



Press Release

2006: Significant margin growth **Operating margin up 27.2% at €79.8 million** **Adjusted net profit (attributable to the Group)** **up 31.4% at €48.2 million**

Paris, 20 March 2007. In 2006, Ipsos' revenues totalled €857.3 million, an increase of 19.4% on 2005. At constant scope and exchange rates, revenues were up 6.5%. For the eighth straight year, Ipsos grew faster than its market and the leading international research companies.

However, Ipsos' organic growth in 2006 was lower than its long-run average and than had been anticipated at the start of the year. There were two main factors behind this.

- Firstly, the market grew a little more slowly than expected, by around 5%.
- Secondly, some Ipsos companies, particularly in Western Continental Europe, experienced tough conditions at the end of the year. This was partly due to problems in client industries such as fast moving consumer goods, and partly due to the slow pace in rollouts of contracts won in the last few months of the year. These difficulties mainly affected the marketing research segment, which suffered from insufficient global integration.

However, these problems should be put into context. Ipsos generated strong growth in North America and emerging-market countries, while firm financial discipline enabled it to attain its target of margin improvement.

(€million)	2006	2005	Change
Revenue	857.3	717.9	+19.4%
Gross profit <i>Gross margin</i>	513.3 59.9%	430.7 60.0%	+19.2%
Operating margin <i>Operating margin / revenue</i> <i>Operating margin / gross profit</i>	79.8 9.3% 15.5%	62.7 8.7% 14.6%	+27.2%
Adjusted net profit* (attributable to the Group)	48.2	36.7	+31.4%
Net profit (attributable to the Group)	39.5	30.4	+30.2%

* Adjusted net profit is calculated before IFRS related non-monetary items (ie share-based payments, amortisation of acquisition-related intangible assets -customer relationships, deferred tax related to goodwill on which amortisation is tax-deductible in some countries), and before other non-ordinary income and expenses (i.e. unusual and specifically designated income and expenses such as MORI restructuring costs).

Profitability. Gross profit, which takes into account direct external costs and particularly data collection costs, grew faster than revenues at constant scope, with gross margin rising from 60.0% to 60.5%. The integration of US qualitative research company Understanding Unlimited, whose business model relies on using contracted analysts, resulting in a gross margin of 30%, accounts for the relative stabilisation in the Group's overall gross margin which settled at 59.9%.

Operating margin was 9.3%, 60 basis points more than in 2005. Since the adoption of IFRS, operating profit includes a €2.2m share-based payment impact notably related to the bonus share award in April 2006, the cost of which is spread over the 2 year rights acquisition period. Operating profit rose by 27.2%, due to a firm grip on wage costs and general operating expenses.

Amortisation of acquisition-related intangible assets. A share of goodwill, relating mainly to MORI, was allocated to customer relationships in the 12 months period that followed the acquisition, and amortisation charges will be booked, over several years, in the income statement in accordance with IFRSs.

Other non-ordinary income and expenses. The net sum of this item was -€2.2 million. It consists of unusual and specifically designated expenses such as MORI restructuring costs (-€1.4 million) and income such as release of over rent provisions (+€0.8 million).

Financing expenses. Financing expenses came to €1.3 million, up 8.5% on 2005 due to higher interest rates and to stronger average debt levels.

Other financial income and expenses. This net amount of this item was -€0.3 million, as opposed to +€2.1 million in 2005. It relates mainly to foreign exchange gains and losses.

Tax. The effective tax rate on the IFRS income statement was 33%, in line with the global average of statutory tax rates. As was the case in 2005, the effective tax rate now includes a deferred tax liability cancelling the tax saving achieved through the tax-deductibility of goodwill amortisation in certain countries, even though this deferred tax liability would only be due if the activities concerned were sold. The actual tax rate paid by Ipsos was 20% in 2005, 24% in 2006 and should remain lower than 30% in the next few years.

