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AppLovin

AppLovin Corporation (APP)

October 28, 2026

"Pixelated" BUY (moderate conviction) | Target $329 | $259.97, 26.7% Upside

Market Data (10/28/26)	
Share price	**$259.97**
52-week range	**$252-738**
Market cap	**$87.0B**
Enterprise value	**$87.5B**
Shares outstanding	**334.7M**
Avg. volume (3M)	**5.3M shares**
Financials	
Revenue (LTM 6/26)	**$6,829M**
FY25 revenue	**$5,481M**
% growth	**70%**
FY25 Adj. EBITDA	**$4,512M**
% margin	**82.3%**
FY25 free cash flow	**$3,952M**
Net debt (6/30/26)	**$497M**
Valuation	
EV / FY27E EBITDA	**10.5x**
Peer median	**13.3x**
P/E FY27E	**13.2x**
Target (blended)	**$329**
Probability-weighted	**$326**
Bull / bear	**$460 / $185**
Q3 2026 Guide (reports 11/4)	
Revenue	**$2,055-2,085M**
Adj. EBITDA	**$1,710-1,740M**
% margin	**83%**

Description

AI-driven ad platform that sells performance ads inside mobile games and, since late 2025, for e-commerce and web advertisers. AXON picks the ad in each auction, and MAX runs the in-app bidding that much of its supply flows through.

Management

Adam Foroughi, Co-Founder & CEO
Matt Stumpf, CFO
Giovanni Ge, CTO

Situation Overview

AppLovin is down 65% from its $738 high. The fall has taken most of a year, through an SEC inquiry, short reports and four quarters of slowing growth, and two days this summer took about 30% off the price. On July 13, Bank of America put out third-party data showing about 750 new e-commerce pixel installs in June against about 950 in May, and the stock fell 12.6%, even though the data only covered the first two weeks after Axon Ads Manager opened to everyone. Then on August 5, Q2 revenue of $1,924M (+53%) came in just under the $1.94B consensus and the Q3 margin guide slipped to 83% from 84%. The stock fell 19.7% the next day, on the same call where the CFO said the SEC had closed its inquiry with no action. **At $260 APP trades at 10.5x FY27 consensus EBITDA against a 13.3x peer median, while consensus has it growing 25% at an 82% margin.**

Recommendation

Buy (moderate conviction) with a $329 target, 26.7% above $259.97. I think the market is pricing APP like e-commerce has already failed, off two weeks of pixel data and a quarter that missed consensus by about 1%. My base case doesn't need e-commerce to work. It holds FY27 growth at 24% and the margin at 82%, roughly where consensus already is, and still gets to $329. Q3 on November 4 is the first full quarter of open access. I'd get more confident if revenue clears the $2,085M top of the guide and the Q4 guide gets to about $2.27B, and I'd downgrade if the Q4 guide implies growth below 30%.

Why I Like It

- **Gaming still throws off a lot of cash, and the base case only needs consensus.** Q2 Adjusted EBITDA grew 58% to $1,614M at an 84% margin, and FY25 free cash flow was $3,952M, 88% of EBITDA. With FY27 at 24% growth and an 82% margin, the model still gets to $6,150M of unlevered free cash flow after SBC, a 7.0% yield on today's $87.5B EV. The cash flow outlook has held up fine. The multiple is what fell, from about 19x NTM EBITDA in July to 10.5x FY27 consensus now.
- **E-commerce is the swing factor, and Q3 is the first real look at it.** Axon Ads Manager opened worldwide on June 22, so the November 4 report is the first full quarter with open access. The bearish read rests on two weeks of pixel data and a Q2 release with no advertiser count or spend number. My bull case has FY27 growth at 33% and my bear case at 10%, and three numbers should narrow that: Q3 revenue against the $2,085M top of the guide, the Q4 guide against the roughly $2.27B implied by consensus, and any first disclosure of e-commerce advertisers or spend.
- **The buyback goes further down here.** AppLovin bought back 6.4M shares for $2.58B in FY25 and 3.28M for $1.5B in the first half of 2026, about $458 a share on average, and had $1.8B of authorization left at June 30. At $260 that retires about 6.9M shares, 2.1% of the 334.7M outstanding, and with $497M of net debt the balance sheet isn't stretched.

