



ADVERTISING INDUSTRY VALUATION REPORT 2023

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Executive summary

ADVERTISING INDUSTRY VALUATION REPORT

- 🌀 This valuation report encompasses analysis of **91** advertising industry companies.
- 🌀 The profitability (EBITDA/Revenue), despite decreasing in the first two quarters of 2023, rebounded in the third quarter, approaching the levels seen in 2022.
- 🌀 The companies' cash flow levels remain similar to those of 2022.
- 🌀 Median **EV/EBITDA** multiples are **8.77x** LTM, **6.53x** for 2022 and **7.28x** for 2021.
- 🌀 Median **EV/EBIT** multiples are **15.39x** LTM, **7.94x** for 2022 and **7.99x** for 2021.
- 🌀 Median **EV/Revenue** multiples stand at **0.7x** LTM, **0.97x** for 2022 and **1.46x** for 2021.

Financial analysis

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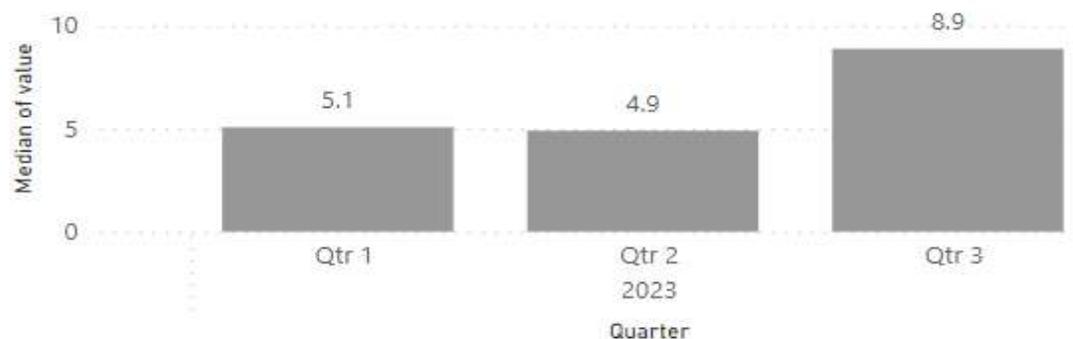
Advertising Industry Valuation Report – Financial Analysis

Profitability (EBITDA / Revenue)



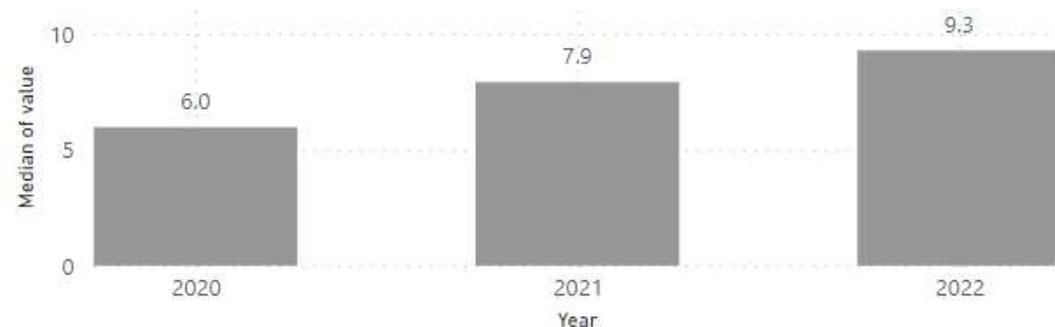
Median Values

Valor ● EBITDA Margin %



Median Values

Valor ● EBITDA Margin %



The EBITDA margin, obtained by dividing EBITDA by revenue, exhibited a positive trajectory over the past three years. **Despite a decrease in the first two quarters of 2023**, there has been a subsequent **rebound in the EBITDA margin during the third quarter**, approaching levels seen in 2022.

Outstanding Performers: EBITDA / Revenue (%)

Company	Year	2016	2017	2018	2019	2020	2021	2022
▣ Bilendi SA	Valor	15.72	14.77	15.22	16.39	17.67	21.45	18.99
▣ DigiTouch SpA	Valor	15.51	11.53	11.70	12.63	13.41	14.08	16.88
▣ IMS SA	Valor	24.81	28.39	31.28	30.35	27.66	36.69	28.33
▣ JCDecaux SE	Valor	15.30	15.35	46.97	49.62	45.85	45.40	43.61
▣ Macromill Inc	Valor	21.84	21.71	22.95	21.20	7.96	19.44	21.59
▣ PT Media Nusantara Citra Tbk	Valor	36.38	40.86	35.81	42.98	37.81	39.11	36.75
▣ Raketech Group Holding PLC	Valor	77.44	55.30	50.46	53.87	42.15	38.61	35.53
▣ Solocal Group SA	Valor	26.60	57.67	0.33	22.05	39.88	30.20	28.28
▣ Stroeer SE & Co KGaA	Valor	22.41	23.82	33.69	31.57	29.28	31.09	30.74
▣ YouGov PLC	Valor	13.54	14.59	17.25	24.26	20.21	23.55	23.34
▣ Ziff Davis Inc	Valor	42.88	38.45	35.35	29.87	31.35	48.12	28.64

