



Press release

H1 2012: building on solid foundations

Revenues: 837.0 million euros, up 49.9%
Operating margin improves slightly to 5.8%

Paris, 25 July 2012. In the first half of 2012, Ipsos generated revenues of 837.0 million euros, an increase of nearly 50% on the first half of 2011. At constant exchange rates, revenues were up 45.5%, reflecting the integration of the Synovate group in Ipsos' financial statements as of 1 October 2011.

In the second quarter alone, Ipsos revenues increased 53.4%, or 47% at constant exchange rates. This marks an acceleration with regard to the 46% revenue growth reported in the first quarter of 2012 (44% excluding currency effects).

It is not possible to calculate the first-half organic growth rate for Ipsos' former scope of consolidation. From January 1st 2012 on, certain existing or new services were transferred to different legal entities in the former scope of either Ipsos or Synovate, depending on the type of contract.

To provide a more exact picture of our commercial activity, we compared the revenue acquisition rate at 30 June with the rate observed in previous years. With the exception of 2011, when the integration of Synovate complicated the comparison, the revenue acquisition rate has been remarkably stable over the past five years at 67%. At 30 June 2012, revenues accounted for 66% of our full-year target, which falls just shy of the expected level. For this reason, and given the challenging macroeconomic environment, we have decided to adjust our full-year targets and outlook: we are now expecting stable revenues instead of 2% growth in 2012.

Performance by region and business line

All business lines and regions reported growth, which was particularly strong in the Asia-Pacific region.

In the emerging countries, revenues were up 59.2% (56% at constant exchange rates) and accounted for 34% of Group revenues, compared to 32% in the first half of 2011.

Consolidated revenues by region <i>(In millions of euros)</i>	H1 2012	H1 2011	Change 2012/2011	At constant exchange rate
Europe, Middle East and Africa	371.0	247.7	49.8%	48.0%
Americas	323.1	245.4	31.6%	26.3%
Asia-Pacific	142.9	65.1	119.6%	108.1%
First-half revenues	837.0	558.2	49.9%	45.5%



Consolidated revenues by business line <i>(In millions of euros)</i>	H1 2012	H1 2011	Change 2012/2011	At constant exchange rate
Advertising Research	136.5	121.7	12.2%	7.7%
Marketing Research	427.6	253.6	68.6%	64.0%
Media Research	86.4	62.3	38.7%	33.2%
Opinion & Social Research	80.6	61.3	31.5%	28.1%
Customer Relationship / Management Research	105.8	59.3	78.3%	74.7%
First-half revenues	837.0	558.2	49.9%	45.5%

Profitability

The merger transformed the Group's operating and financial results. To compare the performance of the new Ipsos + Synovate entity between the first half of 2012 and the same period in 2011, we added the interim financial statements reported by the two groups separately last year. For Synovate, we used the financial statements prepared by Aegis and converted them into euros using the average EUR/GBP exchange rate for the first half of 2011, as presented in the following table:

<i>(In millions of euros)</i>	H1 2012 Better Ipsos	H1 2011 Ipsos + Synovate	Change	H1 2011 Ipsos alone	H1 2011 Synovate alone**
Revenues	837.0	832	+0.6%	558.2	273.8
Gross profit	530.4	528	+0.5%	361.8	166.2
<i>Gross margin</i>	63.4%	63.4%	-	64.8%	60.7%
Operating profit	48.2	45.7	+5.5%	46.9	(1.1)
<i>Operating margin</i>	5.8%	5.5%	+27pb	8.4%	-
Net profit (attributable to the Group)	12.6	25.9	-	27.6	(1.7)
Adjusted net profit* (attributable to the Group)	29.8	32.1	-	33.8	(1.7)

*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 non-recurring income and expenses.

** Synovate's company accounts at 30 June 2011, as reported by Aegis at 25 August 2011, and converted into euros at the average EUR/GBP exchange rate for the first half of 2011.

Gross profit, which is calculated by deducting external direct variable costs attributable to contracts from revenues, increased 0.5% for the combined Ipsos + Synovate entity. The gross margin was flat at 63.4%.

