



2017 First-half results

An apparently uneventful six months

JULY 27, 2017

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GAME CHANGERS



Agenda

1

MARKET RESEARCH SERVICES: GROWTH AND TRANSFORMATION

2

2017 FIRST-HALF RESULTS

3

OUTLOOK: FROM THE NEW WAY TO TOTAL UNDERSTANDING

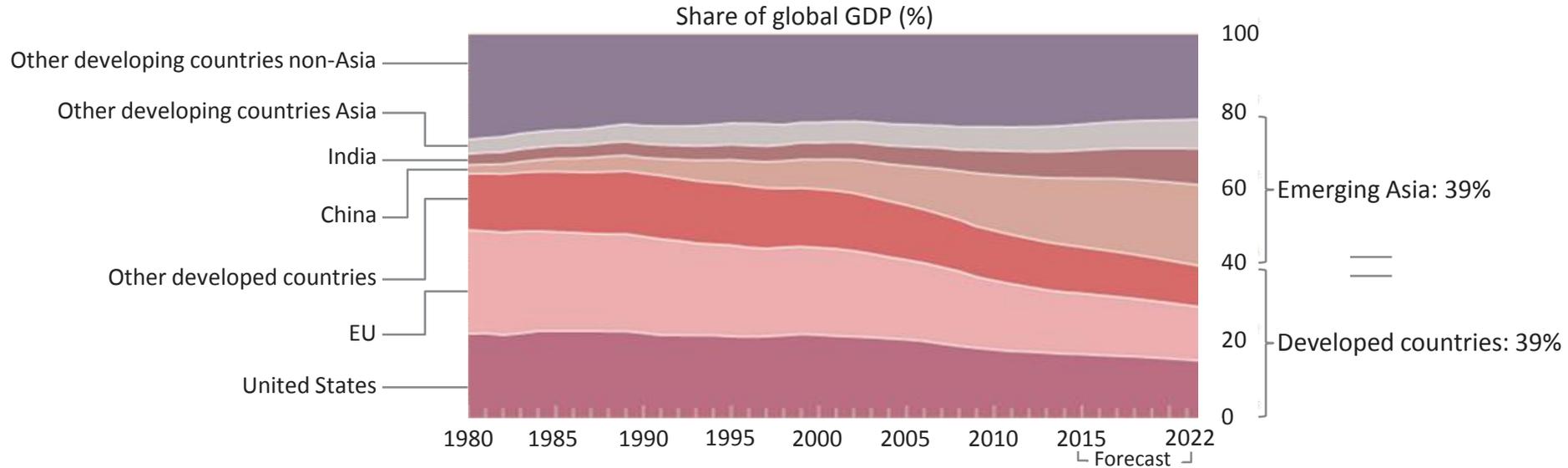


MARKET RESEARCH SERVICES: GROWTH AND TRANSFORMATION

THE BIG TRENDS

Globalisation

- Rebalancing of the different geographical areas



Sources: "Seven charts that show how the developed world is losing its edge", Martin Wolf, Financial Times, 19 July 2017 – IMF, at purchasing power parity

THE BIG TRENDS

Socialisation

- The behaviours of consumers, clients and citizens are changing as they become better informed, more sceptical and want to share more...
- Across the world, every minute:



216,302 photos are shared on Facebook Messenger



400 hours of new videos are shared on Youtube



2,430,555 publications are liked on Instagram



6,944,444 videos are watched on Snapchat



3,567,850 text messages are sent in the United States



833,333 new files are downloaded from Dropbox

Source: "Data never sleeps 4.0" Josh James, 28 June 2016, domo.com

THE BIG TRENDS

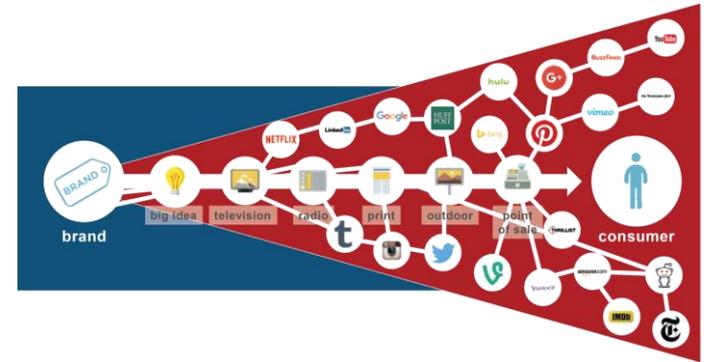
Fragmentation

- Consumers are faced with a multitude of choices, which reduces the market share of the major brands in favour of new players
- Fragmentation of media

