



Advantage Solutions simplifies international footprint as the company continues to refocus on its core business and accelerate growth

December 12, 2023 at 8:00 AM EST

IRVINE, Calif., Dec. 12, 2023 (GLOBE NEWSWIRE) -- Advantage Solutions Inc. (NASDAQ: ADV), a leading provider of sales and marketing services to consumer goods manufacturers and retailers, today announced a plan to streamline and restructure its international businesses in an effort to sharpen its focus on core markets and accelerate growth. The changes will reduce back-office complexities and expenses, simplify financial reporting, eliminate losses in certain Asian businesses and enable the company to trade a minority interest in a foreign business for shares of Advantage stock.

As part of Advantage's simplification efforts, the company has reduced its stake in Advantage Smollan Limited, a joint venture with the Smollan Group operating in Europe, from a majority stake of under 60% to a minority position of 49.6% in exchange for cash and other considerations.

Advantage's resulting stake preserves a substantial interest in the European business and access to its future growth potential. Financially, the move will de-consolidate Advantage Smollan's revenue and international cash holdings (approximately \$30 million) while leaving adjusted EBITDA contribution to Advantage largely unchanged. On an annualized basis, the transaction is anticipated to reduce Advantage's reported revenue by approximately \$400 million and improve its adjusted EBITDA margin by approximately 100 basis points. In addition, Advantage expects to benefit from an operational perspective via a reduction in back-office activities such as accounting and systems management.

"While we continue to view our international business as a long-term growth lever and our investment to be strategic, we believe this change in ownership better aligns with our management of the international business and allows us to prioritize efforts on our core businesses in North America," said Dave Peacock, Chief Executive Officer, Advantage Solutions. "We are happy with the outcome financially and excited to continue partnering with the Smollan Group as a minority shareholder in our joint venture going forward."

Additional changes to Advantage's international business include:

- Advantage has swapped a minority interest in a small foreign asset for approximately 2 million Advantage shares from a legacy lower-middle-market investor involved in the historical sponsor consortium that acquired Advantage Solutions in 2014. This transaction reflects the company's confidence in Advantage stock and what it views as a fundamental disconnect to inherent value in the public markets. The small foreign asset did not meaningfully contribute to Advantage's revenue or EBITDA.
- The company also discontinued two Daymon business units in China that were not profitable, opting to focus its resources on its growing experiential and in-store marketing business in the country. Advantage continues to view Asia as a key growth market, and the company expects the streamlining effort to enable it to serve the market in a more focused and profitable way.

Advantage will continue to realize growth from international markets via its ongoing large minority stake in Advantage Smollan, its direct minority stake in the Smollan Group and through its wholly owned operating businesses, which include its private-brand and experiential services business units that operate in more than a dozen countries. Advantage also continues to directly operate a large business in Canada.

About Advantage Solutions

Advantage Solutions is a leading provider of outsourced sales and marketing solutions uniquely positioned at the intersection of brands and retailers. Our data- and technology-driven services — which include headquarter sales, retail merchandising, in-store and online sampling, digital commerce, omnichannel marketing, retail media and others — help brands and retailers of all sizes get products into the hands of consumers, wherever they shop. As a trusted partner and problem solver, we help our clients sell more while spending less. Advantage has offices throughout North America and strategic investments in select markets throughout Africa, Asia, Australia, Latin America and Europe through which the company serves the global needs of multinational, regional and local manufacturers. For more information, please visit advantagesolutions.net.

Peter Frost

press@advantagesolutions.net