

# FULL-YEAR RESULTS 2019

## FOUNDATIONS FOR NEW GROWTH

Thursday 27 February 2020

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Didier Truchot,  
Chairman and CEO

Laurence Stoclet,  
Deputy CEO,  
Chief Financial Officer

**GAME CHANGERS**



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# IPSOS IN ITS MARKET



# IPSOS EXCEEDS ITS GROWTH OBJECTIVES AND THE €2 BILLION BAR

## 2019 ORGANIC GROWTH

**+3.8%**

### TOP 3 developed markets

- United States +6%
- United Kingdom +5%
- France +4%

### Significant emerging markets

- India +22%
- Russia +13%
- China +10%

## 2019 REVENUE

**€2,003 billion**

**TOTAL GROWTH: +14.5%**

# A DYNAMIC MARKET

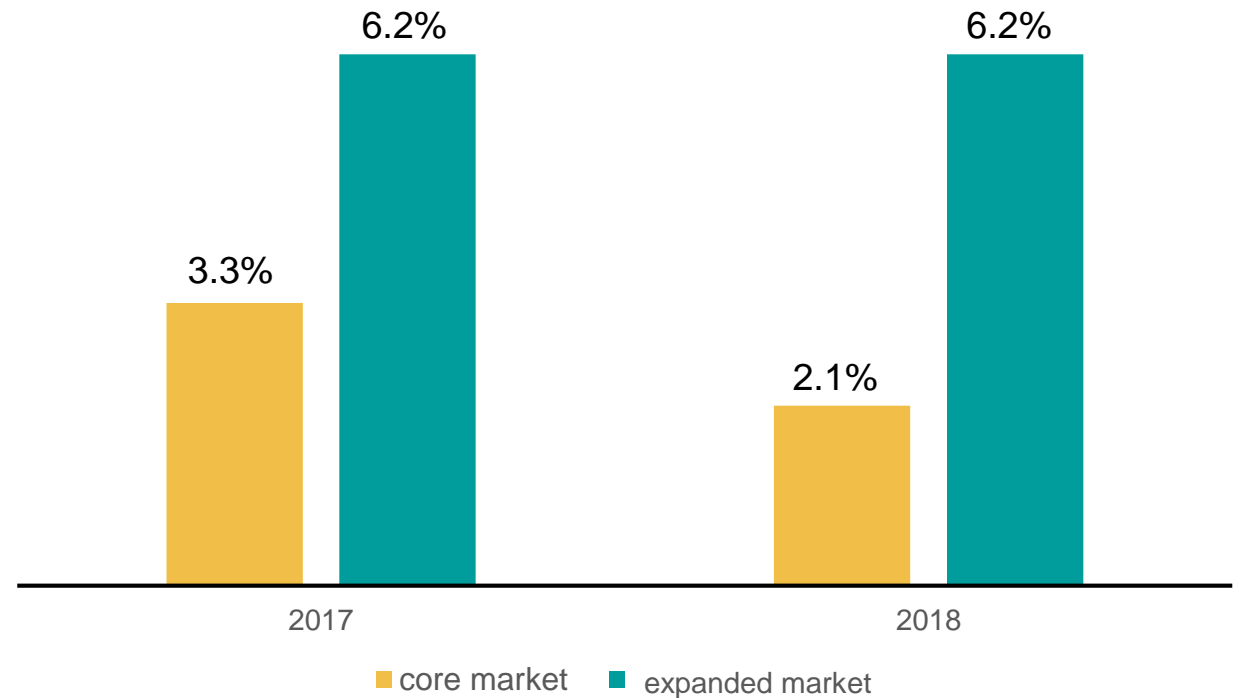
## CORE MARKET

The core market represents **US\$47 billion in 2018**.

## EXPANDED MARKET

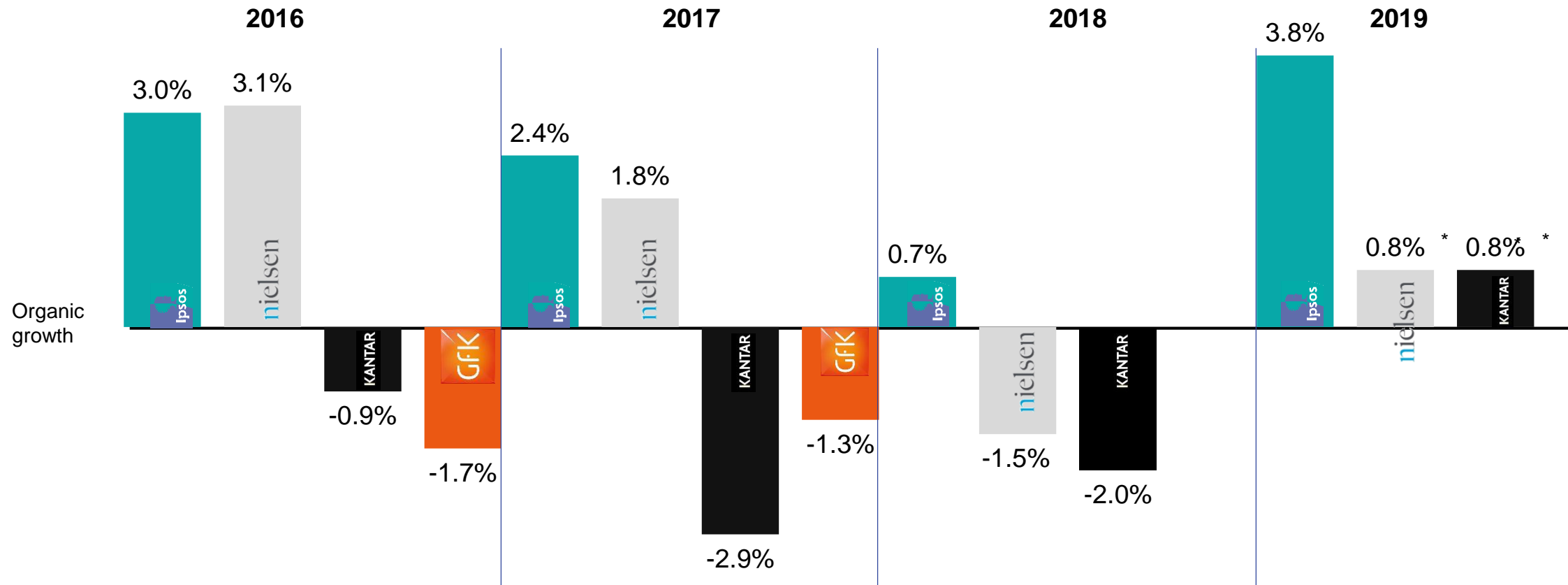
The expanded market represents **US\$80 billion in 2018**.

