Equity Research and Valuation of:

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Resumo

Esta dissertação apresenta uma avaliação da Match Group, líder global em aplicações de *online dating*, com referência a 31 de dezembro de 2024. A empresa, cotada na NASDAQ, detém um portefólio de plataformas/aplicações como Tinder, Match.com, Hinge e OkCupid e opera em mais de 40 países.

O estudo inicia-se com a revisão da literatura, seguindo uma análise da indústria, da empresa, da concorrência e do enquadramento económico. São também avaliadas as estratégias, a eficiência operacional e a capacidade de inovação da Match Group, num mundo em que o digital está em "primeiro lugar" e as interações humanas se estão a adaptar.

A metodologia principal utilizada na avaliação é o modelo de Fluxos de Caixa Descontados (DCF), complementado por análise de empresas comparáveis e uma análise de sensibilidade para testar a robustez dos resultados.

A avaliação resultou num preço-alvo de $23,15 por ação, indicando um potencial negativo de 41,30% face ao preço de mercado em 31 de dezembro de 2024. A dissertação conclui com uma recomendação académica de investimento, comparação com um relatório de investimento sobre a mesma empresa e reforça a aplicação de modelos financeiros a uma indústria em constante evolução.

Título da dissertação: Avaliação da Match Group: Uma perspectiva de investigação sobre o valor da empresa
Autor: Miguel Rebocho

Palavras chave: Match Group; Avaliação de Empresas; Indústria do Online-Dating; Fluxos de Caixa Descontados; Análise estratégica

Abstract

This dissertation presents a valuation of Match Group, a global leader in online dating applications, as of December 31, 2024. The company, listed on NASDAQ, owns a portfolio of platforms/apps such as Tinder, Match.com, Hinge, and OkCupid, operating in more than 40 countries.

The study begins with a literature review, followed by an analysis of the industry, the company, its competitors, and the broader economic environment. It also assesses Match Group's strategies, operational efficiency, and capacity for innovation in a world where digital comes first and human interactions are adapting.

The primary valuation methodology applied is the Discounted Cash Flow (DCF) model, complemented by a peer benchmarking analysis and a sensitivity analysis to test the robustness of the results.

The valuation resulted in a target share price of $23.15, reflecting a negative potential of 41.30% compared to the market price as of December 31, 2024. The dissertation concludes with an academic investment recommendation, a comparison with an investment report on the same company, and reinforces the application of financial models to a constantly evolving industry.

Thesis Title: Valuation of Match Group: An Equity Research Perspective
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Keywords: Match Group; Equity Valuation; Online Dating Market; Discounted Cash Flow; Strategic Analysis

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List of Abbreviations

AI - Artificial Intelligence

APV - Adjusted Present Value

CAGR - Compound Annual Growth Rate

CapEx - Capital Expenditures

CAPM - Capital Asset Pricing Model

D&A - Depreciation and Amortization

DCF - Discounted Cash Flow

DDM - Dividend Discount Model

DPS - Dividends Per Share

EBIT - Earnings Before Interest and Taxes

EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization

EPS - Earnings Per Share

ERP - Enterprise Risk Premium

ESG - Environmental, Social, and Governance

EV - Enterprise Value

EVA - Economic Value Added

FCF - Free Cash Flow

FCFE - Free Cash Flow to Equity

FCFF - Free Cash Flow to Firm

IFRS - International Financial Reporting Standards

M&A - Mergers and Acquisitions

MG - Match Group

MVD - Market Value of Debt

MRP - Market Risk Premium

NOPAT - Net Operating Profit After Taxes

NOPLAT - Net Operating Profit Less Adjusted Taxes

NPV - Net Present Value

NWC - Net Working Capital

PPE - Property, Plant, and Equipment

PV - Present Value

R&D - Research and Development

ROC - Return on Capital

ROE - Return on Equity

ROIC - Return on Invested Capital

S&P500 - Standard & Poor's 500

SWOT - Strengths, Weaknesses, Opportunities, Threats

TV - Terminal Value

WACC - Weighted Average Cost of Capital

YOY - Year Over Year

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1.Introduction

The valuation of technology companies, particularly fast-growing digital platforms like Match Group, has become increasingly relevant. As a global leader in online dating with brands like Tinder, Hinge, and OkCupid, Match Group leverages technology, data, and subscription-based models to drive user engagement and revenue. Its strong market position and innovative approach make it a compelling case for valuation analysis.

The online dating industry has expanded rapidly, fueled by smartphone adoption, internet accessibility, and shifting social norms. Match Group has capitalized on these trends through AI-driven matchmaking and freemium models, resulting in solid revenues and high margins.

However, valuing Match Group presents challenges, including intense competition, regulatory concerns, and sensitivity to macroeconomic factors such as inflation and interest rates. While traditional methods like DCF and relative valuation are applied, adjustments may be necessary to reflect the dynamics of digital platform businesses.

This thesis aims to assess Match Group's intrinsic value through a combination of literature review and empirical analysis, offering insights for investors, analysts, and policymakers focused on technology and corporate finance.

2.Literature Review

2.1.Valuation and its Concepts

This chapter is dedicated to the analysis of various business valuation methodologies.

Each methodology has its advantages and disadvantages, and in this chapter, I aim to clarify which methodology is ideal and selected for my thesis.

Business valuation is the process of determining the value of an asset and its ability to generate positive cash flows over time. It's used to justify investment or divestment decisions.

This theory is based on the premise that it is possible to reasonably calculate the value of an asset.

Valuation is not only important for merger and acquisitions processes but more than that to assess the economic value creation (Fernandez 2007) and destruction in an organization or business unit.

Damodaran (2012) explains there are “3 main methods of evaluating a company”, in general terms and I will explain it in more details further:

1. Discounted cashflow valuation,
2. Relative Valuation and
3. Contingent claim valuation (or real options).

Fernandez (2023) agrees and adds there are, in fact, 6 main valuation methods: Balance sheet, Income statement, mixed (goodwill), Cash Flow Discounting, Value Creation and Options.

Despite the previous methods he concludes that only valuation groups based on cash flow discounting are conceptually correct, because it assesses the organization as a financial asset - a cash flow generator.

Fernandez (2023) is clear when states “Value and Price are two totally different things. Price is the value agreed between one Seller and one Buyer so despite all the theories involved, ultimately, the value of an asset will always be the price the market is willing to pay for it”. And for this reason, markets are considered efficient.

2.2.Discounted Cash Flow Valuation Models

As presented before, this method considers the growth and risk of the company cash. According to Damodaran (2006) people buy assets expecting the cash generation it can bring in the future, discounted back at a rate that reflects the riskiness of these cash flows.
The stable and high generating cash companies will always have a higher valuation compared to a low and volatile cash company. This assumption is based on the relationship between a

company's investment returns, its risk profile, and the impact on cash generation for both the firm and its investors:

$$\text{Value of asset} = \frac{E(CF_1)}{(1+r)} + \frac{E(CF_2)}{(1+r)^2} + \frac{E(CF_3)}{(1+r)^3} \cdots + \frac{E(CF_n)}{(1+r)^n}$$

where

$E(CF_t)$ = Expected cash flow in period t

r = Discount rate reflecting riskiness of estimated cash flows

n = Life of asset

Damodaran, A. (2006) and Fernandez, P. (2023) state different kinds of assets have different types of cash flows and they need to be submitted to a discount rate in order to adjust its value based on his riskiness.

