Advantage Solutions Reports Fourth Quarter and 2024 Results: Transformation Initiatives Continue to Strengthen the Company

March 7, 2025

Delivered Adjusted EBITDA growth through strong execution and cost discipline

Continued progress on the transformation to enhance capabilities and increase operating efficiencies

Management expects growth in Revenues and Adjusted EBITDA in 2025

ST. LOUIS, March 07, 2025 (GLOBE NEWSWIRE) -- Advantage Solutions Inc. (NASDAQ: ADV) ("Advantage," "Advantage Solutions," the "Company," "we," or "our"), a leading business solutions provider to consumer goods manufacturers and retailers, today reported financial results for the three and 12 months ended Dec. 31, 2024.

Unless otherwise noted, results presented in this release are from continuing operations, and comparisons are on a prior year basis. Revenues for the three months were $892.3 million compared with $991.9 million, and net loss was $177.9 million compared to a net loss of $2.7 million. Revenues for the full year were $3,566.3 million compared with $3,900.1 million, and net loss was $378.4 million compared to a net loss of $81.2 million.

Q4 and 2024 Full Year Financial Highlights

- Organic revenues[(1)] in Q4 declined 2.4% and increased 1% for the full year. Adjusted EBITDA increased 8.9% to $94.6 million in Q4 and 1.1% to $356.0 million for the full year compared to the prior year.
- Achieved healthy profit performance in 2024 across Experiential Services and Retailer Services, while right-sizing Branded Services to adjust to the demand environment.
- The Company remains focused on disciplined capital allocation with 2024 voluntary debt repurchases and share buybacks of approximately $158 million and $34 million, respectively.

"In 2024, we made solid progress against our ongoing transformation and took operational actions to remain resilient in a dynamic market," said Advantage CEO Dave Peacock. "We believe we are in a better position today to navigate market uncertainties as we execute on key initiatives designed to increase our operating efficiencies and capabilities, bringing greater speed, precision and insight to our clients, while positioning the company to accelerate growth in the coming years."

Consolidated Financial Summary from Continuing Operations					
(amounts in thousands)	Three Months Ended December 31,		Change (Reported)		Organic[(1)]
	2024	2023	$	%	%
Total Revenues	$ 892,285	$ 991,948	$ (99,663)	(10.0%)	(2.4%)
Total Net Loss	$ (177,935)	$ (2,663)	$ (175,272)	NMF	
Total Adjusted EBITDA	$ 94,555	$ 86,825	$ 7,730	8.9%	
Adjusted EBITDA Margin	10.6%	8.8%			
	Year Ended December 31,		Change (Reported)		Organic[(1)]
	2024	2023	$	%	%
Total Revenues	$ 3,566,324	$ 3,900,125	$ (333,801)	(8.6%)	1.0%
Total Net Loss	$ (378,404)	$ (81,211)	$ (297,193)	NMF	
Total Adjusted EBITDA	$ 356,014	$ 352,248	$ 3,766	1.1%	
Adjusted EBITDA Margin	10.0%	9.0%			

The complete earnings release can be found here.

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(1) Excludes ~$76 million and ~$374 million in 4Q'23 and 2023, respectively, related to the deconsolidation of the European JV, which occurred in 4Q'23.

NMF = Not Meaningful

Conference Call Details	
Date/Time	Mar. 7, 2025 , 8:30 am EST
Dial-in (10 minutes before the call)	800-225-9448 within the United States or +1-203-518-9708 outside the United States Dial-in Code: ADVQ4
Webcast	Available at: ADV 4Q and 2024 FY Earnings Webcast
Replay	844-512-2921 within the United States or +1-412-317-6671 outside the United States Replay ID: 11158219

About Advantage Solutions

Advantage Solutions is the leading omnichannel retail solutions agency in North America, uniquely positioned at the intersection of consumer-packaged goods (CPG) brands and retailers. With its data- and technology-powered services, Advantage leverages its unparalleled insights, expertise and scale to help brands and retailers of all sizes generate demand and get products into the hands of consumers, wherever they shop. Whether it's creating meaningful moments and experiences in-store and online, optimizing assortment and merchandising, or accelerating e-commerce and digital capabilities, Advantage is the trusted partner that keeps commerce and life moving. Advantage has offices throughout North America and strategic investments and owned operations in select international markets. For more information, please visit YourADV.com.

Included with this press release are the Company's consolidated and condensed financial statements as of and for the three months and year ended December 31, 2024. These financial statements should be read in conjunction with the information contained in the Company's Annual Report on Form 10-K, to be filed with the Securities and Exchange Commission (the "SEC") on March 7, 2025.

