



# Full-year 2015 results

Some positives, some negatives.  
The contrasts of 2015

18 FEBRUARY 2016

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GAME CHANGERS



# Agenda

1

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OUR ACTIVITY

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2

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THE NEW WAY

---

3

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FULL-YEAR 2015 RESULTS

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4

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OUTLOOK

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# THE ACTIVITY: THE CONTRASTS OF 2015

## OUR ACTIVITIES

# The contrasts of 2015

## DIFFICULT ENVIRONMENT

In many emerging markets

### In certain areas:

- Commodities
- Energy
- Consumer goods

## BUT ALSO PROGRESS

In geographic areas previously lagging

- i.e. Southern Europe

### In other areas:

- Pharmaceuticals
- Automotive

## A DISAPPOINTING YEAR

- **No growth**
- Operating margin fell to **10%**, after an investment of 10 million euros in the New Way programme
- **Slippage** in some major markets
  - Ipsos Connect in terms of specialisms
  - Russian and Brazil in terms of territories

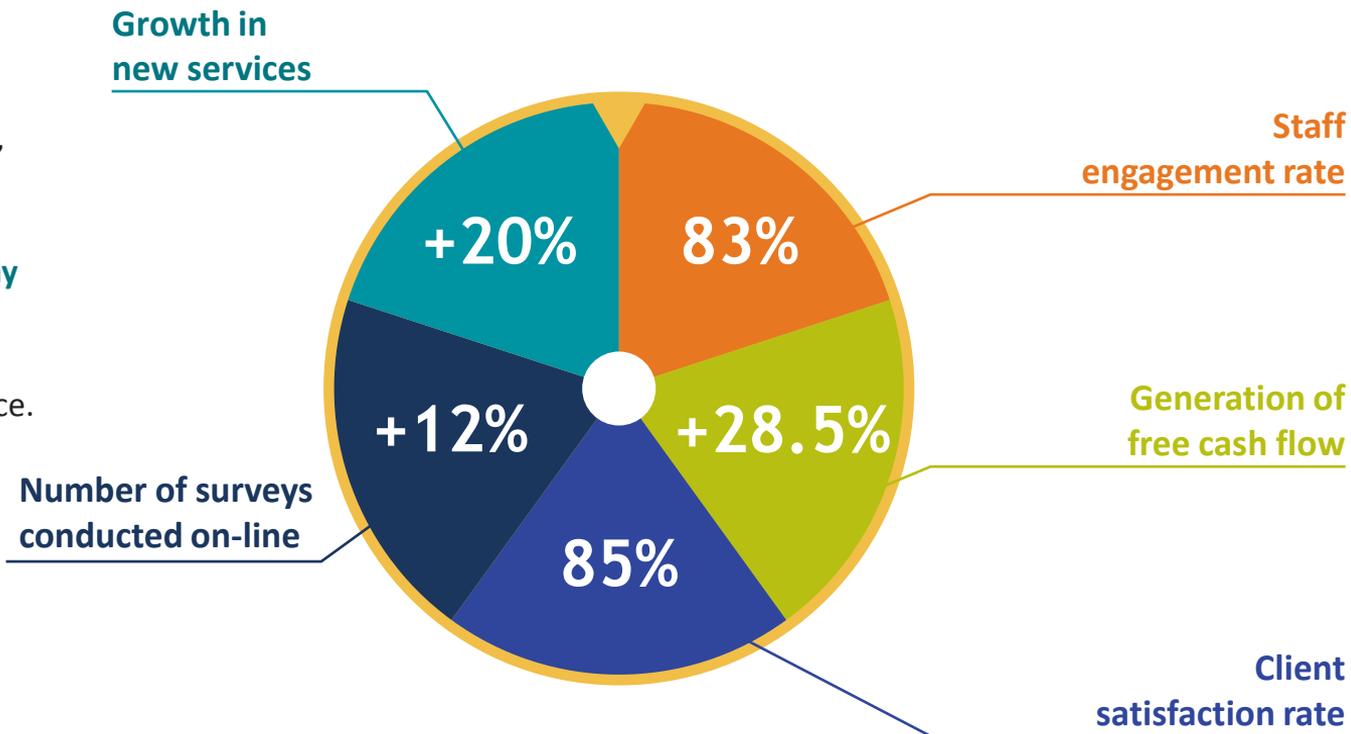
Change in revenues at constant scope and rates of exchange

