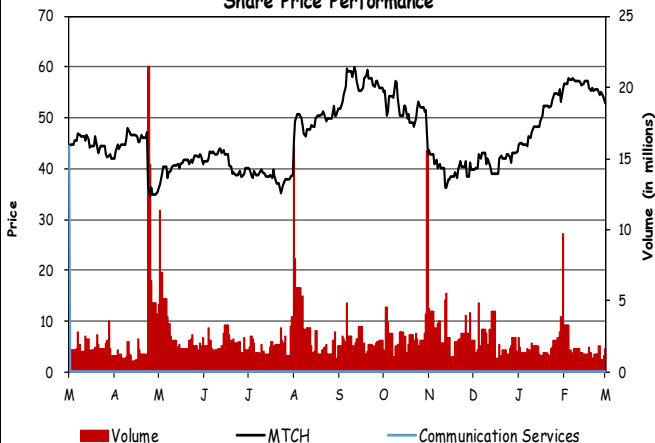


Match Group, Inc.	Symbol: MTCH
Analyst	JOBE
Buy below	\$48.73
Sell above	\$61.75
Probability of Price Increase	0%
Last Price	\$53.03
Intrinsic Value	\$51.46
Target Dividends	\$0.00
Target Price	\$56.08

Share Price Performance



Description

Match Group, Inc. provides dating products worldwide.

Sector	Communication Services
Industry	Interactive Media and Services
Last Guidance	December 11, 2018
Next earnings date	NM

People

Ginsberg, Amanda, CEO & Director
Swidler, Gary, Chief Financial Officer
Sine, Jared, General Counsel & Secretary
Thombre, Amarnath, Chief Executive Officer of Match Group Americas
Dubey, Sharmistha, President
Ramachandran, Navin, Chief Operating Officer and Chief Executive Off

Top Competitors

Spark Networks SE	--
Facebook, Inc.	--
The Meet Group, Inc.	--
--	--
--	--

Market Statistics

Market Capitalization (mil)	\$14,766.15
Last Price per share	\$53.03
52 week high	\$60.95
52-week low	\$33.30
Volatility	0.00%
Daily volume (mil)	1.68
Short interest	5.97%
Days to cover short interest	8.52
Beta	1.02

Investment Thesis

UNIQUE LONG-TERM GROWTH PROSPECTS AND EMERGING MARKETS EXPANSION

I am initiating coverage of Match Group with a BUY at \$48.73 and a \$54 price target. I view MTCH as a best-in-class dating service with solid long-term growth prospects benefiting from high-growth emerging dating markets and increase usage of dating products of the under 35 population segment. Matchgroup have approximately 45 brands operating under its portfolio and is dominating the market. As of today, Match now owns five of the top online dating app. Tinder, which is under its auspice, is privately valued at \$10B and accounts for 40% of the group's revenues. The Brand portfolio is well positioned globally and I believe it will drive more revenue due to its M&A activities and premium features.

For the long:

1. Long-term growth due to the success of Tinder, the new acquisition of Hinge and continuing M&A deals

Founded in 2012, Tinder has become the major source of revenue of the group and the favorite dating platform amongst millennials. The group acquired remaining shares of Hinge in 2018 Q4, which was rising consequently and I believe could be as successful as Tinder. Furthermore, the group is actively doing M&A deals, which increases their brand portfolio, allow them to maintain their dominance, allow them to diversify their portfolio and ultimately drives sales up.

2. Massive opportunity in emerging markets

With 2/3 of singles in the Middle East, Africa, Latin America and in Asia, growth opportunities in those unconquered markets are high due to a low dating product usage and an increase of mobile usage.

3. Cost-effective marketing

High-growth emerging dating markets such Japan, India and South Korea have different culture and regulatory rules that the group will have to take into account when marketing its services there. Features and brand awareness will increase the group's global presence. I believe this will increase the average revenue per user of the different brands under the auspice of Match Group.

For the short:

1. Increasing competition:

With the entry of Facebook in the dating market, the company could lose some of its market share. Facebook has already a large social network base and is implemented in more countries, which gives the company a big competitive advantage over MTCH. Increasing competition could decrease the number of the portfolio's brand users putting ultimately the company at risk.

Key Catalysts for price change

- Acquisition of Hinge
- Significant number of singles
- Expansion in emerging markets

Valuation

My \$56 price target is derived from DCF and P/E multiple.

Ownership

Ownership		Change in Ownership ("Input"/month)
Shares outstanding (mil)	278.45	
Diluted shares outstanding (mil)	296.78	
Options and Warrants (Shares equivalent)	14.11	
% shares held by institutions	22%	0.83%
% shares held by investments Managers	18%	10.46%
% shares held by hedge funds	2.71%	-11%
% shares held by VC/PE firms	0.005%	N/A
% shares held by insiders	0.59%	-13.52%
Poison Pill Type	NONE	

