



Press Release

Ipsos in 2017

An encouraging level of activity, thanks to strong dynamism in the second-half

2017 Revenue: €1,780.5 million

2017 organic growth: +2.4%

Paris, 28 February 2018 – For 2017 as a whole, Ipsos recorded revenue of €1,780.5 million, level with 2016.

Exchange rates have had a negative effect for the second year running (-2.1% this year), primarily reflecting the weakening of the US Dollar and British Pound against the Euro. Some scope effects were also negative, with an impact of -0.4%. In contrast, the ability of Ipsos to grow at constant scope and exchange rates was demonstrated by growth of +2.4% on the year.

In the October to December quarter, revenue in constant Euros was €512.6 million, down 0.9% in comparison with the same period in 2016. The contractive effect of currency valuation fluctuations (-4.9%) overcame an organic growth rate (+4%) nearly as vigorous as that recorded in the 3rd quarter.

2017 gave a mixed picture. Strong growth of 4.4% in the second half gave way to the stability observed during the first six months of the year.

The significant trends in 2017 were similar to those we observed in 2016:

- New Services, developed under the New Way programme, grew 17%.
- The emerging countries, which accounted for 33% of Ipsos activity in 2017 (as against 32% in 2016) continued to grow, at 4.6% on a constant basis, while the developed countries grew at 1.4%.

PERFORMANCE BY GEOGRAPHICAL AREA

| Consolidated revenues by geographical area <i>(in millions of euros)</i> | 2017 | 2016 | Change 2017/2016 | Organic growth |
|--|----------------|----------------|-----------------------------------|---------------------------------|
| Europe, Middle East and Africa | 767.6 | 760.3 | 1% | 3.5% |
| Americas | 688.5 | 711.3 | -3.2% | -0.5% |
| Asia-Pacific | 324.4 | 311.1 | 4.3% | 6.5% |
| Full-year revenues | 1,780.5 | 1,782.7 | -0.1% | 2.4% |

Among the major regions, Asia-Pacific performed best with growth of 6.5%, driven by China, India, Indonesia and smaller markets such as Vietnam and the Philippines.

Growth in the EMEA region of 3.5% is simply an average. Ipsos achieved very positive results in the United Kingdom, Russia and Turkey as well as in Spain, Poland, the Czech Republic and several markets in the Middle



Press release - cont. - 28 February 2018

East, particularly Dubai, and West Africa. Other Western European markets, however, including France and the Scandinavian countries and, for a variety of reasons, certain countries such as Egypt and Kenya, contributed less or not at all to Ipsos' expansion.

Lastly, the Americas region was lacklustre, posting annual growth of -0.5%. That said, it is encouraging to note that in the fourth quarter of 2017 alone, Ipsos' organic growth in this region was 3.5%, following 2.8% in the third quarter, restoring momentum to markets that had slipped during the first half of the year. The United States in particular performed better as the year went on.

PERFORMANCE BY BUSINESS LINE

| Consolidated revenues by business line <i>(in millions of euros)</i> | 2017 | 2016 | Change 2017/2016 | Organic growth |
|--|----------------|----------------|-----------------------------------|---------------------------------|
| Media and Advertising Research | 385.7 | 388.1 | -0.6% | 1.5% |
| Marketing Research | 944.9 | 961.5 | -1.7% | 1% |
| Opinion & Social Research | 189.1 | 177.2 | 6.7% | 9% |
| Client and employee relationship management | 260.8 | 255.9 | 1.9% | 3.5% |
| Full-year revenues | 1,780.5 | 1,782.7 | -0.1% | 2.4% |

By business line, the same trends were at work in the last quarter of 2017 as for the whole year. The smallest of our business lines, which operates under the name of Ipsos Public Affairs and manages our social research and public opinion programmes as well as other projects relating to the institutional reputation of private and public companies, continued to grow rapidly with organic growth of 9% for 2017 and 8.5% for the last quarter alone.

In second place was Ipsos Loyalty, the business line that runs all our programmes for measuring and understanding the relationships companies have with their clients. It posted annual growth of 3.5% and 6.4% between October and December.

