

Team Internet Group

Changing platforms

Full-year results

While Team Internet's Search business faces ongoing challenges, Comparison had a breakout year (revenues +43% y-o-y) and appears to have established an effective model for international expansion. DIS continues to generate solid growth and margins. Between them, these latter two divisions account for 80% of our FY25 EBITDA estimate. Our sum-of-the-parts (SOTP) analysis indicates a valuation over 90p is readily achievable and the c 68p share price attributes no value to Search. We believe a successful migration of Search revenues from AdSense for Domains to Related Search on Content will be the key catalyst for doubts to wane and for more value from Search to become priced in.

Year end	Revenue (\$m)	EBITDA (\$m)	PBT (\$m)	EPS (¢)	DPS (¢)	EV/EBITDA (x)	P/E (x)	Yield (%)
12/23	836.9	96.4	77.5	22.48	2.00	3.2	3.9	2.3
12/24	802.8	91.9	71.4	21.22	1.00	3.4	4.1	1.1
12/25e	732.7	60.0	45.0	13.60	0.00	5.2	6.4	N/A
12/26e	765.8	67.1	57.4	17.33	0.00	4.7	5.0	N/A

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

FY24 results review

FY24 results were as flagged at the trading update, with group revenues, EBITDA and adj. EPS reducing by 4%, 5% and 6%, respectively. The contraction was due to Search, where gross revenues fell 11% to \$537m and EBITDA 24% to \$56.4m. Comparison grew FY24 revenues and EBITDA by 43% and 75%, respectively. DIS continues to deliver solid growth (7% y-o-y FY24) and profits (10% EBITDA margin) from a diverse range of products and services. Cash conversion was robust (108% operating cash conversion). Year-end net debt rose to \$96.4m (FY23 \$74.1m) reflecting \$31m of cash returned to shareholders through share buybacks and dividends as well as the unsuccessful acquisition of Shinez (\$31.8m) for which the company has taken a \$36m impairment charge. The final dividend (Edison 1.5p) has been cut as TIG prioritises deleveraging through this time of transition.

Resetting around higher-quality business lines

Other than the dividend cut, our FY25 estimates are materially unchanged (Exhibit 3). We expect continued robust growth (17%) from Comparison, with the successful relaunch in France setting the blueprint for further international expansion. Continued EBITDA growth in DIS should be supported by the ongoing rationalisation and optimisation programme. Visibility for Search is limited, in terms of the rate of decline of AdSense revenues and the uptake of Google's replacement product, Related Search on Content (RSOC). We still believe TIG has the tools and relationships to capture a good share of RSOC business.

Valuation: SOTP on modest comps suggests upside

Applying modest fair value multiples for each division results in a fair value above 90p. While the recent bid interest for the group did not materialise, we still see DIS as a potentially valuable asset. Excluding Search returns a valuation of 68p. We believe successful migration of revenues to RSOC will be the key catalyst for more value to become ascribed to the Search business.

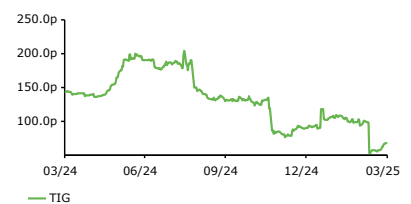
Software and comp services

25 March 2025

Price 67.60p
Market cap £167m

Net cash/(debt) at 31 December 2024	\$(96.4)m
Shares in issue	247.8m
Free float	100.0%
Code	TIG
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(28.1)	(25.7)	(50.5)
52-week high/low		206.0p	50.5p

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

Interim trading update End August 2025

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Financials

Search

Transition to RSOC will dominate the picture in 2025

While in the performance of Search in FY24 was affected by the lacklustre advertising market and the significant underperformance of Shinez, FY25 will be dominated by the transition of business from AdSense for Domains, which is being sunset to Related Search on Content, the platform that Google is pushing as its replacement.

Google AdSense for Domains accounted for \$72m (79%) of Search's \$91.5m net revenue in FY24. Google started opting Google Ads customers out of AdSense for Domains on 19 March 2025; ultimately, it is likely revenues from this platform will drop to a fraction of those levels. The rate of decline is unclear, however. It depends on the rate at which Google opts out customers (which appears to be progressive) and the extent and rate at which customers opt back in.

