



Press Release

2007 results

An impressive performance in a growing market

Operating profit up 13.9% to €90.6 million

Adjusted net profit attributable to the Group up 19.9% to €57.1 million

Paris, 18 March 2008. The survey-based research market expanded impressively during 2007. It was worth around \$27 billion, up 6% excluding currency effects. The highlight of the year was the ramp-up of developing countries, which now account for around 17% of the global market and are set to exceed 20% within two years. Ipsos already derives one quarter of its revenue from these markets. These trends provide further evidence that the 21st century will not mirror the 20th century.

Ipsos and its peers operate in a global and multi-polar market that is laden with risks in the short term, but one that in the future may give rise to a more balanced society from an economic standpoint, and a society that is better informed, more interdependent, more keenly aware, too, of its environmental and social responsibilities, and more in control of the long-term consequences of its decisions and its behaviour in the present day.

The survey-based research market is driven by growing demand for information. Survey-based research companies handle an infinite number of issues for a large and genuinely diverse client portfolio. Granted, budget constraints of all types are a drag on growth in this market. However, it is up to research companies to demonstrate the value of their work and to be able to operate effectively and usefully right around the world. Their role is to work intimately and continuously with their clients, to provide them with reliable information that makes sense – and at the right price.

(€ million)	2007	2006	Growth
Revenue	927.2	857.3	+8.2%
Gross profit	561.5	513.1	+9.4%
<i>Gross margin</i>	60.6%	59.8%	
Operating margin	90.6	79.6	+13.9%
<i>Operating margin/revenue</i>	9.8%	9.3%	
<i>Operating profit/gross profit</i>	16.1%	15.5%	
Adjusted net profit attributable to the Group	57.1	47.6	+19.9%
Net profit attributable to the Group	46.7	38.9	+19.9%



Strong earnings increase

Profitability. The *gross margin*, which is calculated by deducting direct external costs (and notably data collection costs) from revenue, continued to rise at a faster rate than the top line, moving up from 59.8% to 60.6%. This increase reflects the ongoing transition to online research in North America, and especially in Europe, where online research grew by 40%.

The *operating margin* came to 9.8% of consolidated revenue, representing an improvement of 50 basis points on the previous year. Since the adoption of IFRSs, the operating margin has reflected the impact of €3.7 million in share-based payments linked notably to grant of free shares since April 2006. Operating profit grew by 13.9% over the year owing to the Group's firm grip on wage costs and general operating expenses.

Amortisation of acquisition-related intangible assets. A portion of the goodwill relating principally to MORI was allocated to client relationships during the 12-month period following the acquisition, and amortisation charges will be recognised in the income statement over several years, in accordance with IFRSs. This charge came to €0.8 million in 2007.

Other non-recurring income and expenses. The balance of this item, which comprises unusual and specifically designated costs, was net expense of €2.6 million compared to €2.2 million in 2006. In 2006, these costs chiefly comprised €1.4 million in restructuring costs arising from the acquisition of MORI. During 2007, a non-recurring charge of €1.9 million was recorded in Brazil related to the finalisation of a sales tax matter.

Finance costs. Finance costs totalled €11.3 million, with the increase in interest rates offset by the decline in average debt.

Other financial income and expenses. The net expense of €0.4 million (compared to €0.3 million in 2006) related primarily to foreign exchange gains and losses.

Tax. The effective tax rate on the IFRS income statement was 30.7%, in line with the global average of statutory tax rates, which are tending to decline. As in 2006, the effective tax rate included a deferred tax liability cancelling the tax saving achieved through the tax-deductibility of goodwill amortisation in certain countries, even though this deferred tax charge would fall due only if the activities concerned were sold. The tax rate actually paid by Ipsos was 24% in 2006 and 18% in 2007. It is expected to remain well below 30% over the next few years.

Adjusted net profit (attributable to the Group) came to €57.1 million, up 19.9% compared to 2006, when the Group decided to publish an adjusted net profit figure to make for better comparisons with other listed companies in its sector. Adjusted net profit is calculated before non-cash items linked to IFRS 2 (share-based payments), the amortisation of acquisition-related intangible assets (client relationships), deferred tax related to goodwill on which amortisation is tax-deductible in certain countries, and other non-recurring income and expenses.

Net profit attributable to the Group came in at €46.7 million, a 19.9% increase on the 2006 figure of €38.9 million.