Lastly, Ipsos Marketing, which conducts research for a better understanding of markets and consumers and to provide companies with information about their marketing policies, and Ipsos Connect, which researches the media and brand expressions, especially advertising both represent not only the bulk of Ipsos' revenue, with respectively 53% and 22% of the total, but also modest rates of growth: of 1% and 1.5% respectively. Here again, performance in the fourth quarter was better than during the three previous quarters. With regard to Ipsos Marketing, organic growth in the last three months was 2.9% as compared to 0.5% for the first three quarters. For Ipsos Connect, the same acceleration occurred, with a growth rate above 3% from October to December, compared with +1% for January to September.

Indeed, regardless of the region or business line, the end of year performance was satisfactory. Its level stems from a combination of two positive factors: quite strong sales towards the end of the year and the closing of the gap seen in the first half between acceptable sales volume and lagging revenue recognition.

Consequently, activity in the third quarter (+5% in organic growth) and fourth quarter (+4%) is no more representative of Ipsos' situation than the 0.1% growth recorded in the first half. The truth lies in-between. The 2.4% annual organic growth rate reflects Ipsos' current situation. The company is able to grow faster than its largest international competitors but not as fast as the market would allow. The time has come to achieve a faster "structural" - i.e., long-term - growth rate. The opportunity is there. The challenge of the Total Understanding project is to realise this potential.

FINANCIAL PERFORMANCE

Summary income statement

| <i>In millions of euros</i> | 2017 | 2016 | Change 2017/2016 |
|---|----------------|----------------|---------------------|
| Revenue | 1,780.5 | 1,782.7 | -0.1% |
| Gross profit | 1,156.7 | 1,160.4 | -0.3% |
| <i>Gross margin</i> | 65.0% | 65.1% | - |
| Operating profit | 182.3 | 180.1 | 1.2% |
| <i>Operating margin</i> | 10.2% | 10.1% | - |
| Other operating income and expense | (14.3) | 0.1 | - |
| Finance costs | (20.4) | (20.8) | -2.1% |
| Income tax | (14.6) | (44.3) | -67.0% |
| Net profit (attributable to the Group) | 128.5 | 106.9 | 20.2% |
| Adjusted net profit* attributable to the Group | 127.4 | 121.7 | 4.7% |

*Adjusted net profit is calculated before (i) non-cash items related to IFRS 2 (share-based compensation), (ii) amortisation of acquisition-related intangible assets (client relations), (iii) the impact net of tax of other non-current income, (iv) expense and the non-monetary impact of changes in puts in other financial income and expenses, (v) deferred tax liabilities related to goodwill for which amortisation is deductible in some countries.

Gross profit, which is calculated by deducting external direct variable costs attributable to contracts from revenue, was nearly stable at -0.3%. The ratio of gross profit/revenue was 65.0% versus 65.1% in 2016, affected by a combination of factors. On the one hand, favourable factors: good price maintenance, computerised data collection (which is now 52% of Ipsos' survey business) and the growth of New Services (+17%), whose gross profit is often high, enable gross profit to increase. On the other hand, the service/product mix is less favourable since growth is higher in those businesses where Ipsos manages large-scale contracts, notably in social research, in Great Britain and the United States, and whose gross profit is automatically lower.

With regard to the costs of operating activities, **total payroll** decreased slightly by 0.6% and the cost of **variable share-based payments** was stable at €10.1 million.

Overhead costs are under control and decreased 4.4% due notably to optimised lease payments in certain countries.

Other operating income and expenses which consist mainly of the impact of exchange rates on transactions in the operating statement, were negative €5.9 million over the financial year, versus a positive €2 million in 2016.

As announced, the **operating profit** is slightly above the level of the previous year, after investments in the New Way programme of €5 million in additional operating costs (half of which went to payroll and half to overheads). In total, the Group's operating profit was €182.3 million, or 10.2% of revenue, up 10 basis points from 2016.