The Discounted Cash Flow valuation method is grounded in the belief that every asset possesses an intrinsic value. By applying a DCF model, we strive to approximate this intrinsic value for a specific asset. However, obtaining complete information to precisely assess an asset's true intrinsic value is unattainable, and thus, we cannot definitively confirm whether our valuation aligns with the actual intrinsic value.

Theoretically, a business comprises a collection of assets that generate cash flows. Therefore, if we can estimate the expected cash flows from each asset, apply an appropriate discount rate, and aggregate them, we can determine the business's value. Nonetheless, since a business is a going concern, we must also account for future investments that the entity has yet to undertake.

This methodology can take different forms depending on the approach used, particularly when distinguishing between Equity Valuation and Firm Valuation.

Equity Valuation focuses on the value of ownership in a company, while Firm Valuation assesses the total business value, including both debt and equity.

Although both rely on discounting expected cash flows, the choice of approach determines the type of cash flow considered — either Free Cash Flow to Equity (FCFE) or Free Cash Flow to Firm (FCFF).

2.2.1.Firm Valuation Models

To assess the value of an entire business, including both existing assets and potential growth opportunities, we use enterprise valuation. This approach involves calculating the FCFF, which represents cash flows before debt payments but after reinvestment needs.

The appropriate discount rate for this method is the cost of capital, which reflects the combined cost of all funding sources, including both debt and equity.

Alternatively, equity valuation focuses on determining the value of the shareholders' ownership stake in the business. In this case, the relevant cash flow is FCFE, which accounts for cash flows after debt payments and reinvestment needs. The discount rate used is the cost of equity, as it only considers equity financing.

2.2.1.1.FCFF

Often referred to simply as FCF (Fernandez 2023), represents the cash generated from a company's core operations, excluding financial obligations such as debt payments or interest expenses. This perspective, known as FCFF, provides a measure of the company's overall cash-generating capability, independent of its financing decisions.
When FCF is calculated as the total cash available to be distributed among all claim holders — both equity and debt holders — it accounts only for the necessary reinvestments required to sustain the company's growth.
Damodaran approach for FCFF calculation is the following formula:

$$\text{FCFF} = \text{EBIT}(1 - \text{Tax rate}) - (\text{Capital expenditures} - \text{Depreciation}) - \text{Change in noncash working capital}$$

Essentially, the cash available to both stockholders and debtholders is the remaining operating income after taxes, adjusted for non-cash expenses, while excluding any direct financial debt payments.

2.2.1.2.Terminal Value

In the last chapter we mention the different approaches on a DCF valuation. It's assumed that if a company keeps the reinvestment income rate high the company will thrive in growth for future years, but now we should understand until when it will generate cash. Even considering a firm has an infinite life the high growth phase won't lead forever.

In the Asset value formula, the terminal value is the last cash in-flow calculation - the perpetuity value - essentially the accumulated cash an asset can generate in its "endless" lifetime discounted at its risk rate and adjusted to the growth rate.

The better calculate the terminal value, we will use the perpetuity formula when the growth of a given company is steady (Levin e Olsson, 2000):

$$Terminal\ Value_t = \frac{FCF_{t+1}}{r - g_{Stable}} = \frac{FCF\ \times (1+g)}{r - g_{Stable}}$$

Where:

r is the discount rate, and g is the perpetual growth rate.

Damodaran in his book defends there are two events that will make sense for a firm to evaluate its terminal value. They are:

- The going concern approach - The firm will generate cash in the future or;
- The liquidation approach - The firm is sold and we need to calculate its value.

For going concern approach we can calculate the future cash flow of a company based on its growth rate - but the real question, as stated in the first paragraph is:

When does the high growth phase end and we start considering the stable growth phase?

Terminal value can only be estimated for a company in its stable growth phase — where its growth rate declines to a level equal to or near the economic growth rate of the market in which it operates. The timing of this transition depends on multiple factors, such as competitive advantages, firm size within its sector, and its current growth rate.

The alternative approach assumes that the company will be liquidated in the future, and its business value is assessed based on expected future cash flows. In both cases, to simplify cash flow estimation, we consider the firm's terminal value.

A significant portion of a company's valuation comes from its terminal value. As Damodaran (2012) stated, "terminal value has a substantial impact on valuation since a stock has an indefinite lifespan, and future cash flows must be discounted accordingly, depending on the company's growth phase". For stable growth companies, we generally expect growth rates to align with global economic growth, typically around 2–3%.

The majority of a stock's value in an investment context is not realized through dividend payouts during its lifetime but rather at the point of sale. Consequently, the higher the projected growth rate, the greater the terminal value and, ultimately, the company's valuation.

Fernández, P. (2017) states 8 common errors in calculating the terminal value of a company - such as considering inappropriate arithmetic averages in growth rates other than using geometric averages growth rates, or calculating the terminal value in the wrong year. The other 6 errors are:

- Inconsistency in the Cash Flow Basis Used for the Perpetuity Calculation
- Mismatch in the Capital Structure Applied to the WACC
- Use of Improper or Conceptually Flawed Formulas
- Incorrect Application of the Terminal Value Formula
- Confusion Between the Growth Rate of Cash Flows and the Reinvestment Rate
- Assumption of an Unsustainable Perpetual Growth Rate

Based on the previous information the Asset value formula will be:

$$Value\ of\ a\ Firm = \sum_{t=1}^{t=n} \frac{CF_i}{(1+k)^t} + \frac{Terminal\ Value_n}{(1+k)^n}$$

Where:

CF_i is the company's cash flow produced in period i,

$Terminal\ Value_n$ is the company's terminal value in the year n and

k is the adequate discount rate considering the cash flow's risk.

2.2.1.3.Kd

The cost of debt (KD) represents the return required by lenders for providing financing to a company.

The discount rate accounts for the risk associated with a business's value — higher-risk businesses will have a correspondingly higher discount rate. To better understand the discount rate, we can analyze it from two perspectives.

The first is the likelihood of a firm failing to meet its interest or principal payments, commonly referred to as default risk. In finance, this is known as the KD and we will consider the market value of the company's debt to have the most realistic look at its impact on the firm value calculation.

The market value of debt (MVD) is a key component of a company's valuation, reflecting the present value of its outstanding obligations. However, determining MVD requires understanding the firm's default risk, which is closely tied to KD. In turn, KD is influenced by the Interest Coverage Ratio (ICR), making ICR a critical factor in assessing a company's debt risk and valuation.

$$MVD = \sum \frac{C}{(1+K_d)^t} + \frac{F}{(1+K_d)^n}$$

Where:

- C = **Coupon payment** (Interest expense = Debt amount × Coupon rate)
- K_d = **Current cost of debt (before tax)**
- F = **Face value of debt** (Principal repayment)
- t = **Time period for each cash flow**
- n = **Total maturity period of debt**

The calculation of Kd on a market value approach is:

$$K_d = \text{Risk-Free Rate} + \text{Credit Spread (based on ICR)}$$

The ICR measures a company's ability to cover its interest payments and is calculated as:

$$ICR = \frac{\text{EBIT}}{\text{Interest Expense}}$$

Where:

- **EBIT** = Earnings Before Interest and Taxes
- **Interest Expense** = Total interest payments on outstanding debt

A higher ICR signals lower credit risk, suggesting the company is in a strong position to meet its debt obligations. This translates to a lower K_D as lenders perceive reduced risk and require a lower return. Conversely, a lower ICR indicates higher financial risk, leading to an increased cost of debt as investors demand greater compensation for the heightened likelihood of default.