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Number of shares outstanding. At 31 December 2007, the number of shares outstanding stood at 34,178,345 following the four-for-one stock split on 4 July 2006. Taking into account shares held as treasury stock (1,807,525 at 31 December 2007), the average number of shares outstanding in 2007 used to calculate earnings per share was 32,084,618.

Earnings per share came to €1.46.

Adjusted earnings per share came to €1.78.

Dividends. To enable shareholders to share in the Group's success, the Board of Directors is set to propose payment of a dividend of €0.40 per share at the Annual General Meeting, up 43% on the previous year and due to be paid out on 2 July 2008. This represents a payout of 22.5% of adjusted net profit.

Cash flow from operating activities – Cash flow from operating activities stood at €71.5 million. This represents a strong increase compared to 2006 (up 50%) driven by improved profitability coupled with a firm grip on the working capital requirement.

Financial structure – Shareholders' equity increased to €467.8 million from €434.5 million at 31 December 2006.

Net debt ended the year at €159.7 million, down from €191.3 million at 31 December 2006 taking into account both cash flow from operating activities and an outlay of €27 million on acquisitions. The acquisitions made during the year were KMG Research (Turkey), Eureka (Australia), Markinor (South Africa), PartnerResearch (Norway) and Indica Research (India).

All in all, gearing stood at 34% at 31 December 2007. Ipsos boasts substantial financial flexibility thanks to its €83 million in cash at the balance sheet date and the extension of its debt maturity in late 2005, with the arrangement of a 7-year syndicated loan to finance the MORI deal.

Ipsos' strategy

Ipsos may be regarded as a global survey-based research company among others. In actual fact, it stands out from the other industry players on account of its determination to focus on certain areas of expertise through specialised and dedicated organisations operating around the world.

Ipsos operates in the market through five principal brands, covering each of its core specialisations:

- **Ipsos Marketing** handles market analysis (size and structure of markets, positioning of products, innovation, sales forecasts, optimisation of the marketing mix, strength of brands), notably in consumer goods, industry, services and healthcare. It is the largest of Ipsos' business units.
- **Ipsos MediaCT** (C for Content, Channels and Convergence; T for Technology and Telecom) is a new unit combining the conventional media sectors, with those of the telecoms, entertainment and technology sectors. At a time when everything is changing, with Orange competing in France with television channels to secure the rights to broadcast the *Ligue 1* football championship, and with the concept of convergence being illustrated almost each and every day through deals and new marketing initiatives in a very large number of markets, Ipsos' presence in all these areas of expertise reflects the Group's commitment to investing in its products and services and in its teams to satisfy its clients' new needs even more effectively.



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- **Ipsos Loyalty** is pursuing its drive to help businesses and institutions manage their relationship with their own clients more effectively. This idea is not new in itself. This innovation is primarily intellectual in nature, for instance by linking satisfaction and loyalty more methodically than in the past. It is also operational. Thanks to its proficiency in new technologies, it has now been demonstrated that global platforms can be built helping to produce information about clients cost-effectively and consistently, irrespective of the country in which they live.
- **Ipsos Public Affairs** reports on phenomena related to public opinion, not only through electoral processes, but to an even greater extent on a continuous basis. Its numerous areas of investigation include: the changing impact of public policies, measurement of business reputations – frequently crucial in explaining their commercial success – understanding and assessing government initiatives and, in Europe, EU programmes. Ipsos is the only global survey-based research company to have integrated its expert teams in these various specialisations within a single specialised organisation. The substantial growth in this specific segment reflects the wisdom of this decision.
- **Ipsos ASI**, lastly, is the oldest of Ipsos' business lines. It is also enjoying the fastest pace of organic growth. It was created ten years ago and, in spite of highly unfavourable currency effects given its strong presence in the United States, it has quadrupled its revenue and been active in all the regions of the world. It works with 30 of the world's top 100 advertisers on:
 - testing programmes to forecast or measure retrospectively the relevance of advertising initiatives and their execution;
 - and/or continuously tracking programmes to measure the effects of communication campaigns on brands.

A revolution has started in this area of research owing to the increasingly evident interest among advertisers in deploying their campaigns across a larger number of media – starting with the internet. Going forward, Ipsos ASI will no longer test or will no longer track an advertising campaign in a given media (e.g. television), but will test projects and track the effects of multimedia campaigns that will follow and reach consumers from their homes to sales outlets. Naturally, this represents a major opportunity for Ipsos ASI, which has been investing for 18 months, together with its principal clients, in the development of new methodologies that can assess reliably all the points of contact between brands and consumers.

