

2016 Annual results

Good results of the New Way

23 FEBRUARY 2017

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IN A GROWING MARKET, IPSOS IS GROWING FASTER THAN ITS COMPETITORS

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THE SUCCESS OF THE NEW WAY PROGRAMME

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2016 ANNUAL RESULTS

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OUTLOOK

THE MARKET RESEARCH

Market definition

Market research consists in **producing** and **analysing** information about Society, markets, individuals, brands and ideas to **act** and **evaluate**.



**IN A GROWING
MARKET,
IPSOS IS
GROWING FASTER
THAN ITS
COMPETITORS**

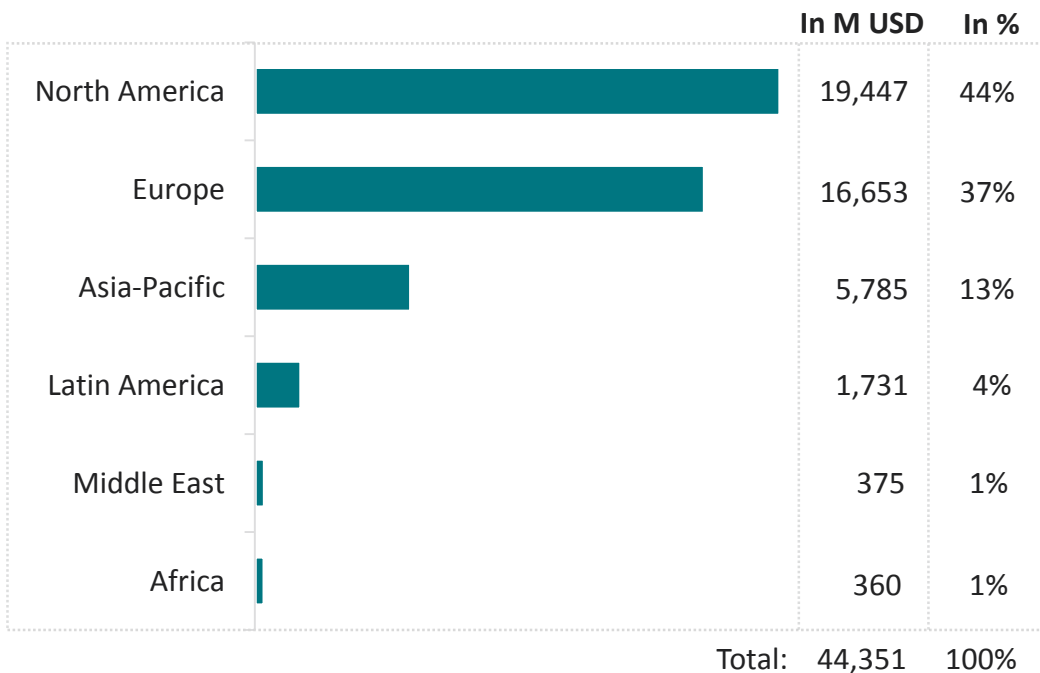
Continued growth

- Estimated at \$44.3 billion, it includes the revenues of companies that state that market research is their primary activity
- The market has been growing by 3%
- Other players, for whom it isn't the primary activity, generate additional revenue of \$23.7 billion

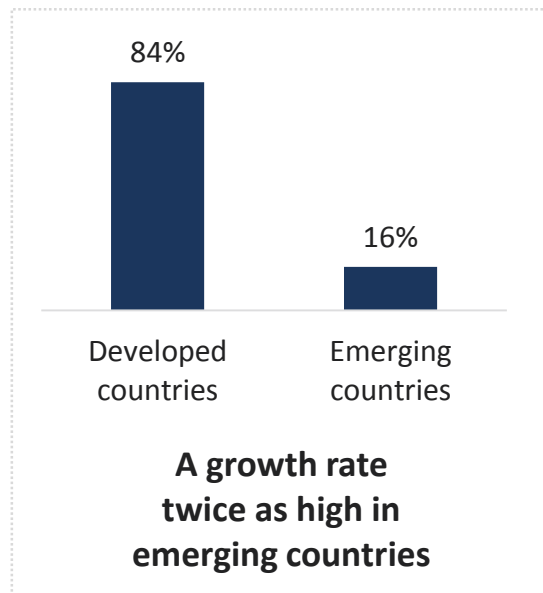
THE MARKET RESEARCH

Potential in all markets

Share of geographical zones in 2015



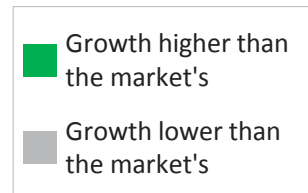
Share of developed countries and emerging countries in 2015 (%)



