

Global Online Classifieds

Navigating a Bright Future - Top picks Europe: Scout, Auto1, ATG, Vend while AUTO, RMV least preferred. Initiate BCG (OW) and Hemnet (N).



Despite the recent share price outperformance, the outlook for the sector remains bright – though we argue selectivity will be key from here. In this 8th edition of our Global Online Classifieds report, we: 1) reassess our coverage based on growth-adjusted valuation multiples and potential earnings upside, and 2) provide an in-depth analysis of the latest corporate actions concerning cost savings and margin potential, as management teams focus on enhancing operational efficiency - a growing priority for investors alongside a robust revenue outlook. Additionally, we explore: 3) the latest developments in Australia and the UK, highlighting CoStar's efforts to expand market share, and 4) potential M&A scenarios in Europe and beyond, amid increasing speculation on asset availability in 2026 and beyond. **In Europe, we position Scout24 (OW, AFL), Auto1, ATG, and Vend (formerly Schibsted; upgrading from N to OW) as top picks, while maintaining a cautious stance on Auto Trader and Rightmove (both UW). In Australia, we recognize clear winners (OW REA and SEEK), and maintain our high-conviction call on US peer, CoStar Group (OW). We also initiate coverage with an OW rating on Baltic Classifieds Group, the dominant Classifieds player in the Baltics, and with a N rating on Swedish property Classifieds player, Hemnet.**

- **While the combination of strong pricing and ongoing product upsell have proved highly successful for revenue growth in recent years, Classifieds remain attractive and affordable for property agents/car dealers, underpinning a further run-way of ARPU potential in the years to come** - in our latest analysis, ARPU has scope to increase 2x/3x from current levels before causing any notable churn effects on the client base. In Germany, for example, agents only need to sell 0.6 properties a year to absorb the cost of advertising with Scout24, with similar ratios across other markets and verticals. In addition, all major players are increasingly rolling out ancillary products (mortgages, loans and consumer-focused subscriptions) that should drive accelerating revenue growth from here. New product offerings now include: a) more digital capabilities (such as entirely virtual property viewings); b) transaction models that offer entirely new, incremental revenue streams; as well as c) dynamic pricing options.
- **Harnessing the opportunities of AI and Technology Advancement - a better consumer experience no doubt; but the real driver lies in (far) better cost efficiency.** The benefits of AI continue to unfold with product development, content creation and consumer experiences in focus. However, as Online Classifieds are notably capital-light asset models, where personnel expenses take the lion's share of costs, we see ample room for headcount efficiency as a result of AI and simplified tech stacks. For example, for both Scout24 and Vend, we see room for a c.10% reduction in total headcount over the next two years. At the same time, marketing budgets and R&D investments remain a point of discussion amid emerging competition in select markets

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(Australia, UK), with requirements for permanent best-in-class tech and superior consumer experience rising. Importantly, we note that CoStar Group remains committed to its intention to invest in sales and marketing outside the US.

- **M&A and asset sales - the stage looks set for consolidation in Europe and beyond.** While strategic and private equity activity in the sector has remained high in recent years, we expect this narrative to continue, if not intensify. Private equity's holding periods may be coming to an end, triggering more assets to come to market, notwithstanding CoStar Group's ambition to consolidate across the rest of Europe and beyond.
- **While we remain constructive on the sector as a whole, we argue stock selection is crucial at this point in time.** Despite a healthy outlook overall, share price performance has notably diverged at a stock level over the past 12m (Auto1 +270% and ATG -10%) reflecting varying degrees of competition, margin development and market nuances. As a sector, Classifieds have re-rated back above their historical valuation relative to Staples, now trading at a 132% premium vs their LT premium of 68%, and 14% above their own 2-year historical average (23.1x vs 20.2x, respectively) – scanning less attractive on both an absolute and relative view. Nevertheless, we see select opportunities and favor names with a combination of self-help, earnings upside and attractive valuation on a relative base.
- We initiate on **Baltics Classifieds Group (BCG) with an OW recommendation** (target price 432p, implying 20% upside) as we like its best-in class market dominance that supports pricing power and see plenty of growth to ARPU (our 2026 EBITDA estimates are 3% ahead of company consensus) while our **Neutral stance on Swedish Classifieds player, Hemnet** (target price SEK 308, implying 8% upside) is based on limited earnings upside risk (our 2025/2026 EBITDA estimates are in line with consensus).

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Equity Ratings and Price Targets

Company	Ticker	Mkt Cap (\$ mn)	Price CCY	Price	Rating		Price Target			
					Cur	Prev	Cur	End Date	Prev	End Date
Auction Technology Group	ATG LN	780.77	GBP	468	OW	n/c	765	Dec-26	n/c	n/c
Auto1	AG1 GR	6,192.75	EUR	25.24	OW	n/c	29.00	Dec-26	n/c	n/c
Auto Trader	AUTO LN	10,361.31	GBP	790	UW	n/c	745	Dec-26	n/c	n/c
Baltic Classifieds Group	BCG LN	2,370.85	GBP	357	OW	n/c	432	Dec-26	n/c	n/c
CAR Group	CAR AU	8,792.24	AUD	35.94	OW	n/c	39.50	Jun-26	n/c	n/c
CoStar Group	CSGP US	32,159.01	USD	78.20	OW	n/c	87.00	Dec-25	n/c	n/c
Domain	DHG AU	1,787.98	AUD	4.36	N	n/c	4.20	Jun-26	n/c	n/c
Hemnet	HEM SS	2,763.11	SEK	275.00	N	n/c	295.00	Dec-26	n/c	n/c
Prosus	PRX NA	123,663.80	EUR	47.36	OW	n/c	62.00	Mar-27	n/c	n/c
Naspers Ltd	NPN SJ	54,792.63	ZAc	541,883	OW	n/c	680,000	Mar-27	n/c	n/c
REA Group Ltd	REA AU	20,663.71	AUD	240.91	OW	n/c	250.00	Jun-26	n/c	n/c
Rightmove	RMV LN	8,122.81	GBP	758	UW	n/c	625	Dec-26	n/c	n/c
Scout24	G24 GR	10,078.40	EUR	120.70	OW	n/c	141.00	Dec-26	n/c	n/c
Seek Ltd	SEK AU	5,569.60	AUD	24.17	OW	n/c	27.00	Jun-26	n/c	n/c
Vend Marketplaces	VENDA NO	8,287.63	NOK	351.20	OW	N	401.00	Dec-26	333.00	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 05 Jun 25.

Executive Summary

Despite the recent share price outperformance, the outlook for the sector remains bright - though we argue selectivity will be key from here. In this 8th edition of our Global Online Classifieds report, we offer: 1) our insights on the recent share-price rebound, where we reassess our coverage based on growth-adjusted valuation multiples and potential earnings upside, and 2) in-depth analysis of the latest corporate actions concerning cost savings and margin potential, as management teams focus on enhancing operational efficiency - a growing priority for investors alongside a robust revenue outlook. Additionally, we explore: 3) the latest developments in Australia and the UK, highlighting CoStar's efforts to expand market share, and 4) potential M&A scenarios in Europe and beyond, amid increasing speculation on asset availability in 2026 and beyond. ***In Europe, we position Scout24 (OW, AFL), Auto1, ATG, and Vend (formerly Schibsted; upgrading from N to OW) as top picks, while maintaining a cautious stance on Auto Trader and Rightmove (both UW). In Australia, we recognize clear winners (OW REA and SEEK), and maintain our high-conviction call on US peer, CoStar Group (OW). We also initiate coverage with an OW rating on Baltic Classifieds Group, the dominant Classifieds player in the Baltics, and with a N rating on Swedish property Classifieds player, Hemnet.***

Table 1: European Online Classifieds - JPMe vs Bloomberg Consensus

Company	Currency	FY25 Revenues			FY26 Revenues			FY25 EBITDA			FY26 EBITDA		
		JPMe	Cons	Delta	JPMe	Cons	Delta	JPMe	Cons	Delta	JPMe	Cons	Delta
ATG	\$m	182	191	-5%	202	208	-3%	83	82	+0%	92	90	+2%
Auto Trader	£m	623	632	-1%	659	678	-3%	413	400	+3%	440	458	-4%
Auto1	€m	7,473	7,336	+2%	8,606	8,269	+4%	185	171	+8%	264	239	+10%
BCG	€m	84	84	-0%	98	96	+3%	66	65	+1%	78	75	+4%
Hemnet	SEKm	1,832	1,822	+1%	2,261	2,250	+1%	972	970	+0%	1,221	1,226	-0%
Rightmove	£m	425	426	-0%	471	466	+1%	293	302	-3%	319	331	-4%
Scout24	€m	642	643	-0%	725	709	+2%	398	388	+2%	466	438	+6%
Vend Marketplaces	NOKm	8,491	8,085	+5%	8,820	8,727	+1%	2,031	2,007	+1%	2,698	2,614	+3%

Source: J.P. Morgan estimates, Bloomberg Finance L.P. Note: Auto Trader metrics relates to FY26 and FY27.

Sector-level estimates broadly unchanged, early upgrades on Vend...

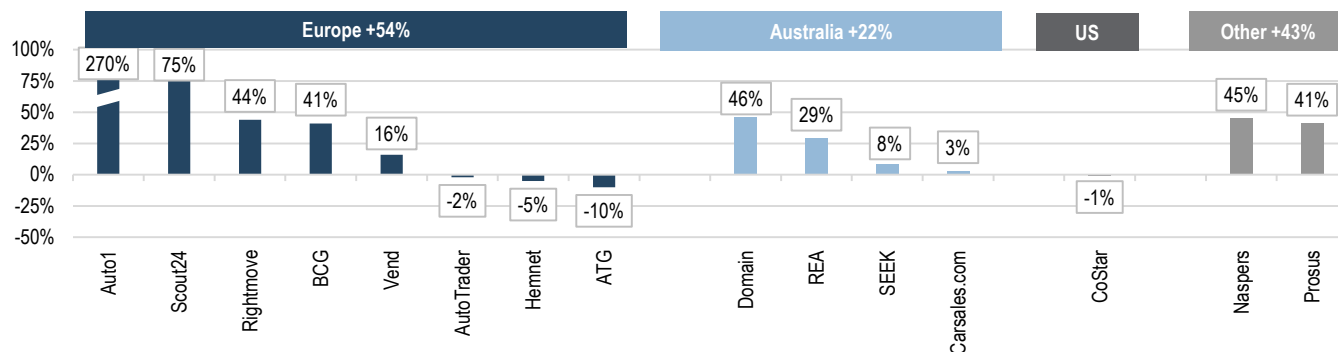
Overall, we leave our underlying estimates across our coverage broadly unchanged post the recent earnings season, while we increase our Vend 2025E/2026E EBITDA estimates by 7%/5% , on a strong margin outlook for Core Marketplaces (underpinned by execution on the cost base and better pricing) arguing for further upside risk from here on what we now see as overly conservative consensus estimates (our revised estimates are 1%/3% above BBG consensus, respectively).

Table 2: Vend, Changes in Estimates, 2025-27

	FY25	Old		FY25	New		Change in estimate		
		FY26	FY27		FY26	FY27	FY25	FY26	FY27
Group Revenues	8,686	9,167	9,861	8,491	8,820	9,386	-2%	-4%	-5%
Growth YoY (%)	+4.3%	+5.5%	+7.6%	+2.0%	+3.9%	+6.4%			
Group EBITDA	1,907	2,571	3,077	2,031	2,698	3,212	7%	5%	4%
Margin (%)	22.0%	28.1%	31.2%	23.9%	30.6%	34.2%			
Diluted Adjusted EPS	3.94	6.38	8.14	4.42	6.94	8.80	12%	9%	8%
Growth YoY (%)	-	+62.0%	+27.7%	-	+56.9%	+26.8%			

Source: J.P. Morgan estimates.

Figure 1: Global Online Classifieds Share Price Performance, June 2024-25



Source: Bloomberg Finance L.P. As of June 5th, 2025.

Table 3: Global Online Classifieds

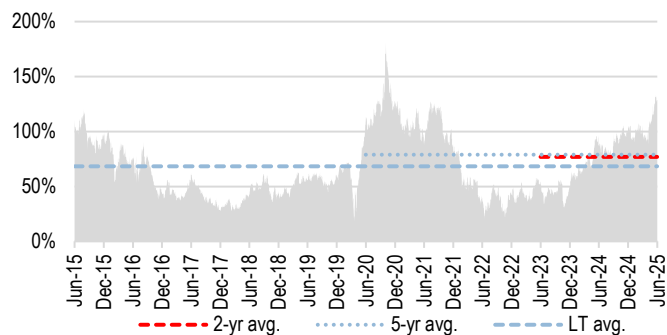
Company	Rating	Upside/ (Downside)	Covering analyst	Market Cap (\$m)	Online Classifieds Revenue Share	Other Revenue Share	Key Markets
Pure Online Classifieds							
Auction Technology Group	OW	65%	Lara Simpson	771	0%	100%	US, Europe
Auto1	OW	14%	Marcus Diebel	6,454	0%	100%	Europe
AutoTrader	UW	-6%	Lara Simpson	9,447	100%	0%	UK
Baltic Classifieds Group	OW	20%	Marcus Diebel	2,364	83%	17%	Lithuania, Estonia, Latvia
Carsales.com	OW	10%	Bob Chen	8,814	100%	0%	Australia
CoStar Group	OW	13%	Alexei Gogolev	32,359	55%	45%	US, UK
Domain	N	-4%	Bob Chen	1,790	100%	0%	Australia
Hemnet	N	8%	Marcus Diebel	2,777	100%	0%	Sweden
REA	OW	4%	Bob Chen	20,672	100%	0%	Australia
Rightmove	UW	-18%	Marcus Diebel	8,026	92%	8%	UK
Vend	OW	14%	Marcus Diebel	7,937	60%	40%	Norway, Finland, Denmark, Sweden
Scout24	OW	17%	Marcus Diebel	10,314	95%	5%	Germany, Austria
Seek	OW	12%	Bob Chen	5,547	100%	0%	Australia
Conglomerates							
Prosus	OW	32%	Marcus Diebel	127,684	3%	97%	Europe, LATAM, Asia

Source: J.P. Morgan estimates, Company data, Bloomberg Finance L.P. As of midday June 5th, 2025

Stock Conclusions: Selective on Europe, clear winners in Australia, while we maintain a high-conviction call on US peer CoStar Group

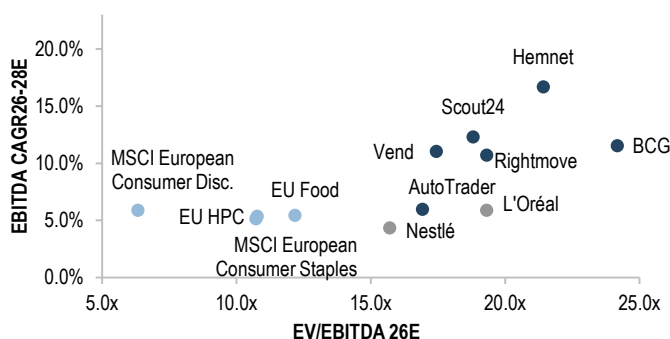
While we remain constructive on the sector as a whole, we argue stock selection is crucial at this point in time. Despite a healthy outlook overall, share price performance has notably diverged at a stock level over the past 12m (Auto1 +270% and ATG -10%) reflecting a varying degree of competition, margin development and market nuances. As a sector, Classifieds have re-rated back above their historical valuation relative to Staples, now trading at a 132% premium vs their LT premium of 68%, and 14% above their own 2-year historical average (23.1x vs 20.2x respectively) - scanning less attractive on both an absolute and relative view. Nevertheless, we see select opportunity and favor names with a combination of self-help and earnings upside.

Figure 2: European Online Classifieds EV/EBITDA 12m Fwd. Premium to Consumer Staples, 2015-25



Source: Bloomberg Finance L.P. As of 5th June 2025..

Figure 3: European Online Classifieds vs. European Consumer on EV/EBITDA and EBITDA CAGR



Source: J.P. Morgan estimates, Bloomberg Finance L.P. As of 5th June 2025. Note: Auto1 trades on 20.5x EV/EBITDA 26E for 45% EBITDA CAGR 26-28E

Europe: We are selective – Top Picks Scout24 (OW, AFL stock), Auto1 (OW) and Vend (u/g to OW from N).

We recently revisited the **Scout24 (OW)** investment case ([here](#)) and see margin expansion as the next leg of the investment case – with Scout potentially achieving margins close to 70% due to more efficiency and cost savings. We also continue to favour **Auto1 (OW)** with MT earnings trajectory of the business now taking shape, and with better visibility on P&L delivery going forward - leading the market to reappraise valuation on positive risk/reward. We leave behind our tactical trading Neutral on **Vend (and upgrade to OW)** with early signs of execution on the cost base and overall efficiency efforts bearing fruit, combined with more purposeful pricing and strategic evolution of the portfolio through active and ongoing disposals. On the short side, we stay cautious on **Rightmove (UW)** as we see margin risk going forward given a required catch-up on investments versus peers. Similarly, we stay the course on **Auto Trader (UW)**, with recent results evidencing the vulnerability of its elevated valuation with a less supportive operational environment going into FY26.

Australia: Positive across SEK (OW), CAR (OW) & REA (OW)

REA (OW) remains the clear #1 player in property classifieds. REA has seen outsized growth driven by wallet share gains from **DHG (N)**, which remains core to our OW thesis, although the proposed acquisition of DHG by CSGP presents a potential shift in the industry and competitive backdrop. Nonetheless, REA continues to drive yield

through both price and depth/add-ons (Q3 depth/add-ons +5% y/y) demonstrating the strength of the brand in the domestic market, with listings growth to be underpinned by a supportive rate-cutting cycle into FY26. **SEK (OW)** remains challenged by an ongoing cyclical volume downturn, although recent updates (Avg -10% FY25 volume decline) point to a slowing rate of decline ahead of prior expectations, which saw an increase to FY25 revenue guidance. Cost guidance was maintained, providing upside opportunity to margins on sustained volume improvement. The outlook for **CAR (OW)** remains skewed to the under-penetrated North American verticals, and despite near-term revenue headwinds relating to customer sentiment and associated delays to pricing adjustments, we see a clear longer-term path to international earnings growth.

US: Maintain a high-conviction OW on CoStar Group (OW)

Although resi net new bookings came in negative for the most recent quarter, importantly, incremental sales hiring across all divisions is going better than expected, supporting our confidence in improving bookings outlook and management's 2H25-weighted revenue guide. We incorporate Matterport business into our numbers and think there is likely upside to CSGP's relatively conservative synergy expectations. We see CoStar's headline revenue guidance as de-risked (as we are becoming incrementally more confident in S&M strategy and hope to see bookings improve, our detailed thoughts [here](#)), reiterating our **OW on CoStar Group**.

Other: We stay constructive on Prosus & Naspers (both OW)

We believe that the operations are shaping up nicely with strong momentum in eCommerce portfolio achieving adj. EBIT of over \$435m in FY25 with ambitions to maintain similar growth in FY26. (see recent CEO letter [here](#)). Further, Tencent, which is covered by our colleague Alex Yao, continues to perform well and has a valuation of HK\$630 per share (see recent note [here](#)). This supports our positive view on PRX/NPN, where we expect: 1) the ongoing open-ended buybacks will likely be 7%+ NAV/share accretive annually; 2) management execution towards further profitability improvements in eCommerce; and 3) improving market sentiment for value crystallization key portfolio assets, with a potential value unlock in assets, to support a further narrowing of the PRX and NPN discounts to NAV.

Key Debates & Themes Explored in This Note

- **While the combination of strong pricing and ongoing product upsell have proved highly successful in recent years, Classifieds remain attractive and affordable for property agents/car dealers, underpinning a runway of ARPU potential in years to come** - in our latest analysis, ARPU has scope to increase 2x/3x before causing notable churn effects on the client base. In Germany, for example, agents only need to sell 0.6 properties a year to absorb the cost of advertising with Scout24, with similar ratios across other markets and verticals. In addition, all of the major players are increasingly rolling out ancillary products (mortgages, loans and consumer subscriptions) that should drive accelerating revenue growth from here. New product offerings now include: a) more digital capabilities (such as entirely virtual property viewings); b) transaction models that offer entirely new, incremental revenue streams; as well as c) dynamic pricing options.
- **Harnessing the opportunities of AI and Technology Advancement - a better consumer experience no doubt; but the real driver lies in (far) better cost efficiency.** The benefits of AI continue to unfold with product development, content creation and consumer experiences in focus. However, as Online Classifieds are notably capital-light asset models, where personnel expenses take the lion's share of costs, we see ample room for headcount efficiency as a result of AI and simplified tech stacks. For example, for both Scout24 and Vend, we see room for a c.10% reduction in total headcount over the next two years. At the same time, marketing budgets and R&D investments remain in focus amid emerging competition in select markets (Australia, UK), with requirements for permanent best-in-class tech and superior consumer experience rising. Importantly, we note that CoStar Group remains committed to its intention to invest in sales and marketing outside the US.
- **M&A and asset sales - the stage looks set for consolidation in Europe and beyond.** While strategic and private equity activity in the sector has remained high in recent years, we expect this narrative to continue, if not intensify. Private equity's holding periods may be coming to an end, triggering more assets to come to market, notwithstanding CoStar Group's ambition to consolidate across the rest of Europe and beyond.

Online Classifieds Investment Thesis

Europe | Auction Technology Group (OW)

- **Investment Thesis:** While the shares have faced pressure through the earnings season, we argue the stock is now overly discounting earnings risk into year-end and the upside opportunity from I&C tailwinds and take-rate execution. With the stock trading on 8.7x EV/EBITDA 2026E, we find the valuation compelling for +12% adj. EBITDA growth 2026E-28E, underpinned by compelling internal growth initiatives, and high cash conversion (6% equity FCF yield in-hand) supporting financial flexibility and balance sheet strength. Going forward, we expect earnings to find a footing post H125 (we trimmed EBITDA 3% on a weak Q2 exit rate, [here](#)) with scope for multiple expansion as the market reappraises ATG's strategic evolution and strengthened financial position.
- **Valuation Overview:** Auction Technology Group trades on 8.7x EV/EBITDA 26E for +12% EBITDA CAGR 26E-28E. Our Dec-2026 Price Target of 765p/share implies 65% upside potential.

Relevant Research:

- *European TMT Conference Feedback - strategic execution in motion ([here](#)) - May 23rd, 2025*
- *Limited short-term visibility overshadows solid strategic execution on the long-term narrative: Reiterate OW ([here](#)) - May 15th, 2025*
- *Reviewing our tracked index & thoughts on U.S tariff implications ([here](#)) - April 4th, 2025*
- *Bringing in the Blue Sky - launching our tracked index & flexing assumptions to a 950p/share valuation ([here](#)) - March 6th, 2025*
- *A case for earnings upgrades & shareholder returns on compelling valuation - reiterate OW despite the re-rate ([here](#)) - January 22nd, 2025*

Europe | Auto1 (OW)

- **Investment Thesis:** With stronger volumes and profitability improvements coming hand in hand, the turnaround story is gaining further traction. Following our upgrade to OW in August last year ([here](#)), we saw 2024 as a reassuring checkpoint on unlocked momentum of the business model. Indeed, while the business continues to execute well – grabbing a higher share of the overall used car market, and the recent push in volumes should expand EBITDA – we believe the market is still missing several additional GPU drivers from here, in particular in the consumer-centric Autohero business. Going forward, we see meaningful margin upside from untapped GPU levers (incl. dealer and consumer financing), which, combined with tight cost control on marketing, suggests material upside to market estimates, in our view.
- **Valuation Overview:** Auto1 trades on 0.8x EV/Sales 25E and 0.6x EV/Sales 26E. Our Dec-2026 Price Target of €29/share implies 14% upside potential.

Relevant Research:

- *Shares down 15% post call on higher opex flagged - while consensus will likely settle at the high end of the new EBITDA range. We buy the dip and reiterate a €29 price target ([here](#)) - May 7th, 2025*
- *Navigating the Fast Lane - Further upgrades coming through and the road to a €40/share valuation ([here](#)) - February 26th, 2025*
- *CFO Markus Boser at the 2025 European Internet Days - all growth levers set in place; remains a key pick ([here](#)) - January 15th, 2025*

Europe | Baltic Classifieds Group (Initiate OW)

- **Investment Thesis:** Baltic Classifieds Group is the largest (and dominant) Online Classifieds player in the Baltic region, with operations in Estonia, Latvia and Lithuania. The company is active (and mostly market leading) in all key Classifieds verticals such as real estate, cars, jobs, and general goods, facilitating transactions between individuals and businesses. We argue for high visibility of BCG's earnings growth given improved monetization of its Classifieds portfolio, with still ample room in particular to drive ARPU and customer numbers from here and anticipate a +14%/15% Revenue/EBITDA CAGR for the period 2025-2028. Our estimates are 1%/4% above current company consensus estimates for 2025E/2026E. While the multiple is high on 24.2x 2026E EV/EBITDA, we see a premium to peers as justified given higher growth potential in the long term and M&A upside risk. We initiate with an OW rating and an SOTP-derived Price Target of 432p.
- **Valuation Overview:** Baltic Classifieds Group trades on 24.2x EV/EBITDA 26E for +12% EBITDA CAGR 26E-28E. Our Apr-2026 Price Target of 432p/share implies 20% upside potential.

Europe | Scout24 (OW, Analyst Focus List)

- **Investment Thesis:** Accelerating top line now well understood – margin upside becomes the next leg of the investment case. Scout shares have seen a rather impressive outperformance in the past 12m (+75% vs. MDAX +16%), reflecting strong execution by management on new products, which drove accelerated top-line growth and earnings upgrades. While revenue benefits from new products are by now well understood, we believe the market is still missing the next leg of the investment case – margin upside. With new CEO Ralf Weitz (previously CPO) taking over from ex-CEO Tobias Hartmann, we expect – in addition to incremental product – upside on cost savings from 1) more efficient marketing spend, 2) meaningful headcount optimization efforts post recent acquisitions and 3) a focus on "low hanging" AI benefits.
- **Valuation Overview:** Scout24 trades on 18.8x EV/EBITDA 26E for +12% EBITDA CAGR 26E-28E. Our Dec-2026 Price Target of €141.00/share implies 17% upside potential.

Relevant Research:

- *European TMT Conference Feedback - Healthy agent growth, strong ARPU potential, strong demand for Plus products paired with strong execution on costs. ([here](#)) - May 22nd, 2025*
- *Why Scout can be a €165/share stock – remain OW, add to AFL ([here](#)) - May 14th, 2025*
- *First take Q125 - A nice beat driven by both segments - and agent growth is accelerating. Remains a core holding in Internet for us ([here](#)) - May 6th, 2025*
- *Scout management presenting at the 2025 European Internet Days - Plenty of growth ahead, remains our key Classifieds pick ([here](#)) - January 14th, 2025*

Europe | Vend Marketplaces (Upgrade to OW from N)

- **Investment Thesis:** Vend's (formerly Schibsted) recent Q1/FY25 results demonstrated meaningful achievements on the company's cost agenda, along with strong inroads on price optimization and ARPA upside which remains key for the repositioning of this business as a pure-play classified. While we maintain our view that both the top- and bottom-line delivery of the group's medium-term targets is likely to be back-end loaded, we argue the recent share price underperformance and rebased earnings expectations fairly reflect this trajectory, with early signs of upside risk to numbers should management continue this cadence of operational execution. Following recent reporting, and better than expected efficiency execution and marginal revenue upside to Core Marketplaces (Mobility and Real Estate), we increase our 2025E/2026E EBITDA estimates by 7%/5% (outlined in page 182), arguing for further upside risk from here on what we now see as overly conservative consensus estimates (our revised estimates are 1%/3% above BBG consensus respectively). Importantly, we view the recently announced disposal of non-core price comparison site Prisjakt as an encouraging step forward on the group's portfolio optimization journey and adding credibility to management's efforts to effectively streamline the

portfolio. All in all, we now see risk/reward turning at this juncture and upgrade the shares from N to OW with a Dec 2026 SOTP derived target price of NOK 401/share.

- **Valuation Overview:** Vend trades on 17.4x EV/EBITDA 26E for +11% EBITDA CAGR 26E-28E. Our Dec-2026 Price Target of NOK 401/share implies 14% upside potential.

Relevant Research:

- *First take Q125 - A strong beat on Classifieds margins but company flags one-offs in Real Estate to be the key driver ([here](#)) - May 7th, 2025*
- *Sale of Prsjakt a step in the right direction ([here](#)) - May 6th, 2025*
- *European Internet Days 2025: Taking pulse with EU Internet management teams: Robust trading despite tough macro and 2025 likely the year of accelerated M&A activity ([here](#)) - January 19th, 2025*
- *Foundation laid for MT value creation while concerns around M&A appear overdone ([here](#)) - November 19th, 2025*

Europe | Hemnet (Initiate N)

- **Investment Thesis:** We initiate coverage on Hemnet Group, the largest online property portal in Sweden, which we see as best positioned to monetize its market leadership (with regard to traffic) through both a) price rises and upselling (i.e. to increase the proportion of home sellers choosing more expensive value-added services) and b) a potential recovery of the Swedish property market that may provide further upside to overall listings. We see the company as one of the best executors in the wider Classifieds space with rather impressive revenue growth (26% revenue CAGR 2019-2024 and JPMe +22% 2024-2028E) largely driven by ARPL increases but also ancillary revenues. While we see Hemnet as one of the best Classifieds models in the industry, its valuation (21.4x 2026E EV/EBITDA for a +17% EBITDA CAGR 2026E-2028E) relative to peers (18.4x for a 16% CAGR) paired with a lack of M&A potential, in our view, keeps us on the sidelines. We also note concerns over weak May listings data (-14% YoY).
- **Valuation Overview:** Hemnet trades on 21.4x EV/EBITDA 26E for +17% EBITDA CAGR 26E-28E. Our Dec-2026 Price Target of SEK295/share implies 8% upside potential.

Europe | Auto Trader (UW)

- **Investment Thesis:** While the shares have partially reversed recent gains, we find valuation demanding, on a relative and absolute basis, and challenged by a more modest earnings outlook vs past periods with JPMe EBITDA CAGR 26-28E of 6% vs 10% over the past two years. We argue the bear case from here remains premised on challenged growth pillars into H126 (stock, product, and lack of meaningful margin upside), a very high bar for delivery into year-end which now rests on improved market dynamics, as well as a lack of strategic direction and financial standing of Deal Builder over the coming 12-18M, in our view. While we appreciate the compounding and cash-generative nature of the business model (4% FCF yield 26E), we would favour these dynamics with much higher value creation potential elsewhere in our coverage.
- **Valuation Overview:** Auto Trader trades on 16.9x EV/EBITDA 26E for +6% EBITDA CAGR 26E-28E. Our Dec-2026 Price Target of 745p/share implies 6% downside potential.

Relevant Research:

- *Debating the downside - structural headwinds and questions on the strategic direction of digital retailing* ([here](#)) - May 30th, 2025
- *UK Automotive Retail - The Showroom - market health deteriorates further, while speed of sales hold at record highs* ([here](#)) - May 12th, 2025
- *Read across from UK Banks Motor Finance - pulling the rug on the government* ([here](#)) - February 17th, 2025
- *CFO Fireside Feedback - a challenged market but constructive message from management* ([here](#)) - January 16th, 2025

Europe | Rightmove (UW)

- **Investment Thesis:** With the final curtain having fallen on a proposed Rightmove/REA deal, investor focus has shifted to Rightmove's strategic execution in the next 12 months with a high bar now set on delivering shareholder value in years to come. We maintain our view that competition will be the key catalyst for the stock, with potential for a more meaningful shake-up in UK property classifieds competition. While we recognize that traffic share is key in this industry for ongoing ARPA increases and acknowledge that, with nearly 100% of inventory and >85% organic traffic share, Rightmove is likely immune to higher marketing efforts by challengers, we argue requirements for permanent best-in-class consumer/tech experience are rising and building pressure to meet its guided MT margin (c.70%).
- **Valuation Overview:** Rightmove trades on 19.3x EV/EBITDA 26E for +11% EBITDA CAGR26E-28E. Our Dec-2026 Price Target of 625p/share implies 18% downside potential.

Relevant Research:

- UK Housing Pulse - May activity remains resilient, outlook still to be tested on macro uncertainty ([here](#)) - May 12th, 2025
- Trading update shows resilient trends - but no surprises ([here](#)) - May 9th, 2025
- Read-across from CoStar's results... Momentum in OTM with execution on all key metrics, we keep the view that competition will intensify ([here](#)) - April 30th, 2025
- CEO Fireside Feedback - a confident message on the core, strong showcase for its Strategic Growth Areas ([here](#)) - January 14th, 2025

Australia | Car Group (OW)

- **Investment Thesis:** Similar to its domestic online classifieds peers, Carsales leveraged a first-mover advantage in the Australian online automobile classifieds business into an almost unassailable network effect and finds itself at the top of the leaderboard. Despite its mature business in Australia, the derivation of its primary revenue from used car sales means that its business model is resilient in economic downturns.
- **Valuation Overview:** Car Group trades on 16.6x EV/EBITDA 26E for +18% EBITDA CAGR 26E-28E. Our June-2026 Price Target of A\$39.50/share implies 10% upside potential.

Relevant Research:

- *Concerns overdone & time to back the RV up?* ([here](#)) - 12th February 2025
- *Roadside assistance?* ([here](#)) - 10th February 2025
- *Red flags, yellow cards, and green lights* ([here](#)) - 15th April 2025

Australia | REA (OW)

- **Investment Thesis:** REA has been the dominant online platform for residential real estate classifieds since its launch more than 20 years ago. Its first-mover advantage, combined with prudent management and continued reinvestment in the business, has allowed it to build a superior network effect that is crucial to any Internet platform. REA continues to command substantial pricing power through its premium products due to its unique real estate marketing structure that is distinctive to Australia, whereby vendors pay for advertising, rather than agents. We are Overweight REA. REA is the clear number one player in the market, and in the longer term we think the company will continue to take vendor paid advertising (VPA) share.
- **Valuation Overview:** REA trades on 25.0x EV/EBITDA 26E for +16% EBITDA CAGR 26E-28E. Our June-2026 Price Target of A\$250/share implies 4% upside potential.

Relevant Research:

- *The dog ate my listings - 3Q25 result* ([here](#)) - 9th May 2025
- *Florence of Australia – 3Q25 result preview* ([here](#)) - 2nd May 2025
- *Red flags, yellow cards, and green lights* ([here](#)) - 15th April 2025
- *Luxe exit - 2H victory lap not out of the question* ([here](#)) - 6th February 2025

Australia | SEEK (OW)

- **Investment Thesis:** SEEK is the market-leading online employment marketplace in ANZ, with operations across Asia Pacific and Latin America. The company has flagged FY28 revenue could reach A\$2bn with three key drivers: 1) ANZ volume growth of neutral to low single digits; 2) ANZ yield growth of high single digits; 3) Asia revenue growth of low double digits. Achievement of A\$2bn in FY28 implies a very strong low-double-digit CAGR. In addition, the company is working to build capacity for EBITDA margins in excess of 50%. This is reliant on mid- to high-single-digit cost growth, in addition to achieving the revenue growth drivers mentioned above. SEEK is nearing completion of its Platform Unification program, with the intention to port ANZ capabilities to its global operations.
- **Valuation Overview:** SEEK trades on 16.8x EV/EBITDA 26E for +15% EBITDA CAGR 26E-28E. Our June-2026 Price Target of A\$27/share implies 12% upside potential.

Relevant Research:

- *FY25 guidance upgrade; longer term building blocks in place* ([here](#)) - 21st May 2025
- *April job ads* ([here](#)) - 15th May 2025
- *Red flags, yellow cards, and green lights* ([here](#)) - 15th April 2025
- *Unemployment jokes don't work* ([here](#)) - 18th February 2025

Australia | Domain (N)

- **Investment Thesis:** We believe DHG will endeavour to absorb incremental costs from recent acquisitions to offset a potentially deteriorating listings environment. We

maintain our Neutral rating, reflecting the existing deal offer for the remaining shares of DHG. Operational issues remain: (1) implications from negative depth growth in 4Q; (2) wallet share trends into FY25; and (3) ongoing earnings quality issues.

- **Valuation Overview:** Domain trades on 17.8x EV/EBITDA 26E for +9% EBITDA CAGR 26E-28E. Our June-2026 Price Target of A\$4.20/share implies 4% downside potential.

Relevant Research:

- *Hopping into Australia's Real-Estate Scene with a Sweetened Deal* ([here](#)) - 9th May 2025
- *Red flags, yellow cards, and green lights* ([here](#)) - 15th April 2025
- *Noisy pcp - March new listings +6% y/y* ([here](#)) - 11th April 2025
- *Buyer beware: bid adjusted after inspection* ([here](#)) - 13th February 2025

US | CoStar Group (OW)

- **Investment Thesis:** CoStar Group (CSGP) is a leading provider of SaaS subscription-based software solutions to the real estate industry. The company offers standardized information, analytics, and marketing capabilities to a wide range of clients, comprising mostly real estate brokers and property managers. The quality of its content is confirmed by over 100M monthly unique visitors (retail customers) across a range of online platforms. The majority of the revenues (>90%) are subscription based with an over 80%+ renewal rate, meaning a highly scalable operating model. CoStar Group is looking to generate over \$3B in revenue and mid 40% EBITDA margin (when excluding substantial spend on residential business expansion), and we think the company can deliver 12% organic 3Y top-line CAGR (excluding recently announced acquisition of Domain and hypothetical upside from possible future M&A that CoStar Group could fund with ~\$4B cash cushion equivalent to ~13% of MCap). We like CoStar Group's strategy of widening the audience of potential users of its must-have real estate information services through an online marketplace platform.
- **Valuation Overview:** CoStar Group trades on 36x EV/EBITDA 26E for +86% EBITDA CAGR 25-27E. Our Dec 2025 DCF Price Target of \$87/share implies 13% upside potential.

Relevant Research:

- *J.P. Morgan TMC Conference Takeaways* ([here](#)) - 13th May 2025
- *Hopping into Australia's Real-Estate Scene with a Sweetened Deal* ([here](#)) - 9th May 2025
- *Getting incrementally more confident in S&M strategy as bookings improve* ([here](#)) - 29th April 2025

Other | Naspers (OW)

- **Investment Thesis:** Tencent is central to the investment case, and is rated OW by J.P. Morgan. In addition, returns may be impacted by Prosus's holding company discount and unlisted assets. The multi-year buyback, funded by Tencent sales, should support a narrower discount while maintaining a fortress balance sheet. Moreover, we believe the solid balance sheet capacity allows Prosus to drive organic growth in all its verticals to achieve its breakeven ambitions, while cost-cutting initiatives and conservative M&A should lend support to a narrower discount to NAV. In addition, returns may be impacted by Naspers' holding company discount and unlisted assets

(owned via Prosus). We see a further stake reduction in Prosus as a potential discount positive.

- **Valuation Overview:** We estimate Prosus/Naspers currently trade at a 34%/38% discount to NAV. Separately, the discount of Naspers relative to Prosus is now at 5% vs. 24% at the time of the Prosus listing.

Other | Prosus (OW)

- **Investment Thesis:** Tencent is central to the investment case, and is rated OW by J.P. Morgan. In addition, returns may be impacted by Prosus's holding company discount and unlisted assets. The multi-year buyback, funded by Tencent sales, should support a narrower discount while maintaining a fortress balance sheet. Moreover, we believe the solid balance sheet capacity allows Prosus to drive organic growth in all its verticals to achieve its breakeven ambitions, while cost-cutting initiatives and conservative M&A should lend support to a narrower discount to NAV. In addition, returns may be impacted by Naspers' holding company discount and unlisted assets (owned via Prosus). We see a further stake reduction in Prosus as a potential discount positive.
- **Valuation Overview:** We estimate Prosus/Naspers currently trade at a 34%/38% discount to NAV. Separately, the discount of Naspers relative to Prosus is now at 5% vs. 24% at the time of the Prosus listing.

Relevant Research:

- *Ervin Tu to Step Down as President & CIO - Implications...* ([here](#)) - June 3rd, 2025
- *Encouraging shareholder letter from CEO Fabricio Bloisi - driving momentum in the eCommerce portfolio* ([here](#)) - May 8th, 2025
- *Navigating volatile newsflow and preparing for the upcoming CMD... Will corporate structure be revisited soon? Too early in our view* ([here](#)) - April 8th, 2025
- *First Principles - Prosus & Naspers: The Giants of Euro Internet* ([here](#)) - November 10th, 2023
- *Unlocking the SOTP - potential milestones are building up.* ([here](#)) - November 10th, 2023

Risks and Valuations for our Initiations

Baltic Classifieds Group

1. Macroeconomic Sensitivity in the Baltic Region

BCG operates exclusively in the Baltics (Lithuania, Latvia, and Estonia), making it vulnerable to localized economic downturns. A slowdown in GDP growth, rising unemployment, or declining consumer confidence could reduce demand for classified listings, particularly in the automotive and real estate verticals, where discretionary and high-ticket transactions dominate.

2. Foreign Exchange and Inflation Risk

Although BCG earns revenues primarily in euros, macroeconomic divergence across the three Baltic states, including inflationary pressures or interest rate volatility, may impact consumer and SME behaviour unevenly. Currency risks are muted due to eurozone membership, but wage inflation may pressure margins over time.

3. Competitive Threats from Global and Local Players

Despite a strong market position in its core verticals, BCG faces potential disruption from both global platforms (e.g., large U.S. players) and local players. Should these alternatives capture user engagement or introduce aggressive pricing strategies, BCG's growth or pricing power could be eroded and lower than anticipated.

4. Regulatory and Data Privacy Risk

As a digital business, BCG is exposed to evolving data protection regulations such as the EU's GDPR. Any compliance failures, data breaches, or tightening of user privacy rules could result in reputational harm or regulatory penalties, and potentially impair its ability to monetise user data.

5. Platform Dependency and Technology Risk

BCG's core value proposition is built on user engagement with its digital platforms. Any prolonged technical disruption, cybersecurity incident, or failure to innovate (e.g., poor mobile experience, slow deployment of AI/automation features) could diminish competitive advantage and user retention.

6. M&A and Capital Allocation Risks

While historically disciplined, BCG's future growth may rely in part on acquisitions or platform investments. Poorly timed or misaligned acquisitions could dilute shareholder value, strain management bandwidth, or lead to integration challenges.

Hemnet

1. High Dependence on the Swedish Housing Market

Hemnet is tightly linked to the performance of the Swedish residential property market. A slowdown in housing transactions due to rising interest rates, tighter credit conditions, or falling consumer sentiment could directly reduce listing volumes, advertiser spend, and thus revenue. Prolonged market softness could impair growth and margin expansion.

2. Regulatory and Policy Risks

Changes to Swedish housing policy, such as reforms to rent controls, property taxes, or mortgage lending regulations, could impact transaction volumes or consumer behaviour. As a market-facing platform, Hemnet is particularly sensitive to any interventions that reduce housing turnover or affordability.

3. Platform Dependency and Market Saturation

While Hemnet holds a dominant market position in Sweden, the domestic market is relatively mature and geographically limited. With few untapped customer segments, future growth may require deeper monetisation rather than volume expansion, which could face resistance from users or brokers.

4. Competitive Risk from Alternative Channels

Although Hemnet has high user loyalty and strong brand recognition, competition from real estate broker-owned platforms or international players (e.g., Zillow-style entrants, Google search-based listings) remains a long-term threat. Increased competition could pressure pricing, traffic, or agent relationships.

5. Pricing Model and Customer Perception

Hemnet has pursued price increases and product tiering in recent years, which has supported revenue growth. However, further monetisation efforts may face more/less pushback from real estate brokers or consumers, potentially leading to churn or political scrutiny, especially if the market slows.

6. Technology and Data Privacy Risk

As a digital platform, Hemnet is exposed to cybersecurity threats, data breaches, and evolving data privacy laws (e.g., GDPR). Any failures to safeguard user data or comply with regulations could result in fines, reputational damage, or reduced platform engagement.

7. Talent and Execution Risk

Hemnet's future performance relies on its ability to continue innovating and scaling its product offerings. Failure to retain key talent, especially in tech and product development, could slow feature rollout, impair user experience, and impact competitive positioning.

Valuation framework for both Hemnet and BCG

We believe investors will likely compare Hemnet and BCG on growth adjusted multiples versus the Classifieds sector. Here, we believe EV/EBITDA (rather than P/E or FCF) will be the preferred metric for investors as financial leverage differs across the sector. Both BCG and Hemnet offer higher growth than the sector (we calculate a +12% EBITDA CAGR of 2026-2028 for BCG and +17% for Hemnet versus the sector trading on 18.4x 2026E EV/EBITDA for a +16% 2026-2028E EBITDA CAGR. We argue for a 30x 26E EV/EBITDA multiple for BCG as we see a more dominant business than any other Classifieds player in our coverage in addition to higher strategic value that provides M&A optionality. For BCG, after applying our EV/EBITDA multiple of 30x on FY26E EBITDA to calculate the price target as of April 2026, we also apply a WACC of 9.5% p.a. to compound the price for 8 months and arrive at a December 2026 price target of 432p/share. For Hemnet we also see a valuation premium at 23x 2026E EV/EBITDA.

Valuation remains elevated & demands a selective approach...

Price performance remains polarized...stock selection remains crucial

While we remain constructive on the sector as a whole, we argue stock selection is crucial at this point in time. Despite a healthy outlook overall, share price performance has notably diverged at a stock level over the past 12m (Auto1 +270% and ATG -10%) reflecting varying degrees of competition, margin development and market nuances. As a sector, Classifieds have re-rated back above their historical valuation relative to Staples, now trading at a 129% premium vs their LT premium of 68%, and 13% above their own 2-year historical average (22.7x vs 20.2x, respectively) – scanning less attractive on both an absolute and relative view. Nevertheless, we see select opportunities and favor names with a combination of self-help, earnings upside and attractive valuation on a relative base.

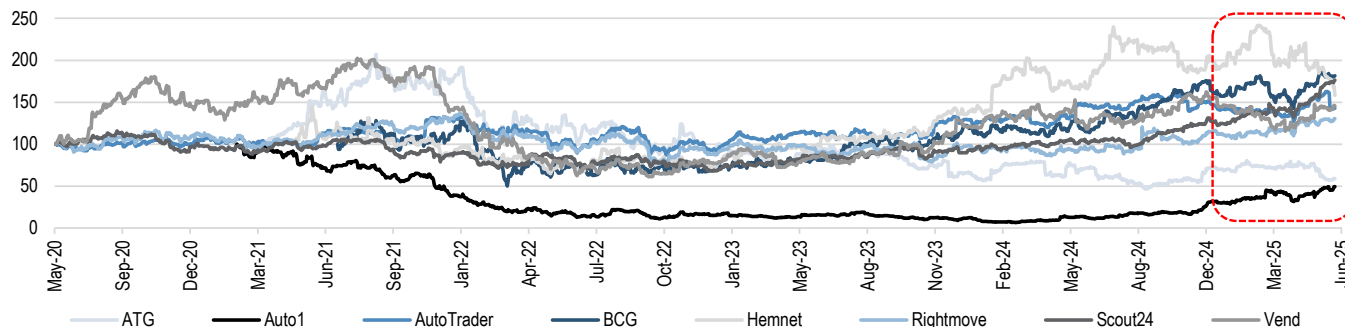
Price performance stalls at a sector level, following a record rebound 2024

Following a rather subdued performance through 2021-22 on the well-documented market-wide tech sell-off, deteriorating macro backdrop and pressure on overall consumer spend, the Classifieds recovery took shape in 2024, despite softer end-markets for both car volumes and regional housing, but more recently gained legs through the end of 2024/early 2025 with the market showing optimism on a further end-market recovery and a clear focus on the new evolution of growth as focus shifts to tackling new revenue opportunities to drive earnings. Importantly, global themes such as takeovers and consolidation, cost optimization as well as portfolio rationalization have come to the fore and driven meaningful share price movements – including REA's proposed (and failed) bid for Rightmove, strategic and portfolio simplification at Vend, as well as notable cost efficiencies and savings efforts at both Vend and Scout24. In Australia, a significant listings recovery was a strong tailwind for the property portals (albeit execution differed across platforms), a job/employment listings headwinds impacted SEEK, while international opportunities were the driver of growth for CAR Group.

We argue a bright outlook for the sector remains with more to go for

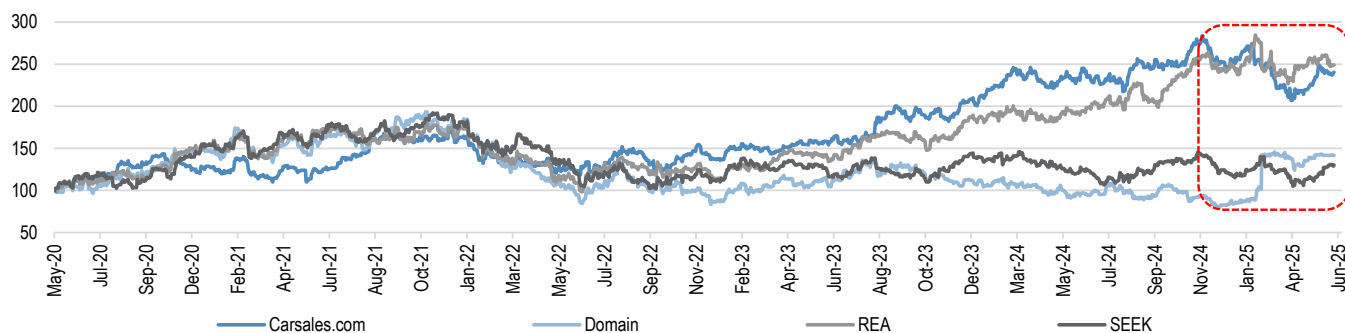
For Europe, we are now less cautious on a potential entry by CoStar Group into Germany and anticipate more focus on the UK and Australia, leaving Scout less vulnerable, while strong operating and strategic efforts at Vend and Auto1 are yielding earnings upside and supporting a strong investment case set-up going forward, all of which the market has started to applaud – though we argue there remains more to play for. In Australia, the proposed acquisition of DHG by CSGP presents a potential shift in industry and competitive dynamics amid a positive outlook for property listings into FY26. Job listings remain subdued for SEK despite coming to market with a well-received Investor Day and view into Asia/freemium models, while international opportunities were the driver of growth for CAR Group.

Figure 4: European Online Classifieds, Relative Share Price Performance, 2020-25 (5 Year)



Source: Bloomberg Finance L.P. As of June 5th 2025.

Figure 5: Australia Online Classifieds, Relative Share Price Performance, 2020-25 (5 Year)



Source: Bloomberg Finance L.P. As of June 5th 2025.

Taking advantage of diverging price trends over the past 12m

Despite a healthy outlook overall, share price performance has notably diverged at a stock level over the past 12m reflecting a varying degree of competition, margin development and market nuances. Auto1 (+270%), followed by Scout and BCG have taken the leading positions, while ATG (-10%) and AutoTrader (-2%) lag behind. Europe has remained a strong sector over the past 12 months with overall average growth of 54%. In Australia, stock performance year-to-date has been driven by DHG (+72%) amid the proposed acquisition by CSGP. As a result, sentiment towards REA (+3%) has been more cautious given the uncertain impact on yield/wallet share growth prospects. SEK (+7%) has been the relative (excl. DHG) out-performer following a well-received investor day outlining Asia/freemium model growth opportunities, and with job listings declines decelerating (albeit still at recent low levels). CAR (-0.2%) has been softer following a February result miss and downgrade to near-term revenue from North America.

Europe leads the regional rebound YTD though still seeing mixed returns at a stock level

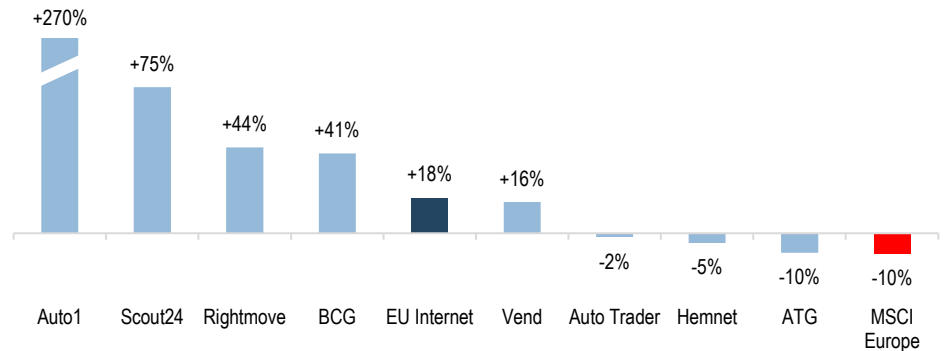
Looking to relative share price performance, we note a broad-based regional outperformance across Europe (+54%), led by Auto1 (+56%) with the business at tipping point profitability and seeing strong earnings upgrades through the year, followed by Scout24 (+32%) as the market rewards resilient top-line and meaningful margin gains, defying a still challenged market backdrop. Vend has traded well (+29%) on strong portfolio execution and gradual repositioning as a pure-play marketplace operator under a new management team. Rightmove and Auto Trader have

underperformed, with the former having largely unwound the recent share price gains surrounding a potential takeover by Australian peer REA.

In Australia, the outlook for property listings is improving following a volatile H2 (on holiday/election timing), with key activity drivers (incl. central bank rate cuts) poised to boost activity into FY26. However, the proposed acquisition of DHG by CSGP introduces uncertainty as to the sustainability of REA's outsized yield growth and wallet share gains. We also expect CAR Group to continue executing successfully on its overseas growth opportunity despite near-term softness in North America, and for SEK to deliver on the Asia/freemium model with the rate of decline in domestic job listings decelerating.

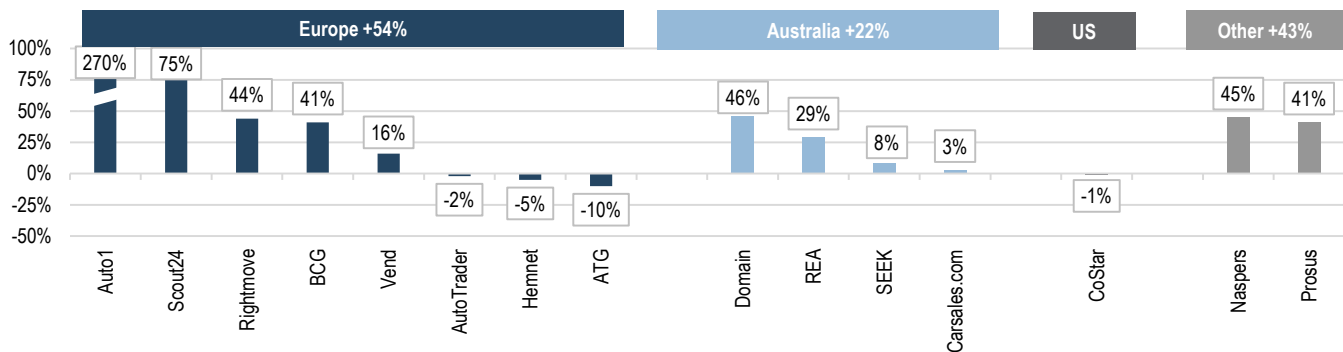
Shares of US player CoStar Group have performed slightly better than average for US vertical SaaS in recent months as the company appears relatively insulated from tariffs. Across the Homes.com (residential classifieds) divisions of CoStar Group, the company 1) continues to ramp its dedicated Homes.com sales team, 2) shifts investment more into the SEO/SEM marketing, and 3) improves messaging around differentiation of its Homes.com platform vs. peers. We think those efforts may help unaided brand awareness to build steadily, spurring increased competition with other major US players. Additionally, we flag regulatory tailwinds such as changes to the clear cooperation rule, which currently governs the residential real-estate market in the US.

Figure 6: Share price performance versus EU Internet and MSCI Europe, LTM



Source: Bloomberg Finance L.P. As of June 5th, 2025.

Figure 7: Global Online Classifieds Share Price Performance, June 2024-25



Source: Bloomberg Finance L.P. As of June 5th, 2025.

Looking to relative share price performance, we note a broad-based regional outperformance across Europe (+54%), led by the rapid rally at Auto1 (+270%) with the business now passed the point of profitability and facing a more constructive outlook on GPU execution and volume trajectory, and deservedly rewarded by the market to-date. Similarly, Scout24 (+75%) has seen support on sustained top-line momentum on agent growth and solid price progression, at a time when margin upside is coming to the fore with the business reaping the benefits of past investments. In contrast, performance at ATG (-10%) has lagged, as growing US market uncertainty has raised questions on the resiliency of the portfolio in the face of a weaker macro outlook, with Hemnet (-5%), on recent earnings disappointments and more recently pressure to listings.

Different valuations for different growth profiles

We observe a wide range of valuations in the Online Classifieds space with BCG at the top of the valuation range trading on 24.2x 26E EV/EBITDA for a +12% 26-28E EBITDA CAGR as well as a best-in-class EBITDA margin of c.80%. On the lower end of the range, ATG trades on 8.7x 26E EV/EBITDA for a +12% 26-28E EBITDA CAGR and alongside a more modest EBITDA margin profile of c.45%. Auto1 is a key standout, trading on 20.5x 26E EV/EBITDA for an impressive +45% 26-28E EBITDA CAGR (on low absolute numbers), showcasing a strong growth profile and healthy margins. Looking at FCF generation, the strongest cash generator among the European Online Classifieds companies is ATG, with a best-in-class FCF yield of from 6% in 2025E that we expect to increase to 8% in 2027E along with consistent YoY FCF growth. Overall these valuations highlight the diverse financial dynamics and growth expectations within the sector, with Hemnet, Vend and Auto1 leading in growth prospects, while Auto Trader presents a more conservative growth profile.

Table 4: Valuation Summary, Online Classifieds, 25-27E

	EV/EBITDA			EBITDA margin			EBITDA CAGR25-27E	EBITDA CAGR26-28E
	2025E	2026E	2027E	2025E	2026E	2027E		
European Online Classifieds								
ATG	10.3x	8.7x	7.1x	45%	46%	46%	12%	12%
Auto1	31.3x	20.5x	14.2x	2%	3%	4%	41%	45%
AutoTrader	18.2x	16.9x	15.7x	66%	67%	67%	6%	6%
BCG	28.6x	24.2x	21.2x	79%	80%	81%	14%	12%
Hemnet	27.3x	21.4x	17.9x	53%	54%	53%	21%	17%
Rightmove	21.2x	19.3x	17.5x	68%	67%	66%	9%	11%
Scout24	22.5x	18.8x	16.5x	62%	64%	65%	15%	12%
Vend	23.3x	17.4x	14.4x	24%	31%	34%	26%	11%

Source: J.P. Morgan estimates, Bloomberg Finance L.P. As of June 5th, 2025

Table 5: Valuation Summary, Online Classifieds, 25-27E

	EV/EBITDA ex-capex			EBITDA ex-capex margin			EBITDA ex-capex CAGR25-27E	EBITDA ex-capex CAGR26-28E
	2025E	2026E	2027E	2025E	2026E	2027E		
European Online Classifieds								
ATG	11.9x	9.6x	7.9x	39%	41%	41%	15%	13%
Auto1	39.2x	26.6x	17.3x	2%	2%	3%	43%	49%
AutoTrader	18.3x	17.0x	15.8x	66%	66%	66%	6%	6%
BCG	29.3x	24.8x	21.7x	77%	78%	79%	14%	12%
Hemnet	28.5x	22.1x	18.5x	51%	52%	51%	23%	13%
Rightmove	21.9x	19.7x	17.7x	66%	66%	66%	11%	11%
Scout24	23.4x	19.2x	16.9x	60%	63%	64%	16%	13%
Vend	32.9x	22.1x	16.9x	17%	24%	29%	38%	15%

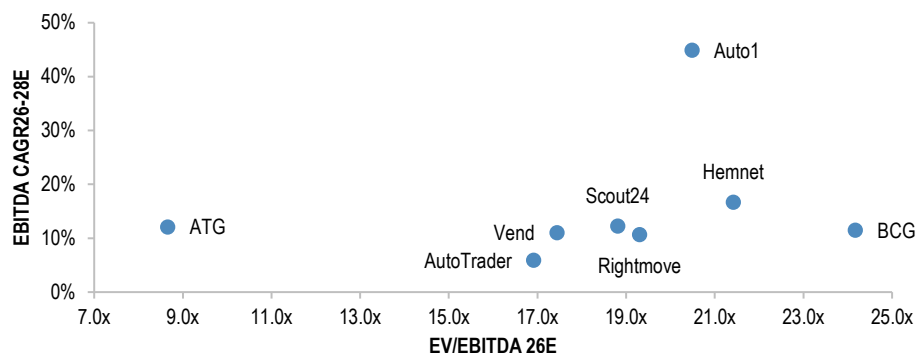
Source: J.P. Morgan estimates, Bloomberg Finance L.P. As of June 5th, 2025

Table 6: Valuation Summary, Online Classifieds, 25-27E

	FCF Yield			FCF (y/y)		
	2025E	2026E	2027E	2025E	2026E	2027E
European Online Classifieds						
ATG	6%	7%	8%	12%	20%	14%
AutoTrader	4%	4%	5%	5%	6%	6%
BCG	3%	4%	4%	18%	16%	13%
Hemnet	3%	4%	5%	27%	30%	18%
Rightmove	3%	4%	4%	8%	13%	11%
Scout24	3%	4%	4%	15%	19%	14%
Vend	1%	2%	3%	77%	49%	29%

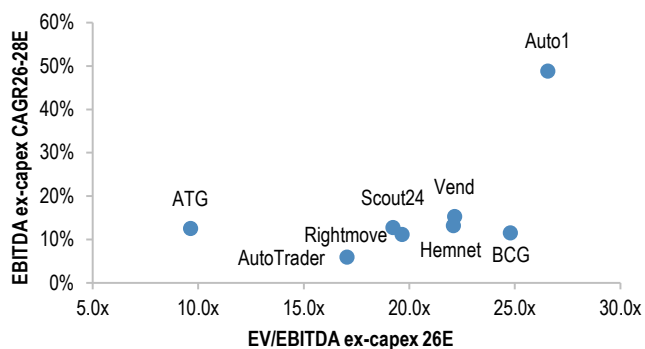
Source: J.P. Morgan estimates, Bloomberg Finance L.P. As of June 5th, 2025

Figure 8: FY26E EV/EBITDA vs. 2-yr EBITDA CAGR



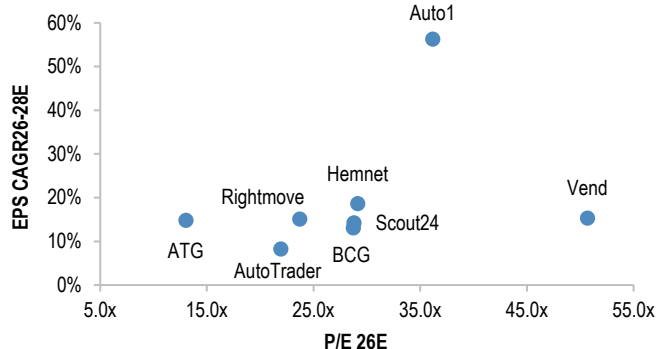
Source: J.P. Morgan estimates, Bloomberg Finance L.P. As of June 5th, 2025

Figure 9: FY26E EV/EBITDA ex-capex vs. 2-yr EBITDA ex-capex CAGR



Source: J.P. Morgan estimates, Bloomberg Finance L.P. As of June 5th, 2025

Figure 10: FY26E P/E vs. 2-yr EPS CAGR



Source: J.P. Morgan estimates, Bloomberg Finance L.P. As of June 5th, 2025

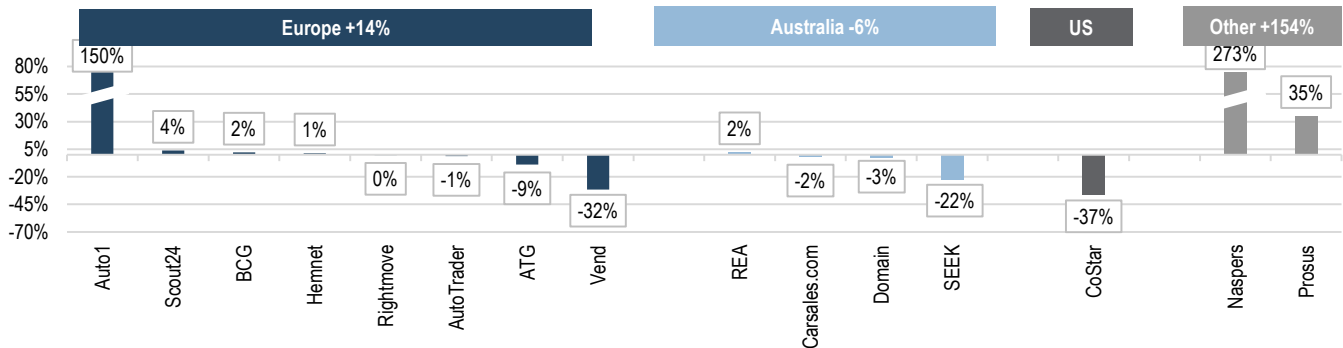
Earnings expectations hold steady, company specifics very much in play...

FY25 EBITDA estimates increased slightly over the past year

Overall, consensus earnings expectations for European Classifieds coming through in early 2025 have overall been slightly positive, though they do diverge on a company-by-company basis. Auto1 has seen significant upgrades with a 150% increase (noting a low base), following a strong recent performance, while Vend faced the largest downgrade at 32%, on the back of the c.MSD% downwards revision of the underlying estimates for the core Nordic Marketplaces. This is reflective of still weak end markets (notably for Jobs and Automotives) as well as Advertising headwinds, and portfolio disposals. We note for vend this also includes de-consolidation effects.

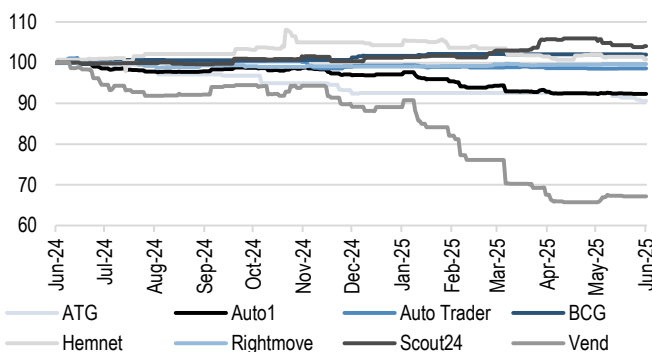
We have seen relatively minor earnings revisions YTD across the Australian classifieds, while on a 12M view SEK has seen notable downgrades following a warning on FY25 in July/Aug last year (c.20% cut to consensus FY25 at the time). We would call out CAR revenue expectations -5% following the Feb H1 result, driven by softer yield expectations with consumer sentiment challenges delaying price increases later into H2, albeit with costs well managed (EBITDA -1%). Despite a well-received Investor Day more recently, SEK EBITDA expectations are -2% with costs growth and volume headwinds weighing.

Figure 11: European Online Classifieds, Bloomberg Consensus, FY25 EBITDA Estimates revisions, LTM



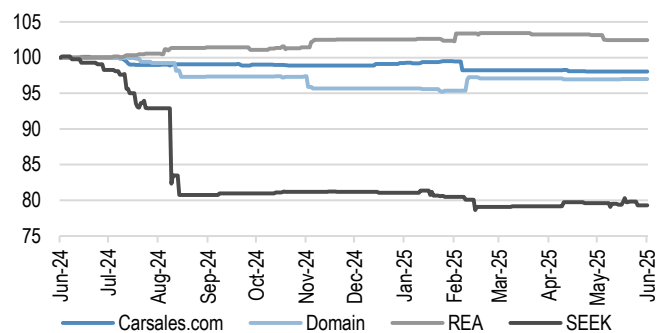
Source: Bloomberg Finance L.P. As of June 5th, 2025

Figure 12: European Online Classifieds, Bloomberg Consensus, FY25 EBITDA Estimates, Rebased to 100



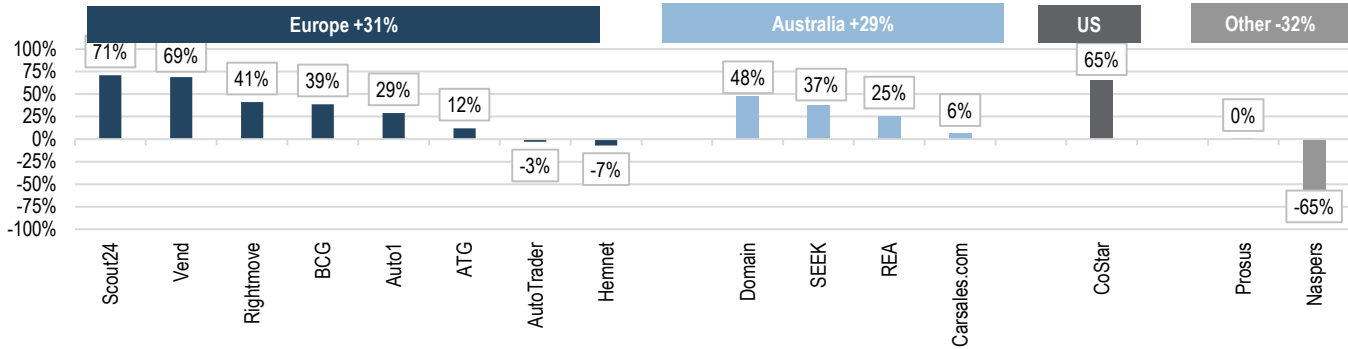
Source: Bloomberg Finance L.P. As of June 5th, 2025. We note de-consolidation effects for Vend.

Figure 13: Australian Online Classifieds, Bloomberg Consensus, FY25 EBITDA Estimates, Rebased to 100



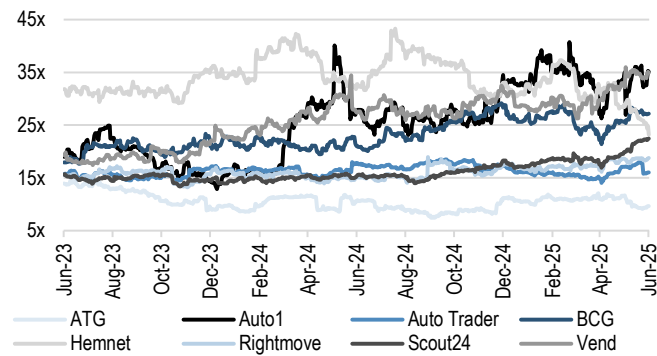
Source: Bloomberg Finance L.P. As of June 5th, 2025.

Figure 14: European Online Classifieds, Bloomberg EV/EBITDA revisions, LTM



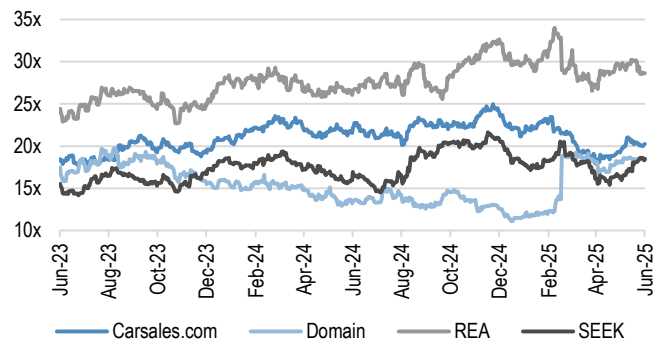
Source: Bloomberg Finance L.P. As of June 5th, 2025

Figure 15: European Online Classifieds, 12m Fwd EV/EBITDA, 2023-25



Source: Bloomberg Finance L.P. As of June 5th, 2025.

Figure 16: Australian Online Classifieds, 12m Fwd EV/EBITDA, 2023-25



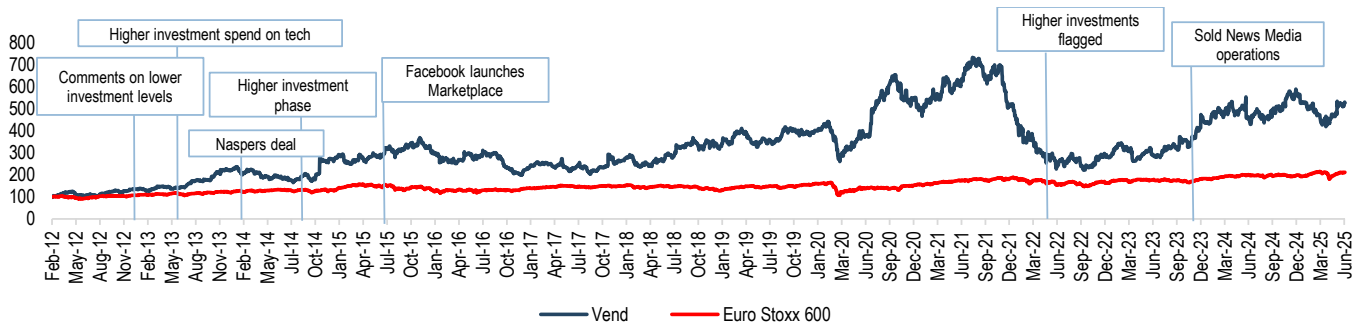
Source: Bloomberg Finance L.P. As of June 5th, 2025.