Outlook

Ipsos' new organisation under the Fresh Impetus plan has been in place since 1 January 2008. Here again, its objective is to reinforce Ipsos' capabilities in areas that the Group has selected and in which it aspires to being a world leader and a key partner for its clients.

In 2008,

- Ipsos will expand its offerings – by revitalising them or launching new ones – at an unprecedented pace;
- Ipsos will continue its selective acquisition policy in developing countries, as well as in developed countries where numerous highly qualified teams need the reinforcement that a global operating platform can provide;
- Ipsos will increase its spending on training and employee qualification, as well as efforts to deepen its client relationships.

The current year has seen risk awareness coming to the fore again. The risks are evidently real in the financial sector, and there is no doubt that the real economy will be affected to some extent. However,



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the need for fresh and reliable information about the behaviour, attitudes, reactions, needs, desires and frustrations of consumers, clients and citizens, is just as tangible as the turmoil in the credit markets.

2008 is set to be a mixed year full of questions, challenges, opportunities and perhaps even some answers. Our teams are hard at work. The Group's organisation is in place. At end-February, Ipsos' order backlog was around 10% higher than at the same point of 2007 excluding currency and consolidation effects. Our objective is to continue making market share gains and to grow at a pace close to our historic average of around 8%.

Taking these factors into account, based on an average exchange rate of \$1.5 to €1, Ipsos' annual revenues are set to exceed the €1 billion and \$1.5 billion marks. Operating profit is expected to show a fresh improvement in 2008.

Attaining these near-term objectives will bolster the Group's ability to reach the targets already unveiled for 2011, i.e. a CAGR in revenue (at constant exchange rates) of 15% – half through organic growth – and an operating margin of 12%.

Appendices:

Consolidated income statement
Consolidated balance sheet
Consolidated cash flow statements
Consolidated statement of changes in shareholders' equity

A presentation of 2007 revenues and earnings will be available on www.ipsos.com on 19 March 2008.

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.

Listed on Eurolist by NYSE - Euronext Paris,
Ipsos is part of the SBF 120 and the Mid-100 Index and is eligible to the Differed Settlement System.

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



Consolidated income statement For the year ended 31 December

In thousands of euros	2007	2006
Revenue	927 218	857 311
Direct costs	(365 696)	(344 235)
Gross profit	561 522	513 076
<i>Gross profit/revenue</i>	<i>60,6%</i>	<i>59,8%</i>
Payroll - excluding share based payments	(333 941)	(306 348)
Payroll - share based payments *	(3 728)	(2 193)
General operating expenses	(132 224)	(122 326)
Other operating income and expense	(1 022)	(2 647)
Operating margin	90 607	79 562
<i>Operating margin/revenue</i>	<i>9,8%</i>	<i>9,3%</i>
Amortisation of additional intangibles identified on acquisitions *	(770)	(616)
Other non operating income and expense *	(2 604)	(2 206)
Income from associates	93	119
Operating profit	87 326	76 859
Finance costs	(11 344)	(11 303)
Other financial income and expense	(440)	(332)
Profit before tax	75 542	65 224
Income tax – excluding deferred tax on goodwill	(19 905)	(18 726)
Income tax – deferred tax on goodwill *	(3 275)	(3 618)
Income tax	(23 180)	(22 344)
<i>Profit before tax/income tax</i>	<i>(30,7%)</i>	<i>(34,3%)</i>
Net profit	52 362	42 880
Attributable to the Group	46 686	38 949
Attributable to Minority interests	5 676	3 931
Earnings per share (in euros) – Basic	1,46	1,23
Earnings per share (in euros) – Diluted	1,43	1,19
Adjusted net profit*	62 739	51 513
Attributable to the Group	57 063	47 582
Attributable to Minority interests	5 676	3 931
Adjusted earnings per share (in euros) – Basic	1,78	1,50
Adjusted earnings per share (in euros) – Diluted	1,74	1,46