Example: TF1* audience share: from 32.3% (2005) to 21.4% (2015)¹

- Fragmentation of technologies

Example: the number of smartphones applications: from 500 in 2008 to 2 million in 2016²



Sources: ¹Médiamétrie, PDA 4+, ²Apple WWDC 2016

* Leading TV channel in France in terms of audience share

MARKET RESEARCH SERVICES: GROWTH AND TRANSFORMATION

A growing market

- A USD 68 billion market
 - Core market USD 44.3 billion
 - Wider market USD 23.7 billion
- Growth is in the order of 3%
- It mirrors the clients' decision-making processes being increasingly data-driven

Source: ESOMAR 2016 report, 2015 figures

ESOMAR definition of the wider market: online analytics, management consultancies, IT & Telecom research, Marketing reports & research, Socialisation media communities, Web traffic measurement, Sample and panel providers, Survey software, Web & Socialisation media research

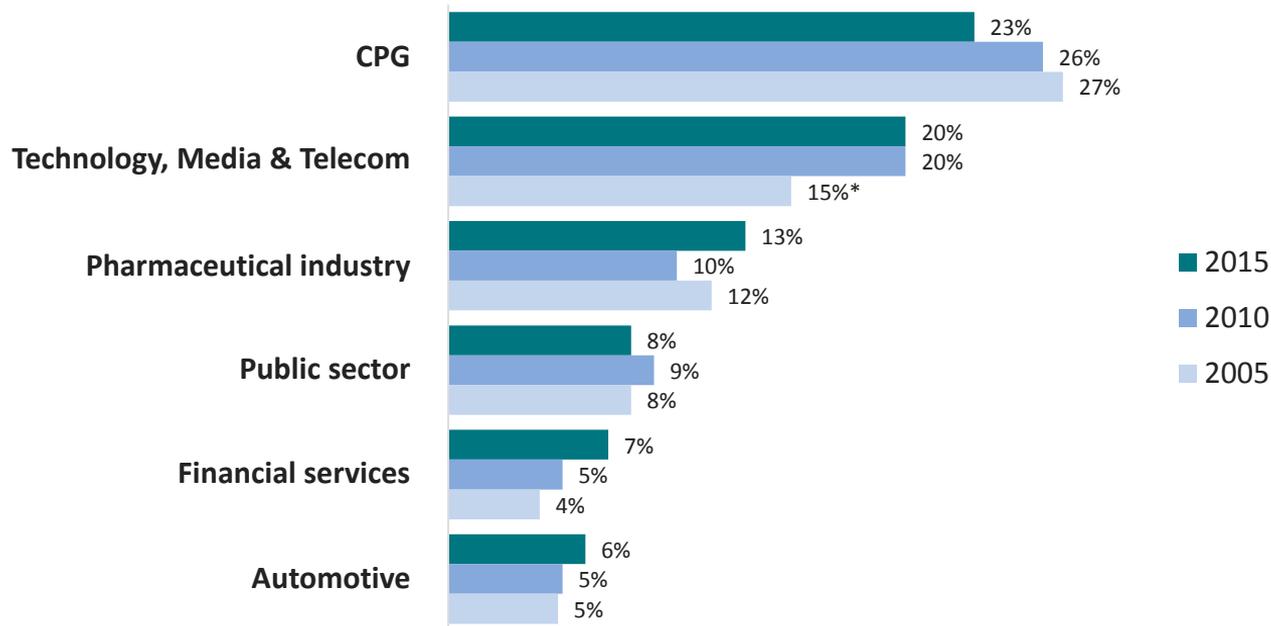
Marked by fundamental changes

- Fragmentation of offers and increased competition
- Multiplication of sources
- Technology
- Adoption of behavioural sciences

MARKET RESEARCH SERVICES: GROWTH AND TRANSFORMATION

Rebalancing of sectors

Sector contribution 2005-2015



Sources: ESOMAR 2005, 2011 and 2016 reports – * 2005 figures not comparable for this sector

