



Communiqué de Presse

Ipsos in the first half of 2005

Margins improve in a solid market Growth expected to gather pace over the rest of 2005 and in 2006

Operating margin: up 18.0% to €24.8 million
Profit before tax: up 31.4% to €20.5 million
Profit (group share): up 19.6% to €10.4 million

Paris, 20 September 2005. Over the first half of 2005, Ipsos demonstrated its ability to pursue its goal of becoming a major international market research company, active in all key regions and countries, and a leader in its chosen specialist areas.

Revenue for the first half was €321.8 million, an increase of 12.5% on the first half of 2004. Currency effects remained negative, although to a lesser extent than in the last three years, at 1.4%. Organic growth of 7.8% was ahead of the market average and above the rates seen at the group's main competitors. This growth figure was all the more satisfactory because the first half of 2004 had also seen a strong performance. The picture remains mixed from one region to the next. There was very strong growth in the Asia/Pacific region, the Middle East and Latin America, whilst figures in Europe were no better than average.

The integration of new companies, particularly in Asia, contributed 6.1% to revenue growth.

The accounts summarised below are presented under IFRS for the first time.

| (in millions of euros) | IFRS | | | |
|--|------------------------------|------------------------------|---------------|------------------------------|
| | H1 2005 | H1 2004 | Change | Full year 2004 |
| Revenue | 321.8 | 286.0 | +12.5% | 605.6 |
| Gross margin <i>Gross margin/revenue</i> | 190.6 59.1% | 166.0 58.0% | +14.8% | 354.9 58.6% |
| Operating margin <i>Operating margin/Revenue</i> <i>Operating profit/Gross margin</i> | 24.8 7.7% 13.0% | 21.1 7.4% 12.7% | +18.0% | 50.8 8.4% 14.3% |
| Profit before tax | 20.5 | 15.6 | +31.4% | 37.8 |
| Profit (group share) | 10.4 | 8.7 | +19.6% | 22.2 |



Profitability – Gross margin, which is equivalent to revenue less direct external costs, most notably the cost of data collection, grew faster than revenue, reflecting resilient prices and the benefits of the shift to on-line data collection systems.

Operating margin, calculated under IFRS, came to 7.7% of consolidated revenue and 13% of gross margin, a 30 basis point improvement on the first half of 2004. It grew by 18% compared to the first half of 2004. In keeping with the pattern of past years, operating margin will improve over the second half as contracts are completed.

Profit before tax was €20.5 million, a 31% increase on the first half of 2004. The effective tax rate under IFRS was 35%, corresponding to the global average tax rate of general taxation regimes. The tax charge now includes a charge to deferred tax liabilities which cancels out tax savings resulting from the tax deductibility of goodwill amortisation in certain countries, although such deferred liabilities will only fall due in the event of the businesses concerned being sold. The actual tax rate paid by Ipsos was 25% in 2004 and will remain below 30% over the next few years.

Profit (group share) rose 19.6% from €8.7 million in the first half of 2004 to €10.4 million this year. Here too, seasonal effects suggest that profit will be higher still in the second half. In 2004 the first half contributed less than 40% of total net profit for the year.

Financial position – Equity was increased to €261 million at 30 June 2005, thanks in part to the absence of goodwill amortisation. Net financial debt stood at €198 million, from €159 million at 31 December 2004, due partly to the traditionally higher level of Working Capital Requirement at the mid-point of the year, and partly to financing of €26 million for acquisitions. Gearing was stable at 75%.

Markets and Ipsos outlook – The market research market has seen a resumption of strong growth. According to the latest data from ESOMAR, the market was worth a total of USD 21.5 billion in 2004, an increase of 7.5% at constant exchange rates. This growth is being driven by the growing need for companies and institutions better to understand and anticipate the behaviour of individuals as citizens, consumers and clients. Market expansion also reflects recognition that market research companies make a valuable contribution to enhancing the marketing and advertising campaigns of their clients and ensuring their effectiveness.

Market growth has come against a background of concentration of expenditure on international companies that can work on any geographical scale – be it a country, a region or the whole world – and also offer reliable operational resources, respond quickly, control costs and offer services using the latest techniques. Such companies are also in a position to bring together expert teams and thus offer clients the methodologies and skills they need to improve their market intelligence and optimise their decisions.