%	H1-14	H2-14	H1-15	H2-15
Emerging markets	+5.3%	+3.8%	-2.1%	-0.6%

## OUR ACTIVITIES

# But...

- Clients and staff are **supportive**, and **stand by us**
- Implementation of the **New Way programme**
- **New services** grow in importance. They are **profitable**, despite sizeable development and introduction costs
- Generation of **free cash flow** reached **record levels**





# THE NEW WAY PROGRAMME

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GAME CHANGERS



## THE NEW WAY PROGRAMME

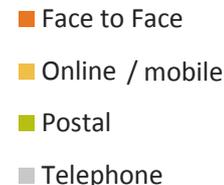
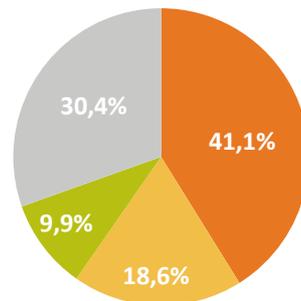
# Its origin: a paradoxical observation

- **Rising** demand for information
- Ipsos' **business activity** has been more or less stable since 2012
- Besides traditional competitors, big and small, **new ones are emerging**:
  - Specialised / Technological
  - Powerful / Integrators
  - Disrupters / Digital
- Field **digitalisation**:
  - Allows more speed
  - Allows more efficiency
  - But has a deflationary effect on industry growth estimated at -2% per year

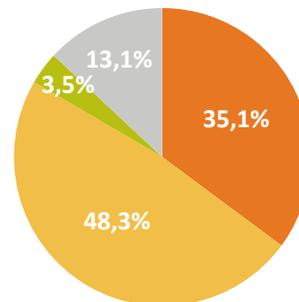
Survey-based research (80% of the activity)

Data collection methods:

2005



2015



## THE NEW WAY PROGRAMME

# Its ambition

**MAKE IPSOS ITS CLIENTS' PARTNER IN TRANSFORMATION,  
EXPRESSED BY THE NEW SIGNATURE "GAME CHANGERS"**

Today client demand is clear:

### IN MOST MARKETS THEY FACE:

- Greater **volatility**
- Greater **competition**
- Greater **fragmentation**

### IPSOS' SERVICES MUST (THE 4S'S):

- Be more **secure (Security)**
- Proceed **faster (Speed)**
- Make things **simpler (Simplicity)**
- Go in **depth (Substance)**

## THE NEW WAY PROGRAMME

# Its content and approach

### ITS CONTENT

**Transform Ipsos** (Apply to itself what we advise others to do)

### ITS APPROACH

- **Question** everything
- **Involve** our employees
- Complete the project **in 3 years**

### ITS RESOURCES

#### 17 million euros in 2015

- 10 million euros of operating costs  
(5 for payroll expense and 5 for overhead -technology-)
- 7 million euros of restructuring costs

Workstream 1: Objectives / Market analysis ✓

Workstream 2: Organisational change ✓

Workstream 3: Values, narrative and talents

In progress

Workstream 4: Optimise performance

In progress

Workstream 6: Innovation and new services

In progress

Workstream 7: Consolidation of knowledge

In progress

Workstream 8: Strengthening the Ipsos brand

New

## THE NEW WAY PROGRAMME - WORKSTREAM 2

# Simplify the organisation

### IPSOS HAS A MATRIX ORGANISATION WITH TERRITORIES AND LINES OF SPECIALISATION

To simplify management:

#### CERTAIN TERRITORIES HAVE BEEN RE-ORGANISED INTO CLUSTERS:

87 territories → **53 territories** with the creation of **13 clusters**

#### CERTAIN SPECIALISATION LINES HAVE BEEN RE-ORGANISED:

Reduction to 6 lines of specialisation

- **Ipsos Connect**
- **Ipsos Marketing**
- **Ipsos Public Affairs**
- **Ipsos Loyalty**
- **Ipsos Interactive Services**
- **Ipsos Offline Operations**

#### CERTAIN “NEW CAPACITIES” HAVE BEEN CENTRALISED, SUCH AS:

- Neurosciences
- Behavioural economics
- Data Analytics
- Ipsos Knowledge Centre

#### TWO CENTRAL COMMITTEES WERE CREATED:

- “Solutions” — to manage the (new) services offered
- “Win and Retain” — to manage large tender offers and principal programmes