Online Classified Market Trends

Historically, Online Classifieds work best when revenues are accelerating and margins are improving

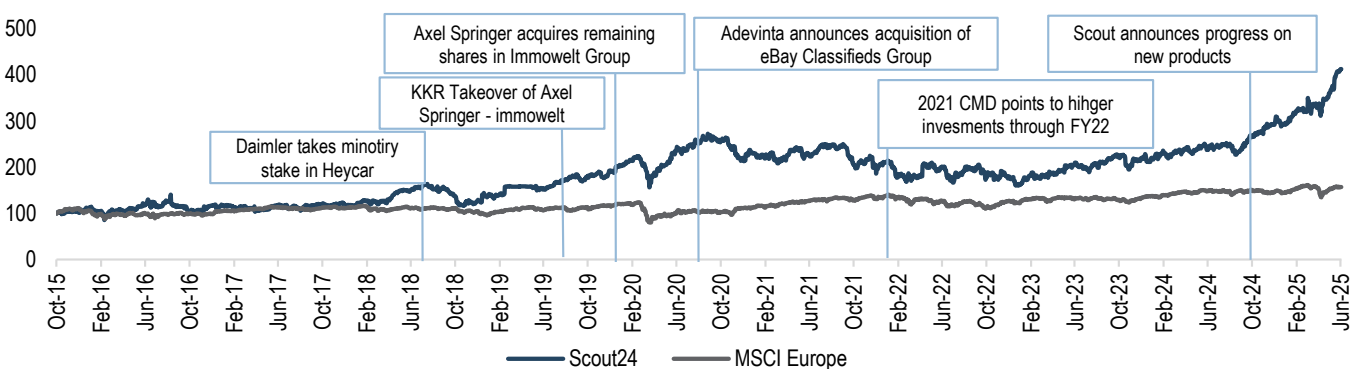
Our key argument for investing in Online Classifieds has been the high operational gearing of the business, and we find the sector (as well as the individual companies) performs best when margin expansion is coming through. To illustrate, we have analyzed Vend's (formerly Schibsted) share price performance since 2012. In the chart, we note management comments regarding the level of investment (together with M&A) which has been a significant driver of the stock's performance. In periods of increased investment, the shares have underperformed as investors likely questioned the operational gearing long term. We also observe that Vend's shares outperformed when the business was reached "tipping point" (i.e. when investments were coming down and incremental revenues were coming through) – providing ground for meaningful margin expansion. Similarly, Scout shares underperformed from 2022 to early 2024 but then began to outperform as the company repeatedly announced that investments were paying off, driving incremental revenue growth.

Figure 17: Vend Share Price Performance and Investments, 2012-2025



Source: J.P. Morgan Estimates, Bloomberg Finance L.P.

Figure 18: Scout24, Share Price Performance and Investments, 2015-2025



Source: J.P. Morgan Estimates, Bloomberg Finance L.P.

Harnessing the opportunities of AI and technology advancements...

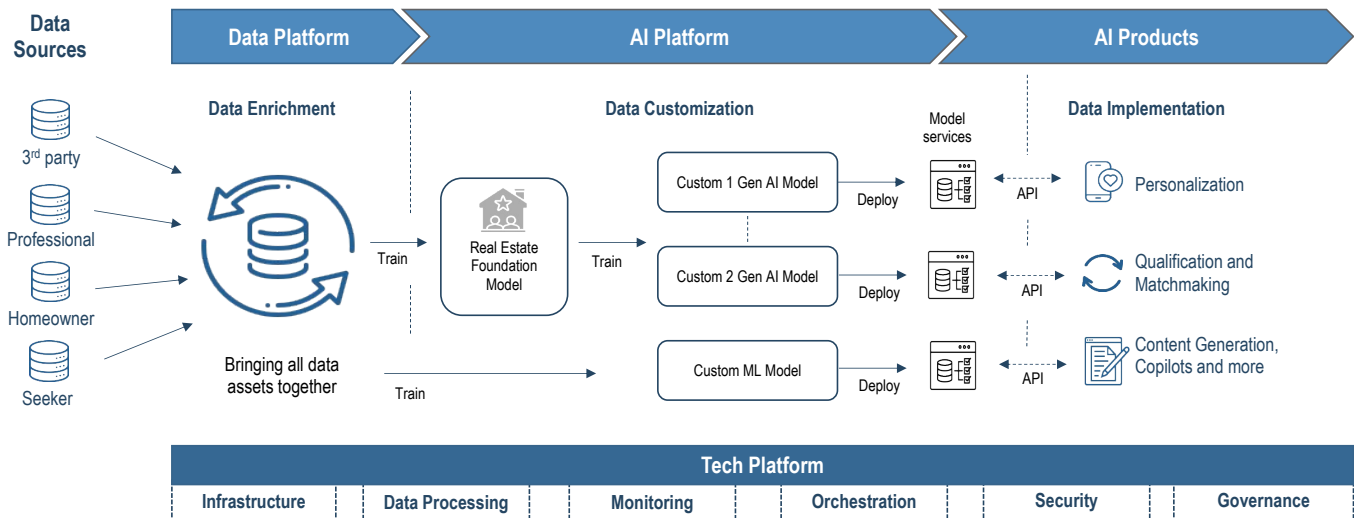
We see several use cases for how AI can benefit the Online Classifieds space while posing limited disruption potential at this point. A key debate for the sector is how AI can potentially enhance the consumer experience – and hence boost sales together with improved distribution processes. However, unlike other sectors, we believe that significant threats are unlikely to materialize. That said, what also becomes clear to us is that best-in-class usage of AI will meaningfully drive consumer satisfaction levels going forward and hence determine market shares. Technology investment levels are likely to increase, potentially more so than investors currently anticipate.

Scout24 expects AI to power the next generation of interconnected products

Leveraging AI to personalize products and content creation

A key feature of Scout24’s last Capital Markets Day in 2024 ([here](#)) was data and content embedding AI technology across its customer groups – Professional, Homeowner, and Seeker. As a case study, management showcased the use of AI technology to recommend additional listing content to agents, with the ability to create different listings for tailored purposes. This ensures that Scout is in a position to showcase the widest content capability vs peer marketplaces. For homeowners, the company is implementing AI-based information to predict home valuations through the business's Homeowner Hub. This allows homeowners to register and track the asset value of their property, while incorporating data feeds across ESG topics, energy levels, etc. Overall, management views AI as a tool to strengthen its content advantage. For agents, the company has shown a strong focus on combining data pools with the platform’s audience while using AI as an “efficient match-making” tool.

Figure 19: Scout24, AI as a product generator...

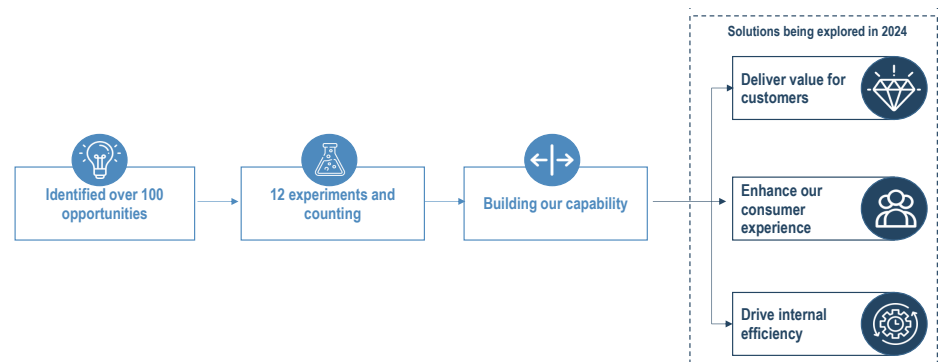


Source: Company reports.

Rightmove continues to scale the adoption of AI

During Rightmove's last Investor Day in November 2023, management delivered a strong message on how the business is looking to scale the adoption of AI. To date, the company has already leveraged AI technology for machine learning within the organisation. It has been used primarily to power its automated valuation model, to serve as a detection tool to address on-site quality issues and to support its recent move into Mortgages. As per management, the company has identified over 100 opportunities where AI can be used to support its business plan, having run more than 12 internal experiments that have yielding promising results so far. From an efficiency perspective, one application of AI saved 75% of the effort saving in one of Rightmove's highest-cost internal processes. Looking forward, management expects AI to play an increasingly important role across both sides of the network as well as to drive efficiency internally.

Figure 20: Rightmove, Scaling the use of AI



Source: Company reports.

The jury is out on how latest developments can reshape the competitive landscape...

Among one of CoStar Group's impressive features is its technology. CoStar Group has data scientists that support each of the company's SaaS products as well as digital marketplaces. Its Homes.com residential platform is no exception to this – the brand uses artificial intelligence in a proprietary algorithm to deliver customized results for each user, surveying users on “must have” and “nice to have” home and community preferences, and then presenting a percentage “Match score” based on the user's criteria and the level of similarity to the home's features. Another unique AI feature specific to Homes.com, Snap & Search, allows users to upload an exterior photo of a house they love and uses AI to search through millions of properties and return local listings of similar architectural styles and finishes.

Could CoStar Group provide a better Tech Solution?

Any challenger in the Property Classifieds market can only gain share (assuming high property inventory on the site) if it provides a materially better consumer experience. Here, AI could be used to offer a meaningfully different/better experience that resonates with home hunters and would undermine the incumbents' business models. So far, we do not see an obviously disruptive product solution, but, given CoStar Group's strong execution on tech, we see RMV having a harder time maintaining best-in-class tech solutions going forward. The jury is still out on whether CoStar Group's marketing agenda for traffic purchases and brand building could lead to market share gains. In contrast, we argue that better consumer experience from new tech/AI features may attract home buyers.

Addressing the key debates related to AI and learning models

How can AI help to improve the acceptance of C2C classifieds? In our view, the largest opportunity for the sector...

We believe the largest opportunity from AI occurs in the C2C segment of the Classifieds space for which we expect rather material enhancements in services over the next several years. Historically, larger Online Classifieds operators such as Adevinta or Vend have been using C2C classifieds as more of a customer acquisition tool (with corresponding monetization eventually through other verticals like Property or Auto Classifieds). In recent years, though, key Classifieds players invested significantly in new C2C products such as logistics, escrow accounts or digital wallets to increase consumer adoption, boosted by growing trends promoting re-sale of used products with new players such as Vinted emerging. So far, however, selling used items remains a rather tedious, slow and complex process for consumers that requires writing the ad, deciding a fair price, and navigating the buyer's uncertainty about the item's condition. By focusing on implementing AI-based solutions, platforms can provide further services to consumers to promote their products better/faster and the whole transaction process could become more accessible, easy, rational and therefore quick to undergo.

Oney highlighted ([here](#)) that it believes AI has the scope to manage the entire process of C2C ads, flagging that researchers have developed an algorithm that is already able to “review hundreds of millions of small ads” (by using photos, descriptions and price) with AI technology that can recognize objects and associate a value according to its characteristics and degree of wear and tear. With that, consumers would in the future be able to post an ad by simply taking a photo of a used bicycle or phone and the software would be able to draft a short, relevant ad and generate a fair price based on previous

transactions – making the entire process as seamless as possible. Interestingly, while flagging that Facebook/Meta is so far only a small player in the Classifieds space, we observe an increasing ambition to increase its Classifieds exposure and to gain share (similar to eBay, increasingly offering C2C Classifieds ads for free in European markets). Facebook has GROKNET, a deployed image recognition system for commerce applications. Based on different algorithms, the technology can identify different product characteristics from a simple product photo, including size, brand, colour and overall condition of the product. The software also finds the right product description and product category which the user just has to approve to sell the product. Overall, we see a rather significant opportunity for such a product that could strongly improve usage of C2C Classifieds. Meta Platforms Inc and eBay Inc are covered by J.P. Morgan analyst Doug Anmuth.

Property Classifieds could see further improvements in regard to consumer experience and we see limited scope for AI to replace property agents

Next to C2C Classifieds, Property Classifieds have seen significant product improvements in recent years with high-resolution images and videos of properties shown on the portals with better filter functionality for home hunters (search by area/map) and online/3D viewings that gained significant traction during the pandemic. The real opportunity arises from Property Classifieds operators taking a larger share of the commission pool, by getting closer to property owners. Technology can help to better present properties, for example virtually “staging” properties (i.e. virtually adding furniture or painted walls for properties). At the same time, we see limited scope for AI to replace agents as AI cannot replicate the personal touch that agents provide and consumers value.

It’s worth noting that agents are increasingly using ChatGPT to quickly write detailed descriptions for property listings – which is leading to significant cost advantages. As an example, Proptech player Val Pal introduced an AI-based tool to help agents write better-quality property listings faster, allowing for further efficiency gains at the agent’s office. According to ValPal, it is taking the average agent about 45 minutes to write a listing and, assuming an average salary of £19.35 per hour for a 40-hour week, ValPal estimates that its software could save the sector £40m per year or just over £2,000 per business based on there being 19,500 agents in the UK. This bodes well for Property Classifieds and underlines our view that Property Classifieds advertising is still cheap (>10% of agents’ profit pool) and that agents have plenty of scope – helped by AI – to cut costs.

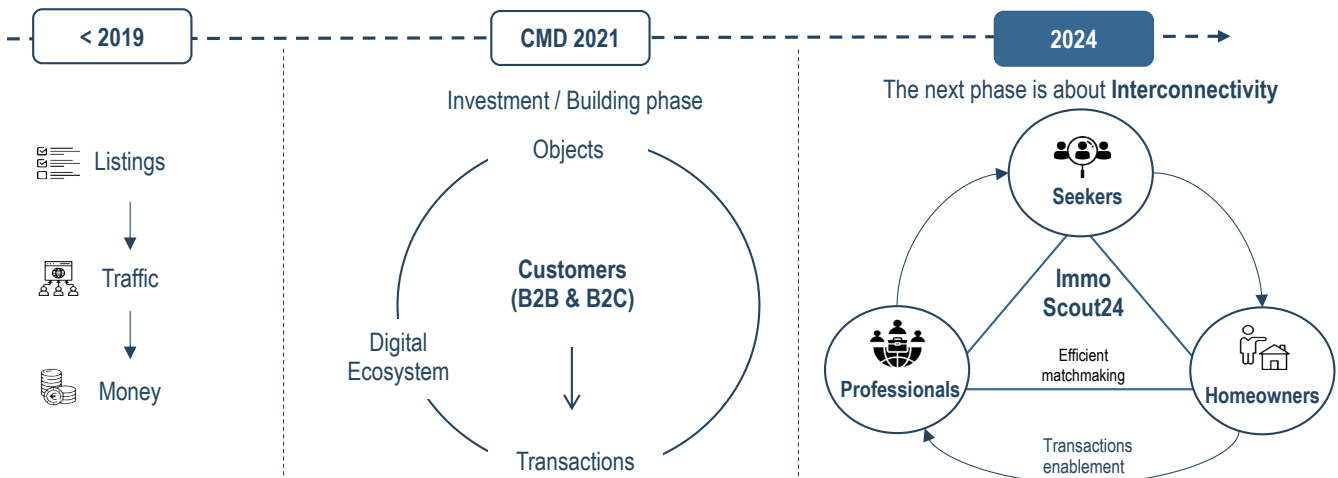
Product, Innovation and Differentiation to drive up-selling opportunities...

Scout24 outlines a route from a “pure listing business” into a unique 3-sided marketplace

“Interconnectivity” as the next leg of growth...

During its last Capital Markets Day in 2024, Scout management outlined its strategy of moving away from the traditional online classifieds business model of attracting listings, traffic and advertisements to now monetizing the customer throughout their whole real estate journey. A key pillar of Scout’s growth strategy is the connection of all market participants in the property space (seekers, homeowners and agents), as illustrated below. With its continuous product developments and enhancements, Scout24 provides agents with an extensive suite of digital solutions along the end-to-end brokerage process. In addition, Scout24 is constantly refining the Property Hub (formerly known as the Homeowner Hub), thereby creating a central point of contact for all needs in the real estate life cycle and bridging the interests of consumers and homeowners. ImmoScout24 remains the centerpiece portal where listings are displayed but fully integrated into the platform are now its lead generation website (Immoverkauf24), the rental management CRM tools (Vermietet) and the professional CRMs. The measures have boosted Scout’s TAM significantly to €11bn+ with the company going directly into agent commission pools.

Figure 21: Scout24, Strategic Evolution to a 3-sided marketplace



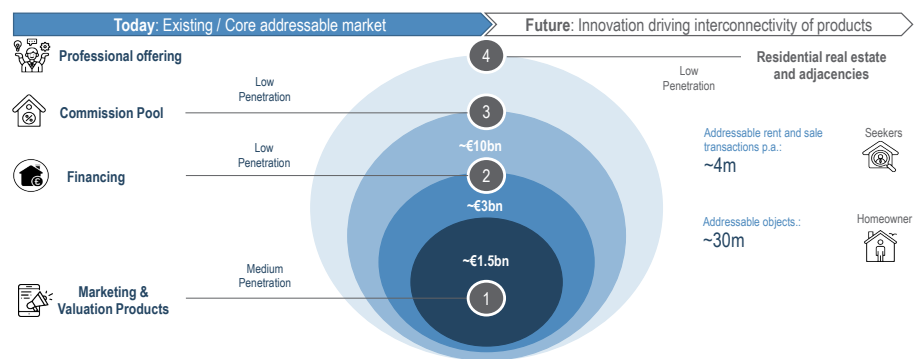
Source: Company reports.

Innovation and expansion of product portfolios drive incremental monetisation potential

Looking to addressable market opportunities, Scout has outlined an existing addressable marketing comprising 1) a c.€10bn Commission Pool, standing as a business enabler for professional via digital solutions, 2) with a c.€3bn Financing opportunity through both Mortgage Leads and Mortgage Brokers (both with low penetration), and 3) a c.€1.5bn Marketing and Valuation Product Pool with professional memberships, realtor leads as well as valuation and CRM opportunities.

Going forward, and aligning with its focus on innovation to drive the interconnectivity of products, the company is looking to tap new residential real estate and adjacent opportunities. From a Seeker perspective, the company notes 4m addressable rent and sale transactions a year, supporting Scout’s private plus subscriptions, while on the Homeowner side, management notes a c.30m addressable object opportunity through its businesses Landlord Management Software, ESG Services and Insurance offerings.

Figure 22: Scout24, TAM opportunity and incremental monetization potential



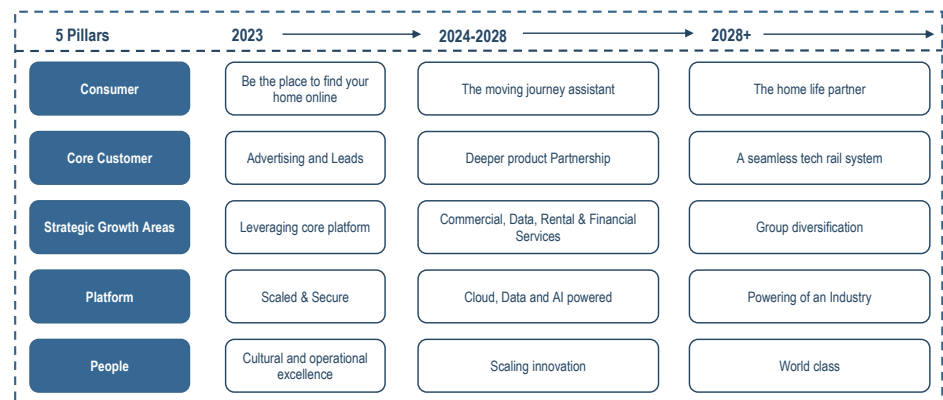
Source: Company reports.

Rightmove drives a vision to give everyone the belief that they can make their move

A wide strategic span to cover consumers and companies

Management outlined a strategic vision to provide a window of insight to both consumers and companies considering a move – while at the same time supporting potential investors looking to invest in the property industry by providing a variety of data services and tapping into the lending market to drive further digitalization. From a Consumer and Core Customer perspective, focus remains on further product developments to support a higher level of digitalized processes and workflows. In turn, by enabling better moving experiences, management will look to accelerate Rightmove’s third strategic pillar of Strategic Growth Areas, while at the same time making greater use of enabling technologies including both Cloud and AI.

Figure 23: Rightmove, Business Pillars and Vision

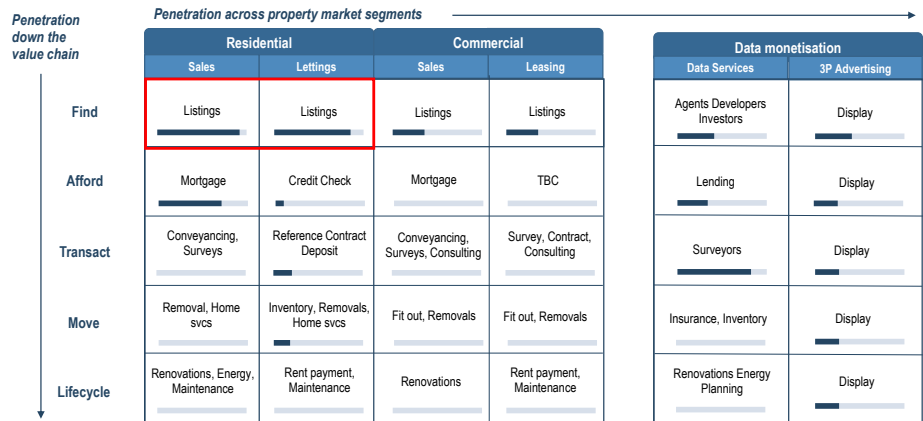


Source: Company reports.

Selectively and logically tapping into a larger £1.8bn revenue opportunity...

Rightmove operates predominantly in the Find segment, spanning both Residential and Commercial. Residential in particular remains the company’s stronghold, covering the majority of listings, consumers and agent customers, generating c.90% of its £390m revenue in 2024, though management continues to see further digitization opportunity across the industry (incl. software opportunity).

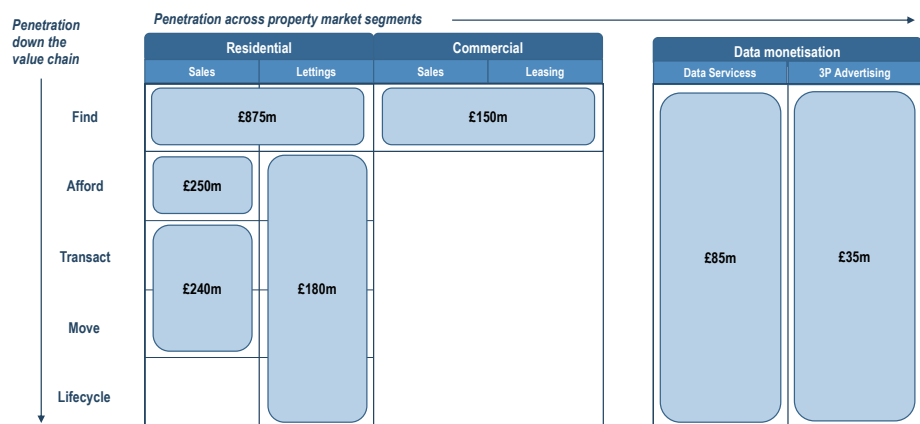
Figure 24: Rightmove, Strategic Model for Growth



Source: Company reports.

Estimated TAM points to a £1.8bn revenue opportunity, as per management. Sizing Rightmove’s focus areas, the company has indicated a £1.8bn market potential, while untapped opportunity presents a runway of growth beyond its 2028 financial ambitions. For the core business in residential find (£875m), the company continues to see scope for product development on both sides of the marketplace (sales and letting). Financial services is now a key priority (£250m potential), as Rightmove looks to digitally fill the value chain with a specific focus on mortgages and partner relationships. Importantly, residential letting offers a £180m revenue opportunity through a wider use of digital end-to-end solutions for the markets, covering agents, landlords and consumers to deliver across the financing, transaction and life cycle journey. As it stands the company has a strong established position on Commercial sales and letting, both in terms of marketplace offering and its traffic position, with management focusing efforts to maximize the find opportunity, which remains in the company’s view an underserved opportunity.

Figure 25: Rightmove, Revenue opportunity of £1,815m



Source: Company reports.

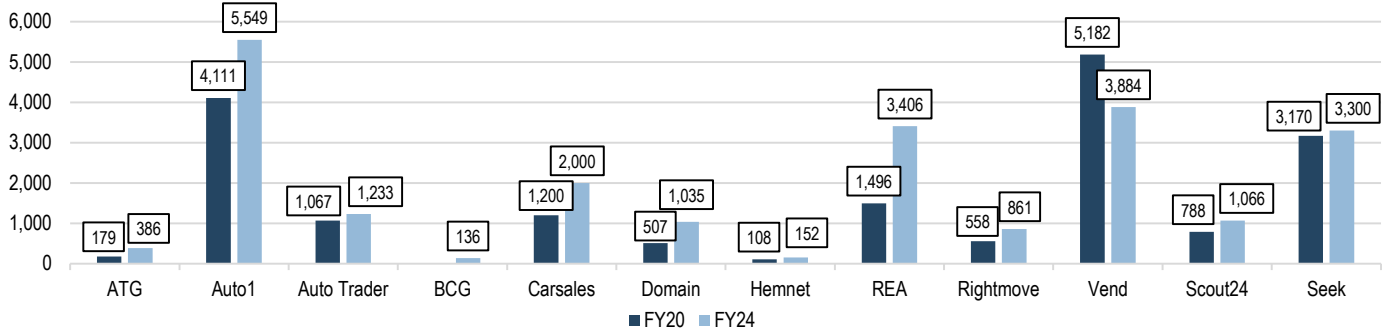
Self-help measures in focus, potential for further cost-cutting in focus...

Headcount efficiency under scrutiny with optionality for rather material savings

Online Classifieds are capital-light asset models where personnel expenses take the lion's share of costs

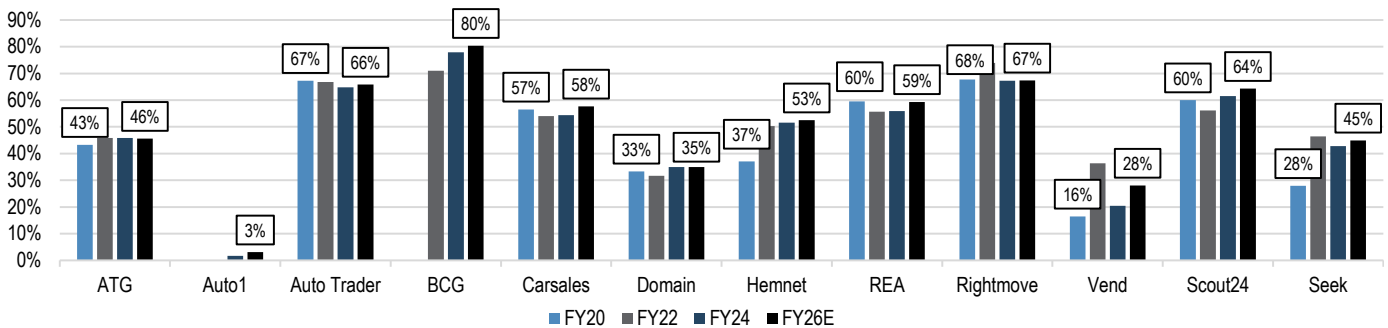
With a growing need for differentiation through innovation and technology, we see headcount/personnel, particularly in tech, as key. With CoStar Group having entered the European market through the acquisition of OTM, we've previously argued that CoStar Group is likely to focus on differentiation via technology – having more than 1k software developers and more than 1k researchers (out of more than 6k headcount pool) driving potential market disruption (vs. Rightmove's total headcount of c.861 and Scout24's at c.1,066). When screening through the key Classifieds players in our coverage, we observe rather material differences in headcounts.

Figure 26: Global Classifieds, Headcount FY20 & FY24



Note: Data is not available for BCG headcount in FY20. The change in Vend employees has been impacted by the sale of previous operations.
 Source: Company reports and J.P. Morgan estimates.

Figure 27: Global Classifieds, EBITDA Margin evolution



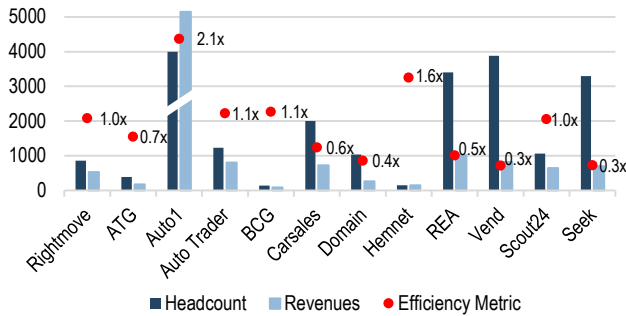
Source: J.P. Morgan estimates, Company data. Note BCG does not have data available for FY20 and Auto1's margins were negative until FY24. We note A1 is not an asset light business model.

We scanned European peers on employee metrics, and our benchmarking analysis using Rightmove as a benchmark, we observe Auto1 and Hemnet performing 2.1x and 1.6x more efficiently than Rightmove while Vend and SEEK come in at 0.3x as efficient as Rightmove. We have highlighted from 2020-2024, revenues grew faster than headcount

for the European players while several Australian players (REA, Domain and SEEK) grew headcount at a faster rate than revenues. We track the relative productivity which we measure as revenue/'000 Employee (€m) below.

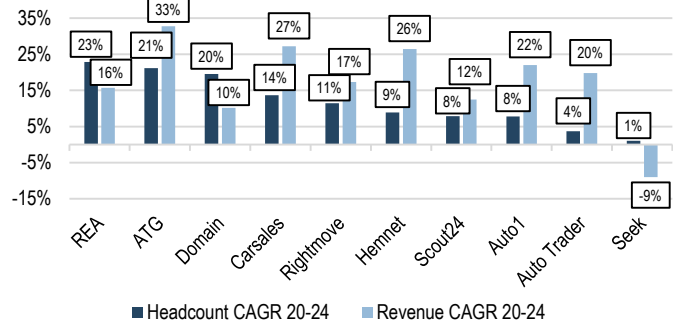
Figure 28: Global Classifieds, Absolute Headcount and Revenue (\$m)

Efficiency metric covers revenue/'000 Employee (€m) compared to Rightmove (1.0x)



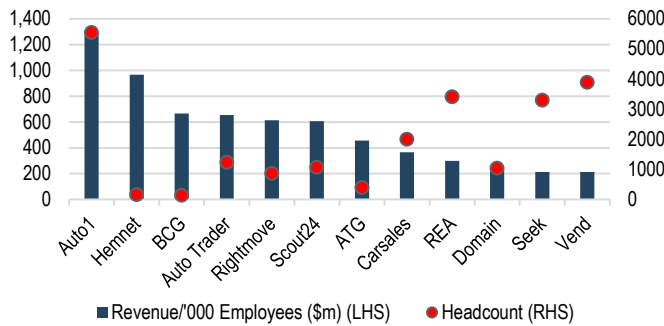
Source: Company reports and J.P. Morgan estimates.

Figure 29: Global Classifieds, Headcount and Revenue CAGR20-24



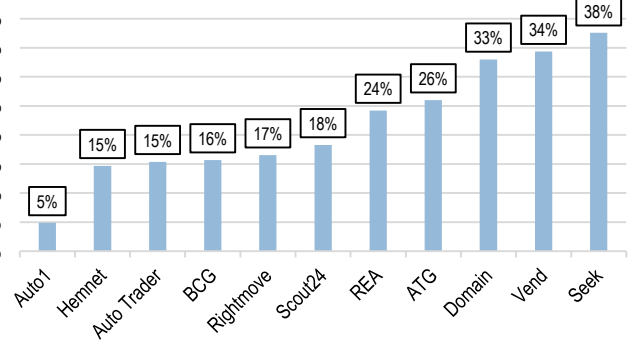
Source: Company reports and J.P. Morgan estimates. Revenues have been calendarized while headcount is shown as reported. Vend has been excluded due to the impact of the sale of previous operations.

Figure 30: Online Classifieds, Revenue/'000 Employee (\$m)



Source: Company reports and J.P. Morgan estimates. Revenues have been calendarized while headcount is shown as reported.

Figure 31: Personnel Expenses as a % of Revenue , FY24



Source: Company reports and J.P. Morgan estimates. Note: data was not available for Carsales

“On our cost and our FTE agenda, so the 250 roles, if you look at what was the scope that we looked at when we identified those roles, so that are all employees that are currently working in Nordic Marketplaces. They are all employees that after the separation of media, works in head office and central functions. So that has been the main scope. And in central function, keep in mind also that there we have a lot of our technology resources residing. So in totality that was a bit more than 1,600. So, 250 roles is related to a bit more than 1,600 FTEs. Then in addition, we also have quite a lot of employees working on Delivery business, working in Prisjakt and Lendo. And as you also have seen in the results today, we are also addressing that in parallel, you know, to manage the cost and efficiency agenda there. But it's a slightly different process than the 250.” - Christian Printzell Halvorsen, Vend CEO, Q224 Conference Call (July 18th 2024)

...while marketing budgets and R&D investments remain in focus amid emerging challengers...

We await the marketing push...

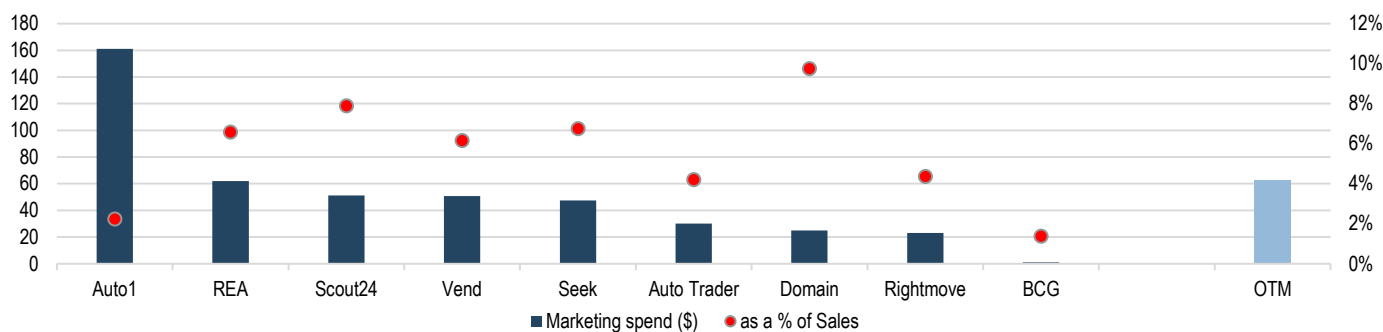
CoStar Group remains committed to its intention to invest in sales and marketing across the U.K., which is likely to be multiple times the annual media spend of Rightmove. Importantly, CoStar Group management previously said that it envisages a multi-year investment program totaling hundreds of millions of pounds to drive more consumers to the OnTheMarket portal with the goal of significantly increasing the quantity of valuable leads to OnTheMarket’s agent clients.

...while requirements for permanent best-in-class tech and consumer experience are rising

While there is currently low visibility on traffic and inventory share, we expect the incumbents to defend their market-leading positions (which could lead to pressure on margins). With the jury still out as to whether CoStar Group’s marketing agenda for traffic purchases and brand building could lead to market share gains, we argue that a potentially better consumer experience from new tech/AI features may attract home buyers as well as agents. While we expect Rightmove to adapt quickly and follow on to counter any new product solutions at pace, the boost in tech spend is likely to impact opex/R&D, reflecting a lower structural MT margin profile for Rightmove – and risk to management’s guidance of holding a c.70% operating margin into the MT.

Figure 32: Property Classifieds, Marketing Spend (\$m) and Ratio to Sales (%)

Outlined marketing spend at OTM screens high relative to global peers...



Source: Company reports and J.P. Morgan estimates. Note: data was not available for ATG, Carsales and Hemnet.

Stress testing our margin assumptions – we argue our cost estimates scan conservatively

Below, we show the key cost items for the European Classifieds players in our coverage. While we anticipate further margin expansion, we would argue our assumptions of growth in headcount cuts may prove too aggressive.

Figure 33: ATG, Operating Expenses

\$ m	2024	2025E	2026E	2027E
Revenues	174.1	182.0	202.3	225.5
Cost of sales	-56.9	-62.8	-67.1	-73.0
Gross Profit	117.2	119.2	135.3	152.6
Employment costs	-45.3	-46.4	-49.6	-53.0
% change	-9.5%	2.5%	6.8%	6.9%
Other administrative expenses	-39.5	-39.1	-42.0	-45.1
% change	10.8%	-1.0%	7.3%	7.4%
Total operating expenses	-84.8	-85.5	-91.5	-98.1
% change	-0.3%	0.9%	7.0%	7.2%
Operating profit (EBIT)	32.4	33.7	43.7	54.5
Operating profit margin	18.6%	18.5%	21.6%	24.2%

Source: Company reports and J.P. Morgan estimates.

Figure 35: Auto Trader (Core), Operating Expenses

£m	2024	2025	2026E	2027E
Revenues	529.7	564.8	591.4	626.7
People costs	-81.5	-92.8	-98.2	-104.7
% change	10.1%	13.9%	5.8%	6.6%
Marketing costs	-22.3	-24.6	-26.6	-28.2
% change	0.0%	10.3%	8.2%	6.0%
Other overhead costs	-44.2	-40.5	-42.6	-45.1
% change	11.6%	-8.4%	5.1%	6.0%
Bad debt / DST	0.0	-10.2	-10.6	-11.2
% change		3.6%	5.8%	
Total operating expenses	-148.0	-168.1	-177.9	-189.2
% change	8.9%	13.6%	5.8%	6.3%
Share of profits from JVs	2.8	3.6	4.0	4.4
Adj. EBITDA	384.5	400.3	417.4	441.9
Adj. EBITDA margin	72.6%	70.9%	70.6%	70.5%

Source: Company reports and J.P. Morgan estimates.

Figure 34: Auto1, Operating Expenses

EUR m	2024	2025E	2026E	2027E
Revenues	6,272.0	7,472.8	8,606.1	9,634.9
Cost of sales	-5,547.3	-6,567.5	-7,550.9	-8,438.1
Gross profit	724.7	905.3	1,055.2	1,196.8
Personnel expenses	-304.8	-353.7	-386.7	-407.9
% change	8.4%	16.1%	9.3%	5.5%
Marketing costs	-141.0	-164.4	-172.1	-192.7
% change	2.9%	16.6%	4.7%	12.0%
Other operating expenses	-205.9	-241.4	-266.8	-265.0
% change	8.7%	17.2%	10.5%	-0.7%
Other operating income	13.9	16.5	19.0	21.3
% change	-15.8%	19.1%	15.2%	12.0%
Total operating effects	-637.7	-743.0	-806.6	-844.3
% change	7.9%	16.5%	8.6%	4.7%
EBITDA	87.0	162.3	248.6	352.6
EBITDA margin	1.4%	2.2%	2.9%	3.7%

Source: Company reports and J.P. Morgan estimates.

Figure 36: BCG, Operating Expenses

EUR m	2024	2025E	2026E	2027E
Revenues	72.1	83.6	98.4	110.9
Labour costs	-11.3	-12.3	-14.5	-16.3
% change	17.9%	8.6%	17.6%	12.5%
Advertising and marketing services	-1.0	-1.2	-1.4	-1.6
% change	7.1%	16.0%	16.9%	11.9%
IT expenses	-0.8	-1.0	-1.1	-1.3
% change	15.4%	16.0%	16.7%	11.7%
Other expenses	-3.6	-3.6	-3.7	-2.0
% change	4.5%	-1.4%	2.3%	-46.6%
Total operating expenses	-16.8	-18.1	-20.7	-21.1
% change	13.9%	7.3%	14.4%	2.0%
Adj. EBITDA	55.2	65.6	77.8	89.8
Adj. EBITDA margin	77%	78%	79%	81%

Source: Company reports and J.P. Morgan estimates.

Figure 37: Hemnet, Operating Expenses

SEK m	2024	2025E	2026E	2027E
Revenues	1,396.7	1,834.5	2,261.4	2,701.9
Capitalised proprietary intangible assets	10.7	10.7	10.7	10.7
Personnel costs	-205.2	-256.8	-313.4	-363.3
% change	21.0%	25.2%	22.0%	15.9%
Administration and commission compensation	-359.4	-460.8	-551.9	-686.7
% change	59.5%	28.2%	19.8%	24.4%
Other external expenses	-121.3	-153.6	-184.0	-228.9
% change	23.3%	26.6%	19.8%	24.4%
Depreciation and ammortization	-86.0	-79.9	-83.8	-87.6
% change	11.3%	-7.1%	4.8%	4.6%
Other operating costs	-1.7	-1.7	-1.7	-1.7
% change	6.3%	0.0%	0.0%	0.0%
Total operating effects	-687.6	-872.9	-1050.9	-1280.6
% change	38.9%	27.0%	20.4%	21.9%
Adj. EBITDA	719.8	972.3	1221.1	1432.0
Adj. EBITDA margin	51.5%	53.0%	54.0%	53.0%

Source: Company reports and J.P. Morgan estimates.

Figure 39: Scout24, Operating Expenses

EUR m	2024	2025E	2026E	2027E
Revenues	566.3	641.6	725.3	809.0
Own work capitalised	22.5	26.9	29.0	30.7
Personnel costs	-103.5	-115.3	-128.2	-140.6
% change	8.0%	11.4%	11.2%	9.6%
Marketing costs	-44.7	-49.4	-54.4	-60.7
% change	-7.6%	10.4%	10.1%	11.5%
IT costs	-20.1	-23.5	-27.2	-31.2
% change	1.3%	16.5%	16.1%	14.5%
Selling costs	-36.2	-41.0	-46.3	-51.6
% change	3.9%	13.3%	13.0%	11.5%
Other operating costs	-36.2	-41.9	-32.0	-27.0
% change	24.5%	15.9%	-23.6%	-15.8%
Total operating effects	-240.7	-271.1	-288.2	-311.0
% change	5.6%	12.6%	6.3%	7.9%
ooEBITDA	348.2	397.5	466.2	528.7
ooEBITDA margin	61.5%	62.0%	64.3%	65.4%

Source: Company reports and J.P. Morgan estimates.

Figure 38: Rightmove, Operating Expenses

£ m	2024	2025E	2026E	2027E
Revenues	389.9	424.7	470.8	523.1
Payroll costs	-72.8	-76.4	-87.1	-99.4
% change	19.1%	5.0%	13.9%	14.1%
Other administrative expenses	-60.8	-63.7	-73.0	-83.7
% change	34%	5%	15%	15%
Total operational expenses	-133.6	-140.1	-160.1	-183.1
% change	25.6%	4.9%	14.2%	14.4%
Operating profit (EBITA)	256.3	284.5	310.7	340.0
Operating profit margin	65.7%	67.0%	66.0%	65.0%

Source: Company reports and J.P. Morgan estimates.

Figure 40: Vend, Operating Expenses

NOK m	2024	2025E	2026E	2027E
Revenues	8,324.8	8,490.9	8,819.8	9,386.0
Cost of goods and services sold	-599.4	-601.2	-609.3	-636.5
% change	21.5%	0.3%	1.4%	4.5%
Personnel expenses	-2,858.8	-2,802.0	-2,645.9	-2,768.9
% change	7.1%	-2.0%	-5.6%	4.6%
% of sales	-34.3%	-33.0%	-30.0%	-29.5%
Marketing expenses	-512.6	-509.5	-485.1	-469.3
% change	14.6%	-0.6%	-4.8%	-3.3%
Other operating expenses	-2,657.1	-2,547.3	-2,381.3	-2,299.6
% change	9.9%	-4.1%	-6.5%	-3.4%
Total operating expenses	-6,627.9	-6,459.9	-6,121.7	-6,174.3
% change	9.9%	-2.5%	-5.2%	0.9%
Adj. EBITDA	1,696.9	2,031.0	2,698.1	3,211.7
Adj. EBITDA margin	20.4%	23.9%	30.6%	34.2%

Source: Company reports and J.P. Morgan estimates.

Australia and the UK may see increased competition in property classifieds given CoStar’s ambitions

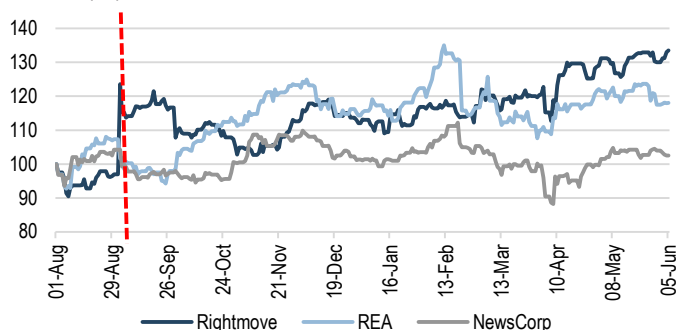
REA’s failed bid for Rightmove in 2024 set the tone on consolidation in the space

A 28-day whirlwind with little to show for it...

REA Group’s unexpected announced intention to consider making an offer (cash/shares) for Rightmove on September 2nd, 2024 ([here](#)) caught both the market and the management of Rightmove by surprise. REA’s first bid (received September 5th, detailed below) came in at a 27% premium to Rightmove’s undisturbed share price, with an implied valuation of 20.5x EV/EBITDA – and was firmly rejected by the Rightmove Board, signalling the offer was “wholly opportunistic and fundamentally undervalued Rightmove and its future prospects.” Accordingly, the Board unanimously rejected the Proposal on September 10th, 2024. The two parties failed to tie the knot when Rightmove’s Board rejected a fourth and subsequently final offer, on September 30th, to the tune of £6.2bn, a 45% premium to Rightmove’s undisturbed share price. Under U.K. takeover rules, any bidder has 28 days from when its interest in a company becomes known to formalize an offer September 30th for REA – which in turn confirmed it did not intend to make an offer for Rightmove. While the transaction did not occur in the end, it became evident that a larger focus would have been on better monetization of the Rightmove assets by REA. We note that REA achieves almost 2x the revenue per listing that Rightmove achieves.

Figure 41: Relative Share Price Performance, Rightmove, REA Group and NewsCorp, 2024 - 2025

Meaningful share price reaction from all parties involved...Rightmove +27% and REA -7% on the proposed deal



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 42: 12m Fwd EV/EBTIDA, Rightmove vs REA Group, 2020 - 2025
 ...while valuations diverge into discussions



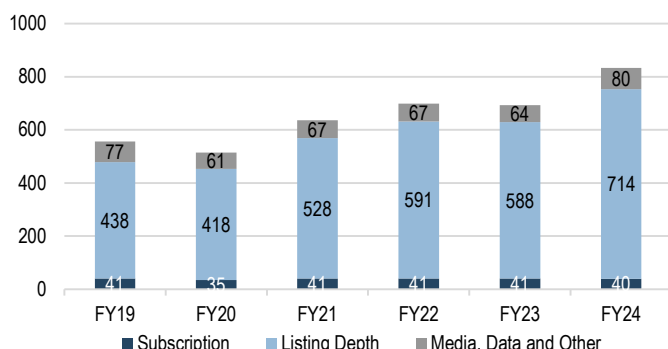
Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Table 7: REA and Rightmove, Average Revenue Per Listing

Revenue Per Listing	Rightmove (£m, £)	Rightmove (A\$m, A\$)	REA (A\$m, A\$)
Residential/Agency Revenue	333	649	996
Avg. Total Listings (#, m)	0.881	0.881	0.700
Revenue Per Listing	378	736	1,423
AUD/GBP	0.51		

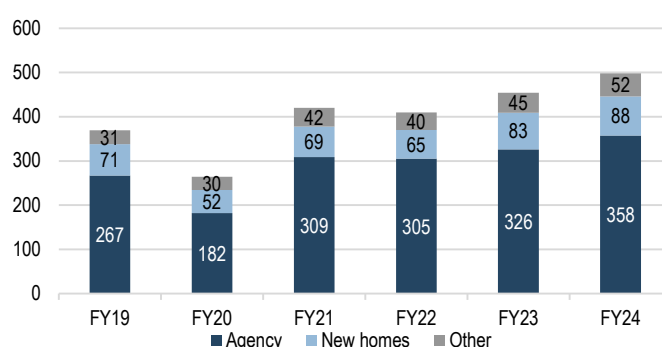
Source: Company reports, J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 43: REA Group, Revenue (\$m)



Source: Company reports, AIM Group and J.P. Morgan estimates. Note: FYE June 30, CAGR calculated in local currency AUF to avoid FX impacts.

Figure 44: Rightmove Group, Revenue (\$m)



Source: Company reports, AIM Group and J.P. Morgan estimates. Note: FYE December 31, CAGR calculated in local currency GBP to avoid FX impacts.

Could another bid emerge? The Rightmove shares are now close to 760p

With Rightmove’s Board firmly signalling that the company would not entertain an offer below c.£6.1bn or 781p/share (versus current share price of 762p), the question remains whether REA will return to the table or whether another strategic interest could emerge, while at the same time we recognize that Private Equity has in the past shown a strong willingness to engage Online Classified models – at the right price. Under UK takeover rules, REA would be allowed to make another offer after six months. While at the same time pressure on its own share price throughout the discussions may suggest shareholders were less supportive of a proposed deal, with management constrained on price to some degree given a desire to exercise “financial discipline”.

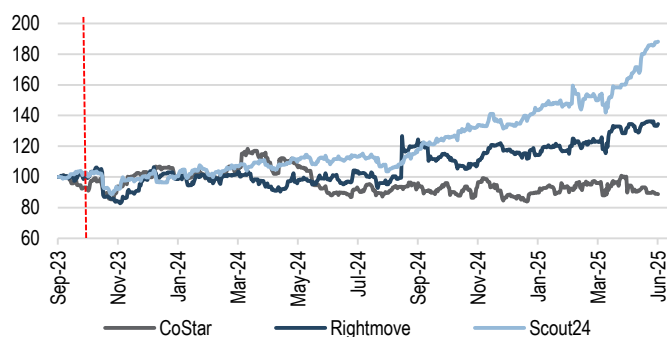
...while the market awaits a meaningful shake-up from OnTheMarket...

CoStar Group has reported steady progress from OnTheMarket to date, competition awaits meaningful marketing push...

While OnTheMarket has made strong inroads in operational delivery in 2024, our understanding is that initial efforts have been centred on technological/data advances and product innovation. We expect a more widespread marketing campaign later in the period once CoStar Group improves its sales motion in the US and strengthens its technological offering in Australia. In the UK, traffic disruption remains a key focus as agent loyalty to existing digital platforms is put to the test.

Figure 45: Relative Share Price Performance, US and European Property Classifieds, 2023 – 2025

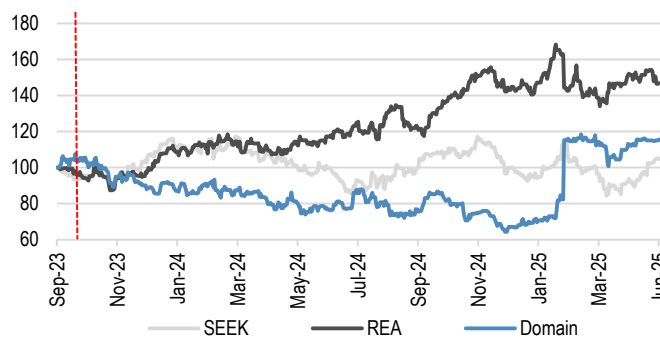
Sharp share price correction on announced OnTheMarket takeover by CoStar....



Source: J.P. Morgan, Bloomberg Finance L.P.

Figure 46: Relative Share Price Performance, Australian Property Classifieds, 2023 – 2025

...while international peers traded down modestly on the news



Source: J.P. Morgan, Bloomberg Finance L.P.

From CoStar’s recent reporting (Getting incrementally more confident in S&M strategy as bookings improve – [here](#)) the message on OnTheMarket remained consistent, with management “investing to create the #1 residential portal in the UK”, reporting +23% growth in listing agents yoy and continued lead development (+17% growth in lead volume yoy).

- **A continued strong message on inroads made in the UK through OnTheMarket**, with management highlighting net new bookings growth equivalent to \$7.2M in annualized revenue, with page views growing 99% yoy and time on website growing 81% yoy. In addition, CoStar Group maintains that the depth of the recently acquired Domain’s advertising strategy and best practices of the Australian platform could be applied to its resi businesses in both the US and UK. Overall, CoStar Group continues to see a strong position to play in the UK.

“OnTheMarket, over the United Kingdom, had another strong quarter, 11 straight months. We've seen net new bookings growth equivalent to \$7.2 million annualized revenue. We're delivering fantastic ROI to agents that subscribed OnTheMarket. Lead volume increased 17% year-over-year. We increased listings by 23% year-over-year. The audience is engaged as we saw page views and time on site grow by 99% and 81%, respectively, year-over-year.” (April 29th 2025).

An interesting read on REA/Rightmove, with CoStar Group management calling out high levels of historical price increases for agents by Rightmove, viewed as unsustainable by the CoStar Group team, and in their view partially related to REA’s proposed bid to acquire Rightmove.

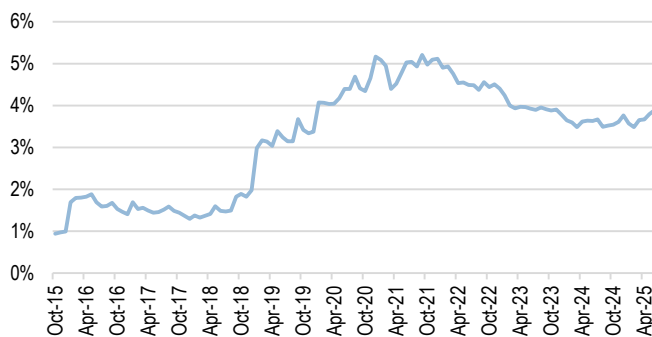
“I look at a model like REA Group or Rightmove that has historically remained primarily focused on achieving the highest possible margins rather than investing - reinvesting in growth. They’re both successful businesses, very successful businesses, but may offer less long-term shareholder value growth. I believe REA Group has primarily grown by increasing pricing on a per-agent basis. According to data from online marketplaces, which I believe is run by a former CEO of REA Group, so according to a reasonable authority, according to data from online marketplaces, in 2009, REA Group was generating £500 of revenue per month per agent. Yet by 2024, they were generating £4,500 per month per agent. That's a 15% compound annual growth in fees per agent. So they're generating \$70,000 per agent

annually. Looking forward, if REA Group continues with that value creation strategy and increases their fees per agent by 15% compound annual growth rate for the next 15 years as they did for the last 15, they'll be seeking \$700,000 in fees per agent in '39. That's not possible. Things that cannot continue, will not continue. I believe that they understand this problem, which is why they made the recent failed attempt to acquire Rightmove in the UK in seeking alternative growth.”
 Andy Florance, CoStar CEO, Q324 Conference Call (October 22nd 2024).

UK traffic data shows some OTM inroads...

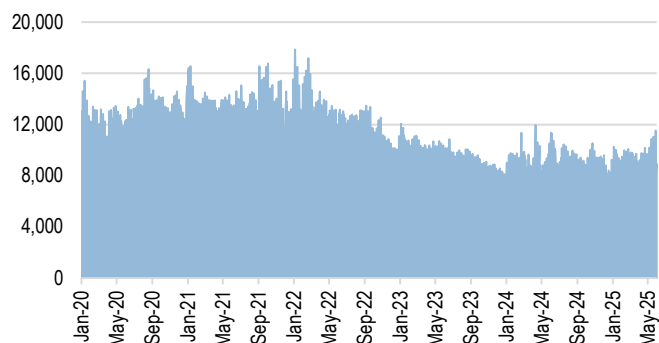
Zoopla (the No. 2 property site in the UK, owned by private equity group Silver Lake Partners) **appears most threatened by CoStar Group, in our view**, as agents rarely want to use more than two property sites. With app and site traffic a key metric to track, we review data from Sensor Tower and SimilarWeb to see OTM's market positioning. In the UK, a majority of users prefer exposure to the platform through mobile apps. On that metric we see a gradual uptick in OTM Share of App Users. SimilarWeb (website tracker) on the other hand shows stable market share of c.12-13% YTD. We see both Zoopla and Rightmove holding broadly stable to date.

Figure 47: OnTheMarket, Share of Daily Average App Users, 2018-25



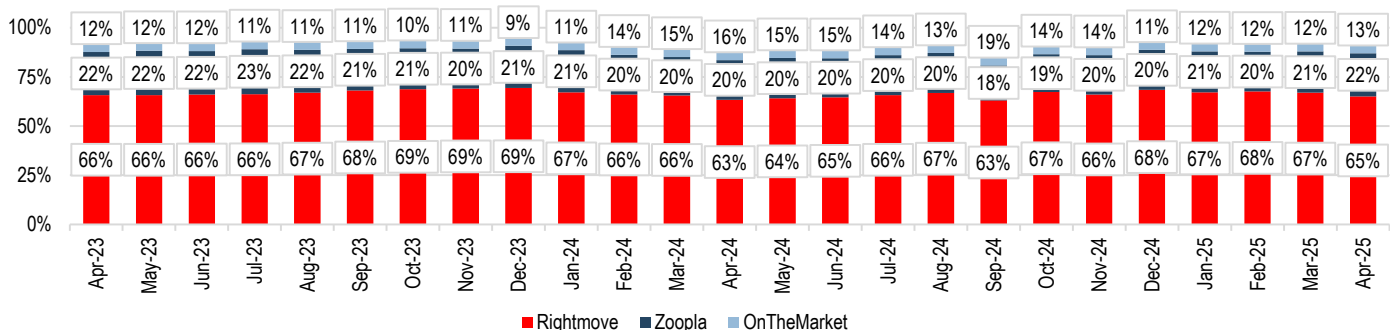
Source: Sensor Tower.

Figure 48: OnTheMarket, Absolute Daily Average App Users, 2020-25



Source: Sensor Tower.

Figure 49: UK Property Classifieds, Share of Website Traffic, 2022-25



Source: SimilarWeb. We note Rightmove leverages Comscore for market share data, reporting +80% market share in the U.K.

Further consolidation as CoStar acquires Domain to expand its empire Down Under

Following an initial offer to acquire Domain for ~USD\$1.7B in February 2025 (see our initial views [here](#)), CoStar entered into an all-cash Scheme Implementation Deed to acquire Domain for ~USD\$1.9B (13% above the original offer) (see [here](#)), at an implied valuation of almost 8x 2025E EV/Sales. The proposed deal is expected to be completed in 3Q25 and we see the completion of the deal as likely given Domain's majority owner Nine Entertainment (covered by J.P. Morgan analyst Michael James) has agreed to vote in favour of the deal. CoStar also already owns 16.9% of Domain's ordinary shares.

We expect CoStar to use the Domain platform to build its residential presence in Australia, taking on REA and challenging its ability to pass through historical levels of price increases beyond FY25/FY26. Unlike many prior acquisitions made by CoStar Group in the Classifieds space, Domain already has a profitability profile that is similar to CSGP's non-resi ("commercial") operation. Comments made by CoStar appear to suggest that additional investments in Domain's product strengthening are imminent, while current advertising best practices of Domain are likely to be adopted both in the US as well as in the UK, where CoStar competes with Rightmove.

The scene looks set for further disposals in Europe

All eyes stay on a potential break-up of Adevinta

A \$13.4bn take-out of Adevinta in 2024 might trigger a break-up...

The acquisition of Adevinta by private-equity players Blackstone, Permira and a consortium of investment companies has raised the question of a potential break-up of the cross-vertical European marketplace operator (for example, [here](#), [here](#), and [here](#)). With a portfolio that has in the past been built up through acquisitions (notably the £9.2bn acquisition of eBay Classifieds Group), Adevinta spans Real Estate, Automotive, Recruitment and a C2C portfolio, with regional exposure across Europe, LatAm and North America, with a business model that remains relatively fragmented. As a result, we see scope for the current owners to reposition the company into siloed business units with scope for synergy and value creation, and/or strategically exit a number of marketplaces, business units or brands to strategic market participants or peer private equity players. These all present both the owners and the market with a runway of strategic optionality and future consolidation. We note that no parties to any prospective transaction have commented on a potential deal.

With all eyes firmly on a wide pool of assets, we outline key markets where Adevinta is present and show the relevant operational metrics where available along with key market competitors.

- France:** LeBonCoin remains Adevinta’s largest and most prominent asset in France, offering a multi-vertical portfolio across both Automotive and Real Estate, with a presence in Consumer Goods and a less meaningful position in Recruitment, while also owning smaller vertical sites across agriculture equipment, holiday rentals, as well as construction equipment Classifieds. In addition, the Group owns AVendreALouer (Real Estate) and L’Argus Group (used-vehicle data and software businesses). Key market competitors include LaCentrale.fr and SeLogger.re (both owned by Axel Springer), as well as Vinted.fr. Overall we would argue LeBonCoin carries sufficient weight to stand alone, though with low visibility on the strategy outlook here.

Table 8: France, Adevinta-Owned and Competitor Sites

Brand	Market Position (By Revenue)	Traffic (Sep-24)	Revenue (2023)	Listings (Oct-24)
Adevinta-Owned				
LeBonCoin.fr	General Goods: No.1 Autos: No.1 Real Estate: No.1 Recruitment: <No.3	126m	€550m (inc. associated verticals)	Total: 81.5m Autos: 841k Real Estate: 1.1m Recruitment: 73k
AVendreAlouer.fr	See above for LBC	2.3m		938k
Largus.fr	See above for LBC	6.8m		384k
Key Competitors				
LaCentrale.fr	No.2 (Autos)	11.2m	Group: €83.9m, Site: €67.0m	318k
SeLogger.fr	No.1 (Real Estate)	21.1m	n.a	803k
Vinted.fr	No.2 (General Goods)	26.8m	Group: €596m	n.a

Source: Company reports, AIM Group and J.P. Morgan estimates. Note: Market position based on actual revenue where available or AIM Group estimates, and list not exhaustive.

- Germany:** Adevinta’s key brand in Germany remains Mobile.de – the leading

Automotive marketplace in the country – and remains a business with meaningful scale that in our view has significant strategic value for potential buyers. Similarly, Kleinanzeigen is a well-established C2C vehicles classifieds platform, with a growing and strong position in real estate (home-rental listings), and market peer to Scout24. We would not rule out the assets being exited as one business unit, with strong synergies to date on the Automotive portfolio, and a need for scale to defend share in Germany, particularly with Kleinanzeigen’s growing presence in consumer goods and need to defend its position against Vinted. We note there has been unconfirmed speculation that Adevinta is considering an IPO for Mobile.de in 2026 ([here](#)).

Table 9: Germany, Adevinta-Owned and Competitor Sites

Brand	Market Position (By Revenue)	Traffic (Sep-24)	Revenue (2023)	Listings (Oct-24)
Adevinta-Owned				
Mobile.de	No.1 (Autos)	50.1m	€399m	815k
Kleinanzeigen.de	General Goods: No.1 Autos: No.1 w/ Mobile.de Real Estate: No.3 Recruitment: <No.3	116.3m	€255m	Total: 58.4m Autos: 755k Real Estate: 525k Recruitment: 674k
Key Competitors				
AutoScout24.de	No.2 (Autos)	15.3m	n.a	815k
ImmobilienScout24.de	No.1 (Real Estate)	40.5m	€509m	n.a
Vinted.de	<No.3 (General Goods)	7.0m	Group: €596m	n.a

Source: Company reports, AIM Group and J.P. Morgan estimates. Note: Market position based on actual revenue where available or AIM Group estimates, and list not exhaustive.

- Italy:** In Italy, Adevinta owns Subito, a leader in General Goods, with a number two market position in Automotives (and second to Autoscout24), with a presence in Real Estate. The Group also owns Automobile.it (Automotives), which operates as a small adjunct to Subito. InfoJobs.it is also owned by Adevinta, holding the number two position in Recruitment, though still a distant player to market leaders Indeed and Glassdoor. Any natural path forward could see the Automotive business sold in combination, while we note regulation would likely be a high hurdle for any tie-up with AutoScout24, with no obvious strategic buyer elsewhere, in our view, while private equity may remain an option.

Table 10: Italy, Adevinta-Owned and Competitor Sites

Brand	Market Position (By Revenue)	Traffic (Sep-24)	Revenue (2023)	Listings (Oct-24)
Adevinta-Owned				
Subito.it	General Goods: No.1 Autos: No.2 Real Estate: No.3 Recruitment: <No.3	53.3m	€67.4m Autos: €20m (est.)	Total: 12.9m Autos: 538k Real Estate: 340k Recruitment: 204k
Automobile.it	Minor adjunct to Subito	1.4m	€3.9m (2022)	219k
InfoJobs.it	Distant No.2 (Recruitment)	1.7m	€6.7m	33k
Key Competitors				
AutoScout24.it	No.1 (Autos)	15.0m	€62.0m (2022)	397k
Immobiliare.it	No.1 (Real Estate)	36.1m	€98.7m	n.a
Vinted.it	No.2 (General Goods)	9.0m	Group: €596m	n.a

Source: Company reports, AIM Group and J.P. Morgan estimates. Note: Market position based on actual revenue where available or AIM Group estimates, and list not exhaustive.

- Spain:** Adevinta has strong market positions in Spain, with market-leading positions across verticals such as Automotive through Coches.net, a leading site in Autos with no material competition to its used car business. For Recruitment, Adevinta owns InfoJobs.net (note this in relation to Italy), holding the leading market position against both Indeed and LinkedIn. Fotocasa.es and Habitacalia.com are significant players in Spanish real estate, and both operating under the Adevinta umbrella.

Table 11: Spain, Adevinta-Owned and Competitor Sites

Brand	Market Position (By Revenue)	Traffic (Sep-24)	Revenue (2023)	Listings (Oct-24)
Adevinta-Owned				
Adevinta Spain. Total revenue = €226m in 2023				
Coches.net	No.1	11.2m	€75m (est.)	227k
Motos.net/ Motos.Coches.net	No.1 for Motorbikes	1.6m	Included in Coches.net	37k
InfoJobs.net	No.1	12.4m	€70m (est)	58k
Fotocasa.es	No.2 combined	13.4m	€60m (est)	618k
Habitacalia.com		6.8m		n.a
Milanuncios.com	General Goods: No. Autos: No.1 w/Coches.net Real Estate: Minor vs. Fotocasa/Habitacalia Recruitment: <No.3	21.2m	€20m(est.)	n.a
Key Competitors				
AutoScout24.es	SumAuto JV: No.3 (Autos)	1.9m		346k
AutoCasion.com	Also operates other minor sites	1.7m	€12.9m (2022)	105k
Coches.com	No.4 (Autos). Owned by Santander	1.5m	€6.9m (2022)	230k
idealista.com	No.1 (Homes)	57.5m	€138.1m	n.a
es.Indeed.com	No.2 (Recruitment)	3.3m	n.a	64k+
Wallapop.com	General Goods: No.1 Autos: No.2 Real Estate: <No.3 Recruitment: <No.3	22.7m	€72m (2022)	n.a
Vinted.es	No.3 (General Goods)	5.7m	Group: €596m	n.a

Source: Company reports, AIM Group and J.P. Morgan estimates. Note: Market position based on actual revenue where available or AIM Group estimates, and list not exhaustive.

- Austria:** Adevinta holds a strong position in Austria through its joint venture, Willhaben, in partnership with Styria. As it stands, Willhaben is a strong multi-vertical platform that holds leading positions across Real Estate, Autos and Recruitment.
- Netherlands:** Marktplaats remains the dominant horizontal marketplace in the Netherlands, and under the ownership of Adevinta. The asset commands a leadership position in General Goods and Automotives through a strong C2C position, with a smaller though still relevant position in both Real Estate and Recruitment (third largest player in both verticals respectively).
- Belgium:** The Group owns sister sites 2DeHands (Flemish) and 2EmeMain (French), which together are meaningful market players in General Goods, with a Number 2 position in Automotives. We note both sites have a presence in Real Estate and Recruitment, albeit not materially exposed.

Table 12: Austria, Adevinta-Owned and Competitor Sites

Brand	Market Position (By Revenue)	Traffic (Sep-24)	Revenue (2023)	Listings (Oct-24)
Adevinta-Owned				
Willhaben.at	General Goods: No.1 Autos: No.1 Real Estate: No.1 Recruitment: No.3	22.6m	Total: €64.7m Real Estate: €20.0m Marketplace: €16.0m Autos: €10.4m Recruitment: €8.0m Digital Advertising and Other: €10.2m	Total: 12.7m Autos: 201k Real Estate: 103k Recruitment: 18k
Key Competitors				
AutoScout24.at	No.2 (Autos)	2.0m	n.a	113K
ImmobilienScout24.at	No.2 (Real Estate)	1.7m	n.a	66K
Karriere.at	No.1 (Recruitment)	2.2m	€95.4m	19K
Vinted.at	No.2 (General Goods)	0.4m	Group: €596m	n.a

Source: Company reports, AIM Group and J.P. Morgan estimates. Note: Market position based on actual revenue where available or AIM Group estimates, and list not exhaustive.

Table 13: Netherlands, Adevinta-Owned and Competitor Sites

Brand	Market Position (By Revenue)	Traffic (Sep-24)	Revenue (2023)	Listings (Oct-24)
Adevinta-Owned				
Marktplaats.nl	General Goods: No.1 Autos: No.1 Real Estate: <No.3 Recruitment: <No.3	42.0m	Total: €130m (est) Autos: €65m (est)	Total: n.a Autos: 229k Real Estate: 10k Recruitment: 20k
Key Competitors				
AutoScout24.nl	AutoScout24 Belgium: No.2 or 3 (Autos)	4.2m	€28.4m (2022)	250K
Autotrader.nl		0.4m		212K
AutoTrack.nl	Automotive MediaVentions: No.2 or 3 (Autos)	3.3m	n.a	223K
GasPedaal.nl		3.3m		335K
AutoWereld.nl		3.0m		314K
Vinted.nl	No.2 (General Goods)	7.1m	Group: €596m	n.a

Source: Company reports, AIM Group and J.P. Morgan estimates. Note: Market position based on actual revenue where available or AIM Group estimates, and list not exhaustive.

Table 14: Belgium, Adevinta-Owned and Competitor Sites

Brand	Market Position (By Revenue)	Traffic (Sep-24)	Revenue (2023)	Listings (Oct-24)
Adevinta-Owned				
2DeHands.be / 2EmeMain.be	General Goods: No.1 Autos: No.2 Real Estate: <No.3 Recruitment: <No.3	2.0mDeHands: 9.8m 2EmeMain: 4.8m	€40m (est.)	Autos: 105k Real Estate: 57k Recruitment: 2k
Key Competitors				
AutoScout24.be	No.1 (Autos)	4.0m	€43.9m	115k
Vinted.be	No.2 (General Goods)	4.0m	Group: €596m	n.a

Source: Company reports, AIM Group and J.P. Morgan estimates. Note: Market position based on actual revenue where available or AIM Group estimates, and list not exhaustive.

Axel Springer's classifieds business is now a separate entity under KKR and CPP Investment's majority ownership

The making of a long-time coming deal...

In 2024, KKR & Co Inc (covered by J.P. Morgan analyst Christopher Brown) announced a new corporate structure to unlock “future growth potential”, [here](#). As part of the strategic update, the Group is creating a new corporate structure, with a goal to create a focused media company and separately held classifieds businesses.

...with potential for more classifieds assets coming to market, in our view

As part of the structured transactions, **The Stepstone Group**, **AVIV Group**, **finanzen.net**, and **Awin** will be held as separate joint venture companies with KKR and CPP Investments as majority shareholders, Axel Springer as minority co-shareholder, and with an economic participation by the grandchildren of Axel Springer. Looking forward, management have noted, “the classifieds businesses will continue to independently pursue their respective growth strategies, with strong strategic support from KKR and CPP Investments. Following significant platform and technology investments over the past five years, the businesses are expected to drive increased product innovation to continue providing market leading services for customers” – [here](#).

- **The Stepstone Group** largely reflects the Stepstone recruitment marketplace in Europe, along with job-related sites in the U.K (TotalJobs), South Africa (PNet), Ireland (IrishJobs), as well Appcast, a programmatic specialist based in the U.S.. In addition, we note that community-based marketplace, Meinestadt.de, in Germany sits within the portfolio.
- **The AVIV Group** includes key European real estate market places – such as SeLogger in France and ImmoWeb and ImmoWelt in Germany and Belgium, with a minority stake in the French Automotive marketplace LeCentrale. The portfolio also includes Yad2, a horizontal marketplace in Israel.

We have recently argued ([here](#)) that while visibility remains low, a break-up of Axel Springer might see Immonet/Immowelt assets come to the market. While this may add risk that CoStar Group might look at the opportunity to buy a strong number two in the German housing market, given its previously stated ambition to drive wider European consolidation, we recognise 1) the CoStar Group management are laser focused on improving the classifieds-related sales motion in its core market in the US, 2) CoStar is looking to improve technological offering of its newly acquired Domain asset in Australia, 3) CoStar Group management are still focused on achieving leadership in the UK. While we are less cautious on a potential entry by CoStar into Germany and anticipate more focus on the UK in the near term, we would see an entry into the Germany housing market as a clear negative for Scout24.

..while the market awaits the direction of CoStar's European expansion

Regional opportunities plentiful. With almost \$4bn of balance sheet firepower, CoStar Group remains well placed to deploy cash and buy into regional players across Europe. While indications to date suggest that management will avoid overpaying for highly rated market incumbents and privately owned assets (see below), there remain a number of regional lower-tier assets across a number of relevant markets in Europe. While we acknowledge that the current rates environment could still prove to be a challenge, there remain early signs of easing with CoStar Group's acquisition of OTM in the UK, Matterport in the US and Domain in Australia sending a strong signal that Europe could soon be entering a period of consolidation.

