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Omnicom Group, Inc. (OMC)

Q3 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for joining and welcome to the Omnicom Third Quarter 2026 Earnings Conference call. After today's prepared remarks, we will host a question-and-answer session. [Operator Instructions]

I will now hand the conference over to Greg Lundberg, Investor Relations. Please go ahead.

Gregory Lundberg

Senior Vice President-Investor Relations, Omnicom Group, Inc.

Thank you for joining our third quarter 2026 earnings call. With me today are John Wren, Chairman and Chief Executive Officer; and Phil Angelastro, Executive Vice President and Chief Financial Officer. On our website, omc.com, you'll find a press release and a presentation covering the information that we'll review today. An archived webcast will be available when today's call concludes.

Before we start, I'd like to remind everyone to read the forward-looking statements and non-GAAP financial and other information that we've included at the end of our investor presentation. Certain of the statements made today may constitute forward-looking statements. These represent our present expectations, and relevant factors that could cause actual results to differ materially are listed in our earnings materials and in our SEC filings, including our 2025 Form 10-K.

During the course of today's call, we will also discuss certain non-GAAP measures. You can find the reconciliation of these to the nearest comparable GAAP measures in the presentation materials. We will begin the call with an overview of our business from John, then Phil will review our financial results. And after our prepared remarks, we will open up the lines for your questions.

I'll now hand the call over to John.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

Thank you, Greg. Good afternoon, everyone, and thank you for joining us today. I'm pleased to share our third quarter results. As we approach the one-year anniversary of the Interpublic acquisition, we continue to deliver on the benefits of the combination. We have strengthened our competitive market position and commercial offerings and are realizing the anticipated transaction synergies, which is reflected in our financial results.

Revenue, excluding assets held for sale, grew organically 7.2% in the third quarter. Organic growth for the nine months was 5.8%. Core adjusted EBITA margin was 18.2% in the quarter, an increase of 200 basis points versus the prior year, and our year-to-date margin of 17%, which is 210 basis points higher than the comparable level in 2025. Our margin expansion reflects strong business performance and cost synergy realization, offset by investments in our talent, operations, and platform. Adjusted EPS in the quarter was \$2.73 per share, an increase of 22% versus the prior year.

Our strong financial results reflect the competitive advantages of the new Omnicom. We bring together key differentiators that drive client growth. First, Acxiom's trusted identity solution helps clients better understand their consumers. Second, our position as the largest media buyer gives us strength and scale to help clients achieve

better commercial outcomes. Third, our data-informed creative leadership engages consumers and drives measurable results. Fourth, our Connected Capabilities model brings together media, creativity, production, and CRM to create personalized experiences across multiple channels. Lastly, Omni, our AI-powered platform, underpins it all. Together, these advantages connect the entire marketing ecosystem to drive greater value for our clients.

We're also helping clients modernize their operations, get more value from their technology investments, and build a more intelligent enterprise. Our capabilities in this area earned recognition in this quarter. Omnicom ranked first in every evaluated use case in Gartner's 2026 Critical Capabilities Report, including AI-driven marketing innovation, and was named a leader in its Magic Quadrant for Global Digital Marketing Agencies. We were also named a leader in the IDC MarketScape for worldwide AI-enabled Adobe professional services, recognizing our leadership in Adobe technology and AI-enabled services. Additionally, we announced a five-year strategic collaboration agreement with Amazon Web Services that will help clients modernize their marketing infrastructure and deploy AI at scale.

Beyond these recognitions and partnerships, our Connected Capabilities model is translating into new business, strong client retention, and expanded relationships across our portfolio. We won several new assignments, including Novo Nordisk, U.S. Bank, L'Oréal, and CVS Health. We extended our contract with Mercedes through the end of 2029, covering media, creative, social media, event and marketing activations, and PR. And in sports marketing, where we manage \$9.9 billion in sponsorships and talent and oversee one-third of global sports media investments, we secured a major integrated assignment for the 2028 Olympic Games in Los Angeles, spanning sponsorships, creative, and communications. Together, these wins, retentions, and expanded relationships show the growing demand for our services.

We're extremely pleased with the progress in bringing Interpublic and Omnicom together. We are realizing the financial benefits of the combination and are on track to deliver \$900 million in cost reduction synergies in 2026. At the same time, we are reinvesting in talent and technology to drive future growth. We have made significant platform investments that underpin our client solutions, connecting data, technology, and AI to enable smarter, faster, and more effective marketing.

Our portfolio of companies and operations have been streamlined with our Connected Capabilities model to simplify how we go to market. Our leadership and teams are in place and our planned people actions are mostly behind us. We are recruiting in high-growth areas and continue to reskill our talent through certified training programs in Omni and AI. We have substantially completed our integration and outsourcing efforts in real estate and back office operations, and we're also realizing the benefits from procurement.

Major progress has been made in divesting the businesses we identified as not core to our future. We expect to complete the remaining handful of dispositions in the near term. We've returned significant capital to shareholders through our \$5 billion share repurchase plan. We have completed \$3.2 billion of repurchases to date, with the remainder to be completed by April 2027.