Press release - cont. - 28 February 2018

Below the operating profit, the **amortisation of intangibles** identified on acquisitions concern the portion of goodwill allocated to client relationships during the 12-month period following an acquisition, recognised in the income statement over several years, in accordance with IFRS. This expense was stable at €4.7 million.

The remainder of **other non-operating, non-recurring income and expense** was -€14.3 million, compared with a net profit of €0.1 million in the previous year. It comprises unusual items not related to operations, and includes acquisition costs, as well as the costs of the restructuring plans. In 2016 it showed a net gain of €16 million in relation to the repayment from Aegis in February 2016 bringing an end to all claims and legal proceedings regarding the dispute arising from the acquisition of Synovate in 2011. In 2017, expenses for restructuring and streamlining, some of which related to the New Way programme (for a total of €11.9 million) were recognised as well as provisions for employment-related disputes in Brazil of €4.9 million.

Finance costs. The net cost of interest was €20.4 million, compared with €20.8 million in 2016, down 2.1% due to the decrease in Group net debt and to the rise in short-term rates in the United States (49% of the gross debt is denominated in dollars).

Taxes. The effective tax rate on the IFRS income statement was 10.2%, compared with 28.8% for the previous year. It includes an extraordinary, one-time profit of €24.5 million (versus an expense of €6.5 million in 2016). This corresponds to the reversal of a provision for deferred taxes due to the amortisation for tax purposes of the goodwill in US subsidiaries, as the projected tax rate is now 21% and no longer 35% in the United States.

Net profit, attributable to the Group, amounted to €128.5 million, up 20.2 % compared with 2016.

Adjusted net profit, attributable to the Group, which excludes non-monetary, non-current or non-recurring items, was €128.7 million, up 4.7% over 2016.

Financial structure

Net free cash flow. Free cash flow from operating activities and net of current capital expenditures was €80.7 million after a record 2016 of €148.6 million. In detail:

- operating cash flow was €194.8 million, compared with €202.8 million in 2016;
- the working capital requirement increased by €35.3 million as a result of higher trade receivables due primarily to strong growth in the last quarter, which generated large receivable balances at 31 December 2017;
- current investments in property, plant and equipment and intangible assets, primarily consisting of IT investments, amount to €18.2 million compared with €18.6 million in 2016.

Concerning **non-current net investments**, Ipsos invested €15 million in acquisitions, notably through the buyback of non-controlling interests in the United States and certain emerging countries (China, Jordan and Central America).

Finally, Ipsos did not invest in its share buyback programme (intended primarily to limit the dilutive effects of its existing free share and stock-option plans for its shareholders) in 2017 because that had been done in advance at the close of 2016, as part of a repurchase of a block of Ipsos shares from LT Participations prior to the 29 December 2016 merger between the two companies.

Shareholders' equity stood at €966 million at 31 December 2017, compared with €939 million reported at 31 December 2016.

Net financial debt totalled €464 million at 31 December 2017, compared with €544 million at 31 December 2016, thanks to the strong operating cash flow generation mentioned above the fall of the dollar/euro exchange rate.



Press release - cont. - 28 February 2018

The net gearing was 48.0%, compared with 58.0% at 31 December 2016.

Liquidity position. Net cash at the end of the year was €137.3 million, compared with €164.9 million at 31 December 2016, giving Ipsos a good liquidity position. The company also has over €300 million available through credit facilities.

A proposal will be made to the General Meeting of Shareholders of 4 May 2018 for a distribution of **dividends of 87 euro cents per share** for the year 2017, payable on 4 July 2018, for an increase of 2.3% and a payout ratio of approximately 30% on an adjusted net profit of €2.96 per share.

OUTLOOK FOR 2018

2017 saw the completion of the New Way programme. With its 17 New Services, Ipsos has adapted to the new needs of the market. The results were positive. The share of New Services has nearly doubled since 2014, climbing from 7% to 13% of Ipsos revenue. New Services represented revenue of €225 million in 2017, compared with revenue of €123 million in 2014. They grew on average by more than 20% per year and again by 17% in 2017. All, or nearly all, of Ipsos' growth stems from the implementation of these New Services.

