

Omnicom Group Inc. (OMC) — One-Page Investment Report

As-of: Oct. 14, 2025

Ticker	OMC	Industry / Sub-industry	Communication Services / Advertising & Marketing
Current Price	\$76.51	Target Price / Stop Loss	\$122 / \$61.21 (-20%)
52-Week High / Low	\$107.00 / \$68.37	TTM P/E / Fwd P/E	10.95x / 11.5x (vs. <i>Peer median</i> ~14x)
EPS (TTM) / Beta (Model)	\$6.99 / 0.97	Credit Rating / Outlook	BBB+ (S&P) / Stable
Market Cap / Shares O/S	\$14.822B / 194mm	Avg Vol (3M) / Dividend	4.1mm (3M avg) / 3.66%

Company Background

Omnicom Group Inc. is a global marketing communications holding company that delivers end-to-end services across advertising, media, data & analytics, public relations, customer experience, and specialized marketing disciplines. Operating in more than 70 countries and serving over 5,000 clients, Omnicom integrates creative strategy, precision marketing, digital commerce, experiential, healthcare, and communications under a shared platform.

Industry Outlook

The global advertising industry is expanding at ~5% annually, driven by AI, automation, and data integration across digital channels. Retail media and streaming continue to outpace traditional formats, while firms with strong first-party data capabilities—like Omnicom—capture disproportionate share. Despite macro and pricing headwinds, investor sentiment remains cautiously positive, with valuations below long-term averages and room for selective upside.

Investment Thesis

OMC is a capital-efficient, cash-generative business with durable growth, rising ROIC, and clear margin expansion catalysts. The stock offers a compelling risk/reward

Q2'25 Earnings Call — Key Takeaways

- Organic revenue growth of 4.1% YoY, led by strength in Precision Marketing (+6.2%) and Advertising & Media (+3.8%), partially offset by ongoing normalization in PR & Healthcare.
- Operating income margin held steady at 15.1%, with management reaffirming FY25 EBIT margin guidance between 15–15.3%, consistent with our base case.
- AI integration within Omni (via Microsoft, Google Cloud, and Adobe partnerships) continued to drive productivity gains, with management citing early automation savings of ~\$120M YTD.
- Capital returns: \$223M repurchased YTD under a \$600M authorization; dividend yield 3.66% (\$3.00/share) reaffirmed, maintaining BBB+ / Stable credit profile.
- IPG acquisition commentary: Management reiterated focus on balanced debt/equity financing to maintain leverage below 2.8x, with full synergy realization expected by FY27.

Financial Performance — DCF & Analyst Opinion

Model: CoE 9.8%, CoD 4.43%, Tax 29.0%, WACC (after-tax) 7.66%, Perpetuity growth 2.00%, Exit EV/EBITDA 8.6x. Target \$122; Stop-loss -20% (\$61.21).

Consensus: Rating ~ Outperform; Target ~ \$95-\$100; LT growth ~ 7.5%.

Financial Metrics (LTM/5Y, unless noted)

Avg Revenue Growth (5Y CAGR)	4.5%
EBITDA Margin (FY25E)	15.17%
Net Income Margin (LTM)	9.24%
Gross Margin (LTM)	18.33%
FCF Margin (LTM)	11.2%
Debt / Equity (book)	1.58x
Cost of Debt (pre-tax)	4.43%
Tax Rate (model)	29.0%
Cost of Equity (model)	9.8%
WACC (after-tax, model)	7.66%
Perpetuity Growth (model)	2.00%

profile, with 12–13% annualized TSR potential and a 52% margin of safety at current levels.

Investment Risks

- Acquisitions may fail to deliver expected synergies; goodwill impairment could reduce earnings.
- Data privacy and cybersecurity risks continue to evolve under stricter global compliance standards.
- Competition from global networks and digital platforms may pressure pricing and limit client growth.
- Ad spending can be sensitive to economic downturns, inflation, and credit market disruptions.

CSR/ESG Characteristics

- Low ESG Risk (14.3): Omnicom maintains one of the lowest risk scores in the industry, reflecting strong governance and ethical business practices.
- Earned a 100/100 score on the Corporate Equality Index for multiple years, reinforcing leadership in workplace diversity and culture.

Notes: Market snapshot, historical margins, and segment data from S&P Capital IQ (pull as of Oct 13, 2025). Shares outstanding and balance-sheet items from Omnicom Group 10-Q (filed Jul 30, 2025) and Form 10-K (FY2024). Model inputs (beta, CoE, CoD, tax, WACC 7.66%, perp growth, exit multiple) from the DCF dashboard built off these filings and CapIQ. IPG transaction size, synergy targets, and integration timing from company press releases/IR materials (2025). Working-capital, SG&A, D&A, and Capex trajectories reflect Base/Bear case schedules in the model (FY25–FY30).

