



Q1 2020

The Great Lockdown, Complex Times Q1 revenue: €428.7 million (+1.6%)

Paris, April 23, 2020 – In Q1 2020, Ipsos posted revenue of €428.7 million, slightly up on the same period last year.

This incorporated the positive effect (+0.8%) of two acquisitions during the quarter. These have already been announced: the Mystery Shopping business of the US company Maritz and the French company ASKIA, which develops software solutions tailored to the needs of research firms such as Ipsos.

Exchange rate effects were also positive (+0.8%).

At constant exchange rates and scope, revenue was flat year-on-year.

PERFORMANCE BY REGION

Breakdown of consolidated revenue by region (in € millions)	Q1 2020	Q1 2019	Reported change Q1 2020 / Q1 2019	Organic growth
Europe, Middle East and Africa	188.0	185.3	1.5 %	0.5 %
Americas	167.5	155.4	7.8 %	4 %
Asia-Pacific	73.2	81.3	(9.9) %	(10.5) %
Annual revenue	428.7	422.1	1.6 %	0 %

Breaking down by region, growth was strong in the Americas and more particularly in the US (+5%). Conversely, it fell 10% in Asia-Pacific due to the very negative performance in China (-25%) caused by the early lockdown.

PERFORMANCE BY AUDIENCE

in € millions	Q1 2020	Q1 2019	Contribution	Reported change Q1 2020 / Q1 2019	Organic growth
Consumers ¹	195.4	194.9	45.6 %	0.2 %	(1.5) %
Clients and employees ²	104.9	106.5	24.5 %	(1.5) %	(5) %
Citizens ³	64.9	58.0	15.1 %	12.0 %	10 %
Doctors and patients ⁴	63.5	62.7	14.8 %	1.3 %	3.5 %
Quarterly revenue	428.7	422.1	100 %	1.6 %	0 %

**Breakdown of Service Lines by audience segment: the analysis of the breakdown of revenue by audience segment is classified as non-financial data, and is likely to change over time in line with changes in the structure of Ipsos' teams.*

1. Audience Measurement, Brand Health, Clinics & Mobility Labs, Creative Excellence, Innovation, Ipsos UU (excl. pharma), Ipsos MMA, Market Strategy & Understanding, Observer (excl. public sector), Media Development, Social Intelligence Analytics
2. Customer Experience, Channel Performance, Mystery Shopping, Quality Measurement, ERM
3. Public Affairs, Corporate Reputation
4. Healthcare (quantitative and qualitative)

In terms of audience segments, there are significant differences between 2019 and 2020.

- Revenue from services targeted at specific groups such as customers and employees was down 5%. Many companies in sectors that are heavily impacted by the pandemic discontinued their research work because of a lack of customers. This is true of hotel chains, airlines and other service companies.
- Services involving consumer research were also hit, particularly in March. Many companies, surprised by the scope and breadth of the crisis naturally suspended research around, for example, new product or service launches, asking themselves what markets look like now and what they will look like once the health crisis has been tackled, or even ended.
- Two audience segments are up. They are both directly linked to the pandemic:



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Public authorities in many countries want to know people's lives in such unusual times. They are also looking to properly understand how they can shape their communications and encourage people to respect health guidelines designed to contain the epidemic. In parallel, they are also ramping up measurement systems that will give them reliable data on key issues, such as the number of people who were exposed to the virus and who, through serological tests, are showing signs of immunity.

The Ipsos performance in these audience segments would have been even stronger had certain social research programs, involving face-to-face survey protocols, not been curtailed in March to comply with lockdown rules. Many of these programs will be restarted as soon as possible where the data collection protocols can be adapted. In some cases that offer the same quality assurances, interviews can be done by telephone with people who are confined at home rather than face-to-face. In certain cases, however, face-to-face survey protocols need to be maintained and it is thus a matter of waiting to restart them until this is once again feasible.

Pharmaceutical firms have also been active. Ipsos developed a series of initiatives for them both related and unrelated to the pandemic and the health impact.

OTHER INFORMATION ABOUT BUSINESS CONDITIONS IN Q1

Profitability was down around 100 basis points year-on-year, given the sudden slump in business from mid-March. This abrupt decline meant we weren't able to cut costs proportionally because they are partly fixed and were in line with projected growth to that point for 2020.