In 2018, they should again experience double-digit growth and thereby underpin the growth of the company. However, this exercise can only go so far; the New Services are making up for the sluggishness of other services. This is all well and good, but not enough to enable Ipsos to resume a pace of growth nearer the top of the range. Remind that, for two years, Ipsos has considered itself able to have an organic growth of at least 2% each year (the bottom of the range) and at the most 5% (the top of the range). All markets are transforming. Every business and institution is experiencing more than ever the need for greater knowledge and understanding of what factors are driving these transformations and how it can deal with them. The hyperactivity of new firms stressing localism, environmental concerns, "closeness" to consumers and clients, and rather easy access to plentiful financing is calling into question much of the status quo. The consequences of hyper-competitiveness are market fragmentation, endless challenges to existing situations, many "positives" for consumers and many "negatives" for companies' employees - and their shareholders -. The increasing use of technologies well financed so as to be deployed quickly and sold aggressively—creates enthusiasm but also anxiety, productivity improvements but also inefficiencies, an overabundance of offers but not always extra demand.

It serves no purpose to complain about the financialisation of the economy and its recessionary consequences on the behaviour of economic agents, such as the adoption of new ways for consumers to buy or for businesses to manage. One might be sorry to see "zero-based" budgeting. But it cannot be denied that business managers have more questions than answers. The lesson is very simple: the availability of relevant information about Society, markets and people, is a critical factor in dealing with change, deciding what products and services to offer and the best ways to make them known, make them present and interesting in the minds of clients/consumers. Information has in a way become the key strategic asset. Managing it well means making good choices, choices that separate the winners from the losers.

Accordingly, companies like Ipsos and its peers, long-established and enjoying a good reputation, large size, significant presence in different customer segments and many geographic regions, face a variety of types of competition. Their market is large and growing. Their role is important because the economic and political decision-makers expect that the information provided to them will enable them, based on established facts, to decide what they must do, to manage the effects of their choice and, ultimately, to profit. Ipsos is competing with well-known, long-standing companies that are its major international competitors. But Ipsos has also become accustomed to competing with local companies, specialists in one market, issue or group of pre-defined clients. In this competition, Ipsos has actually found a real growth and maintained commendable profitability. In recent years Ipsos has also had to contend with other competitors.



Two groups of new firms are active in the market research market. On one side are many new businesses that may or may not have innovative technological solutions, often highly specialised in a single, well-defined issue. These play the efficiency card. They produce simple information, quickly, at attractive price levels. They stand up to the “powers that be” by vaunting their operational effectiveness and the clarity of their product. On the other side are numerous consulting firms, including the most powerful. They play to their strengths: their familiarity with senior executives, together with significant capabilities to develop action plans and execute them. Their presence has grown precisely because of the importance of the information. Since being well informed has become crucial to understanding how markets are changing and organising, top management are becoming more mindful, and they encourage those with whom they have frequent dealings to assist them.

The New Way programme and the New Services were a first response to this situation. Ipsos demonstrated that, provided it works differently and better, it has the scientific and technical resources, the operational experience and the familiarity with the subject—deciphering society, measuring and understanding markets, knowing about people—to offer valuable solutions tailored to the questions its clients have, compatible with their means and respectful of their work methods.

The Total Understanding project is different in the sense that it does not counter what exists with what is “new”, past services with “New Services”, the traditional with the technological or native intelligence with artificial intelligence. Its purpose is rather to make Ipsos competitive in two market segments.

The first is defined by the ability to produce, thanks to the addition of technological solutions, more plentiful information, quicker and less expensively, with the trade-off, for the time being, of having limits in terms of going from simple to complex, from standard to flexible, from automatic to scalable.

The second segment is less technical or technological. It is based on a mastery of sciences, such as the behavioural sciences or the neurosciences. It also requires competent teams able to listen, to understand the issues facing businesses, to work client by client, to combine different solutions—or services—to respond to strategic or more tactical matters rather than simply to implement a solution, a predefined “product,” formatted to respond efficiently to a standard search.