Scenario Values *$ per share; valuation date 12/31/26; 10.8% WACC*

Scenario (weight)	Perpetuity	Exit multiple	FY27E multiple	Blended	vs. $259.97
Bull (25%)	$428	$545	$434 (16x)	$460	+77%
Base (50%)	**$322**	**$363**	**$316 (13x)**	**$329**	**+27%**
Bear (25%)	$189	$184	$183 (9x)	$185	-29%
Probability-weighted				**$326**	**+25%**

Summary Financials *$ in millions; continuing operations; FY26E-FY28E base case*

	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**3,224**	**5,481**	**8,079**	**10,017**	**11,821**
% growth	75.1%	70.0%	47.4%	24.0%	18.0%
Adj. EBITDA	**2,412**	**4,512**	**6,721**	**8,214**	**9,634**
% margin	74.8%	82.3%	83.2%	82.0%	81.5%
Free cash flow (reported)	2,073	3,952			
Unlevered FCF after SBC (model)			4,885	6,150	7,281
% of revenue			60.5%	61.4%	61.6%

Business & Competition

What AppLovin Does

AppLovin runs an AI ad platform that sells performance ads inside mobile games and, since late 2025, for e-commerce and web advertisers. AXON decides which ad to show in each auction. A lot of the supply it bids on runs through MAX, its in-app bidding and mediation product, and the demand comes in through AppDiscovery and the self-serve Axon Ads Manager. After selling the Apps business to Tripledot in June 2025 for $407M of net cash and a 22% stake, it reports one segment. FY25 revenue from continuing operations was $5,481M (+70%) and Adjusted EBITDA was $4,512M, an 82% margin, on 887 employees.

The question for 2026 is whether e-commerce can take over from gaming as the growth engine. Ads Manager launched on a referral basis on October 1, 2025 and opened to advertisers worldwide on June 22, 2026. First-half revenue was $3,766M (+55.8%), split almost evenly between the US ($1,897M) and everywhere else ($1,869M).

Share Price, Last 12 Months *daily close*



Competition

In gaming AppLovin sits on both sides of the auction. MAX mediates a big share of mobile game ad inventory and AppDiscovery bids on that same inventory with AXON, so the model sees more conversion data than a standalone network would. That advantage doesn't

carry over to e-commerce, where AppLovin is competing for performance budgets against platforms that own the user. The Trade Desk shows what it costs to lack owned supply: consensus has its FY27 revenue down 5%, and its enterprise value is $5.4B.

Meta (11.3x FY27E EBITDA, 48% margin) and Alphabet (13.0x, 43%) hold most of the direct-response spend from e-commerce brands. AppLovin's pitch is incremental reach inside mobile games at a measurable return, so it has to win budget one advertiser test at a time, and it hasn't published anything yet that shows how far along that is.

