



## Press release

First half 2004

### Further improvement in results Net profit up 14.3%

**Paris, September 21, 2004.** Ipsos continues to realise its ambition of combining revenue growth with higher margins.

**Business levels.** Revenues remained firm in all regions and all business lines. Overall, revenues came in at 286.0 million euros, an increase of 8.2% with respect to the first half of 2003.

Currency effects dragged revenues down by 4.2%, due to Ipsos' exposure to the dollar zone and Latin America. At constant exchange rates, revenues would have risen by 12% to 296 million euros. The integration of new companies accounts for a 3.9% increase in sales.

Organic growth remained high at 8.6% in a market whose overall growth rate reaches 5% per year. We highlight the excellent performance in emerging-market regions – such as Asia (particularly China) and Latin America – where many customers are now investing and where Ipsos has an ever-stronger operating base.

In millions of euros	First half 2004	First half 2003	Change	Full year 2003
<b>Revenues</b>	<b>286.0</b>	<b>264.3</b>	<b>+8.2%</b>	<b>569.7</b>
<b>Gross profit</b>	<b>166.0</b>	<b>155.0</b>	<b>+7.1%</b>	<b>335.7</b>
<b>Operating profit</b>	<b>22.8</b>	<b>20.9</b>	<b>+9.3%</b>	<b>50.7</b>
<i>Operating profit / revenues</i>	8.0%	7.9%		8.9%
<i>Operating profit / gross profit</i>	13.7%	13.5%		15.1%
<b>Net financial expense</b>	<b>(2.4)</b>	<b>(3.1)</b>	<b>(20.6%)</b>	<b>(7.1)</b>
<b>Net profit (group share)</b>	<b>13.4</b>	<b>11.7</b>	<b>+14.3%</b>	<b>30.3</b>

Results are stated before goodwill amortisation



**Profitability.** During the first half, operating profit rose by 9.3%, slightly faster than revenues, and hit a record 22.8 million euros, equal to 8.0% of consolidated revenues. Currency movements had a significant impact. If exchange rates had remained at their first-half 2003 level, operating profit would have come in up 14% at 24 million euros.

Operating profit was pulled in two directions. On the one hand, it was boosted by organic growth. On the other, it was held back by Ipsos' active policy of recruiting customer-facing staff. The aim is to win market share through high-value-added solutions, particularly as part of international contracts. Ipsos has also strengthened its regional management teams, particularly in Asia, in order to ensure the smooth integration of recently-acquired companies in South Korea, Australia and now Japan.

The first half brought an extraordinary charge of 2 million euros, relating to the accelerated write-down of re-arranged obsolete office space consecutive to the decision to merge Ipsos operations in France into a single site in the Paris area. Despite this, net profit (group share) posted double-digit growth for the 10<sup>th</sup> consecutive half-year period, rising by 14.3% to 13.4 million euros.

At constant exchange rates, net profit (group share) would have grown by 21% to 14 million euros.

**Financial position.** Ipsos' debts ended the period at 162 million euros, the same as a year previously. This stability came despite the ongoing targeted acquisition programme and the seasonal rise in working cash requirements.

#### **Outlook for 2004 and 2005**

For the rest of 2004 and 2005, Ipsos will continue to grow faster than the market, with a good balance between Europe and North America and an excellent performance in other regions. Ipsos today announced the acquisition of Japan Statistics & Research, a major Japanese research company that leads the Japanese market in access panel-based research. This illustrates Ipsos' desire to act quickly to build a solid Asian organisation that is consistent with its business plan in terms of services and capacity.

In 2005, Ipsos will continue to develop, and will improve profitability at a pace that enables it to hit its target, i.e. generating revenues of 1 billion euros<sup>1</sup> and operating margin of over 10% in 2007.

Ipsos has five priorities in attaining this objective.

- It will make selective acquisitions in Asia-Pacific, but also in the key markets of North America and the UK.
- It will pursue its programme of enhancing and differentiating its offering in its five business lines.
- It will step up its partnership strategy with major international customers.
- It will increase the proportion of research carried out online.
- It will continue to pay close attention to the quality and professionalism of its staff, thereby ensuring an excellent service and maintaining of its strong reputation.

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<sup>1</sup> \* Based on an exchange rate of 1 euro to 1 US dollar



Press release – September 21, 2004

**Appendices: Consolidated accounts as at June 30th, 2004**

Balance sheet  
Income statement  
Cash flow statement

**The presentation of first-half 2004 activity and results will be available as of September 22 on**

**[www.ipsos.com](http://www.ipsos.com).**

**A conference-call will take place on that day at 4 PM (CET)**

### **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, to bring focus and clarity to even the most difficult situations. We understand the dynamics of their markets and we deliver the insight needed to give them the leading edge.*

Ipsos, listed on the Premier Marché of the Euronext Paris Stock Exchange, is part of the SBF 120 Index, adheres to the Next Prime segment and is eligible to the Differed Settlement System.