The goal of the Total Understanding project is to develop an upgrade to all the services that Ipsos provides its clients, from voter opinion research in a specific country to the near-systematic measurement of all the communications of a company that manages dozens of brands throughout the world. Another objective is to facilitate the expansion of our “advisory” services, where the point is less the data than the insight that leads to a solution or predetermines the decision. The Total Understanding project will succeed because Ipsos staff are involved with its development and are backed up, as and when needed, by experts without whom it would be impossible to ensure the quality of work that combines efficiency and content, data and data “analytics”, science and technology.

Ipsos also has the following strengths:

- A wide geographical basis: the company’s revenue consists of a great many projects conducted for numerous clients in many countries.
- A diversified client base: Ipsos has shown its ability to balance global activities and local ones; major, traditional clients and those representing the new players in the new markets.
- Specialised services: managing specialised services is an activity Ipsos initiated a long time ago. Today, this means offering businesses more than 60 or so different services, all well-defined and each configured to be competitive in terms of operational performance, security and content. These are grouped for obvious operational reasons into some 20 separate service lines. It also means being able to combine the services whenever that is useful, either to provide them more effectively or to help businesses position themselves better in the markets where they operate and in the competitive situations they confront. It therefore means being good, service by service, and excellent in any combination of services where that would bring a better understanding of something, measure it more accurately or treat it more meaningfully. Few companies can simultaneously (i) speak about the evolution of society based on a social research practice that covers more countries every year, (ii) collect and analyse huge amounts of unstructured data, including the content of what is said, written or



Press release - cont. - 28 February 2018

shown in social networks, or (iii) possess the tools for deeply understanding the evolution of markets, their structures or their future size and shape.

Aiming for excellence in all the services, it is clear that the Total Understanding project suggests carrying out an acquisitions plan, targeted where the acquisition of specific skills is deemed more effective than building them from scratch.

The Total Understanding project is a project for growth, made possible by the success of the New Way project, made necessary by the intensity of the competition and made attractive by a market and clients who know that by improving their mastery of information about society, markets and people, they can consolidate or regain strong competitive positions.

The 2018 financial period is when the Total Understanding project will be developed and implemented in the different markets where Ipsos operates. Its operational launch date is **1 July 2018**.

2018 can be expected to grow at a pace similar to that observed in 2017. The company's total growth could be greater than that if, and only if, Ipsos is able to acquire and consolidate companies with skills and client bases that will bolster the "Total Understanding" project.

At this stage, it is envisaged that, despite the investments in time and acquiring the knowledge and technologies entailed by the Total Understanding project, Ipsos' 2018 operating profit will show a slight increase.

Ipsos is pleased to announce the appointment of Simon Derbanne as Investor Relation Manager. He will be assisting Laurence Stoclet, Ipsos Deputy CEO and Chief Financial Officer, and her deputy, Antoine Lagoutte, to whom he reports on financial analysis and financial communication projects. He will be one of the contact in charge of the relationships with financial analysts and fund managers.

Simon joined the Paris Ipsos head office in 2017 with 10 years of experience in investor relations, financial communication and investment banking, where he helped oversee the Investor Day and reinforce financial communication capabilities. Before joining Ipsos, Simon has worked for various specialized companies enhancing the market visibility of listed European small & midcap companies with institutional investors, as well as in an advisory role, structuring and executing fundraising deals on the French stock market. Simon holds a masters degree from IESEG School of Management, a French business school and has successfully completed the CFA Program, a professional credential for financial professionals.



Appendices

- Consolidated income statement
- Consolidated balance sheet
- Consolidated cash flow statement
- Consolidated statement of changes in shareholders' equity

A full set of consolidated financial statements is available at:

<https://www.ipsos.com/en/regulated-informations/en?year=2017>

The 2016 performance and results presentation will be available from 23 February 2017 on:

<https://www.ipsos.com/en/investors>

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).

