CREDIT OPINION
13 January 2025

New Issue

Send Your Feedback

RATINGS

Ipsos SA

Domicile	Paris, France
Long Term Rating	Baa3
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Analyst Contacts

Agustin Alberti +34.91.768.8309
VP-Senior Analyst
agustin.alberti@moodys.com

Manuel Merino Alejandre +34.91.7688.244
Sr Ratings Associate
manuel.merinoalejandre@moodys.com

Ivan Palacios +34.91.768.8229
Associate Managing Director
ivan.palacios@moodys.com

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Ipsos SA

New issuer - A leading European market research company

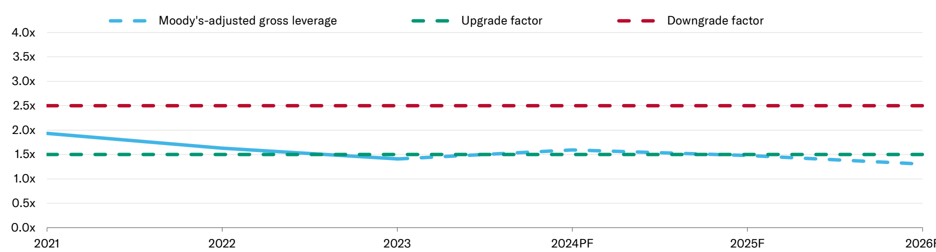
Summary

In January 2025, we assigned a first-time Baa3 long-term issuer rating to Ipsos SA (Ipsos).

The Baa3 long-term issuer rating reflects Ipsos' position as one of the world's leading market research companies; high geographical diversification, with operations in more than 90 countries; wide range of services across various sectors, with long-standing relationships with clients; innovation capacity through technologies such as AI, machine learning or GenAI to gather, analyse and process data more efficiently and effectively; experienced management team and long track record of operating as a listed company; solid financial profile, supported by strong free cash flow (FCF) and modest gross leverage, which provides flexibility for bolt-on M&A opportunities in a fragmented market; and a publicly stated financial policy of net debt/EBITDA below 2.0x (broadly equivalent to Moody's-adjusted gross debt/EBITDA of 2.5x), as well as a clear capital allocation policy until 2025, with FCF distributed between dividends, share buybacks, additional capital spending and potential additional debt raised for larger acquisitions.

The rating also reflects its relatively small scale compared with that of its investment-grade peers; the industry's exposure to macroeconomic cycles, mitigated by the company's growing exposure to healthcare and public affairs segments; intense competition in the market research industry; rapid technological changes with the risk of emergence of disruptive technologies; and risks related to the integration of potential larger acquisitions.

Exhibit 1
We expect leverage to remain modest in the absence of large acquisitions
Moody's-adjusted gross debt/EBITDA



2024 is pro forma for the refinancing of the bond maturing in September 2025.
All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Credit strengths

- One of the world's leading market research firms
- High diversification by geography, sector and services offered
- Strategy to grow its digital and tech-enabled services and solutions
- Strong credit metrics, supported by low leverage and strong FCF
- Conservative financial policy and clear capital allocation policy

Credit challenges

- Smaller scale than that of its investment-grade rated peers
- Sensitivity of the industry to macroeconomic cycles, mitigated by the company's growing exposure to the healthcare and public affairs segments
- Highly competitive environment, with emergence of new operators
- Risk of emergence of disruptive technologies
- Risks related to the integration of potential larger acquisitions

Rating outlook

The stable outlook reflects our expectation that Ipsos will maintain a solid operating performance, with moderate organic revenue growth and stable operating margins. It also factors in our expectation that the company will maintain solid liquidity and credit metrics in line with the Baa3 rating, even if it undertakes larger debt-financed acquisitions.

Factors that could lead to an upgrade

Upward pressure on the rating would require the company to maintain a solid operating performance, increase its scale and diversification, and improve its profitability; successfully integrate acquired companies; and develop a track record of operating with Moody's-adjusted gross debt/EBITDA below 1.5x and Moody's-adjusted FCF/debt in the double-digit percentages.

