

Company:	Ticker:	Industry: Dating Services Industry	
Match Group	MTCH (NASDAQ)	Current Price: \$35.77 Implied Price: \$46.86	Beta: 1.48 EPS: \$2.26

### Company Background:

Match has a diverse portfolio of apps and services which enables connections across many demographics including age, race, gender, and sexual orientation. Revenue comes from subscription fees for premium services and a small portion of revenue comes from advertisements. Match apps are used across the world, and are available in 40+ different languages with over 750 million downloads worldwide. Match's portfolio comprises Tinder, Hinge, MG Asia, and Evergreen & Emerging. Tinder uses patented swipe technology, has 10 million active users as of 4Q 2023, and is the most downloaded dating app worldwide. Hinge is designed for people looking for serious relationships, differentiating themselves with specific design to create relationships. MG Asia serves Middle Eastern and Asian markets with apps that enable connections across social and language barriers. Evergreen & Emerging are Match's popular brands that are established and thriving as well as new apps that target specific demographics.

### Industry Outlook:

Online dating industry has a projected CAGR of 7.3% through 2028, with expected growth to 452 million online users by 2028, from 395 million in 2023.

Growth is driven by many factors, including improved user experience through algorithms and AI, changing perceptions of online dating, and increasingly isolated lifestyles. Growth is also fueled by fewer & later marriages and larger amounts of single people.

Within the online dating industry, Match Group is well-positioned worldwide. Tinder has the largest brand market share in every continent, and often there are multiple Match Group brands in the top 10 by downloads and revenue. China and Japan are poised to see the most growth.

### Investment Thesis:

- Match is a dominant player in the online dating industry and a strong brand name
- Match's portfolio of apps meets the wide array of needs for individuals looking for different types of connections
- Future growth will be fueled by a young tech savvy population as well as growth in Asian markets

## Investment Risks

There is a risk of loss due to data breaches or fraud. The site handles sensitive information and their reputation depends on its management. This is continually monitored and defended by Match Group's state-of-the-art security teams and proactive approach to hackers. Match Group brand Tinder was the first in the industry to be certified for its approach, which has now been standardized across its brands.

There is a risk of internal competition within Match's portfolio of brands as they continue to acquire more companies. This is mitigated by the variety of brands available, which often each serve a specific niche with minimal overlap. Additionally, users are likely to continue to use multiple sites at once to meet their needs.

There is a risk of changing regulations or privacy restrictions affecting Match's services. This risk would affect all players in the market, and can be managed through compliance training, legal counsel, and potentially lobbying.

There is a risk from the high levels of competition in the industry. Match is well-positioned in the industry and its diverse portfolio gives security against changing trends as the industry evolves. Match Group brands enjoy high brand recognition and loyalty, and offer unique features and ubiquity.

## CSR Characteristics

Bloomberg ESG Score 5.39/10, in the 97th percentile. Industry median 3/10.

Sustainalytics Score 18.81, placing it as an industry leader and a low-risk company. Industry median 21.76.

Leading scores for industry in most relevant categories including Data Security and Customer Privacy, Energy Management, Labor and Employment Practices, and Ethics and Compliance. Lagging in Water Management. Committed to future offices being LEED-certified and partnership with One Tree Planted with local tree-planting events and a tree planted for every couple who notifies them of their success through Match Group brands.

Zero controversial product involvements, no common red flags (ie UNGC/OECD violations, modern slavery, or child labor).

Has net zero target, separate CEO and Chairperson, and over 30% female board members.

DCF

\$ in Thousands										
	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2026	Dec. 31, 2027	Dec. 31, 2028
Tinder	1,152,045	1,355,400	1,649,757	1,794,467	1,917,629	2,051,863	2,195,493	2,349,178	2,513,620	2,689,574
		18%	22%	9%	7%	7%	7%	7%	7%	7%
Hinge	31,000	90,000	196,538	283,668	396,485	515,431	644,288	708,717	758,327	796,243
		190%	118%	44%	40%	30%	25%	10%	7%	5%
MG Asia			268,642	321,714	302,591	308,643	314,816	321,112	327,534	334,085
				20%	-6%	2%	2%	2%	2%	2%
E&E			807,934	730,372	691,426	698,340	705,324	712,377	719,501	726,696
				-10%	-5%	1%	1%	1%	1%	1%
Indirect Revenue	44,084	46,545	60,406	58,622	56,373	57,500	58,650	59,823	61,020	62,240
		6%	30%	-3%	-4%	2%	2%	2%	2%	2%
<b>Revenue</b>	<b>\$2,051,258</b>	<b>\$2,391,269</b>	<b>\$2,983,277</b>	<b>\$3,188,843</b>	<b>\$3,364,504</b>	<b>\$3,631,777</b>	<b>\$3,918,571</b>	<b>\$4,151,207</b>	<b>\$4,380,002</b>	<b>4,608,838</b>
%growth	19%	17%	25%	7%	6%	8%	8%	6%	6%	5%