Adjusted net profit (attributable to the Group) was €48.2 million, up 31.4% with respect to 2005. The Group has decided to publish an adjusted net profit figure to allow a better comparison with other listed companies in its sector. Adjusted net profit is calculated before IFRS related non-monetary items (ie share-based payments, amortisation of acquisition-related intangible assets -customer relationships, deferred tax related to goodwill on which amortisation is tax-deductible in some countries), and before other non-ordinary income and expenses (i.e. unusual and specifically designated income and expenses such as MORI restructuring costs).

Net profit (attributable to the Group) came in at €39.5 million, a 30.2% increase on the 2005 figure of €30.4 million.

Earnings per share amounted to €1.25.

Adjusted earnings per share amounted to €1.52.

Dividend. The Board of Directors will propose to the General Shareholder Assembly a dividend of €0.28 per share, up 12% on last year, to be paid out on July 3rd 2007.



Financial structure - Shareholders' equity rose from €115 million at 31 December 2005 to €136 million at 31 December 2006. It had been reinforced at end 2005 by way of the capital increase carried out on 5 November 2005 as part of the acquisition and refinancing of MORI.

Number of shares outstanding, at 31 December 2006, the number of shares outstanding was 34,015,523 after the 4-for-1 stock split on 4 July 2006. Taking into account shares held as treasury stock (2,237,154 shares at 31 December 2006), the number of shares outstanding used to calculate net earnings per share is 31,711,935.

Net debt ended the year at €191 million, up from €187 million at 31 December 2005, after Ipsos spent €9 million on acquisitions.

The acquisitions of the fiscal year are Camelford Graham (Canada), Tambor (Czech Republic and Slovakia), IMI (Egypt) and Apoyo (Peru, Ecuador, Bolivia). In addition, minority shareholders were bought out in Mexico, Chili, Colombia, the Middle-East and Romania.

Overall, Ipsos has substantial financial flexibility. Its gearing is 44%, and the average maturity of its debt has been extended through the 7-year syndicated loan arranged in late 2005 to finance the MORI deal.

2007 outlook. Fresh Impetus

Our customers want to deal with global research companies capable of operating effectively, of developing new solutions, of giving clear answers to their questions, and showing unstinting commitment towards them at a time when, despite competitive pressure, they must still learn to "do better" each day.

For a year now, Ipsos has been working on a new organisation that will be fully operational on 1 January 2008.

Several parts of the "Fresh impetus" plan are already in place.

- Some support functions (finance and IT) have been centralised to improve consistency, efficiency and productivity.
- A new global entity called Ipsos Interactive Services (IIS) has been formed from teams that previously operated in a decentralised manner. IIS is in charge of recruiting and managing panels and for carrying out online surveys on behalf of Ipsos' teams in North America and Europe. Its scope of operations will be extended to other regions by the end of the year.
- The "Global PartneRing" programme has been strengthened by the addition of three major new accounts, taking the number of global customers managed by Ipsos from 13 to 16. Global PartneRing's scope of operations has been redefined and extended.
- In preparation for the new marketing research organisation to be introduced on 1 January 2008, teams working with customers in the mass consumer goods industry have been combined within a single unit that currently covers North America and Western Europe. The unit is already working to improve and harmonise the products and services offered to these customers.



Ipsos aims to stand out from its rivals and be the pre-eminent partner for customers in all its areas of specialisation.

In 2007, Ipsos will spend more money than ever on staff training, on strengthening its corporate structure, on researching and developing new products and services, on improving the quality of its work and on bolstering its relationships with customers.

In 2007, Ipsos expects:

- to bring organic growth back in line with its long-run average, i.e. at least 8%. At end February, its order backlog was 10% higher than a year earlier, giving an early indication that Ipsos and its staff are capable of meeting this target.
- to continue its active programme of acquisitions and setting up new offices, in order to improve its geographical coverage, enhance its skills and give it the resources to work more effectively with its customers.
- to improve operating margin.