Factors that could lead to a downgrade

Downward pressure could develop if there is a deterioration in the company's business model that results in a significant, sustained erosion of its market position, profitability or cash flow. The ratings could also face downward pressure if management adopts a more aggressive financial policy, undertakes sizeable acquisitions or finances large share buybacks with debt, leading to gross debt/EBITDA increasing well above 2.5x on a sustained basis.

Key indicators

Exhibit 2
Ipsos SA

(in € millions)	2021	2022	2023	2024PF	2025F	2026F
Revenue	2,147	2,405	2,390	2,435	2,557	2,634
EBITA Margin %	14%	15%	15%	15%	15%	16%
Debt / EBITDA	1.9x	1.6x	1.4x	1.6x	1.5x	1.3x
EBITA / Interest Expense	14.2x	15.5x	14.2x	14.2x	13.2x	13.5x
RCF / Net Debt	63%	97%	80%	82%	146%	678%
EBITDA Margin %	17%	16.7%	17.4%	17.2%	17.5%	18.2%
FCF / Debt	30%	25%	19%	21%	24%	29%

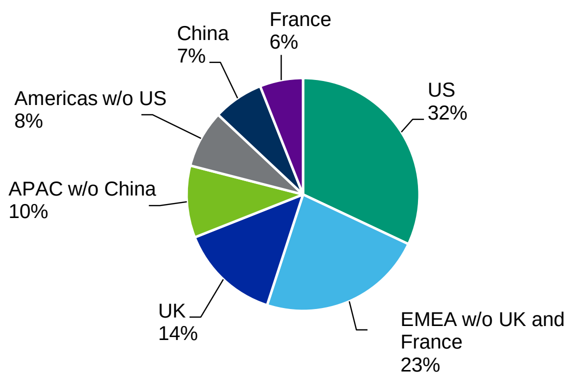
All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Profile

Founded in 1975 in France, Ipsos SA (Ipsos) is one of the world's leading market research companies. It works with more than 5,000 clients across diverse sectors, operating in 90 countries (see Exhibits 3 and 4). The company is listed on the Paris stock exchange since 1999. Its founder and chairman, Didier Truchot, remains the main shareholder through DT & Partners, which owned an 11.4% equity stake and 19.0% of the voting rights as of year-end 2023.

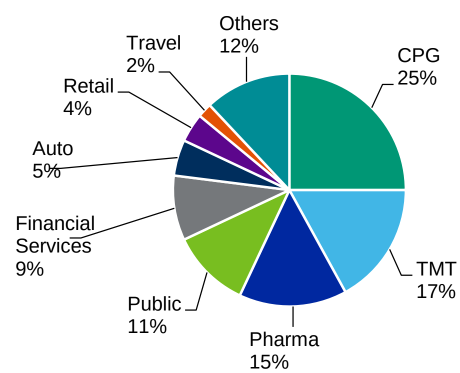
In 2023, the company reported consolidated revenue of around €2.4 billion and an operating profit of €312 million.

Exhibit 3
Ipsos' revenue is well diversified across regions ...
Revenue split by region in 2023



Source: Company filings

Exhibit 4
... and across clients' sectors
Revenue split by clients' industry in 2023



Source: Company filings

Detailed credit considerations

Solid position in a growing but competitive and fragmented industry

Ipsos is one of the world's leading market research companies. It ranks among the top five companies in terms of revenue, along with IQVIA Inc. (Ba1 stable), Neptune BidCo US Inc. (Nielsen, B3 stable), Intermediate Dutch HoldCo (NL) (Nielsen IQ, B2 stable) and Kantar Global Holdings S.a.r.l. (B2 stable). However, this group of companies represents just a small share of the total industry revenue (estimated to be between 10% and 15%) because the market is highly fragmented.

Ipsos covers the entire information production and analysis chain, from raw data collection to activation by the client. The group structures its offerings around 16 service lines, covering more than 75 services. It uses all data collection methods, with online growing its relevance over the last few years, accounting for 66% of revenue from quantitative studies (68% of total Ipsos revenue) in 2023.

The importance of more traditional methods such as face to face (22% of quantitative studies revenues), telephone (9%) and postal (3%) has decreased over the same period as audience and client needs are shifting towards digitalisation.