MARKET RESEARCH SERVICES: GROWTH AND TRANSFORMATION

A half consolidated market

Top 10	2005	2010	2015
1	Nielsen	Nielsen	Nielsen
2	TNS	Kantar	Kantar
3	IMS Health	GfK	Ipsos
4	GfK	Ipsos	IMS Health**
5	Kantar	Synovate	GfK
6	Ipsos	IMS Health**	IRI
7	IRI	SymphonyIRI	Dunnhumby
8	Synovate	Westat	Westat
9	Westat	Intage	Intage
10	Arbitron	Arbitron	comScore
Revenue (billion USD)	14.6	18.5	21.8
Weight (core market)	N/A*	N/A*	49%
Weight (wider market)	N/A*	N/A*	32%

Sources: ESOMAR 2005, 2010 and 2016 reports

* Since the definition of the market has changed over the years, the 2005 and 2010 figures are not comparable

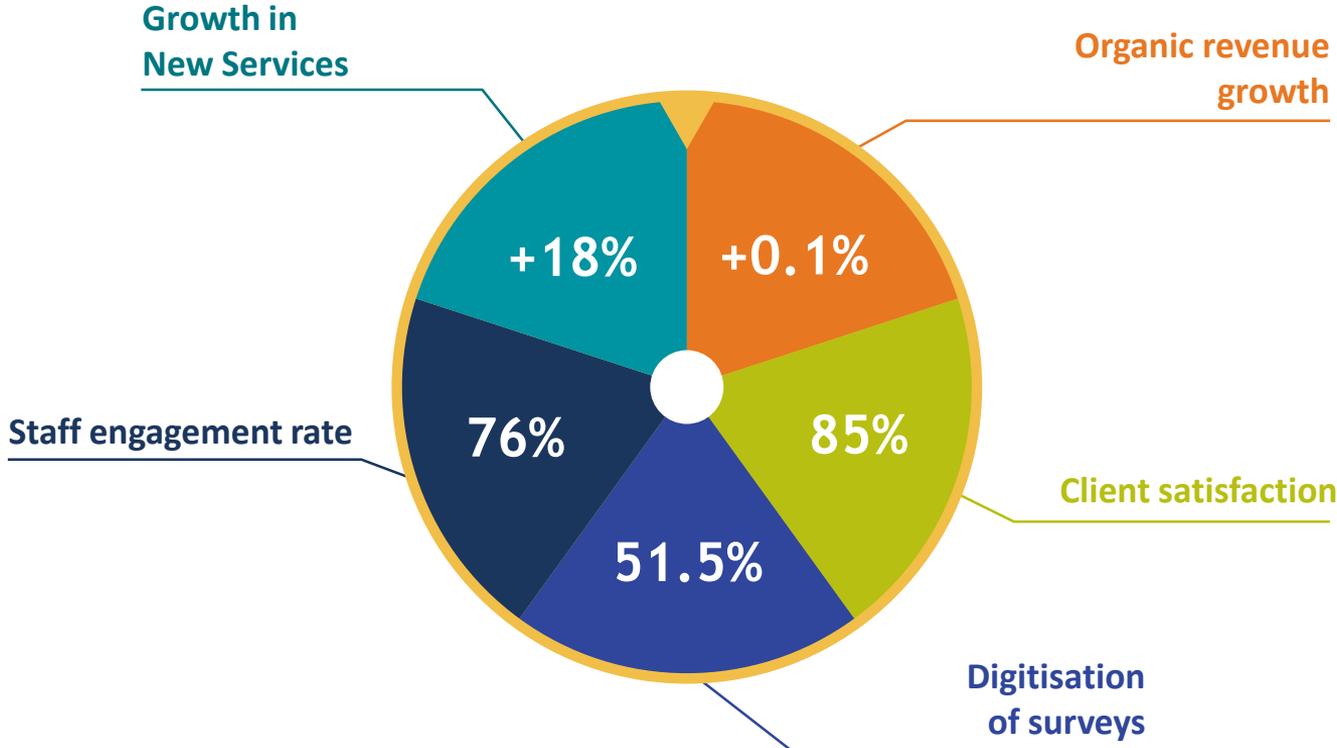
** Restated data only includes Information Services activity