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%growth	19%	17%	25%	7%	6%	8%	8%	6%	6%	5%
<b>Operating costs and expenses:</b>										
Cost of revenue (exclusive of depreciation shown separately below)	527,184	635,833	839,308	959,963	954,014	1,016,898	1,097,200	1,162,338	1,226,401	1,290,475
%margin	26%	27%	28%	30%	28%	28%	28%	28%	28%	28%
Selling and marketing expense	427,440	479,907	566,459	534,517	586,262	690,038	744,529	788,729	832,200	875,679
%margin	21%	20%	19%	17%	17%	19%	19%	19%	19%	19%
General and administrative expense	256,138	311,207	414,821	435,868	413,609	435,813	470,229	498,145	525,600	553,061
%margin	12%	13%	14%	14%	12%	12%	12%	12%	12%	12%
Product development expense	151,960	169,811	241,049	333,639	384,185	326,860	352,671	373,609	394,200	414,795
%margin	7%	7%	8%	10%	11%	9%	9%	9%	9%	9%
Depreciation	34,355	41,271	41,402	43,594	61,807	72,636	78,371	83,024	87,600	92,177
%margin	2%	2%	1%	1%	2%	2%	2%	2%	2%	2%
Impairments and amortization of intangibles			28,559	366,257	47,731	36,318	39,186	41,512	43,800	46,088
%margin			1%	11%	1%	1%	1%	1%	1%	1%
<b>Total operating costs and expenses</b>	<b>1,405,804</b>	<b>1,645,554</b>	<b>2,131,598</b>	<b>2,673,838</b>	<b>2,447,608</b>	<b>2,578,562</b>	<b>2,782,186</b>	<b>2,947,357</b>	<b>3,109,802</b>	<b>3,272,275</b>
%margin	69%	69%	71%	84%	73%	71%	71%	71%	71%	71%
<b>Operating income</b>	<b>645,454</b>	<b>745,715</b>	<b>851,679</b>	<b>515,005</b>	<b>916,896</b>	<b>1,053,215</b>	<b>1,136,386</b>	<b>1,203,850</b>	<b>1,270,201</b>	<b>1,336,563</b>
%margin	31%	31%	29%	16%	27%	29%	29%	29%	29%	29%
Interest expense	-140,570	-174,791	-130,493	-145,547	-159,887	-181,589	-195,929	-207,560	-219,000	-230,442
%margin	7%	7%	4%	5%	5%	5%	5%	5%	5%	5%
Other income (expense), net	-2,026	15,861	-465,038	8,033	19,772	36,318	39,186	41,512	43,800	46,088
%margin	0%	1%	16%	0%	1%	1%	1%	1%	1%	1%
Earnings from continuing operations, before tax	502,858	586,785	256,148	377,491	776,781	907,944	979,643	1,037,802	1,095,001	1,152,210
Income tax (provision) benefit	-8,225	-32,874	19,897	-15,361	-125,309	-217,907	-235,114	-249,072	-262,800	-276,530
Tax Rate	2%	6%	8%	4%	16%	6%	6%	6%	6%	6%
Net earnings from continuing operations	494,633	553,911	276,045	362,130	651,472	690,038	744,529	788,729	832,200	875,679
(Loss) earnings from discontinued operations, net of tax	49187	-366070	509	-2211	0					
<b>Net earnings</b>	<b>543,820</b>	<b>187,841</b>	<b>276,554</b>	<b>359,919</b>	<b>651,472</b>	<b>690,038</b>	<b>744,529</b>	<b>788,729</b>	<b>832,200</b>	<b>875,679</b>
%margin	27%	8%	9%	11%	19%	19%	19%	19%	19%	19%
<b>Depreciation</b>	<b>34,355</b>	<b>41,271</b>	<b>41,402</b>	<b>43,594</b>	<b>61,807</b>	<b>72,636</b>	<b>78,371</b>	<b>83,024</b>	<b>87,600</b>	<b>92,177</b>
%margin	2%	2%	1%	1%	2%	2%	2%	2%	2%	2%
<b>Capex</b>	<b>-183,380</b>	<b>48,005</b>	<b>96,859</b>	<b>-101,680</b>	<b>63,723</b>	<b>36,318</b>	<b>39,186</b>	<b>41,512</b>	<b>43,800</b>	<b>46,088</b>
%margin	-9%	2%	3%	-3%	2%	1%	1%	1%	1%	1%
<b>Change in NWC</b>	<b>818,703</b>	<b>-2,177,708</b>	<b>-470,219</b>	<b>-50,465</b>	<b>7,721</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
FCFF	-57,148	2,358,815	691,316	555,658	641,835	726,355	783,714	830,241	876,000	921,768
%	-3%	99%	23%	17%	19%	20%	20%	20%	20%	20%

