

## The Platform Group

### Strong momentum in Q125

The Platform Group's Q125 results show strong momentum with a seasonally high adjusted EBITDA margin. Coming so soon after the recent FY24 results, there is no change to management's guidance for the year, which looks conservative given the profit contribution already reported in Q125. The valuation continues to look very attractive versus its peers.

### Strong growth and high margin

Strong growth in the number of active customers (+30%) and average order value (+9%) via more partners (+28%) led to a significant (87–88%) increase in both gross merchandise volume (GMV) and adjusted EBITDA and net profit (+47%), with limited financial and tax charges. The adjusted EBITDA margin of 9.9% was much stronger than the comparative of 7.9% in Q124. There was the typical quarterly variability in TPG's revenue take (revenue/GMV), but revenue still grew strongly (+49%). From a profit perspective, it was pleasing to see the first reduction in distribution costs relative to sales for two years, according to management. This meant the drop in gross margin of 290bp to 34.8%, due to mix changes from acquisitions, was broadly similar at the reported EBITDA level, which fell by 330bp to 12.2%.

### No change to recently updated guidance

Management reiterated its guidance for FY25 and FY26, which was upgraded at the recent FY24 results. The guidance implies a lower adjusted EBITDA margin for the rest of the year than was achieved in Q125, which is consistent with the trends of lower profitability that were seen through FY24. It is worth highlighting that Q125's adjusted EBITDA of €15.9m is equivalent to roughly one-third of the FY25 guidance, much greater than Q124's roughly one-quarter contribution to FY24. Therefore, the guidance looks conservative but there is limited visibility on the phasing and annualisation of contributions from M&A between years. The opening of a new fulfilment centre will enable TPG to consolidate its other subscale facilities and provide the potential for cost synergies of over €1m.

### Valuation: Attractive versus peers

The strong relative share price performance is leading to a gradual re-rating. However, the prospective EV/EBITDA of 6.6x for FY25 remains at a significant discount versus the median of the non-food online peers of 12.6x, although there is a wide range of multiples for the individual companies.

#### Historical financials and company guidance

Year end	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (€)	EV/EBITDA (x)	P/E (x)
12/23	440.8	22.6	33.0	1.48	14.1	7.7
12/24	524.6	33.2	36.3	1.60	9.6	7.2
12/25e	690.0	48.5	-	-	6.6	
12/26e	820.0	69.7	-	-	4.6	

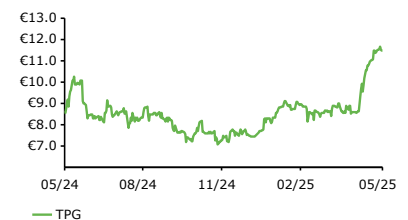
Source: Company accounts and guidance. Note: Forecasts are the midpoint of management's guidance.

Retail

23 May 2025

**Price** €11.45  
**Market cap** €235m

#### Share price performance



#### Share details

Code	TPG
Listing	FSE
Shares in issue	20.4m
Net cash/(debt) (excluding value of holding in Mister Spex) at 31 December 2024	€(83.6)m

#### 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 points

- Connects commercial partners that lack scale to access a high number of online stores.
- Large (c 15,300) and growing number of commercial partners across many industries.
- Investment requirements beyond M&A are low, in particular software for platform solutions.

#### Bear points

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

#### Analysts

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