The division's RSOC revenues are now growing strongly, albeit from a low base. We believe that TIG should be well positioned to capture good market share. The division has developed its RSOC offering in close alignment with Google, expanding ad inventory and traffic sources to capture share. The division's established relationships with the key social media platforms, core competence in sourcing consumers from social media and pricing algorithms should all still largely apply in an RSOC environment.

Gross margins will be lower than for AdSense traffic, particularly in the initial phases as TIG and its competitors compete for market share in the uptake phase, but also because click-through rates are lower due to the richer on-page content, which draws attention from Ads. In the longer term, management believes that with further optimisation of the company's data and AI optimisation engine, this gap can be closed and possibly surpassed.

More detail on how this RSOC works can be found here: [What is RSOC and how does it work: the ultimate guide](#).

A cost-reduction programme has also been instigated, although it will likely be H225 before any meaningful benefit comes through, with the full benefit to be felt in FY26.

Comparison

Search engine advertising drives FY24 growth

Comparison's strong, operationally leveraged growth in FY24 (revenues + 43% y-o-y; EBITDA + 75% y-o-y) was driven primarily by TIG's successful adoption of search engine advertising (SEA), whereby it pays directly for search engine placement as opposed to the previous search engine optimisation approach. This approach gives TIG more control and visibility of the cost to secure visits from potential consumers, while reducing the risk of disruption from search engine algorithm changes.

International expansion key to growth

Growth in FY25 and FY26 is likely to come from international expansion. The French operation is now scaling quickly, enabled by the SEA transition, and is profitable. The Italian and Spanish operations are at an earlier stage of development, but replicating the French success should support robust growth through FY25 and FY26. Expansion into other geographies should follow. More country launches are scheduled this year.

Domains, Identity and Software (DIS)

Robust performance, further rationalisation and optimisation to come

Domains, Identity and Software (DIS) continues to deliver robust growth (7% in FY24) with EBITDA margin expanding by 270bp to 10%. The margin expansion has been facilitated by a rationalisation and optimisation programme (project Unity), which runs through to June 2025. Growth initiatives include expanding into other elements of digital identity, including trademarks, certificates and blockchain credentials, integrating Voluum (acquired in 2020) for performance intelligence. This will be somewhat offset at the revenue level by pruning below-margin customers, but we expect to see further gross profit growth and margin expansion.

Estimates

Our headline FY25 revenue and EBITDA estimates have not changed materially, with minor amendments to the divisional balance reflecting the dynamics described above. We believe they are set at a relatively cautious level to reflect the transition in Search. Our FY26 estimates are new with revenue growth reflecting the start of a recovery at Search, further internationalisation in Comparison and continued solid margin performance from DIS.

Exhibit 1: Operational model

	FY23	FY24	FY25e	FY26e
Domains, Identity and Software (DIS)				
Revenue	189	203	207	213
<i>Growth (YoY%)</i>	23%	7%	2%	3%
Gross Profit	68	74	79	81
<i>Gross Margin (%)</i>	36%	36%	38%	38%
EBITDA	13	19	23	24
<i>EBITDA Margin</i>	7%	10%	11%	11%
Comparison				
Revenue	44	63	74	83
<i>Growth (YoY%)</i>	0%	43%	17%	12%
Gross Profit	16	22	26	29
<i>Gross Margin (%)</i>	36%	36%	35%	35%
EBITDA	9	16	19	22
<i>EBITDA Margin</i>	21%	26%	26%	27%
Search				
Gross Revenue	604	537	452	470
<i>Growth (YoY%)</i>	5%	-11%	-16%	4%
Net Revenue	107	92	49	51
<i>Gross Margin (%)</i>	18%	17%	11%	11%
EBITDA	74	56	17	21
<i>EBITDA Margin</i>	12%	11%	4%	4%
Group				
Group Revenues	837	803	733	766
<i>Growth (YoY%)</i>	15%	-4%	-9%	5%
Gross Profit	191	188	153	161
<i>Gross Margin (%)</i>	23%	23%	21%	21%
Cash Opex	(95)	(96)	(93)	(94)
<i>Opex Growth</i>		1%	-7%	-2%
EBITDA	96	92	60	67
<i>Margin %</i>	12%	11%	8%	9%

Source: Company data, Edison estimates

Below the EBITDA line, there are no material changes to our P&L forecast. Year-end FY25 net debt reduces slightly to \$78m from \$80m to reflect the cancellation of the dividend, offset by a higher anticipated cash tax charge in Germany. Despite the margin compression and dividend cut, net debt/EBITDA is a comfortable 1.3x for FY25e falling to 0.6x for FY26e.