THE MARKET RESEARCH

Highly diversified client areas

2015 research expenses by client sector







Total: 44,351 100%

GAME CHANGERS



IPSOS IN 2016

Ipsos is growing faster than its competitors

Company		2016 revenue M USD	Organic growth 2016	
1	Nielsen	6,309		2.5 – 3.0%*
2	Kantar	3,500*		- 0.7%**
3	Ipsos	1,974		3.0%
4	GfK	1,642		-1.7%



THE SUCCESS OF THE NEW WAY PROGRAMME

What hasn't changed

Ipsos, a global Group

- Present in 88 countries
- Development of “multicultural” corporate culture and teams

Ipsos, a specialised Group

- 5 lines of specialisation: Ipsos Connect, Ipsos Marketing, Ipsos Loyalty, Ipsos Public Affairs, Ipsos Interactive Services / Ipsos Operations

Ipsos, an independent Group

- A capital structure which includes Ipsos professionals with the creation of Ipsos Partners in 2016*
- The assurance of producing neutral and impartial information

The New Way programme

- **Its ambition:** to make Ipsos the preferred partner for its clients' transformation
- **Its objective:** renew its approach to the market, Ipsos' organisation, the tools and products offered to clients with New Services which have to meet the criteria of the 4S's: Security, Simplicity, Speed, Substance
- **Its resources: €25 million in additional operating costs compared to 2014**
 - €10 million in 2015
 - €10 million in 2016
 - €5 million budgeted for 2017
- **Its signature:** Game Changers

Organisational change

2015

- Merging two lines of specialisation: creation of Ipsos Connect
- Centralising new capacities: Neurosciences, Behavioural Sciences, Data Analytics, Ipsos Knowledge Centre
- Establishing two central committees: Solutions and Win and Retain

2016

- Grouping certain territories: from 88 territories to 56, including 12 clusters
- Passive Measurement

2017

- Central management of operations: Ipsos Interactive Services and Ipsos Operations



Mobile First and
Device Agnostic
All digital

Values, narrative and talents

2015

- Unite employees around five values (Integrity, Curiosity, Collaboration, Client first, Entrepreneurial spirit)
- The "Proud to be Ipsos" document summarising the values and behaviour that guide Ipsos employees
- New edition of the Green Book: The Ipsos Professional Code of Conduct

2016

- Generation Ipsos programme to train the young talents of tomorrow piloted in 5 countries

2017

- The SafaHRi project: to unify human resources management around a shared platform, iTalent

Optimise performance

2015

- Definition of priorities
- New unique platform for communications and brand tracking, “Space”

2016

- Ipsos Interactive Services/Ipsos Operations:
 - *Programmatic Sampling*
 - *Innovation on passive measurement*: improvements in non-verbal measurement capabilities for studies on mobile
 - *Computer Assisted Personal Interviewing, iField* : deployed in 24 countries (67 countries in 2017)
 - *Telephone*: call centre regionalisation (Latin America and Middle East)

2017

- New protocol for multi-country studies
- Automation and digitisation of Overnight studies:
 - ASI: Quick Check for Ipsos Connect
 - IQ Insights/Ideas for Ipsos Marketing

