

Team Internet Group

Rebasing for Google AdSense transition

We are re-initiating forecasts on Team Internet to reflect Verdane's decision not to make an offer for the business (removing Take Over Panel research restrictions) and the company's trading update flagging disruption to the Search business as a result of Google opting out Google Ads accounts of AdSense for Domains (AFD). The Domains, Identity and Software (DIS) business continues to perform solidly, while Comparison is generating strong, operationally leveraged growth, which looks well set to continue. Nevertheless, factoring in the disruption and advertising weakness, we have cut EBITDA by 17% and 39% in FY24e and FY25e, respectively, with EPS reduced by 7% and 42%, respectively.

Year end	Revenue (\$m)	EBITDA (\$m)	PBT (\$m)	EPS (¢)	DPS (¢)	P/E (x)	Yield (%)	EV/EBITDA (x)
12/22	728.2	86.0	64.3	14.70	0.00	4.7	N/A	3.4
12/23	836.9	96.4	77.5	22.48	2.00	3.0	2.9	3.0
12/24e	803.0	92.0	74.0	21.17	2.30	3.2	3.4	3.2
12/25e	739.0	60.3	45.4	13.50	2.50	5.1	3.7	4.9

Note: PBT and diluted EPS are normalised, excluding amortisation of acquired intangibles, share-based payments and exceptional items.

Google disruption

Management had already flagged in its February trading update that ongoing weakness in online advertising had affected the Search division. This was further compounded by Google's decision to automatically opt out Google Ads accounts from AFD, to which the Search segment has significant exposure (79% of Search net revenue). The business has been investing into transitioning to Related Search On Content (RSOC), Google's replacement product, and management believes that ultimately it will benefit from this change. However, Google's accelerated timescale will disrupt trading in FY25 with a recovery expected to gain traction in FY26.

Comparison and DIS performing well

The DIS business continued its solid growth trajectory in FY24 (revenue +7%, EBITDA +46%), reflecting the gains from the efficiency programme and operational leverage. Further growth is expected in FY25. Comparison delivered very strong, operationally geared growth, with revenues up 43% and EBITDA up 89%, with the company's AI platform and increased use of paid search to direct potential consumers facilitating rapid international expansion. Recent launches in Italy and Spain, and a relaunch in France, have been successful. Additional country launches are planned for this year, supporting our forecast of further strong growth into FY25.

Discount neglects qualities of DIS and Comparison

The deeply discounted rating of 5.1x FY25e EPS is understandable given the recent Search downgrade cycle. However, in our new FY25 forecasts DIS and Comparison account for c 75% of group EBITDA. DIS is robust and cash generative, and the group has received repeated approaches for this business. Comparison has good prospects to continue its strong, operationally leveraged growth trajectory. We believe the current share price overly discounts the qualities of these businesses. Management remains committed to delivering shareholder value through selling divisions as well as continued share buy backs and dividend payments.

Trading update/end of offer period

Software and comp services

5 March 2025

Price **53.60p**
Market cap **£133m**

£/US\$ 1.27

Net cash/(debt) at end-December 2024 £(97.0)m

Shares in issue 248.8m

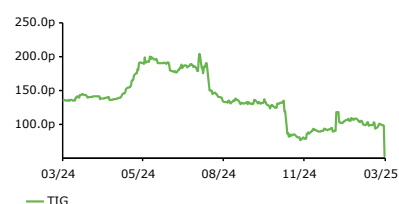
Free float 100.0%

Code TIG

Primary exchange AIM

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (49.4) (38.3) (59.1)

52-week high/low 206.0p 76.4p

Business description

Team Internet Group is a global internet company that generates revenue through domain name distribution, online product comparison and AI-driven customer digital marketing solutions. The company's mission is to 'create meaningful connections' by enhancing user experiences and by fostering deeper engagement through innovative technology.

Next events

FY24 results 24 March 2025

Analyst

Dan Ridsdale +44 (0)20 3077 5700

tmt@edisongroup.com

[Edison profile page](#)

Team Internet Group is a research client of Edison Investment Research Limited

Revised estimates: Search exposure substantially reduced

In line with its goal of providing more transparency on the components of the group, management has introduced more detailed and useful segmental reporting. Comparison is now broken out as a separate division and EBITDA is reported for each division.

We forecast a continuation of robust revenue growth and margins for DIS, while we believe that Comparison is well-placed to continue growing strongly as the business continues its international expansion. The Search forecasts reflect both a significant reduction in revenues and gross margin as the company navigates the switch from AFD to RSOC.

At this stage visibility is still limited. We will introduce forecasts for FY26 following the release of the FY24 results on 24 March.

Exhibit 1: Divisional forecasts (\$m)

	FY23	FY24e	FY25e
Domains, Identity and Software (DIS)			
Revenue	189	203	213
<i>Growth (YoY%)</i>	23%	7%	5%
Gross Profit	68	74	78
<i>Gross Margin (%)</i>	36%	36%	36%
EBITDA	13	19	22
<i>EBITDA Margin</i>	7%	9%	10%
Comparison			
Revenue	44	63	74
<i>Growth (YoY%)</i>	0%	43%	17%
Gross Profit	16	23	27
<i>Gross Margin (%)</i>	36%	37%	37%
EBITDA	9	17	20
<i>EBITDA Margin</i>	20%	27%	28%
Search			
Gross Revenue	604	537	452
<i>Growth (YoY%)</i>	5%	-11%	-16%
Net Revenue	107	91	50
<i>Gross Margin (%)</i>	18%	17%	11%
EBITDA	74	56	18
<i>EBITDA Margin</i>	12%	10%	4%
Group			
Group Revenues	837	803	739
<i>Growth (YoY%)</i>	15%	-4%	-8%
Gross Profit	191	188	154
<i>Gross Margin (%)</i>	23%	23%	21%
Cash Opex	(95)	(96)	(94)
<i>Opex Growth</i>		1%	-7%
EBITDA	96	92	60
<i>Margin %</i>	11%	11%	8%

Source: Team Internet, Edison Investment Research

Estimate revisions

The reduction in our FY24 estimates reflects the ongoing weakness in the advertising market, reported in the February trading update.