2017 FIRST-HALF RESULTS

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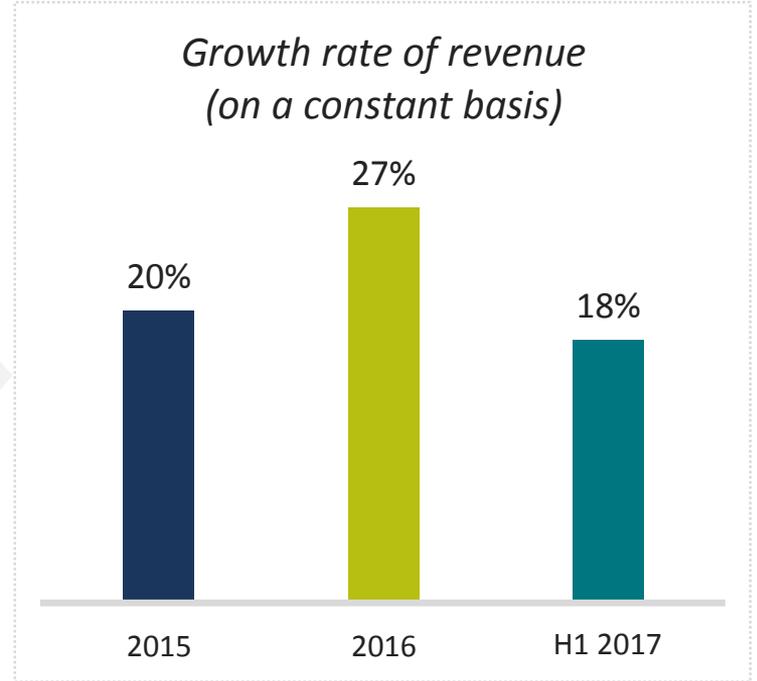
Performance