## GROWTH OF THE TOTAL RESEARCH MARKET

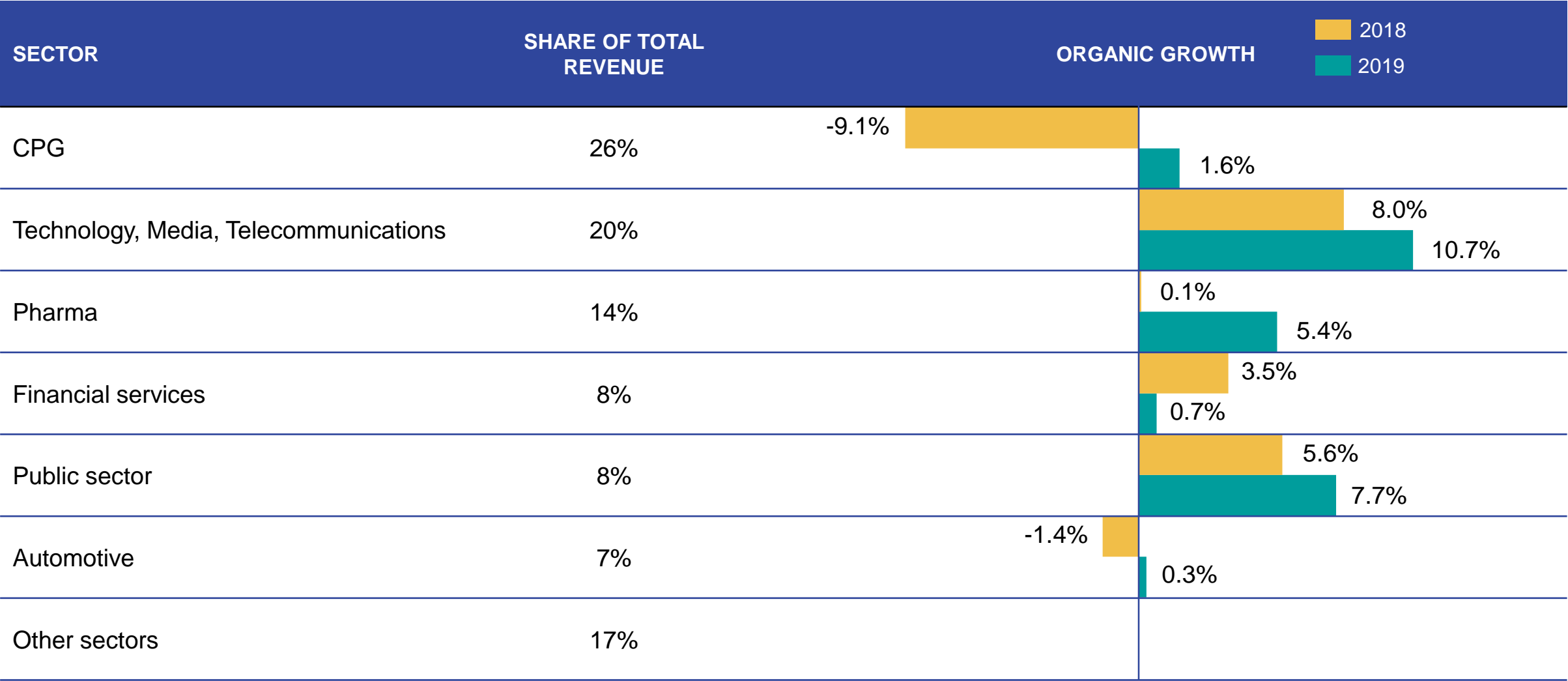


Source: Esomar Global Market Research 2019

# IPSOS: HIGHER GROWTH THAN ITS DIRECT COMPETITORS



# GROWTH IN ALL SECTORS



# FOUNDATIONS FOR NEW GROWTH

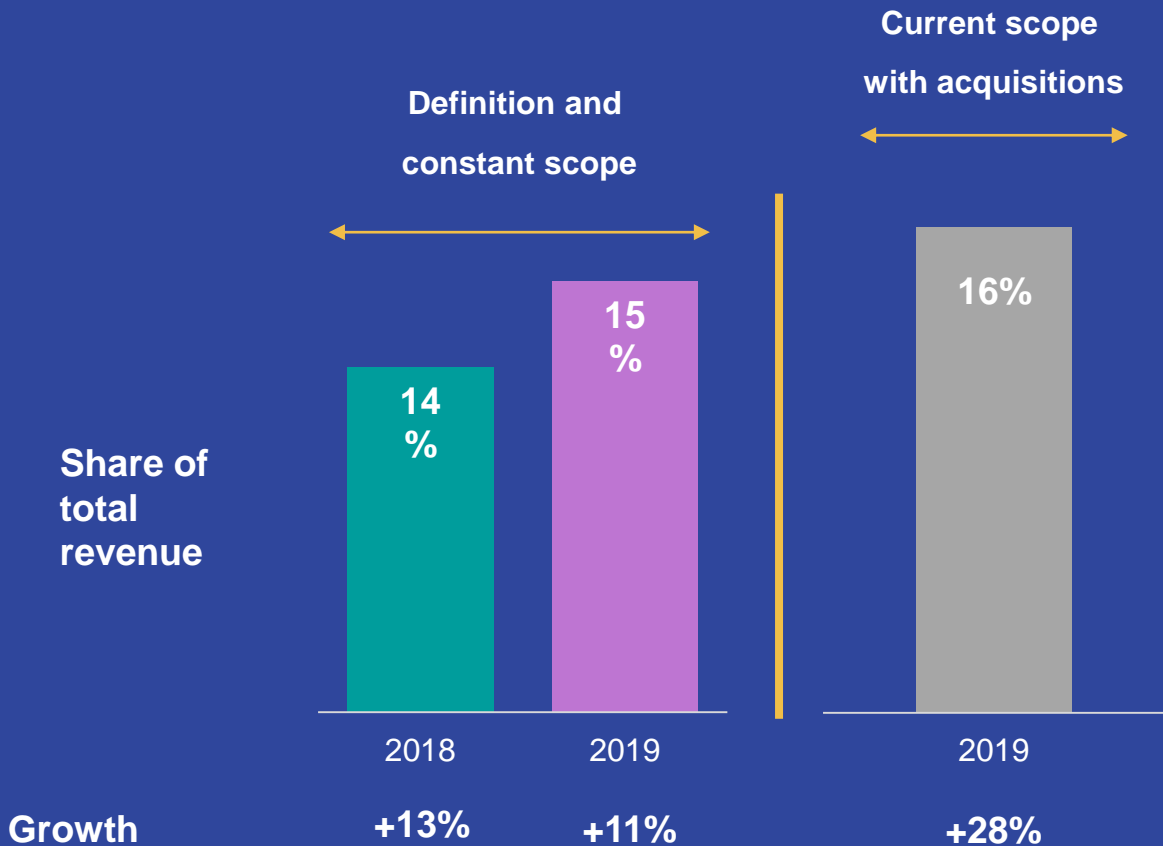




# IPSOS FUNDAMENTALS AND A TRANSFORMATION PLAN FOR GROWTH



# NEW SERVICES



## 4

### Categories of new services

#### Innovative metrics

Web listening (Synthesio), Communities, Behavioural Economics, Ethnography, Neurosciences, Consumer & Retail Audit, Passive Measurement (Mediacell)

Incoming new services: Virtual Shelf, Retail Performance

#### Data capture in real time

Mobile, Services Overnight (Ipsos.Digital), Enterprise Feedback Management (EFM)

#### Big data analysis

Data analytics / Data Science, Ipsos Science Center, Path to Purchase

#### Client advisory services

Market Entry Research, Workshops, Advisory Services, Curation (Insight Cloud)

# DEVELOPING THE OFFERING: IPSOS.DIGITAL

Scroll To See Our Solutions ↓

## A GROWTH OPPORTUNITY

- The global *Do It Yourself* market represents 1.5 billion euros in 2019
- To meet new client needs:
  - Speed
  - Accessibility
  - Simplicity

## A CUSTOMIZED DIY SOLUTION

- An innovative platform
  - Create your own questionnaire
  - Automated exportable online reports
  - Get results in a few hours
- A diversified product offering
  - From questionnaires to concept, idea and name testing
