PRESS RELEASE

Q3 2020
An Example of Resilience

Q3 revenue: €468.6 million
Q3 YTD organic growth: (9.9)%
Q3 organic growth: (3.3)%

Paris, October 22, 2020 – Ipsos posted revenue of €468.6 million in Q3 2020. This was down 6.2% compared to the same period last year. Exchange rate effects had a 3.8% negative effect. Changes in the scope of consolidation had a 0.9% positive effect. The decline in revenue at constant exchange rates is limited to just 3.3%, reflecting the beginning of a renewed stability since June. The business is recovering month-by-month. Net of exchange rate effects and changes in the scope of consolidation, the decrease was 9.9% from January to September compared to 13.5% from January to June.

CONSOLIDATED REVENUE BY QUARTER

Consolidated revenue (in millions of euros)	2020	2019	Total Periodic Change 2020 / 2019	Third quarter growth
Q1	428.7	422.1	**1.6%**	**0**
Q2	357.3	481.3	**(25.8)%**	**(25.3)%**
Q3	468.6	499.4	**(6.2)%**	**(3.3)%**
Q3 YTD revenue	**1,254.6**	**1,402.7**	**(10.6)%**	**(9.9)%**
Q4	-	600.5	-	-
Annual total	-	**2,003.3**	-	-

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GAME CHANGERS

Performance by region

Ipsos saw mixed revenue performances across regions. The EMEA (Europe, Middle East and Africa) region, which suffered the least in the first half, was also the one to recover the fastest. Ipsos saw renewed revenue growth there, driven by the combination of multiple favorable factors. The large “developing” countries in the region, including in particular Russia, Turkey and Poland posted encouraging performances while in Western Europe, in the wake of the “major lockdown” many health authorities put in place mechanisms to measure the spread of the virus in which Ipsos is often called to play a role, mainly in the United Kingdom and France.

In this region, following +0.5% in Q1 and (9.5)% in Q2, Q3 saw growth of 11% eliminating the effects of exchange rates and scope of consolidation. This recovery may continue until the end of the year even if double-digit organic growth would remain a very ambitious target. The deterioration in the health situation is thus bad news from this perspective. In the Americas and Asia Pacific, the pace of recovery is slower because in these zones the operations in developing countries continue to suffer. It is also true that Ipsos has less of a footprint than in Europe in public policy monitoring programs, even though these activities have developed in recent years. China, as well as the US, India and South Korea posted much stronger performances than their respective regions.

PERFORMANCE BY REGION

In millions of euros	Q3 YTD revenue	Contribution (%)	Organic growth Q3 YTD	Reminder H1 2020 Organic growth
EMEA	589.0	47%	**(2.5)%**	**(9.5)%**
Americas	449.0	36%	**(14.5)%**	**(15.5)%**
Asia Pacific	216.6	17%	**(17.5)%**	**(19)%**
Q3 YTD revenue	**1,254.6**	**100%**	**(9.9)%**	**(13.5)%**

Performance by audience

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An analysis of the performance by audience confirms these findings. The Q3 YTD picture remains volatile even if revenue numbers are improving month-by-month in the services in which Ipsos targets consumers, and especially patients, health professionals and citizens. The services dedicated to studying customer behaviors and opinions are for their part still down insofar as the sectors that are the biggest consumers of such, like transport, hospitality, and catering, are precisely those that have been hit the hardest by the pandemic.

The change in the value of contracts in the health and public opinion fields is highly indicative of the changes Ipsos has seen in the structure of its business over the past two years, as a result of the acquisition of certain GfK divisions in October 2018 and the outbreak of the pandemic in February 2020.

In the services dedicated to surveying doctors and patients, Ipsos posted revenue of €173 million in the first nine months of 2018, rising to €210 million in 2019 and stabilizing at this high level in 2020. Their contribution to total Ipsos revenue was 11% in 2018, 15% in 2019 and 17% this year.

In the services through which citizens and citizen groups are surveyed, Ipsos posted revenue of €140 million from January to September 2018, rising to €180 million in the same period of 2019 and now €244 million in the first nine months of 2020. Their respective percentage contributions to Ipsos revenue was 12% in 2018, 13% in 2019, rising to 19% this year.

We should remind that there are three barriers Ipsos is facing:

- General uncertainty, which has an impact on planned investments and on the growth of private sector companies, particularly when they are global. For at least some time, they often withdraw into their home markets to the detriment of foreign markets, particularly developing countries;
- Some sectors have been hit head on by the health crisis, with lasting effects;
- Some services require the use of very well-defined protocols, involving personal interaction between Ipsos interviewers or analysts on one hand and those who are interviewed or observed on the other hand. Here, the difficulties performing the contracts have led to delays, and even cancellations that ultimately dragged down, at least temporarily, Ipsos revenue levels.

While these barriers are still there, their negative effects have eased since June. On one

hand, as further proof of its scientific and technical capabilities and agility, Ipsos has been able to convince certain public and private clients to switch to new more digital contactless solutions, thereby enabling the resumption of programs that had been suspended.
Secondly, companies, public institutions or NGOs cannot stay on the sidelines. They must take action and, at a time when the consequences are huge, their access to fresh reliable information is key.

