

The Platform Group AG

Germany / E-Commerce
 Frankfurt Stock Exchange/XETRA
 Bloomberg: TPG GR
 ISIN: DE000A2QEFA1

M&A Update

RATING **BUY**
PRICE TARGET **€ 16.00**
 Return Potential 108.3%
 Risk Rating High

COFFERS REPLENISHED FOR FURTHER M&A

The Platform Group has continued its M&A spree with the acquisitions of Chronext Group, an online platform for luxury watches, and FirstWire GmbH, a B2B financing platform. This brings the tally of acquisitions made this year to 11, with a total 2024 acquisition volume of €37m. In 2025 TPG plans to continue M&A activities, with a targeted investment volume of €30m - €40m. To finance this, the company has tapped the existing 8.875% coupon 2024/2028 bond to the tune of €20m. Management indicated in the Q3 earnings call, that the next M&A target, which is expected to close in Q1/25, is a B2C optician platform located in Germany. TPG's near-term goal is to become Europe's leading platform group, with a targeted 50/50 organic and inorganic growth split. An updated DCF model yields an unchanged €16 price target. We confirm our Buy recommendation.

Chronext: expansion of TPG's luxury strategy On 29 November, TPG announced the acquisition of 100% of the Chronext Group's assets. Chronext, which was founded in 2013, has become one of the largest retailers of luxury watches in Germany and one of Europe's leading platforms in this sector. The company has assisted over 170 thousand customers in 60 countries with the purchase and sale of watches, and can boast an average price per order of over €10k. TPG plans to expand on and improve Chronext's platform strategy by onboarding further watch retailers and increasing the product selection from Q2/25. Additionally, TPG plans to streamline the company by downsizing the workforce, cutting costs and decreasing working capital. The Chronext acquisition strengthens TPG's foothold in the online luxury market, and complements TPG's existing luxury platforms Winkelstraat and Fashionette.

FirstWire: TPG enters financial platforms sector With the acquisition of 50.1% of FirstWire, TPG expanded into its 24th sector: financial platforms. The deal is expected to be finalized in January 2025. FirstWire, which was founded in 2015, is a digital B2B finance platform on which debt issuers and investors ... (p.t.o)

FINANCIAL HISTORY & PROJECTIONS

	2022	2023	2024E	2025E	2026E	2027E
Revenue (€m)	387.4	440.8	511.3	603.3	654.6	700.4
Y-o-y growth	n.a.	13.8%	16.0%	18.0%	8.5%	7.0%
Adj. EBITDA (€m)	16.8	22.6	30.7	45.9	53.0	57.4
AEBITDA margin	4.3%	5.1%	6.0%	7.6%	8.1%	8.2%
Net income (€m)	22.7	32.2	23.8	19.7	24.6	24.3
EPS (diluted) (€)	0.00	0.41	0.56	0.97	1.22	1.20
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	24.8	52.8	-3.1	26.3	41.7	19.4
Net gearing	114.7%	85.1%	115.9%	69.7%	24.7%	8.4%
Liquid assets (€m)	12.1	7.6	19.4	40.7	77.4	116.8

RISKS

Main risks include: Software & IT risk, M&A risk, financing risk.

COMPANY PROFILE

The Platform Group is an owner and operator of e-commerce platforms across a broad range of sectors, operating 26 platforms in 23 different sectors. The company is headquartered in Düsseldorf, Germany, and had 794 employees as of 30 June 2024.

MARKET DATA

As of 12 Dec 2024

Closing Price € 7.68
 Shares outstanding 20.24m
 Market Capitalisation € 155.43m
 52-week Range € 5.80 / 10.05
 Avg. Volume (12 Months) 8,986

Multiples	2023	2024E	2025E
P/E	4.8	6.5	7.9
EV/Sales	0.5	0.4	0.4
EV/AEBITDA	9.9	7.3	4.9
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2024

Liquid Assets € 15.07m
 Current Assets € 130.47m
 Intangible Assets € 69.02m
 Total Assets € 259.01m
 Current Liabilities € 116.03m
 Shareholders' Equity € 88.33m

SHAREHOLDERS

Benner Holding GmbH 70.0%
 Paladin Asset Management 9.9%
 Free Float 20.1%



...match their transactions. The debt instruments which are currently traded on FirstWire are registered bonds, (secured) loans and promissory notes. FirstWire, who's primary customers are municipalities, real estate companies (inter alia Vonovia and TAG Immobilien) and investors from Germany and abroad, sees over €1.2bn in financing placements submitted on its platform per year. TPG plans to assist FirstWire with on-boarding new partners, and improving the application and placement processes on FirstWire's platform. These steps are expected to help the company gain a stronger foothold in the currently stagnating mortgage market, which we expect to benefit from interest rate cuts and an uptick in transaction volume in 2025.

