



Press Release

First quarter of 2014

As predicted, negative effect of exchange rates impact Q1 revenue

Revenue **-4.5%**
Organic growth **+1.5%**

Paris, 23 April 2014 – Revenue at Ipsos amounted to 343.3 million euros in the first quarter of 2014, a drop of 4.5%.

Currency fluctuations, which Ipsos had indicated would “have an impact on the company’s financial statements, at least in the first half of the year”, reduced business volumes in euro terms by 5.5% over the period. In addition, changes in the scope of activity, which had already been outlined in 2013, reduced the basis of comparison by 0.5%.

Organic growth – at constant scope and exchange rates – was the only parameter to move in the right direction. It reached +1.5%, in line with the performances recorded in the third and fourth quarters of 2013. This level of growth was expected at this stage and does not provide an indication of the likely performance of the company over the full year. In 2013, Ipsos saw a significant reduction in its revenue in the first quarter, before returning to growth, which though modest was tangible, from spring onwards. Similarly, in 2014 the company expects figures to improve over the next three quarters.

Consolidated revenues (in millions of euros)	2014	2013	2012
First quarter	343.3	359.6	379.9
Second quarter	-	444.1	457.1
Third quarter	-	418.6	440.6
Fourth quarter	-	490.1	512.0
Full year	-	1 712.4	1 789.5

** at constant scope and exchange rates*

Performance by region and business line

Revenue trends were comparable across the company's geographic areas. Growth in emerging markets was strong at 5.5% - at constant scope and exchange rates - whilst it remained slightly negative (at -0.5%) in developed markets due to the continuing delicate situations in the euro zone and Japan.

By business line, the underperformance of MediaCT, the Media Research division, was merely an artefact relating to the stages reached on a certain number of major contracts. Ipsos' performance in the media and technology sectors will improve over the course of the year. With this, temporary, exception, the performance across all Ipsos specialisations was in line with their business plans.

Consolidated revenues by geographic area (in millions of Euros)	1 st quarter 2014	1 st quarter 2013	Year-on-year change	Organic growth
EMEA	165.7	167.8	-1.2%	1.5%
Americas	124.7	134.4	-7.2%	2%
Asia-Pacific	52.9	57.4	-7.9%	0%
Quarterly revenues	343.3	359.6	-4.5%	1.5%

Consolidated revenues by business line (in millions of Euros)	1 st quarter 2014	1 st quarter 2013	Year-on-year change	Organic growth
Advertising Research	55.7	59.4	-6.2%	1%
Marketing Research	177.9	184.1	-3.4%	2%
Media Research	30.0	35.3	-15.1%	-9%
Opinion and Social Research	35.4	35.3	0.3%	4%
Customer and Employee Relationship Management	44.3	45.5	-2.6%	4.5%
Quarterly revenues	343.3	359.6	-4.5%	1.5%

Other information about operating conditions in the first quarter

The operating margin was in line with the improvement targets announced for 2014. Net gearing was stable at 64%, its 31 December 2013 level, while free cash flow from operations was significantly higher in the first quarter of 2014 than in the same period last year.



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Outlook for 2014

There has been no shortage of bad news in recent weeks, particularly in Europe, where a narrowing of bond spreads cannot hide the constant pressure on the prices of goods and services. We can only hope that after the European elections, which look likely to be a testing time for the European project itself, everyone will take note of the need to act to avoid deflation and to give the region's citizens new reasons to believe in a shared future.

We will also have to keep our fingers crossed when looking at China, which is working on a different growth model, at Brazil, a future global giant where it is sometimes extremely difficult to overcome the challenges to healthy business management, and at the Arab nations who are still living on oil revenues that are threatened – in the future if not straight away – by the development of shale gas and oil and by alternative energy sources.

This said, the business climate has changed recently. Making companies more efficient, improving cash flow and continuing to return cash to shareholders are still on the agenda, but there is a 'but' that was not around in 2013. This year, many companies, including Ipsos' clients, are beginning once again to work on growth plans. After five years which saw many projects put on ice, a rebalancing of priorities is emerging, bringing more ambitious projects, a rebirth of advertising spending and a greater appetite for risk. The aversion to risk that has shaped so many decisions since 2009 seems to be out of fashion.

Our teams are receiving more approaches than before, and better approaches than before, to help develop the systems and protocols that will be used to drive new initiatives, new ideas and new markets. If this rebalancing gathers pace, companies that sell services in marketing, media, customer relationship management, brand and communication management and the development of "socially responsible companies", will find it easier to develop their own business.

Ipsos' strategy in recent years has been to prepare for this shift by building on a few key ideas. We have increased in size, in geographical coverage, in speed, technical, technological and operational resources, in expertise, and in the depth of our teams.

We have begun to roll out new services that we believe are well matched to our clients' new requirements. Mobile research, the use of neuroscience, web listening and the activation of communities, Big Data analytics, and ethnography have been used to enrich Ipsos' offering and to provide our clients with research solutions that are ever more effective, swift and relevant. The share of these "new services" was 5.4% of Ipsos' revenue in 2013, a figure that will climb to at least 7% in 2014 and to 10% in 2015.

We are therefore in a position to reiterate our targets for 2014: organic growth of at least 3% and an increase in operating margin.

Next publication: 23 July 2014, first-half results



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Nobody's Unpredictable

« Nobody's Unpredictable » is the Ipsos signature.

Our clients' clients are increasingly changing their habits – hopping from one trend to the next, changing their behaviour, views and preferences. We help our clients to capture these trends, which characterise the society in which we live. We help them to understand their clients – and the world - as they are.

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).

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