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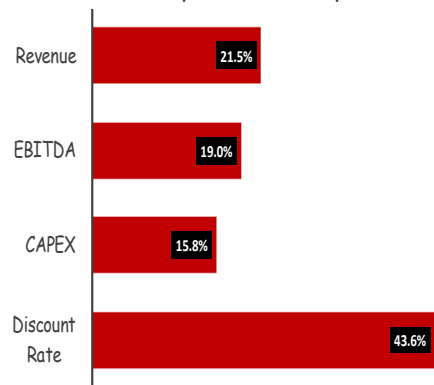
Quarterly Earning Surprises (Actual Vs. Median Estimates)	
Revenue	
12/31/2017	4.41%
3/31/2018	5.70%
6/30/2018	2.11%
9/30/2018	1.40%
12/31/2018	2.13%
Mean (Standard Error)	3.15% (1.02%)
EBITDA	
12/31/2017	-4.21%
3/31/2018	-0.89%
6/30/2018	-7.64%
9/30/2018	-12.30%
12/31/2018	-15.02%
Mean (Standard Error)	3.15% (5.19%)

Valuation

DCF Valuation						
	Revenues	Net Margin	LFCF	Ke	ROE	Price Per Share
Base Year (Actual)	\$1,729.85	32%	\$728.16	9.30%	87.14%	\$53.12
year 1	\$1,995.20	32%	\$570.58	9.00%	82.69%	\$56.08
year 2	\$2,299.27	33%	\$687.52	9.00%	52.54%	\$58.95
year 3	\$2,591.00	34%	\$798.30	9.00%	39.04%	\$61.68
year 4	\$3,008.05	36%	\$1,012.97	9.00%	34.38%	\$64.02
year 5	\$3,352.65	38%	\$1,177.74	9.00%	29.18%	\$66.06
year 6	\$3,698.95	39%	\$1,345.98	9.00%	25.43%	\$67.80
year 7	\$4,053.91	38%	\$1,459.30	9.00%	21.86%	\$69.35
year 8	\$4,413.22	38%	\$1,571.37	9.00%	19.23%	\$70.70
year 9	\$4,772.03	37%	\$1,680.38	9.00%	17.17%	\$71.83
year 10	\$5,125.04	37%	\$1,784.46	9.00%	15.51%	\$72.75
year 11	\$5,466.61	36%	\$1,881.70	9.00%	14.12%	\$73.46
year 12	\$5,790.87	36%	\$1,970.19	9.00%	12.92%	\$73.96
year 13	\$6,091.92	35%	\$2,048.05	9.00%	11.87%	\$74.28
year 14	\$6,363.97	35%	\$2,113.60	9.00%	10.92%	\$74.45
year 15	\$6,601.53	34%	\$2,140.88	9.00%	9.96%	\$81.15
Continuing Period	\$6,799.58	32%	\$1,453.49	9.00%	9.00%	
Relative Valuation					Asset Based Valuation	
Multiple	EV/Rev (FW)	EV/EBITDA (FW)	P/BV (TTM)	P/E (FW)	Recovery Rate	100%
Median (Peers)	4.2x	14.7x	5.6x	17.2x	Capital	\$16,239.56
Base	Revenue (NTM)	EBITDA (NTM)	Book Value (LTM)	Net Income (NTM)	Intangibles	\$1,482.40
MTCH	\$2,051.02	\$655.64	\$571.12	\$655.64	Claims	\$4,151.34
Implied EV	\$8,649.46	\$9,639.11				
Total Net Claims	\$881.37	\$881.37				
Implied EQ	\$7,768.08	\$8,757.74	\$3,226.57	\$11,251.41		\$10,605.82
Valuation Summary						
Model	Intrinsic Value		Target Price		Weight	
DCF Valuation	\$53.12		\$56.08		100.00%	
EV/Rev (FW)	\$24.99		\$27.24		0.00%	
EV/EBITDA (FW)	\$28.17		\$30.71		0.00%	
P/BV (TTM)	\$10.38		\$11.31		0.00%	
P/E (FW)	\$36.19		\$39.45		0.00%	
Asset Based Valuation	\$34.11		\$37.19		0.00%	
Price per Share	\$53.12		\$56.08		100%	

Financials			
Profitability	MTCH (LTM)	MTCH Historical	Peers' Median (LTM)
Return on Capital	23.1%	20.15%	19.40%
Adjusted EBITDA Margin	32.0%	17.92%	53.61%
Return on Equity	87.1%	38.4%	24.2%
Adjusted Net margin	32.5%	17.5%	37.0%
Invested Funds	MTCH (LTM)	MTCH Historical	Peers' Median (LTM)
Cash/Capital	9.7%	16.0%	32.9%
NWC/Capital	-10.1%	-13.8%	-1.1%
Operating Assets/Capital	36.1%	21.3%	58.4%
Goodwill/Capital	64.3%	80.2%	36.0%
Capital Structure	MTCH (LTM)	MTCH Historical	Peers' Median (LTM)
Total Debt/Market Cap.	0.13	0.28	0.10
Reported Cost of Borrowing	5.3%		4.3%
Cash Interest/Total Debt	4.7%		4.5%
CGFS Credit Rating	BB		B
Credit Model Rating	bb		bb to bb+
Probability of Default	0.19%		0.13%
Cost of Capital			
	CGFS Credit Rating	Credit Model Rating	Probability of Default
Implied Cost of Borrowing (MTCH)	5.6%	6.5%	5.1%
Implied Cost of Borrowing (Peers)	6.0%	7.0%	5.6%
Cost of New Debt Estimate	5.0%		
Market Risk Premium Estimate	4.0%		
Cost of Equity Estimate	9.0%		
WACC Estimate	9.0%		

Sensitivity Attribution Analysis



Intrinsic Value Distribution--Probability (Upside)=0%