TPG taps 2024/2028 bond for additional €20m On 1 July 2024, The Platform Group placed a €30m 4-year unsecured Nordic bond with an 8.875% coupon. Since then, the company has made six further acquisitions, bringing the total for 2024 to 11, and 29 since 2020. On 11 December, TPG announced a further €20m tap of the Nordic bond, bringing total bond volume to €50m. This bond placement, intended for financing further acquisitions, brings total estimated financial liabilities to €111m. We have increased our interest expense forecasts accordingly.

TPG eyes acquisition of platform for opticians The Platform Group plans to diversify its revenue sources by extending its reach into 30 sectors by the end of 2025. In addition to the 24 sectors the company is currently operating in, management mentioned in the Q3 presentation on 22 November that they are in talks regarding the acquisition of a B2C optician platform located in Germany. This deal should be finalized in Q1/25. TPG is also in the final stages of due diligence for the acquisition of an American B2C luxury clothing platform. Management expect that this deal will be completed in Q1/25.

Near-term goals Along with the previously stated goal of entering 30 sectors by 2025, TPG plans to become Europe's Nr. 1 platform group. On the way to this goal, the company aims to: (1) acquire 3-8 companies per year; (2) achieve a 50/50 split between organic and inorganic growth; (3) move towards a leverage (net financial debt/AEBITDA) range of 1.5x – 2.3x and (4) reach an adjusted EBITDA (EBITDA is adjusted for PPA effects arising from acquiring companies below book value) margin of 7-10% (see figure 1). In addition to these goals, TPG has given 2025 guidance of >€570m in revenue and an AEBITDA range of 7% - 10%. In light of the recent acquisitions, we believe that TPG will raise their guidance for 2025 again in Q1/25.

Figure 1: TPG's near-term goals

M&A strategy	Growth strategy	2025 Guidance
<ul style="list-style-type: none"> 3 - 8 Acquisitions per year Leverage range 1.5x - 2.3x 	<ul style="list-style-type: none"> Active in 30 sectors by 2025 50/50 split organic/inorganic 	<ul style="list-style-type: none"> >€570m in revenue Adj. EBITDA range 7% - 10%

Source: First Berlin Equity Research, The Platform Group AG

Buy recommendation confirmed with an unchanged price target We expect TPG will give more information regarding revenue and EBITDA of acquired companies in early 2025, when they give guidance for 2026. Once we receive this information, we will adjust our estimates accordingly. An updated DCF model yields an unchanged price target of €16. We maintain our Buy recommendation.



VALUATION MODEL

All figures in EUR '000	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Net sales	511,290	603,322	654,604	700,427	746,273	791,727	836,352	879,690
NOPLAT	33,529	31,243	35,532	35,464	37,166	38,337	40,405	42,561
+ depreciation & amortisation	9,622	11,017	11,399	11,543	12,136	12,734	13,329	13,911
Net operating cash flow	43,150	42,259	46,931	47,007	49,302	51,071	53,734	56,471
- total investments (CAPEX and WC)	-49,422	-5,068	5,176	-16,503	-22,955	-23,735	-24,426	-25,020
Capital expenditures	-19,940	-17,496	-17,674	-18,211	-19,200	-20,153	-21,061	-21,912
Working capital	-5,009	12,428	22,850	1,708	-3,755	-3,582	-3,366	-3,107
Free cash flows (FCF)	-6,272	37,191	52,107	30,504	26,347	27,336	29,307	31,452
PV of FCF's	-6,243	33,655	42,865	22,813	17,908	16,891	16,463	16,061