THE NEW WAY PROGRAMME - WORKSTREAM 6

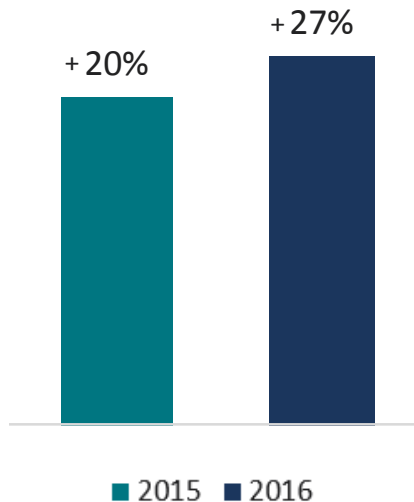
Innovation and New Services

4 categories of New Services

Share of revenue: 11%

Measure differently	3.4%
Have the data in real time	3.7%
Analyse big data	2.6%
Offer expert advisory services	1.4%

Growth rate of revenue (on a constant basis)



Promote knowledge and strengthen the brand

2015

- Launch of the Ipsos Knowledge Centre
- Creation of the Ipsos Update publication

2016

- Construction of the Ipsos Encyclopedia: 900 terms specific to market research defined by Ipsos experts
- Launch of the new www.ipsos.com website

2017

- Launch of country websites on the www.ipsos.com website platform
- New brand architecture
- Improved Ipsos professional training offering



2016 ANNUAL RESULTS

2016 ANNUAL RESULTS

Highlights of the year



GAME CHANGERS



2016 ANNUAL RESULTS

Slight increase of the operating margin

<i>In millions of euros</i>	2016	2015	Variation 2016/2015
Revenue	1,782.7	1,785.3	-0.1%
Gross profit	1,160.4	1,149.7	0.9%
Gross profit/Revenue	65.1%	64.4%	-
Operating margin	180.1	178.2	1.0%
Operating margin/Revenue	10.1%	10.0%	-
Other operating income and expense	0.1	(17.3)	-
Finance costs	(20.8)	(23.8)	-12.7%
Income Tax	(44.3)	(33.8)	31.1%
Net profit (attributable to the Group)	106.9	93.0	15.0%
Adjusted net profit* (attributable to the Group)	121.7	126.5	-3.9%

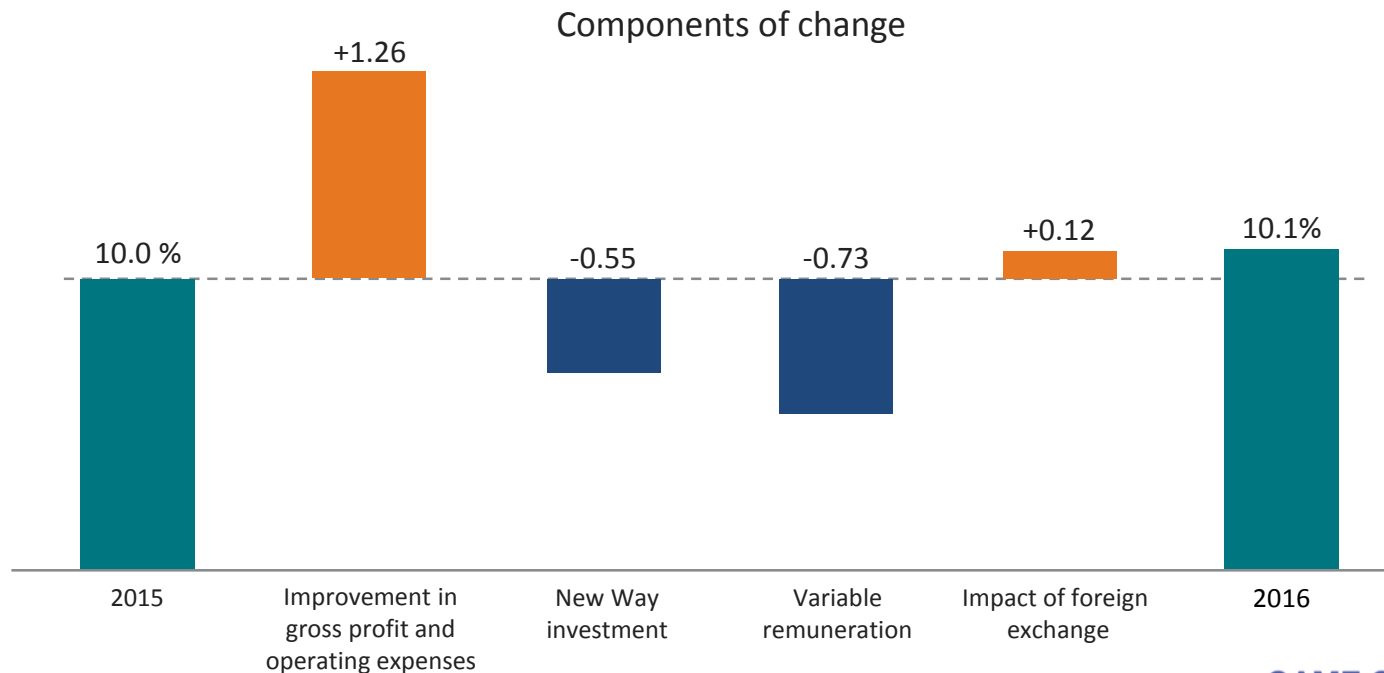
*Adjusted net profit is calculated before non-cash items linked to IFRS 2 (share-based payments), amortisation of acquisition-related intangible assets (client relationships), deferred tax liabilities related to goodwill on which amortisation is tax-deductible in certain countries and the impact net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

