



Press Release

2004, a good year for Ipsos

Operating profit up 8% at 54.7 million euros Net profit (group share) up 1% at 30.6 million euros

Paris, March 22, 2005. Ipsos' consolidated revenues for the year ended December 31, 2004 totalled 605.6 million euros. At constant exchange rates, revenues grew by 10%. At constant scope and exchange rates, they rose by 7.5%. For the sixth year in a row since its IPO, the pace of Ipsos' top-line growth exceeded that of the market at large, which averaged 5%, and that of other major international research companies.

Client behaviour evolved during 2004. Firstly, clients sharpened their focus on fast-growing regions, such as Asia (outside Japan), Latin America and Central Europe. Secondly, they concentrated demand towards companies that are able to deploy powerful operational resources across international markets and to deliver substantial analytical capabilities optimizing their clients' marketing and media strategy.

In addition, demand patterns underwent a shift from one sector to another. Some companies that manufacture and market consumer goods adopted a precautionary approach, while other clients in the technology, telecoms and service sectors were more active than in recent years. All these various trends were conducive to the continuing consolidation of what remains a fragmented market.

During 2004, Ipsos participated in this consolidation by purchasing four companies in South Korea, Puerto Rico, Australia and Japan. Since January 1, 2005, Ipsos has acquired three more companies strengthening its ability to work with its principal clients in its areas of specialization. The latest acquisitions are Descarie & Complices (Quebec), Shifrin Research Inc. (United-States) and GDMR based in Guangzhou, China, the purchase of which is announced today in a separate press release.

Firm financial performance

Millions of euros	2004	2003	% change
Revenues	605.6	569.7	+6%
Gross profit	354.9	335.7	+6%
Operating profit	54.7	50.7	+8%
Net financial expense	(8.9)	(7.1)	-
Net profit (group share)*	30.6	30.3	+1%

* Before goodwill amortisation



Ipsos' operating profit came to 54.7 million euros, up 8%. At constant exchange rates, it increased by 16% to 59 million euros.

Though healthy, this improvement was slower than the 80 basis point increase in the operating margin recorded in 2003. The temporary fall in the pace of growth during the final quarter in Europe and the impact of the steady depreciation in the US dollar against the euro and other currencies limited the increase in Ipsos' operating margin.

Ipsos maintained the steady growth in its R&D spending and stepped up its recruitment and internal training programmes. By doing so, Ipsos is ensuring that it will be able to keep its organic growth up at a high level and thus deliver a steady improvement in its profitability.

Net financial expense rose with the full-year impact of coupon payments on the 10-year bond issue of May 2003.

Ipsos' effective tax rate remained below the statutory rate in France.

Even though Ipsos recorded an exceptional charge of 3 million euros notably related to the write-down of the value of office fixtures and fittings rendered obsolete by the pooling of Ipsos' teams in France at a single site, net profit (Group share) was up 1% at 30.6 million euros. At constant exchange rates, net profit advanced by 11% to 33.5 million euros.

Financial position – Ipsos had net debt of 158 million euros at year-end 2004, compared with 149 million euros at December 31, 2003. This slight increase reflected the impact of further selective acquisitions and a higher working capital requirement caused by an increase in trade receivables on the back of the brisk business trends towards the end of the year. Shareholders' equity rose to 202 million euros, up from 198 million euros at December 31, 2003.

Outlook for 2005

During 2005, preliminary data for the first quarter indicates that the market is likely to grow at a similar pace to 2004.

Ipsos believes that it will be able to deliver revenue growth of at least 8% at comparable structure and exchange rates in 2005, i.e. a faster rate of growth than in 2004.

Its order book is stronger than at the same point in 2004 across all its geographical regions and its business lines.

Its operating margin is set to remain stable owing to the impact of implementing a new system of bonus payments for its employees and of recognising the cost of its stock option plans under operating expenses.

Ipsos confirms its 2007 target, on the basis of 1 USD = 1 euro, of 1 billion euros in revenue with operating margin of over 10%.

Appendices:

Balance sheet at December 31, 2004

Income statement

Cash flow statement

N.B. Ipsos has also announced today the acquisition of GDMR in China.

Consolidated balance sheet

In thousand euros	Gross	31/12/2004 Amort. & Provisions	Net	31/12/2003 Net
FIXED ASSETS				
<i>Intangible fixed assets</i>				
Start-up costs	513	237	276	311
Other intangible fixed assets	37 846	26 472	11 374	10 285
<i>and business goodwills</i>	373 880	82 763	291 117	294 603
<i>Tangible fixed assets</i>	66 624	47 503	19 121	17 535
<i>Financial fixed assets</i>				
Non-consolidated participating interests Companies accounted for by the equity method	266	9	257	141
Other financial fixed assets	288	200	288	287
	6 842	200	6 642	3 098
TOTAL FIXED ASSETS	486 259	157 184	329 075	326 260
CURRENT ASSETS				
<i>Inventories and work in progress</i>				
Miscellaneous supplies	610		610	340
Surveys in progress	8 346		8 346	9 873
<i>Receivables</i>				
Trade receivables	191 043	4 284	186 759	160 228
Other receivables	27 883	881	27 002	22 760
Marketable securities	1 761	78	1 683	2 459
Cash and equivalents	30 932		30 932	31 175
TOTAL CURRENT ASSETS	260 575	5 243	255 332	226 835
<i>Accruals, deferrals and other assets</i>	22 204		22 204	17 537
TOTAL ASSETS	769 038	162 427	606 611	570 632

