



Press Release

First quarter of 2016

A good market, a good quarter

Revenue: €386.9 million, +1.9%
Total organic growth, first quarter: +3.7%
Organic growth of New Services: +16.2%

Paris, 27 April 2016 – For the first quarter of 2016, Ipsos' revenue stands at €386.9 million, up 1.9% compared with the same period in 2015.

Organic growth has been significantly sustained at 3.7%. Last year, on a like-for-like basis, Ipsos had posted growth of 0.8% for the first quarter before more sluggish performance in subsequent quarters.

In 2016, the situation is different. This first quarter result reported in euros is the best Q1 result ever recorded. Most importantly, this marks a return to significant growth, with the best quarter growth rate since Ipsos' acquisition of Synovate in October 2011. This good performance should not be underestimated as it concerns all regions, both emerging economies (+4.6%), which had shown signs of weakness last year, and developed markets (+3.3%).

Furthermore, exchange rates, which had been highly favourable at the beginning of last year, are negative (-3.2%). This effect is partially offset by the positive impact of the change in scope (+1.4%) following the consolidation of RDA Group from 1 July 2015.

Consolidated revenues by geographical area <i>(in millions of euros)</i>	1st quarter 2016	1st quarter 2015	Change 2016/2015	Organic growth
Europe, Middle East and Africa	166.8	169	-1.3%	2%
Americas	154.2	147.2	4.7%	4%
Asia-Pacific	66.0	63.4	4%	6.5%
Quarterly revenues	386.9	379.6	1.9%	3.7%



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Performance by business line

Across business lines, performance is more uneven.

Ipsos Connect – covering, since January 2015, Ipsos' media measurement research and marketing/advertising activities – is slowly recovering after poor results (-6%) in 2015 (first year after the merger). Ipsos Connect's first quarter revenue is close to be stable. This improvement should continue over the next quarters through better adaptation of Ipsos Connect's existing and New Services to its client base which includes media players, media agencies and their clients, i.e. the main companies and institutions which promote their products, services and brands via advertising campaigns.

Ipsos Public Affairs – which covers our work for governmental and non-governmental institutions in the field of public opinion and social research – had an atypical activity cycle in 2015 with organic growth of 8% at the end of June, followed by a slowdown in the second half. Thus, its revenue in Q1 2016 was expected to be stable.

At the beginning of 2016, as in 2015, Ipsos is the research and survey brand most quoted by traditional and digital media worldwide. This presence helps to strengthen the reputation and credibility of Ipsos with its public and private clients, as well as its employees and partners, as a source of reliable and relevant information which can be used in decision-making and in performance evaluation.

Ipsos Loyalty is the Ipsos branch dedicated to studies aimed at guiding and assessing customer relationship management systems. Some of its teams also work on measuring the effectiveness of HR policies aimed at improving employee cohesion and commitment in companies and institutions. In recent years, Ipsos Loyalty has totally updated its offer, in particular through owned technological investments and partnerships, deploying platforms capable of systematically and automatically surveying thousands or even millions of customers of automotive companies, financial institutions, hotel chains or transport companies.

Ipsos Loyalty has also rolled out other technological solutions to control the activities of sales networks and the proper set-up of products and services in distribution channels (whether dedicated or not, and digital or not).

Ipsos Loyalty's performance, which was already satisfactory in 2015, has further improved through these new solutions which have led to large, recurring contracts with existing and new clients across different markets. The good first quarter results should thus point to solid performance for the year as a whole.

Lastly, Ipsos Marketing (accounts for 50% - or more in certain markets - of Ipsos' business activity) produced highly satisfactory results, even though the excellent first quarter performance will be difficult to match over the next quarters. Here too, the new offerings and New Services played a major role in Ipsos Marketing's growth. This includes several major initiatives launched by Ipsos within the framework of the "New Way" programme. This business line is the most diversified, in some cases the most ad hoc, and its wide range of services had to be simplified, modernized, and made to stand out from those of Ipsos' existing or new competitors.

The mission of Ipsos Marketing teams is to help Ipsos clients better gauge and understand their own markets, identify opportunities and, in general, better adapt their offerings and marketing efforts to consumers' changing needs, desires and means. Of course, Ipsos Marketing's business stems partly from the companies' drive to stand up to their competitors, optimize their innovation and offer-transformation processes, and shift from a passive to an active stance in the face of mounting competition, the standardisation of offerings and generally speaking fragmentation of markets.

Ipsos Marketing has then benefited from the good overall performance of the marketing services industry, as confirmed by the growth posted by multi-sector groups such as WPP, Publicis, Havas, and their American and Japanese competitors.