Credit rating agencies like Moody's and S&P incorporate ICR as a key factor when assigning a company's credit rating. A lower ICR is typically associated with lower credit ratings and higher credit spreads, which increases the company's borrowing costs. Damodaran's ICR-to-Credit Spread Mapping provides a framework linking ICR levels to credit spreads, showing that firms with low ICRs face significantly higher required returns on debt.

2.2.1.4.Ke

The cost of equity (K_e) represents the return expected by shareholders for investing in a company. Since equity investors take on more risk compared to debt holders, they require a return that justifies the uncertainty of future cash flows.

One of the key factors affecting K_e is the possibility of variation in expected cash flows or investment returns. In this context, risk is assessed assuming that investors hold a well-diversified portfolio, meaning only systematic risk—market-wide fluctuations—is considered relevant. Company-specific risks, which can be reduced through diversification, are not factored into this calculation.

To estimate K_e, we assume that investors demand compensation in two parts:
A risk-free return (Rf)—the rate an investor would earn from a risk-free asset, such as government bonds.
A market risk premium—additional compensation for taking on the risks associated with the investment sector.

The K_e is determined using the Capital Asset Pricing Model (CAPM), which adjusts expected returns based on the company's exposure to market risk:

$$K_e = R_f + \beta \times (R_m - R_f)$$

Where:

- **K_e** = Cost of equity
- **R_f** = Risk-free rate (e.g., return on government bonds)
- **β (Beta)** = A measure of the company's volatility relative to the market
- **R_m** = Expected market return
- **(R_m - R_f)** = Market risk premium

The beta (β) factor adjusts the risk premium based on the company's sensitivity to overall market movements. A higher beta means greater volatility, requiring a higher expected return to attract investors.
The cost of equity is a critical measure in corporate finance and valuation, as it defines the minimum return shareholders expect. If a company does not generate returns exceeding K_e, investors may shift their capital elsewhere, impacting stock valuation and overall financial stability.
By incorporating market risk and investor expectations, K_e ensures that shareholders receive adequate compensation for the uncertainty of their investment.

2.2.1.4.1.CAPM

To calculate K_e, it is essential to understand the underlying formula behind it — this is where the CAPM comes into play. William Sharpe, John Lintner and Jan Mossin (1960) studied CAPM assumes that investors are rational and risk-averse, that market participants share homogeneous expectations, and that they can lend and borrow at the risk-free rate. This model

was developed to estimate the relationship between risk and return for an asset within a given market.

To better understand CAPM, we break it down into three key components:

- Risk-Free Rate (R_f) → Represents an investment with a guaranteed return and no risk, typically government bonds from stable economies.
- Beta (β) → Measures an asset's sensitivity to overall market movements:

β = 1 → The asset moves in line with the market.

β > 1 → The asset is more volatile than the market.

β < 1 → The asset is less volatile than the market.

To measure how much risk an asset adds to a diversified portfolio, we use covariance with the market. This standardizing of this relationship gives us beta, which measures an asset's sensitivity to market movements. Beta is calculated by dividing the covariance between the asset and the market portfolio by the variance of the market portfolio, as shown below:

$$\beta_i = \frac{\text{Covariance (Asset i, Market Portfolio)}}{\text{Variance of the Market Portfolio}}$$

An alternative and commonly used approach to estimate beta is through linear regression analysis, where the asset's returns are regressed against market returns. In this context, beta corresponds to the slope coefficient of the regression line, representing how much the asset's returns move in response to movements in the market. This method provides a straightforward statistical estimate of the asset's exposure to market risk based on historical data.

Blume, M. E. (1975) proposes a compromise method that blends a company's historical beta - from the formula above or mean regression - with a more conservative estimate that assumes convergence towards the market average of 1.0.

This method acknowledges two key elements: the observed historical beta of the company and the empirical tendency for betas to revert toward the market mean over time.

The adjusted beta is calculated as follows:

$$Adjusted\ beta = \frac{2}{3} \times Raw\ \beta + \frac{1}{3} \times 1.00$$

This method is used for the company in the long-term phase, once it mitigates the outliers and reflects the beta adjustment to the mean.

- Market Risk Premium (R_m - R_f) → Represents the additional return expected from investing in the market over the risk-free rate. It reflects the compensation investors require for taking on market risk.

By integrating these components, CAPM helps quantify the expected return of an asset based on its risk level, providing a crucial tool for investment decision-making and corporate valuation.

2.2.1.5.WACC

The K_d and the K_e together form the Weighted Average Cost of Capital (WACC). As the name suggests, WACC represents the weighted cost of a company's financing structure, taking into account both debt and equity at their market values.

This metric is essential for investment decision-making, as it reflects the minimum return required by both debt holders and shareholders to justify their investment in the company. By combining the costs of these two financing sources, WACC provides a comprehensive measure of the company’s overall cost of capital, which is crucial for valuation:

$$WACC = \left(\frac{E}{E+D} \times K_e\right) + \left(\frac{D}{E+D} \times K_d \times (1-T)\right)$$

Where:

- **WACC** = Weighted Average Cost of Capital
- **E** = Market value of equity
- **D** = Market value of debt
- **K_e** = Cost of equity (expected return required by shareholders)
- **K_D** = Cost of debt (effective interest rate on company debt)
- **T** = Corporate tax rate (adjusts for tax deductibility of debt interest)

Brealey, Myers, and Allen (2017) contend that the reliability of WACC as a valuation tool hinges on the stability of a firm's financial and operational risks over time. This framework assumes that the debt-to-equity ratio and the business risk profile remain consistent throughout the evaluation horizon. They emphasize that this stability is crucial to accurately reflect the weighted contributions of equity and debt to the firm's cost of capital.

Parrino (2002) highlights that the K_d is a key component of the WACC, influencing a company's valuation and investment decisions. Companies with higher leverage ratios tend to have higher WACC sensitivity due to rising costs of debt.

To better understand WACC we need to calculate the market value of debt, in a way of having the present value calculated and a comprehensive analysis on the cost of capital structure.

2.2.1.6.Adjusted present value

The Adjusted Present Value (APV) method, first introduced by Myers (1974), separates the core value of a business from the financial impact of debt. Unlike traditional valuation models such as WACC, which blends financing effects into the discount rate, APV disentangles the operating value from leverage effects, making it particularly useful for firms with changing capital structures.