Consolidated balance sheet For the year ended 31 December

In thousands of euros	2007	2006
ASSETS		
Goodwill	564 847	559 655
Intangible assets	28 741	23 931
Property, plant and equipment	25 289	26 422
Interests in associates	262	6 651
Other non-current financial assets	2 862	2 844
Deferred tax assets	8 661	9 677
Total non-current assets	630 662	629 180
Trade receivables	289 409	272 788
Current tax	4 252	4 932
Other current assets	39 156	36 584
Derivative financial instruments	900	-
Cash and cash equivalents	83 170	63 596
Total current assets	416 887	377 900
TOTAL ASSETS	1 047 549	1 007 080
LIABILITIES		
Share capital	8 545	8 504
Share premium	341 353	338 927
Own shares	(31 224)	(38 589)
Other reserves	108 144	74 645
Foreign currency translation reserve	(10 613)	6 927
Net profit	46 686	38 949
Shareholders' equity – attributable to the Group	462 891	429 363
Minority interests	4 921	5 165
Total shareholders' equity	467 812	434 528
Long term financial debt (more than 1 year)	199 732	237 406
Non-current provisions	427	461
Retirement benefit obligations	9 307	8 745
Deferred tax liabilities	30 495	27 803
Other non-current liabilities	43 766	42 927
Total non-current liabilities	283 727	317 342
Trade payables	122 143	132 173
Long term financial debt (less than 1 year)	43 996	17 486
Current tax liabilities	9 285	5 520
Current provisions	1 858	1 587
Other current liabilities	118 728	98 444
Total current liabilities	296 010	255 210
TOTAL LIABILITIES	1 047 549	1 007 080



Cash flow statements

For the year ended 31 December

In thousands of euros	2007	2006
OPERATING ACTIVITIES		
NET PROFIT	52 362	42 880
Adjustments to reconcile net profit to cash flow		
Depreciation and depreciation of fixed assets	13 216	12 802
Losses/(gains) on asset disposals	(1 448)	(552)
Movement in provisions	(86)	(1 541)
Share-based payment expense	3 728	2 193
Other non cash income/(expenses)	4 562	(1 002)
Income from associates, net of dividends received	(35)	(63)
Finance costs	11 344	11 303
Income tax expense	23 180	22 344
OPERATING CASH FLOW BEFORE WORKING CAPITAL, FINANCING AND TAX PAID	106 823	88 364
Change in working capital requirement	(9 572)	(16 709)
Interest paid	(12 215)	(11 151)
Income tax paid	(13 530)	(12 781)
CASH FLOW FROM OPERATING ACTIVITIES	71 506	47 723
INVESTMENT ACTIVITIES		
Acquisitions of property, plant and equipment and intangible assets	(15 900)	(15 459)
Proceeds from disposals of property, plant and equipment and intangible assets	213	190
Acquisition of financial assets	(293)	-
Acquisition of consolidated companies and business goodwill	(27 401)	(39 068)
CASH FLOW FROM INVESTMENT ACTIVITIES	(43 381)	(54 337)
FINANCING ACTIVITIES		
Capital increase	2 466	2 137
Increase (decrease) in long-term borrowings	(8 681)	(1 684)
Increase/(decrease) in bank overdrafts and short-term debt	4 244	(121)
(Purchase)/proceeds of own shares	7 348	363
Dividends paid to parent-company shareholders	(9 040)	(8 218)
Dividends paid to minority shareholders of consolidated companies	(1 644)	(1 689)
CASH FLOW FROM FINANCING ACTIVITIES	(5 307)	(9 212)
NET CASH FLOW	22 818	(15 826)
Impact of foreign exchange rate movements	(3 244)	(2 740)
CASH AT BEGINNING OF PERIOD	63 596	82 162
CASH AT END OF PERIOD	83 170	63 596

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

In thousands of euros	Share capital	Share premiums	Own shares	Other reserves	Net profit for the period	Translation adjustments	Shareholders' equity – attributable to the Group	Minority interests	Total shareholders' equity
At 1 January 2006	8 466	336 829	(38 973)	50 455	30 370	22 370	409 517	3 968	413 485
- Change in capital	38	2 098					2 136	532	2 668
- Consolidated net profit for the year					38 949		38 949	3 931	42 880
- 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)	74 645	38 949	6 927	429 363	5 165	434 528
- Change in capital	41	2 426					2 467	93	2 560
- Consolidated net profit for the year					46 686		46 686	5 676	52 362
- Appropriation of prior-year earnings				38 949	(38 949)		-		-
- Dividends paid				(9 040)			(9 040)	(1 412)	(10 452)
- Change in translation adjustments						(17 540)	(17 540)	(1 041)	(18 581)
- Change in of scope of consolidation							-	1 301	1 301
- Impact of share buyout commitments							-	(4 642)	(4 642)
- Own shares			7 365	208			7 573		7 573
- Share-based payments taken directly to equity				3 728			3 728		3 728
- Other movements				(346)			(346)	(219)	(565)
At 31 December 2007	8 545	341 353	(31 224)	108 144	46 686	(10 613)	462 891	4 921	467 812