Appendices:

Consolidated income statement

Consolidated balance sheet

Cash flow statements

Consolidated statement of changes in shareholder's equity

**A presentation of 2006 revenues and earnings
will be available on www.ipsos.com on 21 March.**

Nobody's unpredictable

"Nobody's unpredictable" is the Ipsos signature.

Our clients' clients are increasingly demanding.

They change direction, change their views and preferences often and easily.

We at Ipsos anticipate and meet those changes.

We help our clients to understand their clients – and the world – just the way they are.

Ipsos is listed on Euronext by Euronext Paris.

It is a constituent of the SBF 120 and Mid-100 indexes, a member of the Next Prime segment and eligible for the Deferred Settlement System.

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www.ipsos.com**



Consolidated income statement For the year ended 31 December 2006

In thousands of euros	2006	2005
Revenue	857 311	717 979
Direct costs	(343 982)	(287 277)
Gross profit	513 329	430 702
<i>Gross profit/revenue</i>	<i>59.9%</i>	<i>60.0%</i>
Payroll - excluding share based payments	(306 348)	(259 640)
Payroll - share based payments *	(2 193)	(1 263)
General operating expenses	(122 326)	(106 597)
Other operating income and expense	(2 647)	(463)
Operating margin	79 815	62 739
<i>Operating margin/revenue</i>	<i>9.3%</i>	<i>8.7%</i>
Amortisation of additional intangibles identified on acquisitions *	(616)	(102)
Other non operating income and expense *	(2 206)	(1 770)
Income from associates	119	11
Operating profit after exceptional items	77 112	60 878
Finance costs	(11 303)	(10 417)
Other financial income and expense	(332)	2 148
Profit before tax	65 477	52 609
Income tax – excluding deferred tax on goodwill	(18 385)	(14 270)
Income tax – deferred tax on goodwill *	(3 618)	(3 167)
Income tax	(22 003)	(17 437)
<i>Profit before tax/income tax</i>	<i>33.6%</i>	<i>33.1%</i>
Net profit	43 474	35 172
Attributable to the Group	39 543	30 370
Attributable to Minority interests	3 931	4 802
Earnings per share (in euros) – Basic	1.25	1.12
Earnings per share (in euros) – Diluted	1.21	1.10
Adjusted net profit*	52 107	41 474
Attributable to the Group	48 176	36 672
Attributable to Minority interests	3 931	4 802
Adjusted earnings per share (in euros) – Basic	1.52	1.36
Adjusted earnings per share (in euros) – Diluted	1.48	1.32



Consolidated balance sheet At 31 December 2006

In thousands of euros	2006	2005
ASSETS		
Goodwill	566 022	566 958
Intangible assets	23 931	22 291
Property, plant and equipment	26 422	25 615
Interests in associates	284	299
Other non-current financial assets	2 844	4 228
Deferred tax assets	10 557	10 245
Total non-current assets	630 060	629 636
Trade receivables	273 539	247 505
Current tax	4 932	2 128
Other current assets	36 584	37 201
Cash and cash equivalents	63 596	82 162
Total current assets	378 651	368 996
TOTAL ASSETS	1 008 711	998 632
LIABILITIES		
Share capital	8 504	8 466
Share premium	338 927	336 829
Own shares	(38 589)	(38 973)
Other reserves	75 682	51 492
Foreign currency translation reserve	6 927	22 370
Net profit	39 543	30 370
Shareholders' equity – attributable to the Group	430 994	410 554
Minority interests	5 165	3 968
Total shareholders' equity	436 159	414 522
Debt and borrowings	237 406	255 229
Non-current provisions	461	1 921
Retirement benefit obligations	8 745	14 002
Deferred tax liabilities	27 803	19 586
Other non-current liabilities	42 927	55 562
Total non-current liabilities	317 342	346 300
Trade payables	132 173	117 595
Short-term portion of debts and borrowings	17 486	13 686
Current tax liabilities	5 520	3 724
Current provisions	1 587	1 171
Other current liabilities	98 444	101 634
Total current liabilities	255 210	237 810
TOTAL LIABILITIES	1 008 711	998 632