In contrast, free cash flow from operating activities was in line with forecasts for Q1 and particularly high on the back of the strong sales at end-2019, reflected in inflows this quarter.

The company invested close to €12 million in two acquisitions (Maritz Mystery Shopping and Askia) in Q1. These two companies were consolidated as from February 1, 2020.

The net debt ratio was 47.4% at March 31, 2020, down from 51.5% at December 31, 2019 and 52.9% at March 31, 2019.



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The company has a strong cash position with €230 million in cash, not to mention around €500 million in undrawn bank facilities. This will allow it to meet its debt repayments in 2020 and 2021.

OUTLOOK FOR 2020

The situation hasn't changed since the press release of April 8, 2020, which stated that following a very positive start to the year, despite disappointing performances in a number of Asian markets and in particular China, since the third week of March Ipsos has been operating in a highly changed market.

There has been a significant fall in orders with the twin effect of fewer new orders than last year and a substantial level of cancellations and above all suspensions and postponements.

The magnitude communicated on April 8 was reaffirmed during the first three weeks of April (week 14, beginning March 30 and ending April 5, week 15 and week 16): New orders were down 10% on last year whereas the net order book (new orders net of cancellations and postponements during the period) was at 40% of what it was in the same weeks of 2019. It is likely that this trend, with perhaps fewer cancellations and postponements, will continue until we move out of the Great Lockdown into a period where the most restrictive measures are removed. This will be gradual but nonetheless real.

Until then, Ipsos will see sales negatively affected by:

- The difficulties faced by clients themselves;
- The uncertainty created by the epidemic, in particular regarding the length of the lockdown and the subsequent length of restrictions not to mention concerns about what will follow;
- The consequences of the lockdown and operational impossibility for Ipsos to work on certain programs, particularly where people need to be surveyed in person.

Ipsos is optimistic that the services and information provided to public authorities, companies and other organizations are critical and will be viewed as such during the various phases leading up to a return to “normal” life for everyone.



PRESS RELEASE

That said, Ipsos is realistic and has been proactive:

- Steps were taken in March to control the cost base and bring it into line with actual business levels. The primary goal, amongst others, is to preserve the company's strong cash position. The decision to cut the dividend in half is based on the same rationale.
- The solutions that Ipsos offers its clients have been or will shortly be adapted to reflect the technical and material constraints created by the Great Lockdown and the restrictive measures that will likely be in place for months. They are, insofar as possible, more digital, agile, quicker. They make it possible to obtain the accurate measurements and fresh information companies and organizations need. The Great Lockdown is reflective of the extent of the crisis. It is also, however, a major accelerator of innovation and of transformation in the methods and processes used to collect data.
- There is a particular focus on internal training, client communication and the functioning of collaborative platforms. These are trying and difficult times for everyone. There is considerable need to adapt. In fact, it is easy to order a company's employees to work from home, but it is much more complex to ensure that, under these conditions, the work that must be done is done as efficiently as before. Ipsos continues to manage thousands of projects, survey millions of people, collect and analyze content from hundreds of thousands of websites and social media sources. Every day and in every region, Ipsos' teams act as spokespeople for consumers / citizens and clients.

Lastly, Ipsos is closely monitoring the speed of market recovery and type of demand - new or not - in countries that were never fully locked down, such as South Korea, or that are coming out of lockdown, such as China.

In five weeks, at the General Shareholders' Meeting of Ipsos SA, which will be held behind closed doors on May 28, Ipsos will provide further updates on market conditions and business activity.

Publication of 2020 half-yearly results: July 22, 2020.

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GAME CHANGERS 



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ABOUT IPSOS

Ipsos is the third largest market research company in the world, present in 90 markets and employing more than 18,000 people.

Our passionately curious research professionals, analysts and scientists have built unique multi-specialist capabilities that provide true understanding and powerful insights into the actions, opinions and motivations of citizens, consumers, patients, customers or employees. Our 75 business solutions are based on primary data coming from our surveys, social media monitoring, and qualitative or observational techniques.

“Game Changers” – our tagline – summarizes our ambition to help our 5,000 clients navigate with confidence our world of rapid change.

Founded in France in 1975, Ipsos is listed on the Euronext Paris since July 1, 1999. 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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