



Press Release

First quarter of 2017

Fifth consecutive quarter of organic growth

Revenues: €390.1 million
Total organic growth, first quarter: +1%
Organic growth of New Services: +18%

Paris, 27 April 2017 – From January to March 2017, Ipsos' revenue hit a record high of €390.1 million, up 0.8% compared with the first quarter of 2016, which was the most important ever recorded.

Currency and scope effects were limited and almost offset one another, the first being positive and the second negative to the tune of around 1%. Total growth at constant scope and exchange rates amounted to 1%. It was once again driven by the growth in New Services, which, moreover, exceeded 18% on a like-for-like basis. In the first quarter of 2017, New Services, whose development was accelerated from the end of 2015 by the implementation of the New Way project, represented 12.9% of Ipsos' revenue, compared with a weighting of 11% last year.

Their performance demonstrates the extent of the transformations shaping the market in which Ipsos operates and the crucial need to implement protocols and innovative services enabling companies and public and private institutions to better measure, understand and predict the behaviour and attitudes of the public and consumers.

Performance by region and business line

Ipsos' performance by geographical area was strong in Europe, in particular in the United Kingdom and Central and Eastern Europe, excellent in Asia-Pacific in almost all markets and also positive in Latin America. It was negative in North America on account of a portfolio of contracts that is undergoing change and due to an unfavourable comparison basis. Today, large annual programmes are becoming more widespread than before in Ipsos' revenues and replacing shorter and more ad-hoc assignments. Under these conditions, revenue is recognised more gradually and over a longer period after winning a given contract. Consequently, and particularly in North America, where these contracts are relatively more frequent than in previous years, we are seeing a significant difference emerging between sales performed and confirmed and revenue recognition.

For Ipsos as a whole, at the end of March 2017, sales, at constant scope and exchange rates, were up more than 3%, while revenue was up 1%. In North America, the difference is even more marked, with sales almost stable while revenue in the quarter was down 6%. These differences, by their very nature, will ease and then disappear in the fourth quarter.



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Overall, it should be remembered that the first quarter is the most important period of the year in terms of sales - with around 50% of total sales, and conversely, it is the weakest quarter in terms of revenue, with less than 20% of annual volumes. This disparity holds true for all geographical areas and businesses. In consequence, it is clearly necessary to remain cautious about data published by geographical area and business line and to avoid automatically extrapolating this data across the whole year.

Consolidated revenues by geographical area <i>(in millions of euros)</i>	1st quarter 2017	1st quarter 2016	Change 2017/2016	Organic growth
Europe, Middle East and Africa	168.2	166.8	0.9%	4%
Americas	149.8	154.2	-2.8%	-5%
Asia-Pacific	72.0	66.0	9.2%	6%
Quarterly revenues	390.1	386.9	0.8%	1%

There were very contrasted differences in the development of activities from one business line to another, notably for two of them, Ipsos Public Affairs and Ipsos Connect. Ipsos Public Affairs, which manages services related to public opinion polls, is looking very robust, with an increase of 12%. In contrast, Ipsos Connect, after having stabilised in 2016, posted a decline of 6%. These two results do not reflect the respective business volumes that Ipsos Public Affairs and Ipsos Connect are expected to achieve across the full year. Ipsos Connect, which brings together Ipsos' activities relating to the performance of media and communication campaigns, is also affected by the time lag between sales, which are at a satisfactory level, and even posting an increase compared to the same period in 2016, and the rate at which the value of these services is recognised, which is slower and more gradual than in 2016. For Ipsos Public Affairs, the pace of growth is expected to slow, even though sales are very dynamic - if only due to the limits imposed by the time needed to field more teams capable of performing, under proper conditions, programmes to fulfil tenders won by Ipsos.

Consolidated revenues by business line <i>(in millions of euros)</i>	1st quarter 2017	1st quarter 2016	Change 2017/2016	Organic growth
Media and Advertising Research	81.3	86.4	-5.9%	-6%
Marketing Research	208.6	206.4	1.1%	1%
Opinion & Social Research	44.7	40.2	11.1%	12%
Client and employee relationship management	55.4	53.9	2.8%	3%
Quarterly revenues	390.1	386.9	0.8%	1%



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Other information about operating conditions in the first quarter

Gross profit continued to grow at a faster pace than revenue due to the ongoing transition to online activities, the high gross profit earned on New Services, and good management of prices charged to clients.

Given the expected investment under the New Way programme (€5 million in additional operational expenses in 2017), profitability is in line with the objectives announced for the full year.

Net gearing at 31 March 2017, at 53%, is down compared to that recorded at 31 December 2016 (58%). This reduction was made possible by good free cash flow generation.

OUTLOOK FOR 2017

Ipsos operates in a market that is undergoing major transformation. In itself, this is nothing unusual. On the contrary, it would be unusual if the market was not changing while all other markets are being transformed significantly by the effect of new technologies, the geographical expansion of activities and an abundance of liquidity, which is facilitating the introduction of new offerings for both existing and new players.

Mid-2014, Ipsos decided that it needed to offer its clients new solutions with the guiding principle of making this the main focus of a strategy to achieve a substantial improvement in the quality of its services and, consequently, "profitable growth". Ipsos is currently growing more rapidly than its principal competitors in specific markets in which its direct competitors operate.

Boosted by this initial success, Ipsos has decided to accelerate its own transformation and, following the New Way programme that is due to end as planned at the end of 2017, to develop a new growth plan to be unveiled for the first time at the Investor Day organised by Ipsos on 6 June.

As a result, 2017 promises to be a very busy year. The Group expects its growth to reach 3%, roughly equivalent to that seen in 2016, operating profit to improve slightly faster than in 2016, preparations to be made for the implementation of Ipsos' new development plan, so that it can be operational from the beginning of 2018, increased communication about the relevance of the methods we have chosen to use - including surveys - so as to provide all clients with accurate and relevant information, always bearing in mind the crucial importance of providing clear, understandable and interesting analysis and dissemination of information. Finally, the Group expects to advocate more, if necessary, to promote its values of openness, partnership and uncompromising professionalism to both our clients and our teams.



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Investor Day 2017: 6 June 2017, Paris

Next publication: 26 July 2017, first-half results

GAME CHANGERS

« Game Changers » is the Ipsos signature.

At Ipsos we are passionately curious about people, markets, brands and society.

We make our changing world easier and faster to navigate and inspire clients to make smarter decisions.

We deliver with security, simplicity, speed and substance.

We are Game Changers.

Ipsos is listed on Eurolist - NYSE-Euronext.

The company is part of the SBF 120 and the Mid-60 index
and is eligible for the Deferred Settlement Service (SRD).

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