Changes in current operating costs, wages and administrative expenses still do not reflect most of the positive effects expected from the merger. However, they do include the negative financial impact of investment in training programmes and other Ipsos – Synovate combination projects.



Operating profit was 48.2 million euros, up 5.5% compared to the first half of 2011, and the operating margin improved by 27 basis points.

Other non-operating income and expenses totalled (13.3) million euros and is due mainly to the cost of the Ipsos + Synovate merger plan (12.7) million euros. The plan calls for staff reductions, notably in the back office, operations and support services, as well as other types of savings. A big part of the plan was already completed between March and June: 85% of the moves have been made as part of the merging of teams, and half of the 750 cutbacks in back office staff planned this year have already been made. At 30 June 2012, the Group had 15,972 employees, down from 16,364 at 31 December 2011.

Finance costs amounted to 11 million euros in the first half of 2012, double the year-earlier figure due to debt to finance the Synovate acquisition. Note that the Group benefited from favourable financial conditions thanks to low interest rates: the average interest rate paid was 3.7%.

The effective **tax** rate on the income statement was 25%, down from 27.5% in 2011, thanks to the decline in corporate tax rates in some of the countries in which the Group operates.

Adjusted net profit attributable to the Group came to 29.8 million euros before non-cash items such as the cost of the free share plan (2.9 million euros), amortisation of client relationships (2.2 million euros) and differed tax liabilities on goodwill (3.1 million euros) and before the impact net of tax of other non-operating income and expenses for 13.3 million euros.

Net profit attributable to the Group was 12.6 million euros.

Financial structure

Ipsos' balance sheet is under tight control despite reaching a low point in cash flow generation on 30 June due to gross operating cash flows of 51.9 million euros, in line with reported operating profit. Like operating profit, gross operating cash flows have not yet benefited from the positive effects of the merger. Conversely, provisions for restructuring costs set aside at 31 December 2011 and those reported as non-operating charges in the first half of 2012 for 12.7 million euros, resulted in disbursements mainly in the first half.

In addition, seasonal changes in working capital requirements peaked at 30 June, which is normal in the research business, due to the large number of projects pending at that date as well as to the seasonal payouts concentrated in the first half, such as bonuses pertaining to the previous year and the remainder of corporate income tax liabilities.

Ipsos also invested 21.5 million euros in its acquisition programme in the first half of 2012, in part to buy out minority interests in some emerging countries (Hungary, India, the Middle East, Peru and Thailand) but also for the 8.5 million euros deferred payment on the acquisition price of OTX, the American leader in digital research purchased in 2010.

Lastly, Ipsos invested 6.7 million euros in its share buyback programme to limit the impact of dilution on its free share attribution plans.

Consequently, **net debt** came to 680.2 million euros at 30 June 2012, representing gearing of 76.1%. At constant exchange rates, Ipsos' net debt at 31 December 2012 should be significantly lower than the level reached at 30 June.

The **net cash position** at the close of the first half was 75.9 million euros, which puts Ipsos in a good liquidity position.

Shareholders' equity was stable at 894.2 millions euros at 30 June compared with 891.6 million euros at 31 December 2011.



Outlook for 2012

Everything that must be done to ensure the Ipsos + Synovate merger is a success has been initiated, progressed, advanced, and in many instances completed.

Our new offer is in place, as well as our teams. This is acknowledged by our clients, whose working relations with Ipsos have for the most part not been disrupted, and who willingly recognise that "Better Ipsos" has so much more to offer them than Ipsos and/or Synovate as separate entities. This is thanks to better regional coverage, to a greater size that gives us more substantial resources, and especially to methodologies that are more comprehensive, simpler and pertinent. We have lost very few existing contracts, while in the last few weeks of the reporting period, the successful securing of several major contracts worth several tens of millions of euros in additional full-year revenues has confirmed the professionalism and commitment of our combined teams.

The teams themselves have responded in a positive manner to a merger that aims to create an effective global company capable of becoming the recognised leader in several areas of expertise, while at the same time playing its part in meeting the demand for broader services: research companies like ours must propose and conduct interventions in which information is not simply a vehicle for knowledge, but a key component in the decision-making process. Market globalisation has offered many companies – and not only the biggest ones – growth prospects that are not only greater but also more varied and volatile than in the past.