The King of Profitability (EBITDA / Revenue)

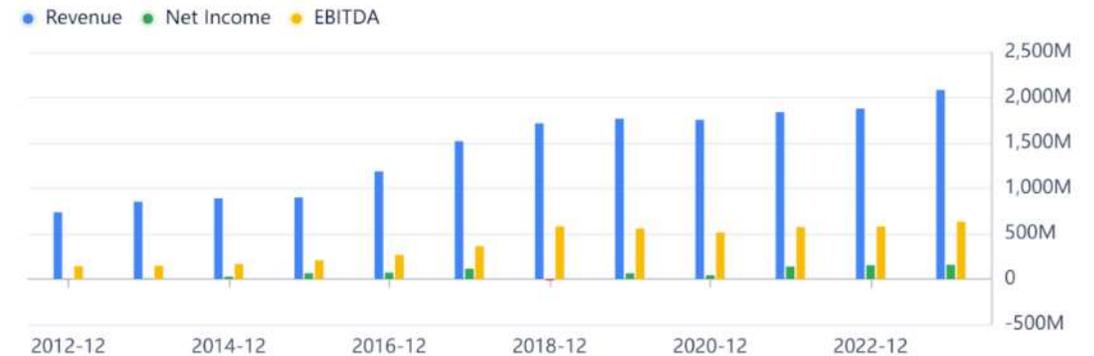


Ströer SE & Co. KGaA is a leading German advertising company with a focus on out-of-home (OOH) advertising and digital media. Established in 1990, the company has expanded to become one of the largest outdoor advertising firms in Europe. Currently, it manages over 300,000 advertising spaces in Germany, Austria, Switzerland, France, and Spain. Ströer also offers a wide range of digital media solutions, including online advertising, mobile advertising, and social media marketing.

The company has consistently achieved substantial growth, evidenced by a notable increase in its EBITDA margins and profits over the years. The **EBITDA** margin, rose **from 22.41% in 2016 to 30.74% in 2022**, while the **net profit margin** increased **from 5.87% in 2016 to 8.08% in 2022**.



Stroeer SE & Co KGaA



Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating Margin %	6.55	5.41	7.51	9.28	8.33	9.28	10.86	9.61	7.41	11.50	13.72
EBITDA Margin %	19.27	17.08	18.61	22.85	22.41	23.82	33.69	31.57	29.28	31.09	30.74
Net Margin %	-0.51	0.56	2.93	7.00	5.87	7.43	-1.00	3.50	2.44	7.51	8.08

Cash Generation Metrics



Year	2023		
Quarter	Qtr 1	Qtr 2	Qtr 3
Valor			
Cash Flow from Operations	0.22	0.00	1.71
Cash Flow from Investing	-0.73	-0.81	-0.72
Cash Flow from Financing	-0.40	-0.25	-0.36
Beginning Cash Position	13.76	14.98	15.27
Net Change in Cash	-0.01	-0.20	-0.18
Ending Cash Position	11.76	14.97	16.39
Capital Expenditure	-0.50	-0.52	-0.67
Free Cash Flow	0.00	-0.01	1.00

Year	2016	2017	2018	2019	2020	2021	2022
Valor							
Cash Flow from Operations	2.37	2.80	2.85	2.63	3.45	6.00	2.66
Cash Flow from Investing	-1.38	-3.47	-3.39	-2.16	-2.70	-2.12	-3.96
Cash Flow from Financing	-0.01	-0.19	0.00	0.00	0.00	-0.15	-1.90
Beginning Cash Position	13.46	13.90	9.86	13.82	11.07	20.08	27.88
Net Change in Cash	0.08	-0.02	0.00	0.23	3.19	0.49	-0.34
Ending Cash Position	18.38	10.26	16.27	12.21	22.57	29.94	18.21
Capital Expenditure	-2.15	-1.84	-2.12	-2.42	-2.99	-2.14	-2.47
Free Cash Flow	0.83	0.21	0.34	0.53	1.48	3.31	1.35

In **2022**, the **median operating cash flow** experienced a **notable decline**. Nevertheless, there was an **increase** in both **investing and financing cash flows**. This **pattern has persisted in 2023**, with levels remaining comparable to those seen in 2022.

Advertising Industry Valuation Report – Financial Analysis

Investment Analysis



Dentsu Group, a global advertising, marketing, and communications giant operating in over 100 countries, offers a comprehensive range of services across the marketing spectrum. Utilizing a combination of data, creativity, and technology, Dentsu facilitates meaningful connections between brands and customers.

The company provides integrated marketing solutions, including brand strategy, creative development, media planning, digital marketing, and public relations. In 2023, Dentsu was one of the companies that allocated the most financial resources to investment. **In March 2023, the company acquired Shift7**, a B2B Experience and Commerce Agency.