ISIN code FR0000073298, Reuters ISOS.PA, Bloomberg IPS:FP

www.ipsos.com



Consolidated income statement
For the year ended 31 December 2017

| In thousands of euros | 2017 | 2016 |
|--|------------------|------------------|
| Revenue | 1,780,453 | 1,782,691 |
| Direct costs | (623,787) | (622,244) |
| Gross profit | 1,156,666 | 1,160,446 |
| Payroll - excluding share based payments | (747,500) | (751,754) |
| Payroll - share based payments * | (10,094) | (9,991) |
| General operating expenses | (210,865) | (220,646) |
| Other operating income and expense | (5,931) | 2,026 |
| Operating margin | 182,275 | 180,080 |
| Amortisation of intangibles identified on acquisitions * | (4,668) | (4,786) |
| Other non operating income and expense * | (14,364) | 143 |
| Income from associates | 217 | (46) |
| Operating profit | 163,460 | 175,391 |
| Finance costs | (20,380) | (20,811) |
| Other financial income and expense * | 633 | (475) |
| Profit before tax | 143,713 | 154,105 |
| Income tax - excluding deferred tax on goodwill | (39,118) | (37,765) |
| Income tax - deferred tax on goodwill * | 24,482 | (6,582) |
| Income tax | (14,636) | (44,347) |
| Net profit | 129,076 | 109,758 |
| Attributable to the Group | 128,507 | 106,897 |
| Attributable to Minority interests | 569 | 2,861 |
| Earnings per share (in euros) - Basic | 2.99 | 2.40 |
| Earnings per share (in euros) - Diluted | 2.94 | 2.36 |

| | | |
|--|----------------|----------------|
| Adjusted net profit * | 128,400 | 124,945 |
| Attributable to the Group | 127,385 | 121,657 |
| Attributable to Minority interests | 1,015 | 3,288 |
| Adjusted earnings per share (in euros) - Basic | 2.96 | 2.73 |
| Adjusted earnings per share (in euros) - Diluted | 2.91 | 2.69 |

Consolidated balance sheet

For the year ended 31 December 2017

| In thousands of euros | 2017 | 2016 |
|------------------------------------|------------------|------------------|
| ASSETS | | |
| Goodwill | 1,159,352 | 1,259,193 |
| Intangible assets | 59,964 | 71,489 |
| Property, plant and equipment | 32,228 | 35,517 |
| Interests in associates | 916 | 207 |
| Other non-current financial assets | 21,425 | 22,547 |
| Deferred tax assets | 21,252 | 18,184 |
| Total non-current assets | 1,295,136 | 1,407,138 |
| Trade receivables | 617,660 | 624,406 |
| Current income tax | 13,517 | 15,204 |
| Other current assets | 75,802 | 78,677 |
| Derivative financial instruments | 1,462 | 3,399 |
| Cash and cash equivalents | 137,267 | 164,892 |
| Total current assets | 845,708 | 886,579 |
| TOTAL ASSETS | 2,140,844 | 2,293,717 |

| In thousands of euros | 2017 | 2016 |
|--|------------------|------------------|
| LIABILITIES | | |
| Share capital | 11,109 | 11,109 |
| Share premium | 516,130 | 516,489 |
| Own shares | (35,235) | (55,905) |
| Other reserves | 569,719 | 492,737 |
| Currency translation differences | (112,515) | (44,819) |
| Shareholders' equity - attributable to the Group | 949,208 | 919,612 |
| Minority interests | 17,290 | 19,805 |
| Total shareholders' equity | 966,498 | 939,417 |
| Borrowings and other long-term financial liabilities | 577,432 | 626,152 |
| Non-current provisions | 8,964 | 9,230 |
| Retirement benefit obligations | 26,918 | 28,029 |
| Deferred tax liabilities | 66,450 | 100,432 |
| Other non-current liabilities | 18,183 | 21,159 |
| Total non-current liabilities | 697,948 | 785,002 |
| Trade payables | 259,432 | 262,865 |
| Short-term portion of borrowings and other financial liabilities | 25,527 | 86,662 |
| Current income tax liabilities | 14,658 | 11,104 |
| Current provisions | 7,189 | 9,664 |
| Other current liabilities | 169,592 | 199,005 |
| Total current liabilities | 476,398 | 569,300 |
| TOTAL LIABILITIES | 2,140,844 | 2,293,717 |