At the same time, Ipsos' clients have more choices to make if they are to keep a grip on growth, which they hope to be profitable. They must decide which markets to prioritise, which products and brands to develop and promote, which marketing themes and channels to use and how to make them work together. It must also be ensured that the one trillion euros being spent worldwide to sell products, services and ideas are being put to good use. Organisations and companies must resonate rationally and emotionally with the needs and desires of consumers/clients/citizens who are ever more solicited, educated and interconnected.

Admittedly, markets are growing, but so is the competition. In a recent publication, the consulting firm OC&C ranked the 50 largest companies in the Chinese market for consumer goods in 2011. Of those, 32 – including the top two – were Chinese companies. And of the 8 companies who appeared in the 2010 listing but were dropped in 2011, 7 were foreign companies!

More than ever, Ipsos is determined to use its new resources, its human capital, its operating resources and its corporate culture which blends enterprising spirit, integrity and responsibility, to meet the needs – both existing and new – of its clients. We are committed to providing our clients with information that is exact, relevant with regard to the choices they must make, and straightforwardly comprehensible.

To achieve this, Ipsos relies first of all on the skills of its staff. In the first half of 2012, more than 8,000 employees participated in training programmes focusing notably on the new offers arising from the Ipsos + Synovate merger, and on the new protocols developed by Ipsos Open Thinking Exchange, Ipsos' main R&D centre, whose priorities in 2012 are focused on social networks and mobile platforms.

Ipsos is also counting on its investments in its operations: the merger of the Ipsos and Synovate panels, which will be complete in North America and Western Europe before the end of the year; their extension to the developing countries; and the setting up of a single production platform, a major project which – thanks to the use of the same software suite across the Group, developed by IBM – should lead to an improvement in the quality and effectiveness of information collection systems.



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Ipsos is also making progress in defining and monetising Consumer Insight Services, a new offer which, with recourse to dedicated experts, is able to put existing information – whether produced by Ipsos or not – into context, in order to improve its relevance, usage, and, in a word, value.

Lastly, Ipsos is finishing the process of setting up information systems in all the countries where it does business. The 30 principal countries in which Synovate was active have already been converted; the remaining 30 countries will be hooked up by the end of the year 2012.

Our work on the combination is progressing. We are convinced that we are building on solid foundations. 50 clients, our main international partners, are today monitored either through the Global PartneRing Programme which Ipsos launched successfully in 1999, or through the PartneRing Relationships Programme which we launched on 1 January 2012.

Over 80% of our employees are proud to work at Ipsos, the same score as in 2010, before the Ipsos/Synovate merger. 97% of our contracts are completed without significant incidents. This figure has also been stable for the past two years.

Our combined entity is developing its first joint memories – of difficulties overcome together, of contracts that have been retained, of victories obtained in spite of competitors who thought they could take advantage of our merger to win back market share – and this, thanks to clients who recognize that we have the determination and resources to be their partners, and to the professionalism and commitment of our teams.

We have not yet done everything, but everything that must be done will be done by the end of the year.

2012-2013 targets

In 2012, Ipsos expects stable revenues at constant scope and exchange rates, with an operating margin before non-recurring items of about 10%, a significant increase compared to the Ipsos + Synovate combined margin of 8.8% in 2011.

Between July and December, Ipsos revenues should reach or exceed 1 billion euros – assuming of course that the eurozone's leaders do not trigger a financial disaster. On this front nothing has changed: construction work is under way, but too slowly.

**A presentation of Ipsos' activities and results for the first half of 2012
and a complete set of consolidated financial statements
will be available on the www.ipsos.com website on 26 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).

