

Verve Group

Q324 update

Strong momentum sustained through Q3

Verve Group's Q324 update shows a further sequential quarterly step up in top-line growth to 31% as its privacy-first advertising solutions build traction in the market. Comparatives will now start to toughen, but this update indicates that the full year revenue figure is more likely to be in the upper end of the guided range of €400–420m, delivering adjusted EBITDA again towards the higher end of the €125–135m range. The full Q3 numbers are scheduled for release on 28 November. Despite a substantial re-rating from €1.03 at the start of the year, the valuation remains at a discount to (mostly US-based) peers, with parity of rating indicating a price of €4.75.

| Year end | Revenue (€m) | Adjusted EBITDA (€m) | PBT* (€m) | EPS* (c) | EV/EBITDA (x) | P/E (x) |
|----------|--------------|----------------------|-----------|----------|---------------|---------|
| 12/22 | 324.4 | 93.2 | 38.6 | 13.4 | 11.5 | 26.6 |
| 12/23 | 322.0 | 95.2 | 26.8 | 35.8 | 11.2 | 10.0 |
| 12/24e | 410.0 | 130.0 | 59.4 | 24.6 | 8.2 | 14.6 |
| 12/25e | 505.0 | 175.0 | 106.5 | 38.6 | 6.1 | 9.4 |

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

Verve has increased its number of large software clients (those generating over \$100k of annualised revenue) from 690 to 998, excluding the Jun acquisition. This will be a mix of new accounts and increased revenue from existing clients stepping up their activity levels to bring them over this disclosure threshold. The update also draws attention to higher revenues being generated on iOS devices, where Apple had deprecated its own Identifier for Advertising (IDFA) in April 2021, leading to advertisers shifting budgets across to cookie-based delivery mechanisms. This would seem a clear indicator that the market is confident in Verve's privacy-first approach.

We are also encouraged to see that the positive tone extends to full-screen video ads, where revenues more than trebled and where there is still plenty of headroom for further growth.

Further details will likely emerge at the Q3 release on 28 November, along with some indications of momentum into FY25.

Media

30 October 2024

Price €3.58

Market cap €666m

Pro-forma net debt (€m) after Jun acquisition and bond issue 402

Shares in issue (including new shares) 186.4m

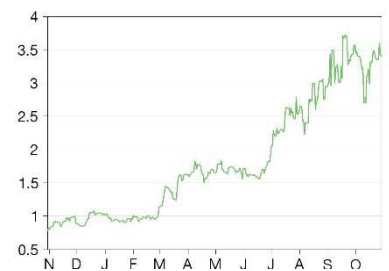
Free float 71.0%

Codes VER (Nasdaq), M8G (Xetra)

Primary exchanges Deutsche Börse Scale, OTCQX

Secondary exchange Nasdaq Stockholm First North Premier Growth

Share price performance



Business description

Verve operates a fast-growing, profitable ad-software platform that matches global advertiser demand with publisher ad-supply while improving results through first-party data from own content. Verve's main operational presence is in North America and Europe.

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