- Access to Ipsos know-how
  - Library of questionnaires
  - Experts available to support clients

## IPSOS.DIGITAL IN 2020

- Today: 17 countries
- By the end of 2020: ~ 40 countries
- Commercial development of the service
- Integration of new technologies to enhance the performance of the platform
  - Data Liberation
  - Askia



Security



Simplicity



Speed



Substance

# STRENGTHENING OUR SKILLS

## SCIENCE, TECHNOLOGY AND KNOW-HOW

### USING SCIENCE TO MAKE DATA MORE ACCURATE WITH MORE SUBSTANCE

- 2019: creation of a global scientific entity (“Global Science Organisation”)
  - Ipsos has its own experimental research laboratory
  - Targeted University partnerships (Sorbonne, MIT Innovation Lab, CNRS Laboratoire, King’s College London)
  - Internal training

### BETTER ACCESS AND BETTER ANALYSIS THANKS TO TECHNOLOGY

- Internally:
  - Team of experts dedicated to technology assessment (Tech Team A”)
- Externally:
  - Assessment of technology acquisitions
- 580 IT employees at the end of December 2019
- 500 data analysts including 80 data scientists (PhD level)

### IPSOS KNOWLEDGE CENTRE

- Define, organize and share Ipsos expertise
- Internally:
  - Consolidate the best knowledge drawn from studies
  - Develop the community of experts
  - Encourage collaboration between Ipsos teams
- Externally:
  - Continue with a program of publications to highlight the latest work at Ipsos
  - Create new content which can be used by clients