None of this would have been possible without the continued focus and commitment of our people across the company. They've delivered outstanding results for clients while helping us build a stronger and more connected organization. We're pleased that these efforts are reflected in our strong third quarter and year-to-date performance and remain confident in the opportunities ahead.

Phil will now provide more color on our financial performance and updated guidance. Phil?

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

Thanks, John. I will start on slide 13, which presents what we call our core operations, which consists of our ongoing operating businesses, excluding dispositions that we've completed and assets held for sale that have not yet been disposed. This slide also presents operating income and EBITA on a non-GAAP adjusted basis, excluding severance and repositioning costs, acquisition integration costs, and a gain on the sale of businesses in Q3 2026.

Looking at our core operations, total revenue increased \$407 million or 7.3% and adjusted EBITA increased \$191 million or 21.1%. The adjusted EBITA margin increased 200 basis points to 18.2%. Growth in EBITA was driven by the realization of cost reduction synergies and growth in organic revenue, partially offset by strategic reinvestments in our business and our people, including the investments we've made in integrating and evolving our technology platforms as well as enhancements of our agentic AI capabilities. Slide 14 reflects the same presentation on a year-to-date basis, where notably adjusted EBITA increased \$553 million or 23%, and the related margin increased 210 basis points to 17.0%.

Let's turn to slide 15, which presents our third quarter consolidated reported results and the related non-GAAP adjusted amounts. Please note that because these are reported results, 2025 presentation reflects the prior year results of Omnicom only and does not include Interpublic. Center columns for each period show the applicable non-GAAP adjustments. In the third quarter of 2026, integration related costs were \$40.4 million, which are recorded on the SG&A expense line. Severance and repositioning costs were \$85 million and relate to real estate impairment charges recorded in Q3. And finally, a gain of \$106.8 million on the sale of businesses in the third quarter of 2026.

Below operating income, net interest expense increased to \$104 million from \$43 million in 2025 due primarily to the assumption of Interpublic's debt of approximately \$3 billion. Interest expense increased by \$72 million, primarily due to the Interpublic acquisition, as well as from refinancing activity we completed during the first quarter of 2026 and from commercial paper borrowings.

Interest income increased by \$11 million to \$29 million, primarily due to higher average cash balances. Depreciation expense in the quarter was \$47 million and amortization expense was \$120 million. Both increased year-over-year, primarily due to the Interpublic acquisition. Quarterly depreciation and amortization levels have been relatively consistent throughout the year, and we would expect Q4 amounts to be similar.

Our adjusted tax rate of 25% for the quarter was down a bit from 26% in 2025. For Q4 2026, we estimate our rate to be approximately 26%. Our non-GAAP adjusted net income increased \$315.8 million to \$752.2 million. Non-GAAP adjusted diluted EPS grew 22% to \$2.73 per share from \$2.24 per share last year, driven by an increase in adjusted net income. Our fully diluted weighted average shares outstanding for the third quarter were 275.4 million, which increased from Q3 of last year due to shares issued for the Interpublic acquisition, but were down 12% from 313.1 million shares outstanding at year-end 12/31/2025 due to share repurchase activity.

Now, let's review revenue drivers in more detail, beginning with the components of our revenue change on slide 16. To assist in understanding the drivers of our underlying businesses, this analysis focuses on growth from our core operations exclusive of businesses that have been disposed of or are expected to be disposed of. Organic revenue growth in the quarter was 7.2%, and the impact from foreign exchange translations was positive 0.1%, along with a nominal impact from a small acquisition. In total, revenue from core operations was just over \$6 billion. Year-to-date, organic revenue growth was 5.8%.

Given the strong results year-to-date, we now estimate that full year 2026 organic core revenue growth will be approximately 5%. As you can see, there have been a couple small acquisitions this year contributing a nominal amount to growth. Despite our disposition efforts, we're always actively looking at strategic acquisitions that could enhance our service offerings and competitive profile. Foreign currency translation was also nominal in the quarter. Assuming recent FX rates stay the same, we estimate FX will be slightly negative for Q4 and bringing the full year to a positive of approximately half of 1%.

Turning to slide 17, you can see our core operations revenue by discipline for the quarter. In the third quarter of 2026, revenue for Integrated Media was approximately 53% of our revenues, which included our media, commerce, data, CRM, consulting, and content automation businesses. Revenue for Advertising was 15.6%. Health was 9%. PR was 11%, and Experiential & Other was 11%.

Organic revenue growth rates for these core operations disciplines were as follows. Integrated Media led the way with very strong growth over 10%. Experiential & Other growth was strong double digit in the quarter, again driven by Experiential growth related to the FIFA World Cup. However, we do not expect growth in this discipline in Q4. Health was marginally negative in the quarter. Advertising was down in the mid-single digits, an improvement from the first half of 2026, and PR growth was low-single digits for the quarter.