Table 15: Selected Online Classifieds M&A Transactions

Date	Target	Acquirer	Deal Value	Stake	Multiple
Q325	Domain Holdings	CoStar Group	~A\$3bn (~USD\$1.9bn)	100%	8x 2025E EV/sales
Mar'25	IMMOunited	Scout24	-	100%	-
Dec'24	Bulwiengesa AG	Scout24	-	100%	-
Dec'24	Neubau Kompass AG	Scout24	-	100%	-
Sep'24	Rightmove (Failed)	REA (Failed)	£7.81/share (£6.1bn equity value)	100%	22.8x EV/EBITDA
Oct'23	OnTheMarket	CoStar Group	£100million (~\$122m)	100%	~2.5x EV/sales and ~11.0x EV/EBITDA
Jul'23	Campaign Agent	REA	A\$37.3m	71%	4.6x EV/Sales
Jun'23	Sprengnetter Group	Scout24	~€100million	100%	~18x EV/EBITDA
May'23	Webmotors	CAR Group	A\$353m	40%	21.7x EV/EBITDA
Oct'22	Auto Trader	Webzone Limited	€30 million	100%	5.3x EV/Sales
Sep'22	Trader Interactive	CAR Group	A\$1,183.2m	51%	21.3x EV/EBITDA
Aug'22	ADE - Gumtree AU, CarsGuide and Autotrader AU	The Market Herald	\$60 million	100%	n/a
Jul'22	ADE - Gumtree South Africa	Impresa Capital	-	100%	n/a
Jun'22	Autorama	Auto Trader	£150 million	100%	3.4x EV/Sales
May'22	WhoWhatWear	Future	\$120 million	100%	12x EV/EBITDA
Apr'22	Realbase	Domain	A\$205m	100%	22.8x EV/EBITDA
Mar'22	ADE - InfoJobs Brazil	Redarbor	-	76%	n/a
Mar'22	WhatCulture	Future	£22.3 million	100%	12.0x EV/EBITDA
Mar'22	Null-Leasing.com	Adevinta	-	100%	n/a
Dec'21	ADE - Gumtree UK and Motors.co.uk	O3 Industries, Novum Capital	-	100%	n/a
Oct'21	Dennis	Future	£300 million	100%	10.0x EV/EBITDA
May'21	Marie Claire US	Future	£13.3 million	100%	5.6x EV/EBITDA
Feb'21	GoCo	Future	£557.2 million	100%	17.9x EV/EBITDA
Feb'21	Mozo Pty Limited	Future	AUD\$31.0 million	100%	11.1x EV/EBITDA
Oct'20	CinemaBlend	Future	\$12.74 million	100%	9.9 EV/EBITDA
Oct'21	IDS Group	Domain	A\$60m	100%	8.6x EV/Sales
Sep'21	Trader Interactive	CAR Group	A\$813.8m	49%	26.5x EV/EBITDA
Jul'21	TyreConnect	CAR Group	A\$19.7m	100%	0.6x EV/Sales
Jun'21	Mortgage Choice	REA	A\$244m	100%	13.3x EV/EBITDA
Jun'21	Simpology	REA	A\$15m	34%	n/a
May'21	Homes.com	CoStar Group	\$150 million	100%	n/a
Dec'20	Elara	REA	A\$105.7m	46%	6.9x EV/Sales
Oct'20	Emporis GmbH	CoStar Group	-	100%	-
Jul'20	eBay Classifieds Group	Adevinta	\$9.2 billion cash-stock	100%	c.17-18x EV/EBITDA post synergies
Jul'20	eBay Classifieds Group (Denmark)	Schibsted	\$330 million	100%	13.2x EV/EBITDA
Jul'20	Oikotie	Schibsted	€185 million	100%	19.6x EV/EBITDA
Apr'20	TI Media	Future	£147 million	100%	1.6x EV/EBITDA
Mar'20	Grupo Zap	OLX Brazil	\$650 million	100%	13.4x EV/Sales
Dec'19	AutoScout24	Hellman & Friedman	€2.9 billion	100%	26.1x EV/EBITDA
Nov'19	Real Time Agent	Domain	A\$24.8m	100%	24.8x EV/Sales
Jul'19	Van Mildert	Rightmove	£16 million	100%	4.4x EV/Sales
Jun'19	Axel Springer	KKR	€6.7 billion	100%	10.6x EV/EBITDA
Jan'19	Avito	Naspers (Prosus)	\$3.85 billion	100%	19x EV/EBITDA
Dec'18	Commercial View	Domain	A\$10.2m	100%	12.8 EV/Sales
Oct'18	Cozy	CoStar Group	\$330 million	100%	-
Oct'18	Realla Ltd	CoStar Group	\$15 million	100%	-
Dec'17	SK Encar	CAR Group	A\$240.8m	50%	19.0x EV/EBITDA
Feb'17	Demotores	CAR Group	A\$6.5m	100%	3.1x EV/Sales
Jan'17	Westside Rentals, LLC (Koa Lei, Inc)	CoStar Group	\$14 million	100%	-
Oct'15	SoloAutos	CAR Group	A\$10.6m	65%	-
Apr'14	Apartments.com	CoStar Group	\$584 million	100%	-
Mar'14	SK Encar	CAR Group	A\$126m	50%	33.7x EV/EBITDA
Jun'13	Webmotors	CAR Group	A\$87.7m	30%	21.4x EV/EBITDA

Source: Company data, J.P. Morgan.

New entrants might not succeed but could certainly drive negative sentiment

Historically speaking, Online Classifieds tend to sell off when new potential threats are announced as incumbents' margin profiles are expected to be lower going forward. In the past, we have seen several new entrants in the space with Rightmove/OnTheMarket, Auto Trader/CarGuru or the launch of Heycar. In contrast, PE investments can embed

takeover speculation and floors in the market...for example, the potential takeover of Axel Springer by KKR was widely expected by the market at the time.

Company Profiles

Overweight

ATG.L, ATG LN
 Price (05 Jun 25):468p
 Price Target (Dec-26):765p

European Internet

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Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	69				58
Growth		59	32		
Momentum		59	66		
Quality	44	61	69	80	
Low Vol	66		95	83	65
ESGQ	86	98	100	-	-

Auction Technology Group

Strategic execution in motion

While H125 results sparked concern on short-term visibility and the resiliency of the portfolio, we argue the recent pullback in shares offers an attractive entry point to the improving investment case as strategic execution unfolds to deliver a strengthened financial position. We focus investor attention on the strong inroads on key initiatives: first signs of stability in GMV, demonstrated growth amid a challenging operating environment through take-rate development, and compelling cash generation offering financial firepower and balance sheet strength, with welcomed leadership appointments to capitalize on growth, industry knowledge and technical expertise going forward. While we recognize low near-term visibility on US macro uncertainty, we find valuation compelling, with the stock trading on 8.7x EV/EBITDA 2026E for +12% adj. EBITDA growth 2026-28E, underpinned by compelling internal growth initiatives with upside on a higher than expected end-market recovery.

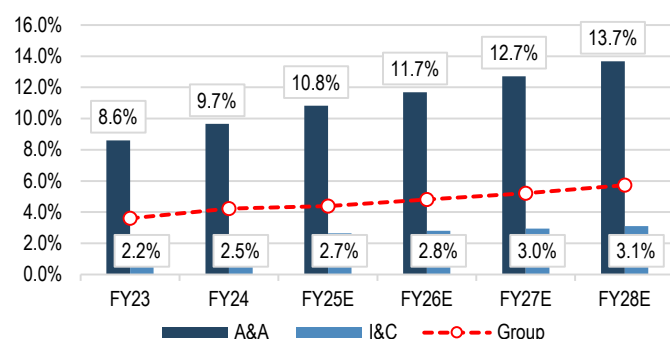
Solid strategic execution on the long-term narrative

As part of the J.P. Morgan TMT Conference in London last month (here), we hosted the management team of Auction Technology Group, CEO, John-Paul Savant and CFO, Sarah Highfield, with investor discussions centered on the long-term growth trajectory of the portfolio, and management's ability to execute on untapped market potential. Overall, we think the message firmly underpinned our constructive view on the run-way of opportunity for value-added services to unlock incremental revenue and take-rate development, with a first active focus on conversion rate development yet to be fully appreciated by the market, in our view. Importantly, business optionality came to the fore, with management sending a strong signal on the cash generative nature of the business, a willingness to invest in the business, deploy cash returns to shareholders, while maintaining the right for inorganic investment - with a high level of financial discipline.

We reiterate OW – the recent pullback in shares offers an attractive entry point

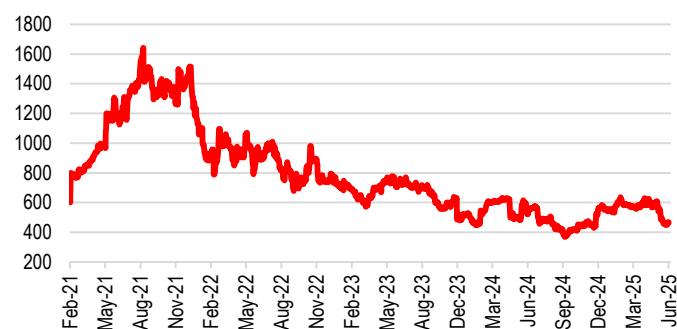
We argue the stock is now overly discounting earnings risk into the FY25 and the upside opportunity from I&C tailwinds and take-rate execution. With the stock trading on 8.7x EV/EBITDA 2026E, we find valuation compelling for +12% adj. EBITDA growth 2026-28E. Going forward, we expect earnings to find a footing post H125 with scope for multiple expansion as the market reappraises ATG's strategic evolution and strengthened financial position.

Figure 50: ATG, Take Rate Evolution, FY23-28



Source: Company reports and J.P. Morgan estimates.

Figure 51: ATG, Share price performance (p), 2021-2025

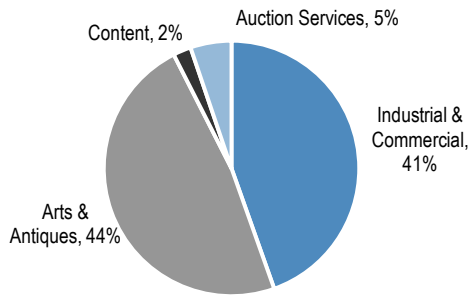


Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

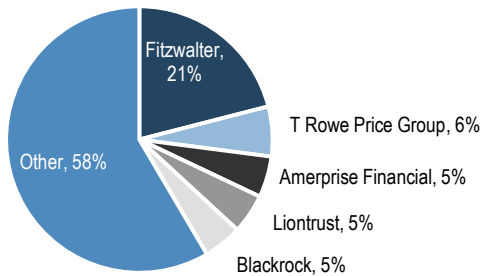
Auction Technology Group: Company Snapshot

Figure 52: Revenue by Segment FY24



Source: J.P. Morgan estimates, Company data.

Figure 54: Shareholding Structure



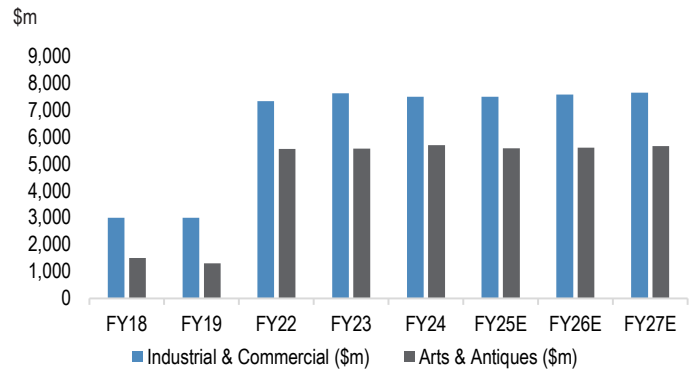
Source: Bloomberg Finance L.P.

Company description

Auction Technology Group: ATG is a leading provider of marketplaces and auction services for online auctions, leveraging its proprietary auction technology to connect bidders from 165 countries with over 3,900 auction houses. Each year, ATG facilitates the sale of over 22 million curated used items, promoting sustainable commerce and contributing to the growth of the circular economy by extending the lives of millions of items. ATG's platform offers a selection of secondary goods selected by expert auctioneers and estate sellers, providing buyers with a wide range of specialized items. Buyers benefit from the convenience of browsing and increased trust in their purchases due to the expertise of the auctioneers. For auctioneers and estate sellers, ATG provides access to a large pool of global bidders and the technology needed to efficiently operate their businesses online. This creates a virtuous cycle where more bidders lead to higher realized prices for second-hand items, which in turn attracts more assets listed on ATG's marketplaces.

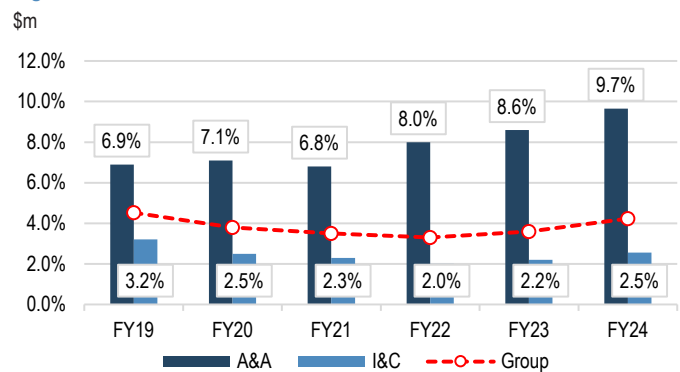
Markets: The company operates eight marketplaces across two main sectors: Industrial & Commercial (I&C) and Arts & Antiques (A&A). Together, these marketplaces host nearly 86,000 live and timed auctions annually, powered by ATG's proprietary auction technology.

Figure 53: Gross Merchandise Value Evolution



Source: J.P. Morgan estimates, Company data.

Figure 55: ATG, Take Rate Evolution, FY19-24



Source: J.P. Morgan estimates, Company data.

ATG: Company Financials

Table 16: ATG - Income Statement

\$ million

\$m - 31 September YE	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Revenue (\$m)	151.8	165.9	174.1	186.5	207.1	230.8	263.4
Change YoY (%)	-	+9%	+5%	+7%	+11%	+11%	+14%
Cost of sales (\$m)	(50.5)	(53.4)	(56.9)	(59.5)	(63.2)	(68.6)	(76.6)
Gross profit (\$m)	101.3	112.6	117.2	127.0	143.9	162.2	186.8
Margin (%)	67%	68%	67%	68%	69%	70%	71%
Administration expenses (\$m)	(80.3)	(85.7)	(84.8)	(88.0)	(94.1)	(100.9)	(111.2)
Other operating income (\$m)	0.9	0.7	0.0	0.0	0.0	0.0	0.0
EBIT (\$m)	21.9	27.5	32.4	39.0	49.7	61.3	75.6
Margin (%)	14%	17%	19%	21%	24%	27%	29%
Adjusted EBIT (\$m)	62.2	72.1	72.1	73.8	84.4	95.3	110.5
Margin (%)	41%	43%	41%	40%	41%	41%	42%
EBITDA (\$m)	62.1	66.4	72.8	76.8	86.3	97.2	112.4
Margin (%)	41%	40%	42%	41%	42%	42%	43%
Adjusted items (\$m)	6.7	12.0	7.2	8.6	8.6	8.6	8.6
Adjusted EBITDA (\$m)	68.7	78.3	80.0	85.4	94.9	105.8	121.0
Margin (%)	45%	47%	46%	46%	46%	46%	46%
Finance income (\$m)	2.9	0.2	0.3	-	-	-	-
Finance costs (\$m)	(12.2)	(19.2)	(14.3)	(9.9)	(7.2)	(6.0)	(5.9)
Profit (Loss) before tax (\$m)	12.6	8.5	18.4	29.1	42.6	55.4	69.8
Adjusted profit (loss) before tax (\$m)	52.9	53.1	58.0	63.9	77.2	89.4	104.7
Income tax (charge)/ credit (\$m)	(18.1)	12.1	5.8	(7.0)	(10.2)	(13.3)	(16.7)
Profit (loss) for the year (\$m)	(5.5)	20.7	24.2	22.1	32.3	42.1	53.0
Adjusted profit (loss) for the year (\$m)	46.3	49.0	47.8	51.8	58.6	67.9	79.5
Diluted number of shares (m)	122.4	123.1	123.8	123.5	121.8	122.3	122.8
Adjusted Basic earnings per share	0.38	0.40	0.39	0.42	0.49	0.56	0.65
Adjusted Diluted earnings per share	0.38	0.40	0.39	0.42	0.48	0.56	0.65

Source: J.P. Morgan estimates, Company data.

Price Performance



	YTD	1m	3m	12m
Abs	-14.9%	-23.0%	-17.9%	-14.3%
Rel	-21.9%	-25.8%	-19.1%	-20.4%

Company Data

Shares O/S (mn)	123
52-week range (p)	658-366
Market cap (\$ mn)	780.77
Exchange rate	73.78
Free float (%)	93.0%
3M ADV (mn)	0.51
3M ADV (\$ mn)	3.7
Volatility (90 Day)	41
Index	FTSE All-Share
BBG ANR (Buy Hold Sell)	4 2 1

Key Metrics (FYE Sep)

\$ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	174	182	202	226
Adj. EBIT	72	71	82	92
Adj. EBITDA	80	83	92	103
Adj. net income	48	50	57	66
Adj. EPS	0.39	0.40	0.47	0.54
BBG EPS	0.38	0.44	0.51	0.58
Cashflow from operations	58	65	70	76
FCFF	52	53	60	67
Margins and Growth				
Revenue Growth Y/Y (%)	5.0%	4.5%	11.2%	11.5%
EBIT margin	41.4%	39.1%	40.4%	41.0%
EBIT Growth Y/Y (%)	(0.1%)	(1.1%)	14.6%	13.2%
EBITDA margin	45.9%	45.4%	45.6%	45.6%
EBITDA Growth Y/Y (%)	2.1%	3.3%	11.6%	11.6%
Net margin	27.4%	27.3%	28.0%	29.2%
Adj. EPS growth	(3.1%)	4.3%	15.6%	15.6%
Ratios				
Adj. tax rate	10.0%	19.0%	24.0%	24.0%
Interest cover	5.7	8.3	12.8	17.3
Net debt/Equity	0.2	0.2	0.1	0.0
Net debt/EBITDA	1.4	1.4	0.7	0.0
ROE	7.2%	7.3%	8.3%	9.2%
Valuation				
FCFF yield	6.7%	6.8%	7.8%	8.6%
Dividend yield	-	-	-	-
EV/Revenue	4.5	4.3	3.6	3.0
EV/EBITDA	9.9	9.5	8.0	6.6
Adj. P/E	16.4	15.8	13.6	11.8

Summary Investment Thesis and Valuation

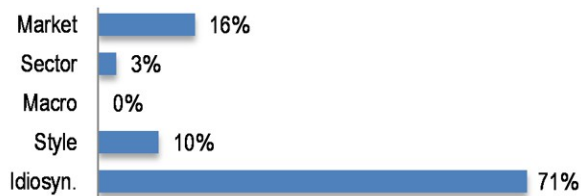
Investment Thesis

While the shares have faced pressure through the earnings season, we argue the stock is now overly discounting earnings risk into year-end and the upside opportunity from I&C tailwinds and take-rate execution. With the stock trading on 8.7x EV/EBITDA 2026E, we find the valuation compelling for +12% adj. EBITDA growth 2026E-28E, underpinned by compelling internal growth initiatives, and high cash conversion (6% equity FCF yield in-hand) supporting financial flexibility and balance sheet strength. Going forward, we expect earnings to find a footing post H125 (we trimmed EBITDA 3% on a weak Q2 exit rate, [here](#)) with scope for multiple expansion as the market reappraises ATG's strategic evolution and strengthened financial position.

Valuation

We apply a WACC of 9.5% and terminal growth of 2% for ATG resulting in a Dec-2026 DCF-based target price of 765p.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI UK	0.45	0.38
Sect: Cons Discretionary	0.37	0.20
Ind: Consumer Serv	0.24	0.10
Macro:		
US Breakeven 10 Year	-0.42	-0.13
JPM JULI Portfolio Spread Treasury	0.25	0.13
JPM USD Tradeable Currency	-0.28	-0.11
Quant Styles:		
Quality	0.41	0.32
Momentum	0.21	0.18
Value	-0.38	-0.13

Investment Thesis, Valuation and Risks

Auction Technology Group *(Overweight; Price Target: 765p)*

Investment Thesis

While the shares have faced pressure through the earnings season, we argue the stock is now overly discounting earnings risk into year-end and the upside opportunity from I&C tailwinds and take-rate execution. With the stock trading on 8.7x EV/EBITDA 2026E, we find the valuation compelling for +12% adj. EBITDA growth 2026E-28E, underpinned by compelling internal growth initiatives, and high cash conversion (6% equity FCF yield in-hand) supporting financial flexibility and balance sheet strength. Going forward, we expect earnings to find a footing post H125 (we trimmed EBITDA 3% on a weak Q2 exit rate, [here](#)) with scope for multiple expansion as the market reappraises ATG’s strategic evolution and strengthened financial position.

Valuation

We apply a WACC of 9.5% and terminal growth of 2% for ATG resulting in a Dec-2026 DCF-based target price of 765p.

ATG DCF

Present value of FCF (26-31) (GBPm)	326
Present value of terminal value (GBPm)	583
Total enterprise value (GBPm)	909
Net debt (cash) (GBPm)	1
Pension deficit	0
Associates	0
Minorities	0
Equity value (GBPm)	908
Fully diluted shares (m)	121.8
Equity value per share Dec-26	765

Source: J.P. Morgan estimates, Company data.

Risks to Rating and Price Target

Key risks to our rating relate to: 1) Weaker-than-expected end-market development, 2) slower-than-expected take-rate development and monetisation of atgShip and atgPay, 3) failure to deliver expected benefits from acquisitions and/or integrate the business into the Group effectively, 4) higher-than-expected competition – the Group’s business model may come under pressure should a significant number of auction houses choose to take bidder generation, technology development and customer service (amongst other things) in-house and so bypass the marketplaces or platform.

Auction Technology Group: Summary of Financials

Income Statement	FY23A	FY24A	FY25E	FY26E	FY27E	Cash Flow Statement	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	166	174	182	202	226	Cash flow from operating activities	61	58	65	70	76
COGS	(53)	(57)	(63)	(67)	(73)	o/w Depreciation & amortization	38	40	41	40	40
Gross profit	113	117	119	135	153	o/w Changes in working capital	(4)	(7)	(6)	(5)	(6)
SG&A	(86)	(85)	(86)	(92)	(98)	Cash flow from investing activities	(42)	(11)	(12)	(10)	(10)
Adj. EBITDA	78	80	83	92	103	o/w Capital expenditure	(11)	(11)	(12)	(10)	(10)
D&A	(38)	(40)	(41)	(40)	(40)	as % of sales	6.9%	6.2%	6.8%	4.7%	4.3%
Adj. EBIT	72	72	71	82	92	Cash flow from financing activities	(67)	(51)	(56)	(34)	(7)
Net Interest	(19)	(14)	(10)	(7)	(6)	o/w Dividends paid	-	-	-	-	-
Adj. PBT	53	58	61	75	87	o/w Shares issued/(repurchased)	0	0	0	0	0
Tax	12	6	(6)	(9)	(12)	o/w Net debt issued/(repaid)	(54)	(38)	(5)	(25)	0
Minority Interest	-	-	-	-	-	Net change in cash	(47)	(4)	(3)	26	59
Adj. Net Income	49	48	50	57	66	Adj. Free cash flow to firm	51	52	53	60	67
Reported EPS	0.17	0.20	0.15	0.23	0.30	y/y Growth	0.9%	2.8%	1.4%	12.9%	11.0%
Adj. EPS	0.40	0.39	0.40	0.47	0.54	Ratio Analysis	FY23A	FY24A	FY25E	FY26E	FY27E
DPS	-	-	-	-	-	Gross margin	67.8%	67.3%	65.5%	66.9%	67.7%
Payout ratio	-	-	-	-	-	EBITDA margin	47.2%	45.9%	45.4%	45.6%	45.6%
Shares outstanding	123	124	123	122	122	EBIT margin	43.5%	41.4%	39.1%	40.4%	41.0%
Balance Sheet	FY23A	FY24A	FY25E	FY26E	FY27E	Net profit margin	29.5%	27.4%	27.3%	28.0%	29.2%
Cash and cash equivalents	10	7	4	30	89	ROE	7.8%	7.2%	7.3%	8.3%	9.2%
Accounts receivable	22	19	20	22	25	ROA	5.5%	5.5%	5.9%	6.8%	7.8%
Inventories	-	-	-	-	-	ROCE	7.0%	8.1%	7.2%	7.9%	8.8%
Other current assets	0	0	0	0	0	SG&A/Sales	51.7%	48.7%	47.0%	45.3%	43.5%
Current assets	32	26	23	52	114	Net debt/Equity	0.2	0.2	0.2	0.1	0.0
PP&E	1	1	1	1	2	Net debt/EBITDA	1.8	1.4	1.4	0.7	0.0
Goodwill	579	590	560	530	501	Sales/Assets (x)	0.2	0.2	0.2	0.2	0.3
Intangibles	270	244	246	244	242	Assets/Equity (x)	1.4	1.3	1.3	1.2	1.2
LT investments	-	-	-	-	-	Interest cover (x)	4.1	5.7	8.3	12.8	17.3
Other non current assets	4	4	4	3	3	Operating leverage	172.0%	(1.4%)	(25.5%)	131.4%	115.1%
Total assets	886	865	833	830	861	Tax rate	22.8%	10.0%	19.0%	24.0%	24.0%
Short term borrowings	16	23	23	23	23	Revenue y/y Growth	9.3%	5.0%	4.5%	11.2%	11.5%
Payables	32	18	13	10	7	EBITDA y/y Growth	14.0%	2.1%	3.3%	11.6%	11.6%
Other short term liabilities	5	1	1	1	1	EPS y/y Growth	5.3%	(3.1%)	4.3%	15.6%	15.6%
Current liabilities	52	41	37	34	31	Valuation	FY23A	FY24A	FY25E	FY26E	FY27E
Long-term debt	133	99	94	69	69	P/E (x)	15.9	16.4	15.8	13.6	11.8
Other long term liabilities	54	37	36	34	33	P/BV (x)	1.2	1.1	1.2	1.1	1.1
Total liabilities	239	177	166	137	132	EV/EBITDA (x)	10.4	9.9	9.5	8.0	6.6
Shareholders' equity	646	688	667	694	729	Dividend Yield	-	-	-	-	-
Minority interests	-	-	-	-	-	BVPS	5.25	5.55	5.40	5.70	5.96
Total liabilities & equity	886	865	833	830	861	y/y Growth	6.7%	5.7%	(2.7%)	5.4%	4.7%
Net debt/(cash)	138	115	113	62	2						

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Sep. o/w - out of which

Overweight

AG1G.DE, AG1 GR

Price (05 Jun 25):€25.24

Price Target (Dec-26):€29.00

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Style Exposure

Quant Factors	Current	Hist %Rank (1=Top)			
	%Rank	6M	1Y	3Y	5Y
Value	99	95	75	86	60
Growth	5	12	10		
Momentum	1	1	67		
Quality	65	63		41	97
Low Vol	3	93	100	93	59
ESGQ	88	94	87	-	-

Auto1

All growth levers set in place- remains a key pick

We maintain our highly constructive stance on Auto1, as the structural growth case remains more than intact in our view as higher investments will drive volumes for an already proven business model further. Auto1 shares experienced a rather bumpy ride following the Q125 results - while initially reflecting the strong adj. EBITDA beat in the quarter and raised guidance was viewed as a positive, the shares faded after management flagged rising opex and incremental investments in marketing, logistics (drop-off centers and refurbishing centers) as well as higher payroll costs. With management deciding to suffer short-term margins for higher growth, we still see the investment case as well intact – probably with a larger opportunity in the long run, and more data-points that Auto1 is taking further share with both GPU (gross profit per car) growth and volumes accelerating, while competition has evaporated.

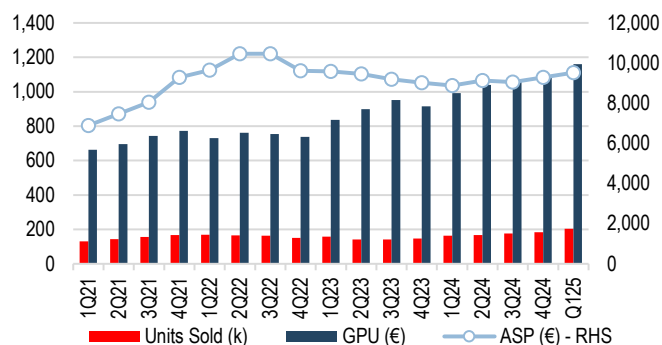
Steady FY25 as the business absorbs manageable opex...adj. EBITDA of €185m

Following a solid start to the year – evidencing healthy underlying volume development (despite being a seasonally strong quarter) and strong in-roads on operational leverage and efficiency – our 2025 estimates reflect management’s raised outlook on profitability, and quarterly volatility as Auto1 navigates a more challenging Q2 on seasonality, with Easter and more public holidays in May and June especially impacting Merchant units, with GPU outlooks for the rest of the year being below the record levels in Q1, as well as investments into opex. Overall, we expect adj. EBITDA of €185m, comfortably sitting above the company’s raised guidance range with an adj. EBITDA target of €150m-€180m (vs consensus at €171m).

We remain bullish on the name

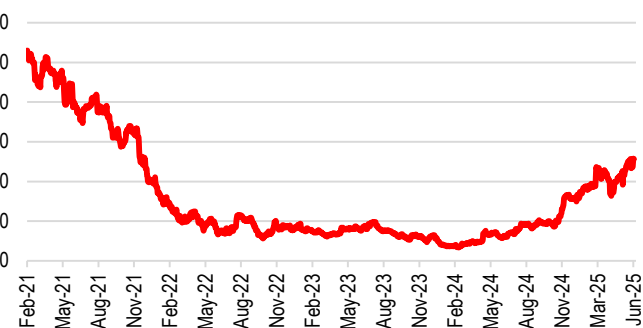
With stronger volumes and profitability improvements coming hand in hand, the turnaround story is gaining further traction. Following our upgrade to OW in August last year ([here](#)), we saw 2024 as a reassuring checkpoint on unlocked momentum of the business model. Indeed, while the business continues to execute well – grabbing a higher share of the overall used car market, and the recent push in volumes should expand EBITDA – we believe the market is still missing several additional GPU drivers from here, in particular in the consumer-centric Autohero business. Going forward, we see meaningful margin upside from untapped GPU levers (incl. dealer and consumer financing), which, combined with tight cost control on marketing, suggests material upside to market estimates, in our view.

Figure 56: Auto1, Quarterly Evolution of Key Metrics, Q121-Q125



Source: Company reports and J.P. Morgan estimates.

Figure 57: Auto1, Share price performance (€), 2021-2025



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

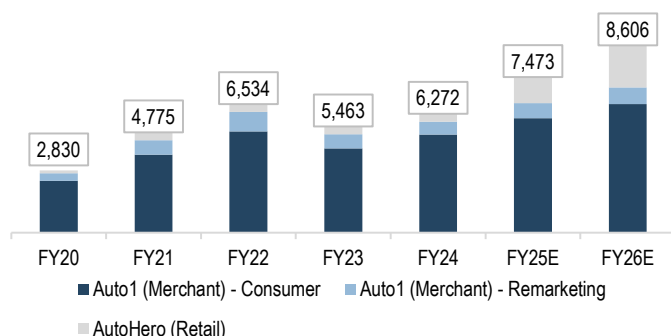
Auto1: Company Snapshot

Table 17: Summary of Key Financials

Key financials (€m)	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	4,775	6,534	5,463	6,272	7,473	8,606
Gross profit	431	488	528	725	905	1,055
% of revenues	9.0%	7.5%	9.7%	11.6%	12.1%	12.3%
Adjusted EBITDA	-107	-166	-44	105	185	264
% of revenues	-2.2%	-2.5%	-0.8%	1.7%	2.5%	3.1%
EBITDA	-124	-183	-63	87	162	249
% of revenues	-2.6%	-2.8%	-1.2%	1.4%	2.2%	2.9%
D&A	27	38	43	45	50	62
Adj. EBIT	-134	-204	-87	60	135	201
% of revenues	-2.8%	-3.1%	-1.6%	1.0%	1.8%	2.3%
PBT	-372	-240	-118	25	96	169
Net income	-374	-247	-116	21	78	137

Source: J.P. Morgan estimates, Company data.

Figure 59: Revenue by segment



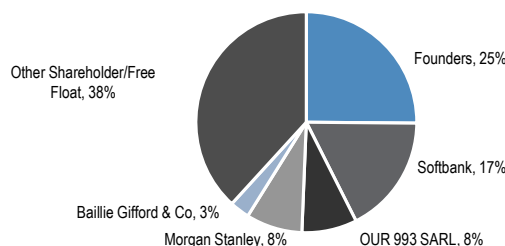
Source: J.P. Morgan estimates, Company data.

Company description

Auto1, the largest buyer and seller of used cars in continental Europe, operates a dealer-to-dealer auction marketplace and a direct-to-consumer retail offering (through AutoHero). The lion's share of revenues (80% of 2024) today is coming from its merchant business (selling cars to dealers), which we expect to continue growing at healthy rates, but the key growth driver is the new direct-to-consumer online business, AutoHero. The company already has a large sourcing business (in fact it is the largest buyer of cars from private sellers in Europe) and also owns a large network of logistics to refurbish and transport cars in Europe.

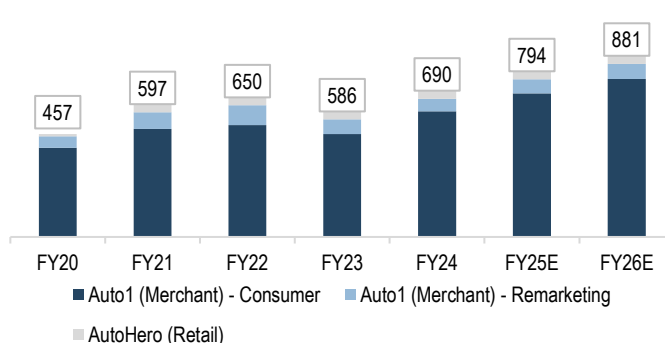
Types of revenues: Auto1 sources cars from two distinct sourcing funnels: 1) Under consumer brands such as "wirkaufendeinauto.de", the company offers an online experience for consumers in 10 European countries to sell their used cars; 2) Auto1 also provides professional dealers with fast and convenient remarketing solutions, enabling these dealers to quickly market excess inventory at scale. Auto1 then sells the cars under two complementary offerings: 1) Under the merchant brand "AUTO1", the company sells these cars via online auctions to more than 60,000 professional dealers across Europe; 2) Under the retail brand "AutoHero", the company offers consumers a variety of used cars at fixed prices with an end-to-end online customer experience and fulfillment process.

Figure 58: Shareholding Structure



Source: Bloomberg Finance L.P.

Figure 60: Number of cars sold (k)



Source: J.P. Morgan estimates, Company data.

Auto1: Company Financials

Table 18: Auto1 – Divisional Financials Quarterly

€ million

	1Q24	2Q24	3Q24	4Q24	Q125E	2Q25E	3Q25E	4Q25E
Number of sold cars (in thousands)								
Auto1 (Merchant)	147	149	158	163	182	173	181	166
...Growth YoY (%)	+5.5%	+16.7%	+25.3%	+24.1%	+24.2%	+16.3%	+15.0%	+1.9%
AutoHero (Retail)	17	18	19	21	22	22	24	24
...Growth YoY (%)	-5.2%	+22.9%	+28.3%	+30.5%	+28.3%	+25.0%	+25.0%	+16.9%
Total Sold Cars	164	166	177	183	204	195	205	190
...Growth YoY (%)	+4.2%	+17.4%	+25.6%	+24.8%	+24.6%	+17.3%	+16.1%	+3.6%
Average revenue per unit (€)								
Auto1 (Merchant)	8,034	8,265	8,150	8,290	8,571	8,373	8,268	8,242
...Growth YoY (%)	-8.6%	-5.6%	-3.1%	+1.5%	+6.7%	+1.3%	+1.4%	-0.6%
AutoHero (Retail)	16,125	16,392	16,545	17,150	17,394	17,211	17,372	17,636
...Growth YoY (%)	+2.5%	+4.4%	+4.7%	+6.3%	+7.9%	+5.0%	+5.0%	+2.8%
Group	8,882	9,130	9,055	9,285	9,523	9,376	9,324	9,432
...Growth YoY (%)	-7.3%	-3.5%	-1.5%	+2.9%	+7.2%	+2.7%	+3.0%	+1.6%
Revenue								
Auto1 (Merchant)	1,178	1,228	1,284	1,347	1,561	1,448	1,498	1,366
...Growth YoY (%)	-3.6%	+10.2%	+21.4%	+26.0%	+32.5%	+17.9%	+16.7%	+1.4%
AutoHero (Retail)	276	290	315	352	382	381	414	424
...Growth YoY (%)	-2.8%	+28.3%	+34.4%	+38.8%	+38.4%	+31.3%	+31.2%	+20.2%
Group	1,454	1,518	1,600	1,700	1,943	1,828	1,912	1,789
...Growth YoY (%)	-3.4%	+13.3%	+23.7%	+28.4%	+33.6%	+20.4%	+19.5%	+5.3%
Gross Profit								
Auto1 (Merchant)	129	136	144	153	180	162	172	156
...Growth YoY (%)	+20.8%	+32.3%	+36.6%	+47.6%	+39.7%	+18.9%	+19.1%	+1.9%
% of revenues	11.0%	11.1%	11.2%	11.4%	11.6%	11.2%	11.5%	11.4%
Gross profit per unit (GPU) (€)	881	918	914	942	990	938	947	942
...Growth YoY (%)	+14.6%	+13.3%	+9.0%	+18.9%	+12.3%	+2.2%	+3.6%	-0.0%
AutoHero (Retail)	34	37	43	48	56	53	59	67
...Growth YoY (%)	+38.0%	+49.4%	+49.1%	+57.9%	+66.0%	+44.4%	+36.8%	+38.5%
% of revenues	12.2%	12.7%	13.7%	13.7%	14.7%	14.0%	14.3%	15.8%
Gross profit per unit (GPU) (€)	1,956	2,077	2,263	2,318	2,569	2,402	2,477	2,786
...Growth YoY (%)	+45.0%	+23.7%	+18.4%	+19.3%	+31.3%	+15.6%	+9.4%	+20.2%
Group	163	173	187	201	236	215	231	223
...Growth YoY (%)	+23.9%	+35.7%	+39.3%	+49.9%	+45.1%	+24.3%	+23.2%	+10.7%
% of revenues	11.2%	11.4%	11.7%	11.8%	12.2%	11.8%	12.1%	12.5%

Source: J.P. Morgan estimates, Company data.

Table 19: Auto1 – Divisional Financials

€ million

	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Number of sold cars (in thousands)							
Auto1 (Merchant)	447	555	586	523	615	702	771
...Growth YoY (%)	-26.7%	+24.2%	+5.4%	-10.7%	+17.7%	+14.0%	+9.8%
AutoHero (Retail)	10	41	64	63	74	92	110
...Growth YoY (%)	+77.0%	+307.6%	+55.1%	-1.7%	+18.0%	+23.5%	+20.0%
Total Sold Cars	457	597	650	586	690	794	881
...Growth YoY (%)	-25.7%	+30.5%	+8.9%	-9.8%	+17.7%	+15.1%	+11.0%
Average revenue per unit (€)							
Auto1 (Merchant)	6,030	7,556	9,355	8,535	8,187	8,369	8,552
...Growth YoY (%)	+8.3%	+25.3%	+23.8%	-8.8%	-4.1%	+2.2%	+2.2%
AutoHero (Retail)	13,060	13,992	16,466	15,839	16,579	17,408	18,278
...Growth YoY (%)	-8.0%	+7.1%	+17.7%	-3.8%	+4.7%	+5.0%	+5.0%
Group	6,186	8,002	10,057	9,321	9,093	9,416	9,770
...Growth YoY (%)	+9.6%	+29.4%	+25.7%	-7.3%	-2.4%	+3.6%	+3.8%
Revenue							
Auto1 (Merchant)	2,697	4,196	5,478	4,464	5,038	5,872	6,590
...Growth YoY (%)	-20.5%	+55.6%	+30.5%	-18.5%	+12.9%	+16.6%	+12.2%
AutoHero (Retail)	133	579	1,057	999	1,234	1,600	2,016
...Growth YoY (%)	+62.9%	+336.7%	+82.5%	-5.5%	+23.5%	+29.7%	+26.0%
Group	2,830	4,775	6,534	5,463	6,272	7,473	8,606
...Growth YoY (%)	-18.6%	+68.7%	+36.8%	-16.4%	+14.8%	+19.1%	+15.2%
Gross Profit							
Auto1 (Merchant)	283	416	418	419	563	670	758
...Growth YoY (%)	-17.0%	+47.0%	+0.5%	+0.3%	+34.2%	+19.1%	+13.1%
% of revenues	10.5%	9.9%	7.6%	9.3%	9.3%	11.4%	11.5%
Gross profit per unit (GPU) (€)	633	749	712	801	914	955	983
...Growth YoY (%)	+13.1%	+18.4%	-4.9%	+12.5%	+14.2%	+4.4%	+3.0%
AutoHero (Retail)	3	15	70	109	162	235	297
...Growth YoY (%)	+98.9%	+418.7%	+368.0%	+54.8%	+49.1%	+45.1%	+26.4%
% of revenues	2.2%	2.6%	6.6%	10.9%	13.1%	14.7%	14.8%
Gross profit per unit (GPU) (€)	285	362	1,093	1,712	2,163	2,559	2,696
...Growth YoY (%)	+12.3%	+27.3%	+201.6%	+56.6%	+26.4%	+18.3%	+5.4%
Group	286	431	488	528	725	905	1,055
...Growth YoY (%)	-16.5%	+50.7%	+13.3%	+8.1%	+37.3%	+24.9%	+16.6%
% of revenues	10.1%	9.0%	7.5%	9.7%	11.6%	12.1%	12.3%

Source: J.P. Morgan estimates, Company data.

Table 20: Auto1 – P&L

€ million

	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	2,830	4,775	6,534	5,463	6,272	7,473	8,606
...Growth YoY (%)	-19%	+69%	+37%	-16%	+15%	+19%	+15%
Cost of Sales	(2,544)	(4,344)	(6,046)	(4,935)	(5,547)	(6,567)	(7,551)
Gross profit	286	431	488	528	725	905	1,055
% of revenues	10.1%	9.0%	7.5%	9.7%	11.6%	12.1%	12.3%
Personnel expenses	(150)	(231)	(303)	(281)	(305)	(354)	(387)
% of revenues	5.3%	4.8%	4.6%	5.1%	4.9%	4.7%	4.5%
Other operating income	11	16	16	16	14	17	19
% of revenues	0.4%	0.3%	0.2%	0.3%	0.2%	0.2%	0.2%
Other operating expense	(182)	(341)	(384)	(326)	(347)	(406)	(439)
% of revenues	6.4%	7.1%	5.9%	6.0%	5.5%	5.4%	5.1%
EBITDA	(35)	(124)	(183)	(63)	87	162	249
% of revenues	-1.2%	-2.6%	-2.8%	-1.2%	1.4%	2.2%	2.9%
Depreciation & Amortization	30	27	38	43	45	50	62
EBIT	(65)	(151)	(221)	(106)	42	112	186
...Growth YoY (%)	+43%	-134%	-46%	+52%	+140%	n.a.	n.a.
% of revenues	-2.3%	-3.2%	-3.4%	-1.9%	0.7%	1.5%	2.2%
change in bps	98bps	-89bps	-21bps	144bps	261bps	83bps	67bps
Adjusted items	20	17	17	19	18	22	15
Adjusted EBITDA	(15)	(107)	(166)	(44)	105	185	264
% of revenues	-0.5%	-2.2%	-2.5%	-0.8%	1.7%	2.5%	3.1%
Adjusted EBIT	(45)	(134)	(204)	(87)	60	135	201
...Growth YoY (%)	+45%	-198%	-52%	+57%	+169%	n.a.	n.a.
% of revenues	-1.6%	-2.8%	-3.1%	-1.6%	1.0%	1.8%	2.3%
Finance income (€m)	0	4	1	8	9	12	12
Finance costs (€m)	(55)	(15)	(13)	(19)	(25)	(28)	(30)
Profit (Loss) before tax (€m)	(142)	(372)	(240)	(118)	25	96	169
Income tax (charge)/ credit (€m)	(2)	(2)	(7)	2	(4)	(18)	(31)
Profit (Loss) for the year (€m)	(144)	(374)	(247)	(116)	21	78	137
...Growth YoY (%)	-18%	-160%	+34%	+53%	+118%	n.a.	n.a.
% of revenues	-5.1%	-7.8%	-3.8%	-2.1%	0.3%	1.0%	1.6%
Total comprehensive income (€m)	(143)	(374)	(245)	(120)	18	78	137

Source: J.P. Morgan estimates, Company data.

Price Performance



	YTD	1m	3m	12m
Abs	61.8%	15.4%	7.7%	255.2%
Rel	39.6%	11.2%	2.3%	224.3%

Company Data

Shares O/S (mn)	215
52-week range (€)	25.98-5.66
Market cap (\$ mn)	6,192.75
Exchange rate	0.88
Free float (%)	58.5%
3M ADV (mn)	0.51
3M ADV (\$ mn)	12.5
Volatility (90 Day)	72
Index	DAX
BBG ANR (Buy Hold Sell)	11 3 0

Key Metrics (FYE Dec)

€ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	6,272	7,473	8,606	9,635
Adj. EBIT	60	135	201	298
Adj. EBITDA	105	185	264	368
Adj. net income	38	101	152	229
Adj. EPS	0.17	0.47	0.71	1.06
BBG EPS	0.07	0.39	0.66	0.93
Cashflow from operations	(220)	71	418	219
FCFF	(240)	52	388	202
Margins and Growth				
Revenue Growth Y/Y (%)	14.8%	19.1%	15.2%	12.0%
EBIT margin	1.0%	1.8%	2.3%	3.1%
EBIT Growth Y/Y (%)	(169.0%)	124.6%	49.8%	47.9%
EBITDA margin	1.7%	2.5%	3.1%	3.8%
EBITDA Growth Y/Y (%)	(338.6%)	76.2%	42.7%	39.4%
Net margin	0.6%	1.3%	1.8%	2.4%
Adj. EPS growth	(138.6%)	168.1%	51.3%	49.9%
Ratios				
Adj. tax rate	9.8%	15.0%	17.0%	17.5%
Interest cover	6.2	11.6	14.8	17.6
Net debt/Equity	0.6	0.4	NM	NM
Net debt/EBITDA	3.4	1.6	NM	NM
ROE	6.4%	15.5%	20.1%	24.4%
Valuation				
FCFF yield	(4.3%)	1.0%	7.1%	3.7%
Dividend yield	-	-	-	-
EV/Revenue	0.7	0.6	0.5	0.4
EV/EBITDA	43.8	24.5	15.8	10.8
Adj. P/E	145.2	54.1	35.8	23.9

Summary Investment Thesis and Valuation

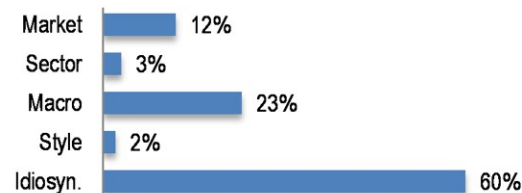
Investment Thesis

With stronger volumes and profitability improvements coming hand in hand, the turnaround story is gaining further traction. Following our upgrade to OW in August last year ([here](#)), we saw 2024 as a reassuring checkpoint on unlocked momentum of the business model. Indeed, while the business continues to execute well – grabbing a higher share of the overall used car market, and the recent push in volumes should expand EBITDA – we believe the market is still missing several additional GPU drivers from here, in particular in the Consumer-centric Autohero business. Going forward, we see meaningful margin upside from untapped GPU levers (incl. dealer and consumer financing), which, combined with tight cost control on marketing, suggests material upside to market estimates, in our view.

Valuation

We apply a WACC of 9.5% and terminal growth of 2.5% for Auto1 resulting in a Dec-26 DCF-based Price Target of €29/share.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Europe ex UK	0.53	0.44
Sect: Cons Discretionary	0.22	0.17
Ind: Retailing	-0.22	-0.13
Macro:		
Markit Eurozone Comp PMI	-0.42	-0.34
Eurozone Exports	-0.34	-0.28
Germany Govt 10Y Yield	-0.26	-0.17
Quant Styles:		
Size	0.37	0.17
LowVol	-0.37	-0.16
Growth	0.20	0.10

Investment Thesis, Valuation and Risks

Auto1 (Overweight; Price Target: €29.00)

Investment Thesis

With stronger volumes and profitability improvements coming hand in hand, the turnaround story is gaining further traction. Following our upgrade to OW in August last year ([here](#)), we saw 2024 as a reassuring checkpoint on unlocked momentum of the business model. Indeed, while the business continues to execute well – grabbing a higher share of the overall used car market, and the recent push in volumes should expand EBITDA – we believe the market is still missing several additional GPU drivers from here, in particular in the Consumer-centric Autohero business. Going forward, we see meaningful margin upside from untapped GPU levers (incl. dealer and consumer financing), which, combined with tight cost control on marketing, suggests material upside to market estimates, in our view.

Valuation

We apply a WACC of 9.5% and terminal growth of 2.5% for Auto1 resulting in a Dec-26 DCF-based Price Target of €29/share.

Auto1– DCF Valuation

PV of FCF (26-32)	1,954
PV of TV	4,280
Total EV	6,235
Net (debt)/cash	-82
Other adjustments	0
Associates & Minorities	0
Equity Value	6,317
Shares outstanding	216
Equity value per share as of Dec-26	29

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Risks to our rating and price target include:

Downside: 1) lower-than-expected volumes sold, 2) higher-than-anticipated investments – with a potential delay in EBIT profitability, and 3) a faster adoption of car-sharing models among consumers that affects the overall numbers of cars sold in the market.

Auto1: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	5,463	6,272	7,473	8,606	9,635	Cash flow from operating activities	(59)	(220)	71	418	219
COGS	(4,935)	(5,547)	(6,567)	(7,551)	(8,438)	o/w Depreciation & amortization	43	45	50	62	70
Gross profit	528	725	905	1,055	1,197	o/w Changes in working capital	(7)	(331)	(80)	192	(93)
SG&A	-	-	-	-	-	Cash flow from investing activities	(19)	(18)	(19)	(30)	(34)
Adj. EBITDA	(44)	105	185	264	368	o/w Capital expenditure	(18)	(16)	(19)	(30)	(34)
D&A	(43)	(45)	(50)	(62)	(70)	as % of sales	0.3%	0.3%	0.3%	0.4%	0.4%
Adj. EBIT	(87)	60	135	201	298	Cash flow from financing activities	80	303	(41)	(46)	(50)
Net Interest	(12)	(17)	(16)	(18)	(21)	o/w Dividends paid	0	0	0	0	0
Adj. PBT	(99)	43	119	184	277	o/w Shares issued/(repurchased)	0	0	0	0	0
Tax	2	(4)	(18)	(31)	(48)	o/w Net debt issued/(repaid)	114	340	0	0	0
Minority Interest	(2)	0	0	0	0	Net change in cash	6	65	11	342	135
Adj. Net Income	(97)	38	101	152	229	Adj. Free cash flow to firm	(79)	(240)	52	388	202
Reported EPS	(0.54)	0.09	0.36	0.64	0.99	y/y Growth	(82.1%)	205.1%	(121.6%)	646.4%	(47.8%)
Adj. EPS	(0.45)	0.17	0.47	0.71	1.06						
DPS	-	-	-	-	-						
Payout ratio	-	-	-	-	-						
Shares outstanding	215	220	216	216	216						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	548	613	624	966	1,101	Gross margin	9.7%	11.6%	12.1%	12.3%	12.4%
Accounts receivable	146	364	434	172	202	EBITDA margin	(0.8%)	1.7%	2.5%	3.1%	3.8%
Inventories	544	697	755	870	974	EBIT margin	(1.6%)	1.0%	1.8%	2.3%	3.1%
Other current assets	86	71	71	71	71	Net profit margin	(1.8%)	0.6%	1.3%	1.8%	2.4%
Current assets	1,324	1,746	1,884	2,080	2,349	Organic Revenue growth	-	-	-	-	-
PP&E	119	144	114	114	114	Net debt/EBITDA	NM	3.4	1.6	NM	NM
LT investments	0	0	0	0	0	Sales/Assets (x)	3.2	3.2	3.2	3.4	3.3
Other non current assets	262	319	413	511	709	Assets/Equity (x)	2.7	3.3	3.5	3.4	3.1
Total assets	1,705	2,209	2,411	2,704	3,172	Interest cover (x)	NM	6.2	11.6	14.8	17.6
Short term borrowings	1	216	216	216	216	Tax rate	(1.6%)	9.8%	15.0%	17.0%	17.5%
Payables	160	250	298	344	385	Revenue y/y Growth	(16.4%)	14.8%	19.1%	15.2%	12.0%
Other short term liabilities	177	199	199	199	199	EBITDA y/y Growth	(73.5%)	(338.6%)	76.2%	42.7%	39.4%
Current liabilities	338	665	713	759	800	EPS y/y Growth	(58.2%)	(138.6%)	168.1%	51.3%	49.9%
Long-term debt	786	927	1,004	1,089	1,273						
Other long term liabilities	3	3	2	28	57						
Total liabilities	1,127	1,596	1,720	1,876	2,129						
Shareholders' equity	577	613	691	829	1,043						
Minority interests	-	-	-	-	-						
Total liabilities & equity	1,705	2,209	2,411	2,704	3,172						
Net debt/(cash)	68	356	299	(82)	(281)						
Valuation						FY23A	FY24A	FY25E	FY26E	FY27E	
P/E (x)						NM	145.2	54.1	35.8	23.9	
FCFE Yield						-	-	-	-	-	
EV/EBITDA (x)						NM	43.8	24.5	15.8	10.8	
Dividend Yield						-	-	-	-	-	

Source: Company reports and J.P. Morgan estimates.

Note: € in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Underweight

AUTOA.L, AUTO LN
 Price (05 Jun 25):790p
 Price Target (Dec-26):745p

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Style Exposure

Quant Factors	Current	Hist %Rank (1=Top)			
	%Rank	6M	1Y	3Y	5Y
Value	83		91	91	
Growth	69	14	25		
Momentum			48		
Quality			22		
Low Vol	1	13			26
ESGQ	9	3	32	41	81

Auto Trader

Structural headwinds and questions on the strategic direction of digital retailing

A key premise to our Underweight has been downside risk on core delivery, and we are now increasingly more cautious that growth is set to slow against a strong historical run-rate. Beyond headwinds to the stock in FY26 (JPMe -£15 APRR lever), we argue the business has passed a period of record new product monetization, and expect upselling in packages and add-on products to evolve at a slower pace, yielding ARPR growth of +6.3% p.a over FY26-28E (vs. +8.9% in FY23-25). Separately, management’s decision to include Deal Builder’s product functionality into the group’s core advertising proposition going forward confirms concerns of a sluggish retailer roll-out to date, with marred visibility ahead on volume/scale and route to monetization in our view. In turn, with core margins tracking close to peak profitability (JPMe 69.6% in FY26E), we see risk of higher reinvestment going forward to better market Deal Builder, off-setting operating leverage benefits, while upside to group profitability rests on Autorama which carries low visibility.

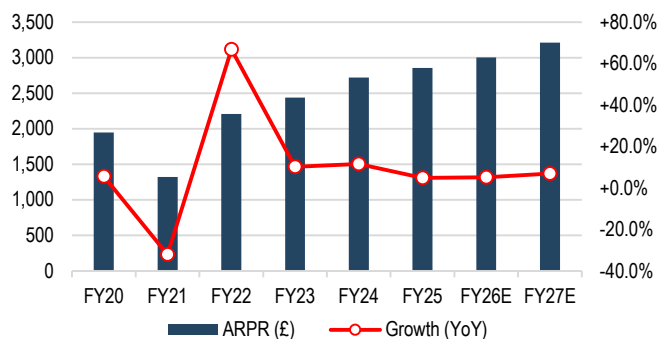
Current market environment less conducive for operational performance...

Auto Trader’s recent results ([here](#)) evidenced the vulnerability of valuation with an in-line end to FY25 met with a cautious guide on the first half of the year, with FY26 ARPR reflecting challenges on still high speed of sale (stock to be marginally down for FY26) and slightly disappointing outlook on product, in our view, triggering c.MSD% downgrades to consensus FY26 group operating profit post reporting.

...valuation premium unwarranted and at risk of a further de-rating going forward

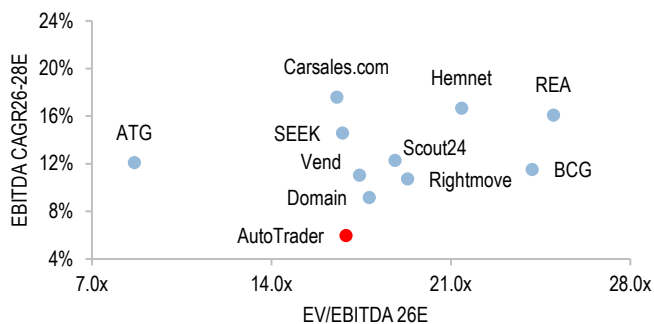
Despite a share price underperformance year-to-date – Auto Trader +0.1% vs Classified Peers +13% – we find valuation demanding with the stock trading on 16.9x EV/EBITDA 26E for +6% CAGR26-28E vs Classified Peers on 18.4x for +16% CAGR. Near term, we expect upcoming tracked data (latest edition of The Showroom [here](#)) to fuel the downside debate with little sign of relief on speed of sale and deteriorating market health, and with growth guided to be H2-weighted, we see little catalyst to revive the shares from here. We leave our below-consensus FY26 estimates unchanged (group operating profit of £397m, 4% downside to company-consensus pre-results) with a recent trim to MT forecasts having brought our Dec-26 Price Target down to 745p.

Figure 61: Auto Trader, ARPR Evolution, FY20-27E



Source: Company reports and J.P. Morgan estimates.

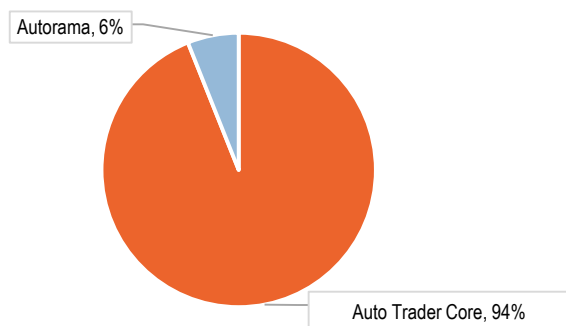
Figure 62: EV/EBITDA26E and EBITDA CAGR26-28E



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

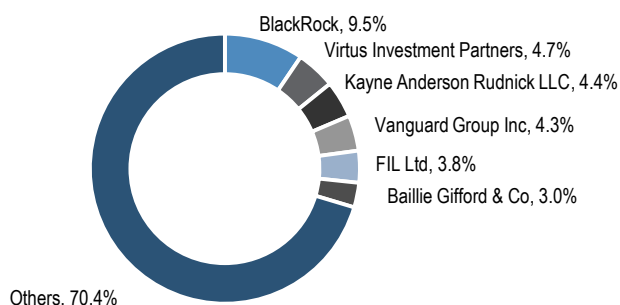
Auto Trader: Company Snapshot

Figure 63: Group Revenue Streams, % of FY25



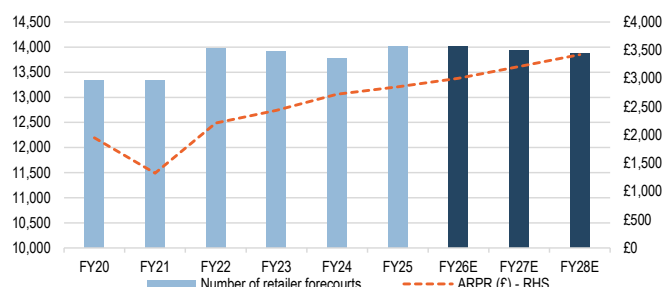
Source: Company reports and J.P. Morgan estimates.

Figure 65: Auto Trader, Shareholding Structure



Source: Bloomberg Finance L.P.

Figure 64: Auto Trader, Number of Retailer Forecourts and ARPR (£)



Source: Company reports and J.P. Morgan estimates.

Table 21: Auto Trader, Summary Financials

£ million, Year-end March

	2023	2024	2025	2026E	2027E	2028E
Group Revenues	500	571	601	623	659	695
...% growth		+16%	+14%	+5%	+4%	+6%
Group Operating Profit	278	349	377	397	424	451
...% margin	55%	61%	63%	64%	64%	65%
Auto Trader Operating Profit	333	379	394	412	437	461
...% margin	70%	71%	70%	70%	70%	70%

Source: Company reports and J.P. Morgan estimates.

Company Description

Auto Trader is the UK's largest online automotive marketplace for buying and selling new and used cars. The company's marketplace hosts the largest number of vehicle sellers (listing 449,000 cars per month on average in FY25) through partnerships with more than 14,013 retailers, attracting 81.6m cross platform visits on average each month. Auto Trader holds more than a 75% share of minutes spent across all automotive classified sites in the UK, with an average of 553m minutes spent on Auto Trader each month and 10x greater than the nearest competitor. In FY25 (March year-end), Auto Trader reported revenue of £601m and underlying operating profit of £377m (63% margin).

Type of revenues: Revenues are predominantly driven through the legacy Auto Trader business (94% of revenue) where retailers list vehicles on Auto Trader and increase their reach through prominence packages, while more recently, the business is growing its presence in Digital Retailing to enable retailers to do more of the transactional journey online.

Potential for further growth: The automotive retail market is poised to see significant changes over the coming decade, and Auto Trader sees scope to play a bigger role in the market. Key growth tailwinds include - 1) More cars and a good transaction rate, 2) Manufacturers moving to agency models, 2) Growth of vehicle financing, 4) Retailer models adapting to market backdrop, 5) Changing retailer landscape and retail types.

Auto Trader: Company Financials

Table 22: Auto Trader, Divisional Revenues

£ million

Year end: March	2021	2022	2023	2024	2025	2026E	2027E	2028E
Trade revenues								
Number of Retailer Forecourts - average	13,336	13,964	13,913	13,783	14,013	14,013	13,943	13,873
...% growth	-0.1%	+4.7%	-0.4%	-0.9%	+1.7%	+0.0%	-0.5%	-0.5%
Price	50	74	90	114	78	90	100	92
...% contribution to ARPR increase	-8.0%	+8.4%	+39.6%	+40.1%	+58.6%	+60.0%	+47.5%	+44.0%
Stock	-52	52	0	34	-22	-15	21	21
...% contribution to ARPR increase	+8.3%	+5.9%	+0.0%	+12.0%	-16.5%	-10.0%	+10.0%	+10.0%
Product	89	121	137	136	77	75	89	96
...% contribution to ARPR increase	-14.2%	+13.7%	+60.4%	+47.9%	+57.9%	+50.0%	+42.5%	+46.0%
ARPR increase	-625	886	227	284	133	150	210	209
ARPR (£)	1,324	2,210	2,437	2,721	2,854	3,004	3,214	3,423
Growth YoY	-32.1%	+66.9%	+10.3%	+11.7%	+4.9%	+5.3%	+7.0%	+6.5%
... Retailer revenues	211.9	370.4	406.8	450.0	480.0	505.1	537.8	569.9
...% growth	-32.1%	+74.8%	+9.8%	+10.6%	+6.7%	+5.2%	+6.5%	+6.0%
... Home trader revenues	6.3	8.8	10.1	13.4	16.1	16.9	17.8	18.6
...% growth	-24.1%	+39.7%	+14.8%	+32.7%	+20.1%	+5.0%	+5.0%	+5.0%
... Other Trade revenues	7.0	9.1	10.5	12.3	13.0	13.7	14.3	15.0
...% growth	+79.5%	+30.0%	+15.4%	+17.1%	+5.7%	+5.0%	+5.0%	+5.0%
Trade revenues	225.2	388.3	427.4	475.7	509.1	535.7	569.9	603.5
...% growth	-30.6%	+72.4%	+10.1%	+11.3%	+7.0%	+5.2%	+6.4%	+5.9%
Consumer services revenues								
... Private adverts revenues	16.6	20.2	22.4	26.0	26.6	26.6	27.1	27.7
...% growth	-17.4%	+21.7%	+10.6%	+16.3%	+2.3%	+0.0%	+2.0%	+2.0%
... Motoring services revenues	9.9	13.1	12.1	13.0	15.8	15.8	16.1	16.4
...% growth	+20.7%	+32.3%	-8.0%	+7.9%	+21.5%	+0.0%	+2.0%	+2.0%
... Motoring services revenues	9.9	13.1	12.1	13.0	15.8	15.8	16.1	16.4
...% growth	+20.7%	+32.3%	-8.0%	+7.9%	+21.5%	+0.0%	+2.0%	+2.0%
Consumer services revenues	26.6	33.3	34.5	39.6	42.4	42.4	43.2	44.1
...% growth	-6.4%	+25.6%	+3.3%	+14.8%	+7.1%	+0.0%	+2.0%	+2.0%
Manufacture & Agency revenues								
Manufacturer and Agency revenues	11.0	11.1	11.1	14.4	13.3	13.3	13.6	13.8
...% growth	+6.4%	+9.6%	+7.0%	+4.1%	+0.8%	+0.0%	+2.0%	+2.0%
Auto Trader revenues	263	433	473	530	565	591	627	661
Autorama revenues	-	-	27	41	36	31	32	33
Group revenues	263	433	500	571	601	623	659	695

Source: J.P. Morgan estimates, Company data.

Table 23: Auto Trader, P&L

£ million

Year end: March	2021	2022	2023	2024	2025	2026E	2027E	2028E
Group Revenues	262.8	432.7	500.2	570.9	601.1	622.6	658.8	694.6
...% growth	-29%	65%	16%	14%	5%	4%	6%	5%
Auto Trader Underl. EBITDA - company definition	167.5	310.8	339.6	384.5	400.3	417.4	441.9	466.0
...% margin	63.7%	71.8%	71.8%	72.6%	70.9%	70.6%	70.5%	70.4%
Autorama Underl. EBITDA - company definition	-	-	-9.1	-6.4	-2.8	-0.3	2.0	4.0
...% margin	-	-	-33.5%	-15.5%	-7.7%	-1.0%	6.3%	12.1%
Group central costs (ex D&A)	-	-	-44.1	-11.1	0.0	0.0	0.0	0.0
...% of revenue	-	-	-9%	-2%	0%	0%	0%	0%
Group Underl. EBITDA - company definition	169.9	307.9	328.0	375.3	393.9	413.1	439.5	465.2
...% margin	64.6%	71.2%	65.6%	65.7%	65.5%	66.4%	66.7%	67.0%
Share based payments/ Mgmt incentive plans	-3.3	-5.1	-5.8	-7.5	-9.7	-11.0	-11.0	-11.0
Group Underl. Operating profit - company definition	161.2	303.6	277.6	348.7	376.8	397.0	424.1	450.7
...% margin	61.3%	70.2%	55.5%	61.1%	62.7%	63.8%	64.4%	64.9%
Finance costs	-3.8	-2.6	-3.1	-3.5	-1.1	0.5	1.1	1.8
Adj. PBT	155.0	301.0	318.6	356.3	375.7	397.5	425.2	452.4
Adj. Underlying PBT	156.1	299.2	275.3	345.7	375.9	397.4	424.6	451.1
PBT	157.4	301.0	293.6	345.2	375.7	397.5	425.2	452.4
...% margin	59.9%	69.6%	58.7%	65.2%	66.5%	67.2%	67.9%	68.4%
Adj. underlying income tax expense	-29.6	-56.3	-59.7	-88.3	-93.1	-98.5	-105.4	-112.1
...% tax rate	19.0%	18.8%	18.7%	24.8%	24.8%	24.8%	24.8%	24.8%
Adj. net income	125.4	244.7	258.9	268.0	282.6	299.0	319.9	340.3
...% margin	47.7%	56.6%	54.7%	50.6%	50.0%	50.6%	51.0%	51.4%
...% growth	-37.9%	+95.1%	+5.8%	+3.5%	+5.5%	+5.8%	+7.0%	+6.4%
Adj. Underlying net income from cont. operations	126.5	242.9	215.6	257.4	282.8	298.9	319.2	339.0
...% margin	48.1%	56.1%	45.6%	48.6%	50.1%	50.5%	50.9%	51.2%
...% growth	-37.7%	+92.1%	-11.2%	+19.4%	+9.8%	+5.7%	+6.8%	+6.2%
Net income	127.8	244.7	233.9	256.9	282.6	299.0	319.9	340.3
...% margin	48.6%	56.6%	49.4%	48.5%	50.0%	50.6%	51.0%	51.4%
...% growth	-37.7%	+91.5%	-4.4%	+9.8%	+10.0%	+5.8%	+7.0%	+6.4%
Number of shares - diluted (m)	967	958	944	915	895	884	869	856
Number of shares - basic, average (m)	965	956	935	913	892	881	866	853
Adjusted basic EPS (p)	13.0	25.6	27.7	29.4	31.7	33.9	36.9	39.9
...% growth	-40.5%	+97.1%	+8.1%	+6.1%	+7.8%	+7.1%	+8.9%	+8.0%
Adjusted underlying basic EPS (p) - JPMe definitior	13.1	25.4	23.1	28.2	31.7	33.9	36.9	39.7
...% growth	-40.3%	+94.0%	-9.3%	+22.3%	+12.3%	+7.1%	+8.6%	+7.8%
Dividend (p)	5.0	8.2	8.4	8.6	10.6	11.3	12.3	13.3

Source: J.P. Morgan estimates, Company data.

Price Performance



	YTD	1m	3m	12m
Abs	-0.4%	-8.4%	2.3%	-3.9%
Rel	-13.2%	-11.3%	1.3%	-13.5%

Company Data

Shares O/S (mn)	968
52-week range (p)	920-706
Market cap (\$ mn)	10,361.31
Exchange rate	73.78
Free float (%)	99.6%
3M ADV (mn)	2.24
3M ADV (\$ mn)	24.3
Volatility (90 Day)	30
Index	ESTX € Pr
BBG ANR (Buy Hold Sell)	8 5 4

Key Metrics (FYE Mar)

£ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	601	623	659	695
Adj. EBIT	377	397	424	451
Adj. EBITDA	384	404	431	457
Adj. net income	283	299	320	340
Adj. EPS	31.56	33.81	36.80	39.75
BBG EPS	32.40	35.70	39.70	-
Cashflow from operations	305	318	337	359
FCFF	301	315	334	356
Margins and Growth				
Revenue Growth Y/Y (%)	5.3%	3.6%	5.8%	5.4%
EBIT margin	62.7%	63.8%	64.4%	64.9%
EBIT Growth Y/Y (%)	8.1%	5.4%	6.8%	6.3%
EBITDA margin	64.0%	64.9%	65.4%	65.8%
EBITDA Growth Y/Y (%)	7.7%	5.1%	6.6%	6.1%
Net margin	47.0%	48.0%	48.6%	49.0%
Adj. EPS growth	7.8%	7.1%	8.8%	8.0%
Ratios				
Adj. tax rate	24.8%	24.8%	24.8%	24.8%
Interest cover	349.5	NM	NM	NM
Net debt/Equity	(0.0)	(0.1)	(0.3)	(0.4)
Net debt/EBITDA	(0.0)	(0.2)	(0.5)	(0.7)
ROE	50.4%	50.3%	47.6%	43.5%
Valuation				
FCFF yield	4.3%	4.5%	4.9%	5.3%
Dividend yield	1.3%	1.4%	1.6%	1.7%
EV/Revenue	14.5	13.9	12.9	12.1
EV/EBITDA	22.6	21.4	19.8	18.3
Adj. P/E	25.0	23.4	21.5	19.9

Summary Investment Thesis and Valuation

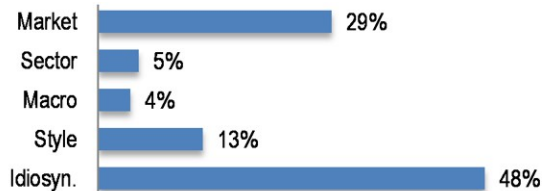
Investment Thesis

While the shares have partially reversed recent gains, we find valuation demanding, on a relative and absolute basis, and challenged by a more modest earnings outlook vs past periods with JPMe EBITDA CAGR26-28E of 6% vs 10% over the past two years. We argue the bear case from here remains premised on challenged growth pillars into H126 (stock, product, and lack of meaningful margin upside), a very high bar for delivery into year-end which now rests on improved market dynamics, as well as a lack of strategic direction and financial standing of Deal Builder over the coming 12-18M, in our view. While we appreciate the compounding and cash generative nature of the business model (4% FCF yield 26E), we would favour these dynamics with much higher value creation potential elsewhere in our coverage.

Valuation

We apply a WACC of 9.5% and terminal growth of 2.5% for Auto Trader, resulting in a Dec 2026 DCF-based target price of of 745p.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI UK	0.60	0.54
Sect: Telecom Services	0.34	0.28
Macro:		
Crude Oil	-0.46	-0.32
US Breakeven 10 Year	-0.43	-0.25
JPM USD Tradeable Currency	-0.32	-0.23
Quant Styles:		
Size	-0.54	-0.43
Quality	0.51	0.34
DivYld	0.36	0.20

Investment Thesis, Valuation and Risks

Auto Trader *(Underweight; Price Target: 745p)*

Investment Thesis

While the shares have partially reversed recent gains, we find valuation demanding, on a relative and absolute basis, and challenged by a more modest earnings outlook vs past periods with JPMe EBITDA CAGR26-28E of 6% vs 10% over the past two years. We argue the bear case from here remains premised on challenged growth pillars into H126 (stock, product, and lack of meaningful margin upside), a very high bar for delivery into year-end which now rests on improved market dynamics, as well as a lack of strategic direction and financial standing of Deal Builder over the coming 12-18M, in our view. While we appreciate the compounding and cash generative nature of the business model (4% FCF yield 26E), we would favour these dynamics with much higher value creation potential elsewhere in our coverage.

