



## Press Release

**First half of 2003**

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### **Faster pace of growth and margin improvement at Ipsos** **Operating profit up 17.6%** **Net profit up 23.9%**

**Paris, September 22, 2003.** During a half-year marked by worldwide instability, Ipsos has managed to deliver both significant growth and an improvement in its margins, just as it has done in previous periods.

#### **Growth**

Though adversely affected by the unfavourable exchange rate fluctuations, Ipsos' first-half 2003 revenue came to 264.3 million euros, up 8.1% compared with the first half of 2002.

This performance was influenced by three main factors:

- Negative currency effects resulting from the translation into euros of business in the UK, North and South America, Central Europe, Asia and the Middle East. These currency effects had a negative impact of 15% on Ipsos' revenues during the first half of 2003. Based on the exchange rates prevailing during the corresponding period of 2002, revenues would have reached 301 million euros.
- The first-time consolidation of certain companies, primarily in Europe, generated a 13% increase in revenues. By way of these acquisitions, Ipsos has become a leading player in the German, Russian, Polish, Swedish and Belgian markets.
- Robust organic growth (10.1%), which was much faster than that of the market at large and that posted by the Group's major international rivals. This strong momentum was attributable to the steady improvement in Ipsos' position in certain specific fields, such as the measurement of advertising effectiveness, as well as its success with international customers looking to forge long-term alliances to optimise their marketing strategies.

(millions of euros)	First half			
	June 2003	June 2002	% change	2002
<b>Revenues</b>	<b>264.3</b>	<b>244.5</b>	<b>8.1%</b>	<b>538.4</b>
<b>Gross margin</b>	<b>155.0</b>	<b>144.3</b>	<b>7.4%</b>	<b>311.5</b>
<b>Operating profit</b>	<b>20.9</b>	<b>17.8</b>	<b>17.6%</b>	<b>43.6</b>
<i>Operating profit/revenues</i>	7.9%	7.3%		8.1%
<i>Operating profit/GM</i>	13.5%	12.3%		14.0%
<b>Net financial expense</b>	<b>(3.1)</b>	<b>(3.3)</b>	<b>(8%)</b>	<b>(5.9)</b>
<b>Net profit (group share)</b>	<b>11.7</b>	<b>9.5</b>	<b>23.9%</b>	<b>23.7</b>

These figures are shown before goodwill amortisation.

### Profitability

Operating profit rose twice as rapidly as revenues, reaching 20.9 million euros, which represented a rise of 17.6% compared with the first half of 2002. The operating margin grew to 7.9% of revenues compared with 7.3% during the same period of 2002.

Once again, currency effects had a major impact since operating profit would have risen by 43% to 25.5 million euros had exchange rates remained at the same level as in 2002.

Margin improvement was driven primarily by a healthy rate of organic growth. It also flowed from the very significant increase in the use of online data collection systems, especially in North America.

This improvement gives Ipsos scope to bolster its R&D efforts (to develop new ranges of products and services in all its business lines) and its internal training programmes (to enable Ipsos' operational teams, now working in 35 countries around the world, to share the same knowledge and the same expertise).

Net financial expense decreased thanks to the decline in interest rates and the stabilisation in debt even though the group continued to pursue an active programme of acquisitions.

All in all, net profit attributable to the Group advanced by 23.9% to 11.7 million euros. At constant exchange rates, it would have risen by 60% to 15.2 million euros.

### Controlled financial position

Operating cash flows increased by 26% compared to the same period last year, due to the improvement in operating profit.

As of June 30, 2003, the company's net debt stood at 162 million euros versus 134 million euros as of December 31, 2002. This is due in part to traditionally higher levels of working capital needs at mid-year as well as the impact of the acquisitions program, 31 million euros having being paid out during the first half.



In order to strengthen the balance sheet structure, Ipsos realised in May 2003, by private placement, a 10-year bond issue of 90 million dollars. It was particularly attractive in view of current interest rate levels to refinance the existing debt related to the expansion of the group in North America.

#### **Outlook for 2003 and 2004**

Ipsos' growth is set to hold up at a very healthy pace for the remainder of 2003. The European businesses will post faster growth than during the first half. In North and South America, further brisk growth is expected, even though it may be slightly weaker than at the start of the year because the comparatives will be less favourable as both regions posted particularly strong levels of business during the second half of 2002.

All in all, the pace of Ipsos' organic growth will be significantly higher than the initial target of 8%. Its operating margin and net profit will also see a healthy increase.

Ipsos is set to continue growing during 2004. As during 2003, it will pursue five main priorities:

- selective acquisitions in the Asia-Pacific region, as well as in key markets, such as North America and the UK.
- the pursuit of its programme aimed at defining its offering more clearly through its five areas of specialisation.
- efforts to step up its partnership with its major international customers.
- an increase in the proportion of research carried out online, not just in North America, but also in Europe.
- continued emphasis on the quality and professionalism of its teams, which guarantee the excellence of its services.