Terminal Year FCF	\$921,768
<b>WACC</b>	<b>9%</b>
Terminal Value	19,172,767
<b>PGR</b>	<b>4%</b>
Pv of Cash Flows	\$3,186,783
PV Terminal Value	\$12,460,983
EV	\$15,647,766
Cash	868,000
Debt	3,957,000
Equity Value	\$12,558,766
Shares outstanding	268,012
<b>Implied Share Price</b>	<b>46.86</b>
Current Share Price	35.75
<b>Margin of Safety</b>	<b>31%</b>

Competitors	Competitor Analysis																																																																																			
<p>-Bumble: online dating and Bumble BFF, Recent acquisition of Badoo, strong in Europe and LAM. 30% of company laid off last month.</p> <p>-Grindr: Niche focus on LGBTQ relationships and community-building, largest markets in North America and Europe.</p> <p>-Hello Group: Platform of diverse mobile apps to entertain and build relationships based on location and interests. Owns Momo and Tantan, the largest dating site in China.</p>	<table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="3">Market Data</th> <th colspan="3">Financial Data</th> <th colspan="3">Valuation Metrics</th> </tr> <tr> <th colspan="2"></th> <th>3/26 Close Price</th> <th>Market Cap</th> <th>EV</th> <th>LTM Revenue</th> <th>LTM EBITDA</th> <th>LTM EPS</th> <th>Net Income Margin</th> <th>EV/Sales</th> <th>EV/EBITDA</th> <th>P/E</th> </tr> <tr> <th>Ticker</th> <th>Company</th> <th>\$/share</th> <th>(\$M)</th> <th>(\$M)</th> <th>(\$M)</th> <th>(\$M)</th> <th>(\$)</th> <th>%</th> <th>x</th> <th>x</th> <th>x</th> </tr> </thead> <tbody> <tr> <td>MTCH</td> <td>Match Group, Inc.</td> <td>35.67</td> <td>9,560.0</td> <td>12,648.9</td> <td>3,364.50</td> <td>1,026.40</td> <td>2.26</td> <td>19.4%</td> <td>3.76</td> <td>12.32</td> <td>11.56</td> </tr> <tr> <td>MOMO</td> <td>Hello Group Inc.</td> <td>6.12</td> <td>1,147.8</td> <td>498.3</td> <td>1,662.80</td> <td>330.4</td> <td>1.36</td> <td>16.3%</td> <td>0.30</td> <td>1.51</td> <td>4.73</td> </tr> <tr> <td>GRND</td> <td>Grindr Inc.</td> <td>9.9</td> <td>1,733.1</td> <td>2,049.7</td> <td>259.7</td> <td>82.3</td> <td>-0.32</td> <td>-21.5%</td> <td>7.89</td> <td>24.91</td> <td>-</td> </tr> <tr> <td>BMBL</td> <td>Bumble Inc.</td> <td>10.92</td> <td>1,413.3</td> <td>2,387.0</td> <td>1,051.80</td> <td>87.6</td> <td>-0.03</td> <td>-0.4%</td> <td>2.27</td> <td>27.25</td> <td>17.37</td> </tr> </tbody> </table>			Market Data			Financial Data			Valuation Metrics					3/26 Close Price	Market Cap	EV	LTM Revenue	LTM EBITDA	LTM EPS	Net Income Margin	EV/Sales	EV/EBITDA	P/E	Ticker	Company	\$/share	(\$M)	(\$M)	(\$M)	(\$M)	(\$)	%	x	x	x	MTCH	Match Group, Inc.	35.67	9,560.0	12,648.9	3,364.50	1,026.40	2.26	19.4%	3.76	12.32	11.56	MOMO	Hello Group Inc.	6.12	1,147.8	498.3	1,662.80	330.4	1.36	16.3%	0.30	1.51	4.73	GRND	Grindr Inc.	9.9	1,733.1	2,049.7	259.7	82.3	-0.32	-21.5%	7.89	24.91	-	BMBL	Bumble Inc.	10.92	1,413.3	2,387.0	1,051.80	87.6	-0.03	-0.4%	2.27	27.25	17.37
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