

The Platform Group

Significant acceleration in growth in Q324

The Platform Group (TPG) reported a strong acceleration in revenue growth and profitability in Q324 as its growing industry presence and subsequent underlying growth provided an increase in most KPIs during the period. Its valuation continues to look attractive versus its online peers if management delivers on its expected growth rates.

Strong revenue growth drives profitability

TPG published summary financial statements (headlines for income statement and net debt) and key performance indicators (KPIs) for the nine months to September 2024 (9M24). Growth in all KPIs (number of partners, +11%; number of orders, +22%; average order value, +5%; and active customers in the last 12 months (LTM), +5%) drove gross merchandise volume (GMV) (+c 30% to €608.4m) and revenue (+31% to €371.2m) in 9M24. M&A contributed c 18% revenue growth while organic growth was c 13%. The revenue growth and ongoing cost efficiencies provided leverage of all costs except distribution, to give adjusted EBITDA growth of 70% to €24.6m (6.6% margin). Q324 provided the strongest year-on-year growth rates in GMV (+63%), revenue (+44%) and adjusted EBITDA (+466%) of FY24 so far. All KPIs, except active customers LTM and adjusted EBITDA margin (5.0%), improved sequentially (ie quarter-on-quarter). Cash increased to €17.2m (H124: €15.1m) and net debt to €82.9m (H124: €53.1m). Management targets a similar year-end absolute net debt (2.6x EBITDA), dependent on M&A.

Financial guidance reiterated, more M&A expected

Management has reiterated its September 2024 [financial guidance](#) for FY24 and FY25. The midpoint of the FY24 guidance implies GMV up 19%, revenue down 11% and adjusted EBITDA down 27% (4.3% margin) in Q424. The comparative Q423 was boosted by one-off car sales. The guidance does not include any contribution from three acquisitions, including TPG entering the US, that are expected to complete in either December 2024 or January 2025.

Valuation: Discount to online non-food peers

TPG's EV/EBITDA multiples for FY24 and FY25 of 7.7x and 4.8x, respectively, compare with the medians for online non-food retailer peers (see our [initiation note](#)) of 10.1x and 8.6x. While TPG's free float and liquidity might justify a discount to the peers, the size of the discount appears excessive given management's guidance for growth in revenue and profitability.

Company financials

| Year end | Revenue (€m) | Adjusted EBITDA (€m) | PBT (€m) | EPS (€) | DPS (€) | EV/EBITDA (x) | P/E (x) |
|----------|--------------|----------------------|----------|---------|---------|---------------|---------|
| 12/22* | 387.4 | 16.8 | 24.5 | N/A | 0.0 | 13.9 | N/A |
| 12/23* | 440.8 | 22.6 | 33.0 | 1.5 | 0.0 | 10.4 | 5.0 |
| 12/24e** | 510.0 | 30.5 | N/A | N/A | N/A | 7.7 | N/A |
| 12/25e** | 570.0 | 48.5 | N/A | N/A | N/A | 4.8 | N/A |

Source: Company accounts and guidance. Note: *Pro forma. **Forecasts are the midpoint of management's guidance.

Online services

25 November 2024

Price €7.48
Market cap €151m

Share price graph



Share details

| | |
|-----------------------------------------------------|--------|
| Code | TPG |
| Listing | Xetra |
| Shares in issue | 20.2m |
| Net debt (excluding leases) as at 30 September 2024 | €82.9m |

Business description

The Platform Group is a leading European online e-commerce platform company. Its software solutions connect partners in many sectors to new e-commerce customers across numerous online channels. Its services include marketing, customer support, payment and delivery.

Bull

- Connects commercial partners that lack scale to access a high number of online stores.
- Large (c 13,000) and growing (+11% in H124) number of commercial partners across many industries.
- Investment requirements beyond M&A are low, in particular software for platform solutions.

Bear

- E-commerce markets are competitive.
- M&A aspirations (three to eight acquisitions per year) present execution risk.
- Expansion into new business verticals and geographies may bring different operational challenges and financial rewards.

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