2004 is therefore likely to bring organic growth well in excess of the market average and a fresh improvement in Ipsos' operating margin and net profit.

#### **Nobody's unpredictable**

'Nobody's unpredictable' is the new Ipsos signature.

*Our clients' clients are increasingly demanding. They change direction, change their views and preferences often and easily. We at Ipsos anticipate and meet those changes. We help our clients to understand their clients, to bring focus and clarity to even the most difficult situations. We understand the dynamics of their markets and we deliver the insight needed to give them the leading edge.*

Ipsos, listed on the Premier Marché of the Euronext Paris Stock Exchange,  
is part of the SBF 120 Index, adheres to the Next Prime segment  
and is eligible to the Differed Settlement System.

**Isin FR0000073298, Reuters ISOS.PA, Bloomberg IPS:FP**  
**[www.ipsos.com](http://www.ipsos.com)**

	30/06/03	30/06/02	31/12/02
<b>FIXED ASSETS</b>			
<i>Intangible fixed assets</i>			
Start-up costs	140	93	134
Other intangible fixed assets	10 040	10 511	10 784
<i>Business goodwill an goodwill arising on acquisition</i>	<b>293 342</b>	<b>265 351</b>	<b>301 571</b>
<i>Tangible fixed assets</i>	17 073	17 932	16 893
<i>Financial fixed assets</i>			
Non-consolidated participating interests	168	2 720	2 663
Companies accounted for using the equity method	292	310	310
Other financial fixed assets	3 285	2 571	3 506
<b>TOTAL FIXED ASSETS</b>	<b>324 340</b>	<b>299 488</b>	<b>335 861</b>
<b>CURRENT ASSETS</b>			
<i>Stocks and work in progress</i>			
Miscellaneous supplies	481	733	361
Surveys in progress	11 979	10 942	6 629
<i>Receivables</i>			
Trade receivables	139 524	109 340	129 560
Other receivables	21 841	16 852	21 594
Marketable securities	2 699	2 430	6 160
Cash	23 776	21 664	28 984
<b>TOTAL CURRENT ASSETS</b>	<b>200 300</b>	<b>161 961</b>	<b>193 288</b>
<i>Prepaid expenses, deferred taxes and other assets</i>	<b>14 742</b>	<b>19 103</b>	<b>12 348</b>
<b>TOTAL ASSETS</b>	<b>539 382</b>	<b>480 552</b>	<b>541 497</b>



	30/06/03 before appropriation of income	30/06/02	31/12/02
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7 017	6 416	7 000
Premium	174 202	175 507	173 980
Other reserves (retained earnings)	111	-2 370	-2 560
<b>Net income for the period after minority interests</b>	<b>2 777</b>	<b>906</b>	<b>7 130</b>
<b><i>Equity attributable to the group</i></b>	<b>184 107</b>	<b>180 459</b>	<b>185 560</b>
Minority interests in consolidated reserves	5 274	3 804	2 940
Minority interests in net income for the period	417	918	3 380
<b><i>Minority interests</i></b>	<b>5 691</b>	<b>4 722</b>	<b>6 330</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>189 798</b>	<b>185 181</b>	<b>191 890</b>
<b><i>Provisions for liabilities and charges</i></b>	<b>23 067</b>	<b>12 820</b>	<b>20 090</b>
<b>LIABILITIES</b>			
<b><i>Long-term debt</i></b>	<b>189 117</b>	<b>171 407</b>	<b>168 870</b>
<b><i>Other liabilities</i></b>			
Advances & progress payments from customers	8 240	3 519	7 190
Trade payables	60 131	41 727	51 330
Tax and employment-related liabilities	37 373	33 001	41 270
Other liabilities	16 726	17 928	44 040
<b>TOTAL LIABILITIES</b>	<b>311 587</b>	<b>267 582</b>	<b>312 730</b>
<b><i>Prepaid income and other liabilities</i></b>	<b>14 930</b>	<b>14 969</b>	<b>16 780</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>539 382</b>	<b>480 552</b>	<b>541 490</b>