The APV method offers a clear and flexible approach to valuation, making it useful in scenarios where capital structure is expected to change. By separating operational

performance from financing effects, it provides deeper insights into how debt influences firm value. However, caution must be taken to ensure that tax benefits and bankruptcy risks are properly accounted for, preventing distortions in valuation results.

This approach begins by valuing the company as if it were entirely equity-financed, also known as the unlevered firm value. The financial effects of debt are then incorporated by calculating the tax benefits of interest deductions and adjusting for the costs of financial distress. According to Fernandez (2007), APV is most effective when a company maintains a fixed level of debt, as this ensures the stability of tax shield benefits over time.

The first step in APV is estimating the unlevered firm value, assuming the company has no debt. This is done by discounting the firm's expected Free Cash Flows (FCF) using the cost of equity (K_e) under the assumption of constant growth:

$$APV = \frac{FCF}{(K_e - g)}$$

Where:

- K_e = Cost of equity
- g = Growth rate of free cash flows

This provides a baseline valuation, reflecting the company's pure operating performance, free from financial leverage effects.

Once the unlevered firm value is determined, the next step is to account for the net impact of debt (NE):

$$APV = \text{Unlevered Firm Value} + NE$$

Where NE represents the net benefit of debt, calculated as:

- Tax shields from interest payments: The present value of interest tax deductions.

- Financial distress costs: The increased risk of bankruptcy due to leverage, which can be estimated using credit ratings and default spreads.

The tax shield is calculated by discounting the tax savings at the firm's K_d. However, if the company's debt structure is volatile, the perpetual growth assumption cannot be applied, requiring adjustments in the valuation process (Damodaran, 2012).

To separate operating risk from financial risk, the company's unlevered beta (βu) is derived from its levered beta (βL) by adjusting for the firm's tax rate (t) and debt-to-equity (D/E) ratio:

$$\beta_u = \frac{\beta_L}{1 + (1 - t) \times \frac{D}{E}}$$

This adjustment ensures that the business risk is evaluated independently from financing decisions, maintaining the core principle of APV.

As Luehrman (1997) highlights, "APV unbundles components of value and analyzes each one separately, while WACC combines financing effects within the discount rate."
However, he also warns of potential biases in APV valuation:

- "Overestimating tax benefits"
- "Neglecting financial distress costs"

2.2.2.Equity Valuation Models

While FCFF provides insight into the total cash generated by a company before considering financing decisions, FCFE focuses specifically on the cash available to shareholders. FCFE accounts for net debt effects, including interest payments, principal repayments, and new borrowings, making it a more direct measure of what equity investors can expect to receive.
This makes FCFE-based valuation particularly useful for firms with stable or predictable capital structures, where shareholders are primarily concerned with the cash flows available to them. By considering only the portion of cash flow allocated to equity holders, FCFE helps investors assess whether a company's financial performance justifies its market valuation.

2.2.3.FCFE

FCFE, also referred to as Equity Cash Flow (ECF), represents the cash available to shareholders after all financial obligations have been met. Once these commitments are fulfilled, the remaining cash is either reinvested to sustain growth or distributed to common stockholders as dividends or share buybacks.

As outlined by Fernandez (2002), FCFE reflects the net cash available to equity holders after servicing debt. Similar to FCF, it accounts for operating investments, taxes, and working capital requirements, ensuring that all necessary expenditures are covered before assessing the cash that can be returned to shareholders. In essence, FCFE measures the true financial capacity of a firm to generate returns for its equity investors after fulfilling all prior obligations

$$\begin{aligned} \text{ECF} = \text{FCF} &- [\text{interest payments} \times (1 - \text{T})] \\ &- \text{principal repayments} + \text{new debt} \end{aligned}$$

2.2.4. Gordon's Model (Dividend Discount Model)

Investing in a publicly traded company involves two primary expectations: receiving dividends as a return on investment and eventually selling the stock for at least the initial investment amount. The Dividend Discount Model (DDM), as described by Damodaran (2006), is the oldest form of discounted cash flow valuation, built on the premise that a stock's value is derived from the present value of its future dividend payments. This model is particularly useful for companies with a consistent dividend policy, where dividends serve as a reliable measure of cash flows returned to shareholders.

Following this approach, the price of a share can be determined by discounting the expected future dividends in perpetuity, reflecting the long-term value of holding the stock:

$$P_0 = \sum \frac{D_t}{(1 + K_e)^t}$$

Where:

- P_0 = Present value of the stock
- D_t = Expected dividend at time t
- K_e = Cost of equity (required return)
- t = Time period

The foundation of this model lies in estimating the future cash generation of the firm, specifically in the form of dividends, and discounting them at a rate that reflects the risk associated with the company's cash flows. Since dividends represent the direct returns to shareholders, the accuracy of this valuation depends on forecasting both dividend payments and the appropriate discount rate.

This model is most effective for companies experiencing stable growth, as it assumes the firm's value extends into perpetuity. Given this limitation, its applicability is best suited to firms with predictable and consistent dividend policies.

Additionally, this model requires an understanding of the payout ratio and the level of reinvestment in the company, as these factors directly influence both dividend growth and the firm's long-term value. A higher reinvestment rate may support future growth, while a higher payout ratio results in greater immediate returns to shareholders, making these elements essential in the valuation process.

$$P_0 = \frac{D_1}{K_e - g}$$

Where:

- P_0 = Current stock price
- D_1 = Expected dividend in the next period (Dividend at time $t + 1$)
- K_e = Cost of equity (required rate of return)
- g = Constant dividend growth rate

As noted by Damodaran (2012), companies may choose to retain earnings instead of distributing them as dividends, leading to an understatement of their actual value. This is particularly relevant for undervalued companies, which may accumulate cash reserves rather than increasing dividend payouts, affecting the accuracy of this approach.

Since the DDM assumes that dividends fully reflect the company's cash generation, it may not be suitable for firms that prioritize reinvestment over immediate shareholder returns, such as high-growth companies or those with strong internal expansion strategies

2.3.Relative Valuation

2.3.1.Comparable Multiples

Most assets we purchase—whether real estate, cars, or stocks—are valued through relative valuation. This method involves using market comparables to assess whether a specific asset is overvalued or undervalued based on how similar assets are priced in the market. Instead of estimating an asset's intrinsic value, relative valuation relies on market sentiment and the pricing of comparable assets to determine its worth.

The first step in this approach is to identify a relevant comparison metric, often referred to as a common valuation variable. The second step is to select a peer group that consists of assets that share similar characteristics. Comparing unrelated assets—such as bananas to oranges simply because they are both fruits—fails to provide an accurate valuation. Similarly, in financial markets, we must compare companies that operate under similar conditions to ensure a meaningful analysis.

In stock valuation, common valuation multiples include earnings, cash flows, or revenues (Damodaran, 2012). While DCF valuation aims to determine a company's intrinsic value, relative valuation assumes that market prices reflect fair and efficient asset pricing—meaning that an asset's value is determined by what the market is willing to pay for it.

However, careful selection of peer groups is crucial (Damodaran, 2012). If the comparable companies are not well-matched, the valuation may be misleading. Other challenges include firms with negative earnings or no revenues, which distort common valuation multiples. Fernandez (2022) supports this cautionary approach, emphasizing that relative valuation is best used as a secondary validation tool, reinforcing results obtained through more fundamental valuation models.

