

WISCONSIN VALUE FUND LENS — Maximize return by buying improving companies at reasonable valuations.

Performance level — ROIC (FY2026E) vs. ke	14.4% vs 8.1% → Above ke
Change in performance — ΔROIC	+12.7 pts, FY2026E vs FY2025A → Improving
Lifecycle phase	Phase III — highest expectations
Valuation gap — target vs. price	+488.2% → Price below our value



BUSINESS DESCRIPTION

Omnicom Group, Inc. is a strategic holding company that operates through global networks, connected capabilities and specialized agencies, which connect its comprehensive portfolio of companies to deliver marketing, sales, communications, and commerce services to many of the largest global companies. Its products and service offerings support client objectives across its primary focus areas: media, content, commerce, generative AI, and branding communications. Omnicom’s agencies integrate data, creativity, and technology to deliver coordinated marketing, communications, and

INVESTMENT THESIS

Omnicom is executing well as a business, and the negativity from AI fears and the PepsiCo account loss is overdone. Omnicom is undervalued given its merger savings, media scale, and aggressive buybacks.

MARKET SNAPSHOT

Current Price	\$75.49	Market Cap (\$B)	\$20.7	Beta	0.77
52-Week Range	\$67 – \$89	Inst. Ownership	108.8%	Insider Own.	1.0%
Shares Out. (mm)	204.9	Short Interest (% float)	9.8%	Dividend Yield	4.2%
Consensus L-T Growth	13.8%	Payout Ratio	265.7%	Cost of Equity	8.1%
Price Target	\$444.00	Upside to Target	488.2%	Value Range	\$138 – \$640

VALUATION SUMMARY — equity DCF, FCFE discounted at ke

Method	Value / Share	Upside	Terminal Assumption
Equity DCF – terminal P/E	\$137.87	82.6%	0.0x P/E
Equity DCF – terminal P/S	\$639.95	747.7%	1.0x P/S
Equity DCF – terminal P/B	\$470.88	523.8%	2.1x P/B
Equity DCF – constant growth	\$528.78	600.5%	2.0% g, 8.1% ke
Average of methods	\$444.37	488.6%	Equal-weighted
Analyst price target	\$444.00	488.2%	Blue = analyst override

PHILOSOPHY FIT — Five pillars · Score: 5 / 5

		Fit?
1. Fundamental improvement & valuation discipline	ΔROIC +12.7 pts; price is 0.17x our average value	Yes
2. Investing through company cycles	Phase III; EBIT margin 15.0% → 15.0%	Yes
3. Initial position sizing & risk limits	Initial position sized within fund limits; risk limits set at entry	Yes
4. Capital allocation discipline	Net debt/invested capital 16.0%; net debt/EBIT 1.7x	Yes
5. Identifiable catalysts & conservative underwriting	Three drivers, conservative estimates	Yes

VALUE CRITERIA — 10-Point Checklist · Score: 9 / 10

	Pass?
1. Catalyst / Investment Drivers	Yes
Driver 1 — Merger Cost Savings Expanding Margins	Omnicom expects \$1.5B of cost savings from the IPG merger over 30 months, \$900M in 2026, \$1.3B in 2027 and \$1.5B in 2028. Management expects 75-80% of the 2026 savings to reach profit. Headcount falls from 120K to about 105K by year end.
Driver 2 — Scale in Media and Data	Integrated Media is now 52.5% of core revenue and grew at double digits in Q2. Omnicom won \$3.3B of new billings in the first half of 2026, more than any other global media group, and Omnicom Media Direction network alone holds 10% share. Acxiom's consumer data plus the Omni AI platform makes targeting easier to measure, and its what gets clients to spend more.
Driver 3 — Buying Back Cheap Stock	At about 14% free cash flow yield, buybacks add a lot to per share results. Omnicom retired about 38M shares (12% of share count) in the first half alone. The rest of the \$5B program runs through about April 2027. Management's guidance of more than 15% adjusted EPS in 2026 shows with the buybacks.
What does management say?	Management's message is that Omnicom is now an intergrated operating company rather than a holding company. CEO John Wren said "built for an era where speed, integration, and scale matter most." The focus areas are agentic AI marketing, deeper client partnerships, growth in sports, and creators. The CFO says the goal is growth in operating income.