Valuation

We apply a WACC of 9.5% and terminal growth of 2.5% for Auto Trader, resulting in a Dec 2026 DCF-based target price of of 745p.

Auto Trader DCF

NPV to FY26 (March 2026) (GBPm)	2,591
Discounted Terminal value (GBPm)	3,372
Enterprise Value (GBPm)	5,963
Net Debt (cash) (GBPm)	-80
Associates/JV	95
Minorities	0
Equity value (GBPm)	6,138
Shares in Issue (m)	884
Equity value per share (FYE26)	694
Fair Value per share (p) as of Dec-26	745p

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Risks to our rating and price target include:

Upside: 1) Internet sector valuation increase; 2) Market environment may prove better than expected, which could impact ARPR and vehicle retailer customer numbers positively; 3) New products gain more traction than expected; 4) Pricing is stronger than expected.

Auto Trader: Summary of Financials

Income Statement						Cash Flow Statement					
	FY24A	FY25A	FY26E	FY27E	FY28E		FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	571	601	623	659	695	Cash flow from operating activities	288	305	318	337	359
COGS	-	-	-	-	-	o/w Depreciation & amortization	6	6	6	5	5
Gross profit	-	-	-	-	-	o/w Changes in working capital	(3)	(2)	(2)	(3)	(1)
SG&A	(203)	(193)	(195)	(203)	(212)	Cash flow from investing activities	2	2	(2)	(2)	(1)
Adj. EBITDA	357	384	404	431	457	o/w Capital expenditure	(4)	(4)	(3)	(3)	(3)
D&A	(8)	(8)	(7)	(7)	(6)	as % of sales	0.7%	0.7%	0.5%	0.5%	0.5%
Adj. EBIT	349	377	397	424	451	Cash flow from financing activities	(287)	(310)	(252)	(216)	(229)
Net Interest	(4)	(1)	1	1	2	o/w Dividends paid	(80)	(88)	(100)	(107)	(113)
Adj. PBT	356	376	397	425	452	o/w Shares issued/(repurchased)	(171)	(188)	(149)	(107)	(113)
Tax	(88)	(93)	(98)	(105)	(112)	o/w Net debt issued/(repaid)	(32)	(32)	(2)	(2)	(2)
Minority Interest	-	-	-	-	-	Net change in cash	2	(3)	65	120	129
Adj. Net Income	268	283	299	320	340	Adj. Free cash flow to firm	284	301	315	334	356
Reported EPS	28.07	31.56	33.81	36.80	39.75	y/y Growth	7.7%	6.0%	4.9%	5.9%	6.5%
Adj. EPS	29.28	31.56	33.81	36.80	39.75						
DPS	8.60	10.60	11.31	12.31	13.30						
Payout ratio	30.6%	33.6%	33.4%	33.4%	33.4%						
Shares outstanding	915	895	884	869	856						
Balance Sheet						Ratio Analysis					
	FY24A	FY25A	FY26E	FY27E	FY28E		FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	19	15	80	200	329	Gross margin	-	-	-	-	-
Accounts receivable	83	85	96	100	106	EBITDA margin	62.5%	64.0%	64.9%	65.4%	65.8%
Inventories	3	4	4	4	4	EBIT margin	61.1%	62.7%	63.8%	64.4%	64.9%
Other current assets	-	-	-	0	0	Net profit margin	46.9%	47.0%	48.0%	48.6%	49.0%
Current assets	105	104	180	304	439	ROE	49.6%	50.4%	50.3%	47.6%	43.5%
PP&E	15	13	12	11	10	ROA	40.6%	43.6%	44.7%	42.5%	39.3%
Goodwill	-	-	-	-	-	ROCE	45.0%	49.3%	50.2%	47.4%	43.3%
Intangibles	488	472	457	442	426	SG&A/Sales	35.6%	32.1%	31.2%	30.9%	30.6%
LT investments	-	-	-	-	-	Net debt/Equity	0.0	(0.0)	(0.1)	(0.3)	(0.4)
Other non current assets	50	50	50	50	50	Net debt/EBITDA	0.0	(0.0)	(0.2)	(0.5)	(0.7)
Total assets	658	640	698	806	926	Sales/Assets (x)	0.9	0.9	0.9	0.9	0.8
Short term borrowings	7	7	7	7	7	Assets/Equity (x)	1.2	1.2	1.1	1.1	1.1
Payables	60	58	67	68	74	Interest cover (x)	102.0	349.5	NM	NM	NM
Other short term liabilities	1	1	1	1	1	Operating leverage	181.2%	152.4%	149.8%	117.7%	115.1%
Current liabilities	68	66	75	76	82	Tax rate	24.8%	24.8%	24.8%	24.8%	24.8%
Long-term debt	28	0	0	0	0	Revenue y/y Growth	14.1%	5.3%	3.6%	5.8%	5.4%
Other long term liabilities	11	7	7	7	7	EBITDA y/y Growth	24.7%	7.7%	5.1%	6.6%	6.1%
Total liabilities	108	75	84	85	90	EPS y/y Growth	6.8%	7.8%	7.1%	8.8%	8.0%
Shareholders' equity	552	569	619	726	839						
Minority interests	-	-	-	-	-						
Total liabilities & equity	660	644	703	811	930						
BVPS	0.60	0.64	0.70	0.84	0.98						
y/y Growth	8.0%	5.4%	10.1%	19.3%	17.4%						
Net debt/(cash)	9	(15)	(80)	(200)	(329)						
						Valuation					
	FY24A	FY25A	FY26E	FY27E	FY28E		FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	27.0	25.0	23.4	21.5	19.9	P/E (x)	27.0	25.0	23.4	21.5	19.9
P/BV (x)	1,308.9	1,242.0	1,127.7	945.7	805.6	P/BV (x)	1,308.9	1,242.0	1,127.7	945.7	805.6
EV/EBITDA (x)	24.4	22.6	21.4	19.8	18.3	EV/EBITDA (x)	24.4	22.6	21.4	19.8	18.3
Dividend Yield	1.1%	1.3%	1.4%	1.6%	1.7%	Dividend Yield	1.1%	1.3%	1.4%	1.6%	1.7%

Source: Company reports and J.P. Morgan estimates.

Note: £ in millions (except per-share data). Fiscal year ends Mar. o/w - out of which

Baltic Classifieds Group

Overweight

BCG.L, BCG LN

Price (05 Jun 25):357p

Price Target (Dec-26):432p

European Internet

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Monetisation is still just at the beginning – offering several drivers for earnings upside: Initiate at OW with a 432p price target

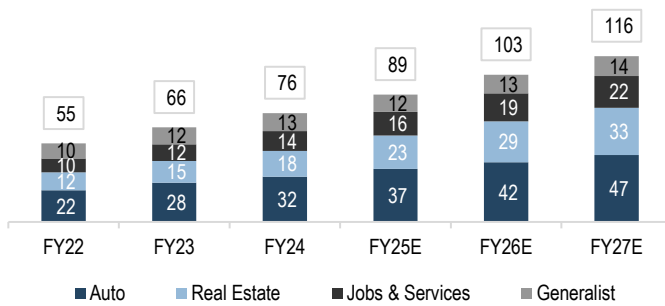
We initiate coverage on **Baltic Classifieds Group, the largest (and dominant) Online Classifieds player in the Baltic region**, with operations in Estonia, Latvia and Lithuania. The company is active (and mostly market leading) in all key Classifieds verticals such as real estate, cars, jobs, and general goods, facilitating transactions between individuals and businesses. The platforms owned by BCG have established themselves as a key destination for those looking for transactions in automotive, real estate, jobs, services and general merchandise. We expect the company to continue to monetize its leadership position through continued ARPU increases and customer sign-ups driving a +14% revenue CAGR 2025E-2028E, which together with margin expansion drives a 15% EBITDA CAGR. Our estimates are 1%/3% above current company consensus estimates for 2025E/2026E. While the multiple is high on 24.2x 2026E EV/EBITDA for +12% EBITDA CAGR 26-28E, we see a premium to peers (sector on 18.4x) as justified given higher growth potential long term and M&A upside risk. We initiate with an OW rating and an SOTP-derived Dec-26 Price Target of 432p.

- **A dominant market position in the Baltic region across different verticals.** BCG operates over 14 classifieds portals, averaging 56m visits per month in 2024, which is equivalent to – on average – each resident in the Baltics visiting the site 10 times/month. The site leadership positions are best in class in the Classifieds context: Its **Auto24** site in Estonia, leads the automotive sector with a relative market share approximately 40 times greater than that of its nearest competitor. In Lithuania, **Skelbiu.lt** dominates the generalist category with a market share 19 times that of its closest rival, while **Aruodas.lt** excels in the real estate sector with a 24 times lead. Additionally, in Estonia, the combined strength of **KV.ee** and **City24.ee** in real estate is reflected in a 15 times market share advantage. In the jobs sector, Lithuania's **CVBankas.lt** maintains a competitive edge with a market share 5 times that of its nearest competitor. These positions underscore BCG's strategic focus on user engagement and market dominance, reinforcing its status as a leading player in the Baltic online classifieds market.
- **A cash return story with high visibility on earnings growth.** We argue for the high visibility of BCG's earnings growth given improved monetization of its Classifieds portfolio, with still ample room to drive in particular ARPU and customer numbers from here. The company operates on EBITDA margins close to 80% with cash conversion >90% since 2021. While the company ended its financial year (2024) with a leverage of 0.5x Net Debt/EBITDA, we forecast a net cash balance from 2026E onwards allowing for rising cash distributions in the future. We anticipate an FCF yield of 4% in 2027.
- **Benefiting from a favorable macroeconomic environment in the Baltic region.** We emphasize that the Baltic states, Lithuania, Estonia, and Latvia, are integral members of NATO, the European Union, the euro area, and the OECD, providing in our view geopolitical stability and economic resilience with real GDP per capita growth rates surpassing the EU average. The main growth driver remains structural in nature with Online penetration rates for Classifieds still well below the European average at this point.
- **Valuation is attractive versus peers.** The shares trade at 24.2x 2026E EV/EBITDA for a 2026E-2028E EBITDA CAGR of 12%. This compares to the wider Online Classifieds on 18.4x.

Baltic Classifieds Group: Company Snapshot

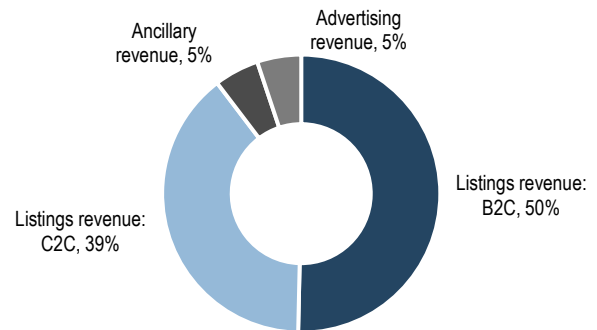
Figure 66: BCG, Revenue by Segment, FY22-27E

€ in million



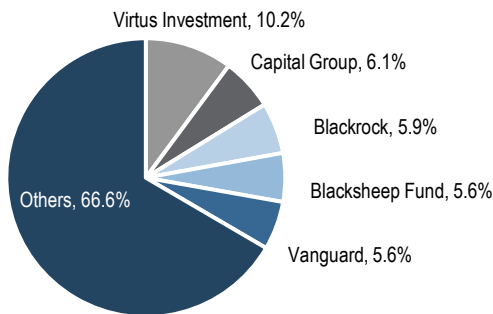
Source: J.P. Morgan estimates, Company data.

Figure 67: BCG, Key Revenue Streams, FY24



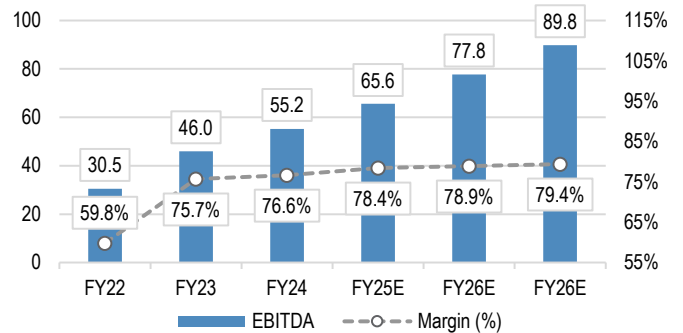
Source: Company reports.

Figure 68: BCG, Shareholding Structure



Source: Bloomberg Finance L.P.

Figure 69: BCG, EBITDA and margin evolution, FY22-27E



Source: J.P. Morgan estimates.

Company description

BCG operates as a leading online classified advertising platforms in the Baltic region – Lithuania, Latvia, and Estonia. The company provides digital marketplaces for various sectors, including real estate, automotive, jobs, and general goods that allow users to buy, sell, and rent items and services, catering to both business customers (B2C) and individual customers/general public (C2C). BCG operates over 14 classifieds portals averaging over 56m visits p.m. (2024) or 10 visits per resident in the Baltics. This places the company’s portals in a stronger position than its closest peers and some of the most visited websites in Lithuania and Estonia. In FY24, Baltic Classifieds Group's revenue increased by 19% to €72.1m with EBITDA margin of c.76%. Next to Classifieds, BCG operates horizontal or generalist portals (combined c. 10% of revenues), such as marketplaces, online auctions, and price comparison websites, which are popular among individual customers and the general public.

Baltic Classifieds Group: Financials

Table 24: Latest Guidance and JPMe vs Cons, H225 and FY25

Latest FY25 Outlook & Company Commentary						
<p>"For the second half of the year, the Board is expecting revenue growth of at least 15%, with Auto, Real Estate, and Jobs & Services segments projected to grow above this target, while the Generalists category is expected to grow below the overall Group average."</p> <p>"The Board expects the EBITDA margin for the financial year 2025 to expand by one percentage point compared to 2024."</p>						
	H225			FY25		
	JPMe	Cons	JPMe vs Cons	JPMe	Cons	vs. JPMe
Revenue						
Auto Revenue	15.6	16.1	-3%	31.6	32.1	-2%
YoY Growth (%)	+12.3%	+16.0%		+14.7%	+16.5%	
Real estate Revenue	12.3	11.2	10%	23.3	22.2	5%
Margin (%)	+32.8%	+20.6%		+29.2%	+23.0%	
Jobs & Services Revenue	8.2	8.1	2%	16.5	16.3	1%
Private Customers Revenues	+21.5%	+18.8%		+19.1%	+17.7%	
Generalist Revenue	5.6	6.7	-16%	12.2	13.3	-8%
Ordinary Operating EBITDA	-11.3%	+6.0%		-3.5%	+5.2%	
Group revenue	41.8	42.1	-1%	83.6	83.9	0%
YoY Growth (%)	+15.1%	+15.9%		+16.0%	+12.6%	
Group EBITDA	32.6	32.3	1%	65.6	65.2	1%
Margin (%)	78.1%	76.8%		78.4%	77.7%	

Source: J.P. Morgan estimates, Company data.

Table 25: JPMe vs Consensus, FY25-27E

	JPMe			Consensus			Delta		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Group revenue	84	98	111	84	96	110	0%	2%	1%
YoY Growth (%)	+16.0%	+17.7%	+12.7%	+16.4%	+14.7%	+14.1%			
EBITDA	66	78	90	65	75	86	1%	3%	4%
Margin (%)	78.4%	78.9%	79.4%	77.7%	78.3%	78.6%			
Adjusted EPS (€ cents)	11.03	13.32	15.65	11.20	13.40	15.81	-2%	-1%	-1%
YoY Growth (%)	+20.3%	+20.9%	+17.4%	+22.2%	+19.6%	+18.0%			





Source: J.P. Morgan estimates, Company data.

BCG – the dominant Classifieds operator in the Baltics

Baltic Classifieds Group (BCG) is the market leader in several Online Classifieds verticals in the Baltics region, generating 70% of its revenue from Lithuania, 28% from Estonia, and 2% from Latvia (2024). The company operates over 14 classifieds portals, averaging over 56m visits per month (2024) or 10 visits per resident in the Baltics – a strong traffic leadership position over its closest peers – and owns some of the most visited websites in Lithuania and Estonia. The Group's traffic is predominantly direct and organic, accounting for 86% of total traffic, with marketing expenses constituting less than 2% of revenue.

A diverse portfolio of platforms across several verticals – Automotive, Real Estate, Jobs & Services – and also general (horizontal) portals. Vertical portals are tailored to specific industries – facilitating advertising, promotion and sales within those sectors, catering to both business customers (B2C subscribers with contracts) and individual customers/general public (C2C users engaging in one-time transactions). In addition, BCG operates horizontal or generalist portals, such as marketplaces, online auctions, and price comparison websites, which are popular among individual customers and the general public. In FY24, Baltic Classifieds Group's revenue increased by 19% to €72.1m, up from €60.8m in FY24, driven by growth across all four business lines, supported by the strength of its core operations. The Group's EBITDA margin also saw substantial improvement with FY24 margin of 76.6% (from 75.7% in FY23), reflecting a 70% increase in revenue and EBITDA compared to its IPO three years ago, underscoring the strength and efficiency of its core operations.

Figure 70: BCG, Brands

% of Revenue (2024)	Brands	 Automotive	 Real Estate	 Jobs & Services	 Generalist
70%	Lithuania	autoplus.it	aruodas.it	Paslaugos.it (Services) cvbankas (Jobs)	skelbiu.it KAINOS.it
28%	Estonia	auto24.ee	kv.ee city24.ee	GetaPro (Services)	osta.ee BORS
2%	Latvia		City24.lv	GetaPro (Services)	
	% of BCG revenue (2024)	38%	25%	19%	18%

Source: Company reports.

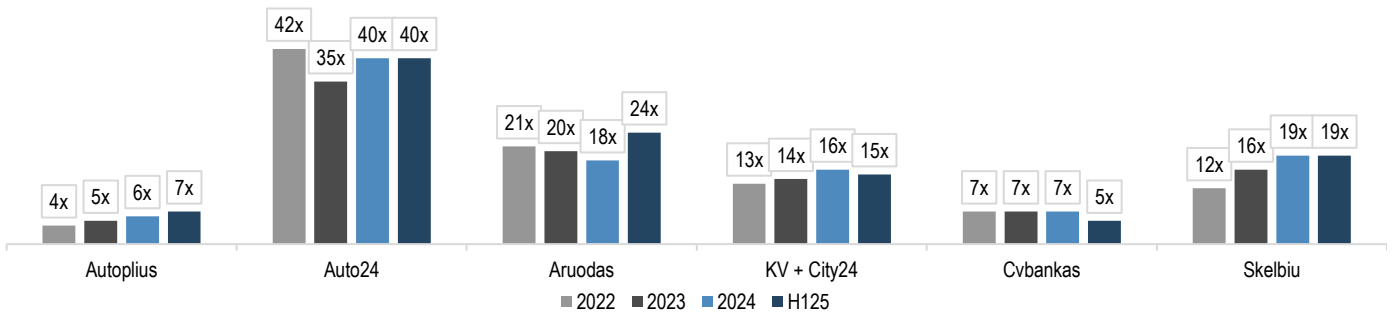
Competitive landscape and BCG's positioning.

BCG operates in a competitive market environment that is marked by low barriers to entry and rapid technological advancements, and faces challenges from both traditional and emerging online platforms. Despite these challenges, BCG maintains a strong position in the Baltic online classifieds market, as evidenced by its substantial lead over its nearest competitors in user engagement, particularly in terms of time spent on its site. BCG consistently outpaces its closest rivals by at least 5 times across various verticals,

underscoring its dominant market presence and effective pricing and engagement strategies.

Figure 71: BCG, traffic leadership position against its nearest competitor in major business

time spent on site







Source: Company reports.* Note: Auto24 operates without a significant vertical competitor, with the closest alternative being a generalist portal.

Strong traffic position

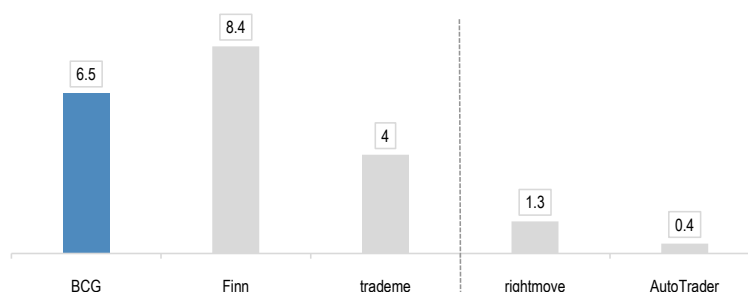
Baltic Classifieds Group PLC demonstrates a dominant leadership position in the Baltic online classifieds market, as evidenced by its substantial lead over nearest competitors through Relative Market Share (RMS) metrics. For example, in Lithuania, **Autoplius** boasts an RMS approximately 40x greater than its closest competitor, **Autogidas**, while in Estonia, **Auto24** maintains a similar advantage with an RMS of about 36x compared to the next relevant player, a generalist portal. The company's strong presence in Latvia is marked by the generalist portal SS.lv ranking as the top destination, although specific comparable data is not available. Additionally, residents in Lithuania and Latvia visit BCG sites approximately 6.5 and 8.4 times per month, respectively. This data highlights Baltic Classifieds Group PLC's position as the preferred destination for online classifieds in the region, driven by its strategic focus on user engagement and market leadership.

Figure 72: Relative Market Share vs. Nearest Competitor, 2024

	 Automotive	 Real Estate	 Jobs & Services	 Generalist
Lithuania	c.7x	c.17x	c.7x	c.23x
Estonia	c.36x	c.19x	n.a.	c.3x
Latvia		c.0.6x	n.a.	

Source: Company reports, Similarweb.

Figure 73: Monthly Visits per Capita, calendar year



Source: Company reports. *Based on average monthly visits (average calendar year 2020) divided by population as of 31 December 2020.

We see further upside to customer numbers and ARPU

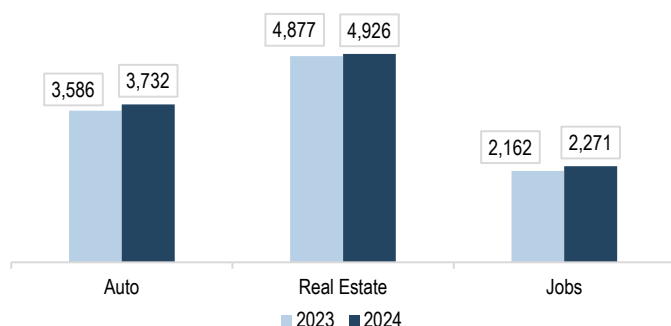
Baltic Classifieds Group reported revenues of €72.1m in 2024, up from €60.8m in 2023, driven by growth across all four business lines, supported by strong customer metrics and ARPU developments:

- Auto business line grew revenues by 24%, with B2C increasing by 31% and C2C by 23%.
- Real Estate business line expanded revenues by 20%, with B2C growing by 24% and C2C by 21%.
- Jobs & Services business line saw a 17% increase in revenues, with B2C (Jobs) rising by 12% and C2C (mainly Services) by 45%.
- Generalist business line, primarily C2C, grew by 8%.

Overall, B2C revenue, which makes up 50% of Group revenue, grew by 22%, while C2C, which represents 40% of revenue, grew by 18%. Ancillary revenue, which accounts for 5% of total revenue, grew by 13%, whereas advertising revenue, which accounts for the remaining 5% of total revenue, declined by 1%. The key drivers of revenue growth include increased advertising and active C2C listings, a rise in advertisers across sectors, and higher average spend per customer and advertisement. Since the IPO three years ago, revenue quality has improved, with core classifieds revenue streams (B2C and C2C) increasing from 83% to 90% of total revenue.

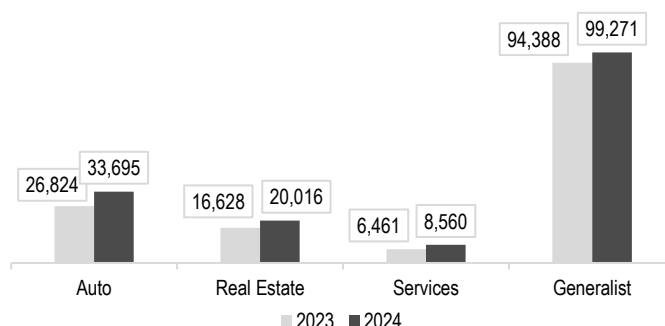
In May 2023, C2C pricing and packaging changes were introduced across most portals, impacting the entire financial year. In September and October 2023, B2C price and package changes were implemented for Auto, Real Estate, and Jobs portals, contributing to growth in the second half of the year, with year-long contracts rolling out over 12 months. More recently, during H125, BCG saw notable growth in customer numbers and Average Revenue Per User (ARPU) across its business lines. The real estate sector saw a 4% increase in brokers, while the jobs sector reported a 2% rise in job companies, underscoring a robust and expanding customer base. Additionally, ARPU increased by 17% in the automotive sector, 19% in the real estate sector, and 12% in the jobs sector, highlighting the effectiveness of the company's pricing strategies and enhanced value offerings that encourage higher spending per user.

Figure 74: B2C - Monthly average number of dealers/brokers/companies by business line



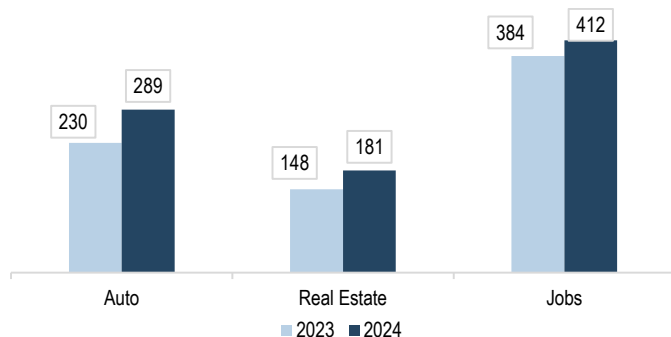
Source: Company reports.

Figure 75: C2C - Monthly average number of active ads/listings by business line



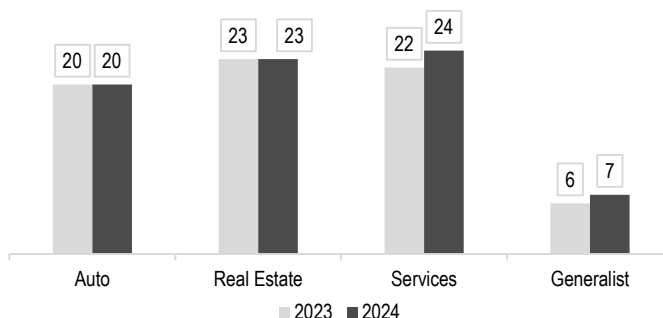
Source: Company reports.

Figure 76: B2C - Monthly Average revenue per user ARPU (€)



Source: Company reports.

Figure 77: C2C - monthly average revenue per active ad/revenue per listing C2C (€)



Source: Company reports.

Table 26: BCG, Revenue and growth by division, FY22-27E

Divisional Revenue	FY22	FY23	FY24	FY25E	FY26E	FY27E
Auto Revenue	18.3	22.2	27.5	31.6	37.2	41.8
YoY Growth (%)		+21.6%	+23.9%	+14.7%	+17.6%	+12.4%
Real estate Revenue	12.5	15.0	18.1	23.3	28.7	33.0
YoY Growth (%)		+20.7%	20%	+29.2%	+23.2%	15%
Jobs & Services Revenue	9.8	11.8	13.8	16.5	19.4	22.4
YoY Growth (%)		+20.1%	17%	+19.1%	+17.8%	15%
Generalist Revenue	10.4	11.7	12.6	12.2	13.1	13.8
YoY Growth (%)		+13.0%	8%	-3.5%	+7.4%	5%
Group revenue	51.0	60.8	72.1	83.6	98.4	110.9
YoY Growth (%)	+0.0%	+19.3%	+18.6%	+16.0%	+17.7%	+12.7%

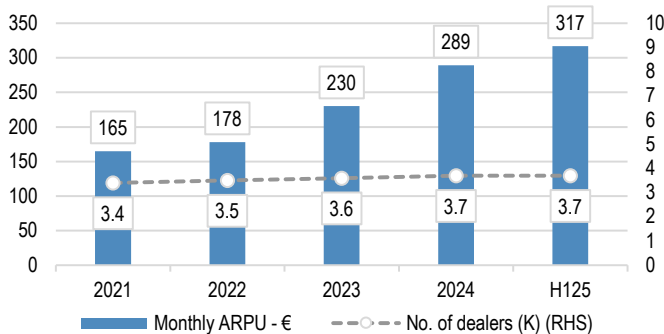
Source: J.P. Morgan estimates, Company data.

Automotive (38% of revenues)

Automotive is BCG's leading vertical accounting for 38% of revenue in 2024 and growing at 23% CAGR during 22-24. The Automotive segment focuses on vehicles, including cars, motorcycles, and commercial vehicles. It offers a marketplace for buying and selling new and used vehicles, as well as related services such as parts and accessories. BCG's Automotive vertical comprises of **Autoplives.it** and **Auto24.ee** -specialized online classifieds portal for auto in Lithuania and Estonia, respectively. During H125, the Automotive sector achieved 17% growth in revenues, with stable dealer numbers (B2C) and a 9% increase in active ads (C2C). Strategic pricing and packaging changes led to a 17% rise in ARPU, while revenue per active and listed ads increased by 10% and 18%, respectively, reflecting strong sector performance.

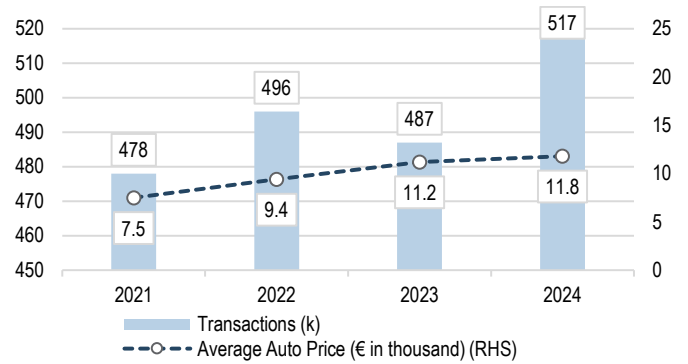
BCG's automotive portals in Lithuania and Estonia have experienced notable changes over the past year, driven by rebounding supply, increased car affordability due to rising consumer incomes, and favorable conditions for sourcing used cars from abroad. New car transactions increased 5% to 52k in 2024, while used car transactions rose 6% to 464k across both markets. The growth in the used car market was fueled by recovering imports in Lithuania and active local markets. Used car prices have increased 5% YoY to €11.8k, with strong consumer demand supported by rising incomes. The increased number of transactions, price growth, and favorable acquisition costs have expanded the dealer margin pool. However, the rebounding supply has resulted in a 28% increase in the time required for dealers to sell a used car, particularly in Lithuania, where inventory levels are recovering.

Figure 79: Auto, B2C KPI, 2021-H125



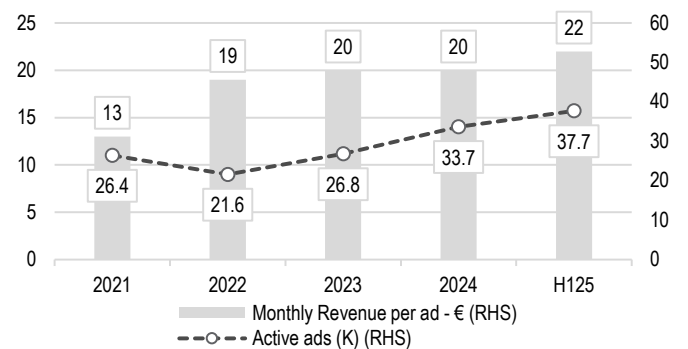
Source: Company reports.

Figure 78: BCG Automotive, Transactions and Average Auto price, 2021-24



Source: Company reports.

Figure 80: Auto, C2C KPI, 2021-H125



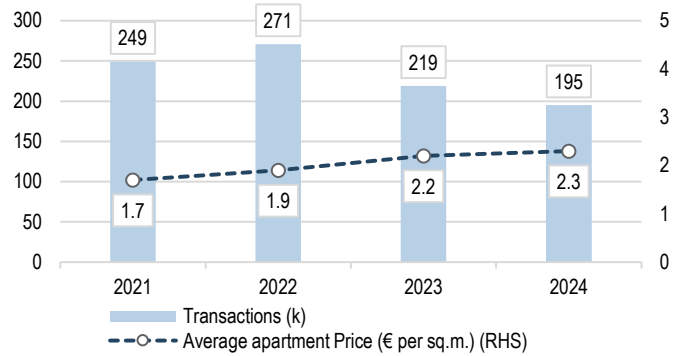
Source: Company reports.

Real Estate (25% of revenues)

Real Estate is the second leading vertical in BCG accounting for 25% of revenues in 2024, growing at a 20% CAGR from 2022-2024. This segment provides platforms for buying, selling, and renting properties. It includes listings for residential, commercial, and land properties, offering users a comprehensive marketplace to find real estate opportunities in the Baltic region. BCG's brands for real estate include Aruodas.it in Lithuania, KV and City24 in Estonia, and City24.lv in Latvia. In H125, BCG's real estate sector saw 26% revenue growth, driven by a 20% increase in active ads and a 2% rise in listed ads. The sector also saw a 19% increase in ARPU and a 10% growth in monthly revenue per active ad, with revenue per listed ad rising by 29%, underscoring the sector's robust performance.

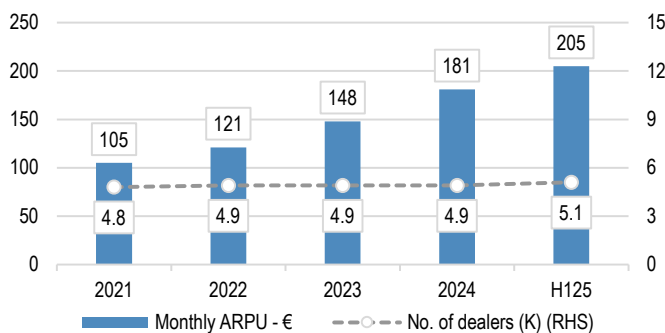
Baltic Classifieds Group operates its online classifieds portals in Baltic regions where home ownership rates are notably high, 89% in Lithuania (16% with a mortgage or loan), 82% in Estonia (27% with a mortgage or loan), and 83% in Latvia (13% with a mortgage or loan). Secondary market transactions dominate the region's real estate activities. During FY24, the Baltic real estate market was impacted by rising interest rates, geopolitical tensions, and an economic slowdown, leading to a 11% decrease in transactions (totaling 195k including 90k residential and 105k non-residential and land transactions). Despite reduced market activity, real estate transactions prices remained resilient, with a 3% increase in the average price per square meter of apartments in the Baltic capitals in 2024, supported by developers' strong financial positions and high construction costs. Consequently, decreased demand and elevated prices have resulted in longer selling times and increased inventory on the portals, providing visitors with a broader selection of properties.

Figure 81: Real estate, Transactions and Average apartment price, 2021-24



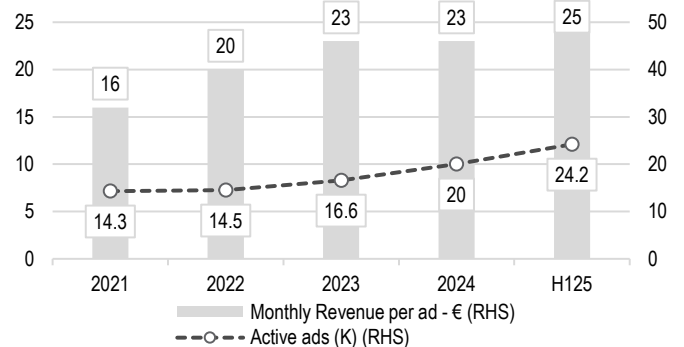
Source: Company reports.

Figure 82: Real estate, B2C KPI, 2021-H125



Source: Company reports.

Figure 83: Real estate, C2C KPI, 2021-H125



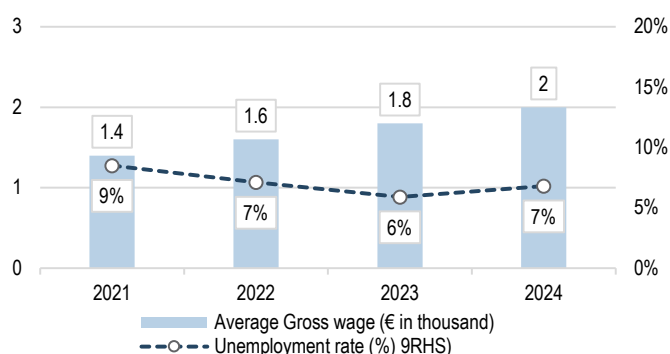
Source: Company reports.

Jobs & Services (19% of revenues)

Accounting for 19% of 2024 revenues, the Jobs & Services vertical has been growing at a 19% CAGR from 2022-2024. This segment provides a platform for job seekers and employers to connect. It includes listings for various job opportunities across different industries, helping individuals find employment and companies recruit talent. BCG has a specialized online classifieds portal for jobs in Lithuania - CVbankas and has multiple portals for services such as Paslaugos, GetaPro.lv and GetaPro.ee operating in Lithuania, Latvia and Estonia respectively. In H125, the Jobs & Services sector of BCG reported 17% revenue growth, supported by a 2% increase in the number of job companies and a 9% rise in active service ads. The sector achieved a 12% increase in ARPU and a 19% growth in monthly revenue per active ad.

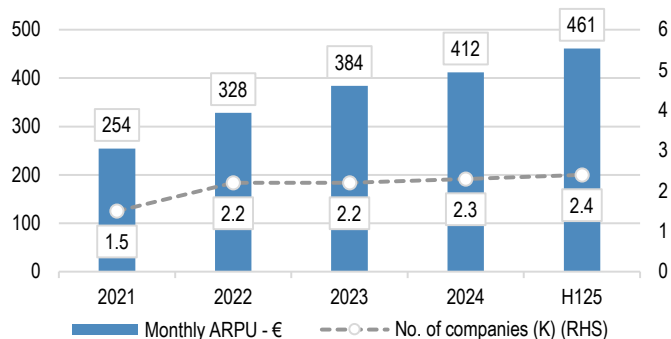
BCG operates an online jobs board in Lithuania, where employer activity has stabilized over FY24 with job posting numbers remaining consistent despite geopolitical tensions and economic challenges. The number of job advertisements remains significantly higher than pre-2022 levels, reflecting a strong demand for workers in Lithuania's job market. The tight labor market has fueled substantial wage growth, with a 10% CAGR over the past nine years and a 12% increase in average gross wages in 2023, supporting increased investment in employee recruitment. Although the unemployment rate only rose from 5.9% to 6.8% in 2023, the absolute number of employed persons reached its highest level since 2007. Jobseeker activity has rebounded from post-pandemic stagnation, with a 19% increase in applications on CVbankas.lt, bolstered by an influx of foreign workers. Additionally, the Group's services portals in Lithuania, Latvia, and Estonia have experienced significant growth, with a 32% increase in active advertisements since 2023, driven by increased portal traffic, the acquisition of GetaPro in Latvia and Estonia, and macroeconomic conditions encouraging more service providers to advertise.

Figure 84: Jobs & Services, Average Gross wage and unemployment rate, 2021-24



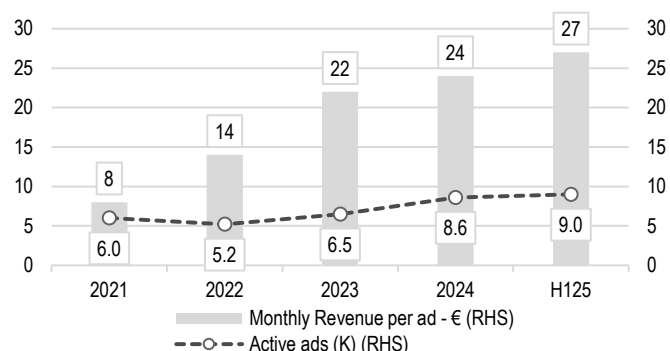
Source: Company reports.

Figure 85: Jobs & Services, B2C KPI, 2021-H125



Source: Company reports.

Figure 86: Jobs & Services, C2C KPI, 2021-H125



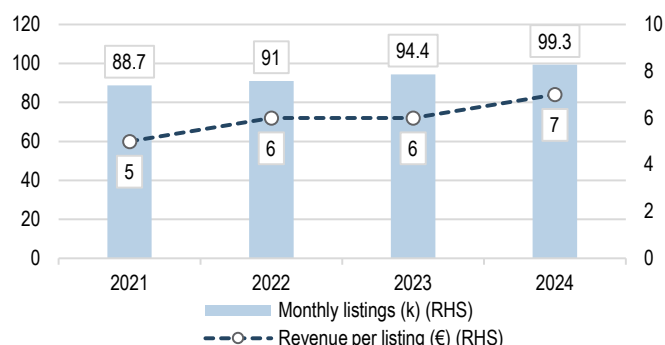
Source: Company reports.

Generalist (18% of revenues)

The Generalist segment covers a wide range of products, from electronics and furniture to clothing and household items and also includes online auctions and price comparison websites. It serves as a marketplace for individuals and businesses to buy and sell goods, facilitating transactions in the Baltic region. This segment accounts for 18% of Group Revenues, growing at a 19% CAGR from 2022-2024. More recently, in H125, Generalist segment achieved a 4% revenue growth, driven by yield improvements and value-based pricing strategies. The segment reported a 12% increase in revenue per listed ad, despite a 6% decline in the number of listed ads, reflecting its ability to enhance monetization and maintain competitive market positioning.

Baltic Classifieds Group operates generalist portals in Lithuania and Estonia, where the COVID-19 pandemic restrictions in 2020 and 2021 significantly accelerated e-commerce growth, leading to an increase in online shopping and a rise in the number of buyers, sellers, and transactions. The e-commerce markets in these countries experienced substantial growth, with a combined CAGR of approximately 20% from 2017-2019, 37% from 2019-2021, and 15% from 2021-2023. Although this growth moderated in 2022 and 2023 compared to the peak pandemic years, it remained robust, continuing to support the Group's generalist platforms and ancillary products, such as delivery services.

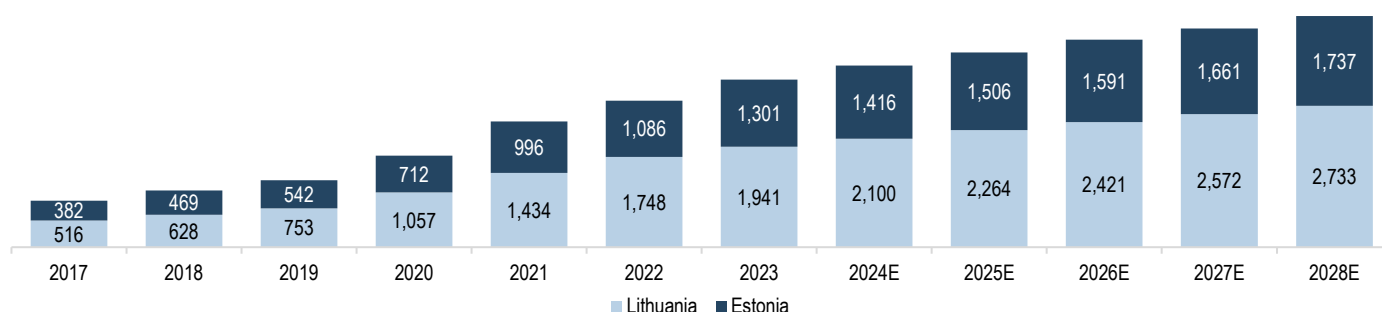
Figure 87: Generalist, CSC, Listings and revenue per listing, 2021-24



Source: Company reports.

Figure 88: E-commerce market growth in Lithuania and Estonia, 2017-2028E

€ in billion



Source: Company reports, Euromonitor data.

Operational review

BCG has implemented several product improvements across its verticals to enhance user experience and maintain its competitive edge:

- Auto:** BCG has introduced strategic pricing and packaging changes, resulting in a 17% rise in ARPU and increased revenue per listed ad by 18%. Looking at the product enhancements in 2024, BCG has expanded car history check service to the Lithuanian market and relaunched in Estonia, featuring a new user interface and integration with Auto24.ee. Additionally, new data products and a rating system for top-tier car dealers have been introduced on Autoplus.lt to enhance competitive analysis and customer feedback.

- **Real Estate:** The Real Estate vertical has seen a 19% increase in ARPU and 10% growth in monthly revenue per active ad, with revenue per listed ad rising by 29%. BCG has expanded its real estate services by acquiring Untu.lt, while Aruodas.lt and KV.ee have launched a prominence package to boost listing visibility. In Estonia, a new rental product facilitates contract signing with benefits such as tenant background checks and insurance, generating recurring revenue for the platform.
- **Jobs & Services:** BCG has achieved a 12% increase in ARPU and 19% growth in monthly revenue per active ad in the Jobs & Services sector. CVbankas.lt has introduced tools for employers to efficiently filter and access candidates, and partnered with Unicorns Lithuania to support startups, while Paslaugos.lt now facilitates service agreement signing on its platform and GetaPro enhances content quality by encouraging detailed profiles and feedback collection for improved listing positions.
- **Generalist:** The Generalist segment has reported a 12% increase in ARPU and 19% growth in monthly revenue per active ad. In this segment, Osta.ee has launched a "buy now, pay later" feature and a parcel self-service platform for cross-marketplace deliveries, while Kainos.lt improved content quality with 25,000 new item specifications. Backend advancements in 2024 included hardware upgrades, enhanced disaster recovery plans, and new payment methods to optimize costs and meet customer needs.

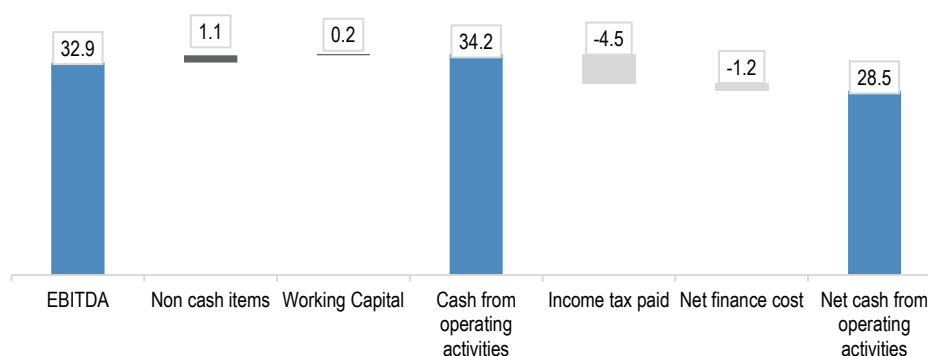
These product improvements across BCG's verticals have contributed to enhanced user engagement, increased revenue, and strengthened market position.

A healthy balance sheet with room for further shareholder distribution

Cash generation is strong with >90% cash conversion

BCG is highly cash generative and has continuously demonstrated strong cash conversion capabilities, maintaining a cash conversion rate (EBITDA after deducting acquisition of intangible assets and property, plant and equipment as a percentage of total EBITDA) greater than 90% since 2021. This financial strength supports the company's strategic initiatives, including debt reduction, share buybacks, and dividend distributions, while providing a solid foundation for future growth.

Figure 89: Net cash inflow from operating activities, H125



Source: Company reports.

The share buyback program and dividends provide downside protection

BCG initiated its share buyback program in October 2022 to purchase up to 50,039,240 shares. In 2024, the Company repurchased stock worth approximately €19m. More recently, by H125 (April YE) the company repurchased 4,591,748 of its own shares, worth c. €13.5m. Additionally, the company declared an interim dividend of €1.2 cents per share for 2025, marking a 20% increase from the previous year's interim dividend of €1.0 cent per share.

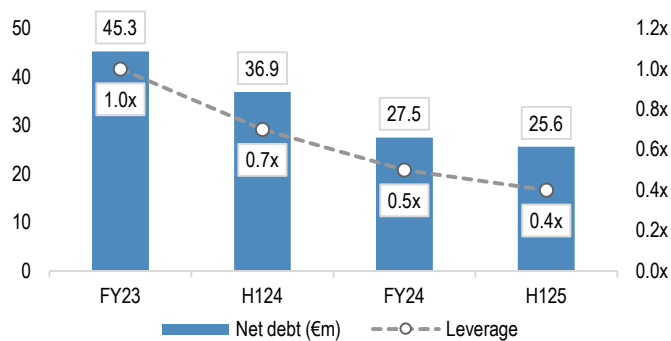
Leverage is manageable and coming down further

As of H125, BCG showed a net debt of €25.6m (€47.3m gross debt and €21.7m cash). The leverage ratio, calculated as net debt over last twelve months (LTM) EBITDA, improved from 0.5x to 4.0x, indicating a prudent approach to the company's balance sheet. The debt includes a bank loan with a principal amount of €45.0 million (due to mature in July 2026) with an effective annual interest rate of 5.61% (which includes a margin of 1.75% tied to the company's leverage ratio, as per the loan agreement). Further, the company has an undrawn revolving credit facility amounting to €10.0m, available until July 2026. Overall, BCG's capital allocation policy remains focused on returning value to shareholders while maintaining financial flexibility.

- The company intends to return one-third of adjusted net income annually through interim and final dividends, with the interim dividend for 2025 set at 1.2 € cents per share (4% yield).

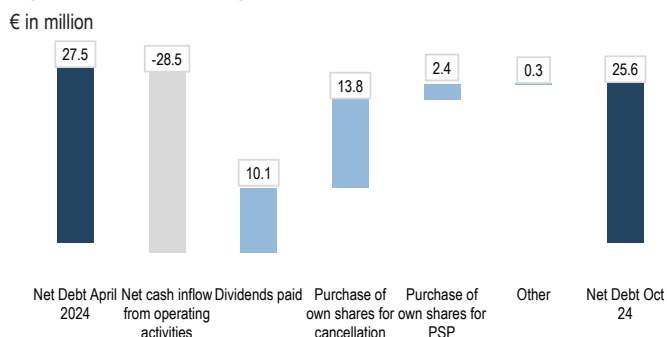
- BCG continues to assess value-creating M&A opportunities, with financing options including cash, debt, and equity.
- The company’s capital allocation policy also prioritizes using excess cash for share buybacks and debt repayment, ensuring a balanced approach to capital management.

Figure 90: Net Debt and Leverage (x) evolution



Source: Company reports.

Figure 91: Net Debt bridge, FY24-H125



Source: Company reports.

Operational efficiency is key – personnel costs take the majority of the cost base

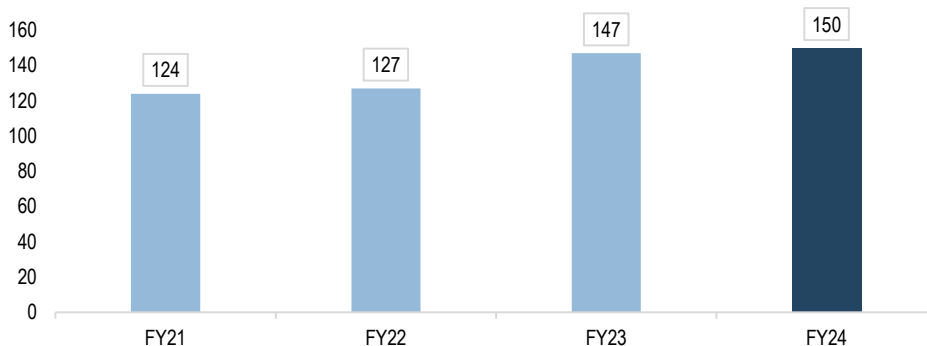
Labor and IT expenses take the lion’s share of operating costs, accounting for c.60% of the overall cost base. IT costs should see some offset going forward due to AI-driven efficiencies. In our base case, we assume 14% inflation in personnel costs in 2025 (both organic and inorganic) increasing in-line with top-line. For FY26/FY27, we assume 18%/13% growth due to increased headcount and pay inflation to a large degree partially offset by AI driven headcount efficiencies. Given BCG's operating flexibility to scale higher with minimal headcount investment, we see potential for margin expansion through headcount and IT efficiency in the coming years.

Table 27: BCG, Operating expenses, 2023-28E

EUR m	FY23	FY24	FY25E	Change	FY26E	Change	FY27E	Change	FY28E	Change
Revenues	60.8	72.1	83.6	+16.0%	98.4	+17.7%	110.9	+12.7%	122.5	+10.5%
Labour costs	-9.6	-11.3	-12.3	+8.6%	-14.5	+17.6%	-16.3	+12.5%	-17.9	+10.3%
Advertising & marketing services	-1.0	-1.0	-1.2	+16.0%	-1.4	+16.9%	-1.6	+11.9%	-1.7	+9.7%
IT expenses	-0.7	-0.8	-1.0	+16.0%	-1.1	+16.7%	-1.3	+11.7%	-1.4	+9.5%
Other expenses	-3.5	-3.6	-3.6	-1.4%	-3.7	+2.3%	-2.0	-46.6%	-2.2	+13.0%
Total operating costs	-14.8	-16.8	-18.1	+7.3%	-20.7	+14.4%	-21.1	+2.0%	-23.3	+10.5%
EBITDA	46.0	55.2	65.6	+18.7%	77.8	+18.6%	89.8	+15.5%	99.2	+10.5%
EBITDA margin	75.7%	76.6%	78.4%		79.0%		81.0%		81.0%	

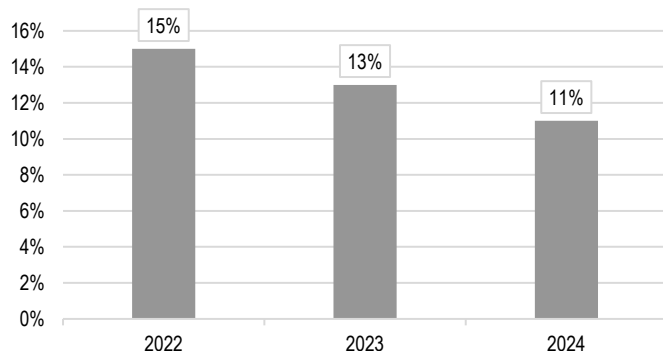
Source: J.P. Morgan estimates, Company data.

Figure 92: BCG, Number of employees, FY21-24



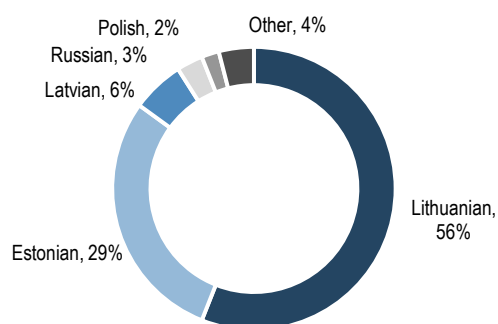
Source: Company reports, J.P. Morgan estimates.

Figure 93: BCG, Average Salary Increase



Source: Company reports.

Figure 94: BCG, Ethnic diversity, FY24



Source: Company reports.

Recent acquisitions have been small bolt-ons in nature

The Group’s acquisition strategy focuses on expanding its market presence and enhancing its service offerings through strategic acquisitions. The Group targets companies that complement its existing business lines, aiming to integrate and leverage acquired platforms to drive growth and increase market share. This approach is designed to strengthen the Group's competitive position, diversify its revenue streams, and enhance its ability to deliver value to shareholders. The group has made only one acquisition post IPO.

Table 28: BCG’s Acquisitions

Year	Acquired entity	Description
2025	Untu.lt	A Lithuanian platform offering real estate valuation tools and lead generation services for brokers.
2022	GetaPro	Online platform in Latvia and Estonia that connects customers with service providers across various categories, facilitating easy discovery and hiring of professionals.
2019	Aruodas.lt	A leading real estate platform in Lithuania, offering listings for buying, selling, and renting properties.
2019	City24.ee	A popular real estate portal in Estonia, providing a wide range of property listings for various types of real estate transactions.
2019	Kampas.lt	A Lithuanian platform focusing on real estate listings, catering to both residential and commercial property markets.
2019	Auto24	A major automotive platform in Estonia, offering listings for buying and selling vehicles, as well as parts and accessories.
2019	Skelbiu.lt	A general classifieds platform in Lithuania, covering a wide range of categories including jobs, real estate, and goods.

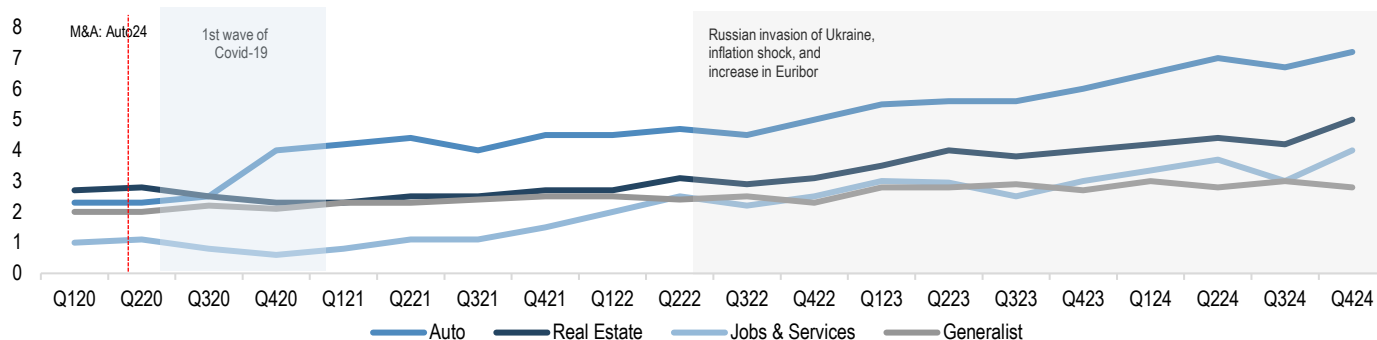
Source: Company reports.

Macro – the Baltics see resilient macro development despite geopolitical challenges in the region

BCG operates in the economically resilient Baltic region, deriving 70% of its revenue from Lithuania, 28% from Estonia, and 2% from Latvia. The Baltic states, comprising Lithuania, Estonia, and Latvia, have been integral members of NATO, the European Union, the euro area, and the OECD, with membership milestones spanning from 2004 to 2018. The region boasts a strong credit profile, evidenced by low public debt-to-GDP ratios in 2023, significantly below the euro area average. With a combined population of 5.8 million and a nominal GDP of approximately €150 billion, the Baltic economies have shown resilience and substantial growth, with Lithuania, Estonia, and Latvia respectively achieving real GDP per capita CAGRs of 4.6%, 3.1%, and 4.1% from 2000-2023, surpassing the EU average of 1.1%. Despite global challenges, the region maintains low unemployment and decreasing inflation, supported by a strong credit profile and rising wage inflation, reflecting growing prosperity. BCG has demonstrated macroeconomic resilience through its ability to adapt and thrive amidst varying economic conditions.

Figure 95: Revenue evolution (€m), Q120-Q424

96 Resilient revenue development amidst macro uncertainty



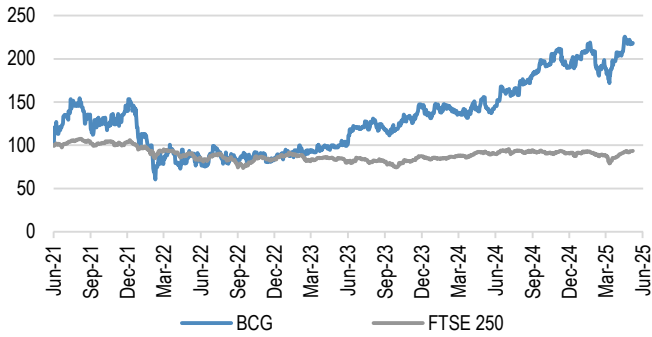
Source: Company reports and J.P. Morgan estimates.

The Baltic region has a strong credit profile with some of the lowest gross public debt to gross domestic product (GDP) ratios in Europe in 2023: 38.3% in Lithuania, 19.6% in Estonia and 39.7% in Latvia. These are significantly below the euro area average of 88.6%. The Baltics have a total population of 5.8 million (Lithuania: 2.7 million, Estonia: 1.3 million and Latvia: 1.8 million) and had a nominal aggregate GDP of approximately €150.0 billion in 2023 (Lithuania: €72.0 billion, Estonia: €37.7 billion and Latvia: €40.3 billion). On average, GDP growth in the Baltics in 2025 is expected to surpass the euro area average of 1.7% in 2025. GDP growth for 2025 is forecast to be 2.8% for Lithuania, 3.5% for Estonia and 2.7% for Latvia.

Valuation

Figure 97: BCG vs FTSE 250 Index, Share price performance, since IPO

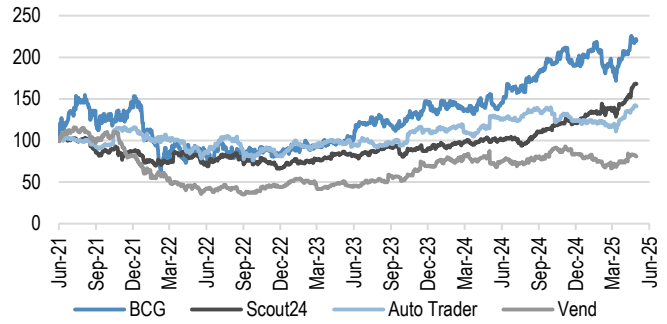
Rebased to 100



Source: Bloomberg Finance L.P.

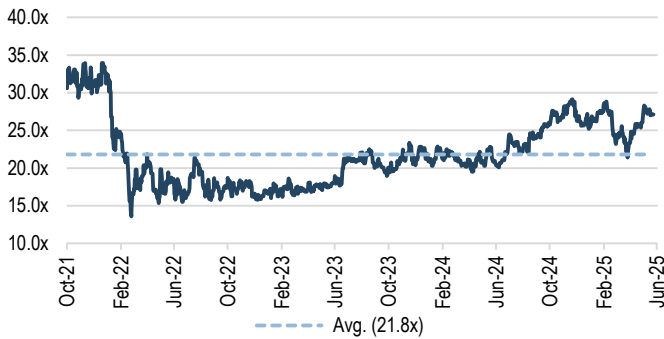
Figure 98: BCG vs online classifieds peers, Share price performance since IPO

Rebased to 100



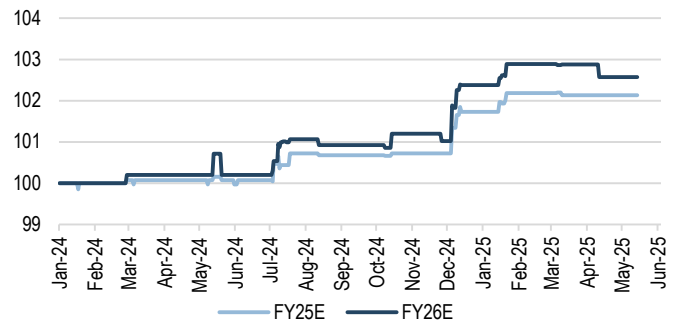
Source: Bloomberg Finance L.P.

Figure 99: BCG, 12M Fwd EV/EBITDA, 2021-25



Source: Bloomberg Finance L.P.

Figure 100: BCG, Bloomberg revenue consensus, FY25/26E



Source: Bloomberg Finance L.P.

Price Performance



	YTD	1m	3m	12m
Abs	13.3%	4.8%	12.8%	51.0%
Rel	11.1%	0.8%	8.1%	49.0%

Company Data

Shares O/S (mn)	490
52-week range (p)	398-223
Market cap (\$ mn)	2,370.85
Exchange rate	73.78
Free float (%)	94.3%
3M ADV (mn)	1.01
3M ADV (\$ mn)	4.6
Volatility (90 Day)	30
Index	FTSE 250
BBG ANR (Buy Hold Sell)	5 4 0

Key Metrics (FYE Apr)

€ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	72	84	98	111
Adj. EBIT	55	64	76	88
Adj. EBITDA	55	66	78	90
Adj. net income	45	54	64	75
Adj. EPS	0.09	0.11	0.13	0.16
BBG EPS	0.09	0.11	0.13	0.16
Cashflow from operations	51	58	70	80
FCFF	54	59	70	80
Margins and Growth				
Revenue Growth Y/Y (%)	18.6%	16.0%	17.7%	12.7%
EBIT margin	53.2%	56.9%	57.5%	59.5%
EBIT Growth Y/Y (%)	20.6%	17.9%	18.6%	15.6%
EBITDA margin	76.6%	78.4%	79.0%	81.0%
EBITDA Growth Y/Y (%)	20.0%	18.7%	18.6%	15.5%
Net margin	62.4%	64.2%	65.4%	67.7%
Adj. EPS growth	19.8%	20.3%	20.9%	17.4%
Ratios				
Adj. tax rate	6.8%	10.3%	10.4%	10.5%
Interest cover	16.2	24.9	34.3	48.5
Net debt/Equity	0.1	0.0	NM	NM
Net debt/EBITDA	0.5	0.1	NM	NM
ROE	13.5%	15.9%	18.7%	21.1%
Valuation				
FCFF yield	2.6%	2.8%	3.4%	3.9%
Dividend yield	0.7%	1.0%	1.2%	1.4%
EV/Revenue	2,447.4	2,109.7	1,792.0	1,589.9
EV/EBITDA	3,193.3	2,691.0	2,268.4	1,962.9
Adj. P/E	46.3	38.4	31.8	27.1

Summary Investment Thesis and Valuation

Investment Thesis

Baltic Classifieds Group is the largest (and dominant) Online Classifieds player in the Baltic region, with operations in Estonia, Latvia and Lithuania. The company is active (and mostly market leading) in all key Classifieds verticals such as real estate, cars, jobs, and general goods, facilitating transactions between individuals and businesses. We argue for high visibility of BCG's earnings growth given improved monetization of its Classifieds portfolio, with still ample room in particular to drive ARPU and customer numbers from here and anticipate a +14%/15% Revenue/EBITDA CAGR for the period 2025-2028. Our estimates are 1%/3% above current company consensus estimates for 2025E/2026E. While the multiple is high on 24.2x 2026E EV/EBITDA, we see a premium to peers as justified given higher growth potential in the long term and M&A upside risk. We initiate with an OW rating and an SOTP-derived Price Target of 432p.

Valuation

We set an SOTP-derived December 2026 Price Target of 432p

Investment Thesis, Valuation and Risks

Baltic Classifieds Group *(Overweight; Price Target: 432p)*

Investment Thesis

Baltic Classifieds Group is the largest (and dominant) Online Classifieds player in the Baltic region, with operations in Estonia, Latvia and Lithuania. The company is active (and mostly market leading) in all key Classifieds verticals such as real estate, cars, jobs, and general goods, facilitating transactions between individuals and businesses. We argue for high visibility of BCG's earnings growth given improved monetization of its Classifieds portfolio, with still ample room in particular to drive ARPU and customer numbers from here and anticipate a +14%/15% Revenue/EBITDA CAGR for the period 2025-2028. Our estimates are 1%/3% above current company consensus estimates for 2025E/2026E. While the multiple is high on 24.2x 2026E EV/EBITDA, we see a premium to peers as justified given higher growth potential in the long term and M&A upside risk. We initiate with an OW rating and an SOTP-derived Price Target of 432p.

Valuation

We set an SOTP-derived December 2026 Price Target of 432p.

BCG, SOTP, FY26E

	EBITDA 26E (€m)	26E EV/EBITDA	Value
Enterprise Value	78	30.0x	2,333
Net Debt (Cash)			-23
Other adjustments			0
Associates & Minorities			0
Equity Value €			2,355
Equity Value £			1,962
Shares outstanding			483
Equity Price as of Apr-26 (p)			406
Price Target Dec-26			432

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Risk to our rating and price target include: 1) Macroeconomic Sensitivity in the Baltic Region affecting demand for classified listings in automotive and real estate sectors. 2) Inflation and interest rate changes may impact behavior, with wage inflation pressuring margins. 3) BCG faces potential disruption from both global platforms (e.g., large U.S. players) and local players which could erode its growth and pricing power. 4) Technical disruptions or lack of innovation could weaken BCG's competitive edge and user retention.

Baltic Classifieds Group: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	61	72	84	98	111	Cash flow from operating activities	43	51	58	70	80
COGS	-	-	-	-	-	o/w Depreciation & amortization	17	17	18	21	24
Gross profit	-	-	-	-	-	o/w Changes in working capital	0	2	0	1	(1)
SG&A	-	-	-	-	-	Cash flow from investing activities	(2)	(0)	(2)	(2)	(2)
Adj. EBITDA	46	55	66	78	90	o/w Capital expenditure	(0)	(0)	(2)	(2)	(2)
D&A	(17)	(17)	(18)	(21)	(24)	as % of sales	0.4%	0.4%	2.0%	2.0%	2.0%
Adj. EBIT	45	55	64	76	88	Cash flow from financing activities	(34)	(53)	(55)	(59)	(14)
Net Interest	(3)	(3)	(3)	(2)	(2)	o/w Dividends paid	(11)	(13)	(15)	(20)	(24)
Adj. PBT	88	106	126	150	174	o/w Shares issued/(repurchased)	(8)	(20)	(20)	(20)	30
Tax	(3)	(3)	(5)	(6)	(7)	o/w Net debt issued/(repaid)	(14)	(20)	(20)	(20)	(20)
Minority Interest	-	-	-	-	-	Net change in cash	7	(2)	2	9	65
Adj. Net Income	38	45	54	64	75	Adj. Free cash flow to firm	45	54	59	70	80
Reported EPS	0.05	0.07	0.08	0.10	0.12	y/y Growth	45.6%	20.6%	8.7%	19.8%	13.5%
Adj. EPS	0.08	0.09	0.11	0.13	0.16						
DPS	0.03	0.03	0.04	0.05	0.06						
Payout ratio	53.5%	47.5%	50.0%	50.0%	50.0%						
Shares outstanding	496	491	487	483	480						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	27	25	27	36	100	Gross margin	-	-	-	-	-
Accounts receivable	4	4	5	6	7	EBITDA margin	75.7%	76.6%	78.4%	79.0%	81.0%
Inventories	-	-	-	-	-	EBIT margin	47.7%	53.2%	56.9%	57.5%	59.5%
Other current assets	0	0	0	0	(0)	Net profit margin	62.4%	62.4%	64.2%	65.4%	67.7%
Current assets	31	29	32	42	107	Organic Revenue growth	-	-	-	-	-
PP&E	1	1	1	1	1	Net debt/EBITDA	1.0	0.5	0.1	NM	NM
LT investments	-	-	-	-	-	Sales/Assets (x)	0.1	0.2	0.2	0.3	0.3
Other non current assets	387	370	354	335	313	Assets/Equity (x)	1.3	1.2	1.2	1.1	1.1
Total assets	418	400	386	377	421	Interest cover (x)	17.1	16.2	24.9	34.3	48.5
Short term borrowings	0	0	0	0	0	Tax rate	8.8%	6.8%	10.3%	10.4%	10.5%
Payables	6	6	7	8	8	Revenue y/y Growth	19.3%	18.6%	16.0%	17.7%	12.7%
Other short term liabilities	6	7	7	8	8	EBITDA y/y Growth	17.3%	20.0%	18.7%	18.6%	15.5%
Current liabilities	12	13	14	16	16	EPS y/y Growth	19.9%	19.8%	20.3%	20.9%	17.4%
Long-term debt	69	49	29	9	39						
Other long term liabilities	5	4	4	4	4						
Total liabilities	85	66	47	29	59						
Shareholders' equity	333	334	340	348	362	Valuation					
Minority interests	-	-	-	-	-	P/E (x)	55.4	46.3	38.4	31.8	27.1
Total liabilities & equity	418	400	387	377	421	FCFE Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net debt/(cash)	45	28	6	(23)	(57)	EV/EBITDA (x)	3,833.9	3,193.3	2,691.0	2,268.4	1,962.9
						Dividend Yield	0.6%	0.7%	1.0%	1.2%	1.4%

Source: Company reports and J.P. Morgan estimates.

Note: € in millions (except per-share data).Fiscal year ends Apr. o/w - out of which

Overweight

CAR.AX, CAR AU

Price (05 Jun 25):A\$35.94

Price Target (Jun-26):A\$39.50

Technology, Media & Telecommunications

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J.P. Morgan Securities Australia Limited

Half Yearly Forecasts (FYE Jun)

Adj. EBITDA (A\$ mn)	2024A	2025E	2026E
H1	277	302A	357
H2	303	343	397
FY	580	645	754

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	51	67	76	84	76
Growth	26	17	42	42	9
Momentum	84	26	9	42	9
Quality	42	26	26	9	9
Low Vol	26	17	9	17	42
ESGQ	12	78	23	1	1

CAR Group

Concerns overdone and time to back the RV up?

CAR has de-rated post 1H25 results, driven predominantly by a miss to H1 expectations and a tempering of H2 sales guidance in North America. While we do not dismiss the near-term concerns, we believe the focus should remain on current volume trends across TI's verticals. The H1 results caused concern around the quality and shape of H2, given a softer consumer sentiment, tariff, and volume outlook, raising risk in the ability to pull on yield levers with a delay to price increases. In our view, delays are prudent given industry conditions, and we see the business as well positioned for any volume recovery.

Maintained guidance despite softer US commentary

On a group basis CAR has retained FY25 guidance for 'good' growth across revenue, EBITDA and NPAT. However, there has been a decrease to Trader Interactive revenue expectations. Solid growth (versus good previously) reflects a delay to price increases which are now expected to be passed through later in 2H25. The more challenging market conditions have likely played a part in this decision; and should market strength return we expect a return to 'good' growth.