2.4.Subscription-Based Companies Valuation

The methodologies discussed previously have been extensively researched and refined over the years, making them adaptable across various industries and business models. However, when applying them to subscription-based (SB) companies, it is crucial to consider key factors that are unique to this business model.

Singh and Jain et al. (2013) define Customer Lifetime Value (CLV) as encompassing both direct benefits, such as subscription revenue, and indirect benefits, as studied by Hogan, Lemon, & Libai (2004), Kumar, Peterson, & Leone (2007), and Rust, Zeithaml, & Lemon (2000) highlight that positive word-of-mouth referrals enhance customer retention and increase overall lifetime value.

CLV plays a fundamental role in evaluating subscription-based businesses, where long-term customer engagement drives revenue. In this context, CLV should account not only for subscription income but also for referrals, upgrades to premium memberships, and retention behavior.

There are different ways to calculate CLV: Contractual models apply to businesses where customer relationships are explicitly defined, while non-contractual models are used when customers can cancel subscriptions at any time.

Reinartz & Kumar (2000) and Blattberg, Getz, & Thomas (2001) emphasize that choosing the right approach depends on the nature of customer engagement.

Since Match Group operates a subscription-based model where users have the flexibility to renew or cancel at will, the selected methodology must account for customer retention and upgrade behavior.

Two of the most recognized models in non-contractual CLV estimation are the Pareto/NBD model (Schmittlein, Morrison, & Colombo, 1987) and the BG/NBD model (Fader, Hardie, & Lee, 2005).

These models are particularly useful, where customers do not sign long-term contracts, and their engagement timing and duration may be uncertain. They help estimate customer lifetime duration and frequency of re-engagement, which is crucial for projecting future revenue streams.

Several key factors influence CLV, with Customer Acquisition Cost (CAC) being one of the most relevant. CAC includes the marketing and advertising expenses needed to attract new

customers, which can be particularly high for SB businesses that rely on a large, engaged user base to sustain network effects.

Another critical element in CLV estimation is the discount rate, which directly impacts the present value of expected cash flows. Gupta, Lehmann, & Stuart (2004) stress the importance of discount rate selection in ensuring long-term profitability, as a higher discount rate reduces the present value of projected earnings.

One of the main challenges in CLV measurement is the volatility of customer retention, as users can cancel their subscriptions at any moment. Singh, Borle, & Jain (2008) argue that CLV models need to be adaptable enough to reflect fluctuations in churn rates. Despite these challenges, businesses can leverage cross-selling and premium upgrades to enhance CLV.

This aligns with earlier studies by Amir & Lev (1996) and Srivastava, Shervani, & Fahey (1998), which examined intangible asset valuation and reinforced the role of customer metrics in assessing firm value. For high-growth firms, where traditional valuation methods fall short, a customer-centric approach provides a forward-looking framework that aligns with future cash flow potential.

When calculating CLV, Gupta & Lehmann (2003) emphasize the importance of four key factors:

- Discount Rate – Determines the present value of projected cash flows.
- Customer Acquisition Cost (CAC) – Influences profitability and return on investment.
- Retention Rate – Small improvements in retention lead to substantial increases in CLV.
- Profit Margin – Companies with strong profit margins benefit the most from CLV-based valuation.

Despite its advantages, customer-based valuation has some limitations. Gupta & Lehmann (2003) acknowledge that most models assume constant retention rates, which may not accurately reflect real-world customer behavior.

Applying Gupta & Lehmann's CLV framework to SB business model allows for a more dynamic assessment of long-term value. By integrating CLV and CAC into financial projections. This enables a more precise financial outlook that factors in user retention, engagement, and monetization strategies. Linking marketing analytics with financial valuation reinforces the importance of customer-related expenses and retention-based revenue models,

which are key to understanding the economics of digital platforms with recurring revenue streams.

$$CLV = \sum_{t=0}^{T} \frac{(p_t - c_t)r_t}{(1+i)^t} - AC$$

where

p_t = price paid by a consumer at time t,
c_t = direct cost of servicing the customer at time t,
i = discount rate or cost of capital for the firm,
r_t = probability of customer repeat buying or being "alive" at time t,
AC = acquisition cost, and
T = time horizon for estimating CLV.

A CLV-driven valuation strategy provides a realistic assessment of long-term financial sustainability beyond short-term earnings reports. Focusing on retention and monetization strategies rather than short-term revenue cycles allows for a stronger and more resilient valuation approach. By incorporating key customer metrics such as CLV, CAC, and retention rate, can build a forward-looking model that reflects the true economic potential of subscription-based businesses.

3. Company Overview

3.1.Company background

Match group was founded in 2009 and joined the NASDAQ listing in 2015. Its headquarters are in Dallas, Texas, USA and it operates in the Online Dating and social Networking Industry.

Match Group is one of the leading global providers of online dating services, operating a portfolio of well-known dating apps and platforms. The company was originally part of InterActiveCorp (IAC), which incubated and grew Match.com and other dating brands before spinning off Match Group as an independent entity in 2020.

IAC (InterActiveCorp) is a media and internet conglomerate known for incubating, acquiring, and spinning off successful digital businesses. It operates a diverse portfolio of online brands across multiple industries, including dating, media, home services, and publishing.

Match Group owns and operates several of the most popular online dating platforms, catering to a broad range of demographics and preferences. Some of its most significant brands include:

- Tinder (acquired 2017, internal development since 2012) – The world's most popular dating app, known for its swiping feature.
- Match.com (founded 1995) – One of the oldest dating sites, catering to serious relationships.
- OkCupid (acquired 2011) – A platform with in-depth matching algorithms and social compatibility questions.
- Hinge (acquired 2018) – Aimed at users looking for serious relationships, marketed as "Designed to be Deleted."
- Plenty of Fish (POF) (acquired 2015) – A dating platform with a strong presence in North America.
- Meetic (acquired 2013) – A European-focused dating service.
- Pairs (acquired 2015) – A leading dating app in Japan.
- Hawaya (acquired 2020) – Focused on Muslim dating.
- The League (acquired 2022) – An exclusive dating app catering to professionals.

3.2.Business Model Strategy

Match Group operates on a freemium model, offering free basic services with premium features available via subscription. Revenue is primarily generated through:

1. Subscription-Based Revenue – Premium tiers (e.g., Tinder Gold, Hinge Preferred) provide added functionalities like unlimited swipes, profile boosts, and read receipts.
2. A La Carte Purchases – In-app purchases for features like Super Likes, Boosts, and visibility enhancements.
3. Advertising Revenue – Some brands integrate targeted ads, though advertising is a smaller portion of revenue compared to subscriptions.

Match group is investing in keeping its position as number 1 online dating app in the world and growing its app portfolio by:

Revenue Diversification

Shifted focus from pure subscription-based models to a la carte purchases, AI-powered premium features, and video-driven interactions.

Cost Optimization

Implemented operational efficiencies to counteract economic pressures and maintain profit margins.

M&A and Innovation

Continued investing in AI, machine learning, and potential acquisitions to enhance user engagement and retention.