**Isin FR0000073298, Reuters ISOS.PA, Bloomberg IPS:FP  
[www.ipsos.com](http://www.ipsos.com)**

Consolidated balance sheet

In thousand of euros	Gross	30/06/04 Amort. & Provisions	Net	31/12/03 Net	30/06/03 Net
<b>FIXED ASSETS</b>					
<i>Intangible fixed assets</i>					
Start-up costs	765	284	481	311	140
Other intangible fixed assets	35 128	24 927	10 201	10 285	10 040
<b>Goodwill (arising on acquisition)</b>	<b>370 090</b>	<b>75 829</b>	<b>294 261</b>	<b>294 603</b>	<b>293 342</b>
<i>Tangible fixed assets</i>					
	63 700	46 190	17 510	17 535	17 073
<i>Financial fixed assets</i>					
Non-consolidated participating interests	119	9	110	141	168
Companies accounted for by the equity ethod	288		288	287	292
Other financial fixed assets	4 046	201	3 845	3 098	3 285
<b>TOTAL FIXED ASSETS</b>	<b>474 136</b>	<b>147 440</b>	<b>326 696</b>	<b>326 260</b>	<b>324 340</b>
<b>CURRENT ASSETS</b>					
<i>Inventories and work in progress</i>					
Miscellaneous supplies	396		396	340	481
Surveys in progress	12 729		12 729	9 873	11 979
<i>Receivables</i>					
Trade receivables	163 850	3 574	160 276	160 228	139 524
Other receivables	25 017	911	24 106	22 760	21 841
Marketable securities	1 587	78	1 509	2 459	2 699
Cash and equivalents	34 158		34 158	31 175	23 776
<b>TOTAL CURRENT ASSETS</b>	<b>237 737</b>	<b>4 563</b>	<b>233 174</b>	<b>226 835</b>	<b>200 300</b>
<i>Accruals, deferrals and other assets</i>	<b>18 474</b>		<b>18 474</b>	<b>17 537</b>	<b>14 742</b>
<b>TOTAL ASSETS</b>	<b>730 347</b>	<b>152 003</b>	<b>578 344</b>	<b>570 632</b>	<b>539 382</b>



In thousands of euros	30/06/04	31/12/03	30/06/03
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7 066	7 048	7 017
Share premium	175 434	175 045	174 202
Other reserves	20 261	14 450	15 087
Foreign exchange translation differences	-18 215	-18 052	-14 976
<b>Net profit for the year after minority interests</b>	<b>4 139</b>	<b>12 036</b>	<b>2 777</b>
<i>Equity attributable to the group</i>	<b>188 685</b>	<b>190 527</b>	<b>184 107</b>
Minority interests in consolidated reserves	5 684	5 203	5 274
Minority interests in net profit for the year	1 818	2 698	417
<i>Minority interests</i>	<b>7 502</b>	<b>7 901</b>	<b>5 691</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>196 187</b>	<b>198 428</b>	<b>189 798</b>
<i>Provisions for liabilities and charges</i>	<b>20 215</b>	<b>21 283</b>	<b>23 067</b>
<b>LIABILITIES</b>			
<i>Long-term debt</i>	<b>197 877</b>	<b>182 429</b>	<b>189 117</b>
<i>Other liabilities</i>			
Advances & progress payments from customers	8 968	4 654	8 240
Trade payables	69 185	69 013	60 131
Tax and employment-related liabilities	42 517	54 360	37 373
Miscellaneous debt	29 923	23 859	16 726
<b>TOTAL LIABILITIES</b>	<b>348 470</b>	<b>334 315</b>	<b>311 587</b>
<i>Accruals, deferrals and other liabilities</i>	<b>13 472</b>	<b>16 606</b>	<b>14 930</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>578 344</b>	<b>570 632</b>	<b>539 382</b>