Valuation

SOTP now becomes possible and relevant

We are introducing an SOTP valuation, which has become possible with segmental reporting now extended to the EBITDA level and with Comparison reported separately. It is also appropriate given management has stated it will consider sales of individual businesses to deliver shareholder value. However, we caveat that the list of relevant comparators for each division is limited, with wide variances in valuation.

Exhibit 2: Sum of the parts - peer multiples

Company	Ticker	Share price (local)	Exchange currency	Market Cap (Local)	EV/Sales			EV/EBITDA		
					2024	2025e	2026e	2024	2025e	2026e
Team Internet Group PLC		67	GBP	166	0.4	0.4	0.4	3.4	5.2	4.6
DIS										
GoDaddy Inc	GDDY.K	181	USD	25,542	6.2	5.7	5.4	18.4	16.2	14.9
VeriSign, Inc	VRSN.O	242	USD	22,923	15.5	14.8	14.7	20.2	20.1	18.6
Catena Media PL	CATME.ST	2	SEK	192	0.6	0.7	0.7	6.4	4.0	3.6
iomart group PLC	IOMG.L	33	GBP	37	0.7	0.6	0.6	2.6	2.6	2.6
IONOS Group SE	IOSN.DE	26	EUR	3,600	3.0	2.8	2.5	9.7	8.5	7.6
<i>Average</i>					5.2	4.9	4.8	11.5	10.3	9.4
<i>Median</i>					3.0	2.8	2.5	9.7	8.5	7.6
Comparison										
Future PLC	FUTR.L	854	GBP	929	1.5	1.6	1.5	5.2	4.9	4.8
MONY Group PLC	MONY.L	204	GBP	1,095	2.6	2.5	2.4	7.7	7.2	6.9
NerdWallet Inc	NRDS.O	9.0	USD	668	0.9	0.8	0.7	5.4	4.1	3.4
Kakaku.com Inc	2371.T	2,167	JPY	429,440	5.9	5.1	4.5	11.9	10.6	9.5
<i>Average</i>					2.7	2.5	2.3	7.5	6.7	6.2
<i>Median</i>					2.1	2.0	2.0	6.6	6.1	5.9
Search										
System1 Inc	SST	0.5	USD	44	0.7	0.8	0.7	5.9	5.4	na
Outbrain Inc	OB.O	4.0	USD	371	0.2	0.1	0.1	1.1	0.9	0.8
Trade Desk Inc	TTD.O	56	USD	27,707	10.5	8.9	7.4	22.9	18.3	14.8
Verve Group SE	VERVE.ST	39	SEK	7,281	2.5	2.0	1.8	6.2	5.5	5.0
<i>Average</i>					3.5	3.0	2.5	9.0	7.5	6.9
<i>Median</i>					1.6	1.4	1.3	6.1	5.5	5.0

Source: Edison Estimates, Refinitiv Consensus

SOTP implies TIG is undervalued on modest comparators

Applying modest fair value multiples for each division results in a fair value above 90p. Given DIS's robust profile and position in the market, we believe this business could potentially command a materially higher multiple than the peer median we have applied here. It is difficult to attribute a fair multiple for Search at this transitional stage, but even if we were to exclude it completely from the total, our SOTP valuation would be 68p, equivalent to today's share price. We believe that successful migration of revenues to RSOC will be the key catalyst for more value to become ascribed to Search.