2017 FIRST-HALF RESULTS

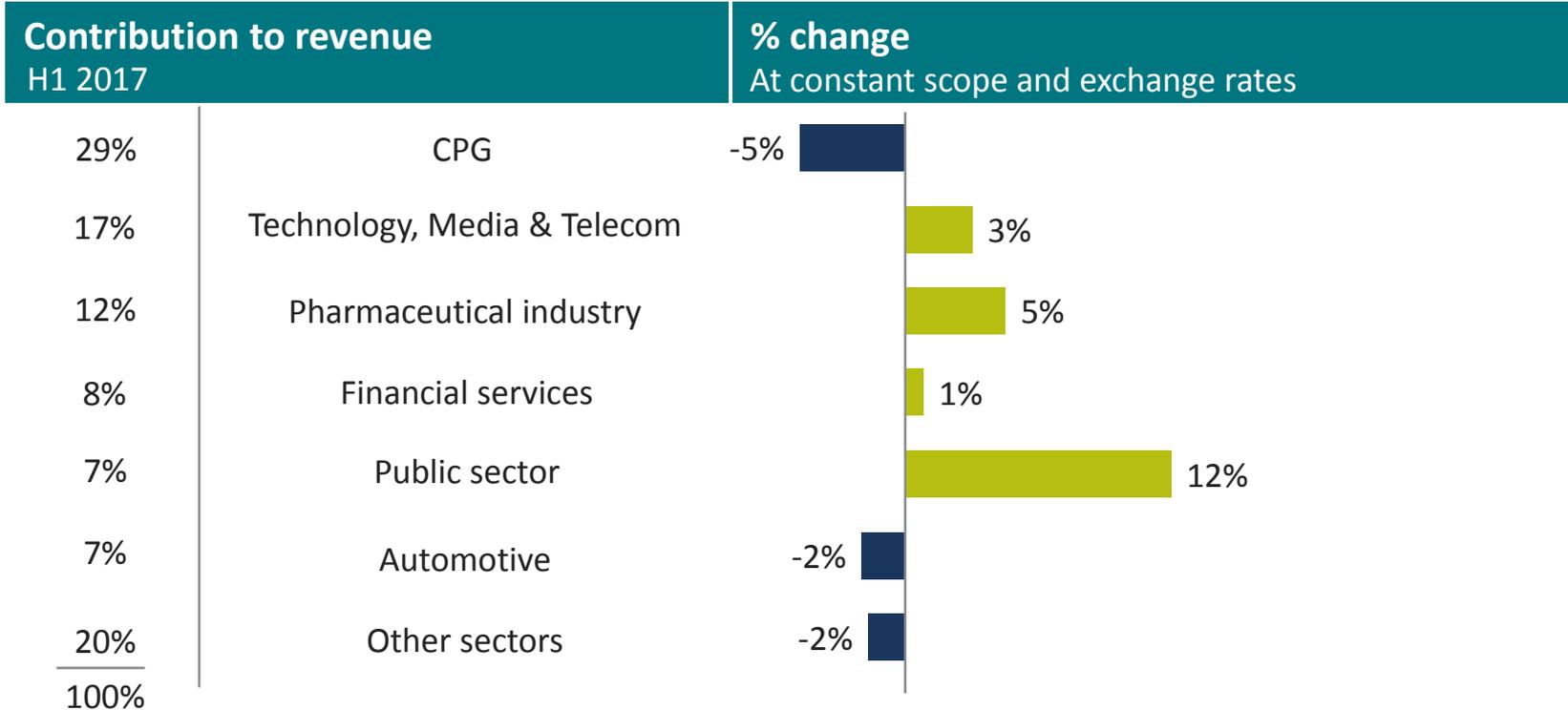
New Way: growth in New Services

4 categories of New Services	2016	H1 2017
Share of revenue:	11%	12.3%
Measure differently	3.4%	3.5%
Have the data in real time	3.7%	4.3%
Analyse big data	2.6%	2.7%
Offer expert advisory services	1.4%	1.8%