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www.ipsos.com**



Consolidated income statement First half to 30 June 2012

In thousands of euros	30 June 2012	30 June 2011	31 December 2011
Revenue	836,964	558,200	1,362,895
Direct costs	(306,584)	(196,399)	(490,611)
Gross profit	530,380	361,802	872,284
Payroll - excluding share based payments	(362,158)	(232,397)	(528,076)
Payroll - share based payments *	(2,871)	(3,140)	(6,115)
General operating expenses	(118,390)	(74,505)	(172,565)
Other operating income and expense	1,276	(4,901)	(5,316)
Operating margin	48,237	46,859	160,212
Amortisation of intangibles identified on acquisitions *	(2,179)	(844)	(2,304)
Other non operating income and expense *	(13,335)	(451)	(26,331)
Income from associates	(37)	26	13
Operating profit	32,686	45,590	131,590
Finance costs	(10,977)	(4,750)	(8,156)
Other financial income and expense	(1,244)	(1,123)	1,353
Profit before tax	20,465	39,718	124,787
Income tax - excluding deferred tax on goodwill	(2,043)	(8,915)	(29,643)
Income tax - deferred tax on goodwill *	(3,074)	(2,008)	(4,765)
Income tax	(5,117)	(10,923)	(34,408)
Net profit	15,348	28,794	90,379
Attributable to the Group	12,607	27,573	86,082
Attributable to Minority interests	2,741	1,221	4,297
Earnings per share (in euros) - Basic	0.28	0.81	2.27
Earnings per share (in euros) - Diluted	0.28	0.80	2.25

Adjusted net profit *	32,806	35,113	121,995
Attributable to the Group	29,781	33,832	117,398
Attributable to Minority interests	3,025	1,281	4,597
Adjusted earnings per share (in euros) - Basic	0.66	0.99	3.10
Adjusted earnings per share (in euros) - Diluted	0.66	0.98	3.07



Consolidated balance sheet

First half to 30 June 2012

In thousands of euros	30 June 2012	31 December 2011
ASSETS		
Goodwill	1,157,652	1,119,798
Other intangible assets	83,198	81,755
Property, plant and equipment	50,245	50,300
Interests in associates	457	493
Other non-current financial assets	156,114	148,962
Deferred tax assets	51,770	43,061
Total non-current assets	1,499,436	1,444,368
Trade receivables	595,372	564,992
Current income tax	17,909	9,910
Other current assets	45,080	46,262
Derivative financial instruments	8,019	5,853
Cash and cash equivalents	75,908	161,203
Total current assets	742,289	788,220
TOTAL ASSETS	2,241,725	2,232,588

In thousands of euros	30 June 2012	31 December 2011
LIABILITIES		
Share capital	11,332	11,311
Share premium	540,017	538,405
Own shares	(511)	(1,019)
Currency translation differences	26,588	7,735
Other reserves	303,063	322,707
Shareholders' equity - attributable to the Group	880,489	879,139
Minority interests	13,690	12,437
Total shareholders' equity	894,179	891,576
Borrowings and other long-term financial liabilities	688,313	680,574
Non-current provisions and retirement benefit obligations	17,096	18,073
Deferred tax liabilities	91,486	84,334
Other non-current liabilities	57,538	52,599
Total non-current liabilities	854,432	835,581
Trade payables	249,998	259,800
Short-term portion of borrowings and other financial liabilities	75,797	72,460
Current income tax liabilities	6,516	6,752
Current provisions	3,043	3,041
Other current liabilities	157,761	163,379
Total current liabilities	493,116	505,431
TOTAL LIABILITIES	2,241,725	2,232,588



