



MAINFIRST

Clara Kamenicek | 03 September 2019

YOC AG

Programmed to succeed

Outperform, Price Target: EUR 7.50

For important disclosure information please see Appendix section at the end of this report



YOC AG

YOC GY | 40 Pages | 03 September 2019

Media
Germany

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OUTPERFORM

Price Target: EUR 7.50

Programmed to succeed

We initiate coverage on YOC AG with an Outperform rating and a price target of EUR 7.50.

We argue that YOC's new programmatic advertising platform - VIS.X - offers a USP that is unmatched by any competitor in its core markets.

This will further increase profitability and secure the company above-average growth in the expanding mobile advertising market.

LEADING PLAYER IN A STRONG-GROWTH NICHE WITH AN EXCELLENT OUTLOOK

YOC is a pioneer in the mobile advertising market, offering mobile ad campaigns since before smart phones existed. Its long history has equipped the company with a large and stable network of premium publishers and outstanding expertise of mobile ad-tech. After a short period of rigid restructuring and strategic reorientation, the company is now better positioned than ever for disrupting the programmatic ad market with its proprietary supply-side platform VIS.X. The platform enables the programmatic buying of high-impact ad formats, and can thus replace the costly and inefficient process of manual media buying, while also delivering a higher margin for this service.

FIRST EVIDENCE OF SUCCESS AND CONTINUED MARKET GROWTH

VIS.X, since its launch in January 2018, and YOC's high-impact ad formats have experienced strong and steady growth and positively contributed to YOC's overall profitability. We expect revenues to continue growing, at a CAGR of 12% (2018 - 2022), and expect YOC's EBITDA margin to improve by 880bps over the same period, reaching 11.4% in 2022. Market data points towards expansion of the mobile and programmatic advertising markets in Germany with CAGRs of 15-17% until 2022, and YOC is among the market leaders in Germany and Austria, with excellent chances of extending this edge due to an early-mover advantage. Additionally, management has demonstrated strong leadership quality and commitment to YOC, putting the company back on track after a difficult time.

VALUATION AND CATALYSTS

We employ a DCF model with a WACC of 8.9%, a terminal growth rate of 2% and a terminal EBITDA margin of 13.5%, which results in a NPV of EUR 7.50, which we set as our price target. While a current BaFin fines proceeding against the company comes as a certain risk factor, the closure of the case offers upside potential.

| | |
|-------------------|------|
| LAST CLOSE (EUR) | 5.40 |
| MKTCAP (EUR m) | 18 |
| UPSIDE (%) | 38.9 |
| DAILY T/O (EUR m) | 0.01 |

CHANGES TO ESTIMATES

| | 2018 | 2019E | 2020E | 2021E |
|---------------------|------|-------|-------|-------|
| YEAR TO DEC (EUR M) | | | | |
| Group revenue | 14 | 16 | 18 | 21 |
| EBITDA (rep.) | 0 | 1 | 1 | 2 |
| EBIT (rep.) | 0 | 0 | 1 | 1 |
| Net debt (cash) | 5 | 7 | 6 | 6 |
| RoCE (NOPAT) | 7.6 | 13.2 | 15.2 | 30.2 |
| ND/EBITDA (adj.) | 14.0 | 10.4 | 5.74 | 3.06 |
| EV/Sales | 1.65 | 1.51 | 1.32 | 1.14 |
| EV/EBITDA (adj.) | 63.5 | 38.7 | 21.6 | 12.6 |
| EV/EBIT (adj.) | 266 | 254 | 39.2 | 17.4 |
| Dividend yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| Free CF yield (%) | -6.8 | 3.2 | 6.1 | 7.8 |
| EV/CE | 12.3 | 8.09 | 7.30 | 6.48 |

Next event: Q3/9M Results (20 Nov 2019)

ANALYSTS

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