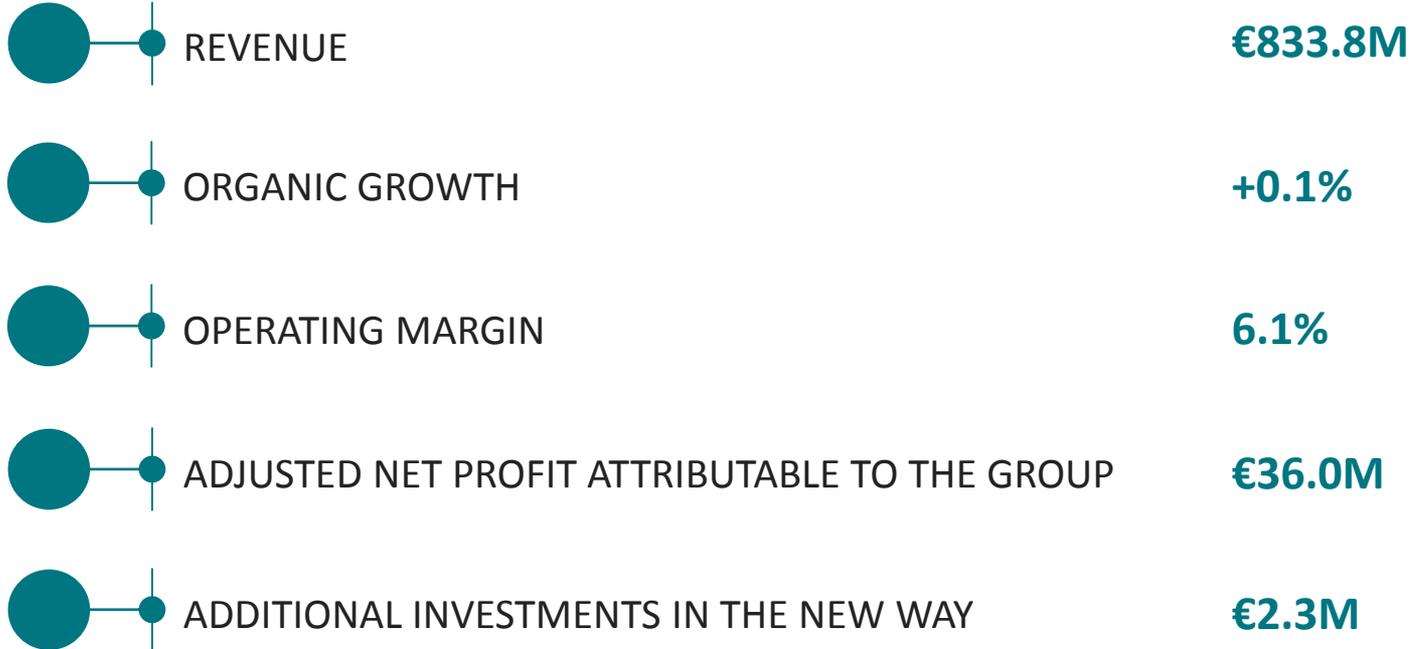
2017 FIRST-HALF RESULTS

New balance between the sectors



2017 FIRST-HALF RESULTS

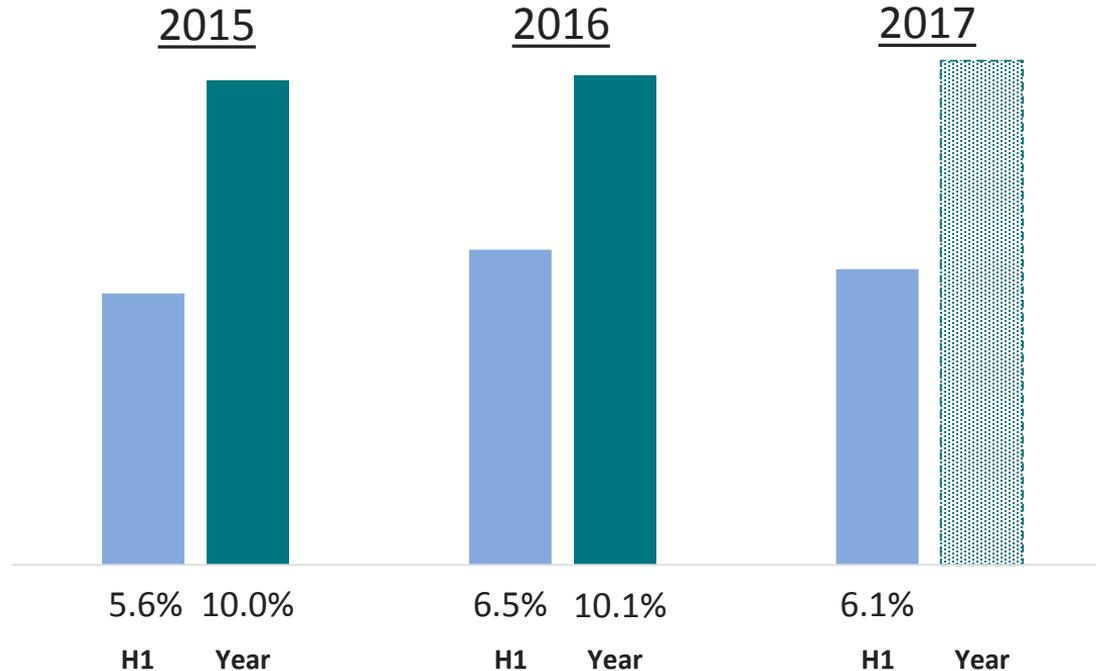
Key half-year figures



2017 FIRST-HALF RESULTS

Seasonality of results

Operating
margin



2017 FIRST-HALF RESULTS

Income statement

<i>In millions of euros</i>	H1 2017	H1 2016	Variation H1 2017 / H1 2016	Reminder 31 December 2016
Revenue	833.8	833.6	0.0%	1,782.7
Gross profit	544.2	545.0	-0.1%	1,160.4
Gross profit/Revenue	65.3%	65.4%	-	65.1%
Operating margin	50.7	53.8	-5.7%	180.1
Operating margin/Revenue	6.1%	6.5%	-	10.1%
Other operating income & expense	(7.9)	8.7	-	0.1
Finance costs	(9.7)	(10.2)	-5.2%	(20.8)
Income Tax	(7.9)	(12.4)	-36.3%	(44.3)
Net profit (attrib. to the Group)	21.6	35.2	-38.7%	106.9
Adjusted net profit* (attrib. to the Group)	36.0	33.0	9.0%	121.7

* 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.