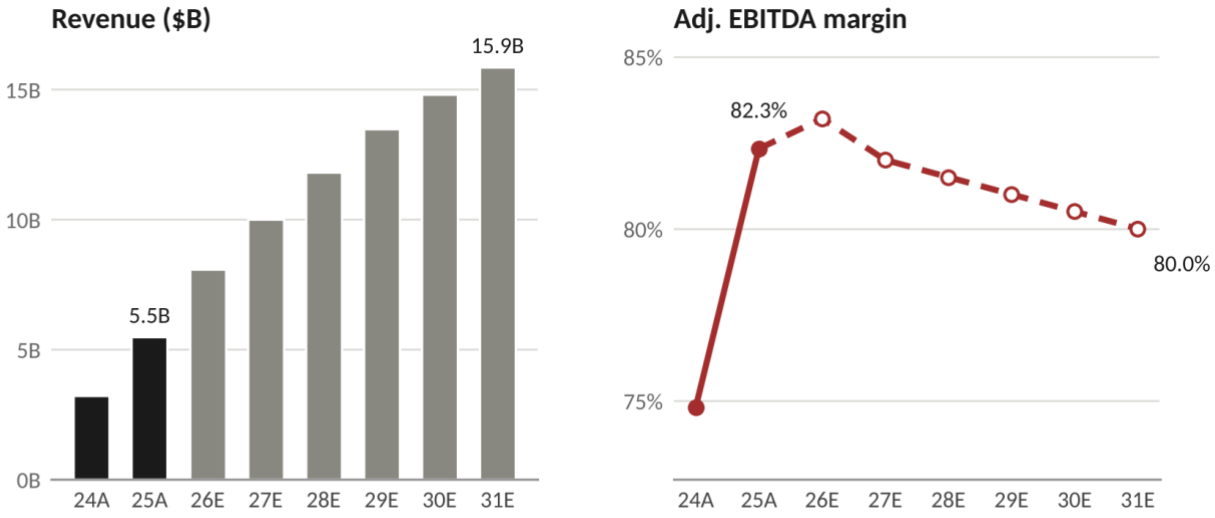
Unity is the gaming rival. It runs LevelPlay mediation and the Unity Ads network, and consensus has it growing 21.8% in FY27. LevelPlay competes with MAX for publisher supply, and if MAX lost mediation share, AXON would lose some of the data that lets it price ads better than everyone else.

Peer Operating and Leverage Comparison *consensus FY27E; TTM leverage; as of 10/28/26*

	Rev. growth FY27E	EBITDA margin FY27E	Net debt / EBITDA (TTM)
Meta Platforms (META)	21.7%	48.2%	0.95x
Alphabet (GOOGL)	25.4%	43.2%	0.27x
Reddit (RDDT)	32.6%	38.3%	Net cash
Unity Software (U)	21.8%	34.7%	NM
The Trade Desk (TTD)	(5.2%)	NM	Net cash
AppLovin (APP)	**25.1%**	**82.0%**	**0.08x**

Financials

Revenue and Adj. EBITDA Margin *continuing operations; FY26E-FY31E base case*



Black: reported. Gray: base case estimates. Source: company filings; internal model.

Revenue from continuing operations grew 75% in FY24 and 70% in FY25, and growth has slowed four quarters in a row, to 53% in Q2 2026 with sequential growth of 4.4%. Margin went from 75% in FY24 to 82% in FY25 and 84% in Q2. The 83% Q3 guide is the first time they've guided margin down, with R&D up 127% to $100M and SBC up 148% to $86M as they build out e-commerce. I hold the margin at 82% in FY27 and let it drift to 80% by FY31 as e-commerce sales and onboarding costs build.

Cash conversion is strong but lumpy around taxes. FY25 free cash flow was $3,952M. First-half 2026 free cash flow was $2,150M, a lower share of EBITDA because cash taxes jumped to $747M, $640M of it in Q2. Capex is basically nothing ($28M in FY25). Debt is $3.55B of fixed-rate notes due 2029-2054 against $3.05B of cash, the revolver is undrawn, and net debt is 0.1x TTM EBITDA.

Management & Capital Allocation

Adam Foroughi (co-founder and CEO), Matt Stumpf (CFO) and Giovanni Ge (CTO) run the company. Foroughi sold about $14.6M of stock on June 10 and $11.2M on June 12, the dual-class structure (30.2M Class B shares at July 31) keeps voting control with insiders, and SBC went to $169M in the first half of 2026 from $94M a year earlier. Almost all free cash flow goes to buybacks and there's no dividend. First-half repurchases averaged about $458 a share, so at $260 the remaining $1.8B buys about 76% more stock than it would have at that average.

Valuation

How I Get to $329

I value it three ways and blend them. The DCF discounts FY27-FY31 unlevered free cash flow after SBC back to 12/31/2026 at a 10.8% WACC, with terminal value at either 3.0% perpetual growth or a 12x FY31 EBITDA exit. 12x sits between Meta (11.3x) and Alphabet (13.0x) on FY27 numbers, and I apply it when my base case has APP growing 7%. The near-term method is 13x, the FY27 peer median, on my base FY27 EBITDA of $8,214M. I weight them 25/25/50 toward the near-term multiple because this is a 12-month target.