The changes to our FY25 estimates reflect the transition of the Search business where the move from AFD to RSOC will lead to a short-term decline in Search profits, though a recovery to previous levels is expected in the medium term.

We have not changed our dividend estimates, and on our current estimates the business has the capacity to return more capital to shareholders through dividends or further share buybacks.

Exhibit 2: Changes to estimates

31-December	Reported	Old	New			Old	New		
US\$m	2023	2024e	2024e	Change	Y-o-y	2025e	2025e	Change	Y-o-y
Gross revenue	837	841	803	-4.5%	-4.1%	853	739	-13.3%	-8.0%
Gross Profit	191	192	188	-2.1%	-1.6%	204	154	-24.3%	-17.9%
Adj. EBITDA	96	110	92	-16.5%	-4.6%	98	60	-38.5%	-34.4%
EBITDA Margin	11.5%	13.1%	11.5%			11.5%	8.2%		
Profit Before Tax (norm)	81	78	74	-4.9%	-8.8%	80	45	-43.6%	-38.7%
Profit Before Tax (reported)	29	34	23	-31.6%	-20.3%	33	(2)	-106.2%	-108.7%
Net income (normalised)	67	60	55	-7.4%	-17.3%	61	34	-44.4%	-38.7%
Basic average number of shares outstanding (m)	272	253	260			253	251		
EPS - basic normalised (c)	23.2	23.7	21.3	-10.0%	-8.3%	24.2	13.6	-43.8%	-36.2%
EPS - diluted normalised (c)	22.4	22.9	21.2	-7.4%	-5.5%	23.3	13.5	-42.2%	-36.3%
Dividend (p)	2.0	2.3	2.3	0.0%	15.0%	2.5	2.5	8.7%	8.7%
Closing net debt/(cash)	74	77	97	26.5%		28	80	-71.5%	

Source: Edison Investment Research

Exhibit 3: Financial Summary

31-Dec	\$m	2022	2023	2024e	2025e
INCOME STATEMENT					
		IFRS	IFRS	IFRS	IFRS
Gross Revenue		728	837	803	739
Cost of Sales		(551)	(646)	(615)	(585)
Gross Profit (net revenue)		178	191	188	154
EBITDA		86	96	92	60
Normalised operating profit		83	93	89	57
Amortisation of acquired intangibles		(36)	(39)	(41)	(43)
Exceptionals		(7)	(4)	(1)	(3)
Share-based payments		(6)	(5)	(1)	(2)
Reported operating profit		34	46	45	9
Net Interest		(19)	(16)	(15)	(12)
Exceptionals		0	0	(7)	0
Profit Before Tax (norm)		64	77	74	45
Profit Before Tax (reported)		15	30	23	(2)
Reported tax		(17)	(5)	(8)	1
Profit After Tax (norm)		47	63	55	34
Profit After Tax (reported)		(2)	25	16	(2)
Minority interests		0	0	0	0
Net income (normalised)		47	63	55	34
Net income (reported)		(2)	25	16	(2)
Basic average number of shares outstanding (m)		268	272	260	251
EPS - basic normalised (c)		15.40	23.30	21.30	13.58
EPS - diluted normalised (c)		14.70	22.48	21.17	13.50
EPS - basic reported (c)		0.80	9.20	8.74	(0.61)
Dividend (p)		0.00	2.00	2.30	2.50
Revenue growth (%)		77.4	14.9	17.5	10.0
Gross Margin (%)		24.4	22.8	23.4	20.9
EBITDA Margin (%)		11.8	11.5	11.5	8.2
EBITDA/Net Revenue (%)		48.4	50.4	48.9	39.1
Normalised Operating Margin		11.4	11.1	11.1	7.7
BALANCE SHEET					
Fixed Assets		365	344	342	307
Intangible Assets		348	324	322	287
Tangible Assets		7	7	8	7
Investments & other		10	13	13	13
Current Assets		194	200	209	217
Stocks		1	0	0	0
Debtors		98	107	109	100
Cash & cash equivalents		95	93	100	117
Current Liabilities		198	188	183	167
Creditors		190	186	181	165
Short term borrowings		5	0	0	0
Lease liabilities		2	2	2	2
Long Term Liabilities		194	202	232	231
Long term borrowings		146	167	197	197
Other long term liabilities		48	36	35	35
Net Assets		167	153	137	126
CASH FLOW					
Op Cash Flow before WC and tax		54	72	68	44
Working capital		7	(14)	(7)	(7)
Exceptional & other		25	20	15	12
Tax		(8)	(6)	(8)	(3)
Net operating cash flow		78	73	68	45
Capex		(7)	(10)	(9)	(9)
Acquisitions/disposals		(82)	(6)	(32)	0
Interest paid		(8)	(12)	(16)	(14)
Equity financing		59	0	(21)	4
Change in borrowing		167	15	0	0
Dividends		0	(4)	(10)	(7)
Other		(163)	(61)	(2)	(2)
Net Cash Flow		44	(5)	(22)	17
Opening net debt/(cash)		81	57	74	97
FX		(5)	3	(1)	0
Other non-cash movements		(14)	(15)	0	0
Closing net debt/(cash)		57	74	97	80

Source: Team Internet, Edison Investment Research

General disclaimer and copyright

This report has been commissioned by Team Internet Group and prepared and issued by Edison, in consideration of a fee payable by Team Internet Group. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2025 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.