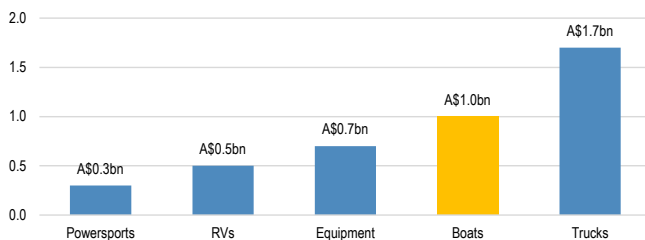
Marine to become material in FY27

CAR flagged Marine will become material in FY27; dealers are being transitioned to a cost-per-lead model and we have quantified the potential upside opportunity (note [here](#)). Boat-Mart conservatively represents ~A\$45m of annual revenue upside with a longer-dated scenario to achieve well over ~A\$100m. However, given the weaker industry backdrop currently, other growth levers are required: C2C payments will ease friction in the private AUS markets as penetration upside was flagged as remaining across other, more established international verticals.

Earnings and valuation

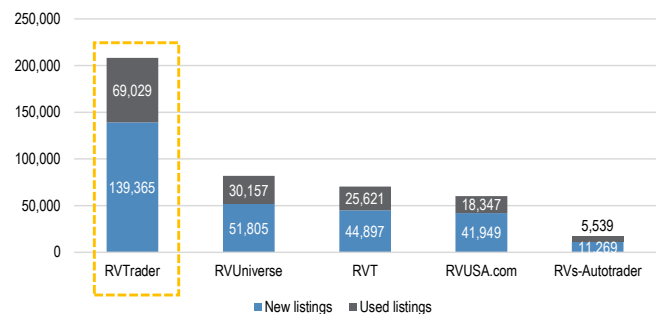
We remain in line with FY25 guidance on a constant currency basis. Following the fall in the share price, headline valuation now appears less stretched (albeit it is still high in absolute terms). In addition, once adjusted for growth, multiples look more reasonable versus the Australian classified peer group. However, forward-looking commentary in the US does point to much greater uncertainty than we have seen in the past; hence, risk has increased.

Figure 101: Trader Interactive - Total addressable markets (A\$m)



Source: Company reports.

Figure 102: RV classifieds | New and used listings | Feb-25

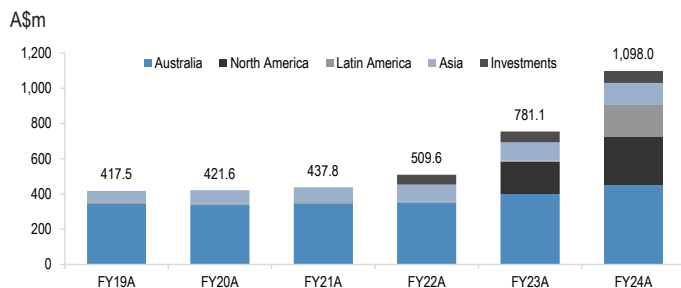


Source: Company websites.

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

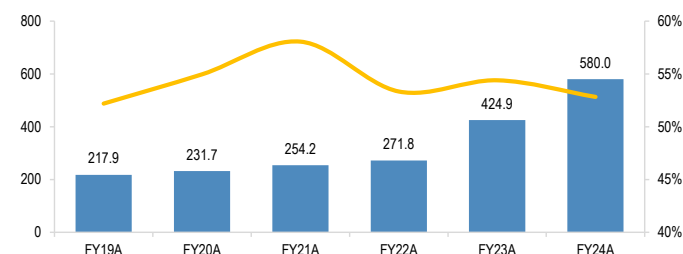
Car Group: Company Snapshot

Figure 103: CAR Revenue breakdown



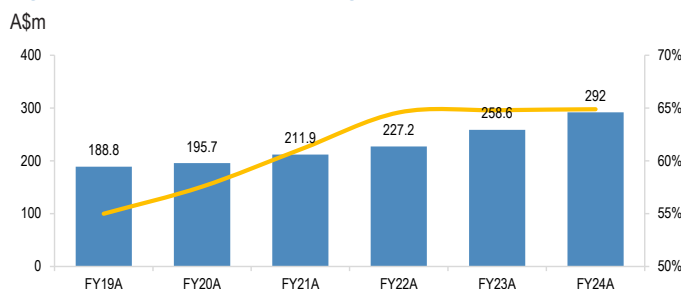
Source: Company data.

Figure 104: CAR Group EBITDA & Margin



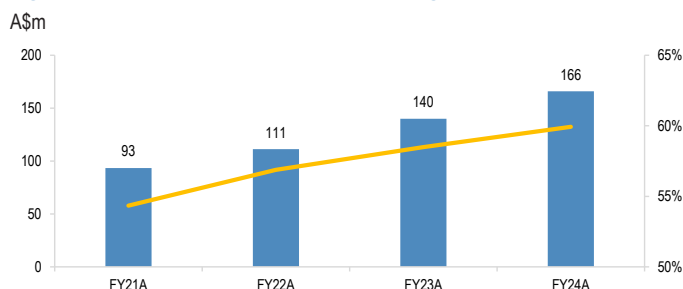
Source: Company data.

Figure 105: Australia EBITDA & Margin



Source: Company data.

Figure 106: Trader Interactive EBITDA & Margin



Source: Company data. AUD 100% basis.

Dominant player in Australia, growing overseas markets: Carsales is the dominant car listings marketplace in Australia, predominantly dealing in dealer and private vehicle sales. CAR has also expanded into overseas markets, including the US (Trader Interactive, 2021), Brazil (Webmotors, 2013), South Korea (Encar, 2017), and Chile (Chileautos, 2016).

Commercial Model: CAR's composition of revenues is Australia (~40%), North America (~30%), LATAM (~20%), and Asia (~10%). Across all markets, CAR derives revenue from vehicle listings, such that key revenue drivers include 1) job listings, and 2) yield per listing.

Strategy: We expect CAR's growth will be driven by expansion in overseas markets, with a focus on the US (via. Trade Interactive) including penetration in under-served (non-autos, RV) and un-tapped (Boatmart) verticals. While these are a slight divergence from CAR's core used car marketplace, these represent attractive growth opportunities in underserved markets that present 1) earnings growth, and 2) diversification benefits.

Potential for further growth from: Penetration in overseas markets, with a particular focus on US expansion into new verticals.

Price Performance



	YTD	1m	3m	12m
Abs	-0.2%	6.8%	-2.1%	0.6%
Rel	-4.7%	2.4%	-6.9%	-9.2%

Company Data

Shares O/S (mn)	377
52-week range (A\$)	42.71-28.30
Market cap (\$ mn)	8,792.24
Exchange rate	1.54
Free float (%)	94.9%
3M ADV (mn)	1.33
3M ADV (\$ mn)	29.2
Volatility (90 Day)	28
Index	ASX 100
BBG ANR (Buy Hold Sell)	9 6 1

Key Metrics (FYE Jun)

A\$ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	1,098	1,153	1,321	1,525
Adj. EBIT	509	558	660	789
Adj. EBITDA	580	645	754	887
Adj. net income	343	384	460	543
Adj. EPS	0.91	1.01	1.22	1.44
BBG EPS	0.89	0.99	1.10	1.25
Cashflow from operations	459	526	655	730
FCFF	387	431	548	619
Margins and Growth				
Revenue Growth Y/Y (%)	40.6%	5.0%	14.5%	15.5%
EBIT margin	46.4%	48.3%	50.0%	51.7%
EBIT Growth Y/Y (%)	36.0%	9.5%	18.4%	19.6%
EBITDA margin	52.8%	55.9%	57.1%	58.2%
EBITDA Growth Y/Y (%)	36.5%	11.2%	16.8%	17.7%
Net margin	31.2%	33.3%	34.8%	35.6%
Adj. EPS growth	16.3%	11.7%	19.8%	18.1%
Ratios				
Adj. tax rate	18.5%	18.1%	20.1%	23.1%
Interest cover	8.1	9.2	11.9	16.5
Net debt/Equity	0.3	0.3	0.2	0.2
Net debt/EBITDA	1.7	1.5	1.1	0.8
ROE	11.5%	12.7%	14.4%	16.3%
Valuation				
FCFF yield	3.7%	4.2%	5.1%	5.6%
Dividend yield	2.0%	2.3%	2.7%	3.2%
EV/Revenue	14.1	13.4	11.6	9.9
EV/EBITDA	26.6	23.9	20.3	17.1
Adj. P/E	39.6	35.4	29.6	25.0

Summary Investment Thesis and Valuation

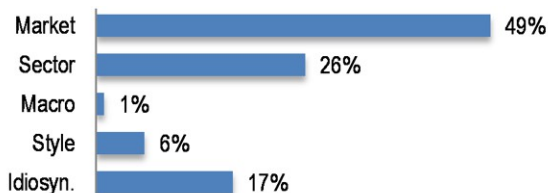
Investment Thesis

Similar to its domestic online classifieds peers, Carsales leveraged a first-mover advantage in the Australian online automobile classifieds business into an almost unassailable network effect and finds itself at the top of the leaderboard. Despite its mature business in Australia, the derivation of its primary revenue from used car sales means that its business model is resilient in economic downturns. Overweight.

Valuation

We value the company on a discounted cash flow basis that assumes a 7.9% WACC and a 3.0% perpetual growth rate. We derive our WACC estimate based on the Capital Asset Pricing Model (CAPM), which assumes a 10-year risk-free ACGB rate of 4.0%, equity risk premium of 5.0%, beta of 1.10, and tax rate of 30%.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Australia	0.69	0.70
Sect: Telecom Services	0.73	0.71
Macro:		
JPM EM Currency Index	-0.12	-0.16
Economic Surprise	-0.05	0.13
Australia Breakeven 10Yr	-0.18	-0.12
Quant Styles:		
Growth	0.40	0.36
DivYld	-0.20	-0.28
Quality	0.33	0.24

Investment Thesis, Valuation and Risks

CAR Group *(Overweight; Price Target: A\$39.50)*

Investment Thesis

Similar to its domestic online classifieds peers, Carsales leveraged a first-mover advantage in the Australian online automobile classifieds business into an almost unassailable network effect and finds itself at the top of the leaderboard. Despite its mature business in Australia, the derivation of its primary revenue from used car sales means that its business model is resilient in economic downturns. Overweight.

Valuation

We value the company on a discounted cash flow basis that assumes a 7.9% WACC and a 3.0% perpetual growth rate. We derive our WACC estimate based on the Capital Asset Pricing Model (CAPM), which assumes a 10-year risk-free ACGB rate of 4.0%, equity risk premium of 5.0%, beta of 1.10, and tax rate of 30%.

CAR - DCF Valuation	A\$m	A\$/share
Enterprise Value	13,601	36.08
Net Debt (Cash)	1,027	2.72
Equity Value	12,574	33.35
Time value / DPS adjustment / rounding		6.15
Price Target (Jun-26)		39.50

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Upside risks to our rating and price target include:

- Better than high-single-digit price increases on leads and margin expansion, especially as auto sales improve.
- Ancillary automotive-related services and products help boost top-line growth.
- International investments grow faster than expected.

Downside risks include:

- Increasing competition from Gumtree with a per-listing fee structure.
- Limited pricing power due to increasing competition puts a lid on growth.
- International investments do not deliver meaningful growth to the group.

CAR Group

A\$ in millions, year end Jun

Profit And Loss						Valuation Summary					A\$m	A\$ps
	FY23	FY24	FY25E	FY26E	FY27E							
Revenue	781	1,098	1,153	1,321	1,525	Current mkt capitalisation					13,542.69	35.94
Revenue growth	53.3%	40.6%	5.0%	14.5%	15.5%	Price Target						39.50
COGS	(356)	(518)	(508)	(567)	(638)	Capital growth to price target						9.9%
Operating Expenses	-	0	-	-	-							
EBITDA	425	580	645	754	887							
EBITDA growth	56.3%	36.5%	11.2%	16.8%	17.7%	Trading Multiples	FY23	FY24	FY25E	FY26E	FY27E	
EBITDA margin	54.4%	52.8%	55.9%	57.1%	58.2%	PE Pre-abnormals	46.0	39.6	35.4	29.6	25.0	
Amortisation						PE Reported	46.0	39.6	35.4	29.6	25.0	
Depreciation	(51)	(71)	(88)	(94)	(98)	EV/EBITDA	36.3	26.6	23.9	20.3	17.1	
EBIT	374	509	558	660	789	EV/EBIT	41.2	30.3	27.7	23.2	19.2	
Other Income	0	0	0	0	0							
Other Expenses	0	0	0	0	0	Key Ratios	FY23	FY24	FY25E	FY26E	FY27E	
Net Interest	(49)	(72)	(70)	(63)	(54)	Dividend Yield	1.7%	2.0%	2.3%	2.7%	3.2%	
Pre-Tax Profit	343	437	487	597	735	Franking	50.0%	50.0%	50.0%	50.0%	50.0%	
Tax	(62)	(81)	(88)	(120)	(170)	Return on Assets (%)	8.5%	7.3%	8.1%	9.5%	11.1%	
Tax Rate	18.0%	18.5%	18.1%	20.1%	23.1%	Return on Equity (%)	13.6%	11.5%	12.7%	14.4%	16.3%	
Minorities	(3)	(13)	(16)	(17)	(23)	ROIC (%)	-	-	-	-	-	
Abnormals (post tax)	0	0	0	0	0							
Reported NPAT	278	343	384	460	543	Leverage	FY23	FY24	FY25E	FY26E	FY27E	
						Gearing (Net Debt / Equity)	0.3	0.3	0.3	0.2	0.2	
Normalised NPAT	278	343	384	460	543	Gearing (ND / (ND + E))	23.8%	25.2%	23.7%	20.0%	16.1%	
Growth	42.7%	23.3%	11.8%	19.8%	18.1%	Net Debt / EBITDA	2.3	1.7	1.5	1.1	0.8	
End of Period Shares	356	377	377	377	377	EBIT Interest Cover (x)	7.7	7.1	8.0	10.4	14.7	
EFPOWA	356	378	378	378	378	Balance Sheet	FY23	FY24	FY25E	FY26E	FY27E	
						Cash	199	308	235	235	235	
Reported EPS	0.78	0.91	1.02	1.22	1.44	Receivables	137	165	173	172	183	
Normalised EPS	0.78	0.91	1.01	1.22	1.44	Investments	-	-	-	-	-	
Growth	13.4%	16.3%	11.7%	19.8%	18.1%	Inventories	2	3	0	0	0	
DPS	0.61	0.73	0.82	0.97	1.15	Other Current Assets	0	2	27	27	27	
Growth	22.0%	19.7%	12.3%	18.3%	18.0%	Total Current Assets	338	479	435	433	445	
DPS/EPS payout	78.1%	80.4%	80.8%	79.8%	79.8%	Net PPE	21	22	14	13	14	
						Total Intangibles	4,181	4,032	4,265	4,272	4,286	
						Other Non Current Assets	145	136	142	142	142	
						Total Non Current Assets	4,347	4,190	4,421	4,426	4,442	
						Total Assets	4,685	4,669	4,856	4,860	4,887	
						Creditors	91	141	133	152	175	
						Current Borrowings	26	36	36	36	36	
						Current Tax Provisions	13	7	6	6	6	
						Other Current Provisions	29	31	28	28	28	
						Other Current Liabilities	26	29	27	27	27	
						Total Current Liabilities	185	243	230	249	273	
						Non Current Creditors	0	3	4	4	4	
						Non Current Borrowings	1,205	1,292	1,218	1,061	898	
						Deferred Tax Liabilities	155	135	140	140	140	
						Other Non Current Provisions	6	7	7	7	7	
						Other Non Current Liabilities	9	53	56	56	56	
						Total Non Current Liabilities	1,375	1,489	1,424	1,267	1,105	
						Total Liabilities	1,560	1,732	1,654	1,516	1,378	
						Equity	2,452	2,464	2,471	2,471	2,471	
						Other Equity	0	0	0	0	0	
						Reserves	(84)	(271)	(67)	(67)	(67)	
						Retained Profits	701	692	731	856	1,000	
						Outside Equity Interests	56	52	66	83	105	
Net Cash Flow	81	110	(73)	0	(0)	Total Shareholders Equity	3,125	2,936	3,202	3,343	3,509	
						Net Debt	1,033	1,019	1,019	862	699	

Source: Company reports and J.P. Morgan estimates.

Note: A\$ in millions (except per-share data). Fiscal year ends Jun. o/w - out of which

Overweight

CSGP, CSGP US

Price (05 Jun 25):\$78.20

Price Target (Dec-25):\$87.00

Software Mid & Small Cap

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J.P. Morgan Securities LLC

Quarterly Forecasts (FYE Dec)

Adj. EPS (\$)	2024A	2025E	2026E
Q1	0.10	0.08A	0.24
Q2	0.15	0.11	0.30
Q3	0.22	0.18	0.38
Q4	0.28	0.27	0.43
FY	0.75	0.64	1.35

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	90	92	97	90	94
Growth	92	91	86	55	30
Momentum	65	79	69	88	9
Quality	44	39	28	17	6
Low Vol	66	61	56	78	16
ESGQ	27	16	9	85	95

CoStar Group

M&A-heavy year expands global footprint and tech capabilities

MTTR acquisition. While many investors questioned the likelihood of CoStar being able to obtain regulatory approval for the acquisition of Matterport (digital twin platform), the transaction was completed at the end of February 2025 and is set to add ~5pp of growth to topline revenue this year. As a reminder, the deal was initially announced on April 22, 2024 and envisaged CSGP paying ~\$1.6B (50% cash and 50% CoStar stock). Integration of Matterport capabilities as well as a library of spatial property data (includes over 14M spaces captured in 177 countries, representing more than 50B sq. ft. of digital property) will allow development and deployment of advanced AI and Digital Twin technology across all of CoStar Group’s product lines. Matterport’s best-in-class 3D virtual tour solution is already included in Homes.com membership and is likely to drive further adoption of the subscription. We are convinced that Matterport may be a huge differentiator in international real-estate markets (both CRE and residential) – and could be especially relevant for CSGP’s expansion plans on the Australian and UK markets.

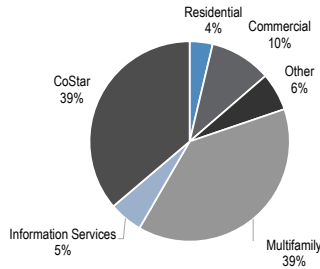
Domain acquisition. CoStar Group entered into an all-cash [Scheme Implementation Deed](#) to acquire Domain Holdings in Australia. The implied enterprise value has been set at ~USD\$1.9B (~13% above the original offer – see our initial note with details [here](#)). The proposed deal is expected to be completed in 3Q25. Unlike many prior acquisitions made by CoStar Group in the classifieds space, Domain already has a profitability profile that is similar to CSGP’s non-resi (“commercial”) operation. The implied valuation of almost 8x 2025E EV/sales is below CSGP’s current multiple of almost 9x EV/Sales. Recent comments by CSGP appear to suggest that additional investments in Domain’s product strengthening are imminent, while current advertising best practices of Domain are likely to be adopted both in the US as well as in the UK.

Homes.com salesforce ramping. CSGP has seen greater efficacy among Homes.com-specific salespeople versus using salespeople from other divisions of its organization (which was the company’s initial strategy). This means customers now better understand the value proposition, with Homes.com having crossed 30-40 Net Promoter Score. The CEO specifically highlighted that cancellations are coming down steeply and that the company is seeing robust growth in bookings in 1Q25. Homes.com real-estate agents who are members win 60% more listings than non-member peers. Homes.com is at 36% unaided brand awareness in the US, and the space between Homes.com and Zillow is narrowing. While Homes.com has still not reached the near-term target of ~500 dedicated salespeople, management is happy with the progress and hopes to reach the target in 2H25.

Apartments.com dominates. Apartments.com remains multiple times larger than Zillow’s rental business. The company continues to cite a significantly higher lead-to-lease conversion, when compared with Zillow, driven by Apartments.com’s Search Engine Optimization (SEO), Search Engine Marketing (SEM), and strong brand awareness. CSGP’s CEO continues to believe that even following the acquisition of certain Redfin assets by Zillow, the latter is unlikely to be able to take share from Apartments.com (he is convinced Zillow’s lead-to-lease ratio will continue to decline within the rentals segment). CFO’s confidence in forecast reacceleration of Apartments.com revenue in 2H25E is supported by strengthening of the dedicated sales force, the kickoff of a new round of marketing, and events like the National Apartment Association conference that may spur additional signups.

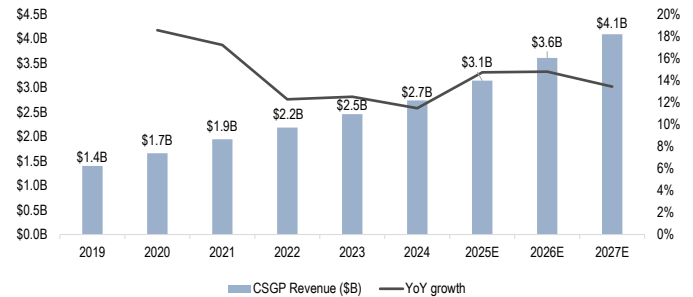
CoStar: Company Snapshot

Figure 107: Revenue Breakdown by Segment



Source: J.P. Morgan.

Figure 108: Revenue Outlook



Source: J.P. Morgan estimates.

Figure 109: CoStar Historical M&A

Date	Target	Purchase Price (\$M)	Rationale/Description
May-25	Dorman	\$1,555	Acquisition property listings platform to grow global footprint
Feb-25	Ag Analytics	n.m.	Augment Land.com services and capabilities
Oct-24	Visual Lease	\$272.5M	Lease administration and accounting platform to become part of Real Estate Manager platform, expanding solutions for customers
Apr-24	Matterport	\$1.6B	3D digital twin technology and AI-driven property intelligence to differentiate virtual touring
Oct-23	OnTheMarket	\$123M	Expanded market coverage into the UK
Oct-21	Correia	\$41M	Acquired the owner of BureauL'Occaux (CRE digital marketplace in France)
May-21	Homes.com	\$150M	Online platform for workflow management, marketing for agents/brokers and property listings for homebuyers (all in residential)
Dec-20	Homesnap	\$250M	Acquired an online mobile software platform for residential real estate agents and brokers
Oct-20	Emporis GmbH	n.m.	Acquired a Germany based provider of international commercial real estate data and images
Jan-20	TenX	\$188M	Acquired the operator an online auction platform for commercial real estate
Oct-19	STR	\$435M	Acquired STR, a global provider of benchmarking and analytics for the hospitality industry
Jun-19	Off Campus Partners, LLC	\$16M	Acquired the provider of student housing marketplace content and technology to U.S. universities
Oct-18	Cozy	\$65M	Acquired provider of online rental solutions for landlords and tenants (listings, rent estimates, applications, tenant screening, payments, etc.)
Oct-18	Realest Ltd	\$15M	Acquired UK based operator of commercial property listings and data management (including free-to-list search engine)
Feb-18	ForRent	\$38M	Acquired a division of Dominion Enterprises (digital ads via ForRent.com, AFTERGIS.com, CorporateHousing.com, ForRentUniversity.com)
Feb-17	Screening Prox, LLC	\$3M	Bought online apartment leasing platform (tenant screening services, rental applications and payments processing and lease renewals)
May-17	LandWatch	\$11M	Added LandWatch.com to network of land-dedicated sites through our acquisition
Jan-17	Westside Rentals, LLC (West Le, Inc)	\$14M	Acquired an online marketplace with focus on Southern California rentals
May-16	Thomas Daily GmbH	\$10M	Acquired a commercial real estate news and information provider operating in Freiburg, Germany
Jul-15	Belbe Corporate	\$3M	Acquired a small commercial real estate information provider operating in Madrid, Spain
Apr-14	Apartments.com	\$58M	Acquired online apartment rental listings service
Apr-12	LoopNet	\$65M	Acquired online marketplace of commercial properties
Oct-11	Visual Premise	\$17M	Acquired provider of lease administration and abstraction SaaS solutions
Oct-9	Resolve Technology	\$5M	Acquired provider of business intelligence and portfolio management software
Jul-9	Property and Portfolio Research (PPR)	\$2M	Acquired provider of commercial real estate analytics
Apr-8	FirstMLS	\$3M	Expanded market coverage within Florida
Feb-7	Property Investment Exchange Limited	\$2M	Acquired operator of online investment property exchange in the UK
Dec-6	Greenc S.A.S.	\$2M	Expanded market coverage into France
Jan-5	National Research Bureau	\$4M	Acquired database of U.S. shopping center information
Sep-4	RealComp	n.m.	Acquired provider of comparable sales information
Jan-4	Scottish Property Network	\$1M	Expanded market coverage into Scotland
May-4	Peer Market Research	\$1M	Expanded market coverage into Tennessee
Jan-3	Focus Information Limited	\$17M	Expanded market coverage into the UK
Sep-2	Assets of Napier Realty Advisers ("Realty Net")	\$5M	Expanded market coverage into Portland, OR
Nov-05	First Image Technologies	\$1M	Acquired software that combines disparate real estate data into a single view
Feb-00	COMPS.COM	\$101M	Acquired provider of comparable sales information
Sep-99	ARES Development Group	\$2M	Acquired developer and distributor of ARES for ACTI software
Jan-99	Janson Research	\$10M	Expanded market coverage into Atlanta and Dallas/Fort Worth
Jan-99	LeadLead	\$9M	Expanded market coverage into Maryland and Florida
Aug-98	C Data Services	\$1M	Expanded market coverage into Houston
Mar-97	New Market Systems	\$1M	Expanded market coverage into San Francisco
Apr-96	Chicago ReSource	\$1M	Expanded market coverage into Chicago

Source: Bloomberg Finance L.P. (as of 5/9/25)

Figure 110: CoStar Residential Spend

	FY 2023	FY 2024	FY 2025E	FY 2026E	FY 2027E
Residential Spend - JPMe					
Residential Revenue	\$46M	\$101M	\$121M	\$180M	\$250M
Y/Y Growth	(37%)	118%	20%	50%	39%
Revenue (ex Residential and MTTR)	\$2,409M	\$2,636M	\$2,878M	\$3,422M	\$3,835M
Y/Y Growth	14%	9%	9%	19%	12%
Consolidated Revenue	\$2,455M	\$2,736M	\$3,139M	\$3,602M	\$4,085M
Y/Y Growth	12%	11%	15%	15%	13%
MTTR			\$140M		
Normalized EBITDA (ex Residential)	\$964M	\$1,133M	\$1,309M	\$1,625M	\$1,898M
Normalized EBITDA Margin	40%	43%	46%	48%	50%
JPMe EBITDA	\$493M	\$241M	\$366M	\$789M	\$1,262M
JPMe EBITDA Margin	20%	9%	12%	22%	31%
Residential EBITDA	(\$471M)	(\$892M)	(\$944M)	(\$837M)	(\$636M)
Residential EBITDA margin	(1020%)	(887%)	(783%)	(464%)	(254%)
US-only Resi EBITDA	(\$497M)	(\$872M)	(\$909M)	(\$760M)	(\$549M)
US-only Resi EBITDA margin	n/a	(2154%)	(1214%)	(577%)	(279%)
MTTR			-\$30M		
Residential (Spend)	(\$517M)	(\$933M)	(\$1,064M)	(\$1,017M)	(\$886M)
Y/Y Growth		92%	7%	(4%)	(13%)
International	(\$20M)	(\$80M)	(\$80M)	(\$125M)	(\$140M)
Y/Y Growth		-	0%	56%	12%
U.S.	(\$497M)	(\$913M)	(\$984M)	(\$892M)	(\$746M)
Y/Y Growth		84%	8%	(9%)	(16%)

Source: Company reports and J.P. Morgan estimates.

Company description

CoStar is a leading real estate portal in the US. CoStar Group (CSGP) is a leading provider of SaaS subscription-based software solutions to the real estate industry. The company offers standardized information, analytics, and marketing capabilities to a wide range of clients, comprised mostly of real estate brokers and property managers. The quality of its content is confirmed by over 100M monthly unique visitors (retail customers) across a range of online platforms.

Revenue breakout and financial targets. The majority of CSGP's revenues (>90%) are subscription based with an over 80%+ renewal rate, meaning a highly scalable operating model. CoStar Group is looking to generate over \$3B in revenue and mid-40% EBITDA margin (when excluding substantial spend on residential business expansion), and we think the company can deliver 12% organic 3Y top-line CAGR

(excluding recently announced acquisition of Domain and hypothetical upside from possible future M&A that CoStar Group could fund with ~\$4B cash cushion equivalent to ~13% of MCap).

Strategy. CoStar continues to see a very large opportunity digitalizing the real estate space as it balances investments while maintaining line of sight for future growth. As CoStar becomes larger with strong core business profitability, the company is able to make bigger plays, while remaining cash flow positive. Recently, one such decision was to acquire the Domain business. Additionally, CSGP's tech advantage (which was recently strengthened through the Matterport acquisition) allows for better visualization of properties online and could help further gain international market share.

CoStar: Company Financials

Table 29: CoStar Segment Financials

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025E	FY 2026E	FY 2027E
Segment Breakdown													
Information and Analytics													
Core CoStar Suite	361	408	463	545	618	665	723	837	925	1,021	1,087	1,216	1,363
Information Services	76	77	73	67	88	130	142	157	171	136	163	177	193
Marketplaces													
Multifamily					491	599	679	745	914	1,067	1,191	1,360	1,540
Commercial Property and Land					203	266	401	443	445	513	699	849	989
LoopNet					162	180	208	231	265	282	303	348	400
Residential					0	0	75	74	46	101	121	180	250
Other Marketplaces					41	86	119	138	134	130	275	320	339
Total Revenue	712	838	965	1,192	1,400	1,859	1,944	2,182	2,455	2,736	3,139	3,602	4,085
YoY change	24%	18%	15%	23%	17%	19%	17%	12%	12%	11%	15%	15%	13%
QoQ change													
INFORMATION AND ANALYTICS 40 % of Revenue in 2025E													
CoreCoStar Suite													
Segment Revenue	361	408	463	545	618	665	723	837	925	1,021	1,087	1,216	1,363
YoY change					13%	8%	9%	16%	11%	10%	6%	12%	12%
QoQ change													
% of Total Revenue	51%	49%	48%	46%	44%	40%	37%	38%	38%	37%	35%	34%	33%
Information Services													
Segment Revenue	76	77	73	67	88	130	142	157	171	136	163	177	193
YoY change		2%	(6%)	(7%)	31%	47%	9%	11%	9%	(20%)	20%	9%	9%
QoQ change													
% of Total Revenue	11%	9%	8%	6%	6%	8%	7%	7%	7%	5%	5%	5%	5%
STR assumptions (JPMe)													
STR revenue					9	48	52	58	63	50	60	65	71
YoY change						433%	8%	11%	9%	(21%)	20%	9%	9%
QoQ change													
% of Information Services Revenue						37%	37%	37%	37%	37%	37%	37%	37%
Total Information and Analytics													
Information and Analytics Revenue	436	486	536	613	706	795	864	994	1,096	1,156	1,249	1,393	1,556
YoY change		13%	10%	14%	15%	13%	9%	15%	10%	5%	8%	12%	12%
QoQ change													
% of Total Revenue	61%	58%	56%	51%	50%	48%	44%	46%	45%	42%	40%	39%	38%
MARKETPLACES 60 % of Revenue in 2025E													
Multifamily													
Segment Revenue	161	225	280	406	491	599	679	745	914	1,067	1,191	1,360	1,540
YoY change	109%	40%	24%	45%	21%	22%	13%	10%	23%	17%	12%	14%	13%
QoQ change													
% of Total Revenue	23%	27%	29%	34%	35%	36%	35%	34%	37%	39%	38%	38%	38%
Multifamily Macro Indicators													
Vacancy Rate							5%	5%	7%	8%			
Rent Growth							11%	7%	2%	1%			
Multifamily Products (JPMe)													
LoopNet													
Segment Revenue					162	180	208	231	265	282	303	348	400
YoY change						11%	15%	11%	15%	6%	8%	15%	15%
QoQ change													
% of Total Revenue						11%	11%	11%	11%	10%	10%	10%	10%
Residential													
Segment Revenue							75	74	46	101	121	180	250
YoY change								(1%)	(37%)	118%	20%	50%	39%
Homes.com													
YoY change										41	75	132	197
YoY change										100%	85%	76%	49%
International													
YoY change										42	44	49	53
YoY change										100%	5%	10%	10%
Legacy Products													
YoY change										18	2		
YoY change										(61%)	(92%)		
QoQ change													
% of Total Revenue							4%	3%	2%	4%	4%	5%	6%
Other Marketplaces													
Segment Revenue					41	86	119	138	134	130	275	320	339
YoY change						112%	38%	16%	(3%)	(3%)	111%	16%	6%
Organic YoY change											7%		
QoQ change													
% of Total Revenue						5%	6%	6%	5%	5%	9%	9%	8%
Matterport (1M in 1Q25)													
											136		
Other Marketplaces Products (JPMe)													
All Marketplaces and Other													
All marketplaces & other Revenue		225	280	406	693	864	1,080	1,188	1,359	1,580	1,889	2,209	2,529
YoY change			24%	45%	71%	25%	25%	10%	14%	16%	20%	17%	15%
QoQ change													
% of Total Revenue		27%	29%	34%	50%	52%	56%	54%	55%	58%	60%	61%	62%

Source: Company reports and J.P. Morgan estimates.

Table 30: CoStar P&L

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025E	FY 2026E	FY 2027E
Total revenue	712	838	965	1,192	1,400	1,659	1,944	2,182	2,455	2,736	3,139	3,602	4,085
Y/Y change	24%	18%	15%	23%	17%	19%	17%	12%	12%	11%	15%	15%	13%
Q/Q change													
Cost of revenues	153	146	195	243	260	275	319	372	446	513	598	676	754
Y/Y change	21%	(5%)	34%	25%	7%	6%	16%	17%	20%	15%	17%	13%	12%
%Total Revenue	21%	17%	20%	20%	19%	17%	16%	17%	18%	19%	19%	19%	18%
Gross profit	559	692	770	949	1,140	1,384	1,625	1,810	2,009	2,223	2,540	2,926	3,331
Y/Y change	24%	24%	11%	23%	20%	21%	17%	11%	11%	11%	14%	15%	14%
Gross margin	79%	83%	80%	80%	81%	83%	84%	83%	82%	81%	81%	81%	82%
Operating expenses													
Software development	60	70	82	93	116	153	189	208	250	306	377	423	470
%Total Revenue	8%	8%	8%	8%	8%	9%	10%	10%	10%	11%	12%	12%	11%
% Y/Y change	19%	16%	17%	14%	25%	32%	24%	10%	21%	22%	23%	12%	11%
Selling and marketing	297	290	312	354	401	528	613	674	981	1,355	1,485	1,354	1,190
%Total Revenue	42%	35%	32%	30%	29%	32%	32%	31%	40%	50%	47%	38%	29%
% Y/Y change	103%	(2%)	8%	13%	13%	32%	16%	10%	45%	38%	10%	(9%)	(12%)
General and administrative	86	102	123	110	142	178	201	286	320	368	402	468	531
%Total Revenue	12%	12%	13%	9%	10%	11%	10%	13%	13%	13%	13%	13%	13%
% Y/Y change	8%	17%	21%	(10%)	28%	26%	12%	42%	12%	15%	9%	16%	13%
Total operating expenses	444	461	517	557	659	860	1,003	1,168	1,551	2,029	2,265	2,246	2,191
Y/Y change	60%	4%	12%	8%	18%	30%	17%	16%	33%	31%	12%	(1%)	(2%)
%Total Revenue	62%	55%	54%	47%	47%	52%	52%	54%	63%	74%	72%	62%	54%
Total Expenses	597	607	712	800	919	1,135	1,322	1,540	1,997	2,542	2,863	2,922	2,945
Y/Y change	48%	2%	17%	12%	15%	23%	16%	17%	30%	27%	13%	2%	1%
Purchase Amortization + Other Amort	86	68	55	82	89	151	178	177	115	119	152	165	188
Depreciation	21	25	26	26	26	29	29	29	35	47	90	108	123
D&A (outside of OpEx)	107	93	81	109	115	179	207	206	150	166	242	273	310
Operating income	115	231	253	392	366	345	415	436	308	28	34	407	830
Operating margin	16%	28%	26%	33%	26%	21%	21%	20%	13%	1%	1%	11%	20%
Adjusted EBITDA	243	348	361	527	507	553	652	671	493	241	366	789	1,262
EBITDA Margin	34.1%	41.6%	37%	44%	36%	33%	34%	31%	20%	9%	12%	22%	31%
Y/Y change	29%	44%	4%	46%	(4%)	9%	18%	3%	(27%)	(51%)	52%	116%	60%
Incremental EBITDA margin			10%	73%	(10%)	18%	34%	8%	(66%)	(89%)	31%	91%	98%
Other income (expenses)	0.0	0.0	0	0	0	0	0	0	0	0	0	0	0
Interest income (interest expense)	(9)	(10)	(9)	(3)	(3)	(23)	(29)	34	213	213	130	78	47
%Total Revenue	(1%)	(1%)	(1%)	(0%)	(0%)	(1%)	(1%)	2%	9%	8%	4%	2%	1%
Other income	1	2	4	13	19	5	3	3	(5)	(8)	0	0	0
%Total Revenue	0%	0%	0%	1%	1%	0%	0%	0%	(0%)	(0%)	0%	0%	0%
Other income (expense)	0	0	0	0	0	0	0	2	2	3	(36)	0	0
%Total Revenue	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	(1%)	0%	0%
Write-down of investments	0	0	0	0	0	0	0	0	0	0	0	0	0
%Total Revenue	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total other income (expense)	(8.9)	(8.2)	(5.0)	10.5	16.7	(18.1)	(25.6)	39.3	216.7	210.7	85.1	77.7	46.6
Pretax income	213	316	330	511	498	506	597	682	675	405	361	758	1,187
Pretax margin	30%	38%	34%	43%	36%	31%	31%	31%	27%	15%	11%	21%	29%
Income taxes	40	85	94	101	124	127	149	178	175	98	96	197	309
Tax rate	19%	27%	29%	20%	25%	25%	25%	26%	26%	24%	27%	26%	26%
Net income	173	231	235	410	373	380	448	504	500	306	265	561	878
Net margin	24%	28%	24%	34%	27%	23%	23%	23%	20%	11%	8%	16%	21%
EPS - fully diluted	\$5.36	\$0.71	\$0.70	\$1.13	\$1.02	\$0.99	\$1.14	\$1.27	\$1.23	\$0.75	\$0.64	\$1.35	\$2.10
Shares used in calculating EPS (MM)	32.2	324.4	335.6	364.5	366.3	383.3	394.2	397.3	406.9	407.8	411.2	414.4	417.5
Y/Y EPS change	1527%	(87%)	(1%)	60%	(9%)	(3%)	15%	12%	(3%)	(39%)	(14%)	110%	55%

Source: Company reports and J.P. Morgan estimates.

Price Performance



	YTD	1m	3m	12m
Abs	9.2%	1.4%	0.5%	0.2%
Rel	8.2%	-3.7%	-1.2%	-10.8%

Company Data

Shares O/S (mn)	411
52-week range (\$)	83.68-68.26
Market cap (\$ mn)	32,159.01
Exchange rate	1.00
Free float (%)	98.7%
3M ADV (mn)	3.47
3M ADV (\$ mn)	267.4
Volatility (90 Day)	39
Index	S&P 500
BBG ANR (Buy Hold Sell)	11 4 1

Key Metrics (FYE Dec)

\$ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	2,736	3,139	3,602	4,085
Adj. EBITDA	241	366	789	1,262
Adj. EBIT	28	34	407	830
Adj. net income	306	265	561	878
Adj. EPS	0.75	0.64	1.35	2.10
BBG EPS	0.66	0.82	1.33	1.94
Cashflow from operations	393	437	676	883
FCFF	177	275	532	750
Margins and Growth				
Revenue Growth Y/Y (%)	11.5%	14.7%	14.8%	13.4%
EBITDA margin	8.8%	11.7%	21.9%	30.9%
EBITDA Growth Y/Y (%)	(51.1%)	51.8%	115.6%	60.1%
EBIT margin	1.0%	1.1%	11.3%	20.3%
Net margin	11.2%	8.4%	15.6%	21.5%
Adj. EPS growth	(38.8%)	(14.3%)	110.3%	55.3%
Ratios				
Adj. tax rate	24.3%	26.6%	26.0%	26.0%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	0.3%	0.3%	3.2%	6.1%
ROE	4.1%	3.4%	6.6%	9.6%
Valuation				
FCFF yield	0.6%	0.9%	1.6%	2.3%
Dividend yield	-	-	-	-
EV/Revenue	11.1	9.9	8.5	7.3
EV/EBITDA	125.8	84.9	38.7	23.6
Adj. P/E	104.1	121.5	57.8	37.2

Summary Investment Thesis and Valuation

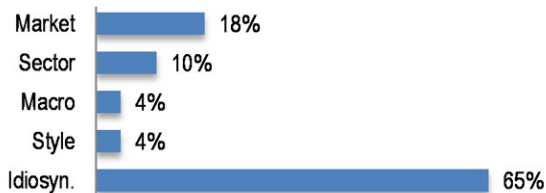
Investment Thesis

CoStar Group (CSGP) is a leading provider of SaaS subscription-based software solutions to the real estate industry. The company offers standardized information, analytics, and marketing capabilities to a wide range of clients, comprising mostly real estate brokers and property managers. The quality of its content is confirmed by over 100M monthly unique visitors (retail customers) across a range of online platforms. The majority of the revenues (>90%) are subscription based with an over 80%+ renewal rate, meaning a highly scalable operating model. CoStar Group is looking to generate over \$3B in revenue and mid-40% EBITDA margin (when excluding substantial spend on residential business expansion), and we think the company can deliver 12% organic 3Y top-line CAGR (excluding recently announced acquisition of Domain and hypothetical upside from possible future M&A that CoStar Group could fund with ~\$4B cash cushion equivalent to ~13% of MCap). We like CoStar Group's strategy of widening the audience of potential users of its must-have real estate information services through an online marketplace platform.

Valuation

Our Dec 2025 DCF-based price target of \$87/sh is based on our 10-year DCF analysis (applying a ~10% WACC and 2% terminal growth rate). At our price target, CSGP shares would trade at c. 10x 2025E EV/sales.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI US	0.51	0.42
Sect: Real Estate	0.41	0.34
Macro:		
US Dollar	-0.23	-0.20
US 10yr yield	-0.18	-0.13
Non-Energy Commodity	0.27	0.09
Quant Styles:		
Size	-0.12	-0.27
Momentum	-0.24	-0.23
DivYld	0.25	0.22

Investment Thesis, Valuation and Risks

CoStar Group *(Overweight; Price Target: \$87.00)*

Investment Thesis

CoStar Group (CSGP) is a leading provider of SaaS subscription-based software solutions to the real estate industry. The company offers standardized information, analytics, and marketing capabilities to a wide range of clients, comprising mostly real estate brokers and property managers. The quality of its content is confirmed by over 100M monthly unique visitors (retail customers) across a range of online platforms. The majority of the revenues (>90%) are subscription based with an over 80%+ renewal rate, meaning a highly scalable operating model. CoStar Group is looking to generate over \$3B in revenue and mid 40% EBITDA margin (when excluding substantial spend on residential business expansion), and we think the company can deliver 12% organic 3Y top-line CAGR (excluding recently announced acquisition of Domain and hypothetical upside from possible future M&A that CoStar Group could fund with ~\$4B cash cushion equivalent to ~13% of MCap). We like CoStar Group's strategy of widening the audience of potential users of its must-have real estate information services through an online marketplace platform..

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Risks to Rating and Price Target

Acquisition strategy risk. Acquisitions have been a significant part of CoStar Group's growth to date, with the company making c. 40 acquisitions in the last few decades and having spent a total of >\$3B, with the largest three deals totaling a combined c. \$1.9B (acquisition of LoopNet for \$883M in 2012, Apartments.com for \$584M in 2014, and STR for \$450M in 2019). Management expects acquisitions to continue to be important to its growth plans. Some investors may view such a strategy as being inherently riskier given that attractive targets may become increasingly scarce or expensive, while integration challenges could be disruptive to the company's operations.

Regulatory restrictions. In the past, the FTC (Federal Trade Commission) did not approve a number of acquisitions that were initiated by CoStar Group. Such regulatory decisions would potentially prevent CoStar Group from honoring its preliminary contract agreements with its acquisition targets and result in monetary fines.

Failure to drive traffic to websites. CoStar Group's marketplaces rely heavily on internet search engines that drive customer traffic to its websites. Changing rules of cooperation with search engines may decrease the featuring of CoStar Group websites within search engine result pages.

Homes.com execution risk. CoStar has embarked on uncharted territory, expanding into residential real-estate with a new product. Failure to show sufficient results while investing heavily in marketing may force investors to question the rationale of the resi strategy.

International expansion. CoStar Group continues to be a predominantly North American business with only immaterial international share. Its expansion into Europe or potentially other continents (for example Asia) could delay its goals of achieving 40% EBITDA margin profitability given high levels of competition in those markets as well as likely lower levels

of return in the initial stages of development.

Key-man risk. Andrew Florance founded CoStar Group in 1987 and has been intimately involved with its operation throughout the past four decades with the company. Over the years, he has received multiple awards and recognitions by real estate industry participants and has been praised for his visionary strategy.

Privacy laws. Actual or perceived failure to comply with privacy laws could harm CoStar Group's brand image and result in regulatory fines.

Advanced data-based competition. It took CoStar Group more than 30 years of manual data collection, more than \$3B in acquisitions, and almost \$3B in software development and in-depth research efforts to solidify its position as a must-have software provider. However, should new competitors arise with more advanced data collection methods that envisage the latest technologies and less manual data collection, CoStar Group's leadership position could be undermined.

CoStar Group: Summary of Financials

Income Statement - Annual					Income Statement - Quarterly				
	FY23A	FY24A	FY25E	FY26E		1Q25A	2Q25E	3Q25E	4Q25E
Revenue	2,455	2,736	3,139	3,602	Revenue	732A	770	805	831
COGS	(446)	(513)	(598)	(676)	COGS	(141)A	(146)	(153)	(158)
Gross profit	2,009	2,223	2,540	2,926	Gross profit	591A	624	652	673
SG&A	(1,301)	(1,723)	(1,888)	(1,822)	SG&A	(455)A	(501)	(483)	(449)
Adj. EBITDA	493	241	366	789	Adj. EBITDA	66A	54	97	150
D&A	(184)	(213)	(332)	(381)	D&A	(77)A	(82)	(85)	(88)
Adj. EBIT	308	28	34	407	Adj. EBIT	(11)A	(28)	11	62
Net Interest	213	208	121	78	Net Interest	36A	30	28	27
Adj. PBT	675	405	361	758	Adj. PBT	48A	61	100	152
Tax	(175)	(98)	(96)	(197)	Tax	(15)A	(16)	(26)	(39)
Minority Interest	-	-	-	-	Minority Interest	-	-	-	-
Adj. Net Income	500	306	265	561	Adj. Net Income	33A	45	74	112
Reported EPS	0.92	0.34	0.13	0.78	Reported EPS	(0.04)A	(0.03)	0.05	0.14
Adj. EPS	1.23	0.75	0.64	1.35	Adj. EPS	0.08A	0.11	0.18	0.27
DPS	-	-	-	-	DPS	-	-	-	-
Payout ratio	-	-	-	-	Payout ratio	-	-	-	-
Shares outstanding	407	408	411	414	Shares outstanding	411A	410	413	412
Balance Sheet & Cash Flow Statement					Ratio Analysis				
	FY23A	FY24A	FY25E	FY26E		FY23A	FY24A	FY25E	FY26E
Cash and cash equivalents	5,216	4,681	3,942	4,446	Gross margin	81.8%	81.2%	80.9%	81.2%
Accounts receivable	190	188	235	362	EBITDA margin	20.1%	8.8%	11.7%	21.9%
Inventories	0	0	0	0	EBIT margin	12.6%	1.0%	1.1%	11.3%
Other current assets	260	269	329	544	Net profit margin	20.4%	11.2%	8.4%	15.6%
Current assets	5,476	4,950	4,556	5,276	ROE	7.0%	4.1%	3.4%	6.6%
PP&E	426	1,098	1,266	1,331	ROA	5.8%	3.4%	2.8%	5.4%
LT investments	0	0	0	0	ROCE	2.8%	0.3%	0.3%	3.2%
Other non current assets	375	463	370	398	SG&A/Sales	53.0%	63.0%	60.2%	50.6%
Total assets	8,920	9,257	9,992	10,755	Net debt/equity	NM	NM	NM	NM
Short term borrowings	0	0	0	0	P/E (x)	63.7	104.1	121.5	57.8
Payables	23	47	48	74	P/BV (x)	4.3	4.2	3.9	3.7
Other short term liabilities	433	505	653	793	EV/EBITDA (x)	60.5	125.8	84.9	38.7
Current liabilities	456	552	701	867	Dividend Yield	-	-	-	-
Long-term debt	991	992	992	992	Sales/Assets (x)	0.3	0.3	0.3	0.3
Other long term liabilities	1,125	1,151	1,147	1,147	Interest cover (x)	NM	NM	NM	NM
Total liabilities	1,581	1,703	1,848	2,014	Operating leverage	(234.6%)	(794.2%)	146.2%	7454.3%
Shareholders' equity	7,339	7,554	8,144	8,741	Revenue y/y Growth	12.5%	11.5%	14.7%	14.8%
Minority interests	-	-	-	-	EBITDA y/y Growth	(26.6%)	(51.1%)	51.8%	115.6%
Total liabilities & equity	8,920	9,257	9,992	10,755	Tax rate	25.9%	24.3%	26.6%	26.0%
BVPS	18.03	18.52	19.80	21.09	Adj. Net Income y/y Growth	(0.8%)	(38.7%)	(13.6%)	111.9%
y/y Growth	4.3%	2.7%	6.9%	6.5%	EPS y/y Growth	(3.2%)	(38.8%)	(14.3%)	110.3%
Net debt/(cash)	(4,225)	(3,689)	(2,950)	(3,454)	DPS y/y Growth	-	-	-	-
Cash flow from operating activities	490	393	437	676					
o/w Depreciation & amortization	108	147	192	216					
o/w Changes in working capital	(200)	(120)	(26)	(77)					
Cash flow from investing activities	(239)	(913)	(1,120)	(172)					
o/w Capital expenditure	(143)	(707)	(288)	(172)					
as % of sales	5.8%	25.8%	9.2%	4.8%					
Cash flow from financing activities	(4)	(14)	(48)	0					
o/w Dividends paid	-	-	-	-					
o/w Net debt issued/(repaid)	0	(4)	(0)	0					
Net change in cash	248	(535)	(728)	504					
Adj. Free cash flow to firm	305	177	275	532					
y/y Growth	(22.3%)	(42.1%)	55.7%	93.7%					

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Neutral

DHG.AX, DHG AU

Price (05 Jun 25):A\$4.36

Price Target (Jun-26):A\$4.20

Technology, Media & Telecommunications

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J.P. Morgan Securities Australia Limited

Half Yearly Forecasts (FYE Jun)

Adj. EBITDA (A\$ mn)	2024A	2025E	2026E
H1	68	78A	85
H2	69	69	75
FY	137	147	159

Style Exposure

Quant Factors	Current	Hist %Rank (1=Top)			
	%Rank	6M	1Y	3Y	5Y
Value	100	100	100	92	67
Growth	42	42	17	76	92
Momentum	1	76	67	100	84
Quality	34	17	42	51	84
Low Vol	84	76	67	67	67

Domain

Acquisition by CoStar expected to close in Q3

CoStar Group entered into an all-cash Scheme Implementation Deed to acquire DHG at ~A\$3bn (~USD\$1.9bn, ~13% above the original offer). The proposed deal is expected to be completed in 3Q25. In our view, completion of the deal is likely given that the majority owner Nine Entertainment (NEC AU, ~60% shareholder) has said it will vote in favor of the deal.

Potential to drive industry disruption longer term

We expect CoStar's entry into Australia will likely provide an incremental challenge for REA (REA AU) and their ability to drive yield expansion by passing through pricing increases and depth/add-on penetration, which has weighed on REA sentiment in the interim. However, we do expect any impact to be much longer-dated. We remind investors that REA AU has continued to invest in product/markets, particularly in comparison to other global incumbents.

Delivered a beat to expectations and lower cost guidance in H1

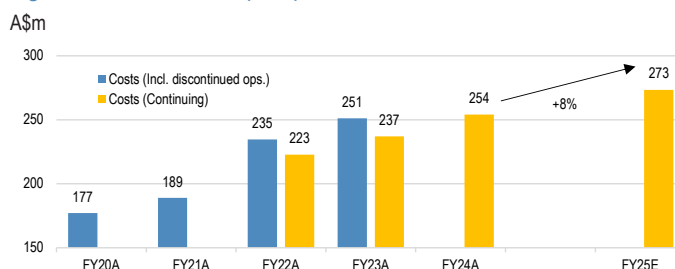
The driver of DHG's H1 EBITDA beat vs. JPMc/consensus gives us pause. Although cost guidance has been lowered to a 'single digit', a number of points are worth inspecting for 2H25. 1) Core Digital EBITDA margin declined ~20bps y/y in 1H25, and depending on the allocation of costs, 2H25 is likely to decline even more. 2) The lowering of FY25 cost guidance, in conjunction with retention of stable margin guidance, implies revenue expectations have weakened from the AGM in November. We use ~8% cost growth for FY25 which implies the 2H25 increase will be at least 12%. 3) Commentary for expecting margin expansion in FY26 and beyond has been dropped... although the company has stated FY26 budgets have not changed. Despite the 1H25 earnings 'beat', we remain cautious into 2H25 as actual controllable yield trends remain unclear and 1H25 cost control unwinds.

Table 31: DHG - Listings, ARPL, yield, revenue (y/y growth)

DHG	1Q24	2Q24	1H24	3Q24	4Q24	2H24	FY24	1Q25	2Q25	1H25
Listings	-3%	-1%	-2%	3%	13%	8%	3%	8.0%	6.0%	7.0%
ARPL	21%	19%	20%	20%	12%	16%	18%	5.0%	5.0%	5.0%
Other	-9%	5%	-2%	-1%	-3%	-2%	-2%	-1.0%	1.0%	0.0%
Residential rev.	9%	23%	16%	22%	22%	22%	19%	12.0%	12%	12%
Price	12%	12%	12%	12%	12%	12%	12%	7.5%	7.5%	7.5%
Depth/other	1%	5%	3%	3%	-1%	1%	2%	-1.5%	2.5%	0.5%
Controllable yield	13%	17%	15%	15%	11%	13%	14%	6.0%	10.0%	8.0%

Source: Company Reports, J.P. Morgan Estimates. ARPL = Average revenue per listing.

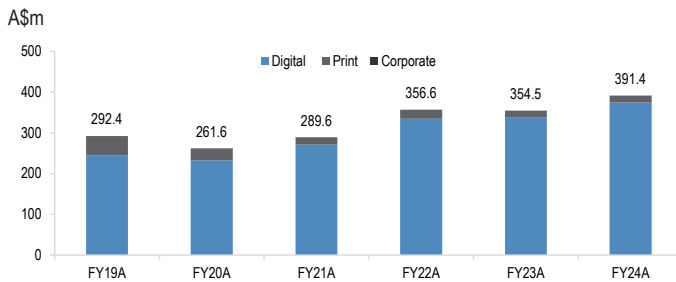
Figure 111: DHG - Costs (A\$m)



Source: Company reports, J.P. Morgan estimates.

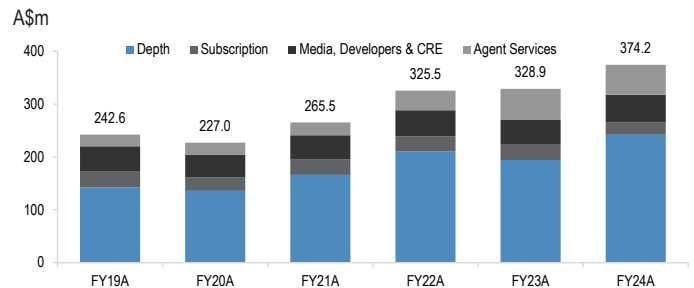
Domain: Company Snapshot

Figure 112: DHG Revenue breakdown



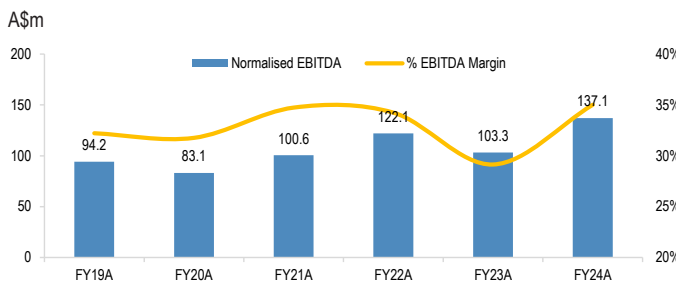
Source: Company data.

Figure 113: DHG Digital Revenue breakdown



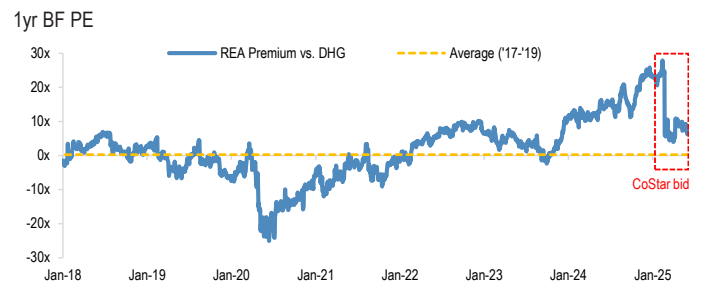
Source: Company data.

Figure 114: DHG Group EBITDA & Margin



Source: Company data.

Figure 115: REA PERel vs. DHG



Source: Bloomberg Finance L.P.

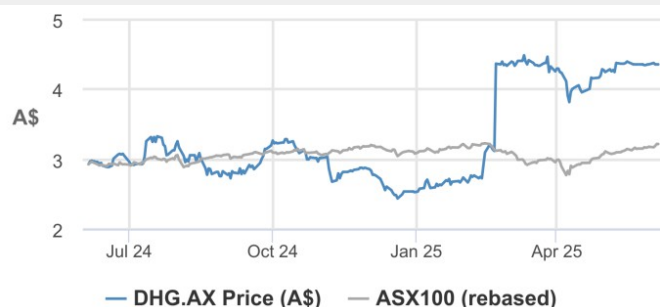
#2 market player in Australian real estate: Domain is an Australian online real estate classified platform, consistently performing as the #2 player behind REA.

Commercial Model: Domain operates exclusively in Australia, providing a real estate listings platform across residential and commercial. Consistent with REA, key revenue drivers include 1) property listings volume, and 2) yield per listing, including the up-take of depth products and add-ons, and increases to headline pricing.

Strategy: DHG has historically been unable to deliver yield/depth expansion at the same size/scale as REA. Under CoStar ownership, it will be *'applying best practices of Domain in relation to depth of advertising across US and UK classifieds markets'*.

Potential for further growth from: 1) Near-term leverage to a recovery in property listings, and 2) yield improvement through depth products and add-ons.

Price Performance



	YTD	1m	3m	12m
Abs	72.3%	1.6%	0.5%	48.8%
Rel	67.8%	-2.8%	-4.4%	38.9%

Company Data

Shares O/S (mn)	632
52-week range (A\$)	4.76-2.40
Market cap (\$ mn)	1,787.98
Exchange rate	1.54
Free float (%)	22.3%
3M ADV (mn)	1.52
3M ADV (\$ mn)	4.2
Volatility (90 Day)	64
Index	ASX 100
BBG ANR (Buy Hold Sell)	2 8 1

Key Metrics (FYE Jun)

A\$ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	391	420	454	489
Adj. EBIT	93	106	114	122
Adj. EBITDA	137	147	159	171
Adj. net income	49	58	62	67
Adj. EPS	0.08	0.09	0.10	0.11
BBG EPS	0.08	0.09	0.11	0.12
Cashflow from operations	117	96	112	111
FCFF	129	120	129	138
Margins and Growth				
Revenue Growth Y/Y (%)	10.4%	7.4%	7.9%	7.8%
EBIT margin	23.7%	25.3%	25.1%	24.9%
EBIT Growth Y/Y (%)	44.1%	14.8%	7.0%	6.8%
EBITDA margin	35.0%	34.9%	35.1%	34.9%
EBITDA Growth Y/Y (%)	32.7%	7.1%	8.5%	7.1%
Net margin	12.5%	13.8%	13.8%	13.8%
Adj. EPS growth	35.5%	18.8%	7.7%	8.0%
Ratios				
Adj. tax rate	28.8%	29.8%	30.0%	30.0%
Interest cover	10.6	11.9	11.9	12.2
Net debt/Equity	0.1	0.1	0.2	0.1
Net debt/EBITDA	1.1	1.2	1.1	1.0
ROE	4.5%	5.2%	5.5%	5.8%
Valuation				
FCFF yield	3.2%	2.2%	2.8%	2.6%
Dividend yield	1.4%	1.3%	1.6%	1.7%
EV/Revenue	5.3	5.0	4.7	4.3
EV/EBITDA	15.2	14.4	13.3	12.5
Adj. P/E	56.8	47.8	44.4	41.1

Summary Investment Thesis and Valuation

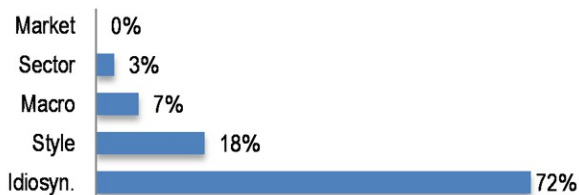
Investment Thesis

We believe DHG will endeavour to absorb incremental costs from recent acquisitions to offset a potentially deteriorating listings environment. We maintain our Neutral rating, reflecting the existing deal offer for the remaining shares of DHG. Operational issues remain: (1) implications from negative depth growth in 4Q; (2) wallet share trends into FY25; and (3) ongoing earnings quality issues.

Valuation

Our Jun-26 price target is \$4.20; set at the level of the block trade. This reflects a 53% premium to our DCF valuation. We value the company on a discounted cash flow basis that assumes an 8.4% WACC and a 3.5% perpetual growth rate. We derive our WACC estimate based on the Capital Asset Pricing Model (CAPM), which assumes a 10-year risk-free ACGB rate of 3.5%, equity risk premium of 5.0%, beta of 1.1, and tax rate of 30%.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Australia	0.01	0.06
Sect: Telecom Services	0.13	0.17
Macro:		
JPM EM Currency Index	0.18	0.16
GS Australia FCI	0.18	0.15
Australia Breakeven 10Yr	0.13	0.15
Quant Styles:		
Size	-0.42	-0.42
LowVol	-0.33	-0.32
Momentum	-0.29	-0.29

Investment Thesis, Valuation and Risks

Domain *(Neutral; Price Target: A\$4.20)*

Investment Thesis

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DHG – DCF Valuation	A\$m	A\$/share
Enterprise Value	1,766	2.80
Net Debt (Cash)	177	0.28
Equity Value	1,590	2.52
Impact of time value / DPS adjustment		0.23
Fair value (Jun-26)		2.75

Source: Company reports, J.P. Morgan estimates.

Risks to Rating and Price Target

Upside risks to our rating and price target include: (1) Majority ownership under Nine Entertainment provides Domain access to Nine’s national broadcast and digital audiences. (2) Depth penetration is at half of REA Group’s and the agent ownership model could help drive increased penetration in markets outside of Sydney and Melbourne. (3) Aggressive annual price increases by market leader REA Group provided the lead for Domain to follow. (4) A recovery in real estate listings would benefit Domain more as it is more levered to Sydney and Melbourne.

Downside risks include: (1) A downturn in listings and less spending on depth listings than we estimate; and (2) vendors consolidate advertising spend towards REA Group.

Domain						Relative recommendation:	Neutral				
A\$ in millions, year end Jun											
Profit And Loss	FY23	FY24	FY25E	FY26E	FY27E	Valuation Summary			A\$m	A\$ps	
Revenue	355	391	420	454	489	Current mkt capitalisation			2,754.03	4.36	
Revenue growth	(0.6%)	10.4%	7.4%	7.9%	7.8%	Price Target				4.20	
COGS	-	-	-	-	-	Capital growth to price target				(3.7%)	
Operating Expenses	(251)	(254)	(273)	(294)	(318)						
EBITDA	103	137	147	159	171	Trading Multiples	FY23	FY24	FY25E	FY26E	FY27E
EBITDA growth	(15.4%)	32.7%	7.1%	8.5%	7.1%	PE Pre-abnormals	76.9	56.8	47.8	44.4	41.1
EBITDA margin	29.1%	35.0%	34.9%	35.1%	34.9%	PE Reported	76.9	56.8	47.8	44.4	41.1
Amortisation	-	-	-	-	-	EV/EBITDA	20.5	15.2	14.4	13.3	12.5
Depreciation	(39)	(44)	(40)	(45)	(49)	EV/EBIT	32.9	22.5	19.8	18.6	17.5
EBIT	64	93	106	114	122	Key Ratios	FY23	FY24	FY25E	FY26E	FY27E
Other Income	-	-	-	-	-	Dividend Yield	1.4%	1.4%	1.3%	1.6%	1.7%
Other Expenses	-	-	-	-	-	Franking	100.0%	100.0%	100.0%	100.0%	100.0%
Net Interest	(11)	(13)	(12)	(13)	(14)	Return on Assets (%)	2.4%	3.3%	3.8%	4.0%	4.2%
Pre-Tax Profit	54	80	94	101	108	Return on Equity (%)	3.3%	4.5%	5.2%	5.5%	5.8%
Tax	(15)	(23)	(28)	(30)	(32)	ROIC (%)	-	-	-	-	-
Tax Rate	27.9%	28.8%	29.8%	30.0%	30.0%	Leverage	FY23	FY24	FY25E	FY26E	FY27E
Minorities	(3)	(8)	(8)	(8)	(8)	Gearing (Net Debt / Equity)	0.2	0.1	0.1	0.2	0.1
Abnormals (post tax)	0	0	0	0	0	Gearing (ND / (ND + E))	14.4%	11.9%	13.0%	13.2%	12.6%
Reported NPAT	36	49	58	62	67	Net Debt / EBITDA	1.8	1.1	1.2	1.1	1.0
Normalised NPAT	36	49	58	62	67	EBIT Interest Cover (x)	6.1	7.1	8.6	8.5	8.7
Growth	(35.1%)	36.4%	18.2%	7.7%	8.0%	Balance Sheet	FY23	FY24	FY25E	FY26E	FY27E
End of Period Shares	635	638	635	635	635	Cash	33	34	37	37	37
EFPOWA	634	638	635	635	635	Receivables	49	61	70	76	81
Reported EPS	0.06	0.08	0.09	0.10	0.11	Investments	-	-	-	-	-
Normalised EPS	0.06	0.08	0.09	0.10	0.11	Inventories	-	-	-	-	-
Growth	(38.8%)	35.5%	18.8%	7.7%	8.0%	Other Current Assets	9	0	0	0	0
DPS	0.06	0.06	0.06	0.07	0.07	Total Current Assets	92	94	107	112	118
Growth	0.0%	0.0%	(7.2%)	22.6%	8.0%	Net PPE	6	4	4	4	5
DPS/EPS payout	105.8%	78.1%	61.0%	69.5%	69.4%	Total Intangibles	1,376	1,373	1,379	1,379	1,378
Cash Flow Statement	FY23	FY24	FY25E	FY26E	FY27E	Other Non Current Assets	16	12	53	83	97
Net Profit for Cashflow	36	49	58	62	67	Total Non Current Assets	1,398	1,389	1,436	1,466	1,480
Depreciation & Amortisation	39	44	40	45	49	Total Assets	1,490	1,484	1,543	1,578	1,597
Non Cash Items	-	-	-	-	-	Creditors	36	46	46	47	40
Working Capital Changes	95	138	134	156	157	Current Borrowings	0	0	0	0	0
Other Operating Cashflows	(104)	(114)	(136)	(151)	(163)	Current Tax Provisions	0	19	19	19	19
Cashflow from Operating Activities	66	117	96	112	111	Other Current Provisions	6	8	7	7	7
Capex	-	-	-	-	-	Other Current Liabilities	10	9	8	8	8
Net Acquisitions	-	-	-	-	-	Total Current Liabilities	53	81	80	82	75
Other Investing cashflows	(22)	0	(27)	(30)	(13)	Non Current Creditors	-	-	-	-	-
Investing Cash Flow	(53)	(37)	(70)	(75)	(62)	Non Current Borrowings	219	185	207	214	210
Incl/(Dec) in Borrowings	3	(32)	24	6	(4)	Deferred Tax Liabilities	-	-	-	-	-
Equity Issued	(0)	(2)	(1)	0	0	Other Non Current Provisions	14	15	13	13	13
Dividends Paid	(38)	(38)	(38)	(43)	(45)	Other Non Current Liabilities	102	89	102	102	102
Other Financing Cashflows	(10)	(9)	(8)	0	0	Total Non Current Liabilities	335	289	322	329	325
Financing Cash Flow	(46)	(81)	(23)	(37)	(49)	Total Liabilities	388	370	403	411	400
Net Cash Flow	(32)	(1)	3	0	(0)	Equity	1,475	1,475	1,475	1,475	1,475
						Other Equity	(2)	(3)	(2)	(2)	(2)
						Reserves	(45)	(40)	(42)	(42)	(42)
						Retained Profits	(336)	(332)	(308)	(289)	(266)
						Outside Equity Interests	10	14	18	26	34
						Total Shareholders Equity	1,102	1,114	1,140	1,167	1,198
						Net Debt	186	151	171	177	173

Source: Company reports and J.P. Morgan estimates.

Note: A\$ in millions (except per-share data). Fiscal year ends Jun. o/w - out of which

Neutral

HEM.ST, HEM SS
Price (05 Jun 25):Skr275.00
Price Target (Dec-26):Skr295.00

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Hemnet

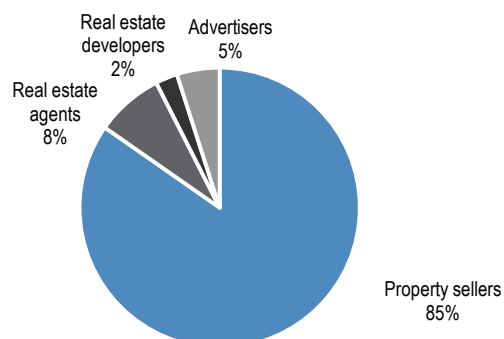
Swedish Classifieds at its best — but an uncertain Swedish housing market is unhelpful short term; Initiate N target price SEK295

We initiate coverage on Hemnet Group with a N rating and a Dec-26 price target of SEK 295, implying 8% upside to its current share price. Hemnet is the largest online property portal in Sweden, best positioned to monetize its market leadership (with regards to traffic) through both a) price rises and upselling (i.e. to increase the proportion of home sellers choosing more expensive value added services) and b) a recovery of the Swedish property market providing further upside to overall listings. We see the company as one of the best executors in the wider Classifieds space with rather impressive revenue growth (26% revenue CAGR 2019-2024 and JPMe +22% 2024-2028E) largely driven by ARPL increases but also ancillary revenues. With strong revenue growth meeting a rather fixed cost base (mainly headcount, in 2024 Hemnet had 152 employees), we expect further margin expansion and anticipate a 23% EBITDA CAGR 2024-2028E. The company is highly cash generative (96.7% conversion rate from EBITDA to cash flow) with most of the cash generated distributed back to shareholders. While we see Hemnet as one of the best Classifieds models in the industry, its high valuation (21.4x 2026E EV/EBITDA for a +17% EBITDA CAGR 2026-2028E relative to peers (18.4x for a +16% CAGR keeps us on the sidelines).

- **Monopoly pricing power.** Hemnet is the leading property portal in Sweden with 16x more visits on its listings than its nearest rival—granting strong pricing power as the go-to portal for home sellers. The virtuous cycle of network effects (inventory leadership drives traffic leadership which drives inventory leadership) creates high barriers to entry and provides protection from new entrants, even when offered discounted pricing. In addition, the cost to advertise only represents a small fraction of average house prices, allowing for healthy pricing and further upselling opportunities.
- **Growing demand for VAS.** In addition to price, Hemnet is driving its growth in average revenue per listing (ARPL) by upselling higher value listing packages on the portal, which are enjoying strong demand. The recently introduced Max product (in addition to the established Bas, Plus and Premium packages) should see strong demand in the coming years). A new agent compensation model that launched in July 2024 aims to incentivize agents to recommend value-added services (VAS) to home sellers. Given 75% of sellers follow the agents' recommendations, this is expected to further drive ARPL growth beyond the +44% YoY seen in FY24.
- **Recent rate cut has improved sentiment in the housing market.** The Swedish property market is showing some signs of recovery but transaction and listing growth remains volatile. A further interest rate cut is expected to come in 2025 with JPM estimating a 2.00% policy rate by September 2025 (from 2.25% currently). While it is still early days, we believe listing volumes should benefit further following several years of challenging conditions.
- **Valuation keeps us on the sidelines.** The shares have seen strong growth in the past 12m but we think from here there is limited scope for outperformance as we see limited earnings upside risk given the implementation of the Max product. While we like Hemnet's strong economics and strategy, we see the shares as too expensive relative to the peer group.