Press release - cont. - 28 February 2018

Consolidated cash flow statement For the year ended 31 December 2017

| In thousands of euros | 2017 | 2016 |
|---|-----------------|------------------|
| OPERATING ACTIVITIES | | |
| NET PROFIT | 129,076 | 109,758 |
| Adjustements to reconcile net profit to cash flow | | |
| Amortisation and depreciation of fixed assets | 24,910 | 25,970 |
| Net profit of equity associated companies - net of dividends received | (217) | 46 |
| Losses/(gains) on asset disposals | (43) | 2,481 |
| Movement in provisions | (2,929) | (12,702) |
| Share-based payment expense | 9,549 | 9,737 |
| Other non cash income/(expenses) | (778) | 978 |
| Acquisitions costs of consolidated companies | 178 | 1,325 |
| Finance costs | 20,380 | 20,811 |
| Income tax expense | 14,636 | 44,347 |
| OPERATING CASH FLOW BEFORE WORKING CAPITAL. FINANCING AND TAX PAID | 194,764 | 202,752 |
| Change in working capital requirement | (35,353) | 22,819 |
| Interest paid | (21,245) | (20,351) |
| Income tax paid | (38,975) | (38,046) |
| CASH FLOW FROM OPERATING ACTIVITIES | 99,191 | 167,174 |
| INVESTMENT ACTIVITIES | | |
| Acquisitions of property, plant, equipment and intangible assets | (17,518) | (17,631) |
| Proceeds from disposals of property, plant, equipment and intangible assets | 285 | 133 |
| Acquisition of financial assets | (1,201) | (1,070) |
| Acquisition of consolidated companies and business goodwill | (2,212) | 23,900 |
| CASH FLOW FROM INVESTMENT ACTIVITIES | (20,647) | 5,332 |
| FINANCING ACTIVITIES | | |
| Increase/(decrease) in capital | - | (225) |
| (Purchase)/proceeds of own shares | 6,399 | (85,050) |
| Increase/(decrease) in long-term borrowings | (53,315) | (1,688) |
| Increase/(decrease) in bank overdrafts and short-term debt | 86 | 491 |
| Acquisition of minority interests | (12,785) | (33,312) |
| Dividends paid to parent-company shareholders | (36,414) | (36,358) |
| Dividends paid to minority shareholders of consolidated companies | - | (431) |
| CASH FLOW FROM FINANCING ACTIVITIES | (96,030) | (156,575) |
| NET CASH FLOW | (17,485) | 15,932 |
| Impact of foreign exchange rate movements | (10,140) | (2,615) |
| CASH AT BEGINNING OF PERIOD | 164,892 | 151,576 |
| CASH AT END OF PERIOD | 137,267 | 164,892 |



Press release - cont. - 28 February 2018

Consolidated statement of changes in shareholder's equity For the year ended 31 December 2017