Share of turnover by region

	H1 2017 revenue (in millions of euros)	Share	Total growth H1 2017 / H1 2016	Organic growth
EMEA	360.4	43%	0.1%	3%
Americas	318.5	38%	-3.6%	-5%
Asia-Pacific	154.9	19%	8.2%	6%
First-half revenue*	833.8	100%	0.0%	0.1%

*Including:

	Share	Organic growth
Developed countries	68%	-1%
Emerging countries	32%	3%

Share of turnover by specialisation

	H1 2017 revenue (in millions of euros)	Share	Total growth H1 2017 / H1 2016	Organic growth
Media and Advertising Research	177.7	21%	-2.8%	-3%
Marketing Research	444.0	53%	-0.9%	-0.5%
Opinion & Social Research	92.5	11%	7.8%	9%
Client and employee relationship management	119.7	14%	2.1%	1%
First-half revenue	833.8	100%	0.0%	0.1%

2017 FIRST-HALF RESULTS

Cash flow statement

<i>In millions of euros</i>	H1 2017	H1 2016	Reminder 31 December 2016
Gross Operating cash flow	56.6	62.4	202.8
Change in WCR	+7.4	+26.2	+22.8
Tax and interest expense	(34.4)	(25.5)	(58.4)
Purchase of PP&E and intangible assets	(7.7)	(7.6)	(18.6)
Acquisitions	(5.4)	(9.9)	(35.6)
Share repurchase	3.8	(6.2)	(85.3)*
Net change in debt	(57.5)	(61.9)	(1.2)
Dividends	0	(0.5)	(36.8)
Cash at end of period	123.1	126.7	164.9

* 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.

2017 FIRST-HALF RESULTS

A strong balance sheet

<i>In millions of euros</i>	H1 2017	H1 2016	Reminder 31 December 2016
Shareholders' equity	892	932	939
Net debt	494	503	544
Gearing	55.4%	53.9%	58.0%
Net debt (at exchange rate 31/12) / EBITDA (at average exchange rate)	X2.3	x2.2	x2.5

- Net debt was down on 30 June 2016 despite investment in the share repurchase programme, in particular, a block of €65 million bought back from LT Participations in November 2016, a transaction prior to the merger between Ipsos and its control holding company on 29 December 2016
- At 30 June 2017, Ipsos held 1,580,596 own shares (3.6% of share capital) to cover the dilutive effect of these free share and stock option plans
- Ipsos has over 300 million euros in unused credit lines at 30 June 2017



OUTLOOK: FROM THE NEW WAY TO TOTAL UNDERSTANDING

The Total Understanding plan

- **Background:**

Success of the New Way and the New Services, which meet the needs of the 4S's:
Security, Simplicity, Speed and Substance

- **Ambition:**

To position clients' new needs at the heart of Ipsos through the use of all the services they require to:

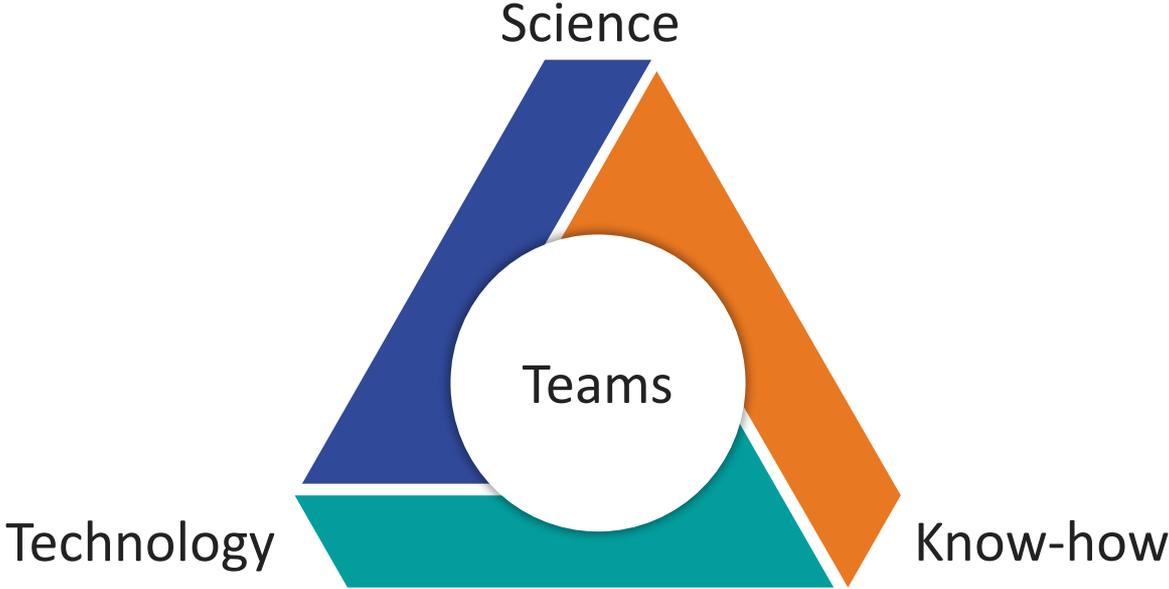
- get to know and better understand Society, markets, brands and people using the most accurate and complete information to enable action
- improve control of marketing expenditure