In thousands euros	31/12/2004	31/12/2003
SHAREHOLDERS' EQUITY		
Share capital	7 099	7 048
Share premium	176 342	175 045
Other reserves	20 054	14 450
Foreign exchange translation differences	-21 269	-18 052
Net profit for the year after minority interests	11 682	12 036
<i>Equity attributable to the group</i>	193 908	190 527
Minority interests in consolidated reserves	4 725	5 203
Minority interests in net profit for the year	2 972	2 698
<i>Minority interests</i>	7 697	7 901
TOTAL SHAREHOLDERS' EQUITY	201 605	198 428
<i>Provisions for liabilities and charges</i>	24 915	21 283
LIABILITIES		
<i>Long-term debt</i>	190 897	182 429
<i>Other liabilities</i>		
Advances & progress payments from customers	7 661	4 654
Trade payables	83 534	69 013
Tax and employment-related liabilities	46 135	54 360
Miscellaneous debt	32 559	23 859
TOTAL LIABILITIES	360 786	334 315
<i>Accruals, deferrals and other liabilities</i>	19 305	16 606
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	606 611	570 632

Consolidated profit and loss account

In thousand euros	2004	2003
Revenues	605 594	569 708
Direct costs	250 670	234 049
GROSS MARGIN	354 924	335 659
Payroll costs including statutory employee profit-sharing	207 511	197 376
General operating expenses	94 507	87 005
Other income and expense (net)	(1 772)	591
Total operating expenses	300 246	284 972
OPERATING PROFIT	54 678	50 687
Net financial expenses	(8 911)	(7 054)
NET PROFIT FROM ORDINARY ACTIVITIES OF CONSOLIDATED ENTITIES	45 767	43 633
Net exceptional income / (expenses)	(3 138)	(428)
CONSOLIDATED PROFIT BEFORE TAX	42 629	43 205
Corporate income tax	9 069	10 259
CONSOLIDATED PROFIT AFTER TAX	33 560	32 946
Share of profit/ (losses) of companies accounted for using the equity method		34
Goodwill amortisation	18 906	18 246
NET PROFIT BEFORE MINORITY INTERESTS	14 654	14 734
Minority interests in net profit for the year	2 972	2 698
NET PROFIT ATTRIBUTABLE TO THE GROUP	11 682	12 036
NET PROFIT ATTRIBUTABLE TO THE GROUP, BEFORE GOODWILL AMORTISATION	30 588	30 282

Consolidated cash flow statement

In thousand euros	2 004	2 003
OPERATING ACTIVITIES		
Consolidated net profit attributable to the group	11 682	12 036
<i>Adjustments to reconcile net profit to cash flow</i>		
Amortisation and depreciation	12 321	13 275
Share in losses/(profits) of companies accounted for using the equity method		(34)
Losses/(gains) on asset disposals	1 180	237
Goodwill amortisation	18 906	18 246
Movement in other provisions	525	(1 555)
Deferred taxation	(267)	713
Minority interests	2 972	2 698
Other items		(179)
Operating cash flow before working capital items	47 319	45 437
Decrease/(increase) in inventories and work in progress	2 829	(2 819)
Decrease/(increase) in trade receivables	(28 581)	(32 575)
Decrease/(increase) in other receivables	(4 644)	(612)
Increase/(decrease) in trade payables	13 827	15 948
Increase/(decrease) in accrued interest on debt	(55)	513
Increase/(decrease) in other liabilities	(379)	17 370
Change in working capital needs	(17 003)	(2 175)
CASH PROVIDED BY OPERATING ACTIVITIES	30 316	43 262
INVESTING ACTIVITIES		
Acquisition of tangible and intangible fixed assets (excluding business goodwill)	(13 319)	(14 954)
Acquisition of business goodwill	(1 508)	(688)
Acquisition of non-consolidated equity interests		
Proceeds from disposals of tangible and intangible assets	104	59
Proceeds from disposals of long-term investments		
Decrease/ (increase) in marketable securities	786	3 065
Decrease/(increase) in other long-term investments	420	847
Increase/(decrease) in payables to suppliers of fixed assets	12 248	(29 608)
Impact of changes in scope of consolidation	(28 005)	(18 374)
CASH USED IN INVESTING ACTIVITIES	(29 274)	(59 653)
FINANCING ACTIVITIES		
Share issue	1 348	1 099
Issue of long term debt	51 823	101 186
Repayment of long term debt	(41 816)	(71 937)
Increase/(decrease) in bank overdrafts&short term debt	(1 099)	(6 437)
Dividend paid to parent company shareholders	(6 233)	(2 202)
Dividends paid to minority shareholders of consolidated entities	(2 257)	(2 143)
CASH PROVIDED BY FINANCING ACTIVITIES	1 766	19 566
Opening cash	31 175	28 984
Impact of exchange rate fluctuations	(3 051)	(984)
Net change in cash	2 808	3 175
CLOSING CASH	30 932	31 175