



ISSUER RATING
Long term

OUTLOOK
Stable

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Rating Action and Rationale

- EthiFinance Ratings affirms IPSOS SA's long-term rating of BBB+, maintaining a Stable outlook.
- Our rating affirmation is based on a robust 'A+'-rated financial profile, characterized by very solid credit metrics, through the cycle, from 2022 up until 2026 forecasts, despite its ambitious development plan. IPSOS's credit metrics were indeed excellent for 2022 and 2023 (NFD/EBITDA < 1.0x; EBITDA/Interest > 15.0x; Equity/Debt > 200%), and are expected to remain so in 2024. This is despite some headwinds on sales over the past two years. These headwinds in FY23 led to a slight revenue decline of 0.6%. These challenges included the termination of one-off contracts in public affairs and pharma, mainly in the US, as well as reduced demand decline from major tech companies. In 1H24, Ipsos reported revenue growth of 4.7% compared to 1H23, along with an improvement in operating margin by 140 bps from 8.7% to 10.1%. This signaled a business uplift driven by AI powered solutions such as Ipsos Facto and PersonaBot, which enhance the company's segmentation research. Given the recent sales warnings issued by management for 2024 (from over 4% to 1%), we now expect revenues to slightly increase to €2.41bn in 2024 (vs €2.39bn in FY23), with an EthiFinance Ratings-adjusted EBITDA margin of 16.2% (vs 15.9% in FY23). Despite the headwinds, the EthiFinance Ratings-adjusted net leverage ratio is expected to improve from 1.0x in FY23 to 0.8x in FY24 on the back of a slight increase in EBITDA combined with good cash generation.
- However, the group has reaffirmed its ambitious development plan. This could entail significant Capex, M&A and share buyback in the next few years, the timing of which remains uncertain. This rating action factors in the potential impacts of such a plan as of 2025/2026. Consequently, the company's metrics are expected to deteriorate by end-2026. Our adjusted net leverage ratio is notably forecast to deteriorate to 1.6x by end-2026, a level we consider to be more representative of the situation of the company looking forward.
- Our rating is also constrained by the company's scale within a global market research industry characterized by low barriers to entry and high fragmentation. This sector is increasingly shaped by generative AI benefiting major players (incumbents) and agile firms (new entrants) alike. In addition, clients may shift to in-house data analysis capabilities or opt for lower-cost alternatives, which could hinder Ipsos's growth prospects, possibly leading to additional potential contract terminations.
- In line with our methodology, the professional services industry has medium ESG risks (heatmap score of between 2 and 3.5), resulting in a neutral impact in our industry assessment. In terms of environmental factors, the sector's impact on climate and biodiversity is relatively low, due to the minimal involvement of heavy manufacturing and consequent low GHG emissions. However, the industry does have an impact through its supply chain, as it can occasionally relies on human resources from emerging markets, which could possibly raise concerns related to dependency, human rights, and labor practices.
- We assign the company a positive ESG score (between 0 and 1) thanks to improvements in carbon intensity (-13% vs FY22) and energy intensity (-2.6% vs FY22), both calculated over a 3-year trend. Additionally, under the governance pillar, the number of independent board members has increased from 5 in FY22 to 7 currently. Consequently, our overall ESG assessment on the company is positive, which favorably impacts our anchor rating.

Issuer Description

Founded in 1975 and based in France, Ipsos is a global market research and consulting firm. It provides insights into public opinion, market trends, consumer behavior, and advertising effectiveness. It helps companies and institutions make informed decisions in business, government, and social sectors. The company specializes in data collection, analysis, and consulting across various industries, including healthcare, finance, retail, and media through surveys, polling, and social research. These often contribute to public and policy debates worldwide. Ipsos operates in 90 countries with more than 5,000 clients and is currently the 4th largest company globally in the market research industry.

As of end-2023, Ipsos reported revenues of €2.4bn, for adjusted EBITDA of €379m (EBITDA margin of 15.9%) and an adjusted net leverage ratio of 1.0x. It is publicly listed on Euronext Paris (SBF 120) with a market capitalization of €2.3bn as of 16 October, 2024.

Liquidity

We assess the liquidity profile of IPSOS SA as "Good", reflecting its strong refinancing profile and its high level of liquidity.

Main Financial Figures & Forecasts

Main financial figures. millions of EUR						
	FY22	FY23	FY24e	FY25e	FY26e	23vs22
Turnover	2 405	2 390	2 414	2 510	2 611	-0.6%
EBITDA	398	379	390	413	430	-4.7%
EBITDA Margin	16.5%	15.9%	16.2%	16.5%	16.5%	-0.7pp
EBIT	310	258	267	285	297	-16.9%
EBIT Margin	12.9%	10.8%	11.1%	11.4%	11.4%	-2.1pp
EBT	293	237	250	267	275	-19.0%
Total Assets	2 851	2 753	2 922	2 933	3 153	-3.4%
Equity	1 500	1 433	1 518	1 515	1 536	-4.5%
Total Adjusted Debt ⁽¹⁾	665	640	685	676	826	-3.8%
Net Adjusted Debt ⁽¹⁾	279	362	302	419	682	29.7%
Equity / TFD ⁽¹⁾	225.7%	224.0%	221.7%	224.0%	185.9%	-1.7pp
NFD / EBITDA ⁽¹⁾	0.7x	1.0x	0.8x	1.0x	1.6x	0.3x
Adj Funds From Operations	325	333	328	345	355	2.4%
Adj FFO / NFD ⁽¹⁾	116.6%	92.1%	108.5%	82.3%	52.1%	-24.5pp
EBITDA / Interest	20.3x	17.7x	18.4x	18.1x	16.2x	-2.6x

(1) Total adjusted debt is inclusive of pension benefits, operating leases (IFRS 16), earn-outs and commitments to acquire non-controlling interests

Credit Rating

Credit Rating	
Business Risk Profile	BBB-
Industry risk assessment	BBB-
Industry's ESG	Neutral
Competitive Positioning	BBB-
Governance	BBB-
Financial Risk Profile	A+
Cash flow and leverage	A
Capitalisation	A+
Company's ESG	Positive
Anchor Rating	BBB+
Modifiers	-
Rating	BBB+

Rating Sensitivity

- List of ratings:
 - LT Rating: BBB+

Factors that may (individually or collectively) impact the rating:

- **Positive factors (↑)**

We could upgrade our rating should the company maintain its current ESG score and should management delay by more than 2 years the strategic growth plan involving significant M&A and an associated debt intake. Under that scenario, a rating upgrade could be triggered by the improvement in credits metrics on a sustainable basis.

- **Negative factors (↓)**

We could downgrade our rating should the company's ESG score deteriorate to a level above 1.5 along with a deterioration in credit metrics (NFD/EBITDA > 2.3x and EBITDA/Interest < 12.0x).

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
 - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- 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.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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