Leading Companies in Cash Flow Investment

Year	2023		
	Qtr 1	Qtr 2	Qtr 3
Company			
⊕ Criteo SA	-36.10	-52.24	-15.86
⊕ Dentsu Group Inc	-60.55	-620.26	-292.06
⊕ Publicis Groupe SA		-263.27	
⊕ Stroeer SE & Co KGaA	-32.22	-34.78	-33.78
⊕ The Interpublic Group of Companies Inc	-34.70	-121.00	-48.60
⊕ WPP PLC		-363.64	

Company	Year	Valor	2019	2020	2021	2022
⊖ Dentsu Group Inc	Capex-to-Revenue		0.03	0.02	0.02	0.01
	Capex-to-Operating-Income		0.36	0.26	0.15	0.11
	Capex-to-Operating-Cash-Flow		0.40	0.24	0.15	0.23

Debt Evolution Analysis



Year	2023		
Quarter	Qtr 1	Qtr 2	Qtr 3
Valor			
Debt-to-Equity	0.17	0.41	0.15
Debt-to-Asset	0.13	0.18	0.13
Degree of Financial Leverage	0.90	0.82	1.08
Equity-to-Asset	0.44	0.36	0.42

Year	2016	2017	2018	2019	2020	2021	2022
Valor							
Debt-to-Equity	0.39	0.42	0.42	0.44	0.42	0.34	0.45
Equity-to-Asset	0.43	0.36	0.37	0.32	0.33	0.39	0.38
Debt-to-Asset	0.20	0.19	0.20	0.23	0.21	0.17	0.20
Degree of Financial Leverage	0.89	0.95	0.85	0.96	0.99	1.00	0.79

In 2022, the debt levels of advertising industry companies **experienced an increase in debt-to-equity and debt-to-asset ratios**, rising from **34%** in 2021 to **45%** in 2022 and from **17%** in 2021 to **20%** in 2022, respectively. However, In **2023**, these ratios are **decreasing**.

Debt Evolution Analysis

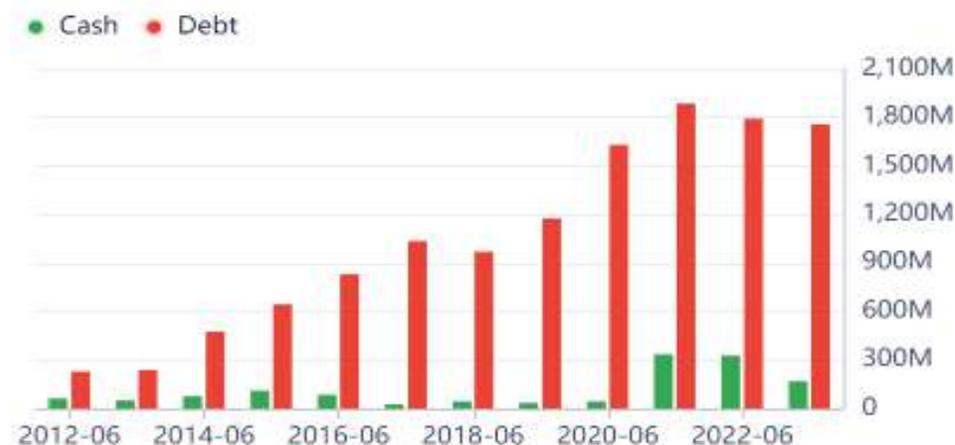


Cimpress plc (CMPR) stands as a multinational digital commerce company specializing in mass customization and on-demand printing, with a global presence spanning over 20 countries. The company is dedicated to enabling individuals to leave a lasting impression through personalized products and services.

However, Cimpress PLC is currently navigating a financial terrain marked by an escalating reliance on debt. Over the years, there has been a notable uptick in the company's debt levels, with the **debt-to-assets ratio** surging from **63%** in **2019** to a range between **80% and 90%** in the last three years. Similarly, the **debt-to-EBITDA ratio** in **2023** reached **5.26**. Additionally, the **equity-to-asset ratio has turned negative**, indicating a potential challenge to the company's overall financial health.



Year	2023		
Quarter	Qtr 1	Qtr 2	Qtr 3
Valor			
Debt-to-Equity	-2.73	-2.82	-2.80
Debt-to-Asset	0.96	0.95	0.95
Degree of Financial Leverage	-1.94	-9.85	3.64
Equity-to-Asset	-0.35	-0.34	-0.34