# CONTINUED ACQUISITION POLICY

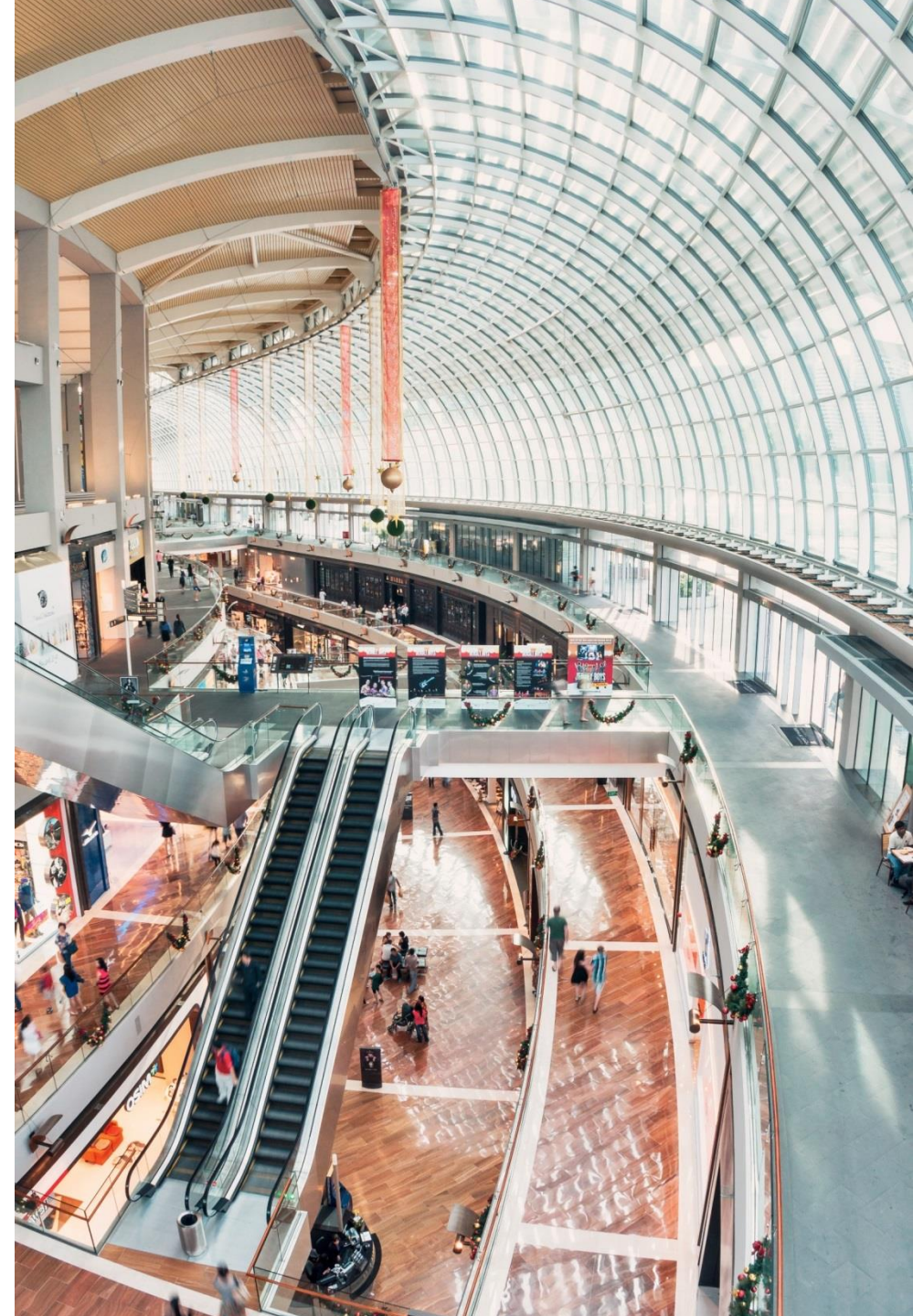
## MARITZ – Mystery Shopping acquisition

- One of the largest Mystery Shopping service providers mainly in North America
- Over 150 employees
- 2019 revenue over US\$15 million
- Substantial portfolio of clients in the Oil and Gas, Automotive and Banking sectors
- Acquisition cost: \$9m



## OPPORTUNITIES FOR IPSOS

- Worldwide leadership strengthened in this sector with a client portfolio that complements the Ipsos client base
- Continued growth for Mystery Shopping, total "Mystery Shopping" revenue including Maritz: €90m
- Integration of experienced and qualified teams
- Expanded Ipsos Mystery Shopping offering, strengthened operational capabilities





# CONTINUED ACQUISITION POLICY

## ASKIA – Acquisition of a majority stake

- Survey technology provider
- Founded in 1996
- Askia's annual revenue: around 5 million euros
- Subsidiaries in France, the United Kingdom, Germany and the United States
- More than 150 clients



## OPPORTUNITIES FOR IPSOS

- Combine the expertise of Ipsos with the technologies developed by Askia to create a simple yet powerful survey platform of the future
- Possible to envisage all types of responses: texts, images etc.



# PREVIOUS ACQUISITIONS

## GfK Research

### 2018 OPPORTUNISTIC ACQUISITION

- Strengthened leadership in these sectors:
  - Public Affairs;
  - Healthcare;
  - Innovation;
  - Customer Experience;
  - Mystery Shopping

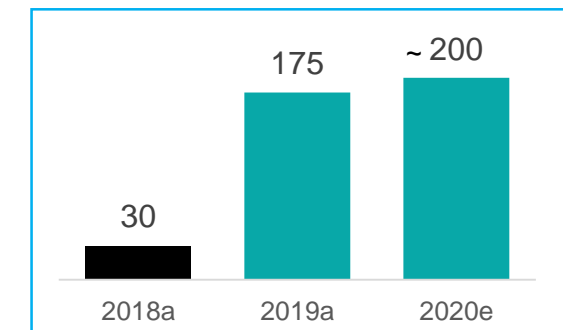
### 2019 INTEGRATION COMPLETED

- Integration took place in the first three quarters of 2019
- Larger product offering more suited to our clients (existing and new) such as
  - Knowledge Panel
  - Norms with a new SimStore platform (augmented reality)
  - UX (User Experience)
  - Market Access Healthcare

### IN 2020

- Full year of revenue to be recognised
- Profitability similar to that of Ipsos to be attained

#### Impact on revenue (in € millions)



# PREVIOUS ACQUISITIONS

## Synthesio

### 2018 A STRATEGIC ACQUISITION

- Acquisition of a technological leader in monitoring and analysing social media conversations
- SIA and Synthesio, complementary know-how:
  - SIA: analysis and interpretation
  - Synthesio: data collection and presentation
- Realization of a multi-source strategy

### 2019 INTEGRATION AND DEVELOPMENT

- Technology
  - Launch of Signals (new trend detection module)
  - New version of the platform with a BI reporting module
- Commercial:
  - Synergies and offering development integrated with Ipsos

**2019 Revenue**  
**Social Intelligence & Analytics €24m**

### 2020 ACCELERATION

- Positive momentum of Social Intelligence Analytics :
  - Synthesio: Expansion of the client base in new sectors (gaming)
  - Insight services: continued growth and intensification of synergies with Synthesio
- A renewed ambition