Valuation Bridge *$ in millions except per share*

	Perpetuity	Exit multiple	FY27E multiple	Blended
PV of free cash flows	31,082	31,082	-	-
PV of terminal value	77,718	91,298	-	-
Enterprise value	**108,801**	**122,380**	**106,786**	**111,188**
(-) Senior notes	(3,550)	(3,550)	(3,550)	(3,550)
(+) Cash and Tripledot stake	3,343	3,343	3,343	3,343
Equity value	**108,594**	**122,174**	**106,579**	**110,981**
Diluted shares (M)	337.0	337.0	337.0	337.0
Implied share price	**$322.21**	**$362.50**	**$316.23**	**$329.29**
Upside	+23.9%	+39.4%	+21.6%	+26.7%

The two DCFs line up pretty well at 10.8%. Perpetuity gives $322 and the exit multiple $363, and 3.0% growth implies 10.2x FY31 EBITDA against my 12x exit, while the 12x exit implies 4.1% growth. The discount rate is the biggest single assumption in here. My WACC uses a bottom-up beta of 1.34 from Damodaran's Advertising and Software (Internet) industry betas. The usual coverage-list adjustment on the 5-year raw beta gives 2.04 and a 13.8% WACC, and on that the blended value drops to $297. I don't use it because the 5-year window covers the 2022 crash and the 2023-25 run, so it measures how the stock traded more than how risky the business is. Still, roughly half the upside in my number comes from that choice, and you should know that going in.

Against Peers

Peer Comparables *consensus FY27E; as of 10/28/26*

	EV ($B)	EV / EBITDA TTM	EV / EBITDA FY27E	P / E FY27E	Rev. growth FY27E
Meta Platforms (META)	$1,701.8	15.9x	11.3x	17.5x	21.7%
Alphabet (GOOGL)	$3,512.7	11.0x	13.0x	17.9x	25.4%
Reddit (RDDT)	$23.2	25.9x	13.5x	18.3x	32.6%
Unity Software (U)	$17.3	NM	18.5x	36.9x	21.8%
The Trade Desk (TTD)	$5.4	7.1x	NM	NM	(5.2%)
Peer median		13.5x	13.3x	18.1x	21.8%
AppLovin (APP)	**$87.5**	**15.6x**	**10.5x**	**13.2x**	**25.1%**

APP trades at 10.5x FY27 EBITDA and 13.2x FY27 EPS against peer medians of 13.3x and 18.1x, with faster consensus growth (25% vs. 21.8%) and about double the margin. I think the discount comes from the SEC overhang (closed in August, but it hung over the stock for most of a year), how much of today's revenue still comes from gaming, and doubt that e-commerce scales. Getting back to the 13.3x peer median on consensus FY27 EBITDA would be worth about $326 a share.

What Moves the Number

Base Case Sensitivities *implied share price*

AppLovin Corporation - Base Case Sensitivities

Implied share price ($); base case cash flows.

Exit multiple DCF: WACC vs. exit EV / EBITDA

WACC \ Exit multiple	10.0x	11.0x	12.0x	13.0x	14.0x
9.77%	329.97	353.59	377.21	400.83	424.45
10.27%	323.58	346.67	369.76	392.85	415.94
10.77%	317.35	339.93	362.50	385.07	407.65
11.27%	311.28	333.35	355.43	377.50	399.57
11.77%	305.37	326.95	348.53	370.12	391.70

Perpetuity DCF: WACC vs. terminal growth

WACC \ Terminal growth	2.00%	2.50%	3.00%	3.50%	4.00%
9.77%	332.71	350.39	370.69	394.22	421.83
10.27%	312.13	327.40	344.77	364.70	387.80
10.77%	293.93	307.22	322.21	339.26	358.83
11.27%	277.72	289.36	302.40	317.13	333.88
11.77%	263.18	273.45	284.88	297.69	312.15

Holding base-case cash flows, the exit-multiple DCF runs from $305 (11.8% WACC, 10x) to $424 (9.8%, 14x) and the perpetuity DCF from $263 to $422. Today's $260 is below every cell in both grids. At the 13.8% coverage-list WACC the perpetuity value falls to $231. Terminal value is 71-75% of enterprise value either way, so this is mostly a bet on what the business looks like in 2031.

