



# Press Release

## Another strong quarter

### Revenues for the first nine months of 2011: 845.8 million euros Organic growth: +6.0%

**Paris, 26 October 2011.** In the first nine months of 2011, Ipsos' revenues totalled 845.8 million euros, an increase of 4.1% relative to the year-earlier period.

During the nine-month period:

- Organic growth was +6.0%
- Changes in the scope of consolidation was +0.4%
- Currency effects had a 2.3% negative impact.

In the third quarter alone, Ipsos' revenues totalled 287.6 million euros, up 1.4% compared with the equivalent period of 2010. Revenues rose by 5.4% at constant scope and exchange rates, compared with 6.2% in the first quarter and 6.4% in the second, reflecting a stabilisation in corporate research spending.

We are especially pleased with this performance given the high base for comparison in the third quarter of 2010, when revenues grew by 10.5%. In full-year 2010, Ipsos' revenues rose by 8.3% at constant scope and exchange rates, and by only 7.2% in the fourth quarter of 2010.

<b>Consolidated revenues</b> <i>In millions of euros</i>	<b>2011</b>	<b>2010</b>	<b>2009</b>
1 <sup>st</sup> quarter	260.1	236.9	207.3
2 <sup>nd</sup> quarter	298.1	291.9	240.5
3 <sup>rd</sup> quarter	287.6	283.6	221.8
<b>9-month total (at 30 September)</b>	<b>845.8</b>	<b>812.5</b>	<b>669.6</b>
4 <sup>th</sup> quarter		328.3	274.1
Full-year total		<b>1140.8</b>	<b>943.7</b>

### Consolidated revenues by geographical area

The geographical breakdown shows Ipsos' very strong performance in emerging-market countries, where revenues grew by 15% on an organic basis, against 2% in developed countries. Emerging-market countries accounted for 33% of Ipsos' total revenues in the first nine months of 2011, rising to 34% in the third quarter alone. This was before the integration of Synovate, which is likely to increase the proportion further.

Consolidated revenues by geographic area <i>in millions of euros</i>	2011 (9 months)	2010 (9 months)	Change 2011/2010	Organic growth
Europe, Middle East, Africa	<b>370.7</b>	362.4	+2%	+3%
Americas	<b>370.4</b>	361.6	+2.5%	+6.5%
Asia-Pacific	<b>104.7</b>	88.5	+18%	+17%
<b>9-month total (at 30 September)</b>	<b>845.8</b>	812.5	+4.1%	+6.0%

### Consolidated revenues by business line

Performance was particularly strong in Media, Information & Technology Research and Customer & Employee Relationship Management Research. Both of these business lines made a major contribution to Ipsos' growth in the third quarter, increasing revenues by 12% and 17% respectively.

Opinion & Social Research continued to suffer from public-sector spending cuts in some countries, though the decrease at end September (-6% in organic growth) is lower than at end June (-9%). Lastly, Marketing Research and Advertising Research grew at a slower pace. This was because many clients – particularly, though not only, those operating in mass consumer sectors - are taking a cautious approach and are planning to scale down marketing and advertising initiatives between now and the end of the year. Caution and Cash Management rule.

Consolidated revenues by specialisation <i>in millions of euros</i>	2011 (9 months)	2010 (9 months)	Change 2011/2010	Organic growth
Advertising Research	<b>182.1</b>	180.8	+1%	+3%
Marketing Research	<b>381.1</b>	374.4	+2%	+7%
Media Research	<b>100.0</b>	81.4	+23%	+12%
Opinion & Social Research	<b>89.6</b>	96.2	-7%	-6%
Customer Relationship Management Research	<b>93.0</b>	79.7	+17%	+17%
<b>9-month total (at 30 September)</b>	<b>845.8</b>	812.5	+4.1%	+6.0%



### **Acquisition of Synovate and successful rights issue**

On 11 October, Ipsos completed its acquisition of Synovate, the research division of Aegis, for an enterprise value of GBP 525 million. This is a transformative deal for Ipsos, making it the world's number three research group. Ipsos now has more teams of experts operating in more countries, offering customers an enhanced and broader range of research services.

The deal comes after Ipsos' successful 200 million euro rights issue. The rights issue began on 8 September 2011 and was completed on 30 September 2011, and resulted in 10,967,552 new shares being issued on the Euronext Paris exchange. The final gross proceeds totalled 200,157,824 euros, and were used in financing the Synovate deal, which integration into Ipsos' accounts will start at 1 October 2011.

Ipsos would like to thank its shareholders for taking part in the rights issue, foremost among which are LT Participations - Ipsos' core shareholder, in itself controlled by Jean-Marc Lech and Didier Truchot - along with Belgium's Sofina and France's FFP. The rights issue was 80% oversubscribed, which shows the market's confidence in the opportunities that the Synovate deal will create for Ipsos.

### **Other information about business activity over the first nine months**

The operational margin increased compared to the same period in 2010. The Group's net Gearing stands at 3.8% at 31 September 2011, compared to 30.1% at 30 June 2011, due to the benefit of the capital increase realised on 30 September. Synovate's acquisition price happened after closure on 11 October 2011.

### **Outlook for 2011 and 2012**

This press release is being published on the day the leaders of the European Union, with those of euro-zone members at their heart, should (finally !) reach an agreement aimed at stabilising the "Old Continent's" version of the debt crisis.