Ipsos has limited client concentration because its top 10 clients generated around 16% of revenue in 2023 (top 20 accounted for 25%). By industry vertical, it also has some concentration in the consumer packaged goods (CPG) sector, accounting for 25% revenue, followed by telecommunications, media and technology (TMT) with 17% and healthcare with 15% (see Exhibit 4). However, the company has a relatively well-balanced portfolio that can mitigate weaker performance in specific verticals or geographies. For example, in H1 2024, the company reported organic growth of 3.8%, with CPG (9%) and TMT (6%) more than offsetting the weakness in the Pharma sector (-2%). Similarly, from a geographical perspective, organic growth in EMEA (7.6%) and Latam (8.5%) more than compensated for the poor performance in the US (-2.2%), where a new management team is taking measures to reignite growth. The company also benefits from long-standing relationships, with low churn among its major clients, which tend to contract multiple services and provide a highly recurring business to the company.

We expect the industry to continue its healthy growth, as it continues to provide insights that guide its customers' strategic decisions. The research industry continues to play a crucial role in helping businesses and public institutions understand consumer behaviour, market trends, competitive dynamics and broader economic or social shifts, and make informed decisions. Growth is mainly driven by demand for technology-based market research solutions including the analysis of digital data, the analysis ("listening") of social networks and communities, and DIY research platforms.

Nevertheless, the industry is highly competitive since new technologies and their application in market research have led to the emergence of new competitors, which have highly automated and ultra-specialised offerings in a particular market segment or a given region. The high specialisation of offerings is reinforced by a growing market and media fragmentation. This trend also encourages the rise of local over global operators.

Strategy focused on enhancing its data and tech capabilities

Ipsos has a good track record of sound organic and inorganic growth and acquisitions. Since 2010, the company has more than doubled its size in terms of revenue with notable acquisitions such as Synovate, RDA Group and GfK Custom Research's four global divisions of customised research solutions. The more recent acquisitions have targeted latest developments in the research market, bringing new business segments and technological innovations that are transforming the industry and require significant investment.

In 2022, the company disclosed its strategic vision, capital allocation and financial targets for 2022-25. The plan seeks to position the group as the "Heart of Science and Data", and is focused on, among other things, reinforcing Ipsos' leadership in platforms, operational capabilities and specialised services, by doubling investments in data analytics, technology and panels. In September 2024, the company launched a new strategic review, "Horizons 2030", whose conclusions will be presented before summer 2025.

As part of this strategy, the company has stated its criteria for acquisitions, which include reinforcing growth in geographies, notably the US, and service lines, such as Public Affairs and Healthcare; complementing Ipsos' offering with targeted acquisitions in data analytics and advisory services; and seizing opportunities to consolidate its market share. This successful strategy is reflected in the strong growth of New Services (Platforms, ESG, Science and Data, and Advisory), which accounted for 20% of revenue in 2023, compared with 11% in 2016.

The company accelerated its inorganic growth in 2023 through seven small bolt-on acquisitions, particularly in Public Affairs. However, the total amount spent was relatively small at around €100 million (including put options), bringing €64 million of additional estimated revenue in 2024. The most recent acquisition was announced in August 2024: the takeover of Infas Holding AG, a leading German market research company in Public Affairs, for around €60 million. Despite facing execution risks related to acquisitions, the company has a long track record of integrating new businesses.

However, In December 2024, the company confirmed it explored and ultimately abandoned the acquisition of Kantar Media. This would have been a large acquisition, with higher execution risks than for the usual bolt-on targets, but would have positioned Ipsos as the #2 global player in audience measurement behind Nielsen.

Solid operating performance, mainly driven by growth of new services, but organic revenue growth has slowed down more recently

The company has been able to accelerate its organic revenue growth (4.5% CAGR over 2019-23), compared with broadly flat growth over the last decade. However organic revenue growth slowed down in 2023 to 3% organic revenue growth due to the completion of major COVID contracts, a drop in demand from major tech clients, and more generally a difficult macroeconomic and geopolitical environment. In 2024, it will further slow down to around 1%, mainly due to challenges in the US market, where the recent implementation of a new management should allow for improvement in 2025.