Consolidated cash flow statement

First half to 30 June 2012

In thousands of euros	30 June 2012	30 June 2011	31 December 2011
OPERATING ACTIVITIES			
NET PROFIT	15,348	28,794	90,379
Adjustements to reconcile net profit to cash flow			
Amortisation and depreciation of fixed assets	14,631	7,990	19,625
Net profit of equity associated companies - net of dividends received	37	(26)	(13)
Losses/(gains) on asset disposals	448	212	332
Movement in provisions	(1,392)	885	2,301
Share-based payment expense	2,871	3,140	6,115
Other non cash income/(expenses)	3,154	(81)	2,061
Acquisitions costs of consolidated companies	659	191	6,454
Finance costs	10,977	4,750	8,157
Income tax expense	5,117	10,923	34,408
OPERATING CASH FLOW BEFORE WORKING CAPITAL, FINANCING AND TAX PAID	51,849	56,777	169,821
Change in working capital requirement	(59,318)	(36,384)	(29,520)
Interest paid	(11,774)	(6,668)	(12,855)
Income tax paid	(16,289)	(11,970)	(25,800)
CASH FLOW FROM OPERATING ACTIVITIES	(35,532)	1,756	101,646
INVESTMENT ACTIVITIES			
Acquisitions of property, plant, equipment and intangible assets	(14,581)	(8,165)	(19,719)
Proceeds from disposals of property, plant, equipment and intangible assets	45	-	128
Acquisition of financial assets	(2,096)	(1,476)	(2,510)
Acquisition of consolidated companies and business goodwill	(12,342)	(512)	(596,606)
CASH FLOW FROM INVESTMENT ACTIVITIES	(28,974)	(10,152)	(618,707)
FINANCING ACTIVITIES			
Increase/(decrease) in capital	1,633	400	195,778
(Purchase)/proceeds of own shares	(6,739)	(7,411)	(7,728)
Increase/(decrease) in long-term borrowings	(11,775)	(9,452)	387,671
Increase/(decrease) in bank overdrafts and short-term debt	3,641	(541)	(2,054)
Buy out of minority interests	(9,199)	(13)	(19,587)
Dividends paid to parent-company shareholders	-	-	(20,549)
Dividends paid to minority shareholders of consolidated companies	(78)	(458)	(1,975)
CASH FLOW FROM FINANCING ACTIVITIES	(22,517)	(17,474)	531,556
NET CASH FLOW	(87,022)	(25,870)	14,495
Impact of foreign exchange rate movements	1,727	(7,440)	(3,308)
CASH AT BEGINNING OF PERIOD	161,203	150,016	150,016
CASH AT END OF PERIOD	75,908	116,705	161,203

Consolidated statement of changes in shareholder's equity

First half to 30 June 2012

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 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	-	-	-	-	-	-	-	-
<i>Hedges of net investments in a foreign subsidiary</i>	-	-	-	-	1,076	1,076	-	1,076
<i>Deferred tax on hedges of net investments in a foreign subsidiary</i>	-	-	-	-	(437)	(437)	-	(437)
<i>Currency translation differences</i>	-	-	-	-	(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
31 June 2011	8,567	344,168	(629)	265,191	(23,855)	593,441	10,867	604,308
1 January 2012	11,311	538,405	(1,019)	322,708	7,735	879,139	12,437	891,576
- Change in capital	21	1,612	-	-	-	1,633	-	1,633
- Dividends paid	-	-	-	(28,477)	-	(28,477)	(204)	(28,681)
- Change in scope of consolidation	-	-	-	-	-	-	2,001	2,001
- Impact of share buy-out commitments	-	-	-	-	-	-	(3,900)	(3,900)
- Delivery of free shares related to 2010 plan	-	-	6,675	(6,675)	-	-	-	-
- Other movements on own shares	-	-	(6,167)	108	-	(6,059)	2	(6,057)
- Share-based payments taken directly to equity	-	-	-	2,871	-	2,871	-	2,871
- Other movements	-	-	-	(78)	-	(78)	142	64
Transactions with the shareholders	21	1,612	508	(32,250)	-	(30,109)	(1,958)	(32,067)
- Net profit	-	-	-	12,607	-	12,607	2,740	15,347
- Other elements of the Comprehensive income	-	-	-	-	-	-	-	-
<i>Hedges of net investments in a foreign subsidiary</i>	-	-	-	-	1,667	1,667	-	1,667
<i>Deferred tax on hedges of net investments in a foreign subsidiary</i>	-	-	-	-	(245)	(245)	-	(245)
<i>Currency translation differences</i>	-	-	-	-	17,430	17,430	471	17,902
- Total of the other elements composing the Comprehensive income	-	-	-	-	18,852	18,852	471	19,324
- Comprehensive income	-	-	-	12,607	18,852	31,460	3,211	34,671
30 June 2012	11,332	540,017	(511)	303,065	26,587	880,489	13,690	894,179