Risks & Catalysts

Risks

The obvious one is e-commerce not working. If Ads Manager adds advertisers slowly, or they don't keep spending once the test budget runs out, FY27 growth looks more like my bear case (10%) than consensus (25%), and Meta and Google have far more first-party shopping data than AppLovin does. My base case doesn't need e-commerce to beat consensus, but a weak first disclosure would hit the multiple even if gaming holds up.

On the legal side, the SEC inquiry into AppLovin's data collection, reported by Bloomberg in October 2025 and still described as active as late as February 2026, closed with no recommended action, and the CFO disclosed that on the August 5 call. The stock still fell 20% the next day, which tells me the market was worried about growth more than regulation. What's left is a securities class action (lead plaintiff deadline November 16), the preliminary state AG inquiries the New York Post reported in October 2025, which the company said it wasn't engaged in, and the short reports arguing AXON depends on data practices that break platform rules. The 10-Q shows no material loss contingency. A platform policy change aimed at those practices would hit the model directly, and none of my scenarios price that.

Most revenue still comes from mobile game advertisers reaching users inside apps that Apple and Google distribute, and something like Apple's 2021 tracking prompt can cut the data a targeting model gets. MAX auction data is less exposed to device-level rules, but a rule aimed at mediation would go right at AppLovin's main asset.

Growth has also slowed four quarters in a row. Management says the Q2 miss came from slower-than-usual AXON model improvements in core gaming plus higher compute cost, and that both reversed early in Q3. Net revenue per install rose 58% in Q2 while installs fell 2%, so growth now depends on how often they ship model improvements, and that's lumpy. With a one-year beta above 2, the stock moves more than peers in a selloff. My bear case (10% FY27 growth, 9x EBITDA) is $185, 29% below today, about the same size as the base-case upside. Cash generation and buybacks help but don't make up for that.

Catalysts

The big one is Q3 on November 4. Guidance is $2,055-2,085M of revenue and an 83% margin. If revenue is at or above $2,085M, the margin holds at 83% or better and the Q4 guide gets to about $2.27B, the thesis is working, and a Q4 guide implying growth below 30% would break it. After that, any e-commerce advertiser count, spend number or non-gaming revenue share would replace third-party pixel data as the scorecard, and it could move FY27 estimates either way. Buybacks are the slow one: the $1.8B left is 2.1% of shares at $260, and Q3 execution comes out November 4. Further out, a dismissal or settlement of the class action in 2027 would clear the last legal overhang, and a platform-level finding against AXON's data practices would push the stock toward the bear case.

What Would Change My Mind

Monitoring & Triggers

Signal	Now	More conviction	Downgrade
Q3 revenue (11/4)	Guide $2,055-2,085M	At or above $2,085M	-
Q4 revenue guide	~$2.27B implied by consensus	Above $2.27B	Implies growth below 30% y/y
Adj. EBITDA margin	83% Q3 guide	83% or better	Guide below 80%
E-commerce disclosure	None yet	First advertiser count or spend figure	-
Legal and platform	SEC closed; class action pending	Dismissal or settlement	Platform or court finding against AXON's data practices
Share price	$259.97	Below $210 (~8.5x FY27E consensus EBITDA)	Above $330 (peer-median multiple on consensus)

Appendix

Appendix #1. Model: Base / Bull / Bear Projections

AppLovin Corporation - Projection Model (Base / Bull / Bear)

$ in millions except per share; calendar years; continuing operations (Apps business sold June 2025).