| In thousand euros | Shareholders' equity | | | | | | | |
|--|----------------------|-----------------|-----------------|-----------------------------|---------------------------------|---------------------------|--------------------|------------------|
| | Share capital | Share Premium | Own shares | Other consolidated reserves | Currency translation difference | Attributable to the Group | Minority interests | Total |
| 1st January 2016 | 11,334 | 540,201 | (1,220) | 423,190 | (48,110) | 925,395 | 19,889 | 945,284 |
| - Change in capital | (225) | - | - | - | - | (225) | - | (225) |
| - Dividends paid | - | - | - | (36,228) | - | (36,228) | (1,161) | (37,389) |
| - Impact of acquisitions and commitments of buy out minority interests | - | - | - | (2,605) | - | (2,605) | (1,197) | (3,803) |
| - Delivery of free shares related to 2014 plan | - | - | 6,806 | (6,806) | - | - | - | - |
| - Other movements on own shares | - | (23,712) | (61,491) | 153 | - | (85,050) | - | (85,050) |
| - Share-based payments taken directly to equity | - | - | - | 9,737 | - | 9,737 | - | 9,737 |
| - Other movements | - | - | - | 453 | - | 453 | 26 | 479 |
| Transactions with the shareholders | (225) | (23,712) | (54,685) | (35,297) | - | (113,919) | (2,332) | (116,251) |
| - Net profit | - | - | - | 106,897 | - | 106,897 | 2,860 | 109,757 |
| - Other elements of the Comprehensive income | - | - | - | - | - | - | - | - |
| <i>Hedges of net investments in a foreign subsidiary</i> | - | - | - | - | (32,458) | (32,458) | (168) | (32,626) |
| <i>Deferred tax on hedges of net investments in a foreign subsidiary</i> | - | - | - | - | 10,822 | 10,822 | - | 10,822 |
| <i>Currency translation differences</i> | - | - | - | - | 24,927 | 24,927 | (444) | 24,483 |
| <i>Actuarial gains and losses</i> | - | - | - | (2,523) | - | (2,523) | - | (2,523) |
| <i>Deferred tax on actuarial gains and losses</i> | - | - | - | 470 | - | 470 | - | 470 |
| - Total of the other elements composing the Comprehensive income | - | - | - | (2,053) | 3,292 | 1,239 | (612) | 627 |
| Comprehensive income | - | - | - | 104,844 | 3,292 | 108,136 | 2,249 | 110,385 |
| 31st December 2016 | 11,109 | 516,489 | (55,905) | 492,738 | (44,819) | 919,612 | 19,805 | 939,417 |
| 1st January 2017 | 11,109 | 516,489 | (55,905) | 492,738 | (44,819) | 919,612 | 19,805 | 939,417 |
| - Change in capital | - | - | - | - | - | - | - | - |
| - Dividends paid | - | - | - | (36,292) | - | (36,292) | (75) | (36,367) |
| - Impact of acquisitions and commitments of buy out minority interests | - | - | - | (10,899) | - | (10,899) | (1,332) | (12,231) |
| - Delivery of free shares related to 2015 plan | - | - | 13,935 | (13,935) | - | - | - | - |
| - Other movements on own shares | - | (358) | 6,735 | 22 | - | 6,399 | - | 6,399 |
| - Share-based payments taken directly to equity | - | - | - | 9,543 | - | 9,543 | - | 9,543 |
| - Other movements | - | - | - | (241) | - | (241) | 264 | 23 |
| Transactions with the shareholders | - | (358) | 20,670 | (51,803) | - | (31,491) | (1,143) | (32,634) |
| - Net profit | - | - | - | 128,506 | - | 128,506 | 569 | 129,075 |
| - Other elements of the Comprehensive income | - | - | - | - | - | - | - | - |
| <i>Hedges of net investments in a foreign subsidiary</i> | - | - | - | - | (972) | (972) | 540 | (432) |
| <i>Deferred tax on hedges of net investments in a foreign subsidiary</i> | - | - | - | - | (1,849) | (1,849) | - | (1,849) |
| <i>Currency translation differences</i> | - | - | - | - | (64,876) | (64,876) | (2,481) | (67,357) |
| <i>Actuarial gains and losses</i> | - | - | - | 181 | - | 181 | - | 181 |
| <i>Deferred tax on actuarial gains and losses</i> | - | - | - | 95 | - | 95 | - | 95 |
| - Total of the other elements composing the Comprehensive income | - | - | - | 276 | (67,697) | (67,421) | (1,941) | (69,362) |
| Comprehensive income | - | - | - | 128,782 | (67,697) | 61,086 | (1,372) | 59,715 |
| 31st December 2017 | 11,109 | 516,130 | (35,235) | 569,719 | (112,515) | 949,208 | 17,290 | 966,498 |