4. Industry

Online dating continued to expand globally, with a growing preference for relationship-focused apps (Hinge, Pairs in Japan) over casual swiping platforms.

AI and video dating became more prominent, with Match Group investing in algorithm improvements and video features to enhance engagement.

Based on Online Dating Market report by market.us, the Global Online Dating Market size is USD 9.4 Billion in 2023 and expected to be worth around USD 18.1 Billion by 2033, from 2024 to 2033 forecast period, it is expected to grow at a CAGR of 6.8%.

The market share for the 3 main companies in the industry is presented as:

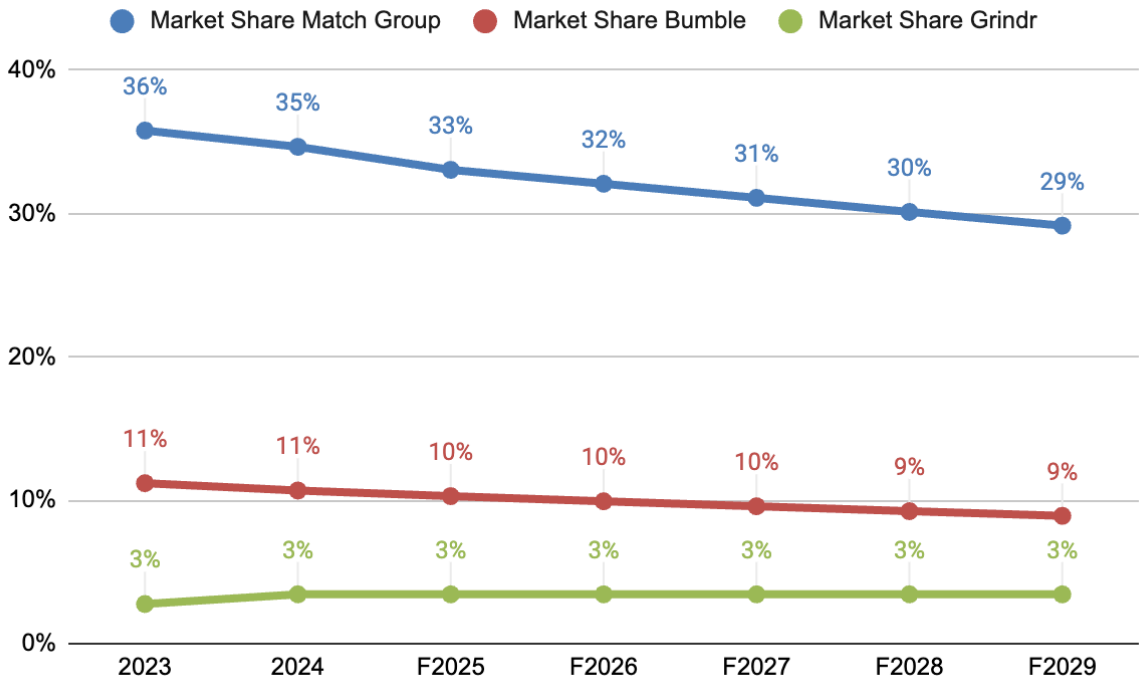

Figure 4.1 - Online Dating Industry Market Share (source: Market.us Report and Authors Estimations)

Based on recent reports, Match Group, Bumble and Grindr are stabilizing their market share. In 2024 annual reports these companies revenue grew YoY of 3.32%, 1.92% and 32.85% by this order. Match Group is expected to grow between 3,68% and 3,4% for 2025-2029 hitting a market share close to 30% by the end of the forecast. It's important to mention Match Group has more than 3x the market share of its direct competitor, Bumble, which will stabilize around 9% market share as of 2029 forecasts. Small players are gaining market share in the modern and dynamic age we are at, where users prefer to try new apps than using the mature apps in the market for the past 5 years. (See **Appendix I - Market Share Calculation)**

In terms of competition & market position, Bumble Inc. and smaller niche platforms gained traction, but Match Group maintained dominance due to its diversified brand portfolio.

Match Group growth in emerging markets (India, Southeast Asia, Latin America) helped counterbalance saturation in the U.S. and Europe.

Regarding challenges, Match Group faced legal and regulatory challenges, including disputes with Google and Apple over app store fees. Increased scrutiny over subscription transparency and user privacy influenced platform policies.

5. Economic outlook

5.1.Macroeconomic Environment

The global economy in 2023-2024 was marked by several key trends that influenced consumer behavior and corporate performance, including Match Group.

According to the IMF, in 2023-2024, the global macroeconomic environment experienced a notable slowdown. This source states that global growth decelerated from 3.5% in 2022 to 3.0% in 2023, with projections indicating a further decline to 2.9% in 2024.

Advanced economies were particularly affected, with growth rates decreasing from 2.6% in 2022 to 1.5% in 2023, and an anticipated 1.4% in 2024.

Emerging market and developing economies saw a modest decrease in growth, from 4.1% in 2022 to 4.3% in 2023 and 4.2% in 2024.

5.2.Inflation and Interest Rates

Many economies, particularly the U.S. and Europe, faced persistent inflation in early 2023, driven by supply chain disruptions and geopolitical tensions. According to the IMF, global headline inflation declined from 8.7% in 2022 to 6.8% in 2023, as supply-side pressures eased and restrictive monetary policies took effect. Inflation is projected to fall further, reaching 5.8% in 2024 and 4.4% in 2025.

In response, central banks aggressively raised interest rates. The Federal Reserve kept the federal funds rate between 4.25% and 4.50% throughout 2023. As inflation moderated, the Fed began cutting rates in mid-2024, reducing them to 3.15% by December 2024 and to 2.75% by January 2025, with further cuts expected.

The European Central Bank (ECB) also maintained high rates in 2023, holding its deposit facility rate at 3.75%. As inflation eased, the ECB lowered the rate to 2.75% by the end of 2024. Further cuts are expected in 2025, with a projected reduction to 2.50% in March and an additional 50 basis points later in the year. These actions reflect a shift toward supporting growth amid a slowing eurozone economy and rising trade tensions.

5.3.Performance

Match Group dominates the online dating market, holding the largest share globally.
Tinder remains its biggest revenue driver, contributing a significant portion of total earnings.
The company is actively investing in AI-driven matchmaking and video-based social networking features.

The industry has gained strong competition while the use of a mobile phone is the most important thing on a daily basis for people worldwide.

Its greatest competitors are:

1. Bumble Inc which owns Bumble and Badoo
2. Facebook Dating
3. Grindr Inc. designed for LGBTQ+ dating
4. eHarmony focused on long-term relationships

6.Financial Analysis

6.1.Sales

Match Group allows users to create profiles and browse others for free across its various brands, while additional features are available as either free or paid options. Premium features typically require a subscription, ranging from one week to six months, with pricing varying based on duration, feature bundles, and promotions. Many brands also offer à la carte options, such as profile boosts or user highlights, on a pay-per-use basis.