	Historicals		Base Case						Bull Case						Bear Case					
For the year ended Dec. 31	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**	**FY29E**	**FY30E**	**FY31E**	**FY26E**	**FY27E**	**FY28E**	**FY29E**	**FY30E**	**FY31E**	**FY26E**	**FY27E**	**FY28E**	**FY29E**	**FY30E**	**FY31E**
Net Sales																				
AppLovin Ads revenue	3,224	5,481	8,079	10,017	11,821	13,475	14,823	15,861	8,287	11,022	13,667	16,127	18,223	19,863	7,914	8,706	9,141	9,506	9,792	10,085
% change		70.0%	47.4%	24.0%	18.0%	14.0%	10.0%	7.0%	51.2%	33.0%	24.0%	18.0%	13.0%	9.0%	44.4%	10.0%	5.0%	4.0%	3.0%	3.0%
Total Net Sales	**3,224**	**5,481**	**8,079**	**10,017**	**11,821**	**13,475**	**14,823**	**15,861**	**8,287**	**11,022**	**13,667**	**16,127**	**18,223**	**19,863**	**7,914**	**8,706**	**9,141**	**9,506**	**9,792**	**10,085**
% change		70.0%	47.4%	24.0%	18.0%	14.0%	10.0%	7.0%	51.2%	33.0%	24.0%	18.0%	13.0%	9.0%	44.4%	10.0%	5.0%	4.0%	3.0%	3.0%
Adj. EBITDA																				
AppLovin Ads revenue	2,412	4,512	6,721	8,214	9,634	10,915	11,933	12,688	6,920	9,148	11,343	13,304	14,943	16,288	6,553	6,877	7,038	7,225	7,344	7,564
% margin	74.8%	82.3%	83.2%	82.0%	81.5%	81.0%	80.5%	80.0%	83.5%	83.0%	83.0%	82.5%	82.0%	82.0%	82.8%	79.0%	77.0%	76.0%	75.0%	75.0%
Total Adj. EBITDA	**2,412**	**4,512**	**6,721**	**8,214**	**9,634**	**10,915**	**11,933**	**12,688**	**6,920**	**9,148**	**11,343**	**13,304**	**14,943**	**16,288**	**6,553**	**6,877**	**7,038**	**7,225**	**7,344**	**7,564**
% margin	74.8%	82.3%	83.2%	82.0%	81.5%	81.0%	80.5%	80.0%	83.5%	83.0%	83.0%	82.5%	82.0%	82.0%	82.8%	79.0%	77.0%	76.0%	75.0%	75.0%
Unlevered Free Cash Flow																				
Adj. EBITDA			6,721	8,214	9,634	10,915	11,933	12,688	6,920	9,148	11,343	13,304	14,943	16,288	6,553	6,877	7,038	7,225	7,344	7,564
Stock-based compensation			(364)	(451)	(532)	(606)	(667)	(714)	(373)	(496)	(615)	(726)	(820)	(894)	(396)	(435)	(457)	(475)	(490)	(504)
% of sales			4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Depreciation & amortization			(129)	(160)	(189)	(216)	(237)	(254)	(133)	(176)	(219)	(258)	(292)	(318)	(127)	(139)	(146)	(152)	(157)	(161)
% of sales			1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
EBIT (after SBC)			**6,229**	**7,603**	**8,913**	**10,093**	**11,028**	**11,721**	**6,414**	**8,476**	**10,510**	**12,321**	**13,831**	**15,076**	**6,031**	**6,303**	**6,435**	**6,597**	**6,698**	**6,898**
Cash taxes on EBIT			(1,059)	(1,293)	(1,515)	(1,716)	(1,875)	(1,993)	(1,090)	(1,441)	(1,787)	(2,095)	(2,351)	(2,563)	(1,086)	(1,135)	(1,158)	(1,188)	(1,206)	(1,242)
tax rate			17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Capital expenditures			(24)	(30)	(35)	(40)	(44)	(48)	(25)	(33)	(41)	(48)	(55)	(60)	(24)	(26)	(27)	(29)	(29)	(30)
% of sales			0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
(Increase) / decrease in net working capital			(390)	(291)	(270)	(248)	(202)	(156)	(421)	(410)	(397)	(369)	(314)	(246)	(365)	(119)	(65)	(55)	(43)	(44)
% of change in sales			15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Unlevered Free Cash Flow			**4,885**	**6,150**	**7,281**	**8,304**	**9,144**	**9,779**	**5,010**	**6,768**	**8,504**	**10,067**	**11,402**	**12,525**	**4,683**	**5,163**	**5,330**	**5,479**	**5,576**	**5,744**
% of sales			60.5%	61.4%	61.6%	61.6%	61.7%	61.7%	60.5%	61.4%	62.2%	62.4%	62.6%	63.1%	59.2%	59.3%	58.3%	57.6%	57.0%	57.0%

APP model, Model sheet.