**Consolidated profit and loss account**

In thousand euros	Half year 2004	Half year 2003	2003
<b>Revenues</b>	<b>285 924</b>	<b>264 266</b>	<b>569 708</b>
Direct costs	119 963	109 267	234 049
<b>GROSS MARGIN</b>	<b>165 961</b>	<b>154 999</b>	<b>335 659</b>
Payroll costs including statutory employee profit-sharing	101 129	91 252	197 376
General operating expenses	42 648	44 415	87 005
Other income and expense (net)	(642)	(1 557)	591
<b>Total operating expenses</b>	<b>143 135</b>	<b>134 110</b>	<b>284 972</b>
<b>OPERATING PROFIT</b>	<b>22 826</b>	<b>20 889</b>	<b>50 687</b>
Net financial expenses	(2 448)	(3 084)	(7 054)
<b>NET PROFIT FROM ORDINARY ACTIVITIES OF CONSOLIDATED ENTITIES</b>	<b>20 378</b>	<b>17 805</b>	<b>43 633</b>
Net exceptional income / (expenses)	(2 051)	129	(428)
<b>CONSOLIDATED PROFIT BEFORE TAX</b>	<b>18 327</b>	<b>17 934</b>	<b>43 205</b>
Corporate income tax	3 096	5 789	10 259
<b>CONSOLIDATED PROFIT AFTER TAX</b>	<b>15 231</b>	<b>12 145</b>	<b>32 946</b>
Share of profit/ (losses) of companies accounted for using the equity method		10	34
Goodwill amortisation	9 274	8 961	18 246
<b>NET PROFIT BEFORE MINORITY INTERESTS</b>	<b>5 957</b>	<b>3 194</b>	<b>14 734</b>
Minority interests in net profit for the year	1 818	417	2 698
<b>NET PROFIT ATTRIBUTABLE TO THE GROUP</b>	<b>4 139</b>	<b>2 777</b>	<b>12 036</b>
<b>NET PROFIT ATTRIBUTABLE TO THE GROUP, BEFORE GOODWILL AMORTISATION</b>	<b>13 413</b>	<b>11 738</b>	<b>30 282</b>
Earnings per share attributable to the Group (in euros)	0,59	0,40	1,71
Earnings per share attributable to the Group before goodwill amortisation (in euros)	1,90	1,67	4,31
Diluted earnings per share attributable to the Group, in euros	0,58	0,39	1,70
Diluted earnings per share attributable to the Group before goodwill amortisation (in euros)	1,89	1,66	4,28

**Consolidated cash flow statement**

In thousand euros	Half year 2004	Half year 2003	2 003
<b>OPERATING ACTIVITIES</b>			
<b>Consolidated net profit attributable to the group</b>	<b>4 139</b>	<b>2 777</b>	<b>12 036</b>
<i>Adjustments to reconcile net profit to cash flow</i>			
Amortisation and depreciation	6 191	6 876	13 275
Share in losses/(profits) of companies accounted for using the equity method		(10)	(34)
Losses/(gains) on asset disposals	1 145		237
Goodwill amortisation	9 274	8 961	18 246
Movement in other provisions	(781)		(1 555)
Deferred taxation	(332)	2 318	713
Minority interests	1 818	417	2 698
Other items	4	138	(179)
<b>Operating cash flow before working capital items</b>	<b>21 458</b>	<b>21 477</b>	<b>45 437</b>
Decrease/(increase) in inventories and work in progress	(2 807)	(5 439)	(2 819)
Decrease/(increase) in trade receivables	(3 752)	(6 737)	(32 575)
Decrease/(increase) in other receivables	(2 354)	815	(612)
Increase/(decrease) in trade payables	536	6 438	15 948
Increase/(decrease) in accrued interest on debt	3	340	513
Increase/(decrease) in other liabilities	(9 050)	(5 956)	17 370
<b>Change in working capital needs</b>	<b>(17 424)</b>	<b>(10 539)</b>	<b>(2 175)</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>4 034</b>	<b>10 938</b>	<b>43 262</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of tangible and intangible fixed assets (excluding business goodwill)	(7 100)	(5 525)	(14 954)
Acquisition of business goodwill	(823)	(157)	(688)
Acquisition of non-consolidated equity interests			
Proceeds from disposals of tangible and intangible assets	77		59
Proceeds from disposals of long-term investments	47		0
Decrease/ (increase) in marketable securities	914		3 065
Decrease/(increase) in other long-term investments	(304)	(3)	847
Increase/(decrease) in payables to suppliers of fixed assets	2 260	(30 934)	(29 608)
Impact of changes in scope of consolidation	(5 554)	(516)	(18 374)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(10 483)</b>	<b>(37 135)</b>	<b>(59 653)</b>
<b>FINANCING ACTIVITIES</b>			
Share issue	407	225	1 099
Issue of long term debt	44 192	80 859	101 186
Repayment of long term debt	(35 798)	(56 211)	(71 937)
Increase/(decrease) in bank overdrafts&short term debt	7 558	(3 468)	(6 437)
Dividend paid to parent company shareholders	(6 194)	(2 405)	(2 202)
Dividends paid to minority shareholders of consolidated entities	(983)	(504)	(2 143)
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>9 182</b>	<b>18 496</b>	<b>19 566</b>
<b>Opening cash</b>	<b>31 175</b>	<b>35 282</b>	<b>28 984</b>
Impact of exchange rate fluctuations	250	(1 028)	(984)
<b>Net change in cash</b>	<b>2 733</b>	<b>(7 701)</b>	<b>3 175</b>
<b>CLOSING CASH</b>	<b>34 158</b>	<b>26 553</b>	<b>31 175</b>