Exhibit 3: SOTP implied valuation

EBITDA (\$m)	2024	2025e	2026e
DIS	19	23	24
Comparison	16	19	22
Search	56	17	21
Fair Multiple			
	2024	2025e	Rationale
DIS	9.7	8.5	7.6 Peer group median. Potential upside from M&A.
Comparison	6.6	6.1	5.9 Peer group median. Comparisons' higher growth rate can arguably justify a premium.
Search	6.1	4.4	4.0 Discount to median given lack of visibility during transition. Successful migration to RSOC should close the gap.
Fair Value (\$m)			
DIS	189	198	182
Comparison	105	117	129
Search	342	76	84
Implied TIG SOTP Valuation			
Enterprise Value (\$)	nm	391	396
Net Debt (\$)	96		
TIG Implied Market Cap (\$)	nm	294	299
Implied Market Cap (GBP)	nm	228	232
Implied Share Price	nm	92	94

Source: Edison Group, LSEG

Exhibit 4: Financial summary

31-Dec	\$m	2023	2024	2025e	2026e
INCOME STATEMENT					
		IFRS	IFRS	IFRS	IFRS
Gross Revenue		837	803	733	766
Cost of Sales		(646)	(615)	(579)	(605)
Gross Profit (net revenue)		191	188	153	161
EBITDA		96	92	60	67
Normalised operating profit		93	89	57	63
Amortisation of acquired intangibles		(39)	(39)	(40)	(40)
Exceptionals		(4)	(5)	(3)	0
Share-based payments		(5)	(1)	(2)	(2)
Reported operating profit		46	44	12	22
Net Interest		(16)	(18)	(12)	(6)
Exceptionals		0	(36)	(3)	0
Profit Before Tax (norm)		77	71	45	57
Profit Before Tax (reported)		30	(9)	(2)	16
Reported tax		(5)	(8)	(0)	(4)
Profit After Tax (norm)		63	27	34	43
Profit After Tax (reported)		25	(18)	(3)	12
Minority interests		0	0	0	0
Net income (normalised)		63	27	34	43
Net income (reported)		25	(18)	(3)	12
Basic average number of shares outstanding (m)		272	254	250	248
EPS - basic normalised (c)		23.30	21.49	13.78	17.72
EPS - diluted normalised (c)		22.48	21.22	13.60	17.33
EPS - basic reported (c)		9.20	(6.98)	0.20	4.87
Dividend (p)		2.00	1.00	0.00	0.00
Revenue growth (%)		14.9	17.5	10.0	11.0
Gross Margin (%)		22.8	23.4	20.9	21.0
EBITDA Margin (%)		11.5	11.4	8.2	8.8
EBITDA/Net Revenue (%)		50.4	49.0	39.1	41.7
Normalised Operating Margin		11.1	11.1	7.7	8.3
BALANCE SHEET					
Fixed Assets		344	94	62	29
Intangible Assets		324	76	44	13
Tangible Assets		7	7	6	4
Investments & other		13	12	12	12
Current Assets		200	180	207	248
Stocks		0	0	0	0
Debtors		107	92	99	104
Cash & cash equivalents		93	89	107	144
Current Liabilities		188	174	169	169
Creditors		186	132	128	128
Short term borrowings		0	0	0	0
Lease liabilities		2	1	1	1
Long Term Liabilities		202	213	212	212
Long term borrowings		167	185	185	185
Other long term liabilities		36	28	28	28
Net Assets		153	(112)	(112)	(104)
CASH FLOW					
Op Cash Flow before WC and tax		72	33	41	59
Working capital		(14)	(1)	(3)	(4)
Exceptional & other		20	54	16	14
Tax		(6)	(9)	(12)	(9)
Net operating cash flow		73	77	41	60
Capex		(10)	(10)	(9)	(10)
Acquisitions/disposals		(6)	(32)	0	0
Interest paid		(12)	(16)	(14)	(12)
Equity financing		0	(21)	4	0
Change in borrowing		15	0	0	0
Dividends		(4)	(10)	0	0
Other		(61)	(7)	(3)	(2)
Net Cash Flow		(5)	(19)	19	36
Opening net debt/(cash)		57	74	96	78
FX		3	(4)	0	0
Other non-cash movements		(15)	0	0	1
Closing net debt/(cash)		74	96	78	41

Source: Company data, Edison Group

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