GAME CHANGERS



INCREASE OF THE GROSS PROFIT

Operating margin increases thanks to a better gross profit



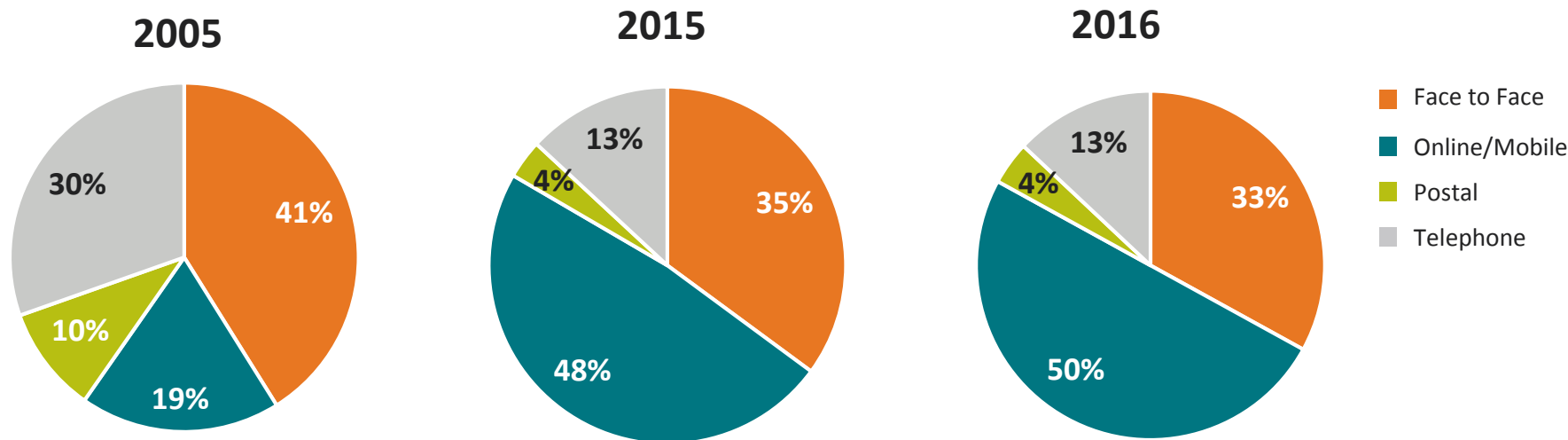
GAME CHANGERS



INCREASE OF THE GROSS PROFIT

The digitalisation of surveys

Survey-based research (80% of the activity) - data collection methods:



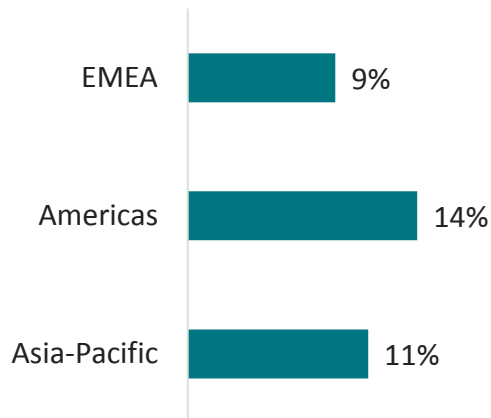
INCREASE OF THE GROSS PROFIT

Success of the New Services

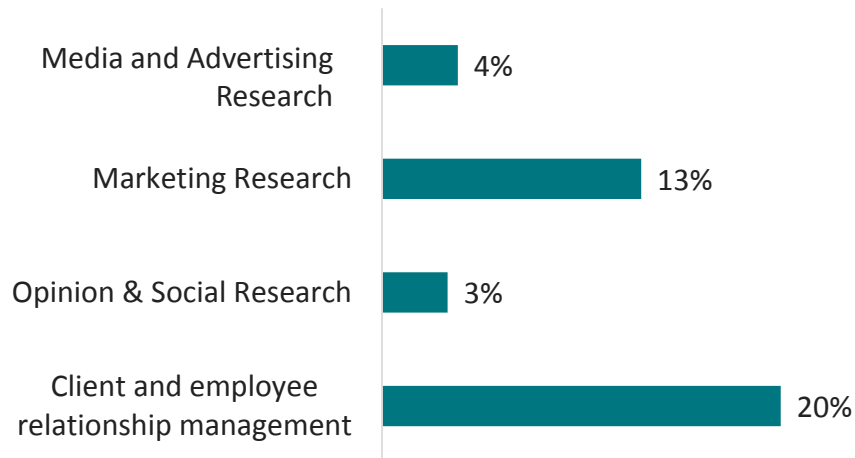
Gross profit of the New Services is higher than the Group's average margin.

The New Services enhance the organisation, the regions and the lines of specialisation.

Share of revenue of the New Services by region



Share of revenue of the New Services by specialisation



2016 ANNUAL RESULTS

Share of turnover by geographical region

	2016 revenue (in millions of euros)	Share	Total growth 2016/2015	Organic growth
EMEA	760.3	43%	-2.8%	3%
Americas	711.3	40%	1.1%	2.5%
Asia-Pacific	311.1	18%	3.7%	5%
Revenue	1,782.7	100%	-0.1%	3.0%

*Including:	Share	Organic growth
Developed countries	68%	2.7%
Emerging countries	32%	3.5%

2016 ANNUAL RESULTS

Share of turnover by specialisation

	2016 revenue (in millions of euros)	Share	Total growth 2016/2015	Organic growth
Media and Advertising Research	388.1	22%	-4.2%	-0.5%
Marketing Research	961.5	54%	1.3%	5%
Opinion & Social Research	177.2	10%	-1.1%	3.5%
Client and employee relationship management	255.9	14%	1.5%	1%
Revenue	1,782.7	100%	-0.1%	3.0%

2016 ANNUAL RESULTS

Cash flow statement

In millions of euros

	2016	2015	Variation 2016/2015
Gross Operating cash flow	202.8	198.1	2.4%
Change in WCR	+22.8	+18.4	-
Tax and interest expense	(58.4)	(48.5)	20.4%
Purchase of PP&E and intangible assets	(18.6)	(21.8)	-14.7%
Free cash flow	148.6	146.2	1.6%
Acquisitions	(35.6)	(50.0)	
Aegis refund for full and final settlement*	26.2	-	0
Share repurchase	(85.3)**	(9.5)	-
Net change in debt	(1.2)	(46)	-
Dividends	(36.8)	(37.5)	-
Cash at end of period	164.9	151.6	8.8%

* Ipsos has received for full and final settlement, £20 million on February 10, in relation to all claims and legal proceedings with Aegis following the acquisition of Synovate by Ipsos in October 2011

** Share repurchase have been allocated to contribute to the dilution effects due to the introduction of employees and managers in the shareholding structure beside 900,000 shares which have been cancelled in November 2016