Income Statement (in B), except ratios	06/30/2025	12/2024	12/2023	12/2022	12/2021	12/2020
Revenue	15.91	15.69	14.69	14.29	14.29	13.17
Revenue Growth %	5.21%	6.79%	2.82%	-0.00%	8.49%	-11.92%
Gross Profit	2.92	2.92	2.71	2.68	2.79	2.18
Gross Profit Margin %	18.33%	18.64%	18.44%	18.76%	19.52%	16.57%
Operating Income	2.18	2.27	2.10	2.08	2.20	1.60
Operating Margin %	13.68%	14.50%	14.33%	14.58%	15.38%	12.14%
EBIT	2.17	2.27	2.10	2.08	2.16	1.60
EBIT Margin %	13.67%	14.48%	14.31%	14.52%	15.14%	12.15%
EBITDA	2.41	2.51	2.31	2.29	2.38	1.82
EBITDA Margin %	15.17%	16.02%	15.74%	16.06%	16.63%	13.84%
Net Income	1.38	1.48	1.30	1.30	1.41	0.95
Net Profit Margin %	9.24%	10.03%	10.03%	9.82%	10.55%	7.75%
Basic EPS	7.03	7.54	6.98	6.40	6.57	4.38
Diluted EPS	6.98	7.46	6.91	6.36	6.53	4.37
Normalized EPS	8.19	8.06	7.65	6.93	6.34	5.20
Total Dividends per Share	2.80	2.80	2.80	2.80	2.80	2.60

Relative Performance — Total Return

	YTD	1Y
OMC	-11.73%	-25.68%
Comm. Serv. Sector (XLC)	+16.73%	+25.29%
S&P 500 (SPY)	+12.06%	+13.64%

Relative Valuation

- OMC: EV/EBITDA 8.6x; P/E (TTM) 10.95x.
- Peer averages (WPP, PUBGY, STGW, IPG): EV/EBITDA ~9.3x; P/E ~15.6x.
- ROIC vs WACC: 13% vs 7.66% → spread +5.2% (value creation).

Company Name	Description	Market Cap(Bn)	EV(Bn)	EBITDA	EV/EBITDA	P/E TTM	5Yr Avg. ROIC	Gross Margin	Net Margin	5Yr Beta	Credit Rating
OMNICOM GROUP INC. (NYSE:OMC)	Omnicom is a leading global marketing and communications holding company offering advertising, media planning and buying, digital marketing, public relations, and branding services. Its major agencies—BBDO, GDB, TBWA, and Omnicom—serve the global brands across industries. Headquartered in New York, Omnicom operates in over 70 countries and focuses on integrating creative expertise with data-driven marketing and AI-enabled media solutions.	15.04	18.97	2.71	7.37	10.99	14.38%	18.30%	9.24%	0.97	BBB+
WPP PLC (LON:WPP)	WPP is one of the world's largest marketing and communications organizations, providing advertising, media investment, public relations, and digital transformation services. Its networks—Ogilvy, GroupM, and Wunderman Thompson—deliver full-service brand and customer engagement solutions. With a strong U.S. footprint, WPP is prioritizing automation, data analytics, and artificial intelligence to drive performance and operational efficiency.	5.37	12.99	1.67	7.78	10.68	6.17%	15.86%	3.20%	0.69	BBB
Publicis Groupe SA (OTCM:PUBGV)	Publicis Groupe is a multinational communications and consulting company offering creative, media, and digital transformation services through brands such as Saatchi & Saatchi, Leo Burnett, and Publicis Sapient. Its "Power of One" structure integrates creative and data capabilities under a single client relationship model. Publicis continues to expand its data and technology platforms through Tspilon and Sapient to strengthen its position in personalized, data-led marketing.	24.52	28.04	3.08	9.18	12.34	9.56%	14.70%	10.22%	0.81	BBB
STAGWELL INC. (KNAS:STGW)	Stagwell is a U.S.-based marketing and media holding company focused on digital-first and performance-driven marketing. Formed from the merger of Stagwell Marketing Group and MDC Partners, it provides services in creative development, media buying, analytics, and communications. Stagwell emphasizes agility, technology integration, and measurable outcomes, positioning itself as a modern alternative to traditional agency networks.	1.41	3.01	0.36	8.47	-	3.22%	35.95%	0.69%	1.53	-
THE INTERPUBLIC GROUP OF COMPANIES, INC. (NYSE:IPG)	Interpublic Group is among the world's largest advertising holding companies based on annual revenue. It provides traditional advertising services along with digital and other services, such as public relations, through various acquisitions. IPG has made these services available in over 100 countries. The company generates about 65% of revenue in the US and 17% in the UK and Europe.	9.71	12.40	1.05	11.81	22.46	10.87%	17.91%	4.43%	1.08	BBB+