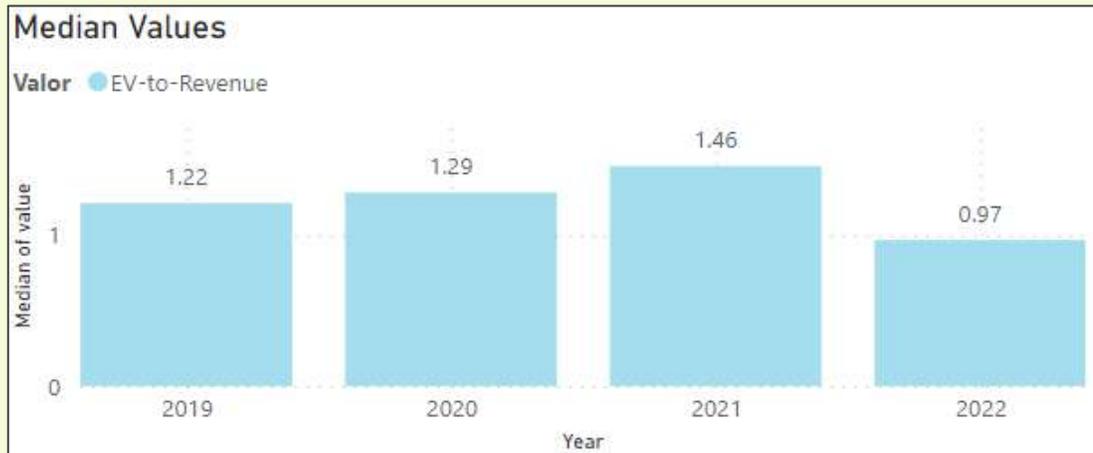


Year	2016	2017	2018	2019	2020	2021	2022
Valor							
Debt-to-Equity	5.01	13.81	10.35	8.91	-4.00	-4.20	-3.62
Equity-to-Asset	0.11	0.05	0.06	0.07	-0.23	-0.21	-0.23
Debt-to-Asset	0.57	0.62	0.59	0.63	0.90	0.86	0.83
Degree of Financial Leverage	3.98	1.84	0.36	2.08	0.14	7.55	-0.38

Valuation analysis

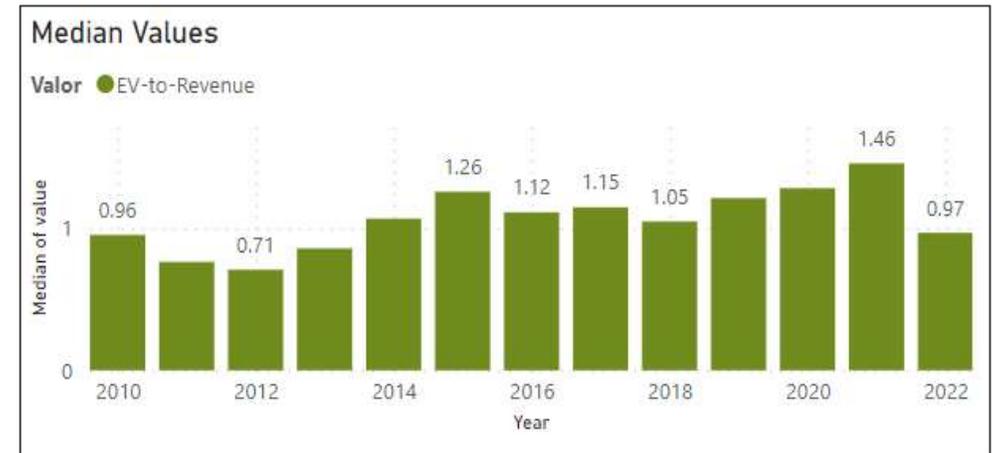
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Multiple Valuation Analysis (EV to Revenue)



The enterprise value-to-revenue multiple (**EV/revenue**) compares a company's enterprise value (EV) to its annual revenue.

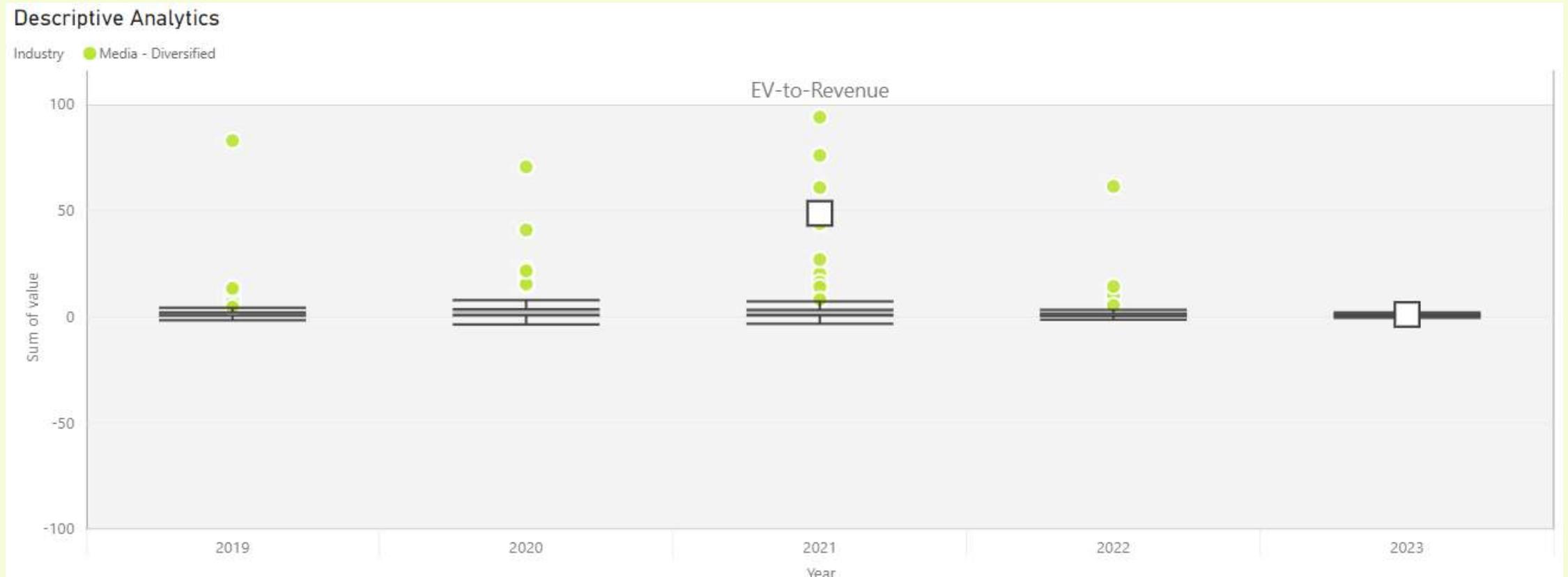
Following the COVID-19 pandemic, in **2021**, investors showed increased optimism about economic recovery, leading to a rise in multiples. This resulted in reaching the highest levels of the last decade, with a multiple of **1.46x**. However, in **2022**, a decline to **0.97x** was observed. In **2023**, a slight recovery in the multiple has been noted, reaching levels above **1x** in the second and third quarters.