GAME CHANGERS



2016 ANNUAL RESULTS

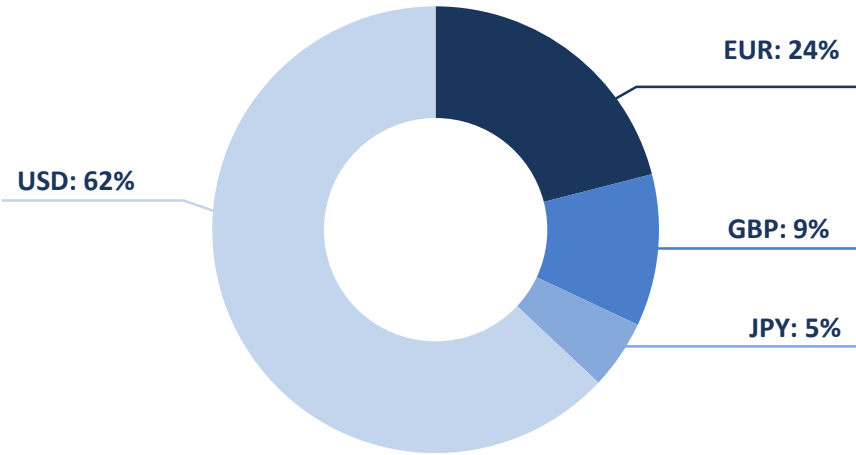
Slight reduction of the debt

<i>In millions of euros</i>	2016	2015
Shareholders' equity	939	945
Net debt	544	552
Gearing	58.0%	58.4%
Net debt (at exchange rate 31/12)/EBITDA (at average exchange rate)	x2.5	x2.5
Interest cover (operating margin/interest expense)	x9.0	x7.9