- **Horizon:**

A 3-year plan: 2018 - 2020

OUTLOOK: FROM THE NEW WAY TO TOTAL UNDERSTANDING

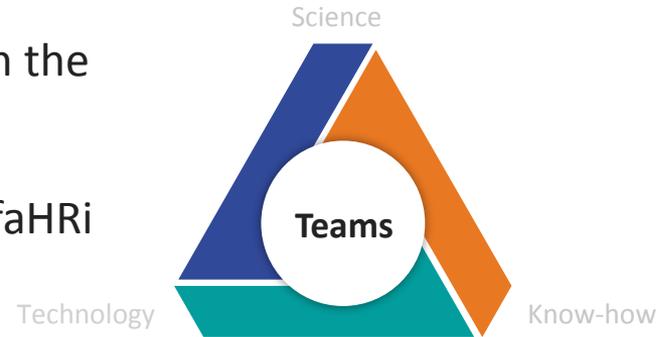
Using Ipsos' assets



OUTLOOK: FROM THE NEW WAY TO TOTAL UNDERSTANDING

Teams

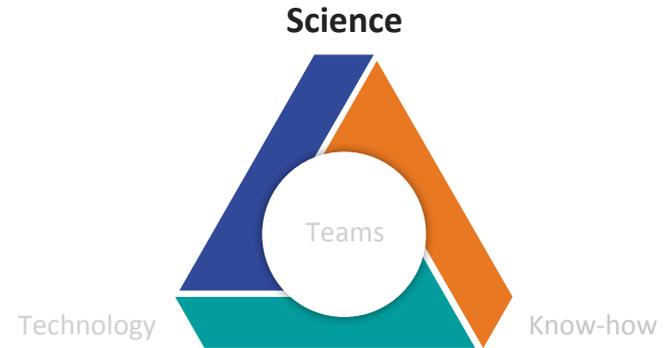
- Promoting and sharing the knowledge within the organisation with the creation of the Ipsos Knowledge Centre:
 - Ipsos Update
 - Ipsos Encyclopedia, a rich resource of 1,000 terms
- Training teams with the Ipsos Training Centre, an e-learning bank of 400 courses and Schools
- Recruiting and training tomorrow's young talent with the Generation Ipsos programme
- Unifying human resources management with the SafaHRi project



OUTLOOK: FROM THE NEW WAY TO TOTAL UNDERSTANDING

Science

- Science helps better understand individuals, whether consumers, clients, citizens or employees
- Ipsos invests in:
 - behavioural sciences
 - neurosciences
 - statistics and modelling
 - marketing
 - social sciences, etc.



OUTLOOK: FROM THE NEW WAY TO TOTAL UNDERSTANDING

Technology

- Exploit new technologies to:
 - be faster
 - improve security
 - be simpler
 - improve target sampling
 - perfect the level of accuracy of information

Examples: text analytics, EFM, programmatic sampling, machine learning, etc.

- Ipsos invests in technologies mainly through partnerships



OUTLOOK: FROM THE NEW WAY TO TOTAL UNDERSTANDING

Know-how

- 42 years' experience
- 120 countries – 200 cities
- 70,000 projects
- 5,000 clients - new clients such as Uber
- 47 million interviews
- Expertise in different techniques:

Polls

JOES

**Social
media**

Pernod Ricard

**Passive
measurement**

BBC



OUTLOOK: FROM THE NEW WAY TO TOTAL UNDERSTANDING

Ipsos in 2017

2017

Last year of the New Way programme

- Organic revenue growth between 1% and 3% depending on international clients in the CPG sector
- A slight improvement in operating margin