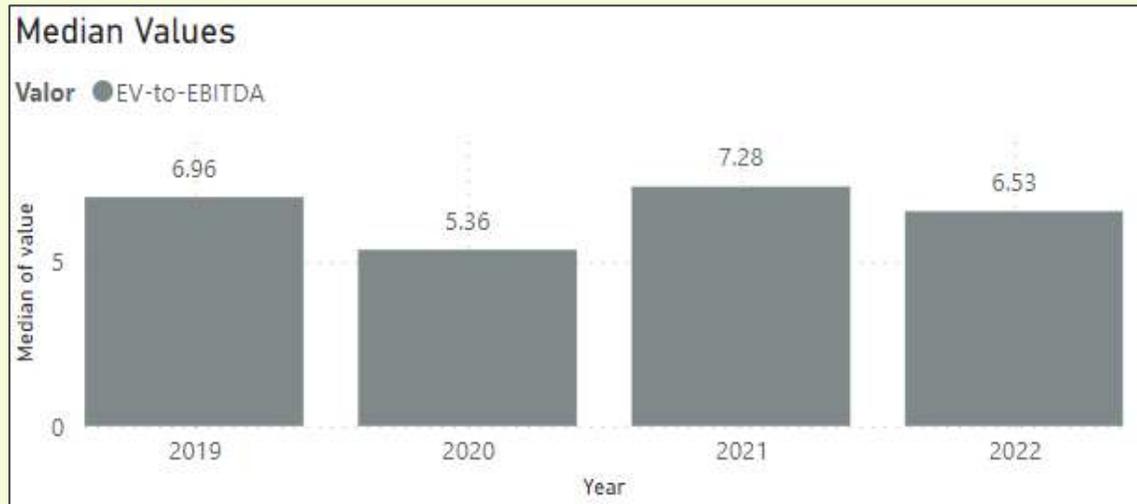
Multiple Valuation Analysis (EV to Revenue)



The analysis of the **EV/Revenue** multiple chart shows a growing concentration in recent years. The **IQR** in **2021** was **2.63**, while **2022** and **2023** have values of **1.15** and **0.62**, respectively.



Multiple Valuation Analysis (EV to EBITDA)



The **EV/EBITDA** multiple compares a company's enterprise value (**EV**) to its earnings before interest, taxes, depreciation, and amortization (EBITDA).

The multiple has shown fluctuations over the years. In **2021**, akin to the **EV/Revenue** multiple, a surge in investor confidence regarding economic recovery resulted in a rise in the **EV/EBITDA** multiple, peaking at **7.28x**. However, by 2022, this figure decreased to **6.53x**, indicating a more reserved stance from investors likely influenced by factors such as escalating inflation and interest rates. Subsequently, in the latter part of **2023**, the multiple has experienced a downturn, returning to levels reminiscent of those in **2020**.

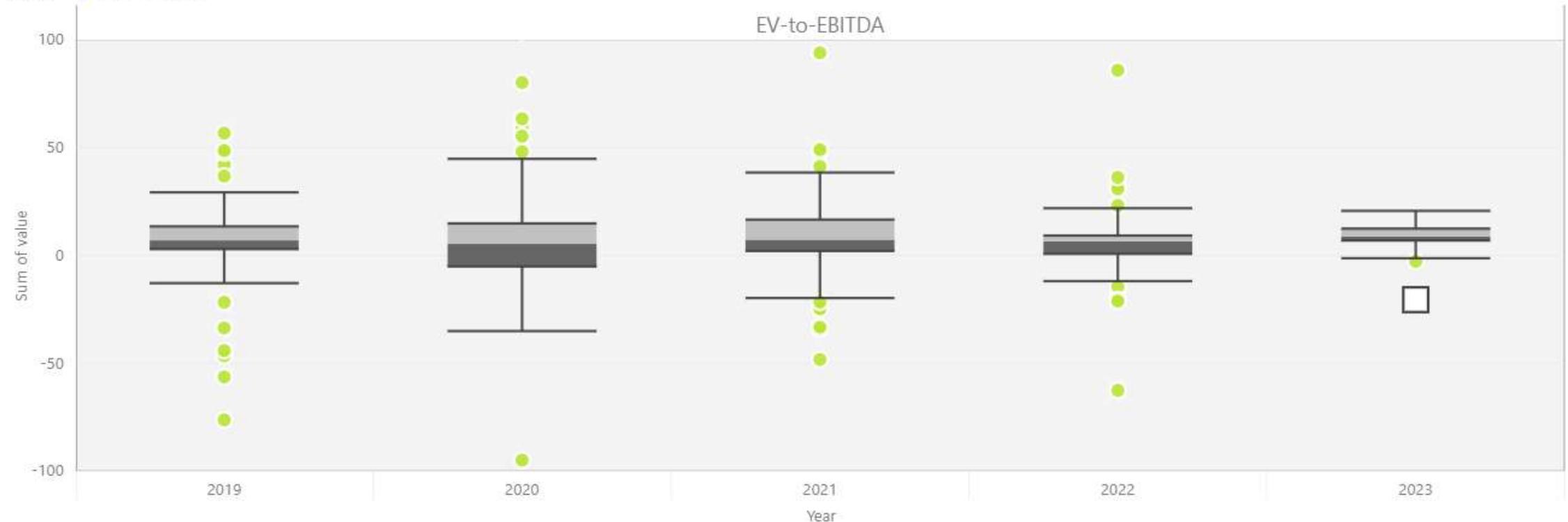
Multiple Valuation Analysis (EV to EBITDA)