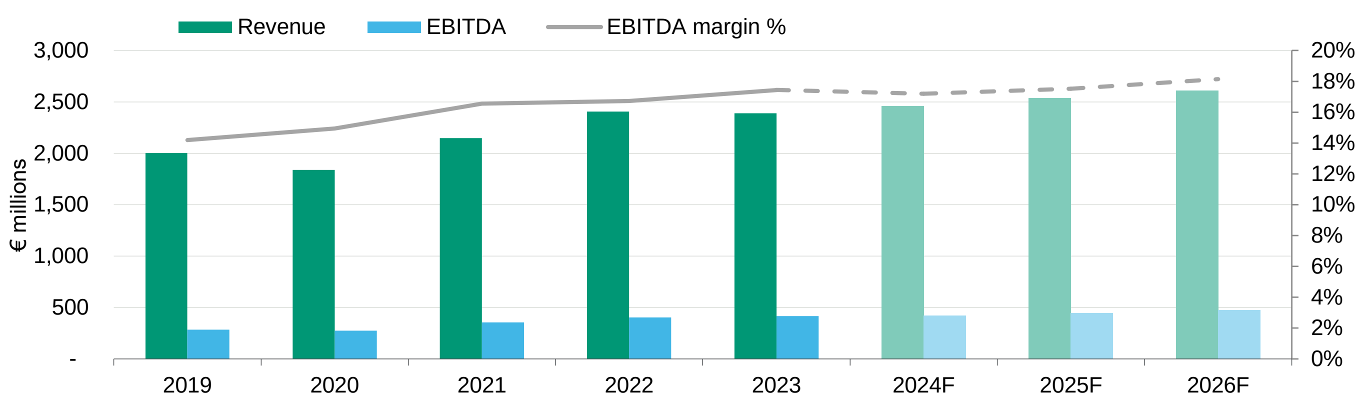
We expect Ipsos' organic revenue growth over the next 12-18 months to be in the low- to mid-single-digit percentages. This growth will be bolstered by its strategic bolt-on acquisitions. The combination of organic growth and bolt-on acquisitions should support sustained expansion and market penetration, although we believe it will be difficult for Ipsos to achieve its target of €3 billion revenue by year-end 2025 (compared with €2.4 billion in 2023) in the absence of larger transactions.

In 2023, the company reported a 13.1% operating margin (equivalent to a Moody's-adjusted EBITDA margin of 17.4%). The company targets to maintain an operating margin of around 13% in 2024 and to improve it over time (see Exhibit 5). Ipsos has a flexible cost structure, with 38% of its total costs directly associated with research activities, and personnel expenses constituting 48%, which can be adjusted through measures such as hiring freezes. The company has been able to maintain margins even during macroeconomic downturns (see Exhibit 5).

Exhibit 5

We expect sustained organic revenue growth over the next 18-24 months

Revenue, Moody's-adjusted EBITDA and EBITDA margin evolution, 2019-26F



Sources: Company filings and Moody's Ratings

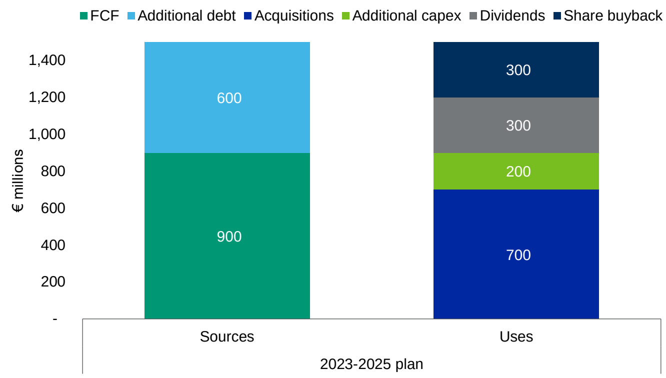
There is potential for margins to expand further as the share of revenue from New Services (21.5% of total in H1 2024), which include Ipsos Digital, data analytics, AI solutions and advisory, continues to increase, which improves the business mix. The ongoing shift from offline to online data collection, panel internalisation and productivity gains from GenAI should also help the company achieve its expected operating margin of 15% over the medium term.