Cash flow statements

For the year ended 31 December 2006

In thousands of euros	2006	2005
OPERATING ACTIVITIES		
NET PROFIT	43 474	35 172
Adjustments to reconcile net profit to cash flow		
Depreciation and depreciation of fixed assets	12 802	11 462
Losses/(gains) on asset disposals	(552)	66
Movement in provisions	(1 541)	2 012
Share-based payment expense	2 193	1 263
Other non cash income/(expenses)	(1 002)	1 155
Income from associates, net of dividends received	(63)	(11)
Finance costs	11 303	10 417
Income tax expense	22 003	17 437
OPERATING CASH FLOW BEFORE WORKING CAPITAL, FINANCING AND TAX PAID	88 617	78 973
Change in working capital requirement	(16 962)	(6 814)
Interest paid	(11 151)	(9 449)
Income tax paid	(12 781)	(8 751)
CASH FLOW FROM OPERATING ACTIVITIES	47 723	53 959
INVESTMENT ACTIVITIES		
Acquisitions of property, plant and equipment and intangible assets	(15 459)	(11 919)
Proceeds from disposals of property, plant and equipment and intangible assets	190	117
Acquisition of consolidated companies and business goodwill	(39 068)	(172 507)
CASH FLOW FROM INVESTMENT ACTIVITIES	(54 337)	(184 309)
FINANCING ACTIVITIES		
Capital increase	2 137	121 027
Increase (decrease) in long-term borrowings	(1 684)	74 804
Increase/(decrease) in bank overdrafts and short-term debt	(121)	(10 602)
(Purchase)/proceeds of own shares	363	-
Dividends paid to parent-company shareholders	(8 218)	(6 388)
Dividends paid to minority shareholders of consolidated companies	(1 689)	(1 385)
CASH FLOW FROM FINANCING ACTIVITIES	(9 212)	177 456
NET CASH FLOW	(15 826)	47 106
Impact of foreign exchange rate movements	(2 740)	2 619
CASH AT BEGINNING OF PERIOD	82 162	32 437
CASH AT END OF PERIOD	63 596	82 162

**Consolidated statement of changes in shareholder's equity
For the year ended 31 December 2006**

in thousands of euros	Share capital	Share premiums	Own shares	Consolidated reserves	Net profit for the period	Translation adjustments	Total	Minority interests	Total shareholders' equity
At 1 January 2005	7 099	216 177	(39 835)	34 007	22 708	(8 150)	232 006	1 426	233 432
- Change in capital	1 367	120 652					122 019	1 241	123 260
- Consolidated net profit for the year					30 370		30 370	4 802	35 172
- Appropriation of prior-year earnings				22 708	(22 708)		-		-
- Dividends paid				(6 388)			(6 388)	(1 322)	(7 710)
- Change in translation adjustments						30 520	30 520	600	31 120
- Change in of scope of consolidation								133	133
- Impact of share buyout commitments								(2 858)	(2 858)
- Own shares			862				862		862
- Share-based payments taken directly to equity				1 263			1 263		1 263
- Other movements				(98)			(98)	(54)	(152)
At 31 December 2005	8 466	336 829	(38 973)	51 492	30 370	22 370	410 554	3 968	414 522
- Change in capital	38	2 098					2 136	532	2 668
- Consolidated net profit for the year					39 543		39 543	3 931	43 474
- Appropriation of prior-year earnings				30 370	(30 370)		-		-
- Dividends paid				(8 331)			(8 331)	(788)	(9 119)
- Change in translation adjustments						(15 443)	(15 443)	(751)	(16 194)
- Change in of scope of consolidation							-	(4 433)	(4 433)
- Impact of share buyout commitments								2 483	2 483
- Own shares			384				384		384
- Share-based payments taken directly to equity				2 193			2 193		2 193
- Other movements				(42)			(42)	223	181
At 31 December 2006	8 504	338 927	(38 589)	75 682	39 543	6 927	430 994	5 165	436 159