Slide 18 shows our core operations revenue by region for the quarter. In terms of the top markets, US represents 60% of revenue. Together, the UK and Europe were 21%, followed by Asia Pacific at 10%, Latin America at 4%, Other North America at 3%, and Middle East and Africa at 2%. During the quarter, organic revenue growth rates were as follows. US grew 10%, UK was negative low-single digit, and the rest of Europe grew mid-single digit. Latin America and Asia Pacific growth was also mid-single digit, while Middle East and Africa declined mid-single digits as a result of the ongoing conflict.

Slide 19 is our revenue weighted by the industry sectors of our clients. Year-to-date as of the third quarter, Pharma & Health was our largest category at 19% of revenue. Other double-digit categories include Food & Beverage, Auto, and Financial Services.

Slide 20 is a view of our free cash flow and our primary uses of cash for the first nine months of the year. The increases in free cash flow and capital expenditures are primarily due to the addition of Interpublic's business. Dividends increased to \$703.3 million, resulting from the additional shares issued for the IPG acquisition and the recent increase in the quarterly dividend amount.

Capital expenditures, including investment initiatives, grew year-over-year, but are at similar levels to the combined historical results of the company. Cash paid for acquisitions in the quarter primarily reflects the acquisition of non-controlling minority interests as well as earn-out payments on previously completed acquisitions. In the third quarter, as part of our integration efforts, we acquired several minority interests in existing subsidiaries, including IPG's former Middle East affiliate.

Additionally, proceeds from assets held for sale for the nine months were \$413.9 million, as seen on slide 26 in the appendix. The most notable change in this table is the change in stock repurchases, which were \$3.2 billion during the nine months of 2026, up from \$3 billion as of June 30, 2026. We plan to repurchase additional shares during Q4 2026, and by April 2027, plan to complete the \$5 billion share repurchase program announced in February of 2026.

Our definition of free cash flow excludes changes in operating capital, and those changes are set forth in the non-GAAP reconciliations in the appendix on slide 26. Changes in operating capital in the first nine months of 2026

were negative \$2.3 billion of cash compared to negative \$1.4 billion in the same period last year. This increase is primarily due to the addition of Interpublic's business and operations in 2026, which are not included in the prior year amounts, and incremental payments related to severance, repositioning, and integration costs as well as lease and contractual termination payments. For the three months ended September 30, 2026, changes in operating capital were positive \$119 million.

Slide 21 is a summary of our credit, liquidity, and debt maturities. At the end of the third quarter of 2026, our gross long-term debt was \$10.2 billion. Relative to 2025, changes reflect the retirement of our \$1.4 billion 3.6% senior notes that were due April 15, 2026, and the issuance of new senior notes totaling \$2.3 billion, including \$1.7 billion of US dollar-denominated notes at a weighted average coupon of 4.9% and \$600 million of euro-denominated notes at a 3.85% coupon. Our next maturity in July of 2027 is now classified as current, which we will address in due course, and we're comfortable with our maturity schedule.

Net interest expense is expected to increase to just under \$100 million in Q4 2026 from the Q4 2025 actual amount of \$53.2 million. The majority of the increase is due to long-term debt assumed from Interpublic, as well as new debt issued and debt refinancing activities in 2026.

Please note that the total and net leverage ratios on this slide, which compares the last 12 months ended September 30, 2026 and the prior year, reflect the full assumption of Interpublic's debt, but only EBITDA from Interpublic for the 10 months since the date of acquisition. At September 30, 2026, we were in compliance with the leverage ratio covenant in our credit facility, which makes pro forma adjustments for the impact of the acquisition. On this basis, our total leverage ratio was 2.3 times, which is lower than the 2.7 times at September 30, 2025.

Our cash equivalents and short-term investments at the end of the quarter were \$3.8 billion. Our liquidity also includes an undrawn \$3.5 billion revolving credit facility, which backstops our \$3 billion commercial paper program.

Before we begin the Q&A session, I'd like to provide some additional color on our results to assist you in understanding the prior year base for Q4 2025 in your models. In the tables we have shown you today, such as slide 13, the results for core operations are comparable on a year-over-year basis.

Regarding the dispositions and held-for-sale columns, it's important to note that the 2025 dispositions and assets held-for-sale results include all businesses designated as assets held for sale, regardless of when they were disposed of in 2026. And the 2026 dispositions and assets held-for-sale results include all businesses designated as assets held for sale that were not disposed of as of September 30, 2026, or were disposed of during the third quarter ended September 30, 2026.

The estimate of annualized revenue for all businesses identified as dispositions and held for sale is an annualized revenue of approximately \$3.6 billion in prior year, adjusted EBITA margin for the year of approximately 11% to 12%. To assist investors, slide 32 summarizes revenue and adjusted EBITA for Q4 2025, including the split between core and dispositions and held for sale.

Regarding the businesses in held for sale at the end of the quarter, we expect to complete the remaining dispositions in the near future and by the end of Q4 2026, if possible. While our goal remains December 31, 2026, it is possible that the closing process for some of the transactions extends into the beginning of 2027. Currently, we estimate the revenue related to those businesses will approximate \$325 million in Q4 2026.