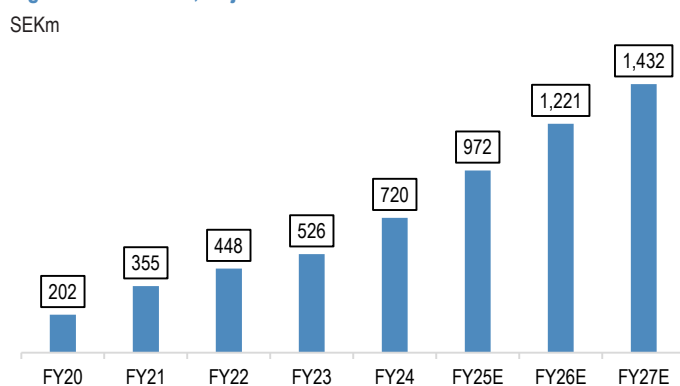
Company Snapshot

Figure 116: Hemnet, Revenue by Customer Category FY24



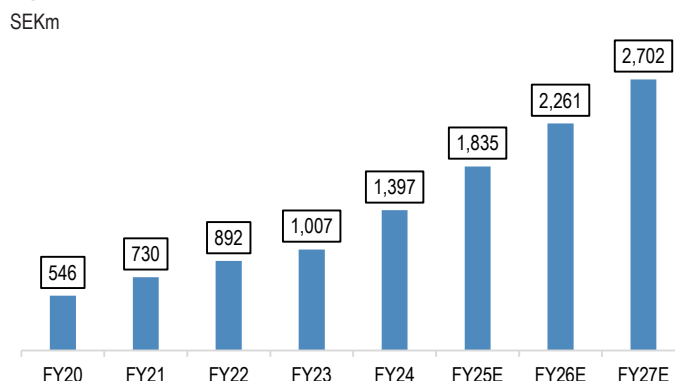
Source: Company reports.

Figure 118: Hemnet, Adj. EBITDA FY20-FY27E



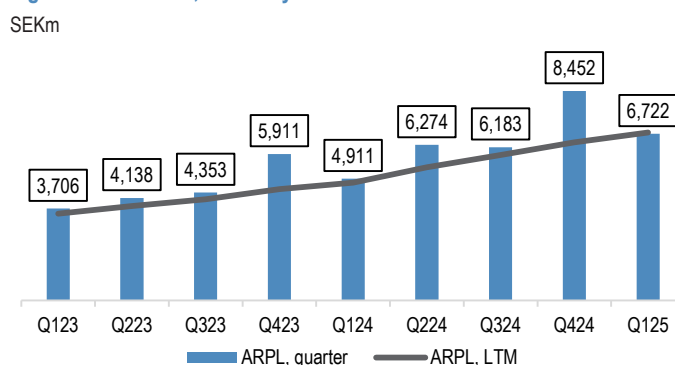
Source: Company reports and J.P. Morgan estimates.

Figure 117: Hemnet, Revenues FY20-FY27E



Source: Company reports and J.P. Morgan estimates.

Figure 119: Hemnet, Quarterly and LTM ARPL



Source: Company reports.

Company description

Hemnet is the dominant property portal in Sweden, with 9 out of 10 homes sold having been listed on the portal. Unlike other European classified players, Hemnet operates a vendor-paid model where home sellers pay Hemnet directly for their listings to be posted, rather than agents paying a subscription fee.

Ownership: Hemnet was originally founded by real estate agents who have continued to maintain a stake in the business. The Mäklarsamfundet real estate association currently holds a c.10.5% stake in Hemnet and is the sole holder of Hemnet's A1 shares which grant certain veto rights (otherwise A1 shares have the same voting and dividend rights as ordinary shares).

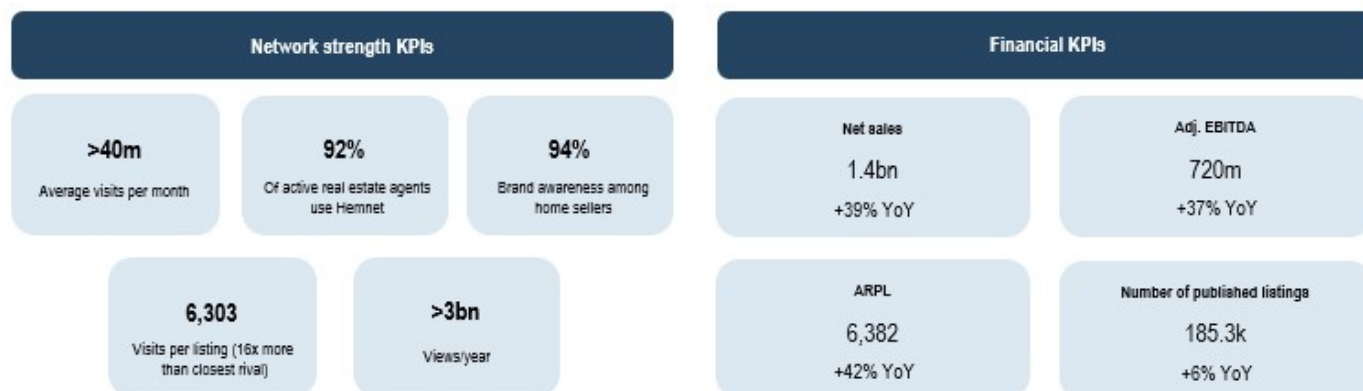
Types of revenues: Hemnet's revenues are predominantly (c.85%) generated by selling listing packages to home sellers who pay to have their listings displayed on Hemnet. Hemnet also generates revenues from services for real estate agents (c.8%) and real estate developers (c.2%) as well as from selling display advertising (c.5%).

Hemnet – The dominant Property Classifieds portal in Sweden

The go-to portal in Sweden – the virtuous cycle drives continuous pricing power

Hemnet plays a pivotal role in the Swedish property market by seamlessly connecting buyers, sellers, and real estate agents on one efficient platform. Hemnet dominates the market with listings that have 16x more views than those of its closest rival in FY24. This helps discourage sellers from switching to another portal since they would miss out on Hemnet’s large audience and the higher likelihood of a sale. Hemnet’s dominance is also apparent through its brand power. YouGov ranked Hemnet as the fifth strongest media brand in Sweden—surpassed only by Google, Spotify, YouTube, and Netflix—in 2022 (the last available year for this data). Hemnet is so popular in Sweden that the term “Hemnetberoende” exists to describe someone who is frequently scrolling on Hemnet.

Figure 120: Hemnet, FY24 KPIs



Source: Company reports.

Table 32: Hemnet’s growth strategy is built on three key stakeholder groups

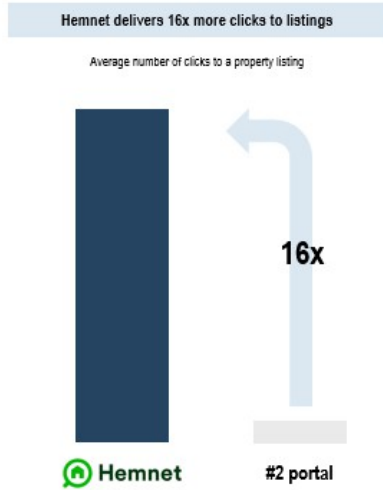
Consumers	Sellers	B2B partners
Increase engagement and strengthen loyalty across the property journey.	Optimize seller revenues through a balance of product, packaging and price.	Broaden the portfolio and shift growth to Hemnet-unique advertising offerings.

Source: Company reports.

“Hemnet is an essential part of our marketing channels — a leading and trusted marketplace for properties with an incredibly strong brand. It generates high traffic to a broad target audience while providing us with reliable statistics and an efficient advertising solution, making it easy to us to maximise the visibility of our properties”

Emelie Johansson, Real Estate Agent at Svensk Fastighetsförmedling Linköping (Hemnet FY24 Annual Report)

Figure 121: Hemnet's market dominance relative to nearest competitor



Source: Company reports.

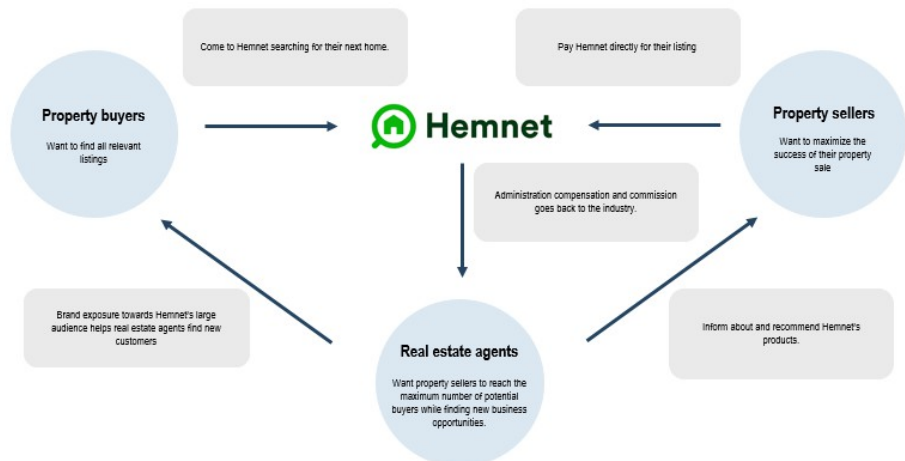
Figure 122: Media brands ranked by their brand strength in Sweden



Source: Company reports, YouGov

As the leading property portal by a large margin in Sweden, one driver of Hemnet's ARPL (Average Revenue per Listing) has been its ability to increase prices without losing customers due to its strong market share (in terms of visitors to the site). Listing a property for sale on Hemnet is considered an essential part of the home selling process, with 9 in 10 properties sold in Sweden being listed on Hemnet. The portal (similar to all leading Online Classifieds) benefits from strong network effects as sellers choose to list on the platform where there are the most buyers and buyers will choose to browse the platform where all the listings are—creating a virtuous cycle.

Figure 123: Hemnet, Network Effect Model



Source: Company reports.

Table 33: Value creation for Hemnet stakeholders

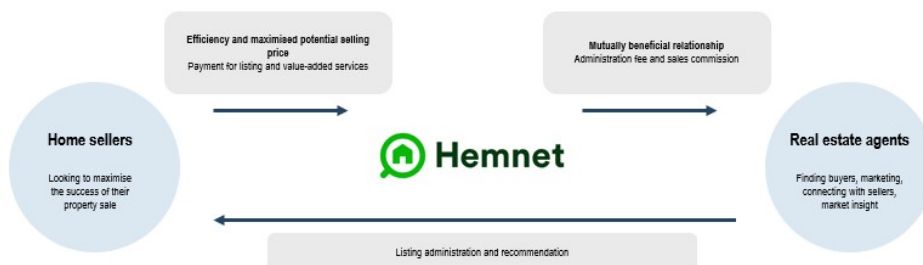
Property Buyers	Property Sellers	Real Estate Agents and Other Business Partners
<p>With the majority of all relevant properties for sale listed on the platform, Hemnet offers buyers a comprehensive overview of the current property market. By helping buyers discover and evaluate properties, Hemnet supports them in making well-informed decisions about their next home.</p>	<p>Property sellers choose Hemnet because it provides access to the largest audience of any property portal in Sweden, ensuring their listings reach a wide pool of potential buyers. This broad visibility makes Hemnet an important tool for sellers looking to enhance their chances of a successful sale.</p> <p>By engaging directly with sellers Hemnet offers a straightforward process where sellers select a listing package, often recommended by their real estate agent, and pay directly to Hemnet. This direct relationship also provides an effective way to introduce additional products and services specifically tailored to sellers' needs.</p> <p>Hemnet's collaboration with real estate agents is another strength in our model as this creates a mutually beneficial partnership. Real estate agents receive an administration fee for managing listings on Hemnet, and can earn commissions by recommending and informing sellers about Hemnet's value-added services. This creates a win-win model: real estate agents benefit from additional incentives, sellers gain access to enhanced services, and the overall home sale process becomes more efficient.</p>	<p>With virtually all Swedish buyers and sellers active on Hemnet, the platform serves as an important marketing channel for business customers in the property market and adjacent sectors. By leveraging our strong market position and large, highly relevant audience, we aim to provide valuable opportunities for our business customers to achieve success in a competitive marketplace.</p>

Source: Company reports.

Unlike others, Hemnet operates a seller-paid model

Hemnet is the dominant Property Classifieds portal in Sweden. In contrast to peers such as Scout24 in Germany and Rightmove in the UK (which monetize almost entirely through agents), Hemnet requires home **SELLERS** to pay to advertise their properties to Hemnet’s large audience of potential buyers. A portion of the amount charged to sellers is paid out to their real estate agent as a commission, along with a fixed amount to compensate for the work of adding the listing to Hemnet.

Figure 124: Hemnet, Business Model



Source: Company reports.

Pricing – Upselling to more highly priced packages is key, demand for value-added services (VAS) is high

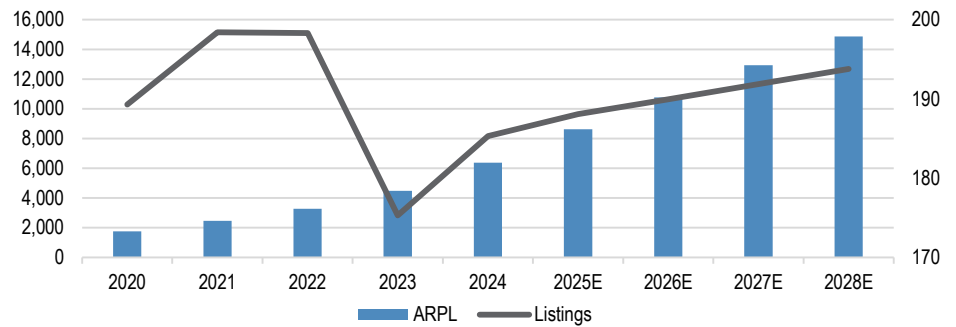
With such strong network effects, we believe that Hemnet should be able to maintain its market share and will be resilient to any new entrants as long as it continues investing in providing a good user experience. Our near-term estimates appear conservative given the growth in ARPL so far—+42% YoY in FY24 and +37% YoY in Q125. We also see potential upside to our ARPL estimates as prices for packages could increase significantly if high conversion to Premium is considered a sign of mispricing.

Table 34: Hemnet KPIs

	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Number of listings (thousands)	185.0	189.3	198.4	198.3	175.3	185.3	188.1	190.0	191.9	193.8
% change		2.3%	4.8%	-0.1%	-11.6%	5.7%	1.5%	1.0%	1.0%	1.0%
ARPL (SEK)	1,414	1,760	2,467	3,275	4,490	6,382	8,616	10,770	12,924	14,862
% change		24.5%	40.2%	32.8%	37.1%	42.1%	35.0%	25.0%	20.0%	15.0%

Source: Company reports and J.P. Morgan estimates.

Figure 125: ARPL and listings developments



Source: Company reports and J.P. Morgan estimates.

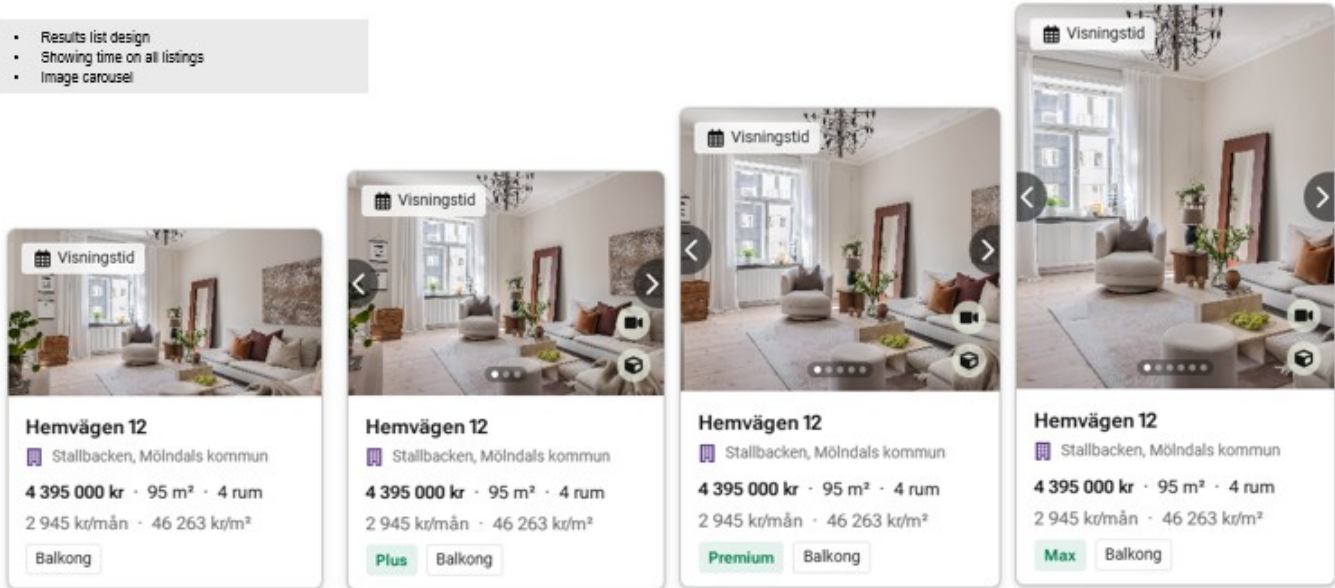
The company uses different product packages – with the aim to upsell clients to more highly priced packages

Home sellers looking to list their homes can choose from four listing packages: Bas, Plus, Premium and Max. The new Max tier was introduced in early 2025 along with several enhancements to the seller packages. Hemnet Max specifically targets those customers who want even more exposure for their property to potential buyers.

Home sellers can choose the more expensive VAS packages (Plus, Premium and Max) for additional benefits such as better placement and prominence for their listings. While listings by default are ranked by posting date, the higher tier packages are shown first and can show more (and larger) pictures of the property. The higher tier packages also allow sellers to renew their listing so it can be added back into the most recent listings or to use temporary “rockets” to put the listing at the top of the relevant search results for 3 (for Premium) or 5 (for Max) days. Renewals and rockets can also be purchased as additional services in addition to the home seller’s package for those whose package does not offer them for free. With the new Max package, Hemnet has also introduced new benefits such as appearing on the Hemnet homepage and targeted marketing emails sent to “specially selected” potential buyers.

Figure 126: Hemnet seller packages

- Results list design
- Showing time on all listings
- Image carousel



Bas
 Visible viewing times in search results, for a better experience

Plus
 Get three images in a carousel, for extra visibility in search results

Premium
 Improved with five large images carousel, which in tests have shown increased engagement

Max
 A brand new package with unique features. For those who want to invest more in their sales

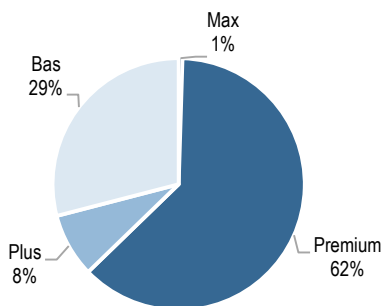
Source: Company reports.

Figure 127: Hemnet package offerings

	Bas	Plus	Premium	Max
Listing on Sweden's largest property portal	✓	✓	✓	✓
Prioritisation of listing cards	4th	3rd	2nd	1st
Size of listing card	Small	Medium	Large	X Large
Pictures in gallery on listing page	X	3 pictures	5 pictures	5 pictures
Free Renewal	X	X	✓	✓
Free Raketten (Rocket)	X	X	3 days	5 days
Target outreach to potential buyers	X	X	X	✓
Unique visibility of Hemnet's landing page	X	X	X	✓

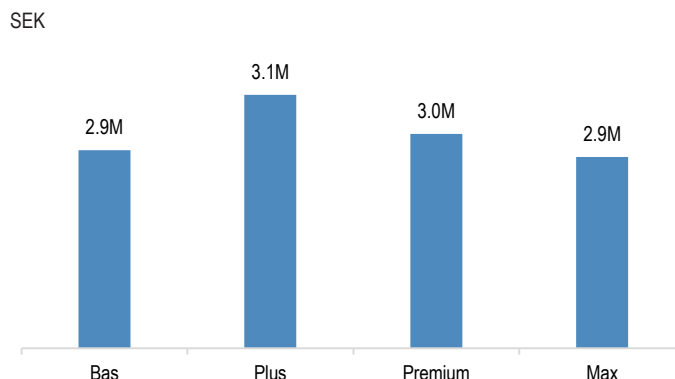
Source: Company reports.

Figure 128: Use of VAS packages (from sample in Uppsala kommun)



Source: Hemnet listings. Use of packages calculated by taking a sample of all 1,243 listings in Uppsala kommun on May 27th, 2025.

Figure 129: Average listing price per package (from sample in Uppsala kommun)



Source: Hemnet listings. Average listing price per package calculated by taking a sample of all 1,243 listings in Uppsala kommun on May 27th, 2025.

While Hemnet does not disclose the use of packages, we have provided a breakdown of the use of packages for a sample of all 1,243 listings in the Uppsala kommun region to provide an indication. We see room to continue increasing conversions with higher agent recommendations, especially from the Bas to the Plus package. The average listing prices of properties under these two packages are also very similar (SEK 2.9m for Bas and SEK 3.1m for Plus) so we do not expect the additional cost of Plus to be a significant barrier to this conversion. Interestingly, we also saw that the oldest listings were predominantly Bas listings which supports Hemnet’s marketing of its VAS packages as ways to sell your home faster. It also highlights the possibility of listings being upgraded to Premium if they have not received sufficient attention.

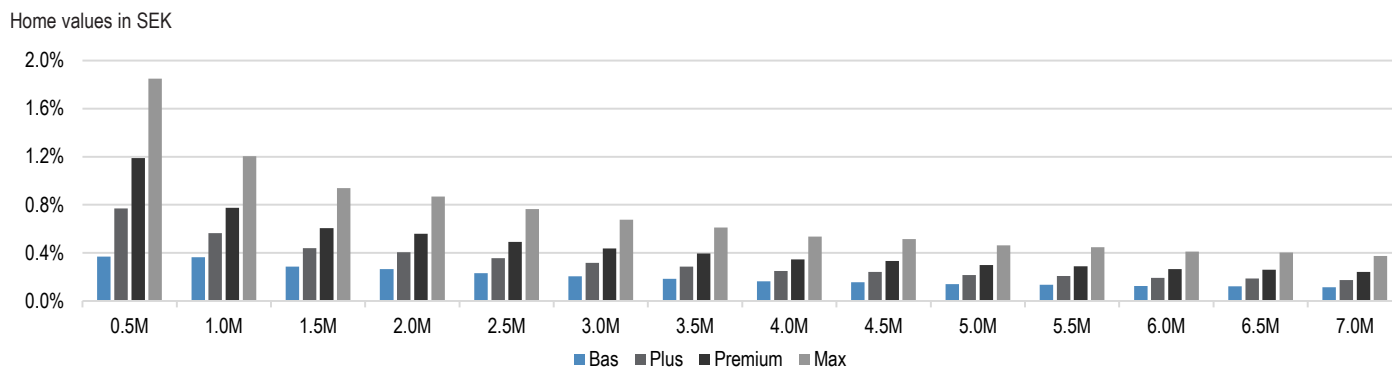
While a majority of listings in the sample opted for Premium, Hemnet has previously stated that high conversion is not necessarily its long-term goal since more sellers on Premium could dilute the benefits of prominent placement in listings. Former CEO Cecilia Beck-Friis stated that high conversion of Premium “may indicate the products are not accurately priced”. We forecast that conversion to Premium will continue to increase in the near term and we see potential for larger price increases for Premium as higher uptake continues. We also see the high use of Premium as a potential driver for penetration of the new Max tier. While adoption of Max is currently low, it is broadly in line with the company’s expectations as they plan for Max to be a long term growth driver rather than aiming for immediate conversion. Importantly, after Plus and Premium were launched in 2019, it took 1.5 years for them to reach double digit penetration.

Hemnet focuses on value-based pricing to control the share of wallet

Hemnet’s dominance means that posting a listing on the site is the best way to get the most views on a listing. In Sweden, once prospective buyers have had the chance to view the property, agents generally open an auction where buyers can see each other’s offers and increase their bids. Having more buyers participating in the bidding is considered crucial to securing higher offers, making the reach of Hemnet’s listings a valuable asset. Hemnet’s pricing power is also influenced by the fact that the cost of listing on Hemnet is priced against the value of the underlying property as Hemnet engages in dynamic pricing across a home's listing price and location. There is a price range for each package offered to sellers and an individual seller’s price is determined by the region where their property is located and the listing price. Below, we have

analyzed the cost of Hemnet packages as a percentage of property prices in Uppsala county—a region of Sweden that includes the country’s 4th largest city.

Figure 130: Package prices as a percentage of home value



Source: Hemnet Price Calculator. Calculated using Hemnet Price Calculator for homes in “Uppsala kommun” to be paid when listing is removed (cheaper prices are available for paying directly when a listing is posted).

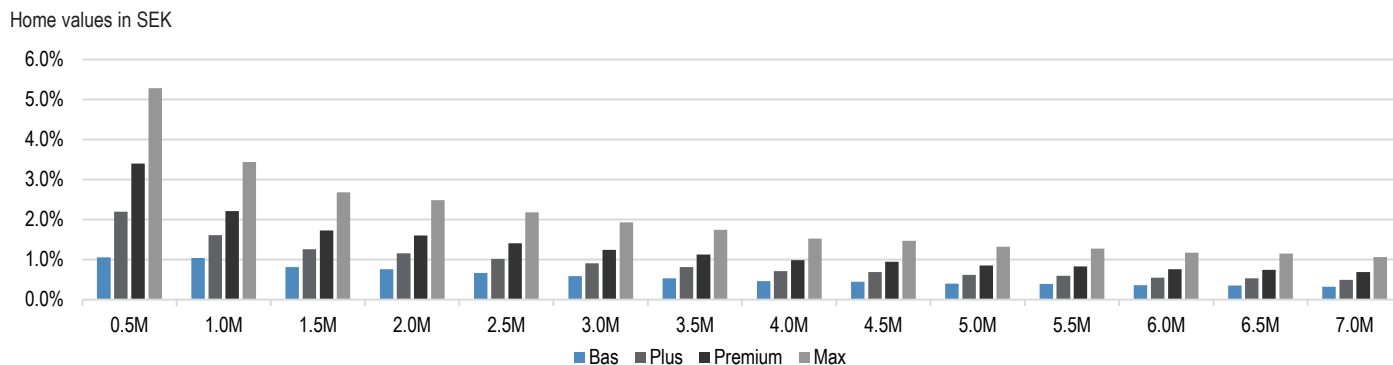
Given that the average property value in Uppsala is c.SEK3.7m, we see the “wallet share” (cost as % of property price) as relatively low with the cost of Premium below 0.4% and the cost of Bas below 0.2%. For comparison, REA Group—Hemnet’s closest peer operating out of Australia—charges 0.5-1.0% of a listing’s value. We therefore see room for Hemnet to increase its wallet share especially for more expensive properties. A higher wallet share also acts as a deterrent to new entrants since, as Hemnet takes up a larger share of their budget, home sellers have fewer funds remaining in their marketing budget to allocate elsewhere to competing listing portals.

How far can ARPL go? Stress testing the potential for further ARPL increases

To analyze how sustainable Hemnet’s strong price increases are, we calculate the prices of their packages relative to property prices assuming 30% price increases in each of the next the four years (vs our base case of c.20%). While the wallet share of the higher tier packages for the least expensive properties is high, the price of a Premium package is kept at c.1% of the value of the average home in Uppsala county. As a result, we see room for Hemnet to push for strong price increases on properties in the mid-to-high listing price ranges.

Home sellers in Sweden have two primary costs associated with selling their properties: 1) fees paid directly to agents of c.1-2% of the home’s value (c.SEK50,000 on average) for costs associated with home staging, photography, the creation of floor plans, showing the house, etc. and 2) marketing costs, which generally consists of paying for a Hemnet package to promote the listing to interested buyers.

Figure 131: Package prices as a percentage of home value after 4 years of 30% price increases



Source: J.P. Morgan estimates. Calculated for homes in "Uppsala kommun" to be paid when listing is removed (cheaper prices are available for paying directly when a listing is posted). Base prices before price increases taken from Hemnet Price Calculator.

Hemnet’s vendor-paid model is part of what grants it this strong pricing power. We argue that it has more room to increase its prices than its European peers with agent-paid models. Hemnet is a one-time purchase for home sellers who will likely not have to transact again for several more years. Whereas for the agent-paid models, agents pay a regular subscription fee and would be much more sensitive to large price increases.

Figure 132: Outcomes of new compensation model



Source: Company reports.

Controlling share of wallet through payment collection post-sale.

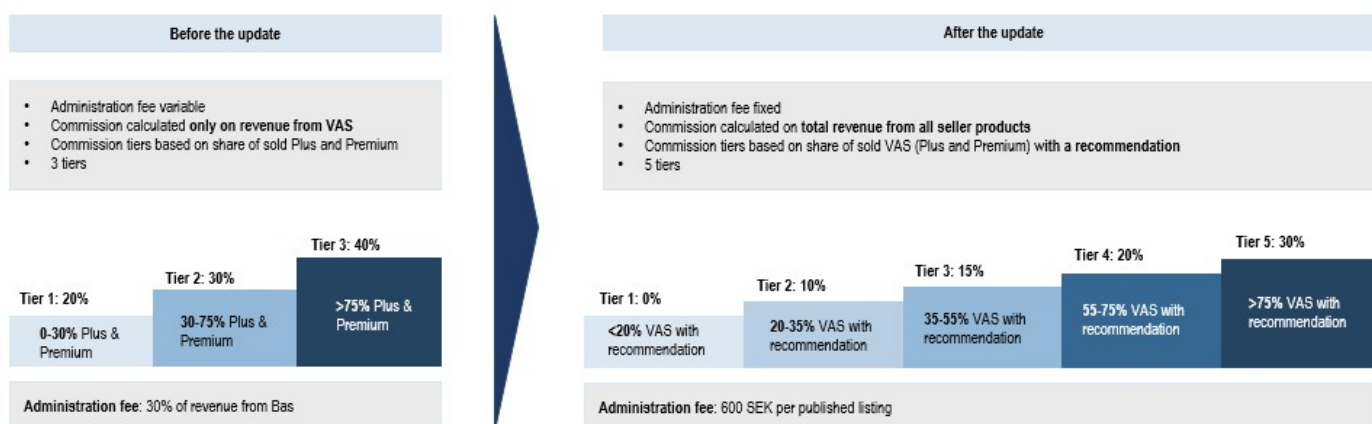
Another approach that Hemnet has taken to avoid pricing out sellers while maximizing revenue is the introduction in FY23 of the option to pay when a listing is removed. This decreases the cost barrier for sellers as it aligns the timing of their payment to Hemnet with the timing of receipt of the proceeds from the sale of their house. The option to pay when a listing is removed does come at a premium to paying immediately—further driving ARPL growth—and also requires payment within 4 months if a listing does not sell (choosing to pay immediately comes at a c.7% discount to paying when the listing is removed). Since the product was launched, c.40-50% of sellers opt to pay when removed. We expect this uptake to continue and note that any increase in uptake will further drive ARPL growth.

The updated commission structure for agents has been a key upselling driver in the past 12 months

Real estate agents' recommendations of packages have been identified by Hemnet as a powerful driver of sellers choosing VAS packages. When agents recommend a package, 75% of home sellers follow their recommendation. However, as of FY23, only 50% of agents were recommending packages. Noticing an opportunity to utilize agents as marketers for their VAS, Hemnet instituted a new agent compensation model in July 2024 to incentivize recommending VAS. As part of this model, agents are now required to recommend a package to qualify for commission. More tiers have also been added to determine their commission based on the proportion of their sellers who choose Plus, Premium and Max packages.

We believe this new commission structure, especially the requirement for agents to recommend a package to receive a commission, will continue to increase the demand for VAS and further drive ARPL growth in FY25.

Figure 133: Updates made to Hemnet's agent commission structure



Source: Company reports. Note with the addition of the Max tier, it is included with Plus and Premium as a VAS package.

Hemnet - Key Financials

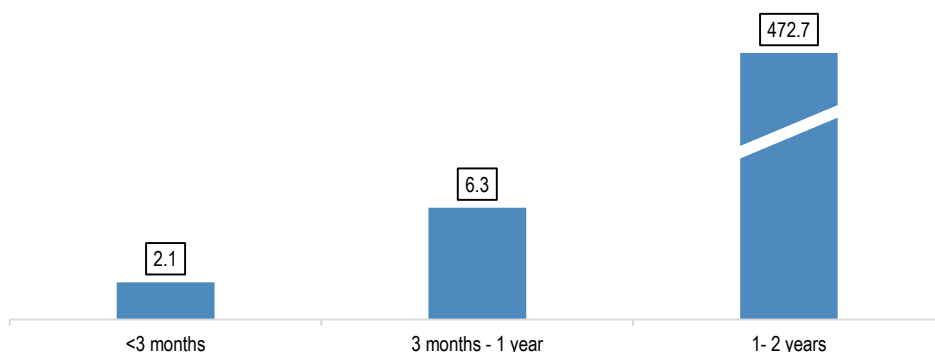
Balance Sheet

Hemnet’s primary debt obligation is its bank loan with Nordea maturing in April 2026 that includes a revolving credit facility. As of year-end, the total credit facility was for SEK600m with SEK130m still unused. The loan carries a variable interest rate on utilised credit of Stibor + 1.4-2.0% and unutilised credit carries a fixed rate of 0.35%. The company’s other debt obligations consist of its leasing liabilities for the company’s headquarters in Stockholm.

The company aims to keep its net debt to adjusted EBITDA ratio below 2.0x. In FY24, the net debt to Adj. EBITDA ratio was 0.5x (vs 0.8x in FY23).

Figure 134: Hemnet, Maturity of liabilities to credit institutions

SEKm



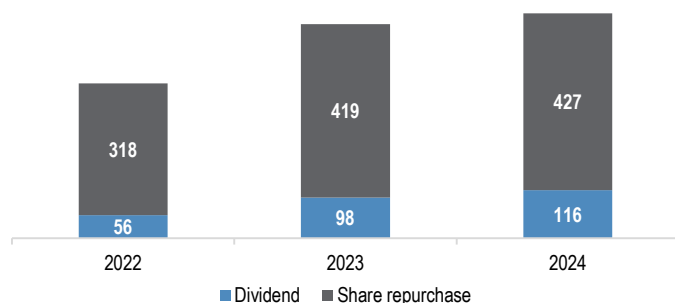
Source: Company reports.

Returns to shareholders

Hemnet’s current dividend policy is to distribute a minimum annual dividend of at least one-third of net income and has done so since the company went public. The company also returns any surplus liquidity to shareholders through special dividends or buybacks. In April, Hemnet completed its SEK 450m buyback that had been announced in April 2024. Over the course of the buyback, 1,276,528 shares were repurchased for a total of SEK449.8m. In May, the company announced a new buyback programme to repurchase shares up to a maximum of SEK600m, the programme is currently c.5% completed and the remaining amount consists of c.2% of Hemnet’s market cap.

Figure 135: Hemnet, returns to shareholders

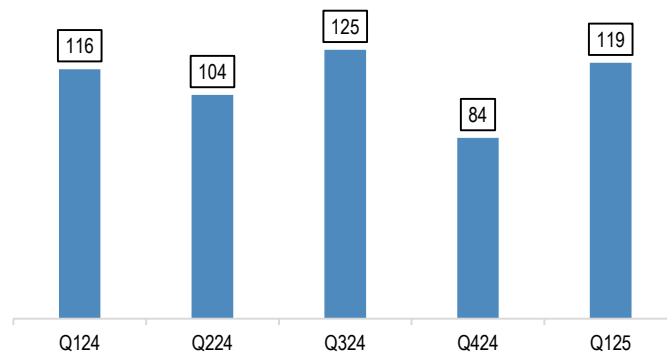
SEKm



Source: Company reports.

Figure 136: Hemnet, share buybacks

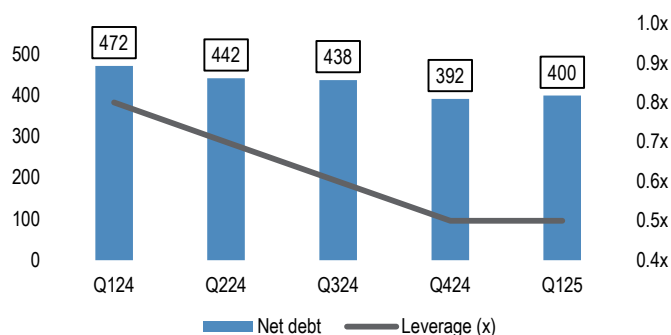
SEKm



Source: Company reports.

Figure 137: Hemnet, Net debt and leverage

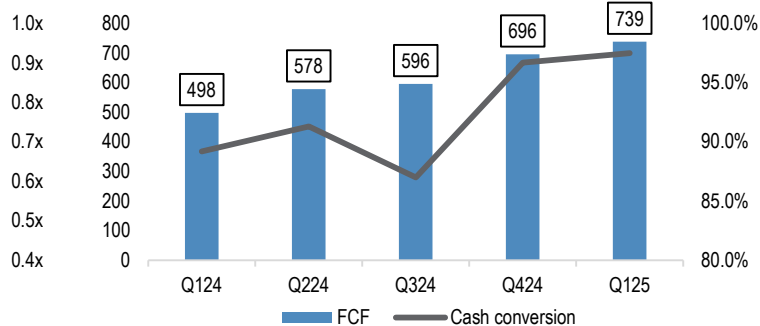
SEKm, leverage x



Source: Company reports.

Figure 138: Hemnet, LTM FCF and cash conversion

SEKm, percent



Source: Company reports.

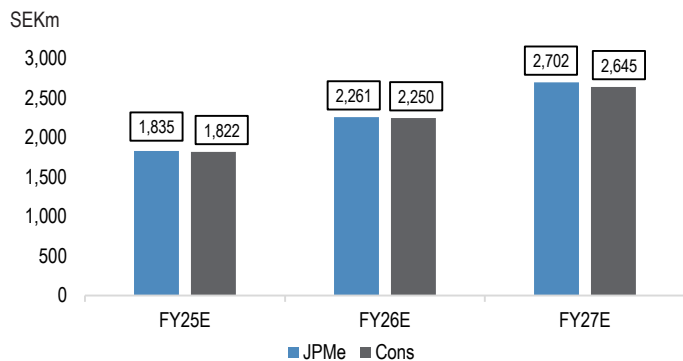
Table 35: Hemnet Financials, JPMe vs BBG Consensus

SEKm

	FY25			FY26			FY27		
	JPMe	Cons	% delta	JPMe	Cons	% delta	JPMe	Cons	% delta
Revenues	1,835	1,822	+1%	2,261	2,250	+1%	2,702	2,645	+2%
Adj. EBITDA	972	970	+0%	1,221	1,226	-0%	1,432	1,469	-2%
Adj. Diluted EPS	7.25	7.51	-3%	9.41	9.82	-4%	11.24	12.18	-8%

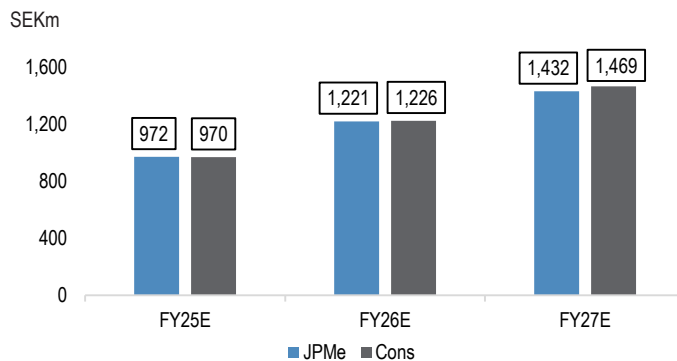
Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 139: Hemnet revenues, JPMe vs Consensus



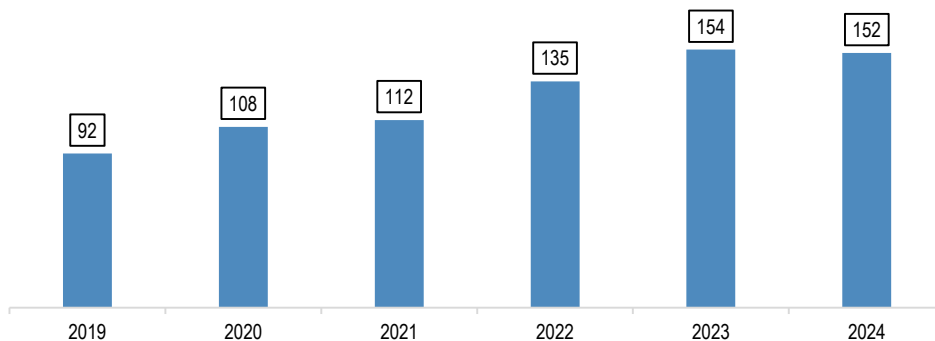
Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 140: Hemnet Adj. EBITDA, JPMe vs Consensus



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 141: Hemnet, number of employees



Source: Company reports.

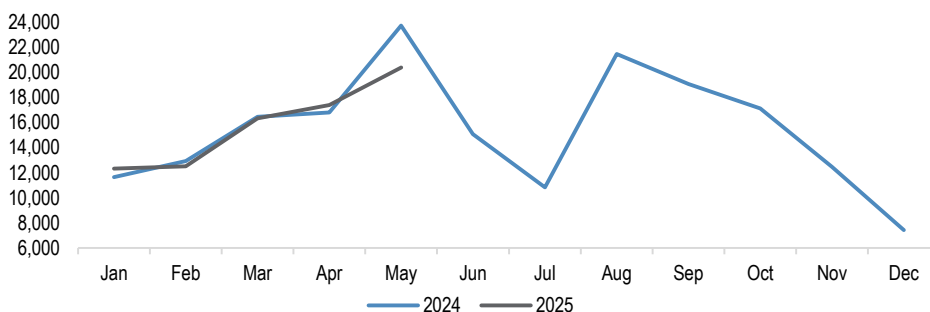
Lower rate environment may improve sentiment for the housing market

The Swedish housing market and the macroeconomic factors that drive it play a significant role in Hemnet’s business. As the monopoly property portal—listing 9 out of 10 houses sold in Sweden—Hemnet’s management describe Hemnet as “being the market”. This link between the housing market and Hemnet’s financials is most evident in the number of listings posted to the site. While volumes are generally flat, as the transition from print marketing to digital is largely complete, the number of listings can fluctuate around the trend line based on the dynamics in the Swedish economy and real estate market.

Sweden is a very interest rate sensitive economy due to households being relatively highly indebted. The Riksbank rate hikes from 2022-2023 to combat inflation squeezed Swedish consumers and boosted mortgage rates to multi-year highs (c.4.10% in April 2024). As a result, listings on Hemnet decreased as home sellers decided to push back their plans to transact until the housing environment improved. Overall, Hemnet’s listings fell by -11.6% YoY in FY23.

The Swedish housing market has started to show signs of recovery which we expect will sustain in FY25, as buyers and sellers return to the market in a now lower rate environment. This has resulted in more transactions across the market, reflected by Hemnet’s 5.7% increase in new property listings in FY24 compared to FY23. However, we note that the 185,300 listings recorded in FY24 are still significantly lower than the 198,300 listings in FY22 and 198,400 listings in FY21, so we continue to see room for growth. In Q125 listings were generally flat, though Hemnet’s monthly release of listings data shows volumes up 3% YoY in April 2025 but down 14% in May 2025.

Figure 142: Hemnet, monthly listings



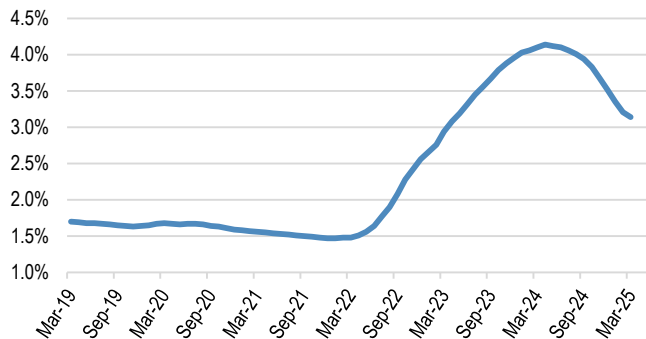
Source: Company data.

The higher cost of debt, the impact of inflation on building materials, and the loss of labour in the construction industry also drove a decrease in home builds and fewer new properties added to the market. This also had an impact on Hemnet’s revenues from property developments as their advertising budgets were squeezed and they had fewer properties to advertise.

The rate cuts over the last twelve months—that have brought down the policy rate from 4.00% to 2.25%—have been supportive, but with a still uncertain macroeconomic

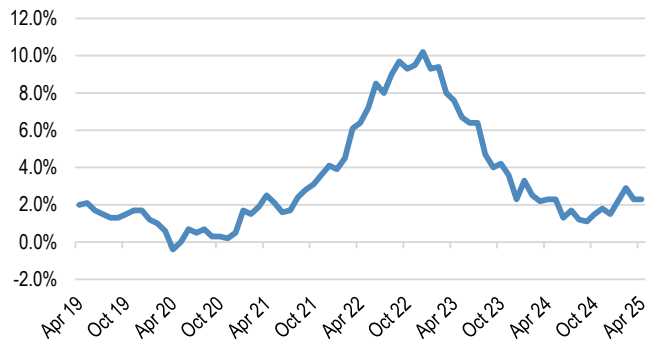
backdrop, Hemnet found in June that of surveyed buyers who expect to buy a home within the next 6 months, only 27% expect prices to increase (vs. 29% in May and 35% in April). We currently only expect one more rate cut to come through in Q225 to bring the rate to 2.00% where we expect it to stay going forward.

Figure 143: Sweden's average mortgage rates



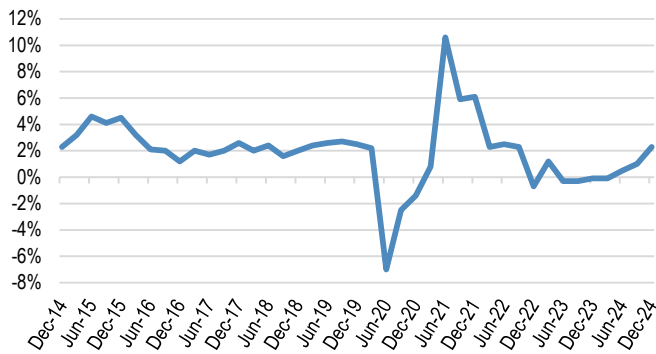
Source: Bloomberg Finance L.P.

Figure 144: Sweden's CPIF growth (% YoY)



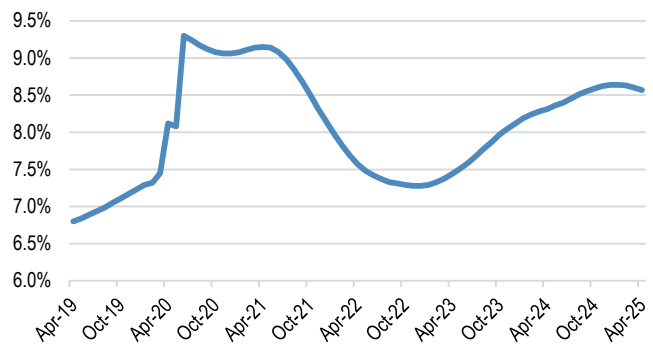
Source: Statistics Sweden

Figure 145: Sweden's GDP growth (% YoY)



Source: Bloomberg Finance L.P.

Figure 146: Sweden's Unemployment rate



Source: Statistics Sweden. Seasonally adjusted and smoothed.

Table 36: Sweden macroeconomic indicators, JPMe vs BBG consensus

	FY24	FY25		FY26		FY27	
	Actual	JPMe	Cons	JPMe	Cons	JPMe	Cons
GDP growth (YoY %)	1.00	1.50	1.70	2.00	2.10	n.a.	2.10
Core CPI (YoY %)	1.90	2.80	2.40	1.80	1.90	n.a.	2.00
Unemployment rate (%)	8.40	8.60	8.70	8.10	8.30	n.a.	7.80
Policy Rate (%)	2.50	2.00	1.95	2.00	2.00	n.a.	n.a.

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

M&A - Unlikely in our view at this point

Sentiment in the European Property Classifieds market has been weighed down by the threat of CoStar's ambition to consolidate in Europe. Their stated strategy is to not overpay for the #1 market player but to acquire the #2 or #3 player and deploy CoStar's resources and expertise to grow its market share. However, we see Hemnet as less of a target for CoStar due to the lack of acquisition targets for CoStar as Hemnet's nearest competitor, Booli, is a search engine that aggregates listings from agents' websites and does not charge for listings to be posted. We see France and Germany as the next potential targets for CoStar, and as such, we see little near term risk for Hemnet.

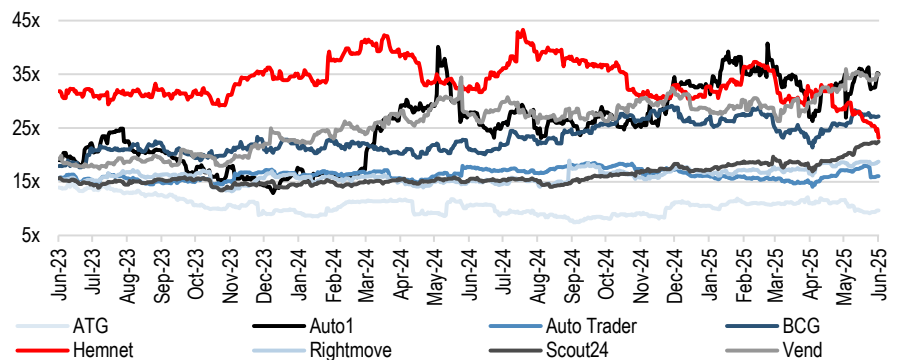
“We believe that real estate portals across Europe will soon be entering a period of consolidation. [...] Private equity firms are more likely to acquire the portal in the number one position at elevated multiples. [...] We can create more value for shareholders by acquiring good or great assets at excellent values that may benefit from our track record of acquiring and growing traffic share and revenue in high potential portals.”

Andy Florance, CoStar CEO, Q323 Conference Call (October 24th, 2023)

Valuation: Multiple already reflects ambitious growth

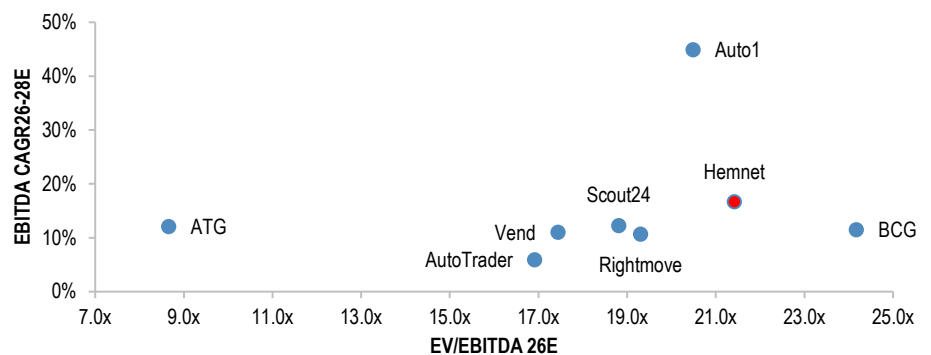
Hemnet's valuation should be considered relative to its closest peer, REA Group in Australia. REA Group dominates its market with 4.0x more monthly visits than its closest competitor. Importantly, REA Group is also the only one of Hemnet's peers to operate a vendor-paid model. Both REA Group and Hemnet have historically traded ahead of their peers, due in part to the greater pricing power of their vendor-paid models, higher EBITDA growth, and market dominance. Hemnet has also proven its resilience to market conditions and has continued compounding growth at high rates even during more difficult environments due to its pricing power. This offers better long-term visibility and highlights the resilience of the business model.

Figure 147: Hemnet EV/EBITDA vs European peers



Source: Bloomberg Finance L.P.

Figure 148: EV/EBITDA 26E vs EBITDA 26-28E CAGR for Hemnet and European peers



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Table 37: Hemnet Valuation vs European peers

	EV/EBITDA			EBITDA CAGR25-27E	EBITDA CAGR26-28E
	2025E	2026E	2027E		
European Online Classifieds					
ATG	10.3x	8.7x	7.1x	12%	12%
Auto1	31.3x	20.5x	14.2x	41%	45%
AutoTrader	18.2x	16.9x	15.7x	6%	6%
BCG	28.6x	24.2x	21.2x	14%	12%
Hemnet	27.3x	21.4x	17.9x	21%	17%
Rightmove	21.2x	19.3x	17.5x	9%	11%
Scout24	22.5x	18.8x	16.5x	15%	12%
Vend	23.3x	17.4x	14.4x	26%	11%
Average	22.8x	18.4x	15.6x	18%	16%

Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Company Financials

Table 38: Income Statement

SEKm

	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net sales	728.1	889.2	1,004.7	1,394.6	1,832.4	2,259.3	2,699.8
Other revenue	1.8	2.6	2.7	2.1	2.1	2.1	2.1
Total Revenue	729.9	891.8	1,007.4	1,396.7	1,834.5	2,261.4	2,701.9
% Change	33.7%	22.2%	13.0%	38.6%	31.3%	23.3%	19.5%
Capitalised proprietary intangible assets	4.6	10.0	13.0	10.7	10.7	10.7	10.7
Other external expenses	-299.9	-299.0	-323.7	-480.7	-614.4	-735.8	-915.7
Personnel expenses	-130.0	-153.2	-169.6	-205.2	-256.8	-313.4	-363.3
Depreciation and amortization	-79.0	-70.6	-77.3	-86.0	-79.9	-83.8	-87.6
Other operating expenses	-1.7	-1.5	-1.6	-1.7	-1.7	-1.7	-1.7
Total expenses	-510.6	-524.3	-572.2	-773.6	-952.9	-1,134.7	-1,368.2
% Change	16.3%	2.7%	9.1%	35.2%	23.2%	19.1%	20.6%
Operating profit (EBIT)	223.9	377.5	448.2	633.8	892.4	1,137.4	1,344.4
Margin (%)	30.7%	42.3%	44.5%	45.4%	48.6%	50.3%	49.8%
Change (%)	102.6%	68.6%	18.7%	41.4%	40.8%	27.5%	18.2%
EBITDA	302.9	448.1	525.5	719.8	972.3	1,221.1	1,432.0
Margin (%)	41.5%	50.2%	52.2%	51.5%	53.0%	54.0%	53.0%
Change (%)	61.2%	47.9%	17.3%	37.0%	35.1%	25.6%	17.3%
Adjustments for comparability	52.1	0.0	0.0	0.0	0.0	0.0	0.0
Adj. EBITDA	355.0	448.1	525.5	719.8	972.3	1,221.1	1,432.0
Margin (%)	48.6%	50.2%	52.2%	51.5%	53.0%	54.0%	53.0%
Change (%)	75.7%	26.2%	17.3%	37.0%	35.1%	25.6%	17.3%
Financial income	0.3	0.6	3.2	3.3	3.3	3.3	3.3
Financial expenses	-26.1	-7.4	-24.0	-30.0	-23.4	-14.1	-9.5
Net financial items	-25.8	-6.8	-20.8	-26.7	-20.1	-10.8	-6.2
Earnings before tax	198.1	370.7	427.4	607.1	872.3	1,126.6	1,338.2
Tax	-41.6	-76.9	-88.7	-125.7	-180.6	-233.3	-277.1
Tax rate (%)	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Profit after tax	156.5	293.8	338.7	481.4	691.7	893.3	1,061.1
Diluted EPS (SEK)	1.54	2.93	3.47	5.00	7.25	9.41	11.24
Change (%)	130.0%	89.7%	18.4%	44.2%	45.1%	29.8%	19.4%

Source: Company reports and J.P. Morgan estimates.

Table 39: Balance Sheet

SEKm

	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
ASSETS							
Non-Current Assets							
Goodwill	902.8	902.8	902.8	902.8	902.8	902.8	902.8
Customer relationships	814.7	759.3	703.9	648.5	618.8	587.2	560.1
Platform	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Trademarks	241.2	241.2	241.2	241.2	241.2	241.2	241.2
Capitalised development costs	12.7	20.1	44.0	49.1	50.0	48.8	48.3
Right of use assets	6.9	0.6	45.2	36.9	37.5	35.5	30.9
Other non-current assets	1.4	2.0	7.3	6.7	5.8	5.4	5.7
Total non-current assets	1,979.9	1,926.0	1,944.4	1,885.2	1,856.1	1,820.9	1,789.1
Current Assets							
Accounts receivables	28.7	31.5	38.3	29.8	40.4	47.5	56.7
Other current receivables	22.3	24.9	61.7	157.6	201.8	237.4	270.2
Prepaid expenses and accrued income	8.1	11.8	9.0	9.6	9.6	9.6	9.6
Interest bearing securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	94.5	100.4	102.6	111.7	96.4	183.7	476.8
Total current assets	153.6	168.6	211.6	308.7	348.1	478.3	813.3
Total assets	2,133.5	2,094.6	2,156.0	2,193.9	2,204.2	2,299.2	2,602.4
LIABILITIES & EQUITY							
Non-Current Liabilities							
Liabilities to credit institutions	277.9	328.5	497.1	468.5	468.5	268.5	168.5
Leasing liabilities	0.0	0.0	35.5	26.0	26.0	26.0	26.0
Deferred tax liabilities	220.1	210.2	203.7	193.5	193.5	193.5	193.5
Total non-current liabilities	498.0	538.7	736.3	688.0	688.0	488.0	388.0
Current Liabilities							
Liabilities to credit institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Leasing liabilities	5.2	0.0	8.1	9.1	9.1	9.1	9.1
Accounts payable	12.5	13.5	14.4	14.9	18.1	22.7	24.6
Tax liabilities	18.7	11.3	3.6	12.0	12.0	12.0	12.0
Other current liabilities	14.0	17.2	23.1	27.6	27.6	27.6	27.6
Accrued expenses and deferred income	68.2	81.2	110.9	193.6	193.6	193.6	193.6
Total current liabilities	118.6	123.2	160.1	257.2	260.4	265.0	266.9
Total liabilities	616.6	661.9	896.4	945.2	948.4	753.0	654.9
Equity							
Share capital	77.4	77.4	77.4	77.7	77.7	77.7	77.7
Other capital contributions	1,246.8	1,250.5	1,255.1	1,305.5	1,305.5	1,305.5	1,305.5
Retained earnings (including net income)	192.7	104.8	-72.9	-134.5	-127.4	163.0	564.3
Total equity	1,516.9	1,432.7	1,259.6	1,248.7	1,255.8	1,546.2	1,947.5
Total liabilities & equity	2,133.5	2,094.6	2,156.0	2,193.9	2,204.2	2,299.2	2,602.4

Source: Company reports and J.P. Morgan estimates.

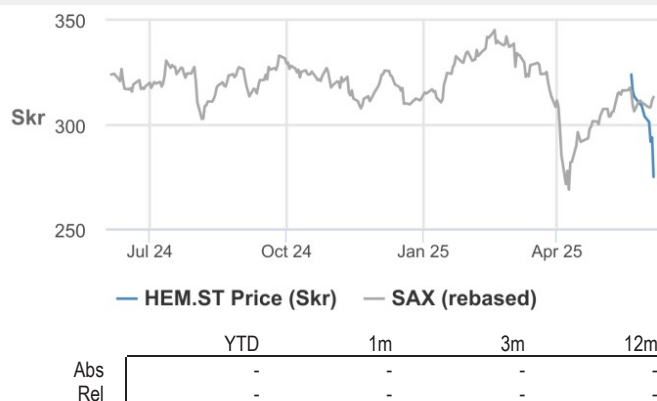
Table 40: Cash Flow Statement

SEKm

	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Operating profit	223.9	377.5	448.2	633.8	892.4	1,137.4	1,344.4
Amortisation customer relationships	55.4	55.4	55.4	55.4	55.4	55.4	55.4
Amortisation capitalized development costs	6.8	6.3	7.6	16.4	10.1	11.4	12.6
Platform amortization	8.5	0.2	0.0	0.0	0.0	0.0	0.0
Depreciation of leases	7.3	7.5	11.9	11.6	11.0	13.6	16.2
Depreciation tangible non-current assets	1.0	1.1	2.3	2.6	3.4	3.4	3.4
Disposal of fixed assets	0.0	0.0	0.0	0.4	0.0	0.0	0.0
Interest received	0.1	0.6	3.2	3.3	3.3	3.3	3.3
Interest paid	-15.1	-6.7	-25.4	-28.6	-23.4	-14.1	-9.5
Paid income tax	-49.6	-94.2	-103.2	-127.7	-180.6	-233.3	-277.1
Cash flow before changes in working capital	238.3	347.8	400.1	567.2	771.6	977.1	1,148.8
Change in operating receivables	-7.9	-9.0	-40.8	-88.1	-54.8	-42.8	-42.0
Change in operating liabilities	4.6	17.2	36.6	87.8	3.2	4.6	1.9
Total changes in working capital	-3.3	8.2	-4.2	-0.3	-51.6	-38.2	-40.1
Cash flow from operating activities	235.0	356.0	395.9	566.9	720.0	938.9	1,108.7
Investments in intangible non-current assets	-6.5	-13.7	-31.5	-21.6	-36.7	-33.9	-40.5
Investments in tangible non-current assets	-0.5	-1.8	-7.3	-1.9	-2.5	-3.1	-3.7
Disposal of tangible non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposal of short-term investments	24.7	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	17.7	-15.5	-38.8	-23.5	-39.2	-37.0	-44.2
Borrowings	500.0	115.0	185.0	180.0	0.0	0.0	0.0
Dividend paid to Parent Company Owners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loan repayments	-908.6	-65.0	-15.0	-210.0	0.0	-200.0	-100.0
Repayment of lease liabilities	-7.5	-6.5	-13.0	-11.6	-11.6	-11.6	-11.6
Warrant issue	11.8	4.6	5.0	0.0	0.0	0.0	0.0
Issue costs	-1.0	-0.2	0.0	0.0	0.0	0.0	0.0
Repurchase of warrants	0.0	-0.8	-0.4	-0.7	0.0	0.0	0.0
Share repurchase	0.0	-326.1	-418.5	-427.7	-450.0	-300.0	-300.0
Paid dividend	0.0	-55.6	-98.0	-115.2	-234.6	-302.9	-359.9
Share redemption	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-405.3	-334.6	-354.9	-534.3	-696.2	-814.5	-771.5
Cash flow for the year	-152.6	5.9	2.2	9.1	-15.3	87.3	293.1
Cash and cash equivalents at beginning of the year	247.1	94.5	100.3	102.5	111.6	96.3	183.6
Cash and cash equivalents at end of the year	94.5	100.3	102.5	111.6	96.3	183.6	476.7

Source: Company reports and J.P. Morgan estimates.

Price Performance



Company Data

Shares O/S (mn)	96
52-week range (Skr)	430.20-268.00
Market cap (\$ mn)	2,763.11
Exchange rate	9.59
Free float (%)	72.9%
3M ADV (mn)	0.23
3M ADV (\$ mn)	8.2
Volatility (90 Day)	45
Index	OMX Stockholm All-Share
BBG ANR (Buy Hold Sell)	6 4 0

Key Metrics (FYE Dec)

Skr in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	1,397	1,835	2,261	2,702
Adj. EBIT	634	892	1,137	1,344
Adj. EBITDA	720	972	1,221	1,432
Adj. net income	481	692	893	1,061
Adj. EPS	5.00	7.25	9.41	11.24
BBG EPS	5.44	7.56	10.00	12.52
Cashflow from operations	567	720	939	1,109
FCFF	696	882	1,146	1,348
Margins and Growth				
Revenue Growth Y/Y (%)	38.6%	31.3%	23.3%	19.5%
EBIT margin	45.4%	48.6%	50.3%	49.8%
EBIT Growth Y/Y (%)	41.4%	40.8%	27.5%	18.2%
EBITDA margin	51.5%	53.0%	54.0%	53.0%
EBITDA Growth Y/Y (%)	37.0%	35.1%	25.6%	17.3%
Net margin	34.5%	37.7%	39.5%	39.3%
Adj. EPS growth	44.2%	45.1%	29.8%	19.4%
Ratios				
Adj. tax rate	20.7%	20.7%	20.7%	20.7%
Interest cover	27.0	48.3	112.9	232.2
Net debt/Equity	0.3	0.3	0.1	NM
Net debt/EBITDA	0.5	0.4	0.1	NM
ROE	38.4%	55.2%	63.8%	60.7%
Valuation				
FCFF yield	2.6%	3.4%	4.4%	5.2%
Dividend yield	0.6%	0.9%	1.2%	1.4%
EV/Revenue	20.5	15.6	12.6	10.4
EV/EBITDA	39.9	29.5	23.3	19.6
Adj. P/E	55.0	37.9	29.2	24.5

Summary Investment Thesis and Valuation

Investment Thesis

We initiate coverage on Hemnet Group, the largest online property portal in Sweden, which is best positioned to monetize its market leadership (in regards to traffic) through both a) price rises and upselling (i.e. to increase the proportion of home sellers choosing more expensive value added services) and b) a recovery of the Swedish property market providing further upside to overall listings. We see the company as one of the best executors in the wider Classifieds space with rather impressive revenue growth (26% revenue CAGR 2019-2024 and JPMe +22% 2024-2028E) largely driven by ARPL increases but also ancillary revenues. While we see Hemnet as one of the best Classifieds models in the industry, its high valuation (21.4x 2026E EV/EBITDA for a +17% EBITDA CAGR 2026E-2028E relative to peers (18.4x for a +16% CAGR keeps us on the sidelines). We also note concerns over weak May listings data (-14% YoY).

Valuation

We set our SOTP-derived Dec-26 Price Target at SEK295/share.

Investment Thesis, Valuation and Risks

Hemnet (Neutral; Price Target: Skr295.00)

Investment Thesis

We initiate coverage on Hemnet Group, the largest online property portal in Sweden, which is best positioned to monetize its market leadership (in terms of traffic) through both a) price increases and upselling (i.e. to increase the proportion of home sellers choosing more expensive value added services) and b) a recovery of the Swedish property market providing further upside to overall listings. We see the company as one of the best executors in the wider Classifieds space with rather impressive revenue growth (26% revenue CAGR 2019-2024 and JPMe +22% 2024-2028E) largely driven by ARPL increases but also ancillary revenues. While we see Hemnet as one of the best Classifieds models in the industry, its high valuation 21.4x 2026E EV/EBITDA for a +17% EBITDA CAGR 2026E-2028E relative to peers (18.4x for a +16% CAGR keeps us on the sidelines). We also note concerns over weak May listings data (-14% YoY).

Valuation

We set our SOTP-derived Dec-26 Price Target at SEK295/share.

Hemnet, SOTP

	2026 EBITDA	2026 EV/EBITDA	EV
Group	1,221	23.0x	28,086
Net Debt (Cash)			120
Other adjustments			0
Associates & Minorities			0
Equity Value (SEKm)			27,966
Number of shares			95
Fair Value per share in SEK			295

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Key risks are 1) stronger/weaker developments in the Swedish housing market than expected; 2) changes to Swedish housing policy; 3) competitive risk from alternative channels; 4) more/less pushback from real estate brokers or customers on further monetization efforts; 5) cybersecurity risk.

Hemnet: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	1,007	1,397	1,835	2,261	2,702	Cash flow from operating activities	396	567	720	939	1,109
COGS	-	-	-	-	-	o/w Depreciation & amortization	77	86	80	84	88
Gross profit	-	-	-	-	-	o/w Changes in working capital	(4)	(0)	(52)	(38)	(40)
SG&A	(170)	(205)	(257)	(313)	(363)	Cash flow from investing activities	(39)	(24)	(39)	(37)	(44)
Adj. EBITDA	526	720	972	1,221	1,432	o/w Capital expenditure	(39)	(24)	(39)	(37)	(44)
D&A	(77)	(86)	(80)	(84)	(88)	as % of sales	3.9%	1.7%	2.1%	1.6%	1.6%
Adj. EBIT	448	634	892	1,137	1,344	Cash flow from financing activities	(355)	(534)	(696)	(815)	(771)
Net Interest	(21)	(27)	(20)	(11)	(6)	o/w Dividends paid	(98)	(115)	(235)	(303)	(360)
Adj. PBT	427	607	872	1,127	1,338	o/w Shares issued/(repurchased)	(419)	(428)	(450)	(300)	(300)
Tax	(89)	(126)	(181)	(233)	(277)	o/w Net debt issued/(repaid)	170	(30)	0	(200)	(100)
Minority Interest	-	-	-	-	-	Net change in cash	2	9	(15)	87	293
Adj. Net Income	339	481	692	893	1,061	Adj. Free cash flow to firm	482	696	882	1,146	1,348
Reported EPS	3.47	5.00	7.25	9.41	11.24	y/y Growth	9.5%	44.2%	26.7%	30.0%	17.6%
Adj. EPS	3.47	5.00	7.25	9.41	11.24						
DPS	1.20	1.70	2.46	3.19	3.81						
Payout ratio	34.6%	34.0%	33.9%	33.9%	33.9%						
Shares outstanding	98	96	95	95	94						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	103	112	96	184	477	Gross margin	-	-	-	-	-
Accounts receivable	38	30	40	47	57	EBITDA margin	52.2%	51.5%	53.0%	54.0%	53.0%
Inventories	-	-	-	-	-	EBIT margin	44.5%	45.4%	48.6%	50.3%	49.8%
Other current assets	71	167	211	247	280	Net profit margin	33.6%	34.5%	37.7%	39.5%	39.3%
Current assets	212	309	348	478	813	Organic Revenue growth	-	-	-	-	-
PP&E	-	-	-	-	-	Net debt/EBITDA	0.8	0.5	0.4	0.1	NM
LT investments	-	-	-	-	-	Sales/Assets (x)	0.5	0.6	0.8	1.0	1.1
Other non current assets	1,944	1,885	1,856	1,821	1,789	Assets/Equity (x)	1.6	1.7	1.8	1.6	1.4
Total assets	2,156	2,194	2,204	2,299	2,602	Interest cover (x)	25.3	27.0	48.3	112.9	232.2
Short term borrowings	0	0	0	0	0	Tax rate	20.8%	20.7%	20.7%	20.7%	20.7%
Payables	14	15	18	23	25	Revenue y/y Growth	13.0%	38.6%	31.3%	23.3%	19.5%
Other short term liabilities	146	242	242	242	242	EBITDA y/y Growth	17.3%	37.0%	35.1%	25.6%	17.3%
Current liabilities	160	257	260	265	267	EPS y/y Growth	18.4%	44.2%	45.1%	29.8%	19.4%
Long-term debt	497	469	469	269	169						
Other long term liabilities	239	220	220	220	220						
Total liabilities	896	945	948	753	655						
Shareholders' equity	1,260	1,249	1,256	1,546	1,947	Valuation	FY23A	FY24A	FY25E	FY26E	FY27E
Minority interests	-	-	-	-	-	P/E (x)	79.4	55.0	37.9	29.2	24.5
Total liabilities & equity	2,156	2,194	2,204	2,299	2,602	FCFE Yield	-	-	-	-	-
Net debt/(cash)	438	392	407	120	(273)	EV/EBITDA (x)	54.7	39.9	29.5	23.3	19.6
						Dividend Yield	0.4%	0.6%	0.9%	1.2%	1.4%

Source: Company reports and J.P. Morgan estimates.

Note: Skr in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Overweight

PRX.AS, PRX NA

Price (05 Jun 25):€47.36

Price Target (Mar-27):€62.00

European Internet

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Style Exposure

Quant Factors	Current	Hist %Rank (1=Top)			
	%Rank	6M	1Y	3Y	5Y
Value	78	69	67	62	65
Growth	17	72	64		
Momentum	12	9	83		13
Quality	50	60		74	39
Low Vol	32	35	41	90	9
ESGQ	7	3	17	7	-

Prosus

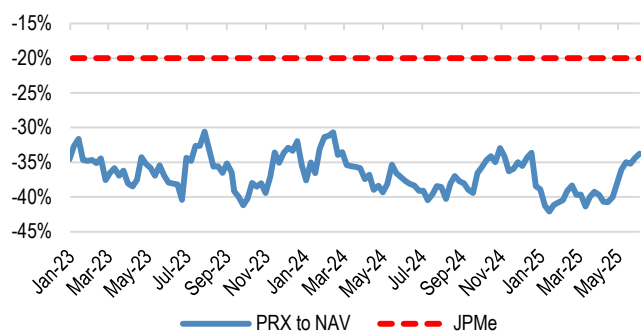
Scope to further narrow the discount

We believe that the operations are shaping up nicely with solid revenue growth and margin expansion, highlighted during H125 results (see our comments [here](#)). Further, Tencent, which is covered by our colleague Alex Yao, continues to perform well and has a target price of HK\$630. This supports our positive view on PRX/NPN, where we expect: 1) the ongoing open-ended buybacks will likely be 7%+ NAV/share accretive annually; 2) management execution towards further profitability improvements in eCommerce; and 3) improving market sentiment for value crystallisation in key portfolio assets, with a potential value unlock in the form of a narrowing of the PRX and NPN discounts to NAV. As detailed in our weekly data tracker (Prosus & Naspers KPI Radar [here](#)), we estimate Prosus/Naspers currently trade at a 34%/38% discount to NAV with this narrowing over recent weeks. Separately, the discount of Naspers relative to Prosus is now 5% vs. 24% at the time of the Prosus listing. Since the start of the SBB programme, Prosus has been buying back c.3.8m shares (or \$178m) and Naspers c.0.4m shares (or \$69m) per week on average.

Things are moving fast under the new leadership...