# THE NEW WAY PROGRAMME - WORKSTREAM 3

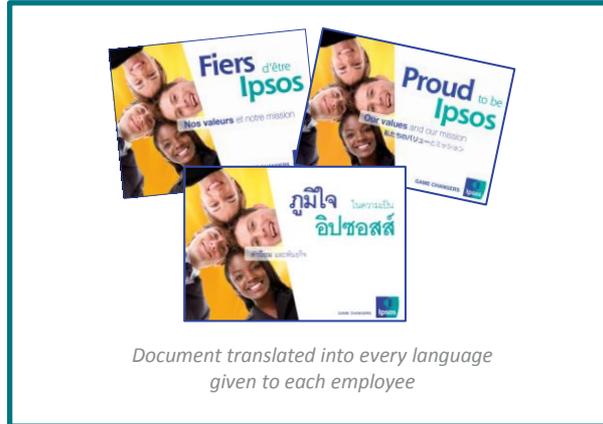
## Values, narrative and talents

### 5 VALUES UNITE OUR 16,000 EMPLOYEES

- Integrity
- Curiosity
- Collaboration
- Client first
- Entrepreneurial spirit

### “PROUD TO BE IPSOS”

- **Goal:** summarise the values and behaviours that need to motivate all Ipsos employees



### TRAIN THE YOUNG TALENTS OF TOMORROW: THE IPSOS GENERATION PROJECT

- **Goal:** train recent graduates, tomorrow's future talent
- **Premise:** a program for mobility across specialisations

### UNIFY HUMAN RESOURCES MANAGEMENT: PROJECT SAFARI

- **Goal:** build a shared platform for managing human resources
- Platform connected to our information systems

# THE NEW WAY PROGRAMME – WORKSTREAM 4

## Improvement in performance

**Purpose:** establish future methods of conducting research by type of service

**3 priorities:** **automation** and **digitisation** of studies known as “overnights” (results delivered in 24 hours) and the **new tracking service**; **efficiency** in the implementation of multi-country studies, particularly in emerging countries where field is being digitised.

### KEY FACTORS - HIGHLIGHTS

#### IPSOS OFFLINE OPERATIONS

##### DIGITISATION OF FACE TO FACE INTERVIEWS

- Information gathering by tablets and smart phones for better data quality
- Improved co-ordination of global studies
- 27 millions offline interviews in 2015, -10% vs 2014 (decrease only on telephone)

##### IN 2016

- Face to face, iField: management and controlling system of the geolocalised interviewers
- Telephone: regionalisation of the call centers (Latin America and Middle East)

#### IPSOS INTERACTIVE SERVICES

##### ON-LINE AND MOBILE VIA PANEL

- Panel created in 2000, 4,5 million members classified by 200 variables in 50 countries
- Globally managed since 2015
- Location in 2015 in Asia-Pacific of 4<sup>th</sup> hub based on the same technological platform as Europe (2002), North America (2011) and Latin America (2014)
- 20 million on-line interviews in 2015, +12% vs 2014

##### IN 2016

- Programmatic sample, overnight field, update and results dashboards
- Innovation on passive measurement, geo-localisation...

## THE NEW WAY PROGRAMME - WORKSTREAM 6

# 17 new services

### OBJECTIVES

Measure differently

Have the data in real time

Integrate big data

Offer expert advisory services

### NEW SERVICES

- Web listening
- Communities
- Behavioural economics
- Ethnography
- Neurosciences
- Consumer and Retail Audit
- Mediacell
- Mobile
- Overnight Services
- Enterprise Feedback Management (EFM)
- Data analytics / Data Science
- Ipsos Science Center
- Path to Purchase
- Market Entry Research
- Workshops
- Advisory services
- Insight Cloud

REVENUES UP 20% VS 2014

New services represent 9% of revenues

10% of revenues in the developed countries

7% in the emerging ones

## THE NEW WAY PROGRAMME - WORKSTREAMS 7 & 8

# Monetize knowledge and strengthen the brand

### WORKSTREAM 7: CONSOLIDATION OF KNOWLEDGE

#### Launch of The Ipsos Knowledge Centre

**Purpose:** Gather and consolidate all the existing knowledge in the Group and disseminate it inside and outside the company