2. Low P/E Ratio							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
EPS (model)	\$6.98	\$7.54	-\$0.27	\$15.54	\$17.72	\$21.82	
P/E at current price	10.8x	10.0x	-283.8x	4.9x	4.3x	3.5x	
Peer median P/E (FactSet, subject excl.)	15.1x	FY2026E P/E vs. peer median		(68%)			
3. Low Price / Cash Flow							No
FCFE / share	\$4.79	\$3.59	-\$51.95	\$7.43	\$17.98	\$20.36	
Price / FCFE	15.8x	21.0x	NM	10.2x	4.2x	3.7x	
Peer median P/CF (FactSet, subject excl.)	5.3x	Price / FCFE (today) vs. peer median		#VALUE!			
4. Low Price / Book Value							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Book value / share	\$18.14	\$21.35	\$58.79	\$62.86	\$70.73	\$84.55	
Price / Book	4.2x	3.5x	1.3x	1.2x	1.1x	0.9x	

ROE (EOY book)	38.5%	35.3%	-0.5%	24.7%	25.1%	27.4%
Peer median P/B (FactSet, subject excl.)	2.2x	Price / book (today) vs. peer median		(42%)		

Omnicom Group Inc (OMC) — Value Criteria, continued

5. Financial Soundness							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Total debt (\$mm)	6,721	7,075	11,164	11,164	11,164	11,164	
Net debt (\$mm)	2,289	2,736	4,283	7,364	7,914	7,845	
Total debt / equity (gross)	185.8%	168.7%	92.7%	110.2%	114.9%	111.4%	
Total debt / assets (gross)	24.0%	23.9%	20.5%	17.8%	18.6%	18.5%	
Net debt / invested capital	17.9%	20.2%	16.0%	29.3%	31.8%	31.0%	
Net debt / EBIT	1.1x	1.2x	1.7x	1.7x	1.8x	1.8x	
Tax rate	87.1%	Book equity (\$mm)		12,046			
6. Positive Earnings Dynamics							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Sales growth	2.8%	6.8%	10.1%	45.0%	8.0%	8.0%	
EBIT margin	14.3%	15.0%	15.0%	17.0%	16.0%	15.0%	
EPS growth	9.0%	8.0%	(103.5%)	(5942.8%)	14.1%	23.1%	
7. Business Strategy & Segment Mix							Yes
Strategy	Turn Omnicom from a holding compay of separate agencies into one intergrated operating company. The IPG businesses are folded into shared units that all run on the Omni AI platform and Axiom data.						
Segment / geography mix	Integrated Media 52.5%, Advertising 15.7%, PR 11.3%, Experiential & Other 11.2%, Health 9.3%. United States, Europe, UK, Asia Pacific, Latin America, Other North America, Middle East and Africa						
8. Capable Management & Insider Ownership							Yes
Insider ownership	1.0%	Inst. ownership	108.8%	Buybacks, % of NOPAT (FY1E)		144.2%	
Insider activity / governance	Recent net insider selling are routine						
9. Valuation — Value Creation (ROIC vs. ke)							Yes
ROIC (FY1E)	14.4%	Cost of equity (ke)	8.1%	EVA spread (ROIC – ke)		6.3%	
Price target / upside	\$444.00	488.2%		Value / share range (low–high)		\$138 – \$640	
10. Uses of Capital — allocation discipline							Yes
Reinvestment 48% of NOPAT, dividends + buybacks 144% in FY2026E; no dividend and no large M&A — full detail in the Uses of Capital table below.							
VALUE FIT SCORE — criteria met		9 / 10					

FINANCIAL SUMMARY (\$mm except per share)