Observing the **EV/EBITDA** multiple chart, there is greater dispersion than for the **EV/Revenue** multiple. However, similarly, concentration levels have increased in recent years. The IQR in **2022** decreased from **14.55 (2021)** to **8.46**. In **2023**, it has reached **5.5**, showing a high level of concentration.

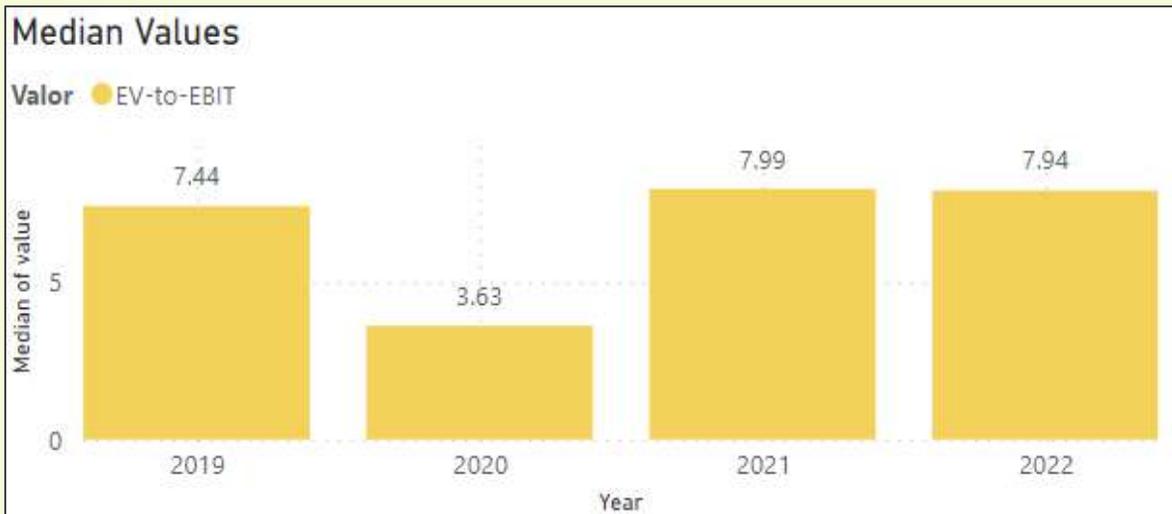
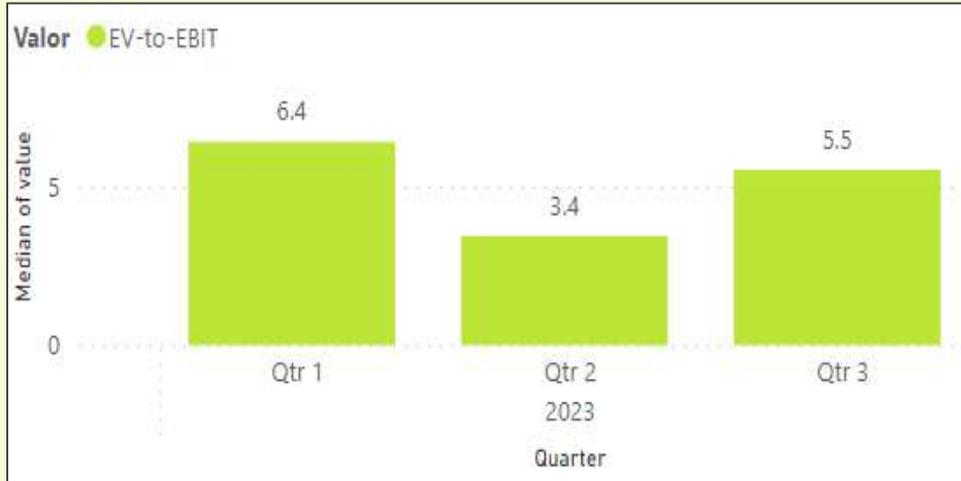
Descriptive Analytics

Industry ● Media - Diversified



Advertising Industry Valuation Report – Valuation Analysis

Multiple Valuation Analysis (EV to EBIT)



The **(EV/EBIT)** multiple compares a company's enterprise value **(EV)**, representing its total value including debt and cash, to its **EBIT** (earnings before interest and taxes), focusing on operating profitability before financing considerations.