#### 1 Knowledge Exchange

Construction of the Ipsos Encyclopedia in collaboration with Ipsos experts



*Intranet for the sole use of employees*

#### 2 Knowledge Visibility

Share and circulate Ipsos' knowledge



*Monthly document published on ipsos.com and distributed to clients*

**In 2016:**

#### 3 Knowledge Building

Expand training available at Ipsos

### WORKSTREAM 8: STRENGTHENING THE BRAND

**Purpose:** Unify the brand name and message in all territories and media

#### Single brand, public brand

- The Ipsos brand will now be used in all geographic regions
- The intention is to give it public exposure through public opinion surveys

**In 2016:**

- New website in July 2016
- Launch in countries July - December 2016

# THE NEW WAY PROGRAMME - IPSOS CONNECT

## Creation of Ipsos Connect

### VISION

- Consumers' behaviour are transformed by **media fragmentation** and **digitisation**
- **Media and content strategies** are **strongly linked** for brand communication efficiency

### NEEDS

- **Maintain and strengthen** the influence of brands
- **Tailor** strategies to new media platforms, including social media and all digital platforms
- **Optimise** investments: cost, ROI, speed

### COMPETITORS

- The new AdTech **companies** (disruption)
- The **traditional entities**
- But finally, **fragmented expertises**

# THE NEW WAY PROGRAMME - IPSOS CONNECT

## 2015, year of the merger

### AMBITION

- The **reference of a new category of services**
- A **trusted**, worldwide, **objective** helper
- **Devising** and **measuring** brand-expression strategies
- Through the integration of **all sources of data**

### HISTORY

- Ipsos Connect is a **new** category of services
- **Merger** between 2 historical and strong lines of specialisation: Ipsos MediaCT (media research) and Ipsos ASI (advertising research)
- **Offer:** Audience measurement, brand tracking, copy testing

### MERGER

- Create this **ambition** takes **time**
- **Decline in revenue in 2015**
- **Economic conditions**
  - Clients: recomposition/merger of brand portfolios
  - Problems in the emerging countries
  - Implementing the merger
- **Structural factors**
  - Transformation of needs in terms of advertising research

## THE NEW WAY PROGRAMME - IPSOS CONNECT

# 2016, development of Ipsos Connect

### RESOURCES

- Ipsos Connect: €405 million in 2015
- Global team of **2,400 experts** in **62 Group countries**
- Our clients are the **biggest** companies in the world
- **Systematic integration of new services:** data analytics, neuroscience, passive measurement, social listening, etc

### NEW OFFERS

- **Connect\*Digital:** integration of web analytics and surveys to measure digital formats efficiency
- Revolution in online brand tracking : using smartphone to measure the exposure of advertising campaigns, integration of social media analytics, transition from online to mobile