Strong credit metrics, supported by strong FCF and modest leverage

Ipsos benefits from moderate capital spending needs (around 4% of revenue over the next 12-18 months, including lease payments), resulting in projected annual FCF of around €140 million-€160 million in 2024 and 2025 (as adjusted by Moody's). This financial strength underpins Ipsos' capacity to fund strategic initiatives, small bolt-on acquisitions and shareholder returns, and maintain an investment-grade rating.

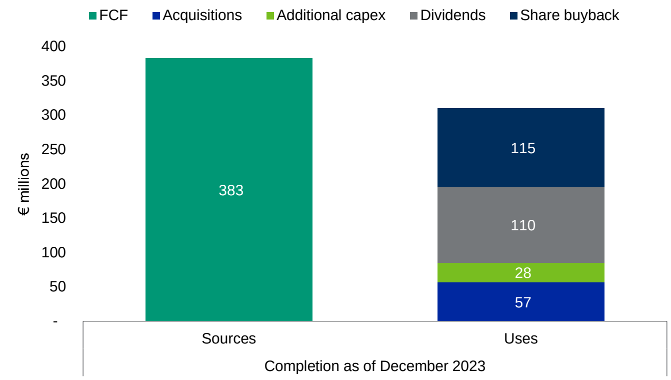
The capital allocation policy for 2022-25 provides clarity on the funding of the company's strategic plan, which includes a combination of internal FCF and external debt to fund acquisitions, additional capital spending and shareholder remuneration (see Exhibits 6 and 7).

Exhibit 6
Ipsos' capital allocation plan is clear ...
Capital allocation plan, 2023-25F



Source: Company filings

Exhibit 7
... with still-limited M&A spend
Capital allocation in 2022-23



Source: Company filings

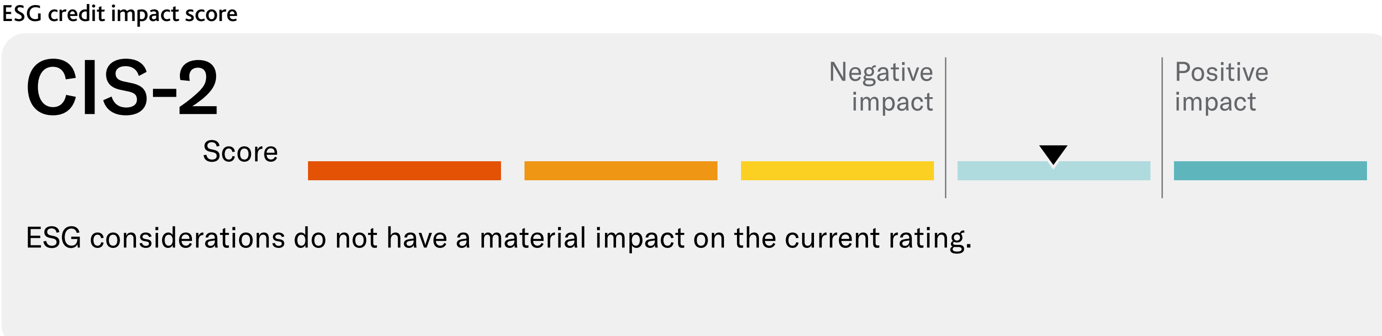
We note Ipsos' commitment to a prudent financial policy, illustrated by its public target of net debt/EBITDA below 2.0x, which is broadly equivalent to Moody's-adjusted gross debt/EBITDA of 2.5x. The company has been operating significantly below this target since 2021 (0.3x in 2023 and 0.2x in 2022) because it did not engage in debt-funded acquisitions, and its FCF was sufficient to cover its strategic initiatives, shareholder remuneration and bolt-on acquisitions. The company could relever if it performs larger M&A transactions that require raising new debt.

We expect Moody's gross debt to EBITDA ratio to remain around 1.5x in 2025 (in line with 2023 and 2024 levels) in the absence of debt funded acquisitions. Under its strategic guidelines, the company could relever if it performs larger M&A transactions. Ipsos has significant capacity under its 2022-2025 capital allocation policy, since €500-€600 million could still be deployed for acquisitions which would require new debt. Despite facing execution risks related to acquisitions, the company has a long track record of integrating new businesses.