**Estimated 2020 Revenue**  
**Social Intelligence & Analytics €30+m (+28%)**



# A STRONG BRAND

## Key partnerships to spread our knowledge



# THE IPSOS RAISON D'ETRE



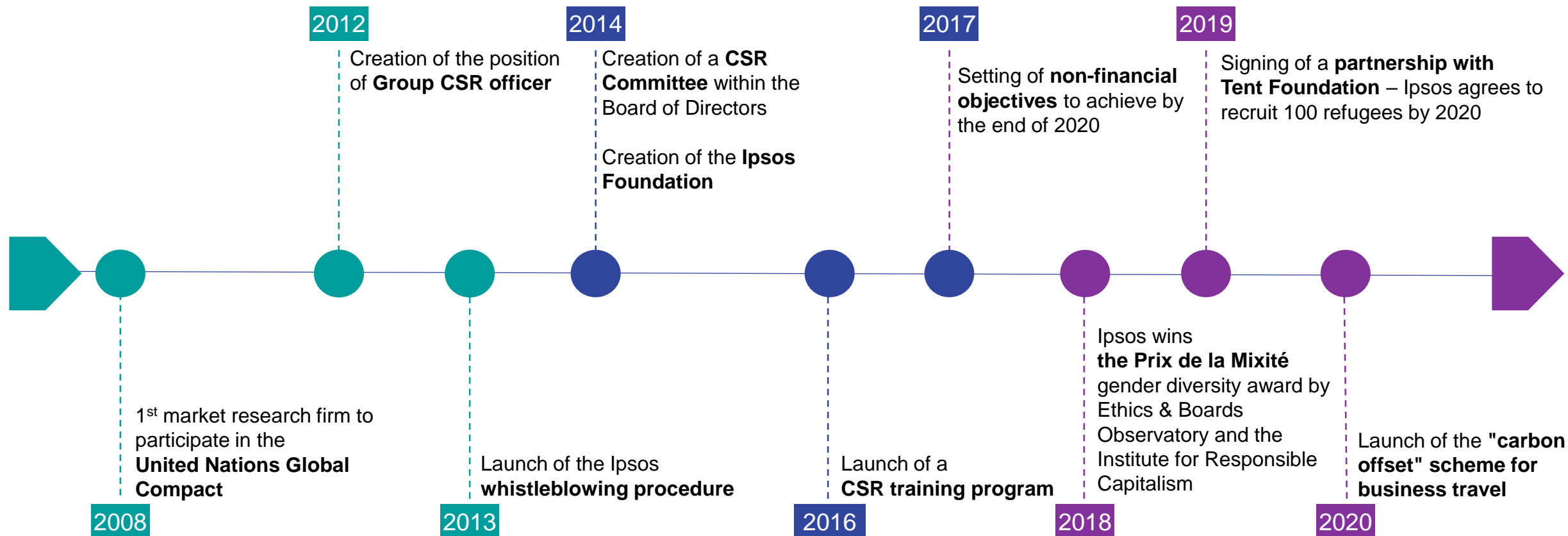
# IPSOS ADOPTS A RAISON D'ETRE

“**Deliver reliable information for a true understanding of Society, Markets and People.**  
**This is our raison d'être.**”

Didier Truchot,  
Chairman and CEO

# CORPORATE SOCIAL RESPONSIBILITY

More than 10 years of commitment



# CORPORATE SOCIAL RESPONSIBILITY

## SOCIAL



Objectives for 2020: Increase the number of suppliers participating in the United Nations Global Compact to 50%  
All countries with more than 20 employees to have a CSR policy.

- Creation of the Ipsos Foundation in 2014
- Partnership with the Tent Foundation
- Deployment of our commitments through the Taking Responsibility program
- Project Understanding (study conducted in 30 countries about how refugees are perceived)

**40**  
education projects  
for refugee children  
in more than 25  
countries

**100**  
refugees recruited by  
the end of 2020

## ENVIRONMENTAL



Objectives for 2020: 10% reduction in CO2 emissions and business travel;  
10% reduction in purchases of paper;  
All paper available for recycling to be recycled.

- Reduce our carbon emissions, our use of energy, plastic and paper
- Reduce business travel
- Raise environmental awareness with our 18,000 employees

**69%**  
of Ipsos countries  
have adopted a policy  
to streamline  
business travel

**2,780**  
new employees  
trained in  
environmental  
protection

## CORPORATE



Objectives for 2020: Increase the level of employee engagement; Employee turnover rate less than 17%; Proportion of women in the "Partnership Pool" up to 35%; 100% response rate for the "Taking Responsibility" survey.

- Continuous training for employees via the Ipsos Training Center
- Internal Ipsos Pulse satisfaction survey
- Improve gender equality in the workplace
- Member of the UN Women's Unstereotype Alliance

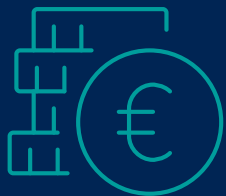
**1,500**  
new graduates in the  
**Generation Ipsos**  
program since 2018

Women in senior  
management roles  
- **30%** of the  
Executive Committee  
(MBEC)  
- **60%** of the Board of  
Directors

# FULL-YEAR RESULTS 2019

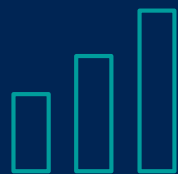


# KEY FIGURES FY 2019



€**2,003.3<sub>m</sub>**

REVENUE



**3.8%**

ORGANIC  
GROWTH



**2.3%**

EXCHANGE RATE  
EFFECTS



**9.9%**

OPERATING  
MARGIN

# CONDENSED INCOME STATEMENT

In € millions	2019	2018	Change 2019 / 2018
<b>Revenue</b>	2,003.3	1,749.5	14.5%
Gross margin	1,288.5	1,138.4	13.2%
<b>Gross margin / revenue</b>	<b>64.3%</b>	<b>65.1%</b>	-
Operating margin	198.7	172.4	15.2%
<b>Operating margin / revenue</b>	<b>9.9%</b>	<b>9.9%</b>	-
Other non-recurring income and expense	(16.4)	(5.3)	-
Finance costs	(26.6)	(21.3)	25.2%
Other financial income and expenses	(7.3)	5	-247.1%
Income tax	(36.9)	(38.5)	-4.2%
Net profit attributable to the Group	104.8	107.5	-2.5%
<b>Adjusted net profit*, attributable to the Group</b>	<b>129.4</b>	<b>125.2</b>	<b>3.3%</b>

\*Adjusted net profit is calculated before (i) non-cash items covered by IFRS 2 (share-based payments), (ii) amortization of intangible assets identified on acquisitions (client relationships), (iii) deferred tax liabilities from goodwill, which in some countries can be amortized, and (iv) the net tax effect of other non-operating income and expenses.