Appendix #2. Capital Structure and WACC

Debt is four unsecured note series issued December 5, 2024 to repay secured term loans: $1,000M each of 5.125% notes due December 2029, 5.375% notes due December 2031 and 5.500% notes due December 2034, and $550M of 5.950% notes due December 2054 ($3,550M principal, carried at $3,515M). The $1,000M unsecured revolver (December 2029) had no borrowings at June 30, and TTM EBIT covers interest 25.8x.

Cost of equity is 11.03%: a 5.05% risk-free rate (10-year Treasury, October 28, 2026) plus a 1.34 beta times the 4.46% Damodaran US equity risk premium. The beta averages Damodaran's January 2026 cash-corrected unlevered betas for Advertising (1.01, 52 firms) and Software (Internet) (1.59, 29 firms), relevered at AppLovin's 4.1% market debt-to-equity. Pre-tax cost of debt is 5.43%, the principal-weighted coupon on the notes, or 4.29% after a 21% tax rate. Debt is 3.9% of capital at market value, so WACC is 10.77%, or 13.76% on the coverage-list beta of 2.04 (14.15% cost of equity).

Appendix (cont.)

Appendix #3. Model: Valuation Summary

AppLovin Corporation - Valuation Summary

$ in millions except per share; valuation as of 12/31/2026; share price as of 10/28/2026.

Implied share price	Perpetuity	Exit multiple	FY27E multiple	Blended	Upside	Weight
Base Case	322.21	362.50	316.23	**329.29**	*26.7%*	50.0%
Bull Case	427.55	545.01	433.67	459.97	*76.9%*	25.0%
Bear Case	189.05	183.53	183.04	184.67	*(29.0%)*	25.0%
Probability-weighted				**325.81**	**25.3%**	**100.0%**

Valuation inputs	Base	Bull	Bear
WACC	10.77%	10.77%	10.77%
Terminal growth rate	3.00%	3.50%	2.50%
Exit EV / EBITDA (FY31E)	12.0x	15.0x	9.0x
Near-term EV / EBITDA (FY27E)	13.0x	16.0x	9.0x
Scenario weight	50.0%	25.0%	25.0%

Method weights	Weight
Perpetuity growth DCF	25.0%
Exit multiple DCF	25.0%
FY27E multiple	50.0%

Enterprise value to equity value	Amount
Senior notes (principal)	(3,550)
Cash and cash equivalents	3,053
Equity-method investment (Tripledot)	290
Net adjustments to enterprise value	**(207)**
Diluted shares (M)	337.0
Current share price	259.97

Base Case

For the year ended Dec. 31	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Unlevered free cash flow	4,885	6,150	7,281	8,304	9,144	9,779
Share of period in valuation window	*0.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*
Cash flow in valuation window	-	6,150	7,281	8,304	9,144	9,779
Discount period (mid-period)	*0.00*	*0.50*	*1.50*	*2.50*	*3.50*	*4.50*
Discount factor	*1.000*	*0.950*	*0.858*	*0.774*	*0.699*	*0.631*
PV of cash flow	-	5,843	6,245	6,430	6,392	6,171

Valuation	Perpetuity	Exit multiple	FY27E multiple
PV of discrete cash flows	31,082	31,082	
Terminal value (undiscounted)	129,615	152,262	
PV of terminal value	77,718	91,298	
Enterprise value	**108,801**	**122,380**	**106,786**
Net adjustments to enterprise value	(207)	(207)	(207)
Equity value	**108,594**	**122,174**	**106,579**
Implied share price	**322.21**	**362.50**	**316.23**
Upside / (downside)	*23.9%*	*39.4%*	*21.6%*
Terminal value share of EV	*71.4%*	*74.6%*	
Implied exit multiple / implied perpetuity growth	*10.2x*	*4.1%*	

APP model, Valuation sheet; bull and bear blocks not shown.