In closing, our third quarter results show continued improvement in our performance, including revenue growth, adjusted EBITA margins, and earnings per share. We're achieving this while continuing to invest in our business to ensure our success in the future, and while nearing completion on the significant integration projects and our portfolio optimization projects. We believe we're in a strong position heading into the new year and beyond and look forward to seeing many of you at investor events in the coming weeks.

I'll now ask the operator to please open the lines up for questions and answers. Thank you.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator Instructions] Your first call comes from the line of David Karnovsky with JPMorgan. Your line is open. Please go ahead.

David Karnovsky

Analyst, JPMorgan Securities LLC

Q

Hi. Thanks. John, just when we look at the organic growth to date, in particular for media, it's a strong improvement from where Omnicom was operating pre-IPG. So, just given the changes in the portfolio, do you see room to sustain at these levels on a go-forward basis? And then, for Phil, your core margin to date I think is 17%. Historically, you and IPG would post stronger margins in Q4, and then you do have the benefit of kind of more fully realizing synergies from here. So, just wanted to see if there was any view you'd be willing to provide on how to think about the full year core margin. Thank you.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

A

So, our Connected Capabilities, which include media, CRM, advertising, continue to be a very strong offering in the marketplace, and we fully expect that to continue into 2027 as we finish this year. And so, what our organic revenue growth will be for next year, we're not prepared to forecast just here, but everything has come together pretty well, and our expectations are to stay at a marketing leader position in terms of organic growth going forward.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

As far as margins go, David, I think we grew our margins about 200 basis points in Q3. For the nine-month period, margins were up 210 basis points. And although we always say we're focused on growing EBITA dollars, which we are, and then the margins take care of themselves, I think you should expect something similar, well, certainly going to be striving to grow margins a little bit more in Q4, but I would expect something similar in Q4 and then the full year will be an add them up, which given we're at 210 basis points through nine months, it's going to be in that zone is what I would say our current expectation is.

There's certainly the usual situation in Q4 in terms of where we sit today. We don't have a lot of visibility into project spend at this point, but that certainly we would expect is going to be helpful, but we just don't have full visibility to it today.

David Karnovsky

Analyst, JPMorgan Securities LLC

Q

I guess, Phil, just to that last point on visibility into project work, just how much does that kind of factor into your kind of implied organic for Q4, which is a bit of a decel, or are there kind of other factors that maybe helped in 2Q, 3Q that are a part of that as well?

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

So, we certainly think it's a conservative estimate, which is consistent with how we've always approached this process, especially for Q4. I think depending where we come out with project spend, while we're not – we're certainly the global macro seems to be fine at the moment, even though there's some headwinds or a lot of press anyway and noise related to the Middle East, but certainly we expect it to benefit us in the fourth quarter. We just don't have enough visibility to kind of commit to by how much that benefit is going to help us.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

A

David, you've been covering us a long time, and as long as I remember, as we come into the fourth quarter, there's always a couple of \$100 million worth of spend that as clients look to see what's left in their budgets, they either release it, or if they're looking to report more revenue or more net income themselves, sometimes they don't. So, we have confidence that we've been saying the same thing for the last 20 years, and probably of that, only 1 or 2 years that excess didn't come through. But as Phil just said, we prefer to be conservative in our estimates as it helps keep everything else in line.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

Yeah, in terms of how we manage the cost base, so it isn't anything inconsistent with how we've approached it in the past.

David Karnovsky

Analyst, JPMorgan Securities LLC

Q

Thank you.

Operator: Your next question comes from the line of Adam Berlin with Goldman Sachs. Your line is open. Please go ahead.

Adam Berlin

Analyst, Goldman Sachs International

Q

Yeah. Hi. Good evening. It's Adam Berlin from Goldman Sachs. A couple of questions. The first one is just, during the call, I think Ad Age have reported that you've won the Coke North America account. Congratulations on that. Just any comments particularly given that you also hold – work with Pepsi on creative. Can you keep both? Any conflicts around that? Or should we assume that you benefit from the Coke win and also continue to work with Pepsi as you are at the moment? That's the first question.

Second question is, can you just give us an update for 2026 at nine months, how much of the \$900 million of the synergies is already in the numbers up to the nine months? That would be very helpful. Thank you.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

A

So, in terms of Coke, we're deferring any comments we want to make about Coke to the client for them to handle as they come to a decision after the process. And any business we win from Coke would be incremental to our existing revenue and our existing relationships. [ph] Coke's a (00:29:27) decision that was made earlier in this third quarter. So, we're very bullish about where we are and how we're winning business as it comes available. And so, we feel really good about the company at the moment.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

So, as far as the second question, Adam, we continue to track where we expected to be, which is where we're on track to achieve the \$900 million in cost reduction synergies. We also, as we had indicated, expect to deliver 75% to 85% of that to the bottom line as we go through the year. And we're certainly on pace with where we expected to be when we started out the year.

There's a lot of moving parts in the business in terms of how that's going to play through or flow through with the rest of the growth and investments we're making, but we're certainly on track through the first nine months, and we don't have any reason to believe anything other than we will achieve the goal when we get to the end of the year, and then we'll certainly start or continue to focus on what comes next in 2027. A number of those efforts with respect to additional synergies in 2027 have been put in place, and it's just a matter of timing as to when those improvements come through.