# SHARE OF REVENUE BY REGION

In € millions	2019 revenue (in millions of euros)	Share	Total growth 2019 / 2018	Organic growth
EMEA	859.6	43%	12.9%	2%
Americas	769.9	38%	17.8%	4%
Asia Pacific	373.7	19%	11.7%	7%
<b>Revenue*</b>	<b>2,003.3</b>	<b>100%</b>	<b>14.5%</b>	<b>3.8%</b>

*Of which	Share	Organic growth
Developed countries	69%	2.9%
Emerging countries	31%	5.7%

# SHARE OF REVENUE BY AUDIENCE

In € millions	2019 revenue (in millions of euros)	Share	Total growth 2019 / 2018	Organic growth
Consumers <sup>1</sup>	944.4	47%	8.5%	2.5%
Clients and employees <sup>2</sup>	485.8	24%	18.1%	4%
Citizens <sup>3</sup>	259.8	13%	28.8%	7%
Doctors and patients <sup>4</sup>	313.2	16%	17.7%	5%
<b>Revenue</b>	<b>2,003.3</b>	<b>100%</b>	<b>14.5%</b>	<b>3.8%</b>

Breakdown of each business line by segment : breakdown of revenue by audience is non-financial data, likely to change over time in line with changes in the structure of Ipsos teams.

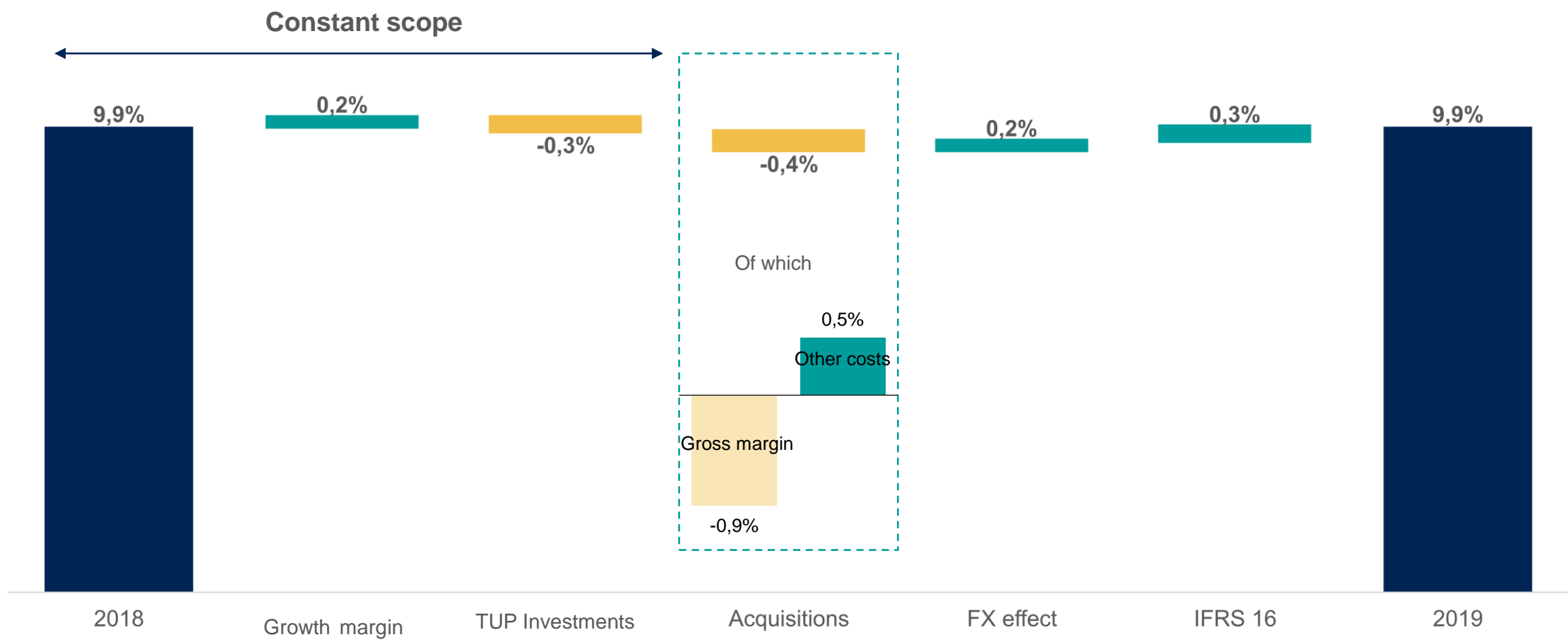
1 - Brand Health Tracking, Clinics & Mobility Labs, Creative Excellence, Innovation, Ipsos UU, Ipsos MMA, Market Strategy & Understanding, Observer, Social Intelligence Analytics (excl. pharma and the public sector)

2 - Customer Experience, Market Measurement, Mystery Shopping, Quality Measurement, Retail Performance, ERM, Audience Measurement, Media Development

3 - Public Affairs, Corporate Reputation

4- Pharma (quantitative and qualitative)