PERFORMANCE BY AUDIENCE

In millions of euros	Revenue Q3 YTD	Contribution (%)	Organic growth Q3 YTD	Reminder H1 2020 Organic growth
Consumers[1]	518.4	41%	**(17)%**	**(19)%**
Clients and employees[2]	283.5	23%	**(22.5)%**	**(21)%**
Citizens[3]	244.1	19%	**27%**	**11.5%**
Doctors and patients[4]	208.5	17%	**1%**	**(5.5)%**
Revenue Q3 YTD	**1,254.6**	**100%**	**(9.9)%**	**(13.5)%**

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

1- Brand Health Tracking, Creative Excellence, Innovation, Ipsos UU, Ipsos MMA, Market Strategy & Understanding, Observer (excl. public sector), Social Intelligence Analytics
2- Automotive & Mobility Dev, Audience Measurement, Customer Experience, Channel Performance (including Retail Performance and Mystery Shopping), Media development
3- Public Affairs, Corporate Reputation
4- Pharma (quantitative and qualitative)

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OTHER INFORMATION ABOUT BUSINESS CONDITIONS IN Q3

In the first nine months of 2020, the **Group's net income and operating margin ratios** were at similar levels to those recorded over the same period last year.
This follows a drop of around 230 basis points in the operating margin in the first half of 2020, as a result of the slowdown from mid-March caused by the pandemic. The suddenness of this slowdown meant that it wasn't possible to immediately cut operating costs to the same extent, because they are in part fixed and were proportionate to the growth previously forecast for 2020.
The various cost-cutting measures put in place made it possible to largely make up for this shortfall, with the company being well on the way to achieving the €109 million cost-saving plan announced for full-year 2020 (including around €42 million in salaries - plus €29 million in government subsidies – and close to €38 million in general overheads).

Free cash flow was positive and in line with forecasts for Q3, following a record first half due to the twin effect of the cash received at the start of the year following the high level of sales in Q4 2019 and the lower working capital requirements due to the decline in revenue in 2020. It stood at €177 million over the first nine months of the year.

The company invested close to twenty million euros in its non-current investments (in particular in the two acquisitions of Maritz Mystery Shopping and Askia completed at end-January 2020).

Net borrowings stood at €435 million, down from December 31, 2019 (€578 million). The net debt ratio stood at 40.5% compared with 51.5% at December 31, 2019 and 60.3% at September 30, 2019.

Cash position. The cash position stood at €215 million at September 30, 2020 compared with €165 million at December 31, 2019, ensuring Ipsos a strong cash position. The group also has around €400 million in available bank facilities, enabling it to meet its debt repayments in 2020 and 2021.
In September, the company met a private bond debt market maturity (USPP) of USD 185 million at end-September, without needing any refinancing.

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OUTLOOK FOR 2020

Ipsos has been recovering month-by-month since the end of the "great lockdown" in Europe.

From June to September, our sales (net of cancellations and postponements) increased by 6% at constant exchange rates and scope of consolidation compared with last year. The company is on a favorable path that should allow it to reduce the rate of decline in its revenue over the full-year.

At the current pace, the combination of maintaining a strong order book, a proven ability to maintain decent price levels and rigorous management of our cost base should enable the company to achieve solid financial results and a good cash flow generation.

The Ipsos teams have been working hard and communicating extensively with all the clients with whom they are honored to work. Our raison d'être: "To deliver reliable information that provides a true understanding of Society, Markets and Individuals" is, and remains, their guide when they innovate, collaborate and implement with maximum diligence "Triple A" services, as they have decided to call them.

Indeed, companies and institutions that choose to entrust us with some or all of their research programs on the state of Society and Markets and on people's changing behaviors and expectations know that they must have access to reliable, consistent, fresh and understandable information. In our language, "Triple A" refers to solutions that are "*Appropriate, Agile, Affordable*".

Every day, Ipsos proves its agility, robustness, knowledge of clients and their expectations, as well as its ability to use scientific know-how and technologies that enable it to produce and disseminate more reliable information, faster, at an affordable price.

Ipsos' outlook for the remainder of the year, and by extension for 2021, is good. There is, however, one obvious caveat. It was expected that the COVID-19 pandemic would still be around for many months until effective treatments for doctors and citizens were available to counter the effects of the virus and vaccines available to stop or even prevent its spread. It was not necessarily expected that the pandemic would increase in intensity as is currently the case in Europe and elsewhere, including the United States.

The lesson from the spring wave of the pandemic is clear. Ipsos saw business fall due to the drastic measures taken to limit the spread of the virus rather than to the epidemic

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itself. It was the "great lockdown" that slowed revenue and led to the shutdown of certain programs for technical reasons.

As of the date of publication of this press release, no major country has reintroduced widespread lockdowns. As a result, the level of new orders remains strong. No one can predict today what decisions will be taken by the health authorities in the countries most affected by the new wave of the pandemic.

In reality, our only certainty is that our business will be affected if many countries reintroduce widespread lockdowns for several weeks or even months.

That said, the various scenarios, from the most restrictive to the most optimistic, do not call into question the financial and operational strength of our company.

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 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 rapidly changing world.

Founded in France in 1975, Ipsos has been listed on Euronext Paris since July 1, 1999. The company is part of the SBF 120 and Mid-60 indices and is eligible for the Deferred Settlement Service (SRD).
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