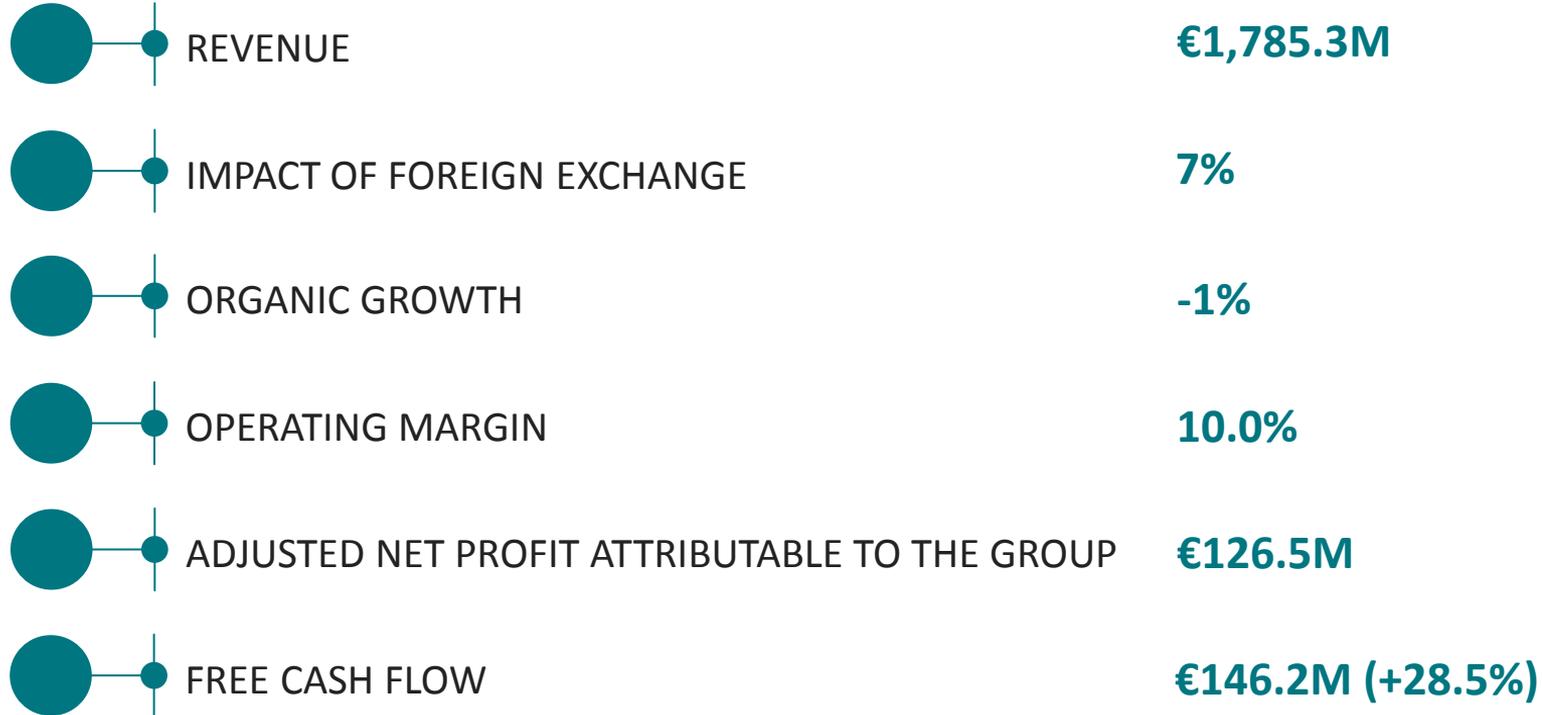




# 2015 FULL-YEAR RESULTS

## FULL-YEAR 2015 RESULTS

# Highlights of the year



## FULL-YEAR 2015 RESULTS

# Profitability targets reached

<i>In millions of euros</i>	2015	2014	Variation 2015/2014
Revenue	1,785.3	1,669.5	6.9%
<b>Gross profit</b>	<b>1,149.7</b>	<b>1,072.2</b>	<b>7.2%</b>
<b>Gross profit/Revenue</b>	<b>64.4%</b>	<b>64.2%</b>	-
<b>Operating margin</b>	<b>178.2</b>	<b>173.1</b>	<b>2.9%</b>
<b>Operating margin/Revenue</b>	<b>10.0%</b>	<b>10.4%</b>	-
Other operating income and expense	(17.3)	(17.2)	-
Finance costs	(23.8)	(22.8)	0.8%
Income Tax	(33.8)	(34.1)	-0.8%
<b>Net profit (attrib. to the Group)</b>	<b>93.0</b>	<b>89.7</b>	<b>3.7%</b>
<b>Adjusted net profit* (attrib. to the Group)</b>	<b>126.5</b>	<b>120.8</b>	<b>4.8%</b>

\* Adjusted net profit is calculated before non-cash items linked to IFRS 2 (share-based payments), amortisation of acquisition-related intangible assets (client relationships), deferred tax liabilities related to goodwill on which amortisation is tax-deductible in certain countries and the impact net of tax of other non-recurring income and expenses.

## FULL-YEAR 2015 RESULTS

# Share of turnover by geographical region

	2015 Revenue (in millions of euros)	Share	Total growth 2015/2014	Organic growth
EMEA	781.8	44%	2.5%	0%
Americas	703.5	39%	11.2%	-2%
Asia-Pacific	300.0	17%	9.3%	-2%
<b>Revenue</b>	<b>1,785.3</b>	<b>100%</b>	<b>6.9%</b>	<b>-1%</b>