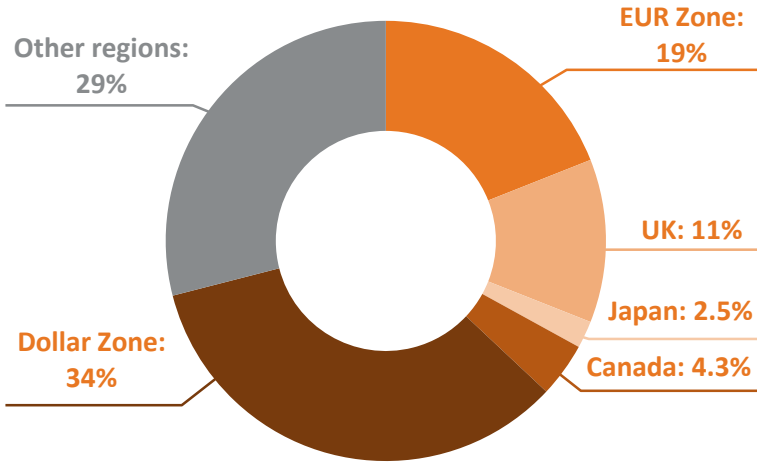
2016 ANNUAL RESULTS

Currency breakdown

DEBT BREAKDOWN



IPSOS' ACTIVITIES BREAKDOWN

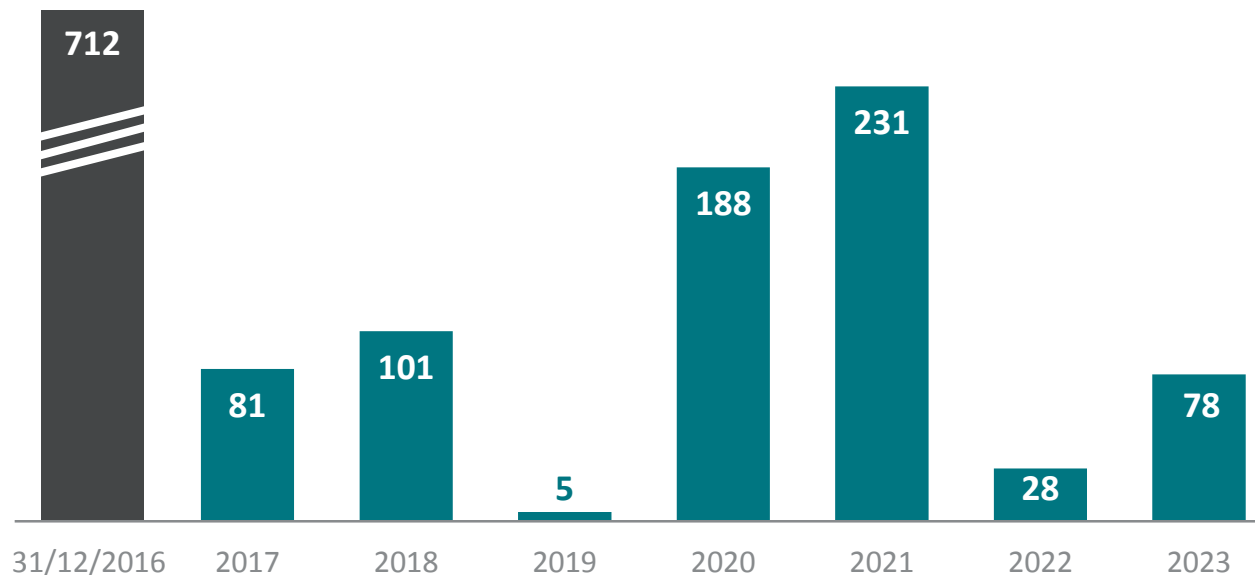


2016 ANNUAL RESULTS

Debt by maturity

Gross Debt
(€M)

SPLIT BY DATE OF MATURITY



IN DECEMBER 2016

Successful issuing of a Schuldschein loan with German, French and foreign investors for an amount of €223M (3,5 and 7 years terms).