Adam Berlin

Analyst, Goldman Sachs International

Q

Okay. Thank you.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

Thank you.

Operator: Your next question comes from the line of Jason Bazinet with Citigroup. Your line is unmuting. Just a few seconds. Go ahead.

Jason Boisvert Bazinet

Analyst, Citigroup Global Markets, Inc.

Q

Thanks. Can I just ask one question about the revenues from the assets that you're holding for sale? I think on the last call, you expected about \$300 million, and then in the fourth quarter, you anticipated about \$225 million. If I'm reading these slides right, I think over \$400 million is still there in the third quarter. Can you just give us an updated number for the fourth quarter?

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

Sure. So, you're right, the number in Q3 coming from businesses that we had not disposed of either as of 9/30 or we disposed of during the third quarter, came through at about \$412 million, which is higher than our estimate. And it is, as we've said before, quite difficult to estimate the timing of when these deals are going to close. But we're certainly, we believe, on track for getting the vast majority and we anticipate all of the transactions that we had anticipated disposing, the sales and dispositions done by the end of the year. It's possible, as I said in my prepared remarks, that could go into early 2027 when they actually officially close.

Jason Boisvert Bazinet

Analyst, Citigroup Global Markets, Inc.

Sure.

Q

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

We updated the estimate for the fourth quarter. At this point, we expect about \$325 million of revenue from the deals that haven't been completed in Q4.

A

Jason Boisvert Bazinet

Analyst, Citigroup Global Markets, Inc.

Great.

Q

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

And again, it's difficult to know when to estimate when the deal's going to get signed. But that is the update for Q4.

A

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

And probably, the point we want to leave with you is that we're substantially through that effort, and we're down to a handful of organizations that we're in the process of talking to potential buyers.

A

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

Yeah. We've got some bankers involved and certainly good progress at this point. But until they're done, they're not done. And we continue to push to get the deals done and we can't wait until they're completed, because we want to get back into acquisition mode. And we have been entertaining some discussions with potential targets that would help the future of the business and the future growth of the business. But the sooner we can get the dispositions behind us, the better. And I think investors and analysts certainly would agree and that's what we endeavor to do.

A

Jason Boisvert Bazinet

Analyst, Citigroup Global Markets, Inc.

No, that's great. Thank you.

Q

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

Thank you.

A

Operator: Your next question comes from the line of Steven Cahall from Wells Fargo. Your line is open. Please go ahead.

Steven Cahall

Analyst, Wells Fargo Securities LLC

Q

Thank you. So, kind of a two-parter. Was wondering if you could talk about the biggest sources of acceleration in growth. Just looking at percentage of revenue, it looks like it's probably in the Integrated Media division. So, I'd love to know, is that driven by wins? Is that driven by expansion of businesses and just the complexity in the media world? And then, related, if we back some of the synergies out of the incremental EBITA you're seeing at core, it looks like the margin on revenue growth is pretty low. So, is that because the media business is a little lower margin when you started off? Is that because you're reinvesting in more? But just help us kind of understand, sort of ex synergies, what the margins are looking like on revenue growth. Thank you.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

Okay. You want to take part of it?

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

Yeah. I'll do the synergies part. So, I think similar to what I said previously, Steve, there's a bunch of factors that are contributing to the improvement in EBITA dollar growth and, certainly, a key part of that is the revenue growth that we've achieved through the first nine months. There's also – as I had said before, we're tracking to achieve the synergies that we expected to achieve to get the costs out of the business and we're certainly balancing the timing of when those synergies are being achieved and the timing of the investments that we're making in the underlying business, especially our technology platforms, including the Omni platform and our agentic AI capabilities that we've been investing in over the last – since the deal closed.

We're very happy with all that progress. It's kind of accelerated in terms of us getting to where we need to get to sooner and quicker. And we believe we're in a much better place today than we were back in December when we closed the transaction. So, all that is in the impact of – or the drivers of what's impacting our increased EBITA growth. And we're certainly satisfied with nine months of growth at 5.8% organic, EBITA dollar growth of \$553 million, 210 basis points of EBIT margin improvement, and 21% EPS growth. So while I know everybody wants to do their mathematical calculations related to the \$900 million, we're managing the business overall, and we're pleased with the overall results.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

What I would add to that is we're very happy with the 200 basis point improvement in our EBIT, and we feel very encouraged to invest money over and above that improvement in our business and the ongoing efforts of what we're doing in platforms, and making us more attractive to potential clients. So, not doing the math the same way you just might have suggested you're doing it, and I don't think that would help you get an accurate view going forward of what you can expect from us.

So, we're going to hold those margins where they are now or aspire to, and actually grow our business and our organic growth at the same time, while making some very significant investments, especially in our AI work and our platforms, which we think will contribute to our ongoing growth. So, I'm actually trying to explain what you can expect from us, which I think is all positive. It just doesn't follow that math.

Steven Cahall

Analyst, Wells Fargo Securities LLC

That's helpful. And then, is media the place that we're seeing that investment come through in growth?