## FULL-YEAR 2015 RESULTS

# Share of turnover by specialisation

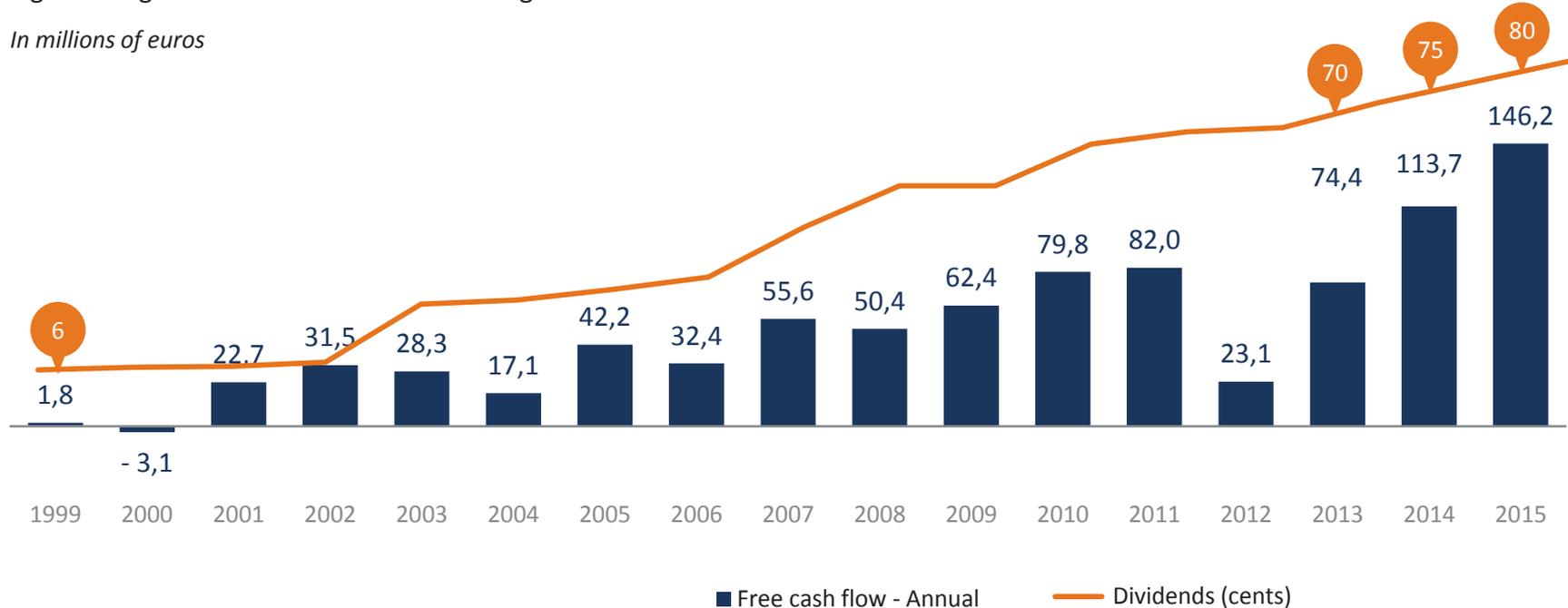
	2015 Revenue (in millions of euros)	Share	Total growth 2015/2014	Organic growth
Media and Advertising Research	405.0	23%	-2.4%	-6.5%
Marketing Research	948.9	53%	9.8%	0.5%
Opinion & Social Research	179.2	10%	9.9%	2%
Client and employee relationship management	252.1	14%	11.1%	0.5%
<b>Revenue</b>	<b>1,785.3</b>	<b>100%</b>	<b>6.9%</b>	<b>-1%</b>

## FULL-YEAR 2015 RESULTS

# A record in free cash flow

Significant generation of cash flow and a regular increase in dividends since the IPO in 1999.

*In millions of euros*



## FULL-YEAR 2015 RESULTS

**Cash flow statement**

<i>In millions of euros</i>	2015	2014	Variation
<b>Gross Operating cash flow</b>	<b>198.1</b>	<b>192.6</b>	<b>+2.8%</b>
Change in WCR	+18.4	(18.7)	-
Tax and interest expense	(48.5)	(44.5)	
Purchase of PP&E and intangible assets	(21.8)	(15.6)	
<b>Free cash flow</b>	<b>146.2</b>	<b>113.7</b>	<b>+28.5%</b>
<b>Acquisitions</b>		<b>(9.0)</b>	
Share repurchase	(9.5)	(11.5)	-
Net change in debt	(46)	(61.6)	-
Dividends	(37.5)	(35.3)	-
<b>Cash at end of period</b>	<b>151.6</b>	<b>149.3</b>	<b>+1.6%</b>