Forward-Looking Statements

Certain statements in this press release may be considered forward-looking statements within the meaning of the federal securities laws, including statements regarding the expected future performance of Advantage's business and projected financial results. Forward-looking statements generally relate to future events or Advantage's future financial or operating performance. These forward-looking statements generally are identified by the words "may", "should", "expect", "intend", "will", "would", "could", "estimate", "anticipate", "believe", "predict", "confident", "potential" or "continue", or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those expressed or implied by such forward looking statements.

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by Advantage and its management at the time of such statements, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, but are not limited to, market-driven wage changes or changes to labor laws or wage or job classification regulations, including minimum wage; future potential pandemics or health epidemics; Advantage's ability to continue to generate significant operating cash flow; client procurement strategies and consolidation of Advantage's clients' industries creating pressure on the nature and pricing of its services; consumer goods manufacturers and retailers reviewing and changing their sales, retail, marketing and technology programs and relationships; Advantage's ability to successfully develop and maintain relevant omni-channel services for our clients in an evolving industry and to otherwise adapt to significant technological change; Advantage's ability to maintain proper and effective internal control over financial reporting in the future; Advantage's substantial indebtedness and our ability to refinance at favorable rates; and other risks and uncertainties set forth in the section titled "Risk Factors" in the Annual Report on Form 10-K to be filed by the Company with the SEC on March 7, 2025, and in its other filings made from time to time with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Advantage assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP Financial Measures and Related Information

This press release includes certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP"), including Adjusted EBITDA from Continuing Operations, Adjusted EBITDA from Discontinued Operations, Adjusted EBITDA by Segment, Adjusted Unlevered Free Cash Flow and Net Debt. These are not measures of financial performance calculated in accordance with GAAP and may exclude items that are significant in understanding and assessing Advantage's financial results. Therefore, the measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP, and should not be considered in isolation or as an alternative to net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that Advantage's presentation of these measures may not be comparable to similarly titled measures used by other companies. Reconciliations of historical non-GAAP measures to their most directly comparable GAAP counterparts are included below.

Advantage believes these non-GAAP measures provide useful information to management and investors regarding certain financial and business trends relating to Advantage's financial condition and results of operations. Advantage believes that the use of Adjusted EBITDA from Continuing Operations, Adjusted EBITDA from Discontinued Operations, Adjusted EBITDA by Segment, Adjusted Unlevered Free Cash Flow, and Net Debt provide an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing Advantage's financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. Non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. Additionally, other companies may calculate non-GAAP measures differently, or may use other measures to calculate their financial performance, and therefore Advantage's non-GAAP measures may not be directly comparable to similarly titled measures of other companies.

Adjusted EBITDA from Continuing Operations, Adjusted EBITDA from Discontinued Operations and Adjusted EBITDA by Segment are supplemental non-GAAP financial measures of our operating performance. Adjusted EBITDA from Continuing Operations and Adjusted EBITDA from Discontinued Operations mean net (loss) income before (i) interest expense (net), (ii) provision for (benefit from) income taxes, (iii) depreciation, (iv) amortization of intangible assets, (v) impairment of goodwill, (vi) changes in fair value of warrant liability, (vii) stock based compensation expense, (viii) equity-based compensation of Karman Topco L.P., (ix) fair value adjustments of contingent consideration related to acquisitions, (x) acquisition and divestiture related expenses, (xi) (gain) loss on divestitures, (xii) restructuring expenses, (xiii) reorganization expenses, (xiv) litigation expenses (recovery), (xv) costs associated with COVID-19, net of benefits received, (xvi) costs associated with (recovery from) the Take 5 Matter, (xvii) EBITDA for economic interests in investments and (xviii) other adjustments that management believes are helpful in evaluating our operating performance.

Adjusted EBITDA by Segment means, with respect to each segment, operating income (loss) from continuing operations before (i) depreciation, (ii) amortization of intangible assets, (iii) impairment of goodwill, (iv) stock based compensation expense, (v) equity-based compensation of Karman Topco L.P., (vi) fair value adjustments of contingent consideration related to acquisitions, (vii) acquisition and divestiture related expenses, (viii) restructuring expenses, (ix) reorganization expenses, (x) litigation expenses (recovery), (xi) costs associated with COVID-19, net of benefits received, (xii) costs associated with (recovery from) the Take 5 Matter, (xiii) EBITDA for economic interests in investments and (xiv) other adjustments that management believes are helpful in evaluating our operating performance, in each case, attributable to such segment.

Adjusted EBITDA Margin means Adjusted EBITDA from Continuing Operations divided by total revenues.

