



ISSUER RATING

Long-Term

Outlook Stable

Initiation date 29/11/2022
Rating date 03/11/2023

Contacts

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Rating Action and Rationale

- EthiFinance Ratings affirms the rating of Ipsos SA at “BBB+” maintaining the Stable outlook.
- This rating is mainly supported by (i) an excellent financial risk profile underpinned by a sustained gross debt reduction over the past 3 years to reach a NFD/EBITDA ratio of 0.5x in 2022 (from 3x in 2019), an EBITDA/interest ratio above 15x, and equity/TFD>250%; (ii) a positive ESG score; and (iii) good competitive positioning in term of market share (3%), client concentration and geographical diversification.
- However, the rating is constrained by (i) the small size of the company; and (ii) the fact that Ipsos operates in a sector of commercial and professional services that is characterized by low barriers to entry (no stringent regulatory requirements or significant investment needed to set up a services company).
- The new financial objectives outlined by the company for 2025 favor acquisitions, capex, and shareholder remuneration over debt holders. We do not expect a material change in the financial risk profile in the coming years based on solid cash generation to fund the spending. We do not expect material changes in the company’s competitive positioning either. For these reasons, we maintain our Stable outlook.
- Regarding ESG assessment, the impact is neutral on the industry rating. The ESG score of Ipsos is a range of [0.5 -1]/5, which has a positive effect on the financial risk profile of half a notch.

Issuer Description

Founded in 1975, Ipsos is a global company specializing in survey-based research for companies and institutions. Ipsos operates in 89 countries and is currently among the 7 largest companies in this segment. For FY22, Ipsos reported a consolidated turnover of €2.4m (+12% YoY) with consolidated EBITDA of €399m (EBITDA margin of 16.6%). The NFD/EBITDA ratio stood at 0.5x at year-end. Ipsos is listed on Euronext Paris as SBF 120. Its market capitalization amounted to €1.97bn as of October 27th, 2023.

Main Financial Figures

Main consolidated financial figures. Millions of €.							
	2021	2022	2023E	2024E	2025E	1H22	1H23
Turnover	2,147	2,405	2,507	2,702	2,907	1,122	1,087
EBITDA	346	399	414	447	480	166	132
EBITDA Margin	16.1%	16.6%	16.5%	16.5%	16.5%	14.8%	12.1%
EBIT	266	311	317	342	367	123	89
EBIT Margin	12.4%	12.9%	12.6%	12.7%	12.6%	11.0%	8.2%
EBT	250	293	299	324	349	116	80
Total Assets	2,736	2,851	3,000	3,124	3,267	2,829	2,639
Equity	1,342	1,500	1,601	1,722	1,859	1,439	1,359
Total Financial Debt	616	588	558	508	458	640	552
Net Financial Debt	318	202	210	202	170	302	251
Equity/TFD	217.9%	255.1%	286.9%	339.0%	405.9%	224.8%	246.2%
NFD/EBITDA*	0.9x	0.5x	0.5x	0.5x	0.4x	0.9x	1.0x
Funds From Operations	294	322	321	348	375	124	97
FFO/NFD*	92.5%	159.4%	152.9%	172.3%	220.6%	82.1%	77.3%
EBITDA/Interest	17.3x	20.0x	20.7x	22.4x	24.0x	18.4x	12.0x

* For 1H22 and 1H23, FFO and EBITDA have been multiplied by 2 to indicate a full year of activity.

Credit Rating

Credit Rating	
Business Risk Profile	BBB-
Industry Risk Assessment	BB+
Sector ESG Adjustment	Neutral
Competitive Positioning	BBB-
Governance	BBB-
Financial Risk Profile	A+
Cash flow and leverage	A
Solvency	A+
Company's ESG Adjustment	Positive
Anchor Rating	BBB+
Modifiers	no
Rating	BBB+

Rating Sensitivity

- Long-term rating positive factors (↑)

A rating upgrade could be considered in the event of (i) turnover rising above €5bn, (ii) launch of new services to increase diversification; (iii) EBITDA/interest ratio >25x; and/or (iv) NFD/EBITDA ratio below 1x on a sustainable basis.

- Long-term rating negative factors (↓)

A rating downgrade could be considered in the event of (i) additional indebtedness to reach an equity/debt ratio <250%, (ii) an NFD/EBITDA ratio above 2x; and/or (iii) an EBITDA/interest ratio <15x.

Regulatory Information

3 November 2023

LEI: 9695002OY2X35E9X8W87

Revision of the long-term corporate rating

Rating initiation: 29 November 2022

Last rating action: 29 November 2022

Rating nature: Unsolicited (this report is paid by investors, not the issuer)

With rated entity or related third party participation: No, the report was published without having been reviewed by the issuer.

With access to internal documents: No

With access to management: No

Ancillary services sold to the rated entity: In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.

Name of the rating committee chair: Antonio Madera, Senior Director

Material sources used to support the rating decision:

- Annual reports, 2020, 2021, 2022
- Semestrial results presentation and press releases, 2022, 2023

Limitation of the Rating action:

EthiFinance Ratings believes the quality and quantity of information available on the rated entity is sufficient to provide a rating.

EthiFinance Ratings has no obligation to audit or verify the accuracy of data provided.

Principal methodology used in this research available at:

https://files.qivalio.net/documents/methodologies/CRA_190_V3_Corporate%20Methodology_2023-10-06.pdf

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