	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	CAGR 2023–2028
Sales	14,692	15,689	17,272	25,044	27,048	29,212	14.7%
Gross margin	17.0%	17.5%	17.3%	18.0%	18.0%	20.0%	
EBIT	2,105	2,347	2,586	4,258	4,328	4,382	15.8%
Net income	1,391	1,481	-55	2,504	2,434	2,629	13.6%
EPS (basic)	\$6.98	\$7.54	-\$0.27	\$15.54	\$17.72	\$21.82	25.6%
Dividend / share	\$2.82	\$2.81	\$2.68	\$5.71	\$6.19	\$6.81	
FCFE / share	\$4.79	\$3.59	-\$51.95	\$7.43	\$17.98	\$20.36	33.6%
Invested capital	12,777	13,546	26,769	25,153	24,888	25,297	14.6%
ROIC	18.6%	18.8%	1.7%	14.4%	14.4%	14.4%	
NOPAT margin	10.6%	11.0%	1.9%	12.2%	11.5%	10.8%	
Sales / NWC	-3.40x	-3.74x	-2.45x	-5.00x	-5.00x	-5.00x	
Sales / NFA	1.16x	1.17x	0.64x	0.95x	1.00x	1.05x	
Sales / invested capital (ex cash)	1.76x	1.70x	0.87x	1.17x	1.25x	1.33x	

USES OF CAPITAL — full range, as % of cash generated (NOPAT)

	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	Avg 2023–2028
NOPAT before reinvestment (\$mm)	1,550	1,729	335	3,065	3,116	3,155	
Uses, as % of NOPAT							
CapEx, R&D & content (Δ NFA)	17.5%	42.7%	4049.7%	(19.2%)	22.0%	24.5%	689.5%
Working capital (Δ NWC)	15.6%	7.2%	(857.9%)	67.0%	(12.9%)	(13.7%)	(132.5%)
Dividends	36.3%	32.0%	164.2%	30.0%	27.3%	26.0%	52.6%
Share buybacks	30.0%	20.3%	(2526.9%)	114.2%	64.2%	47.5%	(375.1%)
Debt repaid (neg. = borrowing)	(1.2%)	(20.5%)	(1221.8%)	—	—	—	(207.2%)
Cash & securities build	5.8%	(5.4%)	759.5%	(100.5%)	(17.7%)	2.2%	107.3%
Interest & other (residual)	(3.9%)	23.8%	(266.8%)	8.5%	17.1%	13.5%	(34.6%)
Total uses of capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Discipline — reinvestment, % of NOPAT	33.1%	49.8%	3191.7%	47.8%	9.1%	10.8%	557.1%
Dividends + buybacks, % of NOPAT	66.3%	52.3%	(2362.7%)	144.2%	91.5%	73.5%	(322.5%)

Framework: the full range of capital allocation — CapEx/R&D/brand, dividends, buybacks, cash and debt. Cautious at the top of the cycle; invest for the future at the bottom, without over-levering. Total ties to 100% by construction, with interest and unallocated items in the residual.

COMPS OVERVIEW (current multiples, FactSet)

Ticker	Company	P/E	P/S	P/B	P/CF	EV/EBIT
OMC	Omnicom Group Inc	64.7x	0.9x	2.4x	8.2x	7.7x
PUB-FR	Publicis Groupe SA	15.1x	1.4x	2.3x	9.1x	9.3x
WPP	WPP Plc Sponsored ADR		0.3x	1.6x	3.9x	6.5x
4324-JP	Dentsu Group Inc.		0.6x	2.2x	5.3x	8.7x
Median	Peer median (subject excluded)		15.1x	0.6x	2.2x	5.3x
OMC	Subject, at current price		-283.8x	0.9x	1.3x	NM
Premium / (discount) to peer median		(1984%)	+41%	(42%)	n/a	(13%)

Note: OMC appears in its own peer list (AutoTearSheet-5PageID14:DI9). It is excluded from the median, but replace that slot with a real peer to use all six.

KEY RISKS

- AI compresses the fee model: About 45% of Omnicom's revenue goes to salaries. Meta aims to fully automate ad credation and targeting by the end of 2026, and clients are bringing more work in house with AI tools. Advertising is already shrinking. If fees get repriced faster than Omnicom can move to pay for results prcing the growth breaks.
- Client losses: In September PepsiCo moved its \$1.7B global media account to Publicis. This could cause other clients to move away which would wipe out their growth. The top 100 clients make up 53% of their revenue.
- Ad cycle and buyback plan: Ad budgets are the first things companies cut in a slowdown. Omnicom is sensitive to big agencies across the economy and got a massive lift in 2026 due to the World Cup and midterm election. Omnicom has \$10.2B of debt with buybacks and dividends exceed its free cash flow, and a downturn would push debt/EBITDA above its 2.4x target which would stop the buybacks.