ESG considerations

Ipsos SA's ESG credit impact score is CIS-2

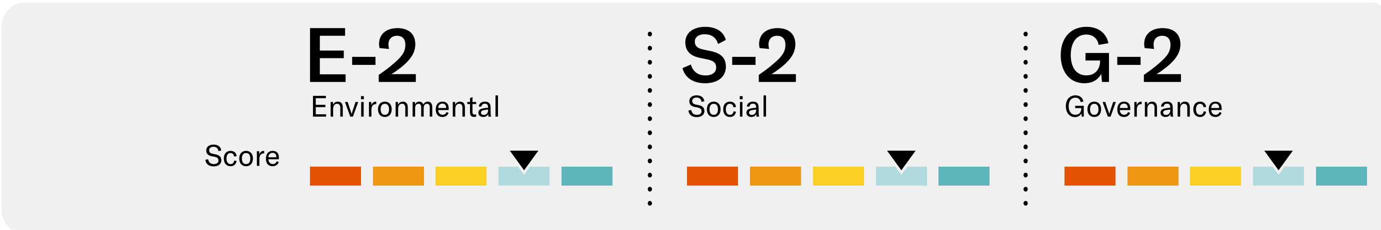
Exhibit 8
ESG credit impact score



Source: Moody's Ratings

Ipsos' **CIS-2** indicates that ESG considerations are not material to the rating. Exposure to environmental or social risks is very limited, while governance considerations reflect a solid track record of strategy execution and a prudent financial policy.

Exhibit 9
ESG issuer profile scores



Source: Moody's Ratings

Environmental
Ipsos has limited exposure to physical climate risks and very low emissions of pollutants and carbon, resulting in low environmental risk, in line with the media industry.

Social
Exposure to the demand trends for Ipsos' products and services remain overall favourable (although the business is exposed to economic cycles) as its global data, research, consulting, and analytics capabilities offer a complete view of consumer behaviour that serves as vital information in the marketing decisions taken and strategies adopted by its clients. Ipsos is the owner of proprietary, General Data Protection Regulation (GDPR)- -compliant, permission-based data sets and panels across products and geographies, which are significant barriers to entry in protecting its business.

Governance
Ipsos' score reflects the company's prudent public financial policy that includes maintaining net leverage levels (as reported by the company) of maximum 2.0x, compared to 0.3x as of June 2024. It has also disclosed a clear capital allocation policy of distributing its FCF between shareholder remuneration, additional investments and bolt-on acquisitions. Ipsos has a long track record as a publicly listed company with 85% of free float (76.4% of voting rights). Over 50% of the Board members are independent. DT & Partners (81% owned by Didier Truchot, the founder and chairman of the company) and Laurence Stoclet act in concert and, combined, hold 12.3% of the economic rights and 20.7% of voting rights.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis
Ipsos has excellent liquidity, supported by cash and cash equivalents of €282 million as of June 2024, around €150 million of annual FCF generation, and access to a €160 million undrawn revolving credit facility (RCF) maturing in September 2025 and to a €185 million undrawn RCF maturing in 2028.

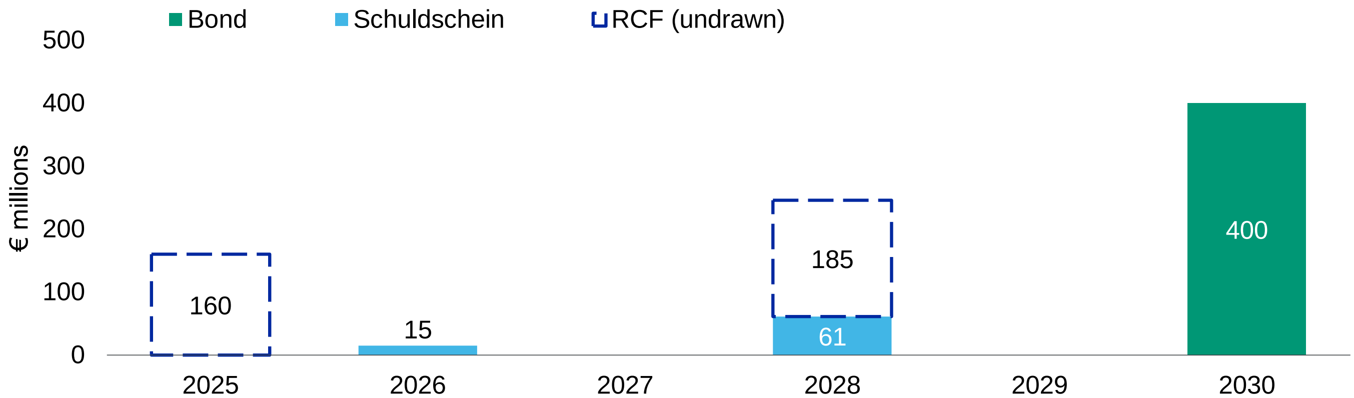
The company has ample capacity under the 3.5x net debt/EBITDA covenant (tested in June and December) for both RCFs, as the ratio was 0.3x as of year-end 2023.