Consolidated revenues by business line <i>(in millions of euros)</i>	1st quarter 2016	1st quarter 2015	Change 2016/2015	Organic growth
Media and Advertising Research	86.4	90.1	-4%	-1%
Marketing Research	206.4	199.8	3.3%	6%
Opinion & Social Research	40.2	41.8	-3.7%	-0.5%
Client and employee relationship management	53.9	48.0	12.4%	6.5%
Quarterly revenues	386.9	379.6	1.9%	3.7%

Other information about operating conditions in the first quarter

Gross profit continued to progress at a faster pace than revenue due to the ongoing transition to online activities, the high gross profit earned on New Services, and good management of prices charged to clients.

Taking into account the investments planned within the scope of the "New Way" programme (€10 million in additional operating expenses in 2016), profitability is in line with the objectives announced for the year as a whole, i.e. operating margin at least equal to that of 2015.

At 31 March 2016, net gearing stood at 51%, down compared with 31 March 2015 (57%) and 31 December 2015 (58%).

This drop is attributable to the significant amount of surplus free cash flow and to the final settlement of the claims against Aegis concerning the acquisition of Synovate.

Indeed, as announced on 17 February 2016, the dispute between Ipsos and Aegis concerning the acquisition price and actual value of the assets and liabilities transferred was settled on 10 February 2016, with Aegis' payment of £20.0 million bringing an end to all claims and legal proceedings. In view of the costs incurred, this refund gave rise to the recognition of a net exceptional gain of €15 million in the Group's consolidated financial statements for Q1 2016.



OUTLOOK FOR 2016

It is widely considered that the economic outlook for 2016 is reassuring. Of course, the days of exceptionally high economic growth rates are well behind us. The consensus points to rather more subdued long-term growth, driven or accompanied, as you prefer, by stable prices.

However, within that long-term trend, the news is good for 2016, in particular regarding household consumption. In China, in the United States, and in France (!), consumers have become more active, perhaps under the impulse of marketing spends which, as we have already emphasized, are on an upward trend.

In this generally positive environment and with its renewed offering embodied by its New Services, Ipsos achieved better growth between January and March 2016, outperforming the growth rates of any of the past 17 quarters.

At constant scope and exchange rates, Ipsos recorded a 16.2% increase in the first quarter revenue of its New Services, compared with the same period in 2015. Note that the performance recorded in emerging markets (+19%) is similar to that achieved in developed economies (+15.5%). The potential for future growth remains considerable, since many of the New Services have only been offered by Ipsos for a few months. Moreover, as a whole, they only account for 10.7% of the Company's total revenue (compared with 9.6% the previous year).

They confirm the main diagnosis established by Ipsos in the summer of 2014, when the "New Way" programme was being set up. The difficulties encountered by the leading market research companies – including Ipsos – to return to a path of significant, sustainable and profitable growth are not due to insufficient demand from their clients, but due to time required to transform the offer.

Benefiting from the upward trend in the marketing services industry and the first impacts of its transformation programme, Ipsos recorded a good performance in the first quarter of 2016. This trend should continue in the next quarters, but of course, it is not possible to assert, at this point in time, that the performance for the whole of 2016 will match that of the first months of the year.

Ipsos will continue to invest in its New Services; improve its efficiency, speed and flexibility; share its know-how and ideas with its clients to an even greater extent; make more efforts to become a household name; and ensure that its teams have the required resources to be fully effective.

In these circumstances, Ipsos will be in a position to record satisfying organic growth in 2016, to maintain its operating margin, and to generate a significant amount of surplus cash, which should allow it to continue to reduce its debt and perhaps seize one or more targeted acquisition opportunities.



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Investor Day 2016: 15 June 2016, London, United-Kingdom

Next publication: 27 July 2016, first-half results

About Ipsos

Ipsos is an independent market research company controlled and managed by research professionals, with offices in 87 countries. Founded in France in 1975, Ipsos ranks third in the global research industry. Ipsos has been listed on the Paris Stock Exchange since 1999.

GAME CHANGERS

« Game Changers » is the Ipsos signature.

At Ipsos we are passionately curious about people, markets, brands and society.

We make our changing world easier and faster to navigate and inspire clients to make smarter decisions.

We deliver with security, simplicity, speed and substance.

We are Game Changers.

Ipsos is listed on Eurolist - NYSE-Euronext.

The company is part of the SBF 120 and the Mid-60 index and is eligible for the Deferred Settlement Service (SRD).

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