# CHANGE IN PERCENTAGE OPERATING MARGIN

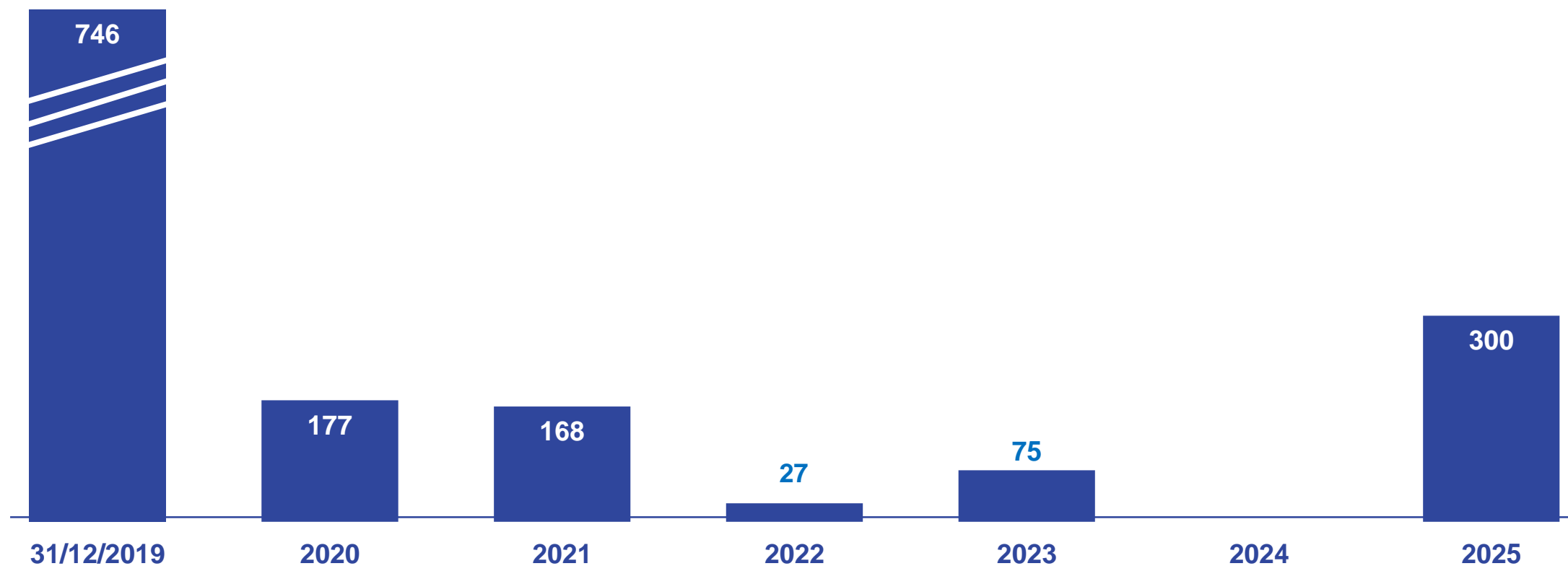


# CASH FLOW STATEMENT

In € millions	2019	2018	Change 2019/2018
<b>Gross operating cash flow</b>	<b>266.4</b>	<b>206.3</b>	<b>29.1%</b>
Change in WCR	(52.7)	3.5	-
Income taxes paid	(35.9)	(39.7)	-9.7%
Property, plant and equipment, intangible and financial assets	(43.5)	(43.6)	-0.3%
Net interest paid	(25.5)	(18.4)	37.9%
Lease payments	(44.7)	N/A	N/A
<b>Free cash flow</b>	<b>64.3</b>	<b>108.1</b>	<b>-40.5%</b>
Acquisitions and financial investments	(28.6)	(161.6)	-82.3%
Purchase / Sale of treasury shares	1.3	1.2	8.6%
Net change in long-term borrowings	(5.1)	122.3	
Dividends	(38.6)	(37.8)	2.2%
Others	4.3	(1.6)	
<b>Cash at end of period</b>	<b>165.4</b>	<b>167.8</b>	<b>-1.4%</b>

# DEBT BY MATURITY

SPLIT BY MATURITY  
(IN MILLIONS OF EUROS)



As at December 31, 2019, Ipsos had close to €500 million in undrawn credit facilities with maturities of over 1 year

# BALANCE SHEET AND DEBT POSITION

In € millions	2019	2018
Shareholders' equity	1,123	1,035
<b>Net debt*</b>	<b>578</b>	<b>575</b>
Gearing	51.5%	55.5%
Net debt / EBITDA	x 2.4	x 2.8
Interest coverage (operating margin/interest expense)	x 7.8	x 8.3

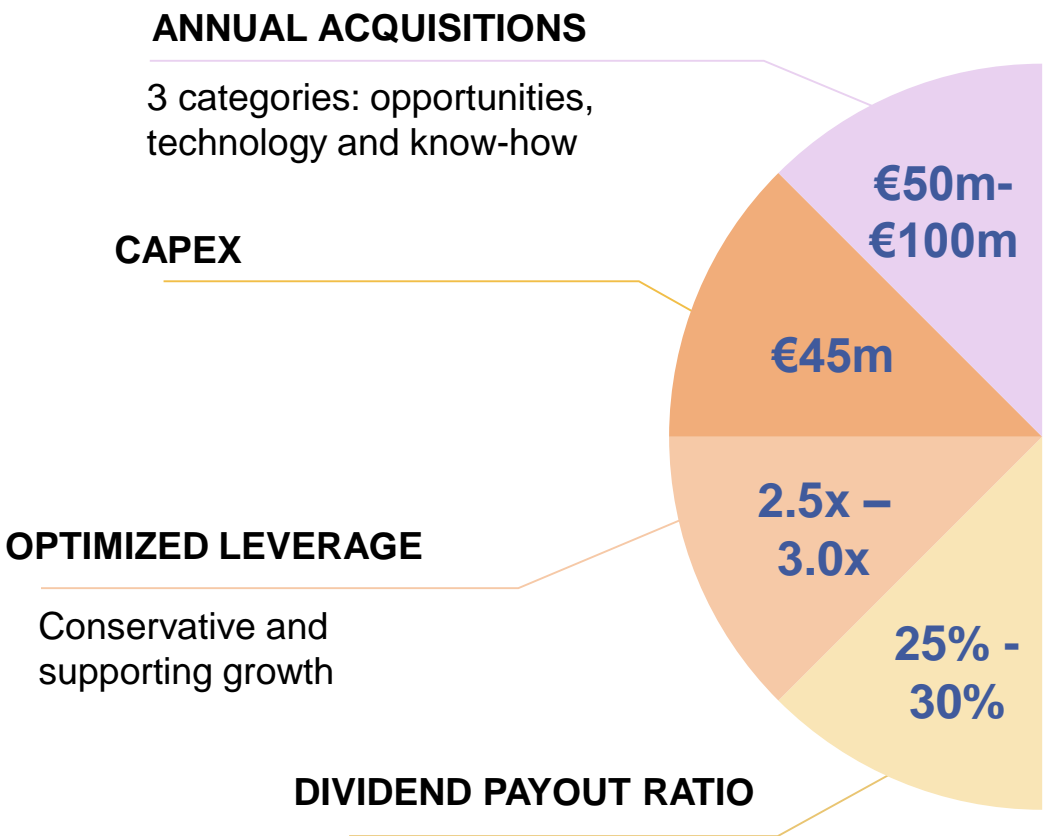
\* Bonds and bank borrowings net of cash