The company has recently launched a €400 million bond maturing in 2030, which proceeds will be used for general corporate purposes, including the repayment of the €300 million bond maturing in September 2025. It also intends to refinance in the coming months the €160 million RCF maturing in September 2025.

Exhibit 10

Ipsos' liquidity is excellent, supported by its FCF, significant cash balance and undrawn RCF

Debt maturity profile pro forma for the refinancing of the bond maturing in September 2025



Source: Company filings

Methodology and scorecard

The principal methodology used in these ratings was the Business and Consumer Services methodology. The rating assigned of Baa3 is one notch lower than the historical scorecard-indicated outcome of Baa2. The gap reflects the company's smaller size than that of peers in the sector, as well as the expectation that the company will overtime use the financial flexibility under its maximum leverage policy in order to support inorganic growth.

Exhibit 11

Ratings factors

Ipsos SA

Business and Consumer Service Industry Scorecard	Current FY 2023		Moody's 12-18 month forward view	
Factor 1 : Scale (20%)	**Measure**	**Score**	**Measure**	**Score**
a) Revenue ($ billions)	2.6	Ba	2.7 - 2.8	Ba
Factor 2 : Business Profile (20%)				
a) Demand Characteristics	Baa	Baa	Baa	Baa
b) Competitive Profile	Ba	Ba	Ba	Ba
Factor 3 : Profitability (10%)				
a) EBITA Margin	15.3%	Ba	15.4% - 16.0%	Ba
Factor 4 : Leverage and Coverage (40%)				
a) Debt / EBITDA	1.4x	A	1.3x - 1.5x	A
b) EBITA / Interest	14.2x	A	13.2x - 13.5x	Aa
c) RCF / Net Debt	79.7%	Aa	>100%	Aaa
Factor 5 : Financial Policy (10%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Rating:				
a) Scorecard-Indicated Outcome		Baa2		Baa1
b) Actual Rating Assigned				Baa3

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Periods are financial year-end unless indicated. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Ratings

Ratings

Exhibit 12

Category	Moody's Rating
IPSOS SA	
Outlook	Stable
Issuer Rating -Dom Curr	Baa3

Source: Moody's Ratings

Appendix

Exhibit 13

Peer comparison

Ipsos SA

	Ipsos S.A. Baa3 Stable			Gartner, Inc. Baa3 Stable			IQVIA Inc. Ba1 Stable			Kantar Global Holdings B2 Stable		
(in $ millions)	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-22	FY Dec-23	LTM Jun-24	FY Dec-22	FY Dec-23	LTM Jun-24	FY Dec-22	FY Dec-23	LTM Jun-24
Revenue	2,540	2,535	2,584	5,476	5,907	6,063	14,410	14,984	15,155	3,062	2,980	2,929
EBITDA	420	424	451	1,518	1,411	1,451	3,290	3,406	3,483	386	558	619
Total Debt	782	699	649	3,186	3,106	3,057	13,544	14,461	14,046	4,711	4,883	4,829
Cash & Cash Equivalents	339	412	307	698	1,319	1,236	1,216	1,376	1,545	481	466	476
EBITA Margin %	14.4%	14.7%	15.3%	24.7%	21.0%	21.1%	20.6%	20.7%	20.9%	9.4%	15.7%	18.2%
EBITA / Interest Expense	14.2x	15.5x	14.2x	7.8x	7.1x	8.0x	6.7x	4.4x	4.4x	0.9x	1.2x	1.3x
Debt / EBITDA	1.9x	1.6x	1.4x	2.1x	2.2x	2.1x	4.1x	4.2x	4.0x	12.2x	8.7x	7.8x
RCF / Net Debt	62.7%	97.4%	79.7%	45.7%	61.2%	65.5%	20.3%	19.6%	20.9%	-1.4%	2.1%	2.9%
FCF / Debt	29.6%	25.0%	18.5%	31.2%	33.9%	32.9%	11.7%	10.4%	13.0%	-5.9%	-6.6%	-2.2%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Periods are financial year-end unless indicated. LTM = Last 12 months. Periods are financial year-end unless indicated. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Financial Metrics™