GAME CHANGERS

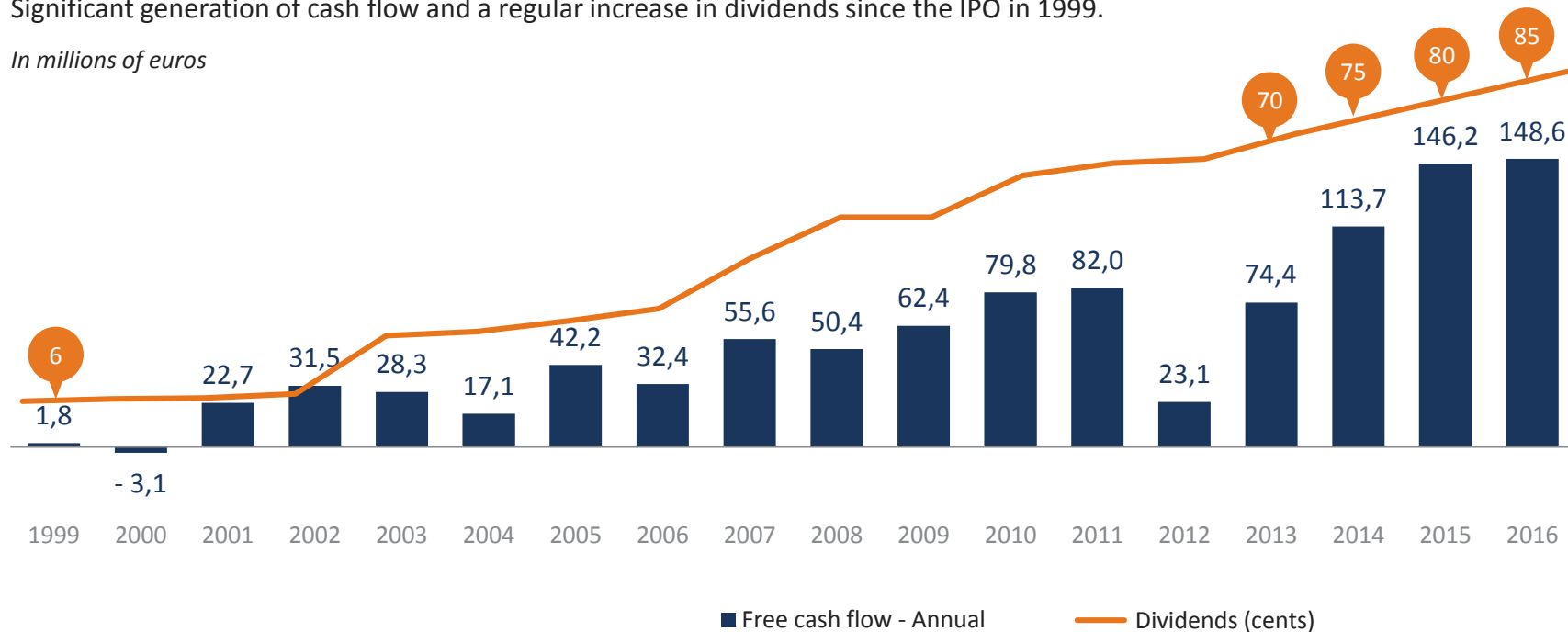


2016 ANNUAL RESULTS

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



2016 ANNUAL RESULTS

Proposed dividend of 85 cents (+6.25%)

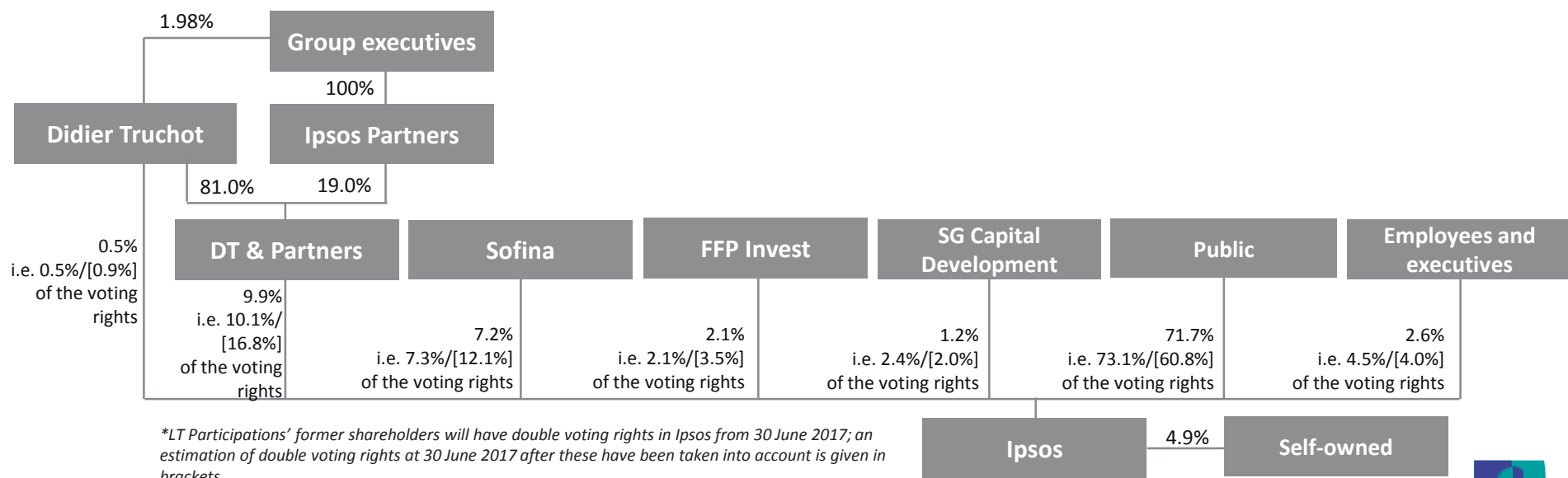
	2016	2015
Dividend per share	0.85	0.80
Earnings per share	2.40	2.05
Adjusted earnings per share	2.73	2.80
Adjusted earnings per share distributed	31.1%	28.5%

MERGER IPSOS AND LT PARTICIPATIONS

New shareholding structure

Merger between Ipsos and LT Participations, effective since 29 December 2016, following its approval by Ipsos and LT Participations' Extraordinary General meetings.

Ipsos group structure post-Merger:*






OUTLOOK

OUTLOOK

2017

- 
- Strong organic revenue growth, similar to 2016
 - Significant volume of free cash flows
 - Slight improvement in the operating margin