All figures in thousands	
PV of FCFs in explicit period (2024E- 2037E)	256,186
PV of FCFs in terminal period	143,153
Enterprise value (EV)	399,339
+ Net cash / - net debt	-68,509
+ Investments / minority interests	1,097
Shareholder value	331,927
Diluted number of shares	20,238
Fair value per share in EUR	16.40

Terminal growth:	2.0%
Terminal EBIT margin:	6.7%

WACC		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
7.0%	Cost of equity	26.42	27.00	27.69	28.51	29.51	30.77	32.38
8.0%	Pre-tax cost of debt	22.02	22.33	22.69	23.11	23.61	24.21	24.94
9.0%	Tax rate	18.69	18.86	19.05	19.27	19.53	19.82	20.17
10.0%	After-tax cost of debt	16.10	16.19	16.29	16.40	16.53	16.67	16.84
11.0%	Share of equity capital	14.04	14.08	14.12	14.17	14.23	14.30	14.37
12.0%	Share of debt capital	12.35	12.37	12.38	12.40	12.42	12.44	12.46
13.0%	Price target	10.96	10.95	10.95	10.95	10.95	10.95	10.95

* for layout purposes the model shows numbers only to 2031, but runs until 2038



INCOME STATEMENT

All figures in EUR '000	2022A	2023A	2024E	2025E	2026E
Revenues	387,441	440,767	511,290	603,322	654,604
Cost of goods sold	271,987	325,565	373,242	440,425	477,861
Gross profit	115,454	115,202	138,048	162,897	176,743
Sales & Marketing	30,609	28,142	32,211	36,199	38,622
Distribution costs	26,293	35,396	39,369	44,042	47,132
Personnel costs	27,117	22,360	27,610	31,976	34,039
Other operating income	28,970	32,842	21,165	12,066	13,092
Other operating expenses	23,418	14,714	16,873	16,893	17,020
EBITDA	36,986	47,431	43,150	45,852	53,023
PPA effects	20,180	24,859	12,473	0	0
Adjusted EBITDA	16,806	22,572	30,677	45,852	53,023
Depreciation and amortisation	11,352	7,998	9,622	11,017	11,399
Operating income (EBIT)	25,634	39,433	33,529	34,836	41,624
Net financial result	-1,121	-6,449	-8,143	-10,883	-10,383
Pre-tax income (EBT)	24,514	32,984	25,386	23,953	31,241
Income taxes	-274	-329	-254	3,593	6,092
Minority interests	-2,099	-1,097	-900	-700	-500
Net income / loss	22,689	32,216	24,740	19,660	24,649
Diluted EPS (in €)	n.m.	1.80	1.84	0.97	1.22
Adjusted EPS (in €)	n.m.	0.41	0.61	0.97	1.22

Ratios

Gross margin	29.8%	26.1%	27.0%	27.0%	27.0%
EBITDA margin on revenues	9.5%	10.8%	8.4%	7.6%	8.1%
Adjusted EBITDA margin on revenues	4.3%	5.1%	6.0%	7.6%	8.1%
EBIT margin on revenues	6.6%	8.9%	6.6%	5.8%	6.4%
Net margin on revenues	5.9%	7.3%	4.8%	3.3%	3.8%
Adjusted net margin on revenues	0.6%	1.7%	2.4%	3.3%	3.8%
Tax rate	-1.1%	-1.0%	-1.0%	15.0%	19.5%

Expenses as % of revenues

Personnel costs	7.0%	5.1%	5.4%	5.3%	5.2%
Depreciation and amortisation	2.9%	1.8%	1.9%	1.8%	1.7%
Other operating expenses	6.0%	3.3%	3.3%	2.8%	2.6%

Y-Y Growth

Revenues	n.a.	13.8%	16.0%	18.0%	8.5%
Operating income	n.a.	53.8%	-15.0%	3.9%	19.5%
Net income/ loss	n.a.	42.0%	-23.2%	-20.5%	25.4%