# OUTLOOK



# 2020-2021 OUTLOOK

## BALANCED CASH ALLOCATION



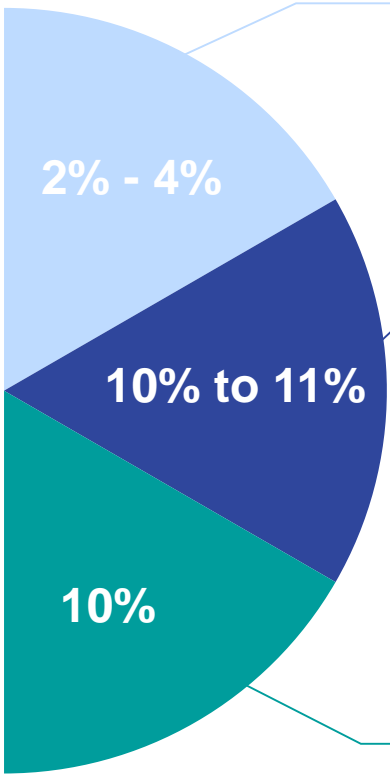
## ORGANIC GROWTH

At least at market level

## OPERATING MARGIN

Organic and non-organic, through continued digitization of data collection and economies of scale

**2020: 10%+**  
**2021: 11%**



## AVERAGE EPS GROWTH

## ATTRACTIVE GROWTH RATE

1) Based on diluted EPS at constant exchange rates





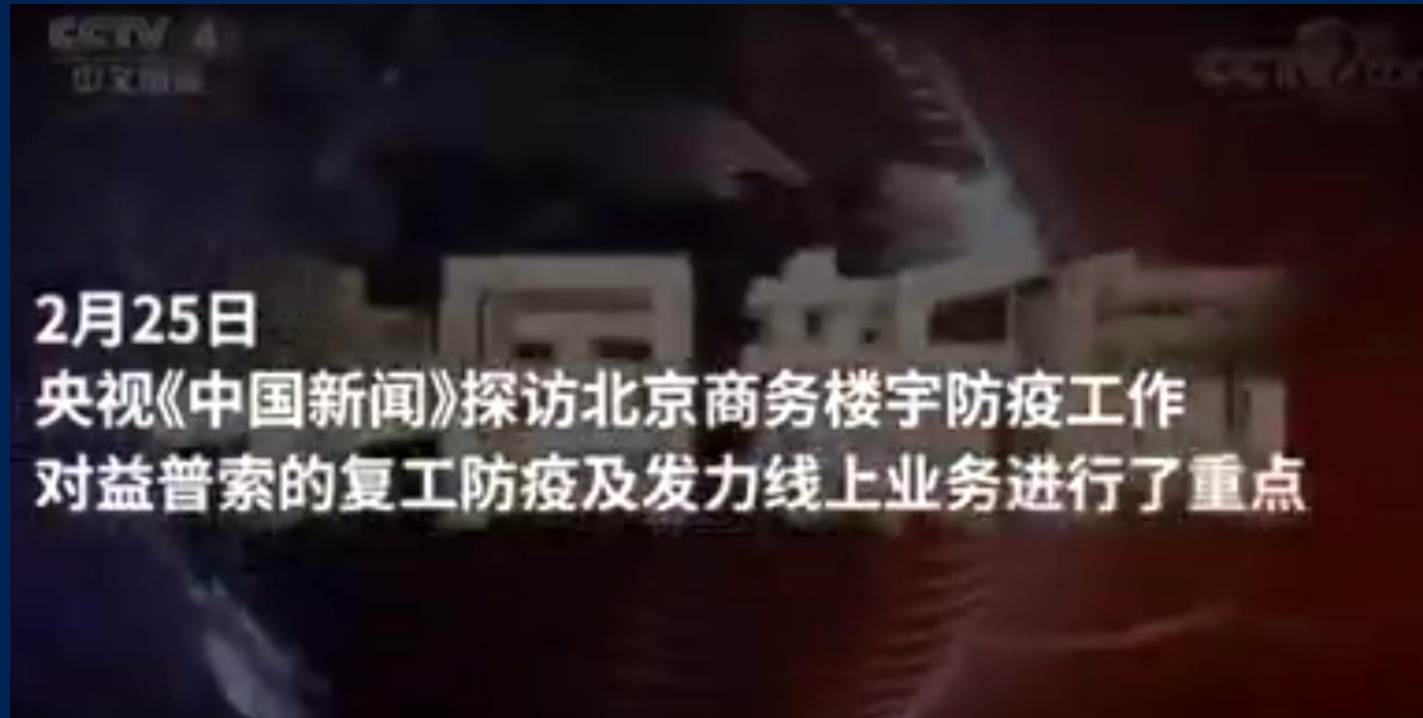
# 2020-2021 OUTLOOK

## Potential impact of Covid - 19

At this stage it is not possible to reliably forecast the impact of the epidemic on Ipsos activities.

- Given the significantly high volume of orders at the end of January, Ipsos believes that it is in a position to attain its objectives for 2020.
- China represents 7.5% of the Group's revenue and its business will be affected at least in the first half of the year.

# CCTV4 – FEBRUARY 25<sup>TH</sup> 2020



[Click here to watch the video](#)

New solutions proposed by Ipsos in China :

### **Wechat**

- Mobile online Focus Group Discussion (FGD), “IsChat
- Mobile on-line community, “IsCommunity”,
- Fast survey tool “We Express” and fast creative test tools

**Video online FGD, “IsLive”**

**Global I-Say panel and IIS**

**Ipsos Insight Cloud and Ipsos Insight Curation**



**Ipsos' office in China**

# THANK YOU

GAME CHANGERS

