

LBG Media

Building trust and reach

LBG Media is making good headway in tough markets with its strong proposition to advertisers wanting to reach Millennial and Gen Z audiences. There are now 17 clients generating over \$1m of revenue in its Direct business, from seven in the year to March 2024. Importantly, the degree of repeat business is now 78% of Direct revenues. Indirect revenues, from social platforms and the group's own websites, are growing faster, up 18%. Getting it right in the US is key to accelerating LBG Media's growth and the Betches acquisition has provided a good springboard, broadening the addressable audience. H225 will present tougher comparatives, and fx moves are unhelpful, but full-year revenue growth in double digits (constant currency) should be achievable. The medium-term outlook remains positive, backed by strong cash conversion and a cash-positive balance sheet.

Building more diverse revenue streams

H125 revenues were 13% up on the previous year, with 8% growth in the Direct business and 18% for the Indirect business. LBG Media has a growing emphasis on larger accounts in its Direct business, with more embedded, strategic relationships with globally recognised major brands. While they cost more to manage in the build-up phase, the repeatability of revenues and quality of earnings improve as the number of these larger accounts increases. On the Indirect side, scale is also relevant. Management sizes the global audience at 520 million (social followers, podcast listeners and website users), up from 503 million at end-September. Maintaining and growing these numbers depends on generating the volume and quality of content that keep audiences engaged and coming back for more.

Making sure the platform for scaling is in place

LBG Media continues to invest in its platforms and people to support its targeted growth. It has added to its sales team, notably in the US, and to central resources, including client account management, HR and finance, to support the increasing scale of the business, which limit the potential for margin expansion in the short term. On content, AI is being used to increase production efficiency and in content generation, as well as identifying opportunities to improve outcomes for clients.

Valuation: Performance reflecting uncertain market

LBG Media's share price is down 26% year-to-date, reflecting to concerns over the underlying health of the global advertising market. The rating is now at more attractive levels for what is fundamentally a good growth proposition, particularly in the key US market, with growing repeat business and a strong balance sheet.

Consensus forecasts

Year end	Revenue (£m)	Adj. EBITDA (£m)	PBT (£m)	EPS (p)	EV/EBITDA (x)	P/E (x)
9/24e	64.9	16.9	12.1	4.10	9.2	24.3
9/25e	92.2	24.2	19.2	7.00	6.4	14.2
9/26e	101.4	25.6	20.2	7.35	6.1	13.6
9/27e	110.1	28.7	22.8	7.70	5.4	12.9

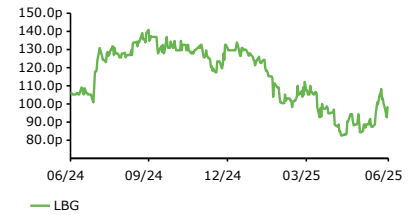
Source: Company accounts, LSEG Data & Analytics

Media

25 June 2025

Price 99.60p
Market cap £188m

Share price performance



Share details

Code	LBG
Listing	AIM
Shares in issue	209.1m
Net cash/(debt) at 31 March 2025	£32.9m

Business description

LBG Media is a global, digital entertainment business with a focus on young adults.

Bull points

- Strong proposition for brands.
- Extensive and growing reach in Gen Z and Millennial cohorts.
- Cash positive balance sheet to fund growth and M&A.

Bear points

- The uncertain macroeconomic backdrop is affecting overall advertising sentiment and budgets.
- Foreign exchange impact from weak US dollar.
- Heavy requirements for new and engaging content.

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