BALANCE SHEET

All figures in EUR '000	2022A	2023A	2024E	2025E	2026E
Assets					
Current assets, total	188,748	164,153	168,950	190,306	210,901
Cash and cash equivalents	12,060	7,616	20,283	41,591	78,316
Receivables	38,069	54,676	70,040	74,382	71,737
Inventories	127,227	92,313	76,693	72,399	58,914
Other current assets	11,392	9,548	1,934	1,934	1,934
Non-current assets, total	100,791	120,187	161,224	167,703	173,978
Property, plant & equipment	7,805	9,715	11,990	12,628	13,618
Goodwill	32,023	43,768	43,768	43,768	43,768
Other intangible assets	59,054	64,024	72,068	77,909	83,194
Other assets	1,909	2,680	33,398	33,398	33,398
Total assets	289,539	284,340	330,174	358,009	384,879
Shareholders' equity & debt					
Current liabilities, total	115,520	151,386	138,808	146,284	148,005
Short-term debt	34,029	35,313	28,000	23,000	18,000
Accounts payable	31,026	41,055	35,790	48,266	54,987
Current provisions	4,602	3,019	3,019	3,019	3,019
Other current liabilities	45,863	71,999	71,999	71,999	71,999
Long-term liabilities, total	83,514	51,351	101,811	101,811	101,811
Long-term debt	69,434	32,325	83,325	83,325	83,325
Leasing liabilities	5,402	6,571	6,571	6,571	6,571
Other liabilities	8,678	12,455	11,915	11,915	11,915
Minority interests	1,407	1,097	1,997	2,697	3,197
Shareholders' equity	89,098	80,506	87,557	107,218	131,867
Share capital	17,855	17,855	20,238	20,238	20,238
Capital reserve	51,027	41,190	46,947	46,947	46,947
Other reserves	12,203	10,768	10,768	10,768	10,768
Loss carryforward / retained earnings	-12,061	-15,136	9,604	29,264	53,913
Other components of equity	20,074	25,829	0	0	0
Total consolidated equity and debt	289,539	284,340	330,174	358,009	384,879
Ratios					
Current ratio (x)	1.63	1.08	1.22	1.30	1.42
Quick ratio (x)	0.53	0.47	0.66	0.81	1.03
Net debt	102,207	68,509	99,529	73,221	31,496
Net gearing	115%	85%	114%	68%	24%
Equity ratio	31.3%	28.7%	27.1%	30.7%	35.1%
Book value per share (in €)	n.m.	4.51	4.33	5.30	6.52
Return on equity (ROE)	25.5%	40.0%	28.3%	18.3%	18.7%
Days of sales outstanding (DSO)	36	45	50	45	40
Days inventory outstanding	171	103	75	60	45
Days of payables outstanding (DPO)	42	46	35	40	42



CASH FLOW STATEMENT

All figures in EUR '000	2023A	2024E	2025E	2026E
EBIT	39,592	33,529	34,836	41,624
Depreciation and amortisation	7,839	9,622	11,017	11,399
EBITDA	47,431	43,150	45,852	53,023
Changes in working capital	55,486	-5,009	12,428	22,850
Other adjustments	-31,691	-21,266	-14,475	-16,475
Operating cash flow	71,225	16,876	43,805	59,398
Investments in PP&E	-18,447	-6,647	-6,033	-6,546
Investments in intangibles	0	-13,294	-11,463	-11,128
Free cash flow	52,779	-3,065	26,308	41,724
Acquisitions & disposals, net	-58,949	-37,000	0	0
Investment cash flow	-77,395	-56,940	-17,496	-17,674
Debt financing, net	951	43,687	-5,000	-5,000
Equity financing, net	0	8,141	0	0
Other financing	775	0	0	0
Financing cash flow	1,726	51,828	-5,000	-5,000
Net cash flows	-4,444	11,763	21,308	36,724
Cash, start of the year	12,060	7,616	19,379	40,688
Cash, end of the year	7,616	19,379	40,688	77,412
EBITDA/share (in €)	2.66	2.13	2.27	2.62
Y-Y Growth				
Operating cash flow	n.m.	-76.3%	159.6%	35.6%
Free cash flow	n.m.	n.m.	n.m.	58.6%
EBITDA/share	n.m.	-19.7%	6.3%	15.6%

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PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	5 November 2024	€7.58	Buy	€16.00
...	↓	↓	↓	↓
2	29 November 2024	€7.34	Buy	€16.00
3	Today	€7.68	Buy	€16.00

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- valuation methods and principles
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