If they are successful, after much delay and squabbling, they can hope with a certain amount of schadenfreude that the financial markets will turn their attention to the "New World" where the financial crisis began, and where they will ask American leaders who are also in difficulty, to reach agreement on their way forward.

This should not be a time for carping as the seriousness of the Western debt crisis and of the continuing instability of unbalanced foreign trade globally is deep, and will have consequences for the world's economic growth rates. All the experts today, including the optimists at the World Bank and the IMF, recognise that the journey will be long and the road ahead dangerous before we find again an environment which is as favourable as that of 2004-2008, when the economy grew by 5% per annum, stimulated by extravagant financing.

The most positive forecasts are for around 3% growth in 2012. This is doubtless the best one can hope for when the level of demand - public or private - is weakened in line with the plans for adjustment in the West, and measures destined to limit the expansion of the financial sector in China and elsewhere.

We can anticipate many consequences from these efforts which aim to stabilise a global system which in the past has contributed to a general expansion of economies but which is now showing its limitations. In the worst scenarios, there will be increased xenophobia, protectionism, competing devaluations and the destabilisation of the weakest countries, including countries from the Arab world which are so dependant on oil and gas revenues. The

financial sector has grown more rapidly than the real economy, suggesting a certain ineffectiveness, at least in the short term, of a number of investments made over the past twenty years.

In the most favourable scenario, the period of stabilisation and thus of weak to moderate growth, will be used to transform the rules of operating of the world economy to create the conditions for sustained growth which is better balanced and – according to one's point of view – better regulated.

For our public and private sector clients, uncertainty has increased since not all will be the winners. They have become used to working in a very competitive environment. They are also preparing to adapt to a slowdown of growth. It is being said that banks should reduce the size of their balance sheets. It is probable that many companies will also have to curb their annual growth forecasts, either because they will lack the financing or because they will be operating in markets in which the potential for their offer will be more limited.

The differences between companies' performances may well increase, with the best performers carrying the day over those which are less distinctive and less strong in their ways of operating, less innovative, less solid in their management and in their financial resources.

These factors explain our optimism about the future success of our industry, researching markets and citizens-clients-consumers.

Competitive advantage comes from mastering your market: from a good understanding of needs, desires and the potential reactions of individuals to current offers, either updated or truly new; from effective measurement of what is happening across each country and each segment of the market; from a good use of the money which it is decided will be dedicated to the selling and promotion of ones' ideas, products and services; from knowing and making better use of media – traditional and new, social or otherwise – all this comprises a competitive advantage which can not be built and sustained without a base of relevant information, comprehensible to all the relevant decision-makers, and (of course) accurate.

Like all others, our industry will evolve in the years to come. It will have to transform itself, be more effective in its ways of operating, better at explaining and more connected to clients' activities.

This lies at the heart of the reasons for the acquisition of Synovate by Ipsos and of the current combination of the teams, their knowledge and their operational resources.

Ipsos took control of Synovate on 12<sup>th</sup> October 2011. Since then the "Open World" project, designed to build a "Better Ipsos", has been working via several workstreams. Their objective is to ensure the three goals Ipsos has set itself are established in the organisation, offer and capabilities of the combined company. These are:

1. To improve the company's operational capacity so that the services provided are carried out better, quicker and always price-competitively;
2. Increase the value of our services by improving their worth, notably by ensuring that the information delivered to clients is clearer, more precise, and better integrated into the context and business environment of our clients;
3. Intensify the usage of technology, making progress in terms of the speed and relevance of technological and technical innovation, such that the research programmes of "Better Ipsos" are improved and/or transformed over the coming two years; also, for the company to become a major player in several domains such as social networks, the use of mobile platforms – notably insofar as they relate to geo-location – and neuroscience which allows precise measurement of emotions aroused by exposure to stimuli including new products and new advertising executions.



The “Open World” project pulls together a wide range of resources, underpinned by the desire of the teams of both companies to be successful together.

Three principles guide its operation:

1. It will be short and focused, since from January onwards the two sets of teams will effectively be combined and from mid-February clients will be shown the new organisation and the new offer of “Better Ipsos”;
2. It links closely the senior management teams of Ipsos and Synovate but also local teams, experts, and client leaders of the two companies;
3. Its values lay emphasis on the needs of clients, and the legitimate interests of our teams, with a constant search for clarity.

Ipsos has found what it was looking for in Synovate: excellent, motivated teams, allied to genuinely complementary knowledge in several areas of research and in many countries.

**For the next two quarters**, it is obvious that the volume of Ipsos/Synovate business will be affected by the “Open World” project; this is reinforced by the reduced perspectives for growth in the market due to the sovereign debt crisis and the macro economic consequences.

It is realistic to estimate that, compared to the July figures published, Ipsos/Synovate will lose one or two points in terms of growth in the final quarter of 2011 and probably the same amount in the first quarter of 2012, with growth coming back to its normal rate by summer 2012 at the latest.

That said, this reduction in prospective growth does not call into question the objective of Ipsos (without Synovate) from reaching a record profit margin of at least 11% in 2011. Synovate on its own will report a positive operating profit for the final quarter of 2011.

The cost base growth for 2012 and 2013 published in July 2011, and the level of non-recurring costs linked to the acquisition of Synovate and to the combination of Ipsos and Synovate as they relate to 2011 and 2012 and as published in July, remain unchanged. A detailed presentation will be made in late February 2012.

**Next publication due on 29 February 2012: full-year 2011 results**

## Nobody's Unpredictable

‘Nobody's Unpredictable’ is the 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.*

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