# FULL-YEAR 2015 RESULTS

## Debt

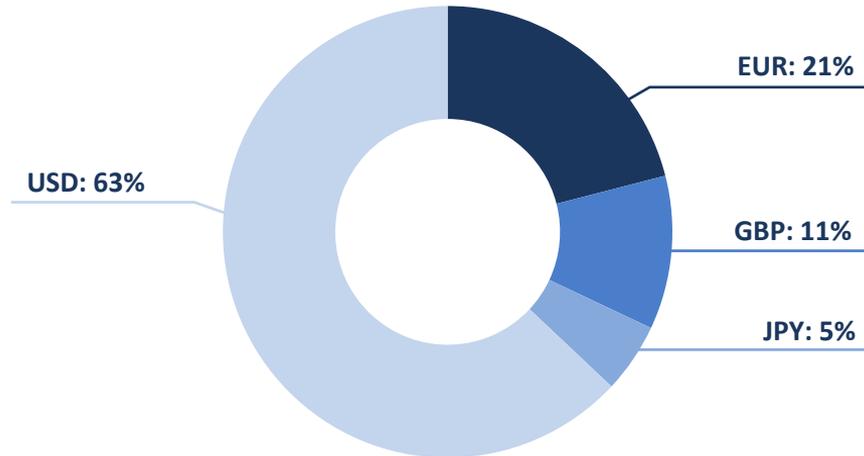
<i>In millions of euros</i>	2015	2014
Shareholders' equity	945	901
<b>Net debt</b>	<b>552*</b>	<b>545</b>
Gearing	58.4%	60,5%
Net debt (at exchange rate 31/12)/EBITDA (at average exchange rate)	x 2.5	x 2.6
Net debt/EBITDA – At constant exchange rate	x 2.3	x 2.4
Interest cover (operating margin/interest expense)	x 7.9	x 8.1