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

Yes, I think so. The two areas that I point out for the quarter was the consistent growth in media, which has been true throughout the entire year, and we were benefited by the World Cup and somewhat by the midterm elections in the third quarter contributed to our overall reported organic growth. And next year, we won't have that, but next year, we'll be looking forward to the 2028 Olympics. So, it's a little hard to get too far in front of ourselves.

Steven Cahall

Analyst, Wells Fargo Securities LLC

Thank you.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

You're welcome.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

Thank you.

Operator: Your next question comes from the line of Sean Diffley with Morgan Stanley. Your line is open. Please go ahead.

Sean Diffley

Analyst, Morgan Stanley & Co. LLC

Great. Thanks very much, team. I was hoping you could discuss pitch activity now, how aggressive the pitches are, any concessions on pricing we should be thinking about. Obviously, this Coke news would be helpful, but you've also spoken about some disappointment on the Pepsi loss. Just what is the pitch activity like, how aggressive are your competitors is the first question. And then the second, maybe this AWS deal, just talk about what exactly that looks like, can that be incremental to numbers, what are you guys bringing to the table. Obviously, Amazon a really good partner. Thanks so much.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

Great. Forgot your first question. Oh, pitches.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

Right.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

The pitch activity is about the same as it typically is, and it's pretty healthy, and we're winning more than our fair share. Not all the names are household names like Pepsi or Coke, but we're making real progress. And I think as we come to the end of the year and you see our results compared to our competitors, we're in a very, very positive place. And I would say that there's more opportunity for business we're not defending as we look forward,

where, if winning, it would be a net gain to our operating position. I think whatever accounts wanted to go into review, for the most part have in the first nine months of this year. So, we've cleared that, and we're now looking to a brighter future in terms of pitch activity. And...

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

Certainly, the investments we spoke about earlier on the call are a big part of our actual win rate in pitches to-date post the transaction. And we're quite comfortable that those are the right investments to make that will only help us accelerate that good performance in pitches going forward.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

A

Paolo's with us, so I mean you might want to add to what investments we're making to the platform and what we're doing.

Paolo Yuvenco

Chief Technology Officer & Executive Vice President, Omnicom Group, Inc.

A

Sure. With respect to the AWS question, Sean, it absolutely is meant to drive joint growth for our partnership. As you know, we're a big AWS partner, and this is really leveraging our technology consulting capabilities and implementation skills to drive more cloud-based AI solutions that are AWS-centric. So, it is something that we've been doing already for many of our clients, but this is establishing a more dedicated unit that's going to focus on driving that growth.

Sean Diffley

Analyst, Morgan Stanley & Co. LLC

Q

Thank you.

Operator: Your next question comes from the line of Julien Roch with Barclays. Your line is open. Please go ahead.

Julien Roch

Analyst, Barclays Capital Securities Ltd.

Q

Yes. Good evening, everybody. Thank you for taking my question, and congratulations on Coke North America. And Phil, thank you very much – or Greg, for slide 33, which allows us to know core and disposition last year. So, on that slide, you are talking about \$890 million of disposition revenue in Q4 last year, which gets you to \$3.527 billion, but you just upgraded or increased the disposition to \$3.6 billion. So, will we get \$73 million of disposition in 2027? That's my first question.

The second question is, outside of the 2026 disposition running into 2027, can we expect no more disposition next year and the disappearance of core and disposition, and we get clean numbers? That's my second question.

And then the third one is, using again slide 33, your core EBITA last year was \$3.490 billion, so \$3.5 billion. At the Barclays September Media and Telecom Conference, Phil, you said that the way to think about 2026 EBITA should be 2025 plus the \$75 million to \$80 million (sic) [75% to 80%] of synergies, so about \$4.2 billion. Is that still the right way to think about 2026 EBITA? Thank you.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

All right. Stay on the line because I think I'm going to need you to clarify a couple of things. There was an awful lot there, Julien. But with respect to 2027 and 2027 reporting when it comes to core and disposition, certainly the goal is for us not to need to continue to split the numbers in that way. We are confident we're going to get through the dispositions by the end of the year, as we said. So, certainly, we're on track to do that, and we expect to do that by the end of the year or very early in January. So, we can put the core and dispositions and asset held for sale reporting behind us. That's certainly the goal. We'll keep you updated if anything changes, but that is the expectation.

As far as the reference to the \$3.6 billion of annualized revenue, on the last call, the estimate we gave was \$3.5 billion to \$3.6 billion, so we're at the higher end of that range. And I think if I understand you right, when you add up the dispositions and held for sale Q1 to Q4, which we now kind of laid out for 2025, that number is a little bit less than \$3.6 billion. And that's just the timing of...

Julien Roch

Analyst, Barclays Capital Securities Ltd.

Q

That's correct.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

There were a couple of added dispositions in terms of the annual revenue so that people could get an idea of what the annual revenue was. The \$3.6 billion and the \$3.5 billion-something doesn't mean there's going to be additional disposition revenue in 2027. It's just a timing issue. There were a couple businesses that we added in Q2 to the disposition list, which led to a difference in the annualized revenue from our first estimate. So, that really isn't an important point. It's roughly a similar number and similar to the estimate we gave last time. So, we don't think anything changed in any material way.