In thousand euros	1st half year 2003	1st half year 2002	2002
<b>Revenues</b>	<b>264 266</b>	<b>244 480</b>	<b>538 426</b>
Direct costs	109 267	100 138	226 889
<b>GROSS MARGIN</b>	<b>154 999</b>	<b>144 342</b>	<b>311 537</b>
Payroll costs including statutory employee profit-sharing	91 252	85 410	182 191
General operating expenses	44 415	41 735	82 992
Other income and expense (net)	(1 557)	(562)	2 725
<b>Total operating expenses</b>	<b>134 110</b>	<b>126 583</b>	<b>267 908</b>
<b>OPERATING PROFIT</b>	<b>20 889</b>	<b>17 759</b>	<b>43 629</b>
Net financial expenses	(3 084)	(3 349)	(5 856)
<b>NET PROFIT FROM ORDINARY ACTIVITIES OF CONSOLIDATED ENTITIES</b>	<b>17 805</b>	<b>14 410</b>	<b>37 773</b>
	129	(83)	(144)
<b>PROFIT OF CONSOLIDATED ENTITIES BEFORE TAX</b>	<b>17 934</b>	<b>14 327</b>	<b>37 629</b>
Corporate income tax	5 789	3 971	10 555
<b>PROFIT OF CONSOLIDATED ENTITIES AFTER TAX</b>	<b>12 145</b>	<b>10 356</b>	<b>27 074</b>
Share of profit/ (losses) of companies accounted for using the equity method	10	39	39
Goodwill amortisation	8 961	8 571	16 599
<b>NET PROFIT BEFORE MINORITY INTERESTS</b>	<b>3 194</b>	<b>1 824</b>	<b>10 514</b>
Minority interests in profit of the year	417	918	3 382
<b>NET PROFIT ATTRIBUTABLE TO THE GROUP</b>	<b>2 777</b>	<b>906</b>	<b>7 132</b>
<b>NET PROFIT ATTRIBUTABLE TO THE GROUP BEFORE THE IMPACT OF AMORTISATION OF GOODWILL ARISING ON ACQUISITION AND BUSINESS GOODWILL</b>	<b>11 738</b>	<b>9 477</b>	<b>23 731</b>



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In thousand euros	1st half year 2003	1st half year 2002	2 002
<b>Operating activities</b>			
<b>Consolidated net profit attributable to the group</b>	<b>2 777</b>	<b>906</b>	<b>7 133</b>
<b>Non-monetary items with no cash impact</b>			
Amortisation and depreciation	6 876	6 753	14 293
Share in losses/(profits) of companies accounted for using the equity method	(10)	(39)	(39)
Losses/(gains) on asset disposals		31	230
Amortisation of business goodwill and goodwill arising on acquisition	8 961	8 571	16 601
Movement in other provisions		212	504
Deferred taxation	2 318	(324)	4 672
Minority interests	417	918	3 382
Other items	138	(3)	(6)
<b>Operating cash flow before working capital items</b>	<b>21 477</b>	<b>17 025</b>	<b>46 763</b>
Decrease/(increase) in stocks and work in progress	(5 439)	(3 658)	991
Decrease/(increase) in trade receivables	(6 737)	101	(10 056)
Decrease/(increase) in other receivables	815	4 792	312
Increase/(decrease) in trade payables	6 438	(4 341)	2 483
Increase/(decrease) in accrued interest on debt	340	44	610
Increase/(decrease) in other liabilities	(5 956)	(2 664)	2 320
<b>Change in working capital needs</b>	<b>(10 539)</b>	<b>(5 726)</b>	<b>(3 338)</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>10 938</b>	<b>11 299</b>	<b>43 433</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of tangible and intangible fixed assets (excluding business goodwill)	(5 525)	(5 097)	(11 900)
Acquisition of business goodwill	(157)	(228)	(5 656)
Acquisition of non-consolidated participating interests		(2 693)	(2 725)
Proceeds from disposals of tangible and intangible assets		52	
Proceeds from disposals of long-term investments			
Decrease/(increase) in other long-term investments	(3)	(605)	(1 580)
Increase/(decrease) in amounts payable on fixed assets	(30 934)	5 134	35 913
Impact of changes in consolidation scope	(516)	(7 354)	(42 759)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(37 135)</b>	<b>(10 791)</b>	<b>(28 707)</b>
<b>FINANCING ACTIVITIES</b>			
Share issue	225	(12)	39 833
Issue of long-term debt	80 859	4 240	16 733
Repayment of long-term debt	(56 211)	(4 932)	(18 905)
Increase/(decrease) in bank overdrafts & short-term debt	(3 468)	1 271	(39 973)
Dividends paid to parent company shareholders	(2 405)	(2 165)	(2 140)
Dividends paid to minority shareholders of consolidated entities	(504)	(1 081)	(1 705)
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>18 496</b>	<b>(2 679)</b>	<b>(6 150)</b>
<b>Opening cash</b>	<b>35 282</b>	<b>31 706</b>	<b>31 706</b>
Impact of exchange rate fluctuations	(1 028)	(5 441)	(4 998)
<b>Net change in cash</b>	<b>(7 701)</b>	<b>(2 171)</b>	<b>8 574</b>
<b>CLOSING CASH</b>	<b>26 553</b>	<b>24 094</b>	<b>35 282</b>