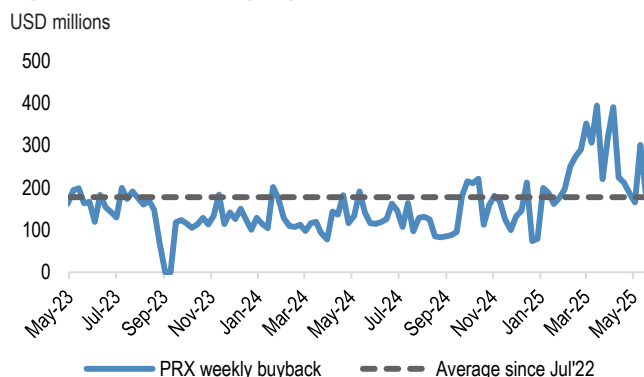
Fabricio Bloisi, CEO of Prosus and Naspers, recently provided an update to shareholders following 10 months in his role and marking the end of FY25 (results due June 23rd) – highlighting a strong start with further momentum in the business. According to management, the business has surpassed its financial targets, achieving adj. EBIT of over \$435m in FY25 (vs \$400m previously guided), with ambitions to maintain similar growth in FY26. Importantly, the company has strategically expanded its ecosystem through acquisitions, including Despegar in Latin America and JustEatTakeaway in Europe, enhancing its market presence and now focusing on building “the #1 Lifestyle E-commerce Company in Latin America, India, and Europe”. Overall, we believe that the key parts of the eCommerce portfolio (Food Delivery/Classifieds) have performed a touch better than expected, highlighting the new CEO’s hands-on approach and effectiveness in driving operational success. Looking forward, we expect the upcoming CMD (June 25th) will likely stand as another key catalyst for the shares. Note that as part of our European Internet investor trip, we will be hosting a dinner on the evening of the CMD with the company (CFO and IR) present. Please contact your J.P. Morgan sales representative to register.

Figure 149: Prosus – Discount to NAV



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 150: Prosus weekly buyback tracker

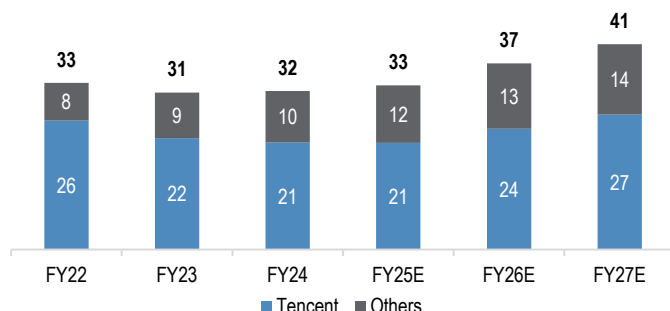


Source: Company data.

Prosus - Company Snapshot

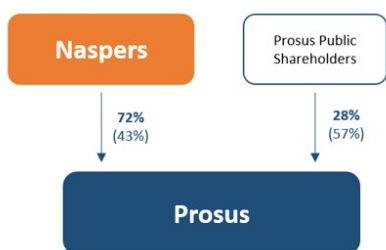
Figure 151: Prosus - Economic interest revenue breakdown

USD billions



Source: J.P. Morgan estimates, Company data.

Figure 152: Prosus - ownership structure (voting rights)



Source: J.P. Morgan estimates, Company data. *parenthesis reflects economic interest

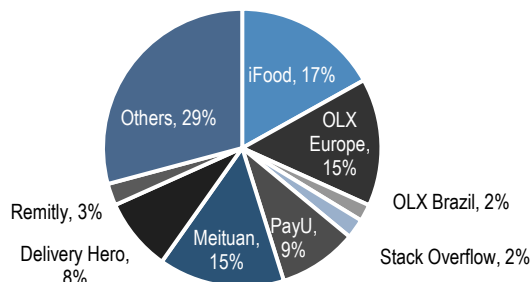
Table 41: Prosus - Key financial metrics

USD millions

	FY22	FY23	FY24	FY25E	FY26E	FY27E
Economic revenues	33,367	31,393	31,744	32,874	37,256	41,083
...y/y growth (%)	+20%	-6%	+1%	+4%	+13%	+10%
Economic EBITDA	6,542	5,047	7,022	7,742	9,550	11,026
...margin (%)	20%	16%	22%	24%	26%	27%
Consolidated revenues	4,619	4,947	5,467	6,291	7,185	7,882
...y/y growth (%)	+13%	+7%	+11%	+15%	+14%	+10%
Consolidated EBITDA	-453	-480	-13	258	385	426
...margin (%)	-10%	-10%	0%	4%	5%	5%
Profit attributable to:						
Equity holders of the group	18,733	10,112	6,606	8,770	9,733	10,922
Minority shareholders	-139	-90	-16	0	5	35
Core HEPS (\$)	2.44	0.99	1.93	2.66	3.65	4.27
...y/y growth (%)	-19%	-60%	+96%	+38%	+37%	+17%
Core diluted HEPS (\$)	2.32	0.94	1.93	2.66	3.65	4.27
...y/y growth (%)	-20%	-59%	+104%	+38%	+37%	+17%

Source: J.P. Morgan estimates, Company data. *continuing operations.

Figure 153: Prosus - SOTP excluding Tencent



Source: J.P. Morgan estimates.

Company description

Prosus, which listed in September 2019 as a spin-off from Naspers, is a global consumer internet group and one of the largest technology investors in the world. Prosus is best known for its significant shareholding in Tencent, a leading Chinese internet company. However, the Group's fastest-growing interests are also within their global eCommerce portfolio, which is focused on four core business segments: Food Delivery, Online Classifieds, Payments & FinTech, and EdTech. Through Prosus Ventures, the Group also identifies new waves of growth by investing in early-stage technology companies.

Investment Strategy: The Group's business model is to pursue growth (and ultimately profitability) by building sustainable market leading positions in consumer internet businesses that (a) address significant societal needs, and (b) are in high-growth markets. This is underpinned by a process of the Group seeking out local entrepreneurs with operational expertise and leveraging its global outlook and capabilities to identify key trends, share resources (including capital and tech), and share insights and best practices to achieve scale. As a holding company, Prosus's portfolio consists of more than 80 investments across over 100 local markets globally, aiming to build leading consumer internet companies that collectively serve over two billion customers. While its footprint is truly global, the Group is particularly focused on investing in high-growth markets, and has significant interests in China, India, Latin America and Central and Eastern Europe.

Prosus: Company Financials

Table 42: Prosus - SOTP

\$m unless otherwise stated

	Ownership (%)	EV (\$m)	Value (\$m)	% of Total
Unlisted Assets				
iFood	100%	6,285	6,285	3.0%
Oda	13%	350	45	0.0%
Flink	10%	1,080	103	0.0%
Food Delivery	-	-	6,433	3.0%
OLX Europe	100%	5,519	5,519	2.6%
OLX Brazil	50%	1,476	730	0.3%
Others	-	-	265	0.1%
Classifieds	-	-	6,514	3.1%
Stack Overflow	100%	1,700	850	0.4%
Others	-	-	454	0.2%
EdTech	-	-	1,304	0.6%
PayU	100%	3,410	3,410	1.6%
Others	-	-	366	0.2%
Payments & FinTech	-	-	3,776	1.8%
Etail	80%	2,737	2,189	1.0%
Ventures	-	-	2,960	1.4%
Total - Unlisted Assets			23,178	11.0%
Listed Assets				
Tencent	23%	741,392	174,027	82.4%
Meituan	5%	116,862	5,441	2.6%
Swiggy	25%	15,741	4,003	1.9%
Delivery Hero	27%	11,525	3,158	1.5%
Remitly	19%	5,096	948	0.4%
Skillsoft	37%	165	62	0.0%
Udemy	9%	1,190	111	0.1%
SimilarWeb	14%	760	103	0.0%
Total - Listed Assets			188,035	89.0%
Enterprise value			211,213	
Net debt (cash), FY2027E			-6,973	
Equity value			218,186	
Free float equity adjustment			53.6%	
Free float equity value			117,038	
Free float number of shares (m)			1,278	
Equity value per share pre-discount (\$)			91.6	\$/share
Conglomerate discount			25%	
Equity value per share for PRX NA (€)			62.0	€/share
Equity value per share for PRX SJ (R)			1250.0	R/share

Source: J.P. Morgan estimates.

Price Performance



	YTD	1m	3m	12m
Abs	23.5%	10.0%	9.6%	39.1%
Rel	18.2%	6.8%	7.9%	38.3%

Company Data

Shares O/S (mn)	2,287
52-week range (€)	47.52-29.87
Market cap (\$ mn)	123,663.80
Exchange rate	0.88
Free float (%)	52.9%
3M ADV (mn)	3.67
3M ADV (\$ mn)	177.6
Volatility (90 Day)	40
Index	AEX
BBG ANR (Buy Hold Sell)	20 4 0

Key Metrics (FYE Mar)

\$ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	5,467	6,193	6,605	7,300
Adj. EBIT	(183)	96	300	431
Adj. EBITDA	(13)	294	512	665
Adj. net income	5,003	6,525	8,346	9,775
Adj. EPS	1.93	2.66	3.65	4.27
BBG EPS	1.90	3.01	3.74	4.51
Cashflow from operations	1,045	1,932	2,418	2,818
FCFF	641	1,165	1,479	1,757
Margins and Growth				
Revenue Growth Y/Y (%)	10.5%	13.3%	6.7%	10.5%
EBIT margin	(3.3%)	1.5%	4.5%	5.9%
EBIT Growth Y/Y (%)	(71.8%)	(152.4%)	213.1%	43.6%
EBITDA margin	(0.2%)	4.8%	7.7%	9.1%
EBITDA Growth Y/Y (%)	(97.3%)	(2364.4%)	73.8%	29.9%
Net margin	91.5%	105.4%	126.4%	133.9%
Adj. EPS growth	95.6%	37.9%	37.2%	17.1%
Ratios				
Adj. tax rate	2.3%	0.8%	1.0%	1.2%
Interest cover	0.0	NM	NM	NM
Net debt/Equity	0.3	0.1	0.1	0.0
Net debt/EBITDA	NM	20.2	8.0	2.8
ROE	11.7%	14.7%	15.9%	15.4%
Valuation				
FCFF yield	0.5%	0.9%	1.2%	1.4%
Dividend yield	0.1%	0.1%	0.2%	0.2%
EV/Revenue	38.6	34.1	32.0	28.9
EV/EBITDA	NM	717.5	412.7	317.8
Adj. P/E	28.0	20.3	14.8	12.7

Summary Investment Thesis and Valuation

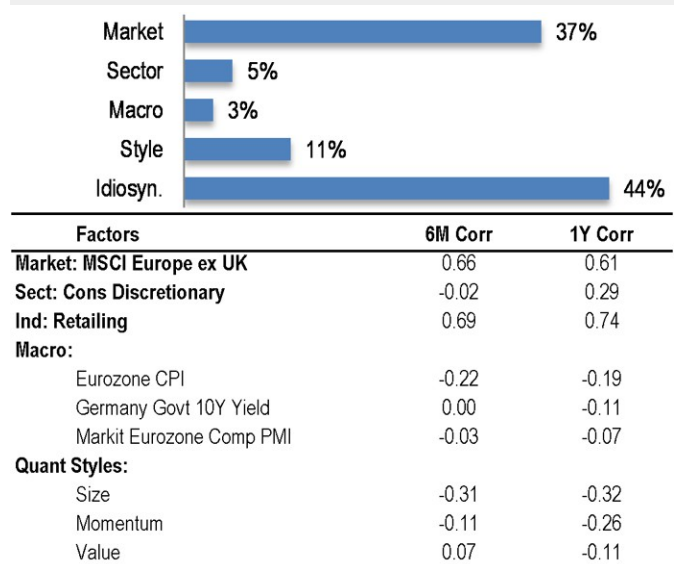
Investment Thesis

Tencent is central to the investment case and is rated OW by J.P. Morgan. In addition, returns may be impacted by Prosus's holding company discount and unlisted assets. The multi-year buyback, funded by Tencent sales, should support a narrower discount while maintaining a fortress balance sheet. Moreover, we believe the solid balance sheet capacity allows Prosus to drive organic growth in all its verticals to achieve its breakeven ambitions, while cost-cutting initiatives and conservative M&A should lend support to a narrower discount to NAV. In addition, returns may be impacted by Naspers' holding company discount and unlisted assets (owned via Prosus). We see a further stake reduction in Prosus as a potential discount positive.

Valuation

Our SOTP-based price target for Prosus is derived from the sale multiples and from J.P. Morgan's price targets for the listed assets in which Prosus has a stake. We benchmark our valuation against global peers for internet assets. We also apply a 20% conglomerate discount to the Prosus valuation.

Performance Drivers



Investment Thesis, Valuation and Risks

Prosus (Overweight; Price Target: €62.00)

Investment Thesis

Tencent is central to the investment case, and is rated OW by J.P. Morgan. In addition, returns may be impacted by Prosus's holding company discount and unlisted assets. The multi-year buyback, funded by Tencent sales, should support a narrower discount while maintaining a fortress balance sheet. Moreover, we believe the solid balance sheet capacity allows Prosus to drive organic growth in all its verticals to achieve its breakeven ambitions, while cost cutting initiatives and conservative M&A should lend support to a narrower discount to NAV. In addition, returns may be impacted by Naspers' holding company discount and unlisted assets (owned via Prosus). We see a further stake reduction in Prosus as a potential discount positive.

Valuation

Our SOTP-based price target for Prosus is derived from the sales multiples and from J.P.Morgan's price targets for the listed assets in which Prosus has a stake. We benchmark our valuation against global peers for internet assets. We also apply a 25% conglomerate discount to the Prosus valuation.

Risks to Rating and Price Target

Downside risks:

Increased emerging market risk aversion. Prosus has substantial exposure to emerging markets. Any increase in emerging market risk aversion will likely have an adverse impact on market valuations for Prosus, Tencent and other international internet associates, in our view.

Tencent share price performance. Tencent makes up over 80% of our price target. As such, Tencent's key risks are also relevant for Prosus. These include further regulatory tightening on games, a continued slowdown in the macro economy, and an inability to launch successful mobile game titles continuously.

Poor perceived allocation of capital. The company cites an IRR of around 20% from FY08-FY1H22. Poor allocation of capital could see this IRR diluted over the medium term. For example, while we expect Food Delivery losses to moderate over the medium term (as the business scales), this may not prove to be the case.

Exchange rate fluctuations. Prosus's large exposure to foreign currency-denominated revenue streams could significantly impact our SOTP valuation.

Control structure governance considerations. Naspers is controlled by non-listed A shares. In our view, as a major shareholder of Prosus, Naspers' control structure effectively governs the outcome of Prosus' voting. This presents potential governance and related party risk for the minority shareholders of Prosus. For example, the FY23 AGM results for Naspers highlighted executive remuneration as an area of divergent voting (between A and N shareholders).

Prosus: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	4,947	5,467	6,193	6,605	7,300	Cash flow from operating activities	(120)	1,045	1,932	2,418	2,818
Adj. EBITDA	(480)	(13)	294	512	665	o/w Changes in working capital	-	-	-	-	-
D&A	(169)	(170)	(199)	(212)	(234)	Cash flow from investing activities	12,643	209	9,771	(335)	(370)
Adj. EBIT	(649)	(183)	96	300	431	o/w Capital expenditure	(251)	(57)	(314)	(335)	(370)
Net Interest	(78)	355	456	610	698	as % of sales	5.1%	1.0%	5.1%	5.1%	5.1%
Associate	5,174	2,810	6,391	7,737	8,772	Cash flow from financing activities	(12,451)	(8,116)	(3,699)	(756)	(1,852)
Adj. PBT	9,757	7,021	8,841	9,836	11,090	o/w Dividends paid	(191)	(155)	(197)	(217)	(238)
Tax	(42)	(161)	(71)	(98)	(133)	o/w Shares issued/(repurchased)	(9,901)	(7,277)	(3,291)	0	0
Minority Interest	90	16	0	(5)	(35)	o/w Net debt issued/(repaid)	48	(40)	(156)	(539)	(1,614)
Adj. Net Income	2,713	5,003	6,525	8,346	9,775	Net change in cash	3	(7,027)	8,003	1,327	595
Reported EPS	3.68	2.55	3.58	4.26	4.78	Adj. Free cash flow to firm	(293)	641	1,165	1,479	1,757
Adj. EPS	0.99	1.93	2.66	3.65	4.27	y/y Growth	(40.6%)	(318.6%)	81.8%	26.9%	18.8%
DPS	0.14	0.07	0.08	0.08	0.09						
Payout ratio	3.8%	2.7%	2.2%	2.0%	2.0%						
Shares outstanding	2,750	2,593	2,453	2,287	2,287						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	9,565	2,175	10,178	11,505	12,100	EBITDA margin	(9.7%)	(0.2%)	4.8%	7.7%	9.1%
Accounts receivable	1,395	1,667	1,704	1,725	1,760	EBIT margin	(13.1%)	(3.3%)	1.5%	4.5%	5.9%
Inventories	324	268	301	318	349	Net profit margin	54.8%	91.5%	105.4%	126.4%	133.9%
Other current assets	5,361	4,106	4,106	4,106	4,106	ROE	5.7%	11.7%	14.7%	15.9%	15.4%
Current assets	23,372	22,050	24,668	26,034	26,694	ROA	4.0%	7.9%	10.1%	11.5%	11.8%
PP&E	620	555	644	739	843	ROCE	(1.0%)	(0.3%)	0.2%	0.4%	0.5%
LT investments	69	42	42	42	42	Net debt/Equity	0.2	0.3	0.1	0.1	0.0
Other non current assets	41,018	39,174	42,348	50,753	60,109	Net debt/EBITDA	NM	NM	20.2	8.0	2.8
Total assets	65,078	61,821	67,702	77,567	87,688	Sales/Assets (x)	0.1	0.1	0.1	0.1	0.1
Short term borrowings	467	472	472	472	472	Assets/Equity (x)	1.4	1.5	1.5	1.4	1.3
Payables	356	365	410	434	475	Interest cover (x)	NM	0.0	NM	NM	NM
Other short term liabilities	3,582	3,782	3,782	3,782	3,782	Operating leverage	169.2%	(683.1%)	(1147.9%)	3197.3%	414.4%
Current liabilities	4,405	4,619	4,664	4,688	4,729	Tax rate	0.4%	2.3%	0.8%	1.0%	1.2%
Long-term debt	15,903	15,801	15,645	15,106	13,492	Revenue y/y Growth	(5.2%)	10.5%	13.3%	6.7%	10.5%
Other long term liabilities	145	109	109	109	109	EBITDA y/y Growth	(11.8%)	(97.3%)	(2364.4%)	73.8%	29.9%
Total liabilities	20,453	20,529	20,418	19,903	18,330	EPS y/y Growth	(59.5%)	95.6%	37.9%	37.2%	17.1%
Shareholders' equity	44,593	41,260	47,252	57,628	69,286						
Minority interests	32	32	32	37	72						
Total liabilities & equity	65,078	61,821	67,702	77,567	87,688						
BVPS						Valuation					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
y/y Growth	-	-	-	-	-	P/E (x)	54.8	28.0	20.3	14.8	12.7
Net debt/(cash)	6,805	14,098	5,939	4,073	1,864	P/BV (x)	-	-	-	-	-
						EV/EBITDA (x)	NM	NM	717.5	412.7	317.8
						Dividend Yield	0.3%	0.1%	0.1%	0.2%	0.2%
						FCF Yield	(0.2%)	0.5%	0.9%	1.2%	1.4%

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Mar. o/w - out of which

Overweight

NPNJn.J, NPN SJ

Price (05 Jun 25):541,883c

Price Target (Mar-27):680,000c

European Internet

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Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	66	48	68	50	99
Growth	25	21	3	58	23
Momentum	25	37	29	100	11
Quality	58	68	60	80	50
Low Vol	70	74	74	84	56
ESGQ	79	96	100	-	-

Naspers Ltd

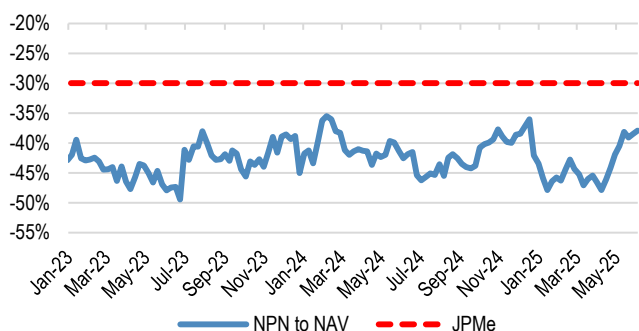
Scope to further narrow the discount

We believe that the operations are shaping up nicely with solid revenue growth and margin expansion, highlighted during H125 results (see our comments [here](#)). Further, Tencent, which is covered by our colleague Alex Yao, continues to perform well and has a target price of HK\$630. This supports our positive view on PRX/NPN, where we expect: 1) the ongoing open-ended buybacks will likely be 7%+ NAV/share accretive annually; 2) management execution towards further profitability improvements in eCommerce; and 3) improving market sentiment for value crystallisation in key portfolio assets, with a potential value unlock in the form of a narrowing of the PRX and NPN discounts to NAV. As detailed in our weekly data tracker (Prosus & Naspers KPI Radar [here](#)), we estimate Prosus/Naspers currently trade at a 34%/38% discount to NAV with this narrowing over recent weeks. Separately, Naspers' discount relative to Prosus is now at 5% vs. 24% at the time of the Prosus listing. Since the start of the SBB programme, Prosus has been buying back c.3.8m shares (or \$178m) and Naspers c.0.4m shares (or \$69m) per week on average.

Things are moving fast under the new leadership...

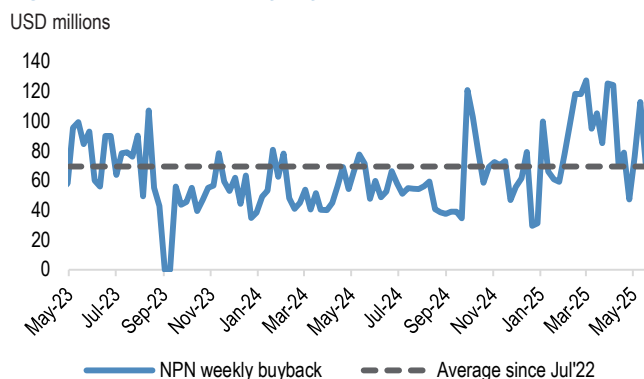
Fabricio Bloisi, CEO of Prosus and Naspers, recently provided an update to shareholders following 10 months in his role and marking the end of FY25 (results due June 23rd) – highlighting a strong start with further momentum in the business. According to management, the business has surpassed its financial targets, achieving adj. EBIT of over \$435m in FY25 (vs \$400m previously guided), with ambitions to maintain similar growth in FY26. Importantly, the company has strategically expanded its ecosystem through acquisitions, including Despegar in Latin America and JustEatTakeaway in Europe, enhancing its market presence and now focusing on building “the #1 Lifestyle E-commerce Company in Latin America, India, and Europe”. Overall, we believe that the key parts of the eCommerce portfolio (Food Delivery/Classifieds) have performed a touch better than expected, highlighting the new CEO's hands-on approach and effectiveness in driving operational success. Looking forward, we expect the upcoming CMD (June 25th) will likely stand as another key catalyst for the shares. Note that as part of our European Internet investor trip, we will be hosting a dinner on the evening of the CMD with the company (CFO and IR) present. Please contact your J.P. Morgan sales representative to register.

Figure 154: Naspers – Discount to NAV



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 155: Naspers weekly buyback tracker

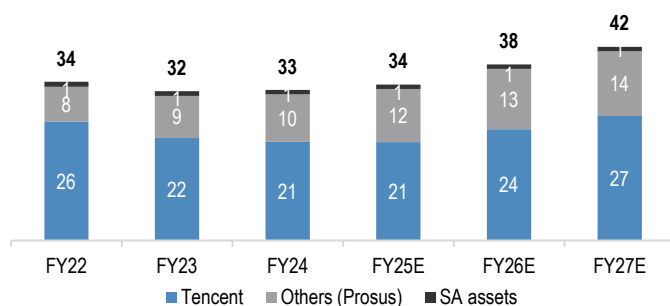


Source: Company data.

Naspers – Company Snapshot

Figure 156: Naspers - Economic interest revenue breakdown

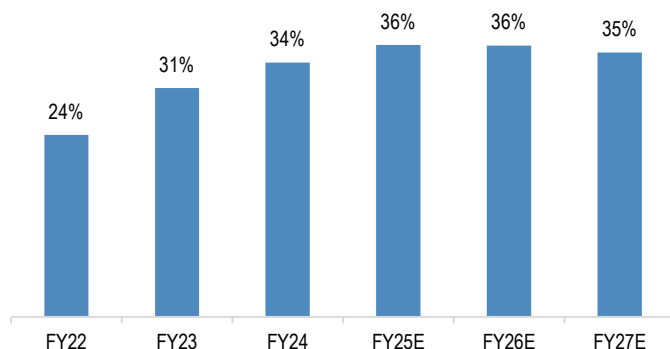
USD billions



Source: J.P. Morgan estimates, Company data.

Figure 157: Naspers - eCommerce % of total economic revenue

%



Source: J.P. Morgan estimates, Company data. *eCommerce includes Takealot.

Table 43: Naspers - Key financial metrics

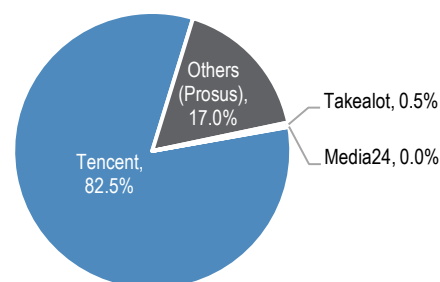
USD millions

	FY22	FY23	FY24	FY25E	FY26E	FY27E
Economic revenues	34,455	32,418	32,718	33,826	38,211	42,062
...y/y growth (%)	+16%	-6%	+1%	+3%	+13%	+10%
Economic EBITDA	6,528	5,031	7,034	7,951	9,614	10,916
...margin (%)	19%	16%	21%	24%	25%	26%
Consolidated revenues	5,693	5,960	6,431	7,065	7,512	8,244
...y/y growth (%)	-4%	+5%	+8%	+10%	+6%	+10%
Consolidated EBITDA	-466	-497	-3	292	505	668
...margin (%)	-8%	-8%	0%	4%	7%	8%
Profit attributable to:						
Equity holders of the group	12,223	4,331	2,855	4,206	4,870	5,519
Minority shareholders	6,315	5,623	3,710	4,999	5,548	6,226
Core HEPS (\$)	7.03	5.46	11.48	18.78	26.08	30.68
...y/y growth (%)	-14%	-22%	+110%	+64%	+39%	+18%
Core diluted HEPS (\$)	6.22	4.66	11.46	18.78	26.08	30.68
...y/y growth (%)	-20%	-25%	+146%	+64%	+39%	+18%

Source: J.P. Morgan estimates, Company data.

Figure 158: Naspers - SOTP

%



Source: J.P. Morgan estimates.

Company description

Naspers, the parent company of Prosus, is a South African multinational conglomerate that has evolved significantly since its inception in 1915. While it retains a stake in various traditional media assets, its transformation into a global technology giant is exemplified by its subsidiary Prosus, which was listed in September 2019 as a spin-off from Naspers. Naspers currently holds a 43% stake in Prosus, but retains full control with its 72% voting rights. Prosus is best known for its significant shareholding in Tencent, a leading Chinese internet company. However, the group's fastest-growing interests are also within their global eCommerce portfolio, which is focused on four core business segments Food Delivery, Online Classifieds, Payments & FinTech, and EdTech. Through Prosus Ventures, the Group also identifies new waves of growth by investing in early-stage technology companies.

Investment Strategy: The Group's business model is to pursue growth (and ultimately profitability) by building sustainable market leading positions in consumer internet businesses that (a) address significant societal needs, and (b) are in high-growth markets. This is underpinned by a process of the Group seeking out local entrepreneurs with operational expertise and leveraging its global outlook and capabilities to identify key trends, share resources (including capital and tech), and share insights and best practices to achieve scale.

Company Financials - Naspers SOTP

Table 44: Naspers - SOTP

\$m unless otherwise stated

	Ownership (%)	EV (\$m)	Value (\$m)	% of Total
Unlisted Assets				
iFood	100%	6,285	6,285	2.9%
Oda	13%	350	45	0.0%
Flink	10%	1,080	103	0.0%
Others	-	-	0	0.0%
Food Delivery	-	-	6,433	2.9%
OLX Europe	100%	5,519	5,519	2.5%
OLX Brazil	50%	1,476	730	0.3%
Others	-	-	265	0.1%
Classifieds	-	-	6,514	3.0%
Stack Overflow	100%	1,700	850	0.4%
Others	-	-	454	0.2%
EdTech	-	-	1,304	0.6%
PayU	100%	3,410	3,410	1.6%
Others	-	-	366	0.2%
Payments & FinTech	-	-	3,776	1.7%
Etail	80%	2,737	2,189	1.0%
Ventures	-	-	2,960	1.3%
Takealot	100%	1,030	1,030	0.5%
Media	100%	109	109	0.0%
South Africa Assets	-	-	1,139	0.5%
Corporate costs				
Total - Unlisted Assets			24,317	11.1%
Listed Assets				
Tencent	23.5%	741,392	174,027	82.5%
Meituan	4.7%	116,862	5,441	2.5%
Swiggy	25.4%	15,741	4,003	1.8%
Delivery Hero	27.4%	11,525	3,158	1.4%
Remitly	18.6%	5,096	948	0.4%
Skillsoft	37.4%	165	62	0.0%
Udemy	9.4%	1,190	111	0.1%
SimilarWeb	13.5%	760	103	0.0%
VerticalScope	1.6%	126	2	0.0%
Total - Listed Assets			188,035	88.9%
Enterprise value			212,352	
... of which Prosus			211,213	
Naspers' share of PRX			87,653	
Net debt (cash), FY2027E			-5,532	
Equity value			94,324	
Free float number of shares (m)			163	
Equity value per share pre-discount (\$)			578	\$/share
Conglomerate discount			35%	
Equity value per share for NPN SJ (R)			6,800	R/share

Source: J.P. Morgan estimates.

Price Performance



Company Data

Shares O/S (mn)	180
52-week range (c)	552,200-331,876
Market cap (\$ mn)	54,792.63
Exchange rate	1,782.37
Free float (%)	96.1%
3M ADV (mn)	0.50
3M ADV (\$ mn)	136.1
Volatility (90 Day)	36
Index	-
BBG ANR (Buy Hold Sell)	11 1 0

Key Metrics (FYE Mar)

\$ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	6,431	7,065	7,512	8,244
Adj. EBITDA	(3)	292	505	668
Adj. EBIT	(440)	142	345	494
Adj. net income	2,139	3,225	4,258	5,011
Adj. EPS	11.46	18.78	26.08	30.68
BBG EPS	12.09	19.76	24.95	30.24
Cashflow from operations	1,034	4,891	2,357	2,852
FCFF	619	4,146	1,407	1,677
Margins and Growth				
Revenue Growth Y/Y (%)	7.9%	9.9%	6.3%	9.7%
Gross margin	38.3%	38.8%	39.3%	39.8%
EBITDA margin	(0.0%)	4.1%	6.7%	8.1%
EBIT margin	(6.8%)	2.0%	4.6%	6.0%
Adj. EPS growth	145.9%	63.8%	38.9%	17.7%
Ratios				
Adj. tax rate	2.2%	0.8%	1.0%	1.2%
Interest cover	0.0	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	29.0	NM	NM	NM
ROCE	(1.8%)	0.6%	1.1%	1.3%
ROE	11.6%	16.9%	18.0%	16.3%
Valuation				
FCFF yield	1.1%	7.9%	2.8%	3.4%
Dividend yield	0.2%	0.3%	0.3%	0.3%
EV/Revenue	6.5	5.6	4.5	3.2
EV/EBITDA	NM	136.5	66.4	39.3
Adj. P/E	26.5	16.2	11.7	9.9

Summary Investment Thesis and Valuation

Investment Thesis

Naspers is a global internet and entertainment group and one of the largest technology investors in the world. Naspers has economic ownership of 43% of Prosus's underlying investments and operating assets. Naspers and Prosus have entered into a shareholder agreement that guarantees the underlying economic rights attributable to Naspers of 43% of the group's investments and operating assets. As a result, Tencent (covered by J.P. Morgan Asia Internet analyst Alex Yao) is central to the investment case, and is rated OW by J.P. Morgan. We see Tencent's solid ad revenue growth sustaining in the medium term with ecommerce offering long-term potential from here, highlighted by our colleague Alex Yao ([here](#)) who has a valuation of HK\$630/share. This supports our positive view on PRX /NPN, where we expect: (1) the ongoing open-ended buybacks likely to be 7%+ NAV/share accretive annually, (2) management execution towards further profitability improvements in eCommerce, (3) improving market sentiment for value crystallisation in key portfolio assets with a potential value unlock in assets, to lend support towards narrowing the PRX and NPN respective discounts to their NAV further.

Valuation

Our price target is derived from a sum-of-the-parts of sales multiples and from our target prices for the listed assets in which Naspers has a stake, via its Prosus holding. We benchmark our valuation against global peers for the internet assets. We also apply a 35% conglomerate discount to the Naspers' valuation.

Performance Drivers

Market	37%	
Country	6%	
Macro	22%	
Style	6%	
Idiosyn.	30%	
Factors		
	6M Corr	1Y Corr
Market: MSEUEMEA Index	0.69	0.62
Country: South Africa	0.17	0.31
Macro:		
JPM EM Currency(EMCI) Fixing	0.47	0.40
JPM China A-shares Sentiment	0.45	0.33
JPM Global Equity Sentiment	0.38	0.31
Quant Styles:		
LowVol	0.45	0.16
Quality	0.09	-0.11
DivYld	0.30	0.07

Investment Thesis, Valuation and Risks

Naspers Ltd (*Overweight; Price Target: 680,000c*)

Investment Thesis

Naspers is a global internet and entertainment group and one of the largest technology investors in the world. Naspers has economic ownership of 43% of Prosus's underlying investments and operating assets. Naspers and Prosus have entered into a shareholder agreement that guarantees the underlying economic rights attributable to Naspers at 43% of the group's investments and operating assets. As a result, Tencent (covered by J.P. Morgan Asia Internet analyst Alex Yao) is central to the investment case, and is rated OW by J.P. Morgan. We see Tencent's solid ad revenue growth sustaining in the medium term with ecommerce offering long-term potential from here, highlighted by our colleague Alex Yao ([here](#)) who has a valuation of HK\$630/share. This supports our positive view on PRX /NPN, where we expect: (1) the ongoing open-ended buybacks likely to be 7%+ NAV/share accretive annually, (2) management execution towards further profitability improvements in eCommerce, (3) improving market sentiment for value crystallisation in key portfolio assets with a potential value unlock in assets, to lend support towards narrowing the PRX and NPN respective discounts to their NAV further.

Valuation

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Risks to Rating and Price Target

Downside risks:

Increased emerging market risk aversion: Naspers is a high-beta share with exposure to emerging markets. Any increase in emerging market risk aversion will likely have an adverse impact on market valuations for Naspers, Tencent and other international internet associates. For Naspers, specifically, elevated sovereign risk related to South Africa/ZAR could drive underperformance vs Prosus.

Tencent share price performance. Tencent makes up over 80% of our price target. As such, Tencent's key risks are also relevant for Naspers. These include further regulatory tightening on games, a continued slowdown in the macro economy, and an inability to launch successful mobile game titles continuously.

Poor perceived allocation of capital. The company cites an IRR of around 20% from FY08-FY1H22. Poor allocation of capital could see this IRR diluted over the medium term. For example, while we expect Food Delivery losses to moderate over the medium term (as the business scales), this may not prove to be the case.

Exchange rate fluctuations. Naspers' large exposure to foreign currency denominated revenue streams could significantly impact our SOTP valuation.

Control structure governance considerations. Naspers is controlled by non-listed A shares. In our view, as the major shareholder of Prosus, Naspers' control structure effectively governs the outcome of Prosus voting. This presents potential governance and related party risk for the minority shareholders of Prosus. For example, the FY23 AGM results for Naspers highlighted executive remuneration as an area of divergent voting (between A and N shareholders).

Naspers Ltd: Summary of Financials

Income Statement	FY23A	FY24A	FY25E	FY26E	FY27E	Cash Flow Statement	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	5,960	6,431	7,065	7,512	8,244	Cash flow from operating activities	(177)	1,034	4,891	2,357	2,852
Adj. EBITDA	(498)	(3)	292	505	668	o/w Changes in working capital	-	-	-	-	-
D&A	(129)	(11)	(150)	(159)	(175)	Cash flow from investing activities	12,555	142	8,141	(366)	(401)
Adj. EBIT	(1,073)	(440)	142	345	494	o/w Capital expenditure	(290)	(87)	(344)	(366)	(401)
Net Interest	(87)	335	404	590	783	as % of sales	4.9%	1.4%	4.9%	4.9%	4.9%
Associate	10,801	7,142	8,733	9,587	10,611	Cash flow from financing activities	(12,096)	(8,239)	(6,622)	(547)	(1,623)
Adj. PBT	9,698	6,986	9,279	10,523	11,888	o/w Dividends paid	(191)	(199)	0	(8)	(9)
Tax	(51)	(151)	(74)	(105)	(143)	o/w Shares issued/(repurchased)	(3,275)	(3,206)	(3,169)	0	0
Minority Interest	(5,623)	(3,710)	(4,999)	(5,548)	(6,226)	o/w Net debt issued/(repaid)	140	12	(66)	(539)	(1,614)
Adj. Net Income	972	2,139	3,225	4,258	5,011	Net change in cash	200	(7,245)	6,410	1,444	828
Reported EPS	19.34	15.39	53.59	63.79	71.92	Adj. Free cash flow to firm	(380)	619	4,146	1,407	1,677
Adj. EPS	4.66	11.46	18.78	26.08	30.68	y/y Growth	(37.9%)	(262.8%)	569.6%	(66.1%)	19.2%
DPS	0.66	0.73	0.80	0.88	0.97	Ratio Analysis	FY23A	FY24A	FY25E	FY26E	FY27E
Payout ratio	3.4%	4.7%	1.5%	1.4%	1.3%	EBITDA margin	(8.4%)	(0.0%)	4.1%	6.7%	8.1%
Shares outstanding	208	187	172	163	163	EBIT margin	(18.0%)	(6.8%)	2.0%	4.6%	6.0%
Balance Sheet	FY23A	FY24A	FY25E	FY26E	FY27E	Net profit margin	16.3%	33.3%	45.7%	56.7%	60.8%
Cash and cash equivalents	9,849	2,243	8,653	10,097	10,925	ROE	4.9%	11.6%	16.9%	18.0%	16.3%
Accounts receivable	559	670	736	783	859	ROA	1.4%	3.3%	4.9%	5.6%	5.7%
Inventories	415	355	387	408	444	ROCE	(3.5%)	(1.8%)	0.6%	1.1%	1.3%
Other current assets	920	1,074	1,074	1,074	1,074	Net debt/Equity	NM	NM	NM	NM	NM
Current assets	23,831	22,282	23,335	24,846	25,786	Net debt/EBITDA	1.3	29.0	NM	NM	NM
PP&E	786	764	833	906	986	Sales/Assets (x)	0.1	0.1	0.1	0.1	0.1
LT investments	2,664	2,538	2,538	2,538	2,538	Assets/Equity (x)	3.5	3.5	3.5	3.2	2.8
Other non current assets	38,217	36,691	42,967	53,018	64,159	Interest cover (x)	NM	0.0	NM	NM	NM
Total assets	65,498	62,275	69,672	81,308	93,470	Operating leverage	(168.4%)	(746.5%)	(1343.5%)	2249.5%	441.1%
Short term borrowings	515	511	480	480	480	Tax rate	0.5%	2.2%	0.8%	1.0%	1.2%
Payables	406	427	465	491	534	Revenue y/y Growth	(5.3%)	7.9%	9.9%	6.3%	9.7%
Other short term liabilities	3,691	3,867	3,867	3,867	3,867	EBITDA y/y Growth	(10.6%)	(99.4%)	(9833.5%)	72.8%	32.5%
Current liabilities	4,612	4,805	4,812	4,838	4,881	EPS y/y Growth	(25.1%)	145.9%	63.8%	38.9%	17.7%
Long-term debt	15,939	15,990	15,924	15,385	13,771	Valuation	FY23A	FY24A	FY25E	FY26E	FY27E
Other long term liabilities	342	198	198	198	198	P/E (x)	65.2	26.5	16.2	11.7	9.9
Total liabilities	20,893	20,993	20,934	20,421	18,850	P/BV (x)	3.1	3.1	2.4	1.8	1.4
Shareholders' equity	18,960	17,872	20,329	26,931	34,438	EV/EBITDA (x)	NM	NM	136.5	66.4	39.3
Minority interests	25,645	23,410	28,409	33,956	40,182	Dividend Yield	0.2%	0.2%	0.3%	0.3%	0.3%
Total liabilities & equity	65,498	62,275	69,672	81,308	93,470	FCF Yield	(0.6%)	1.1%	7.9%	2.8%	3.4%
BVPS	96.58	99.16	124.49	164.92	210.89						
y/y Growth	1.1%	2.7%	25.5%	32.5%	27.9%						
Net debt/(cash)	(637)	(87)	(1,108)	(3,091)	(5,533)						

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Mar. o/w - out of which

Overweight

REA.AX, REA AU

Price (05 Jun 25):A\$240.91

Price Target (Jun-26):A\$250.00

Technology, Media & Telecommunications

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J.P. Morgan Securities Australia Limited

Half Yearly Forecasts (FYE Jun)

Adj. EBITDA (A\$ mn)	2024A	2025E	2026E
H1	426	521A	621
H2	372	433	517
FY	799	954	1,137

Style Exposure

Quant Factors	Current	Hist %Rank (1=Top)			
	%Rank	6M	1Y	3Y	5Y
Value	26	34	42	26	17
Growth	9	1	9	9	1
Momentum	76	9	17	92	17
Quality	1	1	1	1	1
Low Vol	42	26	26	51	51
ESGQ	10	26	28	5	1

REA Group Ltd

Strong domestic position despite changes to the industry backdrop

REA's Q3 yield print demonstrates the strength of the company's position in the Australian market. CoStar's recent commentary and pending entry into the AUS market have weighed on REA sentiment; however, we believe any inroads will be much longer dated. Q3 was a miss to JPMc/consensus; however, the impact of deferrals (-3% drag) and the phasing of costs through the quarter should also be noted – with FY25 cost growth guidance unchanged.

Considerations ahead of CoStar's entry into Australia

The DHG/CoStar deal is expected to complete in 3QCY25. CoStar's entry into the market means questions will remain as to REA's ability to pass through historical levels of price increases beyond FY25/FY26. While this may weigh on sentiment, we do expect any impact to be much longer-dated.

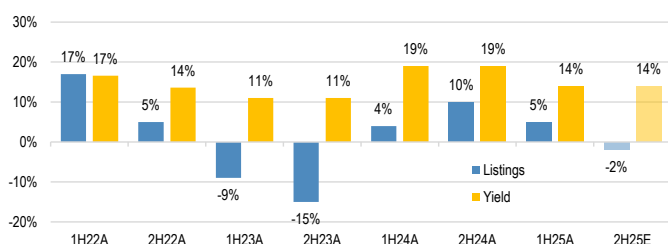
Yield remains the key lever

Uptake of depth product and add-ons continues to be a strong tailwind to yield and revenue growth. Through Q3, depth + add-ons contributed +5% to yield growth – and acceleration on the c.3-4% through Q2. Moving beyond FY25, we expect depth/other add-ons to contribute a greater proportion to yield growth – noting FY26 price increases will also be accompanied by a number of product/subscription changes.

Earnings and Valuation

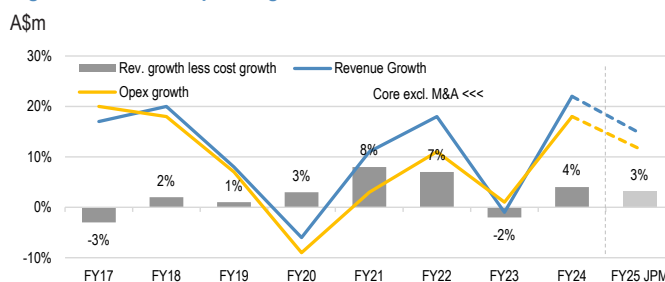
Our earnings reflect the Q3 result and updated guidance across listings and yield (cost growth guidance unchanged). Headline multiples are full: both P/E and EV/EBITDA well ahead of pre-COVID-19 average levels, but once adjusted for growth, the valuation appears to be more reasonable.

Figure 159: REA - Listings & Yield (y/y growth)



Source: Company reports, J.P. Morgan estimates.

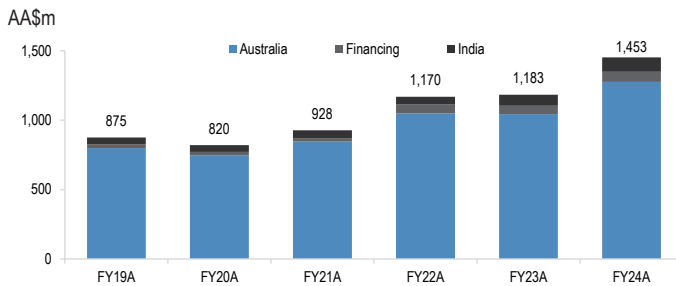
Figure 160: REA – Operating Jaws



Source: Company data, J.P. Morgan estimates.

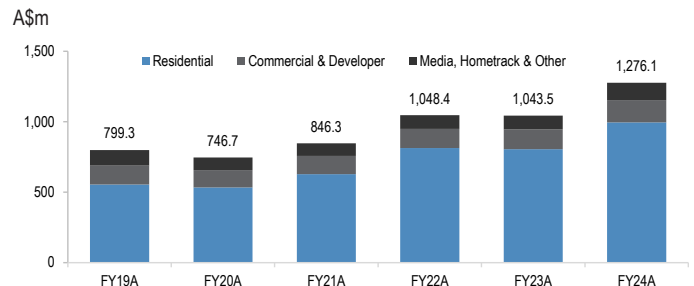
REA Group Ltd: Company Snapshot

Figure 161: REA Revenue Breakdown



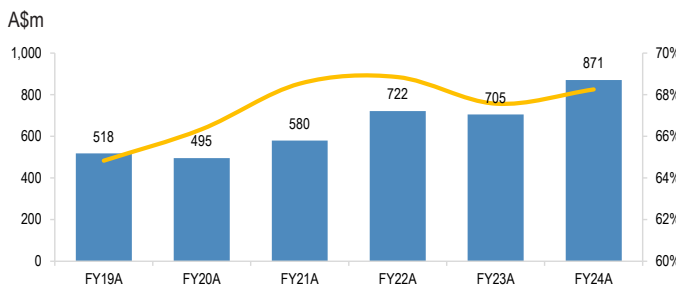
Source: Company data.

Figure 162: REA Australia Revenue breakdown



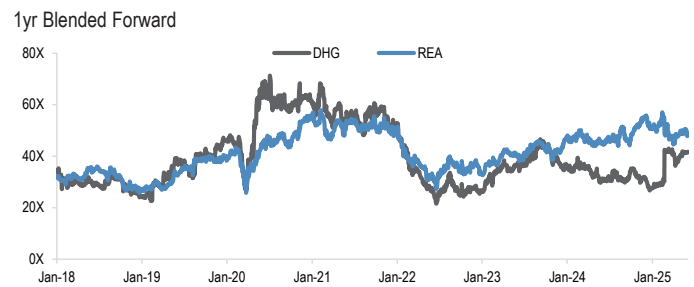
Source: Company data.

Figure 163: REA Australia EBITDA & Margin



Source: Company data.

Figure 164: REA PE Ratio vs. DHG



Source: Bloomberg Finance L.P.

Dominant market position as Australia's leading property listings marketplace:

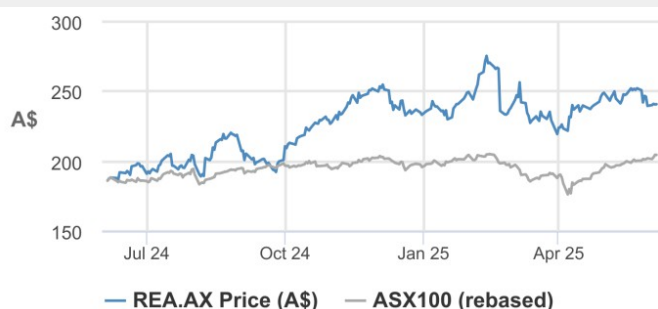
REA has been the dominant online platform for Australian residential real estate classifieds since its launch more than 20 years ago, with a small presence in the Indian market via the 2017 strategic investment in PropTiger.

Commercial Model: Australia accounts for ~92% of REA's revenue. Australia operates under a unique real estate marketing structure whereby vendors pay for advertising, instead of agents. Key revenue drivers include 1) property listings volume, and 2) yield per listing, including the uptake of depth products and add-ons, and increases to headline pricing.

Strategy: REA is highly penetrated in Australia, with yield enhancements (including the development and penetration of depth products and add-ons) and price increases to remain core to the growth strategy.

Potential for further growth from: 1) Near-term leverage to a recovery in property listings, and 2) yield improvement through depth products and add-ons.

Price Performance



	YTD	1m	3m	12m
Abs	3.3%	-1.0%	-2.1%	29.4%
Rel	-1.2%	-5.5%	-6.9%	19.5%

Company Data

Shares O/S (mn)	132
52-week range (A\$)	276.64-182.52
Market cap (\$ mn)	20,663.71
Exchange rate	1.54
Free float (%)	38.1%
3M ADV (mn)	0.19
3M ADV (\$ mn)	29.0
Volatility (90 Day)	34
Index	ASX 100
BBG ANR (Buy Hold Sell)	8 6 2

Key Metrics (FYE Jun)

A\$ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	1,453	1,684	1,952	2,215
Adj. EBIT	685	821	989	1,175
Adj. EBITDA	799	954	1,137	1,335
Adj. net income	451	568	702	840
Adj. EPS	3.41	4.30	5.31	6.35
BBG EPS	3.52	4.35	5.07	5.93
Cashflow from operations	589	664	831	992
FCFF	478	580	704	834
Margins and Growth				
Revenue Growth Y/Y (%)	22.8%	15.9%	15.9%	13.5%
EBIT margin	47.2%	48.7%	50.7%	53.1%
EBIT Growth Y/Y (%)	26.1%	19.8%	20.5%	18.8%
EBITDA margin	55.0%	56.6%	58.3%	60.3%
EBITDA Growth Y/Y (%)	25.8%	19.4%	19.3%	17.4%
Net margin	31.0%	33.7%	36.0%	37.9%
Adj. EPS growth	25.0%	26.1%	23.5%	19.6%
Ratios				
Adj. tax rate	32.5%	30.8%	30.0%	30.0%
Interest cover	55.8	NM	NM	NM
Net debt/Equity	0.0	NM	NM	NM
Net debt/EBITDA	0.1	NM	NM	NM
ROE	30.0%	32.5%	32.7%	32.9%
Valuation				
FCFF yield	1.5%	1.7%	2.1%	2.5%
Dividend yield	0.7%	1.0%	1.2%	1.4%
EV/Revenue	22.5	19.2	16.4	14.3
EV/EBITDA	40.9	33.9	28.1	23.6
Adj. P/E	70.6	56.0	45.3	37.9

Summary Investment Thesis and Valuation

Investment Thesis

REA has been the dominant online platform for residential real estate classifieds since its launch more than 20 years ago. Its first-mover advantage, combined with prudent management and continued reinvestment in the business, has allowed it to build a superior network effect that is crucial to any Internet platform. REA continues to command substantial pricing power through its premium products due to its unique real estate marketing structure that is distinctive to Australia, whereby vendors pay for advertising, rather than agents. We are Overweight REA. REA is the clear number one player in the market, and in the longer term we think the company will continue to take vendor paid advertising (VPA) share.

Valuation

We have a Jun-26 price target of A\$250 for REA, based on our DCF valuation. Our discounted cash flow analysis assumes a 7.6% WACC and a 3.5% perpetual growth rate. We derive our WACC estimate based on the Capital Asset Pricing Model (CAPM), which assumes a 10-year risk-free rate of 3.5%, an equity risk premium of 5.0%, a beta of 1.1 and a tax rate of 30%.

Performance Drivers

Market	38%	
Sector	20%	
Macro	2%	
Style	4%	
Idiosyn.	36%	
Factors		
	6M Corr	1Y Corr
Market: MSCI Australia	0.69	0.63
Sect: Telecom Services	0.56	0.58
Macro:		
Australia Breakeven 10Yr	-0.28	-0.18
GS Australia FCI	0.04	0.16
S&P/ASX 200 VIX INDEX	0.13	0.10
Quant Styles:		
Momentum	0.49	0.33
Quality	0.36	0.21
Growth	0.40	0.09

Investment Thesis, Valuation and Risks

REA Group Ltd (Overweight; Price Target: A\$250.00)

Investment Thesis

REA has been the dominant online platform for residential real estate classifieds since its launch more than 20 years ago. Its first-mover advantage, combined with prudent management and continued reinvestment in the business, has allowed it to build a superior network effect that is crucial to any Internet platform. REA continues to command substantial pricing power through its premium products due to its unique real estate marketing structure that is distinctive to Australia, whereby vendors pay for advertising, rather than agents. We are Overweight REA. REA is the clear number one player in the market, and in the longer term we think the company will continue to take vendor paid advertising (VPA) share.

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REA - DCF Valuation	A\$m	A\$/share
Enterprise Value	28,138	212.98
Net Debt (Cash)	-390	-2.95
Equity Value	28,528	215.93
Impact of time value / DPS adjustment / rounding / other		34.07
Price Target (Jun-26)		250.00

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Upside risks to our rating and price target include: (1) growth in depth penetration exceeds expectations; (2) listing volumes come in better than our estimates; and (3) annual price increases exceed our estimates.

Downside risks include: (1) a decline in new real estate listings coming in worse than our estimates; (2) stagnant or low growth in property values limiting REA's ability to continue to push through aggressive price increases; and (3) depth penetration does not get to our medium-term ceiling.

REA Group Ltd

A\$ in millions, year end Jun

Profit And Loss						Valuation Summary					A\$m	A\$ps
	FY23	FY24	FY25E	FY26E	FY27E							
Revenue	1,183	1,453	1,684	1,952	2,215	Current mkt capitalisation					31,828.31	240.91
Revenue growth	1.2%	22.8%	15.9%	15.9%	13.5%	Price Target						250.00
COGS	-	-	-	-	-	Capital growth to price target						3.8%
Operating Expenses	(548)	(654)	(731)	(815)	(880)							
EBITDA	635	799	954	1,137	1,335							
EBITDA growth	(5.7%)	25.8%	19.4%	19.3%	17.4%	Trading Multiples	FY23	FY24	FY25E	FY26E	FY27E	
EBITDA margin	53.7%	55.0%	56.6%	58.3%	60.3%	PE Pre-abnormals	88.2	70.6	56.0	45.3	37.9	
Amortisation	-	-	-	-	-	PE Reported	88.2	70.6	56.0	45.3	37.9	
Depreciation	(92)	(114)	(133)	(148)	(160)	EV/EBITDA	51.3	40.9	33.9	28.1	23.6	
EBIT	543	685	821	989	1,175	EV/EBIT	60.0	47.7	39.4	32.3	26.9	
Other Income	-	-	-	-	-							
Other Expenses	-	-	-	-	-	Key Ratios	FY23	FY24	FY25E	FY26E	FY27E	
Net Interest	(10)	(14)	1	14	24	Dividend Yield	0.7%	0.7%	1.0%	1.2%	1.4%	
Pre-Tax Profit	533	671	822	1,003	1,199	Franking	0.0%	0.0%	0.0%	0.0%	0.0%	
Tax	(168)	(218)	(253)	(301)	(360)	Return on Assets (%)	13.9%	17.1%	21.0%	23.8%	24.9%	
Tax Rate	31.6%	32.5%	30.8%	30.0%	30.0%	Return on Equity (%)	26.1%	30.0%	32.5%	32.7%	32.9%	
Minorities	(4)	(1)	0	0	0	ROIC (%)	-	-	-	-	-	
Abnormals (post tax)	0	0	0	0	0							
Reported NPAT	361	451	568	702	840	Leverage	FY23	FY24	FY25E	FY26E	FY27E	
						Gearing (Net Debt / Equity)	0.1	0.0	NM	NM	NM	
Normalised NPAT	361	451	568	702	840	Gearing (ND / (ND + E))	8.6%	4.7%	(24.2%)	(44.1%)	(67.6%)	
Growth	(8.5%)	25.0%	26.0%	23.5%	19.6%	Net Debt / EBITDA	0.2	0.1	NM	NM	NM	
						EBIT Interest Cover (x)	52.7	47.9	(1,006.9)	(71.7)	(48.3)	
End of Period Shares	132	132	132	132	132							
EFPOWA	132	132	132	132	132	Balance Sheet	FY23	FY24	FY25E	FY26E	FY27E	
						Cash	260	204	399	731	1,134	
Reported EPS	2.73	3.42	4.30	5.31	6.35	Receivables	169	308	289	335	380	
Normalised EPS	2.73	3.41	4.30	5.31	6.35	Investments	-	-	-	-	-	
Growth	(8.5%)	25.0%	26.1%	23.5%	19.6%	Inventories	-	-	-	-	-	
						Other Current Assets	184	152	156	156	156	
DPS	1.58	1.70	2.37	2.87	3.44	Total Current Assets	613	665	844	1,222	1,670	
Growth	(3.7%)	7.6%	39.4%	21.1%	19.7%	Net PPE	90	81	77	81	87	
						Total Intangibles	875	986	994	997	1,008	
DPS/EPS payout	57.9%	49.8%	55.1%	54.0%	54.1%	Other Non Current Assets	1,049	923	841	841	841	
						Total Non Current Assets	2,014	1,991	1,911	1,919	1,936	
						Total Assets	2,627	2,655	2,755	3,141	3,606	
Cash Flow Statement	FY23	FY24	FY25E	FY26E	FY27E	Creditors	123	145	124	151	188	
Net Profit for Cashflow	361	451	568	702	840	Current Borrowings	11	9	9	9	9	
Depreciation & Amortisation	92	114	133	148	160	Current Tax Provisions	0	32	24	24	24	
Non Cash Items	-	-	-	-	-	Other Current Provisions	18	15	15	15	15	
Working Capital Changes	656	789	911	1,118	1,327	Other Current Liabilities	210	232	205	205	205	
Other Operating Cashflows	(636)	(764)	(948)	(1,137)	(1,335)	Total Current Liabilities	361	433	377	404	441	
Cashflow from Operating Activities	473	589	664	831	992	Non Current Creditors	11	15	4	4	4	
						Non Current Borrowings	393	272	0	0	0	
Capex	(118)	(125)	(136)	(156)	(177)	Deferred Tax Liabilities	-	-	-	-	-	
Net Acquisitions	-	-	-	-	-	Other Non Current Provisions	10	14	16	16	16	
Other Investing cashflows	(15)	(9)	7	0	0	Other Non Current Liabilities	335	342	357	357	357	
Investing Cash Flow	(134)	(205)	87	(156)	(177)	Total Non Current Liabilities	749	643	377	377	377	
						Total Liabilities	1,110	1,076	754	781	818	
Inc/(Dec) in Borrowings	(101)	(193)	(275)	0	0	Equity	148	135	145	145	145	
Equity Issued	(8)	(22)	(3)	0	0	Other Equity	0	0	0	0	0	
Dividends Paid	(220)	(225)	(281)	(343)	(412)	Reserves	112	119	108	108	108	
Other Financing Cashflows	0	0	0	0	0	Retained Profits	1,207	1,285	1,709	2,078	2,512	
Financing Cash Flow	(329)	(439)	(558)	(343)	(412)	Outside Equity Interests	50	40	39	29	22	
						Total Shareholders Equity	1,517	1,579	2,001	2,360	2,788	
Net Cash Flow	12	(56)	195	332	402	Net Debt	143	77	(390)	(722)	(1,125)	

Source: Company reports and J.P. Morgan estimates.

Note: A\$ in millions (except per-share data). Fiscal year ends Jun. o/w - out of which

Underweight

RMV.L, RMV LN
 Price (05 Jun 25):758p
 Price Target (Dec-26):625p

European Internet

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 J.P. Morgan Securities plc

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 (44-20) 7134-0412
 scott.silver@jpmorgan.com

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	91		87	84	
Growth	52	7	19		
Momentum			28		
Quality					
Low Vol	12	91			4
ESGQ	1	12	12	56	1

Rightmove

Focus turns back to strategic execution with a high bar set

With the final curtain having fallen on a proposed Rightmove/REA deal, investor focus has shifted to Rightmove's strategic execution in the next 12 months with a high bar now set on delivering shareholder value in years to come. We maintain our view that competition will be the key catalyst for the stock, with potential for a more meaningful shake-up in UK property classifieds competition. While we recognize that traffic share is key in this industry for ongoing ARPA increases and acknowledge that, with nearly 100% of inventory and >85% organic traffic share, Rightmove is likely immune to higher marketing efforts by challengers, we argue requirements for permanent best-in-class consumer/tech experience are rising and building pressure to meet its guided MT margin (c.70%). The stock trades on 19.3x EV/EBITDA2026E for +11% EBITDA CAGR 26-28E, and we continue to favour German-peer Scout24 for a more attractive risk/reward profile and stronger earnings outlook ahead. Going forward, Rightmove's recent trading update ([here](#)) saw management reiterate financial guidance across all FY25 metrics and staying cautiously optimistic on the UK housing market.

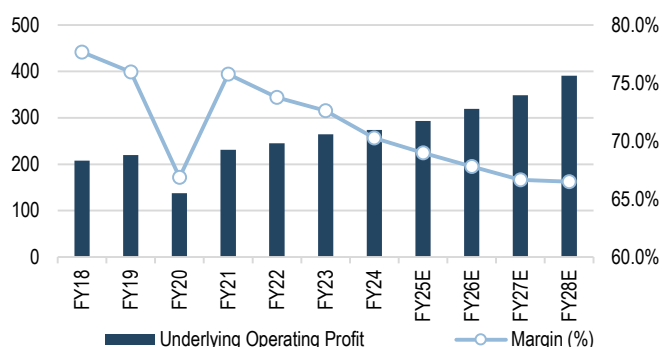
Recent trading update shows resilient trading to date

Rightmove recently released a trading update ([here](#)) for the four-month period ending 30 April 2025, pointing to a continuation of trends from FY24 year-end, with management noting "good financial, operational and strategic momentum". Guidance for FY25 was reiterated across all metrics and the comments about the UK housing market are cautiously optimistic. Importantly, the company has been rolling out additional features on the site and membership numbers continue to rise.

May activity remains resilient, outlook still to be tested on macro uncertainty

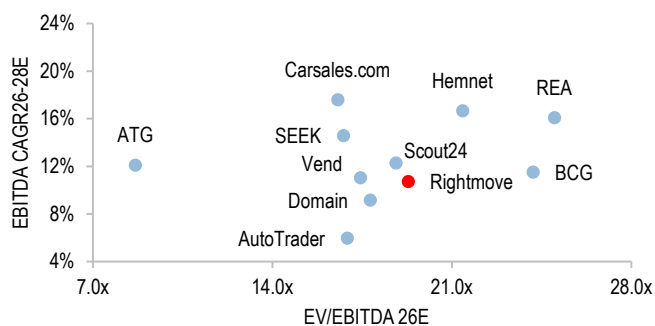
We continue to track & monitor key trackers for the market, covering housing transactions, prices and related forward indicators (including agent activity trends), as well as mortgage rate development and affordability metrics (full note [here](#)). For a read on Rightmove, April saw a new record for asking prices with resilient activity despite the stamp duty increase, while we note the resiliency of the market is still to be tested by the tariff change implications on wider UK economic activity and consumer confidence as a result. Going forward, our UK Banks team note that while mortgage approvals remain strong, the expectation is for a softening of lending growth from here given weaker consumer sentiment.

Figure 165: Rightmove, Operating Profit (£m) and Margin, FY18-28E



Source: J.P. Morgan estimates, Company data.

Figure 166: EV/EBITDA26E and EBITDA CAGR26-28E

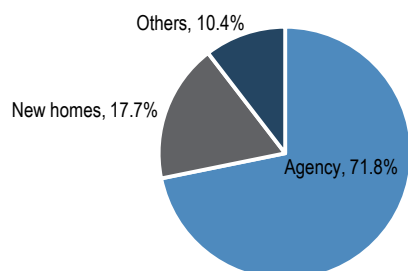


Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

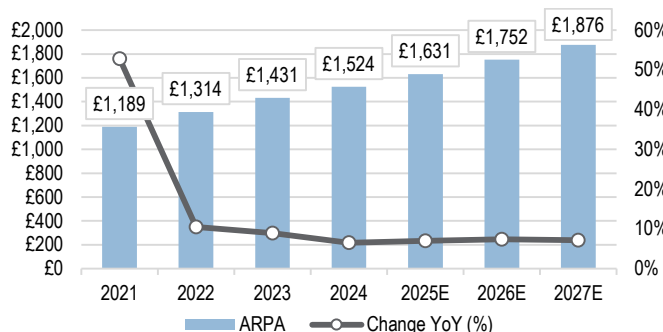
Rightmove: Company Snapshot

Figure 167: Rightmove - Revenue by division, FY24



Source: J.P. Morgan estimates, Company data.

Figure 169: Rightmove - Monthly ARPA (£)



Source: J.P. Morgan estimates, Company data.

Company description

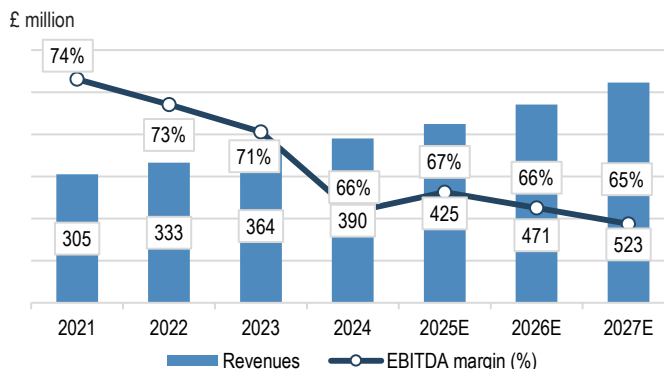
Rightmove is the UK's leading online real estate portal. The group has successfully delivered significant market share and continuous earnings growth. Currently, Rightmove holds a c.90% market share across both desktop and mobile. Customers include estate and letting agents, and new-home developers.

Type of revenues: More than 90% of Rightmove's revenues are derived from subscription fees, which are earned on a 'per agency office' or 'per new home development' basis, rather than on the level of housing transactions completed by each agency. The key revenue drivers are therefore a) the number of agents/new developments and b) ARPA realised. Other revenues include additional advertising products and packages.

Strategy: Rightmove maintains a dominant market-leading position in the UK. The company is developing analytic tools to drive operational efficiencies, such as identifying likely potential sellers to target marketing, surveys, etc, to increase customer spend on its products and packages. Higher-end packages, such as the Optimiser 20 drive further revenues.

Potential for further growth from: 1) further innovation of high-value-add packages; and 2) price increases.

Figure 168: Rightmove - Revenues and EBITDA Margin



Source: J.P. Morgan estimates, Company data.

Table 45: Rightmove – Summary P&L and Cash Flow

£ million, Year-end December

	2021	2022	2023	2024	2025E	2026E
Revenues	305	333	364	390	425	471
% growth	48%	9%	10%	7%	9%	11%
EBITDA	231	246	263	262	291	317
% margin	76%	74%	72%	67%	68%	67%
Adj. PBT	231	246	265	276	295	323
Adj. Tax	-43	-46	-61	-66	-72	-79
Adj. EPS (p)	22	24	25	26	29	32
% growth	69%	9%	6%	4%	9%	12%
Equity FCF	194	196	207	204	220	249
Net debt (cash)	-29	-23	-24	-26	-41	-74

Source: J.P. Morgan estimates, Company data.

Rightmove: Company Financials

Table 46: Rightmove - Divisional Financials

£ million

	2020	2021	2022	2023	2024	2025E	2026E
No of customers (Period end)							
Agency offices	15,922	16,110	15,932	15,839	16,124	16,274	16,274
% Change	-9.7%	-7.0%	-2.5%	-0.5%	0.1%	2.1%	2.7%
New home developments	3,275	2,859	3,082	2,946	2,923	2,967	2,967
% Change	16.9%	-8.5%	-11.0%	-10.0%	2.2%	-3.7%	0.7%
Overseas offices	2,463	2,956	3,015	3,090	3,167	3,246	3,328
Group	21,660	21,925	22,029	21,875	22,214	22,487	22,569
% Change	-4.7%	-3.4%	-0.6%	1.0%	1.3%	2.1%	3.2%
ARPA (per month)							
Agency offices	730	1,155	1,278	1,356	1,440	1,548	1,656
% Change	-29.5%	58.2%	10.6%	6.1%	6.2%	7.5%	7.0%
New home developments	1,003	1,367	1,513	1,825	1,987	2,086	2,274
% Change	-25.3%	36.3%	10.7%	20.6%	8.9%	5.0%	9.0%
Average ARPA	778	1,189	1,314	1,431	1,524	1,631	1,752
% Change	-28.5%	52.8%	10.5%	8.9%	6.5%	7.0%	7.4%
Change £	-310	411	125	117	93	107	121

Source: J.P. Morgan estimates, Company data.

Table 47: Rightmove - P&L

£ million

	2020	2021	2022	2023	2024	2025E	2026E
Revenue							
Agency	141.6	224.5	247.3	262.0	280.0	300.9	323.5
New Homes	40.7	50.0	52.6	66.4	69.2	73.7	81.0
Other	7.6	11.8	12.8	13.9	15.1	16.4	17.8
Holiday lettings properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue	23.4	30.4	18.0	17.5	17.3	19.0	20.9
Total Revenue	205.7	304.9	332.6	364.3	389.9	424.7	470.8
% Change	-28.9%	48.2%	9.1%	9.5%	7.0%	8.9%	10.9%
Admin expenses	-70.6	-81.2	-91.3	-106.3	-133.6	-140.1	-160.1
Operating profit (EBITA)	135.1	226.1	241.3	258.0	256.3	284.5	310.7
Margin (%)	65.7%	74.2%	72.5%	70.8%	65.7%	67.0%	66.0%
Change (%)	-36.8%	67.3%	6.7%	6.9%	-0.6%	11.0%	9.2%
Depreciation	3.3	3.4	3.5	3.4	3.6	3.8	4.0
Amortisation of Intangibles	1.0	1.0	1.1	1.6	2.4	2.5	2.6
EBITDA	139.4	230.5	245.9	263.0	262.3	290.8	317.3
Change (%)	-35.9%	65.4%	6.7%	7.0%	-0.2%	10.9%	9.1%
Margin (%)	67.8%	75.6%	73.9%	72.2%	67.3%	68.5%	67.4%
Financial income	0.2	0.0	0.4	2.2	2.6	2.8	4.3
Financial expenses	-0.5	-0.5	-0.4	-0.5	-0.5	-0.5	-0.5
Financial income	-0.3	-0.5	-0.1	1.7	2.1	2.3	3.8
PBT reported	134.8	225.6	241.2	259.7	258.4	286.8	314.5
Exceptional items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share based payments	-2.1	-3.9	-4.2	-5.9	-7.4	-7.4	-7.4
NI on share-based incentives	-0.3	-0.9	0.1	-0.7	-0.9	-1.0	-1.1
Goodwill and Impairment of Intangibles	0.0	0.0	0.0	-1.7	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	-9.2	0.0	0.0
PBT adjusted	137.2	230.5	245.5	264.6	276.0	295.3	323.1
Tax - ordinary	-25.0	-42.6	-45.6	-60.6	-65.7	-71.7	-78.6
ordinary tax rate	19%	19%	19%	23%	25%	25%	25%
Tax - exceptionals	0.0	-1.1	-1.0	0.7	-3.2	0.0	0.0
Adjusted net income	112.2	186.8	198.9	204.7	207.1	223.5	244.4
...yoy growth	-37%	67%	6%	3%	1%	8%	9%
Reported net income	109.8	183.1	195.6	199.1	192.7	215.1	235.9
Avg. no. of shares (basic, m)	871.2	858.8	835.3	813.3	790.2	780.9	759.7
... Beginning no. of shares (m)	888.0	873.7	858.8	835.3	813.3	790.2	771.5
... Ending no. of shares (m)	873.7	858.8	835.3	813.3	790.2	771.5	747.9
Adjusted EPS (p)	12.9	21.8	23.8	25.2	26.2	28.6	32.2
...yoy growth	-36.4%	69.0%	9.5%	5.7%	4.2%	9.2%	12.4%
Reported EPS	12.6	21.3	23.4	24.5	24.4	27.5	31.1
Dividend (p)	0.0	7.8	8.5	9.3	9.8	10.7	12.0
Dividend payout	0.0	0.4	0.4	0.4	0.4	0.4	0.4

Source: J.P. Morgan estimates, Company data.