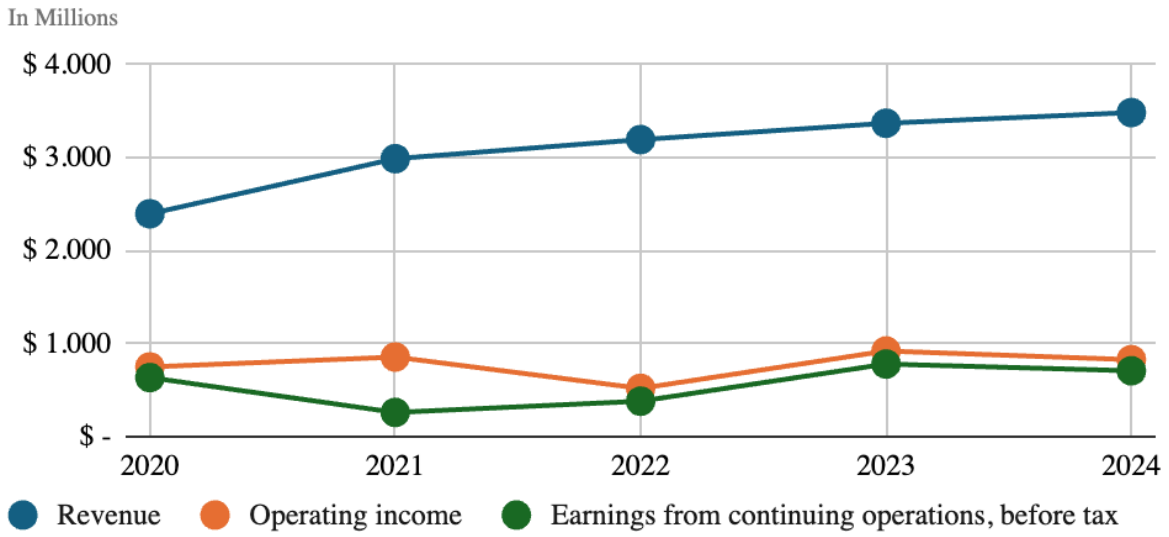

Figure 6.1 - Profitability Evolution of Match Group 2020-2024 (source: Match Group Form 10-K 2020-2024)

Match Group primarily generates revenue from recurring subscriptions, which provide unlimited access to bundled features, while à la carte purchases contribute to a lesser extent. Advertising accounts for a smaller portion of total revenue (0-3%) compared to direct user payments. The pricing structure and feature offerings are continuously refined across its brands.

In 2023, Match Group implemented several pricing optimizations across its platforms, particularly focusing on Tinder and Hinge. These strategies included introducing weekly subscription packages and adjusting pricing structures to enhance revenue:

- **Tinder**
  - Pricing Adjustments in the U.S. were implemented, as new pricing strategies aiming revenue growth, the company anticipates long-term benefits from these adjustments.
  - Tinder expanded its offerings to include weekly subscription packages. These shorter-duration options have increased conversion and renewal rates, especially among female users and younger demographics.

- **Hinge**
  - Similar to Tinder, Hinge introduced weekly subscription options to further enhance its monetization strategy.

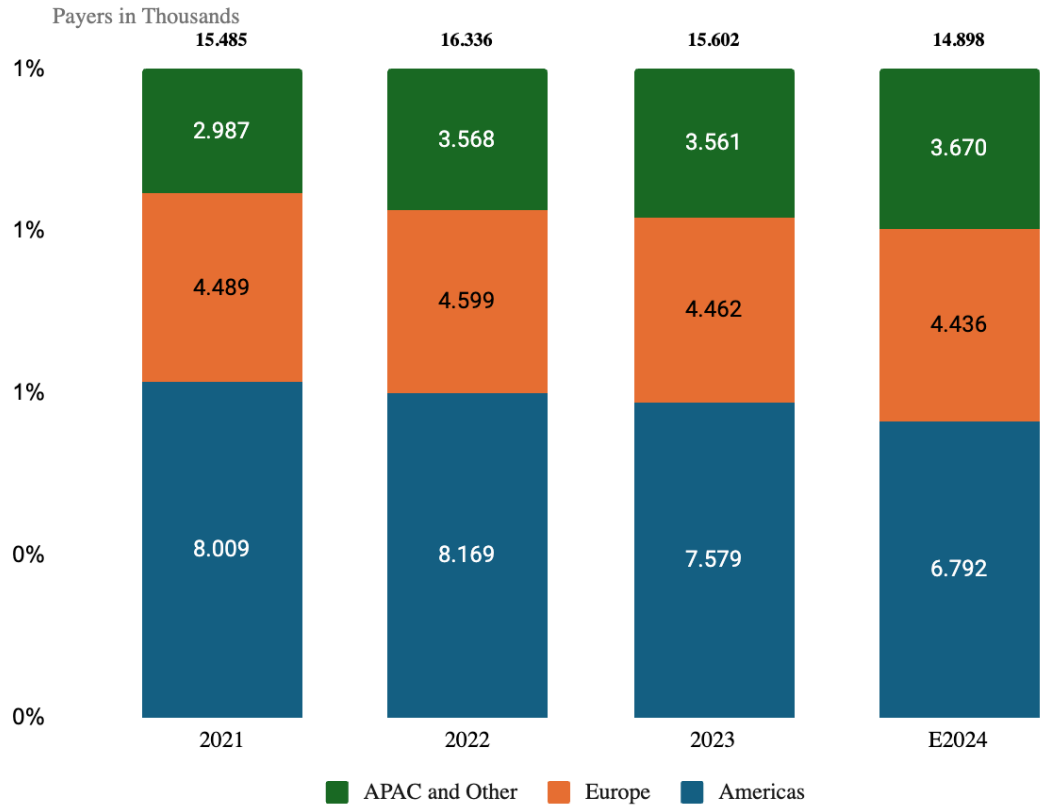

Figure 6.2 - Payers per Region Match Group 2020-2024 (source: Match Group Form 10-K 2020-2024)

The price changes influenced the number of Payers, mainly in developed countries but it increased the revenues and is expected to stabilize in the next few years after the payers decrease.

Tinder

Tinder's Direct Revenue grew by $23 million (1%) in 2024, or 4% on a constant currency basis. Growth was driven by an 8% increase in Revenue Per Payer (RPP) from pricing optimization, partially offset by a 7% decline in payers. Currency headwinds, notably from the Argentine Peso, Turkish Lira, and Japanese Yen, also impacted reported growth.

RPP	2022	2023	2024
Tinder	$13,75	$15,40	$16,68
Hinge	$24,11	$26,61	$29,94
MG Asia	$27,04	$27,50	$23,56
E&E	$17,46	$18,79	$20,10
Total	**$15,97**	**$17,67**	**$19,12**

Figure 6.3 - Revenue Per Payers per App Match Group 2022-2024 (source: Match Group Form 10-K 2020-2024)

Hinge

Hinge Direct Revenue grew by $154 million (39%) year-over-year in 2024, compared to 2023. Growth was fueled by both continued expansion in Europe and a strong performance in the U.S.. Payers increased by 23%, while RPP improved by 13%, largely due to pricing strategies and greater adoption of à la carte features. Hinge's success in both payer growth and RPP highlights its role as a primary driver of Match Group's international and premium monetization strategy.

