



Press Release

Third quarter of 2017 A solid recovery

For the third quarter:
Revenue: €434.0 million
Organic growth: +4.9%

Paris, 26 October 2017 – In the period July-September 2017, Ipsos' revenue amounted to €434 million, up 0.5% compared with the same period in 2016.

In this same quarter, currency effects, marked in particular by the deterioration in the value of the US dollar and the pound sterling against the euro, were a negative 3.9%, while the scope effects related to the disposal of a small agricultural sector research activity in the final quarter of 2016, had a negative impact of 0.5%.

The highlight of the period is the solid organic growth of 4.9%. This is the best quarterly performance since 2011. It marks a welcome change following three quarters in which Ipsos' revenue had remained sluggish. It is the result of a combination of a high level of sales of new programmes in this quarter, at some 4%, and a recovery as announced in our press release last 26 July, in which we commented on a significant lag at end-June between revenue, which was stagnant, and the level of sales, which was positive, at above 2%.

For the first nine months of 2017, Ipsos' revenue amounted to €1,268 million, a slight increase of 0.2% compared with 2016. Currency effects were still negative at -1%, as were scope effects at -0.6%. Organic growth amounted to 1.8%, not yet in the range of between 2% and 5% forecast in the New Way programme, but clearly an improvement compared with the first half-year.

Consolidated revenues <i>(in millions of euros)</i>	2017	2016	2015	Total growth for the period 2017/2016
First quarter	390.1	386.9	379.6	0.8%
Second quarter	443.7	446.7	453.3	-0.7%
Third quarter	434.0	431.7	428.0	0.5%
Total for the period from 1 January to 30 September	1,267.8	1,265.3	1,260.9	0.2%
Fourth quarter	-	517.4	524.4	-
Full-year	-	1,782.7	1,785.3	-

Consolidated revenues by geographical area

<i>In millions of euros</i>	2017 (9 months)	2016 (9 months)	2015 (9 months)	Change 2017/2016	Organic growth (9 months)
Europe, Middle East and Africa	548.7	543.1	555.9	1.0%	4%
Americas	485.6	501.6	492.7	-3.2%	-2.5%
Asia-Pacific	233.5	220.6	212.3	5.8%	6.5%
Total for the period from 1 January to 30 September	1,267.8	1,265.3	1,260.9	0.2%	1.8%

All regions contributed to Ipsos' organic growth in the third quarter of 2017. Asia-Pacific recorded the best performance at +7.5%, with the EMEA region close behind at +5.8%. The Americas region, which had been trailing, returned to positive growth in its activity at +2.8%. The return to growth in this region was most significant in the United States.

In total, over 9 months, the gap between the regional performance remains significant on an organic basis. At end-June, the difference between Asia-Pacific and the Americas was 11%. It fell to 9% at end-September, making the future objective of more balanced growth between the various regions, seem realistic.

At the same time, the difference in activity between developed countries - which recorded growth over nine months of 0.5%, compared with a decline of 1.3% in the first six months of the year - and emerging countries - which grew by 4.5% over 9 months, compared with 3.3% from January to June, remains significant.

At end-September 2017, 33% of Ipsos' activity came from emerging markets compared with 31% in 2016.

Consolidated revenues by business line

<i>In millions of euros</i>	2017 (9 months)	2016 (9 months)	2015 (9 months)	Change 2017/2016	Organic growth (9 months)
Media and Advertising Research	276.7	277.2	289.9	-0.2%	1%
Marketing Research	667.8	677.7	667.9	-1.5%	0.5%
Opinion & Social Research	137.5	127.8	128.6	7.5%	9.5%
Client and employee relationship management	185.8	182.5	174.5	1.8%	2%
Total for the period from 1 January to 30 September	1,267.8	1,265.3	1,260.9	0.2%	1.8%

The change in value, at constant scope and exchange rates of the revenue by business line also reflects favourable trends.

The return to growth is general.



Press release - cont. - 26 October 2017

Ipsos Connect, which covers Ipsos' activities dedicated to measuring media performance - the channels - and analysing the effects of brand communication on market position - the content - finally bounced back during the summer, thanks to a revamped offering and market share gains, including in the sphere of digital media. This business has also reaped the greatest benefit from the recovery described previously. It grew by 8.5% in the quarter and by 1% from January to September.

Ipsos Marketing, the business line that works with the most diverse range of clients, regained satisfactory momentum despite restrictive policies still in place at certain CPG companies. Its organic growth was 2.7% in the third quarter alone of 2017 and 0.5% for the period January to September.

