
Short-term portion of borrowings and other financial liabilities	55,331	58,952
Current income tax liabilities	2,120	6,728
Current provisions	2,138	1,843
Other current liabilities	135,242	125,077
Total current liabilities	**326,167**	**335,673**
TOTAL LIABILITIES	**1,259,447**	**1,344,914**

Consolidated cash flow statement

First half to 30 June 2011

In thousands euros	30 June 2011	30 June 2010	31 December 2010
OPERATING ACTIVITIES			
NET PROFIT	**28,794**	**25,925**	**72,797**
Adjustements to reconcile net profit to cash flow			
Amortisation and depreciation of fixed assets	7,990	9,045	18,048
Net profit of equity associated companies - net of dividends received	(26)	(53)	(68)
Losses/(gains) on asset disposals	212	(282)	(61)
Movement in provisions	885	34	772
Share-based payment expense	3,140	2,858	5,770
Other non cash income/(expenses)	(81)	(411)	208
Acquisition costs of consolidated companies	191	644	772
Finance costs	4,750	5,811	15,333
Income tax expense	10,923	9,833	27,540
OPERATING CASH FLOW BEFORE WORKING CAPITAL, FINANCING AND TAX PAID	**56,777**	**53,403**	**141,111**
Change in working capital requirement	**(36,384)**	**(27,192)**	**(13,454)**
Interest paid	**(6,668)**	**(3,974)**	**(7,359)**
Income tax paid	**(11,970)**	**(11,428)**	**(26,958)**
CASH FLOW FROM OPERATING ACTIVITIES	**1,756**	**10,810**	**93,340**
INVESTMENT ACTIVITIES			
Acquisitions of property, plant, equipment and intangible assets	(8,165)	(6,055)	(13,483)
Proceeds from disposals of property, plant, equipment and intangible assets	-	9	59
Increase/(decrease) of financial assets	(1,476)	(335)	(876)
Acquisition of consolidated companies and business goodwill	(525)	(48,332)	(54,894)
CASH FLOW FROM INVESTMENT ACTIVITIES	**(10,165)**	**(54,713)**	**(69,194)**
FINANCING ACTIVITIES			
Increase/(decrease) in capital	400	2,246	4,802
Increase/(decrease) in long-term borrowings	(9,452)	1,625	51,028
Increase/(decrease) in bank overdrafts and short-term debts	(541)	(1,352)	(151)
(Purchase)/proceeds of own shares	(7,411)	15,010	16,053
Dividends paid to parent-company shareholders	-	-	(17,306)
Dividends paid to minority shareholders of consolidated companies	(458)	(566)	(2,489)
CASH FLOW FROM FINANCING ACTIVITIES	**(17,461)**	**16,962**	**51,937**
NET CHANGE IN CASH POSITION	**(25,870)**	**(26,941)**	**76,083**
Impact of foreign exchange rate movements	(7,440)	6,553	5,775
CASH AT BEGINNING OF PERIOD	**150,016**	**68,157**	**68,157**
CASH AT END OF PERIOD	**116,705**	**47,769**	**150,016**

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Consolidated statement of changes in shareholder's equity

First half to 30 June 2011

In thousand euros	Share capital	Share Premium	Own shares	Other Consolidated reserves	Currency translation difference	Shareholders' equity		
						Attributable to the Group	Minority interests	Total
1 January 2010	**8,466**	**334,896**	**(20,421)**	**232,229**	**(40,853)**	**514,317**	**8,733**	**523,050**
- Change in capital	31	2,215	-	-	-	2,246	-	**2,246**
- Dividends paid	-	-	-	(17,270)	-	(17,270)	(1,526)	**(18,796)**
- Change in scope of consolidation	-	-	-	-	-	-	(487)	**(487)**
- Impact of share buy-out commitments	-	-	-	-	-	-	(1,388)	**(1,388)**
- Delivery of free shares related to 2008 plan	-	-	4,755	(4,755)	-	-	-	-
- Other movements on own shares	-	-	14,576	296	-	14,872	-	**14,872**
- Share-based payments taken directly to equity	-	-	-	2,858	-	2,858	-	**2,858**
- Other movements	-	-	-	(8,605)	-	(8,605)	(53)	**(8,659)**
Transactions with the shareholders	31	2,215	19,331	(27,476)	-	(5,899)	(3,454)	(9,354)
- Net profit	-	-	-	23,412	-	23,412	2,513	**25,925**
- Other elements of the Comprehensive income	-	-	-	-	-	-	-	-
Hedges of net investments in a foreign subsidiary	-	-	-	-	*4,570*	*4,570*	-	***4,570***
Deferred tax on hedges of net investments in a foreign subsidiary	-	-	-	-	*(631)*	*(631)*	-	***(631)***
Currency translation differences	-	-	-	-	*63,012*	*63,012*	*2,788*	***65,800***
- Total of the other elements composing the Comprehensive income	**-**	**-**	**-**	**-**	**66,951**	**66,951**	**2,788**	**69,739**
- Comprehensive income	-	-	-	23,412	66,951	90,362	5,302	95,664
30 June 2010	**8,497**	**337,111**	**(1,090)**	**228,165**	**26,098**	**598,780**	**10,581**	**609,361**
1 January 2011	**8,533**	**339,630**	**(228)**	**268,028**	**398**	**616,361**	**11,576**	**627,937**
- Change in capital	34	4,538	-	(4,573)	-	(2)	38	**37**
- Dividends paid	-	-	-	(20,478)	-	(20,478)	(690)	**(21,168)**
- Change in scope of consolidation	-	-	-	-	-	-	(8,411)	**(8,411)**
- Impact of share buy-out commitments	-	-	-	-	-	-	8,191	**8,191**
- Delivery of free shares related to 2009 plan	-	-	7,552	(7,552)	-	-	-	-
- Other movements on own shares	-	-	(7,953)	401	-	(7,552)	-	**(7,552)**
- Share-based payments taken directly to equity	-	-	-	3,140	-	3,140	-	**3,140**
- Other movements	-	-	-	(1,348)	-	(1,348)	(8)	**(1,357)**
Transactions with the shareholders	34	4,538	(401)	(30,410)	-	(26,240)	(880)	(27,121)
- Net profit	-	-	-	27,573	-	27,573	1,221	**28,794**
- Other elements of the Comprehensive income	-	-	-	-	-	-	-	-
Hedges of net investments in a foreign subsidiary	-	-	-	-	*1,076*	*1,076*	-	***1,076***
Deferred tax on hedges of net investments in a foreign subsidiary	-	-	-	-	*(437)*	*(437)*	-	***(437)***
Currency translation differences	-	-	-	-	*(24,893)*	*(24,893)*	*(1,050)*	***(25,943)***
- Total of the Other elements composing the Comprehensive income	**-**	**-**	**-**	**-**	**(24,253)**	**(24,253)**	**(1,050)**	**(25,303)**
- Comprehensive income	-	-	-	27,573	(24,253)	3,320	171	3,491
30 June 2011	**8,567**	**344,168**	**(629)**	**265,191**	**(23,855)**	**593,441**	**10,867**	**604,308**

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