And then the third part of your question, I think you just need to walk me through again so that I can respond to it.

Julien Roch

Analyst, Barclays Capital Securities Ltd.

Q

So, using page 33 again, the slide, we now calculate that core EBITA last year was \$3.490 billion. So, let's call that \$3.5 billion, right? So, that's 2025 core EBITA of \$3.5 billion. And at our September conference, you said that the way to think about 2026 EBITA would be to take 2025 EBITA plus 75% to 80% of the synergies. So if I take 75%, 80% of the synergies added to that \$3.5 billion, then you get about \$4.2 billion of core EBITA for 2026. And I wanted to know whether that was the right way to think about it still.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

So, I think the answer is yes, but I'll just add to that. So, when we look at the overall expectations for 2026 for the year, as we said earlier on the call, and as we've said previous to this, we've achieved about 200 to 210 basis points improvement over the prior year through nine months, pretty consistent through the quarters. And that's our expectation for the year, including the math on the synergies, including incremental contributions from the business itself and the growth, and including the investments we're making in our platforms and in our people and talent and everything else that's going on so that we can better prepare the company for sustained long-term growth. And we're certainly satisfied with the progress to-date. That's what we expect.

So, I think if you just isolate the synergies in and of themselves, you get close to the number you just described. But the 210 basis points or so of margin improvement and EBITA growth in total is ultimately what we're focused on. And that's going to be a number with a lot of different things in it. Timing impacts that. Investments impact that. But ultimately, I think the answer is yes to your question, but it's all in there. It's not just a simple static planning spreadsheet that we use. The operations have a lot of different moving parts, and that's what we ultimately expect the result to be.

Julien Roch

Analyst, Barclays Capital Securities Ltd.

That's very clear. 200 to 210 basis point of margin improvement. Thank you very much, Phil.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

Thank you.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

Thank you.

Operator: Your next question comes from the line of Michael Nathanson with MoffettNathanson. Your line is open. Please go ahead.

Michael Brian Nathanson

Analyst, MoffettNathanson LLC

Thanks. Thanks. I just have a quick one for Phil. Trying to understand the acquisition strategy year-to-date. Looks like you spent \$303 million, on page 20, on acquisitions. What type of acquisitions were those? And then, in the revenue contribution line, you're showing a very small contribution from M&A. So, help me understand, like, what are you buying and what's being reflected in the revenue contribution line, if that's possible?

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

Sure. So, I think I touched on this in the prepared remarks, but to expand on it a little bit. So, in the cash flow that's in the investor presentation, on that line, there's basically three things. One of them is traditional acquisitions. That number is very small, as I've said. It's just a small acquisition. Nothing really to speak of in terms of cash or even revenue and EBIT contribution. We do expect and have started to get back into acquisition mode, and we will get back into acquisition mode. But the primary focus to date has been completing the dispositions. So, a very small traditional acquisition number.

We've also got some earnout payments that are in that number, as we always historically do. There's still a few outstanding earnouts. So, some of those payments that are on the acquisition line relate to earnouts. And in addition to that, probably the biggest component of the spend has been an increase in spend on acquiring minority interests, which is part of our integration plan from the beginning, because as we make some of the changes we've made globally, outside the US especially, we've integrated operations, and as part of that, we bought out some minority interests so that we could merge and integrate the businesses and operate more efficiently market by market. So, most of the spend in the acquisition category through nine months relates to

acquisitions of additional minority interests. And that's certainly where the numbers are coming from. There really isn't a lot of activity in terms of traditional M&A that's contributing to revenue and EBITA growth so far through the first nine months.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

A

Right. Probably, the biggest number in there is we topped up our ownership of what was Interpublic's Middle East operations, where they owned 51%, we purchased the other 49%.

Michael Brian Nathanson

Analyst, MoffettNathanson LLC

Q

Okay, got it.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

Yeah. That was the single biggest spend number.

Michael Brian Nathanson

Analyst, MoffettNathanson LLC

Q

And that's why the revenues don't change because you were consolidating it anyway, so it's just owning 100%.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

A

Correct.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

That's correct.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

A

That's correct. Yeah.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

Yeah. So, we would expect minority interest contribution to be reduced going forward, except to the extent that businesses that – there's a few businesses that still have some minority ownership in them. And if they grow, the minority interest expense will grow accordingly.

Michael Brian Nathanson

Analyst, MoffettNathanson LLC

Q

Okay. Thanks, guys.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

A

Thank you.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

You're welcome.

A

Operator: Your next question comes from the line of Tim Nollen with SSR. Your line is open. Please go ahead.

Tim Nollen

Analyst, SSR LLC

Hi. Thanks for taking the question. It's a question probably for you, John. Maybe, actually, Paolo could weigh in as well. It's a bigger picture question. Thinking of how clients have always leaned on the ad agency groups like Omnicom to manage complexity in the marketplace, and it's probably a more complex world than ever now. In this agentic AI era as the walled gardens and even some independent ad tech companies are building out end-to-end platforms, I'm just wondering, how does a scaled HoldCo like Omnicom fit in, how is its role changing in this environment? You've referenced AI several times on this call. Just curious how you view your role in this much broader, more complex ad market is evolving.