Ipsos Public Affairs works with a wide variety of government and non-governmental institutions on their social research programmes. Its teams also work with companies - often some of the largest - on managing their relations with institutions and the public. Ipsos Public Affairs saw satisfactory growth in 2016. It has been excellent since the start of the financial year, reflecting very significant contract wins in its various client segments, in the United States, Europe and also, more recently, a number of Asian countries. A snowball effect can be observed, in which success breeds success. At a time when discord is visible in many civil societies, the need for "citizen management", accurate and impartial assessments of public policy effects, greater resonance of sustainable development principles in corporate conduct and public affairs, and a better control of the effects of money spent, make these activities both very exciting and promising.

Lastly, Ipsos Loyalty conducts a number of research programmes designed to measure and better understand clients' relationship with the products and services that are offered to them and that they use. The market is competitive, on account of the development of automated platforms that, for example, allow users to canvas the opinion of a large number of clients very shortly after they have used a specific product or service - a night in a hotel, air travel, a visit of a website or a contact with a sales outlet. At the same time, it is a market whose growth is less susceptible than others to the difficulties that certain historic users of market research companies have encountered. Like Ipsos Connect, Ipsos Loyalty benefited from the effects of the recovery in revenue compared with sales, and posted growth of 3.7% on a comparable basis between July and September and of 2% since the start of 2017.

Other information about operating conditions in the first nine months

Given the investments planned under the New Way programme (€5 million in additional operating expenses in 2017), profitability and cash flow are in line with the objectives announced for the full year.

Net gearing at 30 September 2017, at 57%, is slightly down compared with that recorded at 31 December 2016 (58%). Its available credit lines enabled Ipsos to repay one of its USPP bond tranches in the amount of 85 million US dollars in September 2017.



2017 Outlook

Market dynamics have not changed.

- The needs for information about Society, markets and consumers/clients/citizens are increasing. As a result, the markets Ipsos addresses are dynamic.
- Public and private sector clients are more numerous, in particular because the number of players operating in the various markets is continuing to grow. They are more diverse than previously, and more demanding too. They want reliable information faster, that is easy to understand and use, and perhaps that also costs less. In addition, they want support mechanisms that enable them to better integrate the information available into their organisations, decision-making processes and any other process in which they are expecting to improve performance.
- The stabilisation of the situation in many emerging countries is being confirmed.
- Multiplication of sources of information on behaviour and people's opinions - via social media, e-commerce sites and behavioural databases, among others is, in the strict sense of the expression, both a challenge and an opportunity.
- Companies such as Ipsos have a large number of assets, starting with their experience and scientific, technical and operational knowledge, their reputation and neutrality, and lastly and perhaps most importantly, the professionalism of large, committed, expert teams located across all important cities and markets. Ipsos considers that having offices in more than 200 cities and over 80 countries allows it to understand local situations and their specificities in comparison with changes to global markets, which is essential when you need to access real people with real preoccupations and real focuses of interest. Understanding the world and markets, also means understanding the groups of people and the individuals who form them.
- Lastly, established companies - of which Ipsos is one - must not underestimate, and even less ignore, the fact that technological development, market fragmentation and hyper-competition apply not only to their clients but also to themselves.

The New Way programme has enabled Ipsos to innovate, to keep in contact with its clients, to understand their previous and new needs in tune with the sudden emergence of digital networks and solutions that were transforming their own markets. Ipsos has stayed in the market and grown, albeit at a modest pace but nevertheless faster than its direct competitors, thanks to this programme and its New Services. For the first nine months of 2017, they represented 13% of revenue. At constant scope and exchange rates they increased by 13%, less than the first six months but still above 10%.

However, New Way is just the beginning. The "Total Understanding" programme, which will succeed it in early 2018, is even more ambitious. It is not a question of adding, but of changing our company. The objective of the new plan, which will cover the period 2018-2020, is to ensure that Ipsos' clients will find, in our teams, all the investigation, analysis and reporting solutions they require in order to access with security the information and support solutions they think they might need to carry out their own transformation.

An update on the "Total Understanding" programme will be announced at the publication of Ipsos' 2017 results in February 2018.

Between now and the end of the year, Ipsos' revenue will continue to move in a favourable direction. The lag between sales and revenue, which was significant at the end of June since it had reached more than 200 basis points, has been narrowed but not fully removed in the third quarter. At end-September it amounted to nearly 100 basis points.



Press release - cont. - 26 October 2017

In July, Ipsos indicated that its revenue, at constant scope and exchange rates, would see positive change of between 1 and 3%. Ipsos now believes that the growth of its annual revenue is likely to be more precisely above 2%, despite the retention of restrictive positions of certain long-standing clients, in particular among CPG companies. In the fourth quarter as well as in the third quarter, growth will be the result of this recovery and of the sales dynamic. As planned, current operating profit will be slightly higher than in 2016.

Next publication of full-year 2017 results: 28 February 2018.

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.

ISIN code FR0000073298, Reuters ISOS.PA, Bloomberg IPS:FP
www.ipsos.com