In terms of business volumes, Ipsos is the world's third largest survey-based market research company. It is making a positive contribution to the development of the industry. Ipsos' management team is convinced that the company's growth will not only continue but that it will gather pace. To achieve this Ipsos can draw on the density of its geographical coverage, the quality and commitment of its staff, its presence in promising specialities and sectors and the loyalty of its clients. Ipsos is now in a position to raise its medium-term growth targets.



Press Release –20 September 2005

In 2005, on the basis of information available, and assuming that the euro's exchange rate against other major currencies will remain at around its August levels for the period from September to December, the company expects full year revenue of €700 million, with an operating margin of 9% under IFRS rules.

By 2007, and using current exchange rates (1 euro = 1.25 USD), Ipsos now expects to have revenue of at least €1 billion, with operating margin of over 10%. This will represent revenue growth of more than 40% and profit growth of more than 50% over two years. All other things being equal, these latest targets are between 10% and 15% higher than the previous targets, which assumed parity between the euro and the dollar.

Achieving these targets will require unchanged economic and financial conditions. They will be made possible by organic growth that will remain strong and the consolidation of new companies, particularly in countries and regions that Ipsos views as high priority (USA, UK, Asia – Pacific) and in the specialist areas where Ipsos plans to establish itself as a market leader.

Appendices: Consolidated accounts at June 30, 2005

Balance sheet

Income statement

Cash flow statement

A presentation of first half business levels and results together with full details of consolidated half-yearly accounts will be available on the company's website www.ipsos.com from 21 September

NB: Ipsos is today also announcing the opening of a new office in Bangkok.

Nobody's Unpredictable

'Nobody's unpredictable' is 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 is listed on the Premier Marché of the Paris Bourse.

The company is a member of the SBF120 index and of the Next Prime segment.

It is eligible for the SRD deferred settlement system.

Isin Code FR0000073298, Reuters ISOS.PA, Bloomberg IPS:FP



Consolidated balance sheet

| Assets | 30/06/2005 | 31/12/2004 |
|----------------------------------|----------------|----------------|
| In thousands of euros | | |
| NON CURRENT ASSETS | | |
| Goodwill | 416 868 | 367 153 |
| Intangible assets | 11 393 | 10 281 |
| Property, plant and equipment | 21 730 | 20 594 |
| Investments in associates | 299 | 310 |
| Non-consolidated investments | 219 | 257 |
| Other long-term investments | 4 521 | 6 632 |
| Deferred tax assets | 10 010 | 10 460 |
| TOTAL NON CURRENT ASSETS | 465 040 | 415 687 |
| CURRENT ASSETS | | |
| Inventories and work in progress | 9 184 | 8 999 |
| Trade receivables | 204 753 | 186 175 |
| Other receivables | 38 509 | 32 096 |
| Cash and cash equivalents | 30 727 | 32 437 |
| TOTAL CURRENT ASSETS | 283 173 | 259 707 |
| TOTAL ASSETS | 748 213 | 675 394 |

| Equity and Liabilities | 30/06/2005 | 31/12/2004 |
|--------------------------------------|-------------------|-------------------|
| In thousands of euros | | |
| EQUITY | | |
| Share capital | 7113 | 7099 |
| Share premium | 216 569 | 216 177 |
| Treasury shares | -39 835 | -39 835 |
| Other reserves and retained earnings | 62 143 | 25 698 |
| Profit for the year | 10 376 | 22 199 |
| Minority Interests | 4 312 | 1 199 |
| TOTAL EQUITY | 260 678 | 232 537 |
| NON CURRENT LIABILITIES | | |
| Bonds and bank loans | 192 515 | 164 855 |
| Provisions | 5 907 | 3 794 |
| Deferred tax liabilities | 19 263 | 16 404 |
| Retirement benefits obligations | 8 081 | 7 952 |
| Other non current liabilities | 63 150 | 64 131 |
| TOTAL NON CURRENT LIABILITIES | 288 916 | 257 136 |
| CURRENT LIABILITIES | | |
| Trade payables | 76 263 | 83 919 |
| Bank overdrafts and loans | 35 011 | 26 824 |
| Current tax liabilities | 4 433 | 2 635 |
| Other current liabilities | 82 912 | 72 343 |
| TOTAL NON CURRENT LIABILITIES | 198 619 | 185 721 |
| TOTAL EQUITY AND LIABILITIES | 748 213 | 675 394 |