\* Net debt of €506 million at exchange rate of 31/12/2014

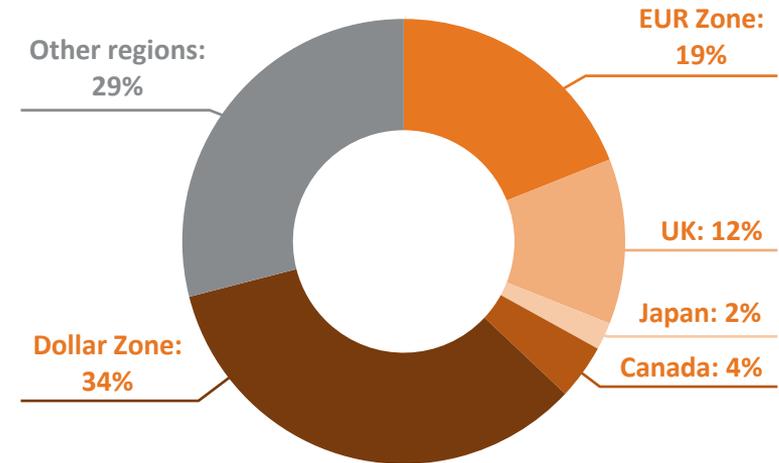
## FULL-YEAR 2015 RESULTS

# Currency breakdown

## DEBT BREAKDOWN



## IPSOS' ACTIVITIES BREAKDOWN

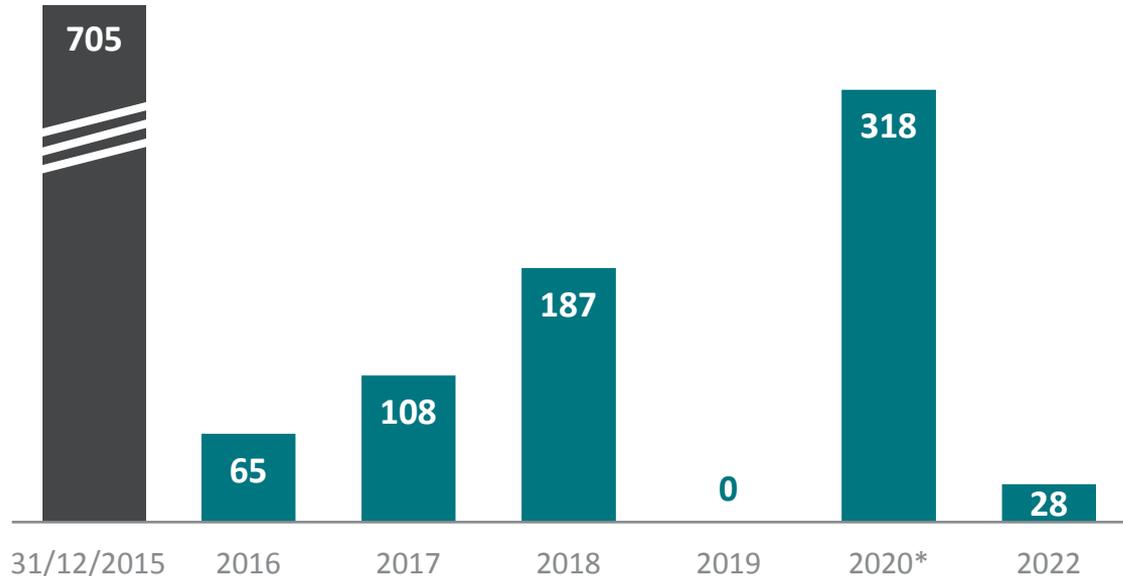


# FULL-YEAR 2015 RESULTS

## Debt by maturity

Gross Debt  
(€M)

### SPLIT BY DATE OF MATURITY



\* With a possible 2 year extension of €104 million

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IN DECEMBER 2015, IPSOS SUCCESSFULLY REFINANCED PART OF THE SYNOVATE'S ACQUISITION DEBT OF €215 MILLION WITH A FIVE-YEAR BALLOON.

Ipsos would like to thank its long-standing banking partners who assisted it successfully with this refinancing operation:

- Barclays Bank
- BNP Paribas
- Commerzbank
- Crédit Agricole Group (Caisse Régionale de Crédit Agricole Mutuel d'Île de France, CACIB, Crédit Lyonnais)
- The CM-CIC Group
- HSBC
- Société Générale

GAME CHANGERS



## FULL-YEAR 2015 RESULTS

**Proposed dividend of 80 cents (+6.6%)**

	2015	2014
Dividend per share	0.80	0.75
Earnings per share	2.05	1.98
Adjusted earnings per share	2.80	2.67
Adjusted earnings per share distributed	28.5%	28.1%

## FULL-YEAR 2015 RESULTS

# Settlement and end of dispute with Aegis

Since 2012, there have been a certain number of claims in accordance with the Synovate acquisition contract signed on 26 July 2011, including the initial acquisition price paid of £525 million.

Ipsos initiated several legal procedures in the London courts with reference to liability warrantees, obligations triggered by non complying with the acquisition contract, including the transfer of assets and tax liabilities.

Following a final mediation process on 5 February 2016, Ipsos received a final cash repayment of £20 million. This repayment should represent an exceptional net profit of €15 million in the Group's consolidated final statement for 2016.

In total, Ipsos will have received from Aegis repayments, both in cash and asset transfers, an estimated total of around £44 million. This is a significant amount and testifies to the appropriateness of the actions undertaken since 2012 by Ipsos in order to protect its interests.

That being said, the dispute between Ipsos and Aegis which has just been concluded through mediation has never cast doubt, in the eyes of our company, on the soundness of acquiring Synovate or on the positive outcome of the Ipsos-Synovate merger begun at the end of 2011 and completed two years later.



# OUTLOOK

# OUTLOOK

## 2016 (1/2)

### PROGRESS ARE EXPECTED WHERE:

- **Ipsos under-performed:**
  - Emerging countries
  - Ipsos Connect
- **Ipsos first launched its new services:**
  - North America
  - Ipsos Loyalty
- **Ipsos broadened its client base:**
  - Ipsos Marketing
- **Ipsos aims to be No. 1 globally:**
  - Ipsos Public Affairs

### REASONS TO BE CONFIDENT:

- **The new offer is implemented:**
  - Connect\*Digital, EFM...
- **Major wins (complex and/or multi-countries)**
  - Such as JOES in the US in the field of social research (5 year contract: 36 million USD)

# OUTLOOK

## 2016 (2/2)

### FOR THIS, IPSOS WILL:

- Continue its transformation
  - Invest further in:
    - Technologies
    - Teams
    - Services
- **€10 million of operating costs related to the implementation of the New Way program**

### AND HAS PLANNED:

- A positive organic growth
- The stabilisation of its operating margin
- A significant volume of free cash flows