Exhibit 14

Moody's-adjusted debt reconciliation

Ipsos SA

(in € millions)	2021	2022	2023	2024PF	2025F	2026F
Financial debt	478	455	397	477	477	462
Lease liabilities	137	132	125	125	125	125
Moody's-reported debt	**615**	**587**	**522**	**602**	**602**	**587**
Pension	36	36	37	37	37	37
Contigent considerations	35	32	28	29	24	-
Moody's-adjusted debt	**686**	**655**	**588**	**668**	**663**	**624**

Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Exhibit 15

Moody's-adjusted EBITDA reconciliation

Ipsos SA

(in € millions)	2021	2022	2023	2024F	2025F	2026F
Company adjusted EBITDA	347	378	390	400	435	470
Lease adjustment	38	38	36	36	36	36
Share based payments	(12)	(14)	(16)	(17)	(23)	(27)
Other income and expenses	(22)	-	(26)	-	-	-
Moody's-reported EBITDA	**351**	**402**	**384**	**419**	**448**	**479**
Pension adjustment	5	-	-	-	-	-
Unusual Items	-	-	33	-	-	-
Moody's-adjusted EBITDA	**355**	**402**	**417**	**419**	**448**	**479**

Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Exhibit 16
Select financial information
Ipsos SA

(in € millions)	2021	2022	2023	2024PF	2025F	2026F
INCOME STATEMENT						
Revenue	2,147	2,405	2,390	2,435	2,557	2,634
EBITDA	355	402	417	419	448	479
EBITA	308	354	366	367	394	423
Interest Expense	22	23	26	26	30	31
BALANCE SHEET						
Cash & Cash Equivalents	298	385	278	342	466	579
Total Debt	686	655	588	668	663	624
Net Debt	388	270	310	326	197	46
CASH FLOW						
Funds from Operations (FFO)	286	315	310	338	362	386
Cash Flow From Operations (CFO)	329	308	268	328	352	376
Capital Expenditures	(84)	(92)	(96)	(113)	(116)	(116)
Dividends	(42)	(52)	(63)	(72)	(75)	(77)
Retained Cash Flow (RCF)	244	263	247	266	287	309
RCF / Net Debt	63%	97%	80%	82%	146%	678%
Free Cash Flow (FCF)	204	164	109	143	161	183
FCF / Debt	29.7%	25.0%	18.5%	21.4%	24.2%	29.3%
PROFITABILITY						
% Change in Sales (YoY)	16.9%	12.0%	-0.6%	1.9%	5.0%	3.0%
EBITDA margin %	16.5%	16.7%	17.4%	17.2%	17.5%	18.2%
EBITA margin %	14.4%	14.7%	15.3%	15.1%	15.4%	16.0%
INTEREST COVERAGE						
EBITA / Interest Expense	14.2x	15.5x	14.2x	14.2x	13.2x	13.5x
(EBITDA - CAPEX) / Interest Expense	12.5x	13.5x	12.5x	11.8x	11.1x	11.6x
LEVERAGE						
Debt / EBITDA	1.9x	1.6x	1.4x	1.6x	1.5x	1.3x
Net Debt / EBITDA	1.1x	0.7x	0.7x	0.8x	0.4x	0.1x

Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

REPORT NUMBER 1428202

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454