Q

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

I think we're central to it in terms of the platform that we're building out, in terms of the ease in which both Omnicom employees and employees of the client can come together on a platform and execute certain statements of work and achievements. I will defer actually to Paolo, who is living those improvements every day. He's with us, so.

A

Paolo Yuvienco

Chief Technology Officer & Executive Vice President, Omnicom Group, Inc.

Yeah. So, I think ultimately what we do is we orchestrate that complexity on behalf of our clients. What Omni, our platform, our marketing intelligence platform does is perform that orchestration and helps facilitate the work that our people are actually delivering for our clients every day. So when you think about agentic and why it becomes so important, because implementing kind of these tasks through the lens of AI and making sure that we're doing it in the most efficient and effective way, that is ultimately what we're doing to simplify the entire marketing life cycle.

A

Tim Nollen

Analyst, SSR LLC

And I guess, it's fair to say, looking at your growth rates, you're seeing a lot of opportunity here. You're even seeing opportunities to gain share versus the opportunities that you used to have. Things are even changing to your benefit in the market. Is that fair?

Q

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

That is fair. That is fair. Our client base allows us to do that, and our resources and cash flow allow us to make those investments.

A

Tim Nollen

Analyst, SSR LLC

Q

Okay. Thank you.

Operator: Your next question comes from the line of Craig Huber with Huber Research Partners. Your line is open. Please go ahead. Craig, your line is open. Please go ahead. Your next question...

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

Maybe we'll go to the next question, operator.

Operator: Yeah. And your next question comes from the line of Adrien de Saint Hilaire from Bank of America. Your line is open. Please go ahead.

Adrien de Saint Hilaire

Analyst, Bank of America

Hello. Good evening, John, Phil, Greg. So, I've got a couple of questions, if you don't mind. First of all, John, can you perhaps talk about the recent changes that have taken place at some of your creative agencies? I think there were some changes at the Omnicom advertising group level, maybe also at the individual agency level. Would you expect that that comes with any disruption, perhaps?

And then maybe secondly just, sorry, Phil, to come back on that Q4 base that you gave us. I'm just a little confused because if we look at Q4 2024, it would seem like the base for the combined business was about \$1.3 billion. So, I'm not quite sure how you get to like \$1.161 billion as you indicate in that slide 33. Thank you.

John D. Wren

Chairman & Chief Executive Officer, Omnicom Group, Inc.

In terms of the advertising agency changes in personnel, there has been some during the quarter, for sure. One is Troy Ruhanen, who was running it, has elected, for personal reasons, to retire. And we had in place Andrew Robertson, who had previously run BBDO and was currently the Chairman of BBDO, to take his place. So, it was a very well-executed handover for an unexpected job opening. And yes, there was a little bit of change below that level in terms of people electing to leave. And all of it's behind us. We digested it very easily. And we're just moving forward at a very rapid pace with not losing a step of anything we had planned to do from the time we finished the planning for the combination of the companies.

So, I say this everywhere, so I believe it to be true. There's no one key individual in this company that the company revolves solely around. Everybody is replaceable, and we anticipate and have succession plans for all of our key positions throughout the company. So when something like that happens, we're able to react to it very smoothly. And that's what's occurred in the advertising group.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

So when we put together the – I'll jump to the next, the second question. So when we put together the combined numbers, at the time, we didn't have combined numbers for Q4 to provide because the IPG transaction only closed on December 1 of 2025. So, we didn't have a fourth quarter to present at that time. And the next best thing was the fourth quarter of 2024, which at this point is kind of dated. It's two years ago. An awful lot has changed and did change between Q4 of 2024 and now in Q4 of 2024 and Q4 of 2025. So, the numbers that are included in

the back of the deck were to provide analysts and investors with some more appropriate set of numbers related to 2025.

And the 2025 numbers that are in there reflect the full year of Omnicom, which includes one month of IPG post-closing date, so the month of December. And it also includes the month of October and November from IPG's books and records, which at the time they had closed the third quarter, and shortly thereafter, we got approval to close the deal. That took us through the end of November. And it was kind of an uncertain time. So, those are IPG's results. There was a lot of uncertainty and preparation for the transaction and the integration to begin on December 1.

So, year-on-year, they were a little bit different than the Q4 numbers. But we think those Q4 2025 numbers that we included in the back of the deck are more representative of the business performance for Q4. And we wanted to get them out so that everybody had them in advance, rather than using them and providing them when we close the year in February of 2027. So, that's why we included them in the back.

Adrien de Saint Hilaire

Analyst, Bank of America

Yeah. That's much appreciated, Phil. Thank you.

Philip J. Angelastro

Chief Financial Officer & Executive Vice President, Omnicom Group, Inc.

Sure. Thank you.

Operator: This concludes today's call. Thank you for attending. You may now disconnect

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