Adjusted Unlevered Free Cash Flow represents net cash provided by (used in) operating activities from continuing and discontinued operations less purchase of property and equipment as disclosed in the Statements of Cash Flows further adjusted by (i) cash payments for interest, (ii) cash received from interest rate derivatives, (iii) cash paid for income taxes; (iv) cash paid for acquisition and divestiture related expenses, (v) cash paid for restructuring expenses, (vi) cash paid for reorganization expenses, (vii) cash paid for contingent earnout payments included in operating cash flow, (viii) cash paid for costs associated with COVID-19, net of benefits received, (ix) cash paid for costs associated with the Take 5 Matter, (x) net effect of foreign currency fluctuations on cash, and (xi) other adjustments that management believes are helpful in evaluating our operating performance. Adjusted Unlevered Free Cash Flow as a percentage of Adjusted EBITDA means Adjusted Unlevered Free Cash Flow divided by Adjusted EBITDA from Continuing Operations and Adjusted EBITDA from Discontinued Operations.

Net Debt represents the sum of current portion of long-term debt and long-term debt, less cash and cash equivalents and debt issuance costs. With respect to Net Debt, cash and cash equivalents are subtracted from the GAAP measure, total debt, because they could be used to reduce the debt obligations. We present Net Debt because we believe this non-GAAP measure provides useful information to management and investors regarding certain financial and business trends relating to the Company's financial condition and to evaluate changes to the Company's capital structure and credit quality assessment.

Advantage Solutions Inc.
Reconciliation of Net Income (Loss) to Adjusted EBITDA
(Unaudited)

Continuing Operations	**Three Months Ended December 31,**		**Year Ended December 31,**	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Net loss from continuing operations	$ (177,935)	$ (2,663)	$ (378,404)	$ (81,211)
Add:				
Interest expense, net	32,308	45,851	146,792	165,734

Benefit from income taxes from continuing operations	(24,745)	(21,653)	(62,787)	(37,648)
Depreciation and amortization	51,622	51,420	204,553	208,856
Impairment of goodwill and indefinite-lived asset	175,500	43,500	275,170	43,500
Gain on deconsolidation of subsidiaries	—	(58,891)	—	(58,891)
Changes in fair value of warrant liability	(225)	(873)	(584)	(286)
Stock-based compensation expense [a]	6,794	9,533	31,019	38,933
Equity-based compensation of Karman Topco L.P. [b]	1,381	754	723	(2,524)
Fair value adjustments related to contingent consideration related to acquisitions [c]	—	665	1,678	11,152
Acquisition and divestiture related expenses [d]	39	142	(1,168)	3,206
Restructuring expenses [e]	5,933	—	30,051	—
Reorganization expenses [f]	14,820	17,829	88,800	56,133
Litigation (recovery) expenses [g]	482	855	(1,940)	9,519
Costs associated with COVID-19, net of benefits received [h]	—	(2)	—	3,283
Costs associated with the Take 5 Matter, net of (recoveries) [i]	764	63	1,845	(1,380)
EBITDA for economic interests in investments [j]	7,817	295	20,266	(6,128)
Adjusted EBITDA from Continuing Operations	$ 94,555	$ 86,825	$ 356,014	$ 352,248

(a) Represents non-cash compensation expense related to performance stock units, restricted stock units, and stock options under the 2020 Advantage Solutions Incentive Award Plan and the Advantage Solutions 2020 Employee Stock Purchase Plan.

(b) Represents expenses related to (i) equity-based compensation expense associated with grants of Common Series D Units of Karman Topco L.P. made to one of the sponsors of Advantage and (ii) equity-based compensation expense associated with the Common Series C Units of Karman Topco L.P.

(c) Represents adjustments to the estimated fair value of our contingent consideration liabilities related to our acquisitions, for the applicable periods.

(d) Represents fees and costs associated with activities related to our acquisitions, divestitures, and related reorganization activities, including professional fees, due diligence, and integration activities.

(e) Restructuring charges including programs designed to integrate and reduce costs intended to further improve efficiencies in operational activities and align cost structures consistent with revenue levels associated with business changes. Restructuring expenses include costs associated with the Voluntary Early Retirement Program ("VERP") and employee termination benefits associated with a reduction-in-force ("2024 RIF") and other optimization initiatives.

(f) Represents fees and costs associated with various internal reorganization activities, including professional fees, lease exit costs, severance, and nonrecurring compensation costs.

(g) Represents legal settlements, reserves, and expenses that are unusual or infrequent costs associated with our operating activities.

(h) Represents (i) costs related to implementation of strategies for workplace safety in response to COVID-19, including employee-relief fund, additional sick pay for front-line associates, medical benefit payments for furloughed associates, and personal protective equipment; and (ii) benefits received from government grants for COVID-19 relief.

(i) Represents cash receipts from an insurance policy for claims related to the Take 5 Matter and costs associated with investigation and remediation activities related to the Take 5 Matter, primarily professional fees and other related costs.

(j) Represents additions to reflect our proportional share of Adjusted EBITDA related to our equity method investments and reductions to remove the Adjusted EBITDA related to the minority ownership percentage of the entities that we fully consolidate in our financial statements.

Advantage Solutions

Source: Advantage Solutions, Inc.