This multiple has fluctuated less compared to other multiples, remaining above **7x** for several years. However, a decline in the multiple is being experienced in **2023**, reaching **5.5x** for the third quarter.

Advertising Industry Valuation Report – Valuation Analysis

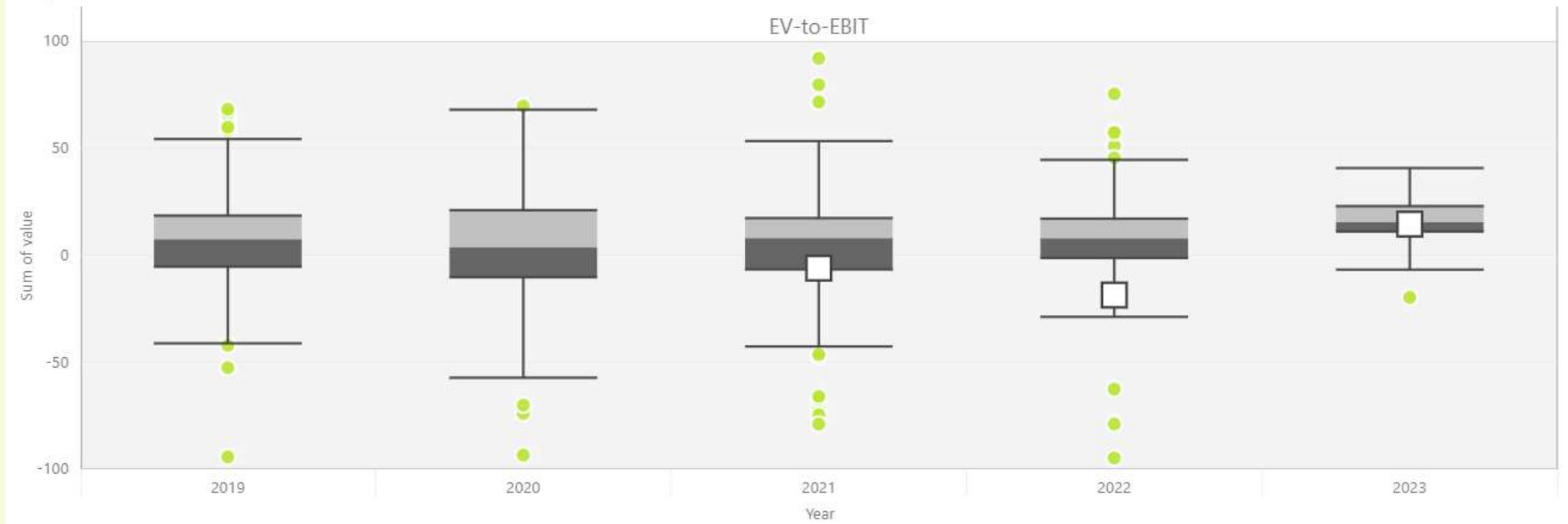
Multiple Valuation Analysis (EV to EBIT)



The **EV/EBIT** multiple chart, as with other multiples, shows how the level of concentration is increasing, demonstrating an increase in homogeneity in the market. The **IQR** has been decreasing since **2021**, being **18.34** in **2022** and **11.87** in **2023**.

Descriptive Analytics

Industry ● Media - Diversified



Rockstars

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YouGov PLC



Year	2023	
Quarter	Qtr 1	Qtr 3
Valor		
FCF Margin %	14.23	18.20
Gross Margin %	84.86	86.21
Debt-to-Asset	0.05	0.04
Cash Conversion Cycle	-255.99	-278.99
COGS-to-Revenue	0.15	0.14
Capex-to-Revenue	0.07	0.06
Net Margin %	12.25	14.50
EBITDA Margin %	26.10	28.68

Year	2023	
Quarter	Qtr 3	
Valor		
EV-to-EBIT	22.89	
EV-to-EBITDA	14.70	
EV-to-Revenue	4.02	

Year	2020	2021	2022
Valor			
Gross Margin %	84.65	84.50	84.76
Operating Margin %	9.97	11.24	13.57
EBITDA Margin %	20.21	23.55	23.34
Net Margin %	6.30	7.40	7.73
FCF Margin %	10.89	9.70	20.08
Debt-to-Asset	0.05	0.07	0.05
Dividend Payout Ratio	0.23	0.24	0.26
Cash Conversion Cycle	0.12	-14.82	-27.21
COGS-to-Revenue	0.15	0.16	0.15
Capex-to-Revenue	0.12	0.12	0.08

Year	2020	2021	2022
Valor			
EV-to-Revenue	5.52	8.21	5.40
EV-to-EBITDA	27.31	34.87	23.16
EV-to-EBIT	53.92	71.54	45.44



YouGov PLC is a British multinational research data analytics and consulting firm. The company provides insights on consumer behavior, political opinions, media engagement, and marketing performance to businesses and organizations worldwide.