Consolidated Income Statement

| In thousands of euros | 30/06/2005 | 30/06/2004 | exercice 2004 |
|---|------------------|------------------|------------------|
| Revenues | 321 761 | 285 924 | 605 594 |
| Direct costs | (131 721) | (119 963) | (250 670) |
| GROSS MARGIN | 190 040 | 165 961 | 354 924 |
| Payroll | (116 574) | (101 911) | (209 007) |
| General expenses | (46 873) | (42 648) | (94 354) |
| Other operating income and expense | (1 749) | (341) | (618) |
| Total operating expenses | (165 196) | (144 900) | (303 979) |
| OPERATING MARGIN | 24 844 | 21 061 | 50 945 |
| Other gains and losses | (300) | (1 468) | (4 960) |
| Finance costs | (4 021) | (3 976) | (8 151) |
| PROFIT BEFORE TAX | 20 523 | 15 617 | 37 834 |
| Current tax expense | (6 054) | (3 428) | (9 335) |
| Deferred tax expense | (1 740) | (1 697) | (3 181) |
| PROFIT FOR THE PERIOD | 12 729 | 10 492 | 25 318 |
| Attributable to Equity holders of the parent | 10 376 | 8 674 | 22 199 |
| Attributable to Minority interests | 2 353 | 1 818 | 3 119 |

Consolidated cash flow statement

In thousands of euros

30/06/2005 30/06/2004 31/12/2004

OPERATING ACTIVITIES

| | | | |
|--|-----------------|-----------------|-----------------|
| PROFIT FOR THE PERIOD | 12 729 | 10 492 | 25 318 |
| Adjustements for: | | | |
| Depreciation and amortisation of fixed assets | 4 833 | 6 191 | 12 321 |
| Losses/(gains) on asset disposals | 26 | 1 593 | 1 180 |
| Increase/(decrease) in fair value | 362 | 561 | 1 139 |
| Movement in provisions | 601 | 484 | 3 258 |
| Share-based payment expense | 650 | 500 | 1 068 |
| Finance costs | 4 276 | 3 976 | 8 151 |
| Income tax expense | 7 794 | 5 125 | 12 516 |
| OPERATING CASH FLOW BEFORE MOVEMENTS IN WORKING CAPITAL | 31 271 | 28 922 | 64 951 |
| MOVEMENTS IN WORKING CAPITAL | (16 450) | (23 681) | (16 622) |
| Interest paid | (3 858) | (3 973) | (8 496) |
| Income taxes paid | (6 054) | (3 428) | (9 517) |
| NET CASH FROM OPERATING ACTIVITIES | 4 909 | (2 160) | 30 316 |

INVESTING ACTIVITIES

| | | | |
|---|-----------------|-----------------|-----------------|
| Acquisition of tangible and intangible fixed assets | (5 555) | (7 100) | (13 319) |
| Proceeds from disposals of tangible and intangible fixed assets | | 77 | 104 |
| Acquisition of business goodwill | (25 854) | (4 410) | (17 013) |
| NET CASH USED IN INVESTING ACTIVITIES | (31 409) | (11 433) | (30 228) |

FINANCING ACTIVITIES

| | | | |
|---|----------------|---------------|---------------|
| Share issues | 406 | 407 | 1 348 |
| Increase/(decrease) in long-term borrowings | 13 852 | 8 394 | 10 007 |
| Increase/(decrease) in bank overdrafts and loans | 9 003 | 7 558 | (1 099) |
| Dividends paid to Equity holders of the parent | 0 | | (6 233) |
| Dividends paid to Minority interests | (713) | (983) | (2 257) |
| NET CASH FROM FINANCING ACTIVITIES | 22 548 | 15 376 | 1 766 |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | (3 952) | 1 783 | 1 854 |
| Effect of foreign exchange rate changes | 2320 | 250 | (3 051) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 32 437 | 33 634 | 33 634 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 30 805 | 35 667 | 32 437 |