Price Performance



	YTD	1m	3m	12m
Abs	18.2%	0.9%	11.3%	36.0%
Rel	5.4%	-2.0%	10.3%	26.4%

Company Data

Shares O/S (mn)	790
52-week range (p)	773-505
Market cap (\$ mn)	8,122.81
Exchange rate	73.78
Free float (%)	98.5%
3M ADV (mn)	1.70
3M ADV (\$ mn)	16.4
Volatility (90 Day)	27
Index	ESTX € Pr
BBG ANR (Buy Hold Sell)	7 4 6

Key Metrics (FYE Dec)

£ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	390	425	471	523
Adj. EBIT	278	293	319	349
Adj. EBITDA	262	291	317	347
Adj. net income	207	224	244	268
Adj. EPS	26.21	28.63	32.18	36.50
BBG EPS	25.70	28.90	32.50	37.10
Cashflow from operations	211	228	251	275
FCFF	201	216	242	266
Margins and Growth				
Revenue Growth Y/Y (%)	7.0%	8.9%	10.9%	11.1%
EBIT margin	65.7%	67.0%	66.0%	65.0%
EBIT Growth Y/Y (%)	4.9%	5.6%	9.0%	9.2%
EBITDA margin	67.3%	68.5%	67.4%	66.3%
EBITDA Growth Y/Y (%)	(0.2%)	10.9%	9.1%	9.3%
Net margin	53.1%	52.6%	51.9%	51.3%
Adj. EPS growth	4.2%	9.2%	12.4%	13.4%
Ratios				
Adj. tax rate	24.9%	24.3%	24.3%	24.4%
Interest cover	NM	NM	NM	NM
Net debt/Equity	(0.3)	(0.4)	(0.6)	(0.7)
Net debt/EBITDA	(0.1)	(0.1)	(0.2)	(0.3)
ROE	275.8%	244.1%	207.8%	176.1%
Valuation				
FCFF yield	3.3%	3.6%	4.2%	4.8%
Dividend yield	1.3%	1.4%	1.6%	1.8%
EV/Revenue	13.8	12.7	11.4	10.1
EV/EBITDA	20.6	18.5	16.8	15.3
Adj. P/E	28.9	26.5	23.6	20.8

Summary Investment Thesis and Valuation

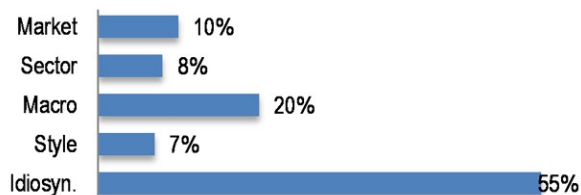
Investment Thesis

With the final curtain having fallen on the proposed Rightmove/ REA deal, investor focus has shifted to Rightmove's strategic execution in the next 12 months with a high bar now set for delivering shareholder value in years to come. We maintain our view that competition will be the key catalyst for the stock, with potential for a more meaningful shake-up in the UK property classifieds competition. While we recognise that traffic share is key in this industry for ongoing ARPA increases and acknowledge that, with nearly 100% of inventory and >85% organic traffic share, Rightmove is likely immune to higher marketing efforts by challengers, we argue requirements for a permanent best-in-class consumer/tech experience are rising and building pressure to meet its guided MT margin (c.70%).

Valuation

We apply a WACC of 9.5% and terminal growth of 3.0% for Rightmove, resulting in a Dec 2026 DCF-based target price of 625p/share.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI UK	0.51	0.36
Sect: Telecom Services	0.32	0.33
Macro:		
Crude Oil	-0.30	-0.37
JPM USD Tradeable Currency	-0.42	-0.35
Citi Economic Surprise - US	-0.38	-0.35
Quant Styles:		
Quality	0.37	0.25
Value	-0.22	-0.21
LowVol	0.05	0.21

Investment Thesis, Valuation and Risks

Rightmove (Underweight; Price Target: 625p)

Investment Thesis

With the final curtain having fallen on the proposed Rightmove/REA deal, investor focus has shifted to Rightmove's strategic execution in the next 12 months with a high bar now set for delivering shareholder value in years to come. We maintain our view that competition will be the key catalyst for the stock, with potential for a more meaningful shake-up in the UK property classifieds competition. While we recognise that traffic share is key in this industry for ongoing ARPA increases and acknowledge that, with nearly 100% of inventory and >85% organic traffic share, Rightmove is likely immune to higher marketing efforts by challengers, we argue requirements for a permanent best-in-class consumer/tech experience are rising and building pressure to meet its guided MT margin (c.70%).

Valuation

We apply a WACC of 9.5% and terminal growth rate of 3.0% for Rightmove resulting in a Dec 2026 DCF-based target price of 625p/share.

Rightmove DCF

NPV of cash flows until 2032E	1,351
NPV of Terminal Value	3,254
Implied Enterprise Value	4,604
Net Cash / (Debt)	74
Other adjustments	0
Implied Equity Value	4,678
Number of shares (m)	748
Fair value per share as of Dec-25	625p

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

The key risks to our UW rating are: 1) better-than-expected performance of the UK economy; 2) a significant increase in the number of property agents; 3) our ARPA assumption proves to be too pessimistic; and 4) lower competition than anticipated.

Rightmove: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	364	390	425	471	523	Cash flow from operating activities	207	211	228	251	275
COGS	-	-	-	-	-	o/w Depreciation & amortization	5	6	6	7	7
Gross profit	-	-	-	-	-	o/w Changes in working capital	(1)	5	(1)	1	1
SG&A	(106)	(134)	(140)	(160)	(183)	Cash flow from investing activities	(2)	(17)	(7)	(1)	3
Adj. EBITDA	263	262	291	317	347	o/w Capital expenditure	(1)	(9)	(10)	(6)	(4)
D&A	(5)	(6)	(6)	(7)	(7)	as % of sales	0.4%	2.3%	2.3%	1.2%	0.8%
Adj. EBIT	265	278	293	319	349	Cash flow from financing activities	(207)	(193)	(205)	(217)	(235)
Net Interest	2	2	2	4	6	o/w Dividends paid	(72)	(74)	(77)	(84)	(91)
Adj. PBT	265	276	295	323	355	o/w Shares issued/(repurchased)	(132)	(115)	(125)	(130)	(140)
Tax	(61)	(66)	(72)	(79)	(87)	o/w Net debt issued/(repaid)	0	(1)	0	0	0
Minority Interest	-	-	-	-	-	Net change in cash	(1)	2	15	32	43
Adj. Net Income	205	207	224	244	268	Adj. Free cash flow to firm	204	201	216	242	266
Reported EPS	24.48	24.39	27.55	31.05	35.33	y/y Growth	4.0%	(1.7%)	7.6%	12.1%	10.0%
Adj. EPS	25.17	26.21	28.63	32.18	36.50						
DPS	9.30	9.80	10.70	12.03	13.65						
Payout ratio	38.0%	40.2%	38.9%	38.7%	38.6%						
Shares outstanding	813	790	781	760	735						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	34	36	51	83	126	Gross margin	-	-	-	-	-
Accounts receivable	31	29	32	35	39	EBITDA margin	72.2%	67.3%	68.5%	67.4%	66.3%
Inventories	-	-	-	-	-	EBIT margin	70.8%	65.7%	67.0%	66.0%	65.0%
Other current assets	6	8	8	8	8	Net profit margin	56.2%	53.1%	52.6%	51.9%	51.3%
Current assets	71	72	90	126	172	Organic Revenue growth	-	-	-	-	-
PP&E	9	8	14	16	16	Net debt/EBITDA	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)
LT investments	-	-	-	-	-	Sales/Assets (x)	3.5	3.5	3.3	3.0	2.7
Other non current assets	24	38	35	33	30	Assets/Equity (x)	1.5	1.5	1.4	1.3	1.3
Total assets	105	118	140	174	218	Interest cover (x)	NM	NM	NM	NM	NM
Short term borrowings	5	6	6	6	6	Tax rate	22.6%	24.9%	24.3%	24.3%	24.4%
Payables	25	27	28	32	37	Revenue y/y Growth	9.5%	7.0%	8.9%	10.9%	11.1%
Other short term liabilities	0	0	0	0	0	EBITDA y/y Growth	7.0%	(0.2%)	10.9%	9.1%	9.3%
Current liabilities	30	33	34	38	43	EPS y/y Growth	5.7%	4.2%	9.2%	12.4%	13.4%
Long-term debt	5	4	4	4	4						
Other long term liabilities	1	1	0	0	0						
Total liabilities	36	38	38	42	46						
Shareholders' equity	69	81	102	133	172	Valuation	FY23A	FY24A	FY25E	FY26E	FY27E
Minority interests	-	-	-	-	-	P/E (x)	30.1	28.9	26.5	23.6	20.8
Total liabilities & equity	105	118	140	175	218	FCFE Yield	-	-	-	-	-
Net debt/(cash)	(24)	(26)	(41)	(74)	(116)	EV/EBITDA (x)	20.5	20.6	18.5	16.8	15.3
						Dividend Yield	1.2%	1.3%	1.4%	1.6%	1.8%

Source: Company reports and J.P. Morgan estimates.

Note: £ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which



Overweight

G24n.DE, G24 GR
 Price (05 Jun 25):€120.70
 Price Target (Dec-26):€141.00

European Internet

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Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)				
		6M	1Y	3Y	5Y	
Value	92	96	95			
Growth	27	4	26			
Momentum	31	45	63	17	45	
Quality	39	30		25	54	
Low Vol	79	37	35	68	5	
ESGQ	41	18	32	94	90	

Scout24

Compounding characteristics well on track

Scout24 shares have seen a rather impressive outperformance in the past 12m (+75% vs. MDAX +16%), reflecting strong execution by management on new products, which drove accelerated top line growth and earnings upgrades. While revenue benefits from new products are by now well understood, we believe the market is still missing the next leg of the investment case - margin upside. With new CEO Ralf Weitz (previously CPO) taking over from ex-CEO Tobias Hartmann, we expect - in addition to incremental product - upside on cost savings from: 1) more efficient marketing spend, 2) meaningful headcount optimization efforts post recent acquisitions and 3) a focus on “low hanging” AI benefits. Importantly, while multiple expansion is unlikely to be a key driver from here given historic highs, we argue on a relative basis to Classifieds, Scout remains attractive trading on 18.8x 2026E EV/EBITDA for a +12% 2026-2028E EBITDA CAGR (sector on 18.4x EV/EBITDA for a +16% EBITDA CAGR over the same period).

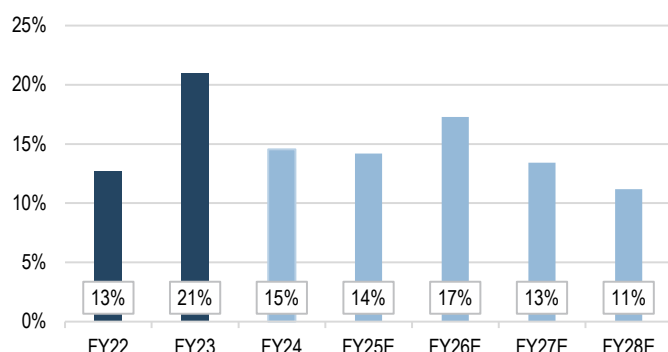
Why Scout can be a €165/share stock...

We argue for a new “steady state” of 9% ARPU growth in years to come - with the cost for agents to advertise is still low: For an annual ARPU of €12k, an agent only has to sell 0.6 properties a year. Our analysis shows that ARPU can still double over the next years without impacting agent numbers. Personnel and marketing expenses take the lion’s share of Scout’s cost base (c.60%) and our benchmark analysis of best-in-class Classifieds peers reveals significant potential for more efficiency as we see key peers up to 2x more efficient on those metrics. Going forward, we believe AI driven benefits and better headcount efficiencies will be a key focus after the close of recent acquisitions, and we see scope for Scout’s current workforce of c. 1,100 to fall by at least 10% in following next years. In our base case (€141/share), we expect the company to reach a 66% EBITDA margin by 2028 (from 61.5% in 2024) and 71% by 2028 in our blue-sky scenario (€165/share).

European TMT Conference Feedback - Healthy agent growth, strong ARPU potential, strong demand for Plus products paired with strong execution on costs

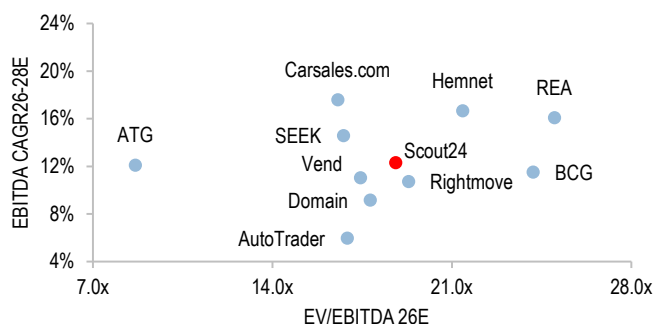
With investor discussions centered on the company’s ARPU potential, site usage metrics benefiting from better data availability and interconnectivity, latest developments in Plus products, along with potential margin upside and potential for higher cash returns, we came away excited from the meeting and feel reassured in our bullish view on the name ([here](#)).

Figure 170: Scout24, ooEBITDA Growth, FY22-28E



Source: J.P. Morgan estimates, Company data.

Figure 171: EV/EBITDA26E and EBITDA CAGR26-28E



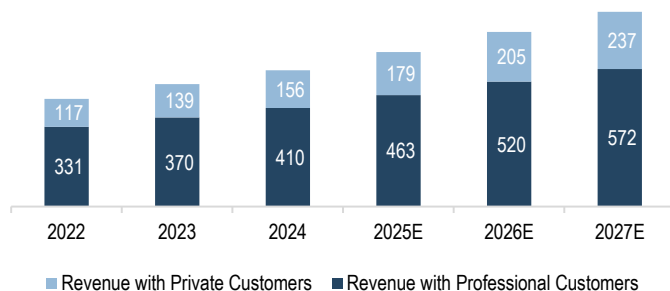
Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Scout24 - Company Snapshot

Figure 172: Scout24 – ImmobilienScout24 revenues by type

€ million



Source: J.P. Morgan estimates, Company data.

Table 48: Scout24 – Summary P&L and Cash Flow

€ million, Year-end December

	FY22	FY23	FY24	FY25E	FY26E
Revenues	447.5	509.1	566.3	641.6	725.3
Growth YoY	+15.0%	+13.8%	+11.2%	+13.3%	+13.0%
Adj. EBIT	225.1	275.4	311.9	360.5	432.7
Margin (%)	50.3%	54.1%	55.1%	56.2%	59.7%
Adj. Net Income	148.9	185.8	204.5	248.6	301.2
Core ooEBITDA	251.1	303.9	348.1	397.5	466.2
Margin (%)	56.1%	59.7%	61.5%	62.0%	64.3%
Growth YoY	+12.7%	+21.0%	+14.5%	+14.2%	+17.3%
Net interest	-13.1	1.6	-15.8	-5.0	-2.0
Adj. EPS	1.91	2.52	2.80	3.42	4.19
Growth YoY	+27.4%	+31.8%	+10.9%	+22.5%	+22.4%
Equity FCF	127.8	166.7	223.2	257.8	311.3
Net Debt (cash)	83.7	102.1	134.1	41.8	-122.7

Source: J.P. Morgan estimates, Company data.

Company Description

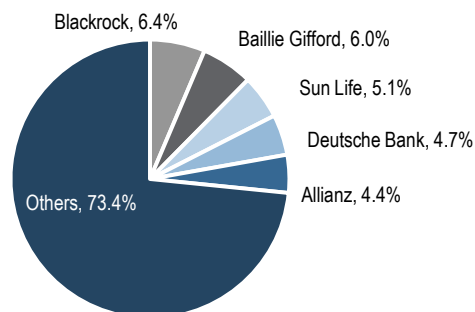
Scout24 focuses solely on online property marketplaces (via the ImmobilienScout24 brand) after selling its online auto marketplaces (AutoScout24) to private equity Hellman & Friedman for €2.9bn in December 2019. ImmobilienScout24 is available on the web as well as via Android, iOS and Windows apps and has strong brand recognition rates (e.g. c.75% audience share based on time spent on desktop and mobile for IS24 in Germany). The portal sees 20m monthly visitors.

Markets: IS24 is the market leader in Germany (by number of listings, unique visitors and other key metrics, according to comScore data).

Types of revenues: Revenue streams are a mix of subscription (especially for core real estate professionals), pay-per-use (especially for private home owners), advertising (real estate professionals), as well as lead generation. Based on 2024 revenues, 72% of revenues are from professional customers (membership / project based revenues with agents, banks and developers) and 28% are from private customers.

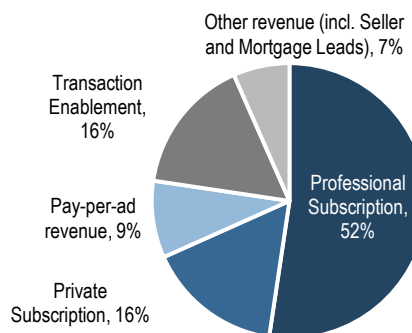
Potential for further growth, in our view, is largely driven by: 1) the monetisation of the whole customer journey (mortgages, leads, subscriptions) rather than just advertising and listings; 2) membership price and upgrade push for professional customers, which will drive ARPU; 3) an upturn in the German property market; and 4) cost efficiencies.

Figure 173: Scout24 – Shareholding Structure



Source: Bloomberg Finance L.P.

Figure 174: Scout24 - Share of Group Revenue, FY24



Source: Company reports.

Scout24 - Company Financials

Table 49: Segment Financials - Quarterly

€ million

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025E	Q3 2025E	Q4 2025E
Professional								
Professional Subscriptions	72	73	74	77	83	83	84	85
YoY Growth	+10.0%	+9.4%	+9.0%	+11.0%	+15.0%	+12.6%	+12.6%	+10.4%
Professional Subscription ARPU (€)	993	1,000	1,004	1,017	1,078	1,094	1,114	1,064
YoY Growth	+8.7%	+7.6%	+6.4%	+6.6%	+8.5%	+9.4%	+11.0%	+4.6%
Transaction Enablement	22	22	23	24	27	27	26	24
YoY Growth	+25.3%	+50.4%	+2.9%	+9.8%	+25.4%	+19.0%	+12.5%	+4.1%
Other	6	6	6	6	5	6	6	7
YoY Growth	-3.2%	-9.1%	-7.9%	-6.1%	-4.8%	+10.0%	+10.0%	+20.5%
Segment Revenue	99	101	103	106	115	115	116	116
YoY Growth	+12.1%	+15.0%	+6.5%	+9.6%	+16.2%	+13.9%	+12.5%	+9.6%
ooEBITDA	60	64	66	66	69	73	74	76
YoY Growth	+15.0%	+7.1%	+11.3%	+10.6%	+14.4%	+14.2%	+12.5%	+14.3%
Margin (%)	60.6%	63.2%	63.6%	62.2%	59.7%	63.4%	63.6%	64.9%
Private								
Subscriptions	20	22	24	25	26	27	29	29
YoY Growth	+19.8%	+26.7%	+27.6%	+26.5%	+26.3%	+22.0%	+21.5%	+18.8%
Private ARPU (in €)	16	17	17	17	17	17	17	17
YoY Growth	-0.9%	-0.3%	+2.3%	+1.6%	+5.4%	+1.6%	+1.6%	-1.5%
Private Pay-per-ad	12	13	13	13	13	14	13	14
YoY Growth	+5.5%	+2.3%	-0.6%	-0.9%	+1.0%	+2.5%	+2.5%	+10.1%
Other	4	3	4	3	4	3	4	4
YoY Growth	-12.3%	-13.7%	-1.9%	-3.6%	+0.2%	+2.0%	+2.0%	+4.1%
Segment Revenue	37	38	41	41	42	44	46	47
YoY Growth	+10.4%	+12.8%	+13.8%	+13.7%	+14.9%	+13.5%	+13.4%	+14.9%
ooEBITDA	19	23	25	25	25	26	28	27
YoY Growth	+21.5%	+24.3%	+31.1%	+27.0%	+28.6%	+13.7%	+13.8%	+7.5%
Margin (%)	52.6%	60.0%	61.3%	61.4%	58.9%	60.1%	61.5%	57.5%
Total Group Revenue	136	140	144	147	158	159	162	163
yoy growth	+11.7%	+14.4%	+8.5%	+10.7%	+15.8%	+13.8%	+12.7%	+11.0%
Group ooEBITDA	79	87	91	91	94	99	102	102
YoY Growth	+16.5%	+11.2%	+16.1%	+14.7%	+17.9%	+14.1%	+12.9%	+12.4%
Margin (%)	58.4%	62.3%	62.9%	62.0%	59.5%	62.5%	63.0%	62.8%

Source: Company reports and J.P. Morgan estimates.

Table 50: Segment Financials - Annual

€ million

	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
Professional Customers								
Professional Subscriptions	236	270	297	334	376	417	461	506
Growth YoY	-	+14.4%	+9.8%	+12.6%	+12.7%	+10.8%	+10.7%	+9.7%
Professional Subscription ARPU (€)	848	935	1,001	1,087	1,183	1,285	1,394	1,515
Growth YoY	-	+10.2%	+7.0%	+8.6%	+8.8%	+8.6%	+8.5%	+8.7%
Transaction Enablement	71	76	91	104	118	128	137	144
Growth YoY	-	+7.7%	+19.1%	+15.0%	+13.0%	+8.5%	+7.0%	+5.0%
Other	24	24	23	25	26	27	28	29
Growth YoY	-	+0.2%	-6.6%	+9.0%	+5.0%	+5.0%	+4.0%	+4.0%
Segment Revenue	331	370	410	463	520	572	627	680
yoy growth	-	+11.9%	+10.7%	+13.0%	+12.3%	+10.0%	+9.5%	+8.5%
ooEBITDA	193	231	256	291	334	375	414	450
yoy growth	-	+19.6%	+10.8%	+13.8%	+14.8%	+12.0%	+10.4%	+8.8%
ooEBITDA margin (in %)	58.3%	62.3%	62.4%	62.9%	64.3%	65.5%	66.0%	66.2%
Private Customers								
Subscriptions	60	72	90	110	134	164	188	216
yoy growth	-	+20.0%	+25.2%	+22.0%	+22.0%	+21.8%	+14.9%	+14.9%
Private ARPU (in €)	16	17	17	17	18	19	20	21
yoy growth	-	+2.0%	+0.8%	+1.6%	+6.0%	+5.9%	+3.5%	+3.6%
Private Pay-per-ad	43	50	51	53	55	58	60	62
yoy growth	-	+18.3%	+1.5%	+4.0%	+4.0%	+4.0%	+4.0%	+4.0%
Other	14	16	15	15	16	16	16	16
yoy growth	-	+16.6%	-8.0%	+2.0%	+2.0%	+2.0%	+2.0%	+2.0%
Segment Revenue	117	139	156	179	205	237	264	295
yoy growth	-	+19.0%	+12.7%	+14.2%	+14.9%	+15.5%	+11.4%	+11.7%
ooEBITDA	58	73	92	106	132	154	174	198
yoy growth	-	+25.9%	+26.2%	+15.2%	+24.0%	+16.9%	+13.1%	+13.4%
ooEBITDA margin (in %)	49.8%	52.7%	59.0%	59.5%	64.2%	65.0%	66.0%	67.0%
Total Group Revenue	448	509	566	642	725	809	891	974
yoy growth	-	+13.8%	+11.2%	+13.3%	+13.0%	+11.5%	+10.1%	+9.4%
Group ooEBITDA	251	304	348	398	466	529	588	647
yoy growth	-	+21.0%	+14.5%	+14.2%	+17.3%	+13.4%	+11.2%	+10.1%
Group ooEBITDA margin (in %)	56.1%	59.7%	61.5%	62.0%	64.3%	65.4%	66.0%	66.4%

Source: Company reports and J.P. Morgan estimates.

Price Performance



	YTD	1m	3m	12m
Abs	41.8%	12.1%	20.2%	68.9%
Rel	29.0%	9.2%	19.2%	59.4%

Company Data

Shares O/S (mn)	73
52-week range (€)	122.30-65.75
Market cap (\$ mn)	10,078.40
Exchange rate	0.88
Free float (%)	98.1%
3M ADV (mn)	0.19
3M ADV (\$ mn)	22.5
Volatility (90 Day)	29
Index	ESTX € Pr
BBG ANR (Buy Hold Sell)	10 7 0

Key Metrics (FYE Dec)

€ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	566	642	725	809
Adj. EBIT	312	361	433	494
Adj. EBITDA	348	398	466	529
Adj. net income	204	249	301	346
Adj. EPS	2.80	3.42	4.19	4.85
BBG EPS	2.76	3.26	3.79	4.36
Cashflow from operations	257	281	327	370
FCFF	227	263	313	357
Margins and Growth				
Revenue Growth Y/Y (%)	11.2%	13.3%	13.0%	11.5%
EBIT margin	44.9%	52.1%	56.2%	58.0%
EBIT Growth Y/Y (%)	13.3%	15.6%	20.0%	14.3%
EBITDA margin	61.5%	62.0%	64.3%	65.4%
EBITDA Growth Y/Y (%)	14.5%	14.2%	17.3%	13.4%
Net margin	36.1%	38.7%	41.5%	42.8%
Adj. EPS growth	10.9%	22.5%	22.4%	15.6%
Ratios				
Adj. tax rate	30.9%	30.0%	30.0%	30.0%
Interest cover	22.0	78.8	228.4	NM
Net debt/Equity	0.1	0.0	(0.1)	(0.1)
Net debt/EBITDA	0.4	0.1	(0.3)	(0.3)
ROE	14.2%	17.0%	19.3%	21.3%
Valuation				
FCFF yield	2.6%	3.0%	3.6%	4.1%
Dividend yield	1.0%	1.4%	3.5%	4.0%
EV/Revenue	12.7	11.0	9.5	8.5
EV/EBITDA	20.6	17.8	14.8	13.0
Adj. P/E	43.2	35.2	28.8	24.9

Summary Investment Thesis and Valuation

Investment Thesis

With the accelerating top line now well understood - margin upside becomes the next leg of the investment case. Scout shares have seen a rather impressive outperformance in the past 12m (+75% vs. MDAX +16%), reflecting strong execution by management on new products, which drove accelerated top line growth and earnings upgrades. While the revenue benefits from new products are by now well understood, we believe the market is still missing the next leg of the investment case - margin upside. With new CEO Ralf Weitz (previously CPO) taking over from ex-CEO Tobias Hartmann, we expect - in addition to incremental product - upside on cost savings from 1) more efficient marketing spend, 2) meaningful headcount optimization efforts post recent acquisitions and 3) a focus on "low hanging" AI benefits.

Valuation

We set our SOTP-derived Dec-26 Price Target at €141/share to reflect the Professional, Private, and peer valuation associated with its growth and margin outlook profiles.

Performance Drivers

Market	30%	
Sector	0%	
Macro	10%	
Style	4%	
Idiosyn.	56%	
Factors		
	6M Corr	1Y Corr
Market: MSCI Europe ex UK	0.68	0.50
Sect: Telecom Services	-0.18	0.07
Macro:		
Euro	0.60	0.41
Eurozone Exports	0.20	0.23
Citi Eco Surprise Eurozone	-0.06	0.13
Quant Styles:		
Value	0.13	0.22
Growth	-0.10	-0.19
DivYld	0.01	0.15

Investment Thesis, Valuation and Risks

Scout24 (Overweight; Price Target: €141.00)

Investment Thesis

With the accelerating top line now well understood - margin upside becomes the next leg of the investment case. Scout shares have seen a rather impressive outperformance in the past 12m (+75% vs. MDAX +16%), reflecting strong execution by management on new products, which drove accelerated top line growth and earnings upgrades. While the revenue benefits from new products are by now well understood, we believe the market is still missing the next leg of the investment case - margin upside. With new CEO Ralf Weitz (previously CPO) taking over from ex-CEO Tobias Hartmann, we expect - in addition to incremental product - upside on cost savings from 1) more efficient marketing spend, 2) meaningful headcount optimization efforts post recent acquisitions and 3) a focus on "low hanging" AI benefits..

Valuation

We set our SOTP-derived Dec-26 Price Target at €141/share to reflect the Professional, Private, and peer valuation associated with its growth and margin outlook profiles.

Scout24 - SOTP Valuation

Division	Revenue	ooEBITDA	Margin (%)	Multiple	Value
Professional Segment	520	334	64.3%	22.0x	7,357
Private Segment	205	132	64.2%	20.0x	2,635
Total EV	725	466	64.3%	21.4x	9,992
Net Debt (Cash)					-123
Other adjustments					0
Associates & Minorities					0
Equity Value €					10,115
Shares outstanding					72
Price Target Dec-26					141

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Key risks are 1) significantly lower ARPU growth than we currently estimate; 2) key competitors in online property classifieds taking more share; 3) increased competition from horizontal online players (e.g. Subito, eBay); and 4) weaker macro developments in Scout24's markets, particularly in the core market of Germany.

Scout24: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	509	566	642	725	809	Cash flow from operating activities	201	257	281	327	370
COGS	-	-	-	-	-	o/w Depreciation & amortization	36	47	48	44	44
Gross profit	-	-	-	-	-	o/w Changes in working capital	(5)	5	(2)	(1)	(1)
SG&A	-	-	-	-	-	Cash flow from investing activities	(71)	(78)	(15)	(10)	(10)
Adj. EBITDA	304	348	398	466	529	o/w Capital expenditure	(24)	(25)	(15)	(10)	(10)
D&A	(36)	(47)	(48)	(44)	(44)	as % of sales	4.8%	4.4%	2.3%	1.4%	1.2%
Adj. EBIT	275	312	361	433	494	Cash flow from financing activities	(111)	(173)	(174)	(152)	(338)
Net Interest	2	(16)	(5)	(2)	0	o/w Dividends paid	(73)	(88)	(86)	(123)	(298)
Adj. PBT	276	296	355	430	494	o/w Shares issued/(repurchased)	(49)	(75)	(83)	(28)	(40)
Tax	(64)	(76)	(99)	(122)	(141)	o/w Net debt issued/(repaid)	16	(6)	0	0	0
Minority Interest	-	-	-	-	-	Net change in cash	19	6	92	165	22
Adj. Net Income	186	204	249	301	346	Adj. Free cash flow to firm	171	227	263	313	357
Reported EPS	2.43	2.22	3.17	3.95	4.60	y/y Growth	29.7%	33.2%	15.8%	19.2%	13.8%
Adj. EPS	2.52	2.80	3.42	4.19	4.85						
DPS	1.00	1.20	1.71	4.19	4.85						
Payout ratio	41.2%	54.1%	54.0%	106.2%	105.4%						
Shares outstanding	74	73	73	72	71						
Balance Sheet						Ratio Analysis					
Cash and cash equivalents	52	55	148	312	335	Gross margin	-	-	-	-	-
Accounts receivable	40	37	39	40	41	EBITDA margin	59.7%	61.5%	62.0%	64.3%	65.4%
Inventories	-	-	-	-	-	EBIT margin	47.6%	44.9%	52.1%	56.2%	58.0%
Other current assets	19	26	26	26	26	Net profit margin	36.5%	36.1%	38.7%	41.5%	42.8%
Current assets	111	119	213	379	402	Organic Revenue growth	-	-	-	-	-
PP&E	10	9	9	8	6	Net debt/EBITDA	0.3	0.4	0.1	(0.3)	(0.3)
LT investments	-	-	-	-	-	Sales/Assets (x)	0.3	0.3	0.3	0.3	0.4
Other non current assets	1,898	1,944	1,911	1,879	1,846	Assets/Equity (x)	1.4	1.4	1.4	1.4	1.4
Total assets	2,019	2,072	2,133	2,266	2,254	Interest cover (x)	NM	22.0	78.8	228.4	NM
Short term borrowings	130	164	164	164	164	Tax rate	32.7%	30.9%	30.0%	30.0%	30.0%
Payables	14	18	17	16	14	Revenue y/y Growth	13.8%	11.2%	13.3%	13.0%	11.5%
Other short term liabilities	66	80	80	80	80	EBITDA y/y Growth	21.0%	14.5%	14.2%	17.3%	13.4%
Current liabilities	210	262	261	260	258	EPS y/y Growth	31.8%	10.9%	22.5%	22.4%	15.6%
Long-term debt	24	26	25	25	25						
Other long term liabilities	337	352	352	352	352						
Total liabilities	572	640	639	637	635						
Shareholders' equity	1,447	1,432	1,494	1,627	1,617						
Minority interests	0	0	0	0	0						
Total liabilities & equity	2,019	2,072	2,133	2,264	2,252						
Net debt/(cash)	102	134	41	(123)	(146)						
Valuation											
	FY23A	FY24A	FY25E	FY26E	FY27E	P/E (x)	47.9	43.2	35.2	28.8	24.9
						FCFE Yield	1.9%	2.5%	2.9%	3.6%	4.1%
						EV/EBITDA (x)	23.5	20.6	17.8	14.8	13.0
						Dividend Yield	0.8%	1.0%	1.4%	3.5%	4.0%

Source: Company reports and J.P. Morgan estimates.

Note: € in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Overweight

SEK.AX, SEK AU

Price (05 Jun 25):A\$24.17

Price Target (Jun-26):A\$27.00

Technology, Media & Telecommunications

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J.P. Morgan Securities Australia Limited

Half Yearly Forecasts (FYE Jun)

Adj. EBITDA (A\$ mn)

	2024A	2025E	2026E
H1	246	224A	261
H2	223	236	272
FY	469	460	533

Style Exposure

Quant Factors	Current	Hist %Rank (1=Top)			
	%Rank	6M	1Y	3Y	5Y
Value	67	84	67	59	51
Growth	1	9	34	34	34
Momentum	51	59	42	76	42
Quality	67	76	67	42	67
Low Vol	51	59	59	42	34
ESGQ	26	3	35	94	32

Seek Ltd

Longer-term building blocks in place

SEK delivered a well-received investor day and updated both sales and earnings guidance to the top end of the prior range, whilst leaving costs unchanged. We outline key drivers as 1) job ads showing signs of support at a ~10% y/y average decline through FY25, 2) cost-management highlighting unchanged expectations vs. the AGM update in November despite increase to top-line expectations, and 3) international business progress, including a unified APAC platform and freemium & variable pricing commercial model development to increase scale and manage spin-down, which is transitioning successfully with revenue tracking ahead of pre-freemium levels.

National job ads

National job ad volumes increased 1.8% month-on-month in April. The year-on-year decline was -5.7%, with the AUS FY25 average y/y decline now -10%. Assuming the index remains flat sequentially from here, the implied y/y fall in AUS volumes for FY25 would be -9% (noting NZ will likely continue to be a drag on ANZ). Applications per ad increased 2.6% month-on-month, while y/y growth was again very strong, albeit moderating.

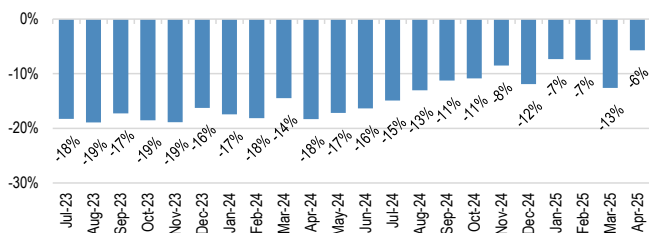
Costs remain in focus

SEK's cost outlook remained unchanged despite the improved revenue expectations, after lowering full-year expenditure guidance (-2% mid-point and -2% y/y, albeit +3% y/y excl. FY24 platform unification costs). Cost-management will remain in focus in delivering cash EBITDA leverage. SEK has retained FY28 revenue and margin targets, albeit at this point we believe achievement requires both a strong cyclical upswing in volumes and cost discipline.

Earnings and valuation

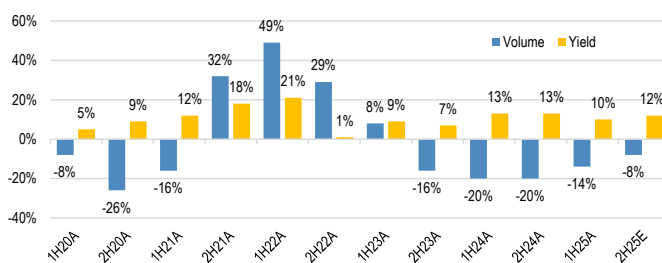
We assume ANZ volume headwinds are offset by yield growth, with Asia revenue flat y/y. Into FY26 we assume ANZ volumes are flat over the year, with a return to y/y growth in 2H. SEK's headline valuation is distorted by both the sizable volume-related headwinds and the impact of the growth fund. At current levels, the Growth Fund book value (revised up in 1H25) makes up ~20% of the current market cap. Stripping this out, SEK screens far more attractively – versus both peers and history. We also note volume trends appear to have reached a turning point.

Figure 175: SEK - Job Ad Index



Source: SEEK.

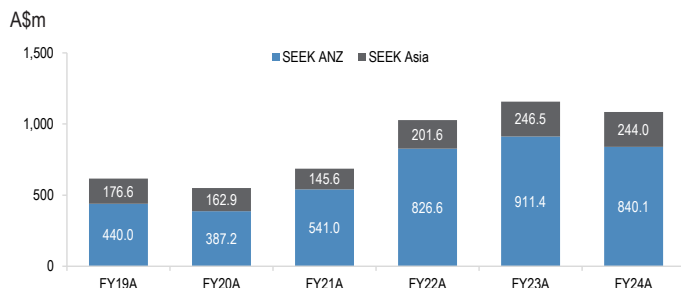
Figure 176: SEK - ANZ Listings & Yield (% y/y)



Source: Company data. J.P. Morgan estimates.

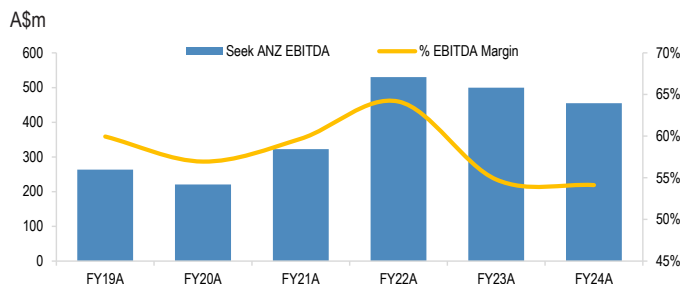
SEEK Ltd - Company Snapshot

Figure 177: SEK ANZ vs. Asia Revenue



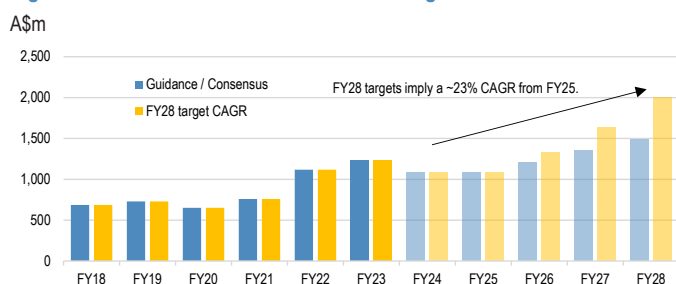
Source: Company data. ANZ and Asia only, excludes divested, re-segmented businesses & Seek Investments.

Figure 178: SEK ANZ EBITDA & Margin



Source: Company data.

Figure 179: SEK Revenue vs. FY28 \$2bn Target



Source: Company data. Bloomberg Finance L.P.

Figure 180: SEK PER vs. History & excl. Growth Fund



Source: Bloomberg Finance L.P. J.P. Morgan estimates.

Leading employment platform in Australia & New Zealand: SEEK is the market leading online employment marketplace in ANZ; also operating in both developed (Hong Kong, Malaysia, and Singapore) and emerging (Indonesia, Thailand, Philippines) Asian markets.

Commercial Model: The ANZ region accounts for ~77% of SEK revenue. Revenue in ANZ is derived from job listings on the Seek platform via fees charged to hirers, with the variable pricing model adjusting yield based on several factors aligning to the value to a hirer, with key revenue drivers 1) job listings, and 2) yield per listing.

Strategy: Seek is highly penetrated in ANZ (placement share ~35%), with upside in 1) market share gains in Asia (placement share ~25%), and 2) commercial model development in Asia including a freemium and variable pricing model and yield enhancements.

Potential for further growth from: 1) Near-term leverage to a recovery in job listings, and 2) yield improvement and share gains in Asian markets.

Price Performance



	YTD	1m	3m	12m
Abs	7.1%	15.5%	0.1%	1.6%
Rel	2.6%	11.0%	-4.7%	-8.3%

Company Data

Shares O/S (mn)	355
52-week range (A\$)	27.40-18.88
Market cap (\$ mn)	5,569.60
Exchange rate	1.54
Free float (%)	95.6%
3M ADV (mn)	1.39
3M ADV (\$ mn)	20.1
Volatility (90 Day)	37
Index	ASX 100
BBG ANR (Buy Hold Sell)	11 4 0

Key Metrics (FYE Jun)

A\$ in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	1,084	1,086	1,203	1,343
Adj. EBIT	340	311	383	457
Adj. EBITDA	469	460	533	611
Adj. net income	177	152	201	255
Adj. EPS	0.50	0.42	0.56	0.71
BBG EPS	0.51	0.44	0.57	0.74
Cashflow from operations	313	339	363	422
FCFF	259	271	327	374
Margins and Growth				
Revenue Growth Y/Y (%)	(6.4%)	0.1%	10.8%	11.6%
EBIT margin	31.4%	28.7%	31.8%	34.0%
EBIT Growth Y/Y (%)	(23.9%)	(8.5%)	22.8%	19.4%
EBITDA margin	43.3%	42.4%	44.3%	45.5%
EBITDA Growth Y/Y (%)	(14.1%)	(1.9%)	15.8%	14.7%
Net margin	16.4%	14.0%	16.7%	19.0%
Adj. EPS growth	(33.4%)	(14.6%)	32.3%	26.9%
Ratios				
Adj. tax rate	28.9%	28.2%	30.0%	30.0%
Interest cover	6.8	6.1	7.6	9.3
Net debt/Equity	0.4	0.3	0.3	0.3
Net debt/EBITDA	2.2	2.0	1.6	1.2
ROE	6.7%	5.7%	7.2%	8.9%
Valuation				
FCFF yield	4.0%	4.4%	4.5%	5.1%
Dividend yield	1.4%	1.7%	2.0%	2.5%
EV/Revenue	6.6	6.5	5.8	5.1
EV/EBITDA	15.3	15.3	13.0	11.2
Adj. P/E	48.8	57.1	43.2	34.0

Summary Investment Thesis and Valuation

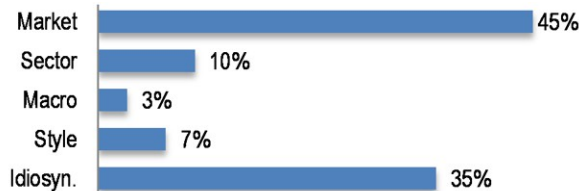
Investment Thesis

SEEK is the market-leading online employment marketplace in ANZ, with operations across Asia Pacific and Latin America. The company has flagged FY28 revenue could reach A\$2bn with three key drivers: 1) ANZ volume growth of neutral to low single digits; 2) ANZ yield growth of high single digits; 3) Asia revenue growth of low double digits. Achievement of A\$2bn in FY28 implies a very strong low-double-digit CAGR. In addition, the company is working to build capacity for EBITDA margins in excess of 50%. This is reliant on mid- to high-single-digit cost growth, in addition to achieving the revenue growth drivers mentioned above. SEEK is nearing completion of its Platform Unification program, with the intention to port ANZ capabilities to its global operations.

Valuation

We are Overweight with a Jun-26 price target of \$27.00. We value the company on a SOTP basis (multiples) based on FY26 divisional EBITDA. We factor in the SEEK Growth Fund at SEK's last reported book value.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Australia	0.74	0.65
Sect: Telecom Services	0.36	0.41
Macro:		
Economic Surprise	0.12	0.28
Non-Energy Commod	0.27	0.14
TR/CC CRB ER Index	0.21	0.13
Quant Styles:		
LowVol	-0.53	-0.41
Size	-0.62	-0.40
Momentum	-0.34	-0.23

Investment Thesis, Valuation and Risks

Seek Ltd (Overweight; Price Target: A\$27.00)

Investment Thesis

SEEK is the market leading online employment marketplace in ANZ; with operations across Asia Pacific and Latin America.

The company has flagged FY28 revenue could reach A\$2bn with three key drivers:

- ANZ volume growth of neutral to low single digits;
- ANZ yield growth of high single digits;
- Asia revenue growth of low double digits.

Achievement of A\$2bn in FY28 implies a very strong low double-digit CAGR. In addition, the company is working to build capacity for EBITDA margins in excess of 50%. This is reliant on mid- to high-single-digit cost growth, in addition to achieving the revenue growth drivers mentioned above.

SEEK is nearing completion of its Platform Unification program, with the intention to port ANZ capabilities to its global operations.

Valuation

We are Overweight with a Jun-26 price target of \$27.00. We value the company on an SOTP basis (multiples) based on FY26 divisional EBITDA. We factor in the SEEK Growth Fund at SEK's last reported book value.

SEK – SOTP valuation		
Enterprise Value	A\$m	10,777
Less Net Debt	A\$m	1,073
Equity Value	A\$m	9,704
Shares Outstanding	m	357
Implied Equity Share Price (rounded)	A\$	27.00

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Downside risks to our rating and price target include: 1) Macroeconomic weakness. Higher unemployment has historically resulted in lower job advertisements. 2) Increased competition from Indeed and LinkedIn could diminish Seek's lead in the ANZ online employment market. 3) Negative valuation revisions in the SEEK Growth Fund.

Upside risks include: 1) A faster-than-anticipated recovery in job listings. 2) Tighter cost controls than factored into consensus estimates. 3) Decreased competition from Indeed and LinkedIn could improve Seek's lead in the ANZ online employment market.

Seek Ltd

A\$ in millions, year end Jun

Profit And Loss						Valuation Summary					Relative recommendation:		Overweight		
	FY23	FY24	FY25E	FY26E	FY27E						A\$m	A\$ps			
Revenue	1,158	1,084	1,086	1,203	1,343	Current mkt capitalisation					8,578.85	24.17			
Revenue growth	3.7%	(6.4%)	0.1%	10.8%	11.6%	Price Target								27.00	
COGS	(612)	(615)	(625)	(670)	(732)	Capital growth to price target								11.7%	
Operating Expenses	-	-	-	-	-										
EBITDA	546	469	460	533	611										
EBITDA growth	7.2%	(14.1%)	(1.9%)	15.8%	14.7%	Trading Multiples	FY23	FY24	FY25E	FY26E	FY27E				
EBITDA margin	47.2%	43.3%	42.4%	44.3%	45.5%	PE Pre-abnormals	32.5	48.8	57.1	43.2	34.0				
Amortisation						PE Reported	8.4	NM	39.7	43.2	34.0				
Depreciation	(99)	(129)	(149)	(150)	(154)	EV/EBITDA	12.7	15.3	15.3	13.0	11.2				
EBIT	447	340	311	383	457	EV/EBIT	15.5	21.1	22.6	18.2	15.0				
Other Income	0	0	0	0	0										
Other Expenses	(24)	(26)	(35)	(36)	(37)	Key Ratios	FY23	FY24	FY25E	FY26E	FY27E				
Net Interest	(65)	(69)	(75)	(70)	(66)	Dividend Yield	1.9%	1.4%	1.7%	2.0%	2.5%				
Pre-Tax Profit	365	250	211	287	364	Franking	100.0%	100.0%	100.0%	100.0%	100.0%				
Tax	(100)	(72)	(59)	(86)	(109)	Return on Assets (%)	5.3%	3.6%	3.1%	4.1%	5.1%				
Tax Rate	27.3%	28.9%	28.2%	30.0%	30.0%	Return on Equity (%)	11.8%	6.7%	5.7%	7.2%	8.9%				
Minorities	0	0	0	0	0	ROIC (%)	-	-	-	-	-				
Abnormals (post tax)	758	(278)	67	0	0										
Reported NPAT	1,024	(101)	218	201	255	Leverage	FY23	FY24	FY25E	FY26E	FY27E				
						Gearing (Net Debt / Equity)	0.4	0.4	0.3	0.3	0.3				
Normalised NPAT	266	177	152	201	255	Gearing (ND / (ND + E))	28.3%	28.5%	25.2%	23.0%	20.7%				
Growth	8.1%	(33.2%)	(14.5%)	32.3%	26.9%	Net Debt / EBITDA	1.9	2.2	2.0	1.6	1.2				
						EBIT Interest Cover (x)	6.8	5.0	4.2	5.5	6.9				
End of Period Shares	355	356	357	357	357										
EFPOWA	357	358	358	358	358	Balance Sheet	FY23	FY24	FY25E	FY26E	FY27E				
						Cash	251	199	207	227	247				
Reported EPS	2.88	(0.28)	0.61	0.56	0.71	Receivables	169	141	141	156	175				
Normalised EPS	0.74	0.50	0.42	0.56	0.71	Investments	-	-	-	-	-				
Growth	7.9%	(33.4%)	(14.6%)	32.3%	26.9%	Inventories	-	-	-	-	-				
						Other Current Assets	56	61	59	59	59				
DPS	0.47	0.35	0.41	0.48	0.61	Total Current Assets	476	401	407	442	480				
Growth	5.7%	(24.7%)	15.7%	17.3%	28.4%	Net PPE	58	51	28	16	16				
						Total Intangibles	1,637	1,611	1,735	1,741	1,741				
DPS/EPS payout	16.2%	NM	66.5%	84.8%	85.8%	Other Non Current Assets	3,059	2,692	2,740	2,740	2,740				
						Total Non Current Assets	4,754	4,353	4,503	4,497	4,497				
						Total Assets	5,231	4,755	4,910	4,939	4,977				
Cash Flow Statement	FY23	FY24	FY25E	FY26E	FY27E	Creditors	217	153	195	217	242				
Net Profit for Cashflow	1,024	(101)	218	201	255	Current Borrowings	20	20	20	20	20				
Depreciation & Amortisation	99	129	149	150	154	Current Tax Provisions	13	17	23	23	23				
Non Cash Items	-	-	-	-	-	Other Current Provisions	44	37	39	39	39				
Working Capital Changes	513	434	484	539	618	Other Current Liabilities	227	238	243	243	243				
Other Operating Cashflows	(1,316)	(149)	(512)	(527)	(605)	Total Current Liabilities	520	465	521	542	567				
Cashflow from Operating Activities	320	313	339	363	422	Non Current Creditors	-	-	-	-	-				
						Non Current Borrowings	1,483	1,389	1,288	1,225	1,160				
Capex	-	-	-	-	-	Deferred Tax Liabilities	368	174	192	192	192				
Net Acquisitions	-	-	-	-	-	Other Non Current Provisions	32	16	17	17	17				
Other Investing cashflows	(245)	(115)	(133)	(114)	(122)	Other Non Current Liabilities	152	128	138	138	138				
Investing Cash Flow	(168)	(118)	(64)	(138)	(148)	Total Non Current Liabilities	2,034	1,707	1,635	1,571	1,506				
						Total Liabilities	2,555	2,173	2,155	2,113	2,073				
Inc/(Dec) in Borrowings	(13)	(14)	(14)	(14)	(14)	Equity	269	277	277	277	277				
Equity Issued	0	7	1	0	0	Other Equity	0	0	0	0	0				
Dividends Paid	(160)	(150)	(143)	(146)	(194)	Reserves	24	87	193	213	233				
Other Financing Cashflows	(98)	(93)	(123)	(64)	(65)	Retained Profits	2,383	2,219	2,284	2,336	2,394				
Financing Cash Flow	(271)	(250)	(279)	(224)	(274)	Outside Equity Interests	1	0	0	0	0				
						Total Shareholders Equity	2,676	2,582	2,754	2,826	2,904				
Net Cash Flow	(106)	(60)	15	20	20	Net Debt	1,252	1,210	1,101	1,018	933				

Source: Company reports and J.P. Morgan estimates.

Note: A\$ in millions (except per-share data). Fiscal year ends Jun. o/w - out of which

▲ Overweight

Previous: Neutral

VENDA.OL, VENDA NO

Price (05 Jun 25):Nkr351.20

▲ **Price Target (Dec-26):Nkr401.00**

Prior (Dec-26):Nkr333.00

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Key Changes (FYE Dec)

	Prev	Cur
Adj. EPS - 25E (Nkr)	3.94	4.42
Adj. EPS - 26E (Nkr)	6.38	6.94

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	52	22	35		
Growth	30	67	47		
Momentum	50	1	91	97	74
Quality	12	69		99	55
Low Vol	33	71	69	92	25
ESGQ	65	69	73	3	76

Vend Marketplaces

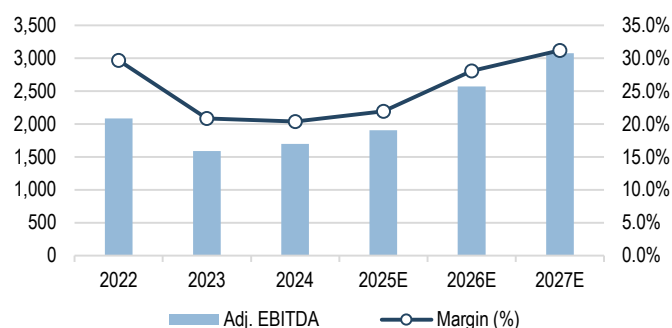
Tides of change – emerging upside risk albeit on low expectations, upgrade to OW from N

Vend's recent Q1/FY25 results demonstrated meaningful achievements on the company's cost agenda, along with strong inroads on price optimization and ARPA upside, which remains key for the repositioning of this business as a pure-play classified. While we maintain our view that both the top- and bottom-line delivery of the group's medium-term targets is likely to be back-end loaded, we argue the recent share price underperformance and rebased earnings expectations fairly reflect this trajectory, with early signs of upside risk to numbers should management continue this cadence of operational execution. Following recent reporting, and better than expected efficiency execution and marginal revenue upside to Core Marketplaces (Mobility and Real Estate), we increase our 2025E/2026E EBITDA estimates by 7%/5%, arguing for further upside risk from here on what we now see as overly conservative consensus estimates (our revised estimates are 1%/3% above BBG consensus respectively). Importantly, we view the recently announced disposal of non-core price comparison site Prisjakt as an encouraging step forward on the group's portfolio optimization journey and adding credibility to management's efforts to effectively streamline the portfolio. All in all, we now see risk/reward turning at this juncture and upgrade the shares from N to OW and raise our Dec 2026 SOTP derived target price to NOK 401/share (from NOK 333 previously), on both earnings upgrades and higher multiple assumptions on improved underlying execution.

An impressive start to FY25 – early signs of improved execution on Core Marketplaces

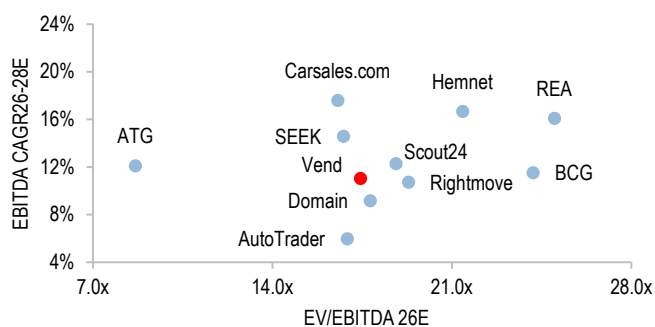
The company reported a notably better than expected start to FY25 – with an important beat on the Classifieds margin, driving a 16% EBITDA beat versus consensus at the group level, and demonstrating early signs of execution on profit improvement and cost savings, triggering the first set of material earnings upgrades since early 2024. With pricing now a key feature to driving ARPR upside, we see early evidence of price delivery – in both Real Estate and Mobility – which should materialize more meaningfully into H225, while we would expect, in time, cyclical headwinds in both Jobs and Advertising should abate and offer stability into year-end. While we concede there remains low near-term visibility – with a lack of FY25 guidance – we believe earnings expectations have found a footing, with early signs of upside.

Figure 181: Vend, Adj. EBITDA (NOKm) and Margin, FY22-27E



Source: J.P. Morgan estimates, Company data.

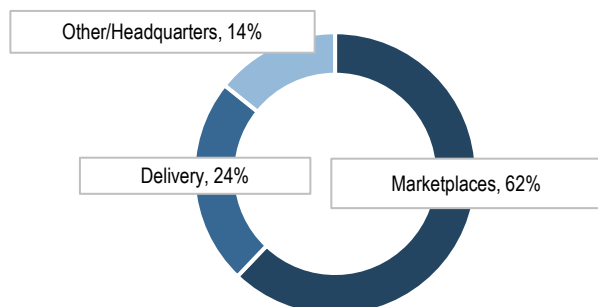
Figure 182: EV/EBITDA26E and EBITDA CAGR26-28E



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Vend - Company Snapshot

Figure 183: Vend – Revenue by division, FY24



Source: Company data.

Table 51: Vend – Summary P&L, Cash Flow, Balance Sheet

NOK million, year-end 31 December

	FY23	FY24	FY25E	FY26E	FY27E
Revenues	7,617	8,325	8,491	8,820	9,386
Growth (YoY)	-	9.3%	2.0%	3.9%	6.4%
Adj. EBITDA	1,589	1,697	2,031	2,698	3,212
Margin (%)	20.9%	20.4%	23.9%	30.6%	34.2%
Operating Profit (Loss)	887	-851	1,352	1,992	2,461
Margin (%)	11.6%	-10.2%	15.9%	22.6%	26.2%
Net Interest	1,106	5,871	63	138	179
Tax	-205	-149	-292	-449	-560
Adj. Net income	-1,434	6,017	1,009	1,561	1,949
Adj. EPS	-6.27	26.00	4.42	6.94	8.80
Growth (YoY)	n.a	n.a	-83.0%	56.9%	26.8%
Equity FCF	661	668	1,182	1,764	2,274
Net Debt/EBITDA	2.8x	-1.5x	-2.6x	-2.0x	-1.9x

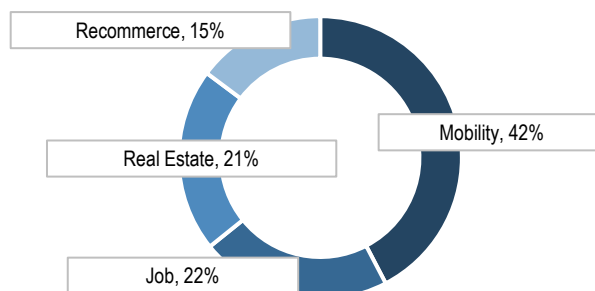
Source: J.P. Morgan estimates, Company data.

Company description

Vend owns a portfolio of strong, mostly market leading digital brands across the areas of online marketplaces, ecommerce, financial services and ventures. Vend's key businesses are online marketplaces with key brands FINN in Norway, Blocket in Sweden, Tori and Oikote in Finland, and smaller businesses in Denmark. As part of its recent transition into a new and more focused marketplace company, Vend Marketplaces' strategy is currently centred around four core marketplace verticals: Mobility, Jobs, Real Estate and Recommerce. In FY24, Vend generated revenue of NOK8,325m and generated an EBITDA of NOK1,697m reflecting a margin of 20%.

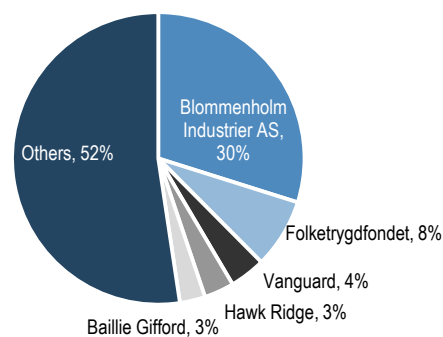
Types of revenues: The company operates Online Classifieds brands (c.62% of revenues post restructuring) in Norway, Sweden, Finland and Denmark and connects buyers and sellers/facilitates transactions in Cars (42% of Classifieds revenues in 2024), Jobs (22%), Real-estate (21%) and Recommerce (15%).

Figure 184: Vend – Marketplaces Revenue by Vertical, FY24



Source: Company data.

Figure 185: Vend – Shareholding structure



Source: Bloomberg Finance L.P.

Vend - Company Financials

Table 52: Vend – Divisional Financials

NOK million

	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Revenues by Business Area						
Core Marketplaces	5,238	5,578	5,756	6,202	6,769	7,417
Growth (YoY)	-	7%	3%	8%	9%	10%
Delivery	1,753	2,124	2,294	2,340	2,340	2,340
Growth (YoY)	-	21%	8%	2%	0%	0%
Other/Headquarters	1,167	1,279	1,087	924	924	924
Eliminations	-539	-656	-646	-646	-646	-646
Total Revenues	7,617	8,325	8,491	8,820	9,386	10,035
% growth	-	9.3%	2.0%	3.9%	6.4%	6.9%
EBITDA by Business Area						
Core Marketplaces	1,804	1,920	2,300	2,896	3,398	3,521
Margin (%)	34%	34%	40%	47%	50%	47%
Delivery	14	65	57	70	73	82
Margin (%)	1%	3%	3%	3%	3%	4%
Other/Headquarters	-228	-288	-326	-268	-259	-277
Total EBITDA	1,589	1,697	2,031	2,698	3,212	3,326
Margin (%)	20.9%	20.4%	23.9%	30.6%	34.2%	33.1%

Source: J.P. Morgan estimates, Company data.

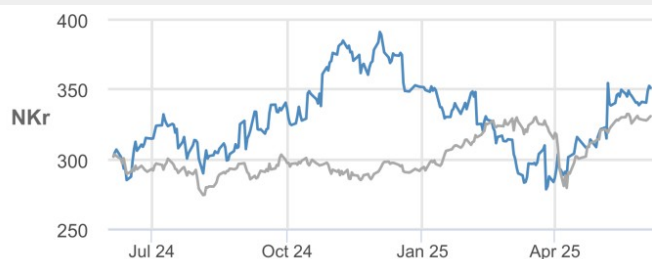
Table 53: Vend - P&L

NOK million

	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Revenues	7,617	8,325	8,491	8,820	9,386	10,035
% change	-	9.3%	2.0%	3.9%	6.4%	6.9%
Adjusted EBITDA	1,589	1,697	2,031	2,698	3,212	3,326
Margin %	21%	20%	24%	31%	34%	33%
Depreciation and Amortisati	-607	-702	-679	-706	-751	-803
% of sales	8%	8%	8%	8%	8%	8%
Impairment loss	-38	-1,337	0	0	0	0
Other expenses	-111	-518	0	0	0	0
Operating profit (loss)	887	-851	1,352	1,992	2,461	2,523
Margin %	12%	-10%	16%	23%	26%	25%
Share of profit (loss) of joint	-70	-83	-87	-92	-96	-101
Net finance	1,106	5,871	63	138	179	251
Profit before tax	1,836	4,800	1,327	2,039	2,543	2,673
Tax - ordinary	-205	-149	-292	-449	-560	-588
Profit/loss reported after tax	1,632	4,651	1,035	1,591	1,984	2,085
Profit (loss) from discontinu	12,556	8,329	0	0	0	0
Profit/Loss reported	14,188	12,980	1,035	1,591	1,984	2,085
Non-controlling interests	68	23	26	30	34	40
Reported net income	14,120	12,957	1,009	1,561	1,949	2,045
Adjusted net income	(1,434)	6,017	1,009	1,561	1,949	2,045
Avg. no. of shares (FD)	229	231	228	225	221	221
Diluted Adjusted EPS (NO)	-6.27	26.00	4.42	6.94	8.80	9.24
YOY change %	n.a	n.a	n.a	56.9%	26.8%	4.9%
Diluted Reported EPS (NOK)	61.77	55.99	4.42	6.94	8.80	9.24

Source: J.P. Morgan estimates, Company data.

Price Performance



	YTD	1m	3m	12m
Abs	-0.2%	8.8%	16.9%	16.3%
Rel	-13.0%	5.9%	15.9%	6.7%

Company Data

Shares O/S (mn)	239
52-week range (Nkr)	396.00-275.61
Market cap (\$ mn)	8,287.63
Exchange rate	10.11
Free float (%)	61.2%
3M ADV (mn)	0.20
3M ADV (\$ mn)	6.1
Volatility (90 Day)	39
Index	ESTX € Pr
BBG ANR (Buy Hold Sell)	9 6 3

Key Metrics (FYE Dec)

Nkr in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	8,325	8,491	8,820	9,386
Adj. EBIT	(851)	1,352	1,992	2,461
Adj. EBITDA	1,697	2,031	2,698	3,212
Adj. net income	6,017	1,009	1,561	1,949
Adj. EPS	26.00	4.42	6.94	8.80
BBG EPS	22.71	3.23	6.84	9.06
Cashflow from operations	1,440	1,776	2,337	2,743
FCFF	668	1,182	1,764	2,274
Margins and Growth				
Revenue Growth Y/Y (%)	9.3%	2.0%	3.9%	6.4%
EBIT margin	(10.2%)	15.9%	22.6%	26.2%
EBIT Growth Y/Y (%)	(195.9%)	(258.8%)	47.4%	23.5%
EBITDA margin	20.4%	23.9%	30.6%	34.2%
EBITDA Growth Y/Y (%)	6.8%	19.7%	32.8%	19.0%
Net margin	72.3%	11.9%	17.7%	20.8%
Adj. EPS growth	(514.5%)	(83.0%)	56.9%	26.8%
Ratios				
Adj. tax rate	3.1%	22.0%	22.0%	22.0%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	(1.5)	(2.6)	(2.0)	(1.9)
ROE	15.6%	3.1%	4.9%	6.1%
Valuation				
FCFF yield	0.8%	1.5%	2.2%	2.9%
Dividend yield	0.6%	0.7%	0.8%	0.9%
EV/Revenue	8.5	8.0	7.7	7.2
EV/EBITDA	41.7	33.5	25.2	20.9
Adj. P/E	13.5	79.4	50.6	39.9

Summary Investment Thesis and Valuation

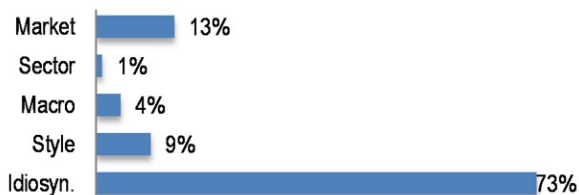
Investment Thesis

Vend's (formerly Schibsted) recent Q1/FY25 results demonstrated meaningful achievements on the company's cost agenda, along with strong inroads on price optimization and ARPA upside, which remains key for the repositioning of this business as a pure-play classified. While we maintain our view that both the top- and bottom-line delivery of the group's medium-term targets is likely to be back-end loaded, we argue the recent share price underperformance and rebased earnings expectations fairly reflect this trajectory, with early signs of upside risk to numbers should management continue this cadence of operational execution. Importantly, we view the recently announced disposal of non-core price comparison site Prisjakt as an encouraging step forward on the group's portfolio optimization journey and adding credibility to management's efforts to effectively streamline the portfolio. All in all, we now see risk/reward turning at this juncture and upgrade the shares from N to OW with a Dec 2026 SOTP derived target price of NOK 401/share.

Valuation

We value Vend using a Sum-of-the-Parts Valuation on the company's four verticals: Mobility, Jobs, Real Estate & Commerce. We derive a Dec-26 Price Target of NOK401 (NOK333 previously).

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Europe ex UK	0.32	0.35
Sect: Telecom Services	0.21	0.09
Macro:		
Eurozone CPI	0.20	0.19
Markit Eurozone Comp PMI	0.14	0.08
Euro	-0.03	0.08
Quant Styles:		
Momentum	0.25	0.28
Growth	0.39	0.20
LowVol	-0.18	-0.13

Investment Thesis, Valuation and Risks

Vend Marketplaces (Overweight; Price Target: Nkr401.00)

Investment Thesis

Vend's recent Q1/FY25 results demonstrated meaningful achievements on the company's cost agenda, along with strong inroads on price optimization and ARPA upside, which remains key for the repositioning of this business as a pure-play classified. While we maintain our view that both the top- and bottom-line delivery of the group's medium-term targets is likely to be back-end loaded, we argue the recent share price underperformance and rebased earnings expectations fairly reflect this trajectory, with early signs of upside risk to numbers should management continue this cadence of operational execution. Importantly, we view the recently announced disposal of non-core price comparison site Prisjakt as an encouraging step forward on the group's portfolio optimization journey and adding credibility to management's efforts to effectively streamline the portfolio. All in all, we now see risk/reward turning at this juncture and upgrade the shares from N to OW with a Dec 2026 SOTP derived target price of NOK 401/share.

Valuation

We value Vend using a Sum-of-the-Parts Valuation on the company's four verticals - Mobility, Jobs, Real Estate & Recommerce. We derive a Dec-26 Price Target of NOK401 (NOK333 previously).

Vend, SOTP, FY26E

	EBITDA 26E	26E EV/EBITDA	Value (26E, NOKm)
Nordic Marketplaces	2,896	19.9x	57,532
Mobility	1,497	20.0x	29,948
Jobs	668	17.7x	11,832
Real Estate	703	20.0x	14,053
Recommerce	27	N/A	1,700
Delivery	57	14.0x	803
Other and Headquarters	-326	5.0x	-1,630
Total Schibsted ex Adevinta	2,627	21.6x	56,705
Adevinta stake (13.6%)			28,000
Total EV Schibsted			84,705
Net (debt)/ cash			5,400
Associates & JV			75
Equity Value			90,030
Number of shares (m)			225
Equity value per share as of Dec-26			401

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

The key risks that could keep our rating and target price from being achieved include the following: 1) Worse Nordic macroeconomic conditions than we have anticipated; 2) Lower growth from Online assets than we have forecast; 3) Lower spending in organic investments than we have assumed; and 4) Classifieds margins increasing less than we are expecting. On the upside, risk include 2) accelerated efforts on portfolio simplification and 2) faster than expected disposals at attractive exit valuations may positively surprise, with scope for higher than expected cash returns to shareholders as a result of these efforts.

Vend Marketplaces: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	7,617	8,325	8,491	8,820	9,386	Cash flow from operating activities	1,708	1,440	1,776	2,337	2,743
COGS	-	-	-	-	-	o/w Depreciation & amortization		2,489	679	706	751
Gross profit	-	-	-	-	-	o/w Changes in working capital	87	33	(26)	(51)	(87)
SG&A	(6,028)	(6,628)	(6,460)	(6,122)	(6,174)	Cash flow from investing activities	(700)	27,217	2,909	(573)	(469)
Adj. EBITDA	1,589	1,697	2,031	2,698	3,212	o/w Capital expenditure	(1,047)	(772)	(594)	(573)	(469)
D&A	(702)	(2,548)	(679)	(706)	(751)	as % of sales	13.7%	9.3%	7.0%	6.5%	5.0%
Adj. EBIT	887	(851)	1,352	1,992	2,461	Cash flow from financing activities	(3,474)	(24,374)	(2,813)	(1,562)	(1,609)
Net Interest	1,106	5,871	63	138	179	o/w Dividends paid	(558)	(20,457)	(1,013)	(562)	(609)
Adj. PBT	1,836	4,800	1,327	2,039	2,543	o/w Shares issued/(repurchased)	(1,520)	(980)	(1,000)	(1,000)	(1,000)
Tax	(205)	(149)	(292)	(449)	(560)	o/w Net debt issued/(repaid)	(724)	(2,928)	(800)	0	0
Minority Interest	-	-	-	-	-	Net change in cash	(2,459)	4,284	1,872	202	665
Adj. Net Income	(1,434)	6,017	1,009	1,561	1,949	Adj. Free cash flow to firm	661	668	1,182	1,764	2,274
Reported EPS	61.77	55.99	4.42	6.94	8.80	y/y Growth	(35.9%)	1.0%	77.0%	49.2%	28.9%
Adj. EPS	(6.27)	26.00	4.42	6.94	8.80						
DPS	2.00	2.25	2.50	2.75	3.00						
Payout ratio	3.2%	4.0%	56.5%	39.6%	34.1%						
Shares outstanding	229	231	228	225	221						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	1,279	5,545	7,417	7,619	8,284	Gross margin	-	-	-	-	-
Accounts receivable	2,243	1,285	1,311	1,362	1,449	EBITDA margin	20.9%	20.4%	23.9%	30.6%	34.2%
Inventories	0	0	0	0	0	EBIT margin	11.6%	(10.2%)	15.9%	22.6%	26.2%
Other current assets	145	1,417	1,417	1,417	1,417	Net profit margin	(18.8%)	72.3%	11.9%	17.7%	20.8%
Current assets	3,667	8,247	10,145	10,397	11,150	Organic Revenue growth	-	-	-	-	-
PP&E	580	184	317	410	369	Net debt/EBITDA	2.8	(1.5)	(2.6)	(2.0)	(1.9)
LT investments	39,721	22,786	19,696	19,604	19,508	Sales/Assets (x)	0.1	0.2	0.2	0.2	0.2
Other non current assets	14,446	8,880	8,663	8,437	8,197	Assets/Equity (x)	1.4	1.3	1.2	1.2	1.2
Total assets	58,414	40,097	38,819	38,848	39,223	Interest cover (x)	NM	NM	NM	NM	NM
Short term borrowings	780	0	0	0	0	Tax rate	11.1%	3.1%	22.0%	22.0%	22.0%
Payables	368	150	150	150	150	Revenue y/y Growth	(50.2%)	9.3%	2.0%	3.9%	6.4%
Other short term liabilities	4,027	2,560	2,560	2,560	2,560	EBITDA y/y Growth	(33.6%)	6.8%	19.7%	32.8%	19.0%
Current liabilities	5,175	2,709	2,709	2,709	2,709	EPS y/y Growth	(562.6%)	(514.5%)	(83.0%)	56.9%	26.8%
Long-term debt	4,872	3,018	2,218	2,218	2,218						
Other long term liabilities	3,764	1,866	1,866	1,866	1,866						
Total liabilities	13,811	7,593	6,793	6,793	6,793						
Shareholders' equity	44,461	32,485	31,981	31,980	32,320						
Minority interests	142	19	45	75	110						
Total liabilities & equity	58,414	40,098	38,820	38,848	39,223						
Net debt/(cash)	4,373	(2,527)	(5,199)	(5,400)	(6,066)						
Valuation						FY23A	FY24A	FY25E	FY26E	FY27E	
P/E (x)						NM	13.5	79.4	50.6	39.9	
FCFE Yield						-	-	-	-	-	
EV/EBITDA (x)						48.9	41.7	33.5	25.2	20.9	
Dividend Yield						0.6%	0.6%	0.7%	0.8%	0.9%	

Source: Company reports and J.P. Morgan estimates.

Note: Nkr in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

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