The company is one of the largest and most reputable firms in the market research industry, alongside a well-established track record of consistently delivering high-quality data and insights, positions YouGov as a dependable choice for businesses. This prominence, coupled with the company's global reach and promising growth prospects within the market research sector, significantly contributes to its high multiples valuation. Moreover, YouGov has demonstrated its capability to enhance profit margins, further solidifying its positive standing in the market.

APG SGA SA

Year	2023
Quarter	Qtr 2
Valor	
FCF Margin %	-2.62
Gross Margin %	39.90
Debt-to-Asset	0.00
Cash Conversion Cycle	33.67
COGS-to-Revenue	0.60
Capex-to-Revenue	0.01
Net Margin %	7.07
EBITDA Margin %	11.46

Year	2020	2021	2022
Valor			
Gross Margin %	37.14	36.23	38.71
Operating Margin %	3.32	4.51	8.32
EBITDA Margin %	10.27	9.65	12.87
Net Margin %	5.06	4.76	7.53
FCF Margin %	8.58	1.24	4.09
Dividend Payout Ratio			1.49
Cash Conversion Cycle	41.73	44.15	38.09
COGS-to-Revenue	0.63	0.64	0.61
Capex-to-Revenue	0.04	0.03	0.02

Year	2020	2021	2022
Valor			
EV-to-Revenue	1.98	1.97	1.38
EV-to-EBITDA	19.25	20.38	10.69
EV-to-EBIT	31.68	34.43	14.67



APG SGA

Out of Home Media

APG SGA SA is a Swiss outdoor advertising company that operates a network of over 160,000 advertising spaces across the country.

The company holds a formidable position as Switzerland's leading outdoor advertising company, boasting an extensive network of advertising sites comprising billboards, posters, and digital screens. Its revenue streams are diversified, originating from advertising sales, media placements, and property rentals. The company places a strong emphasis on innovation, consistently developing novel products and services to adapt to the evolving needs of advertisers. These factors collectively contribute to APG SGA's high valuation multiples in the market, significantly surpassing the industry median.

Ziff Davis Inc.



Year	2023		
Quarter	Qtr 1	Qtr 2	Qtr 3
Valor			
FCF Margin %	27.77	4.45	13.37
Gross Margin %	85.11	85.45	83.72
Debt-to-Asset	0.28	0.29	0.30
Cash Conversion Cycle	-177.66	-181.96	-132.24
COGS-to-Revenue	0.15	0.15	0.16
Capex-to-Revenue	0.10	0.08	0.08
Net Margin %	-2.48	5.12	-9.08
EBITDA Margin %	19.55	27.93	9.66

Year	2023		
Quarter	Qtr 1	Qtr 2	Qtr 3
Valor			
EV-to-EBIT	30.29	19.15	28.49
EV-to-EBITDA	10.96	8.61	9.54
EV-to-Revenue	2.84	2.58	2.36

Year	2020	2021	2022
Valor			
Gross Margin %	84.60	86.73	85.94
Operating Margin %	11.94	14.11	16.27
EBITDA Margin %	31.35	48.12	28.64
Net Margin %	13.00	35.06	4.58
FCF Margin %	33.17	28.43	16.55
Debt-to-Asset	0.46	0.29	0.29
Cash Conversion Cycle	-355.92	-238.50	-153.51
COGS-to-Revenue	0.15	0.13	0.14
Capex-to-Revenue	0.08	0.08	0.08

Year	2020	2021	2022
Valor			
EV-to-Revenue	4.55	3.83	2.91
EV-to-EBITDA	14.51	7.96	10.16
EV-to-EBIT	39.18	12.82	24.54

Ziff Davis

Ziff Davis Inc. is a digital media and internet company headquartered in New York City. The company owns a portfolio of leading brands in technology, shopping, gaming and entertainment, connectivity, health, cybersecurity and martech. Ziff Davis has a strong track record of growth and profitability, and it is considered a leading player in the digital media industry.

The firm is highly regarded for delivering top-tier content and innovative advertising solutions. The company's differentiation strategy, characterized by a diverse range of content and advertising solutions, further underscores its leadership and contributes to the high valuation multiples it commands in the market.



BrandBee Holding AB



BrandBee Holding AB is a Swedish marketing technology company that provides a suite of tools and services that help businesses create, manage, and measure their marketing campaigns. The company's flagship product is BrandBee, a cloud-based platform that allows businesses to create and manage branded content, manage their social media presence, and track their marketing performance. BrandBee is used by businesses of all sizes, from small startups to large enterprises. **On October 24, 2023**, the company went public on the **Nordic Growth Markets (NGM)**.

TMP Group SpA



TMP Group SpA is a prominent Italian marketing and communication agency headquartered in Milan, specializing in navigating the dynamic digital landscape and devising innovative marketing strategies. The agency offers a comprehensive array of services to support businesses in achieving their marketing objectives. This includes crafting compelling branding and identity solutions, formulating strategic marketing plans, excelling in digital marketing endeavors such as SEO, PPC advertising, social media marketing, and content creation. **On February 2, 2023**, the company went public on the **Milan Stock Exchange (MIL)**.

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Now, for tomorrow