E&E

E&E (Emerging & Evergreen) Direct Revenue declined 7% in 2024, with Evergreen brands (such as Match and OkCupid) down 12%, while Emerging brands grew 17%. The decline was primarily due to a 13% reduction in payers, partially mitigated by a 7% increase in RPP. Additionally, the decision to terminate certain live streaming services in the second half of 2024 contributed to the revenue shortfall, impacting E&E's performance.

MG Asia

MG Asia Direct Revenue decreased by $18.7 million (6%) in 2024 compared to the prior year. Excluding the closure of Hakuna in Q3 2024, revenue in the region declined by $7.7 million (3%). The overall decrease was compounded by adverse foreign exchange movements, especially the depreciation of the Turkish Lira and Japanese Yen against the U.S. dollar.

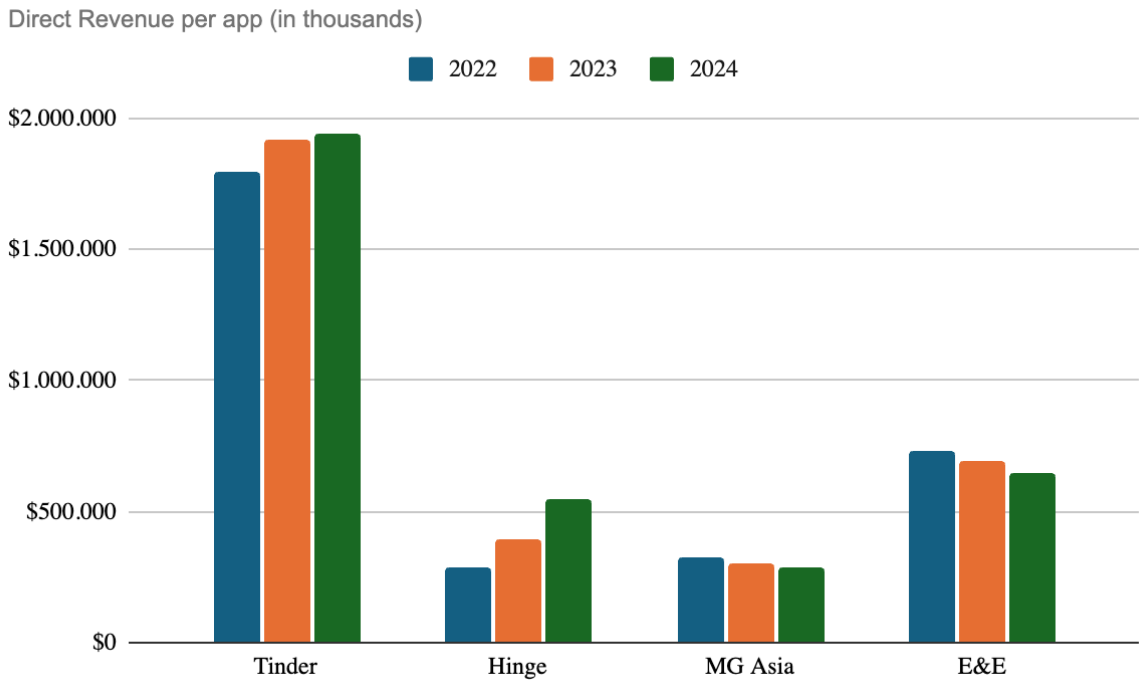

Figure 6.4 - Direct Revenue per App Match Group 2022-2024 (source: Match Group Form 10-K 2020-2024)

Other streams of Revenue

Indirect Revenue increased $5 million in 2024, primarily due to higher ad rates and higher ad impressions, whereas in 2023, it declined $2.2 million, mainly due to lower ad impressions but was partially offset by higher rates per impression.

6.2.Solvency

Match Group's financial structure is heavily reliant on debt, with negative equity in all analyzed years, making the Debt-to-Equity ratio ineffective for evaluating leverage. Instead, Debt-to-Assets, Debt-to-Capital, and Net Debt-to-EBITDA provide a clearer picture of the company's financial health and solvency risk.

Solvency	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Debt-to-Assets	129,1%	78,1%	94,4%	87,8%	88,5%
Debt-to-Capital	156,1%	105,2%	110,0%	100,5%	101,6%
Net-Debt-to-EBITDA	4,02	3,41	3,65	3,01	3,03

Figure 6.5 - Solvency Ratios Match Group 2020-2024 (source: Match Group Form 10-K 2020-2024 and Author Estimation)

1. Debt-to-Assets has improved, decreasing from 129.05% in 2020 to 88.5% in 2024. While this indicates a reduction in leverage, the company still finances a significant portion of its assets through debt, keeping solvency risk high.

2. Debt-to-Capital remains above 100%, meaning that debt exceeds total capital. After peaking at 156.13% in 2020, it improved to 101,6% in 2024, reflecting some progress in reducing debt reliance but still highlighting the lack of shareholder equity in the capital structure.

3. Net Debt-to-EBITDA has gradually improved, dropping from 4.02x in 2020 to 3.03x in 2024. This suggests that debt levels are becoming more manageable relative to earnings, though leverage remains above the industry average, where a ratio below 3x is considered safer.

7.Forecast Analysis

7.1.Revenue

The revenue forecast represents a critical component in the valuation process of Match Group, providing the foundation for estimating future cash flows and, ultimately, the intrinsic value of the company. This section outlines the projections for Match Group's revenues over the forecast period, taking into account both historical performance and forward-looking expectations based on Economic and Market dynamics, Match Group Number 1 company in the online dating sector for downloads as its competitive positioning, and trust in the management guidance.

We have initiated the estimation of the high growth phase of Match group by calculating its growth rate for the next 5 years (period of valuation) and then will apply the terminal value based on a stable phase growth rate aligned with the economics forecasts.

We used Match Group historic direct revenue per app:

Direct Revenue (in thousands)	2020	2021	2022	2023	2024
Tinder	$1.355.400	$1.649.757	$1.794.467	$1.917.629	$1.940.619
Hinge	$90.145	$196.538	$283.668	$396.485	$550.435
Other Brands	$899.179	$1.076.576	$1.052.086	$994.017	$926.924
	$2.344.724	$2.922.871	$3.130.221	$3.308.131	$3.417.978

Figure 7.1 - Historical Direct Revenue Match Group 2020-2024 (source: Match Group Form 10-K 2020-2024)

Then we estimated the Year over Year growth rates:

Growth YoY	2020	2021	2022	2023	2024
Tinder		21,72%	8,77%	6,86%	1,20%
Hinge		118,02%	44,33%	39,77%	38,83%
Other Brands		19,73%	-2,27%	-5,52%	-6,75%

Figure 7.2 - Revenue Growth Rate 2020-2024 (source: Match Group Form 10-K 2020-2024)

Tinder and Hinge revenues are still growing, although Tinder is losing traction due to market saturation and approaching its stable phase.

To estimate the growth for future years on a realistic view per app, we have assumed a 25% weight on this calculation for the Revenue Growth with some details:

1. Tinder is approaching its stable phase - so we have considered Tinder's 2024 growth rate for 2025
2. Hinge is still gaining traction in multiple markets so we kept its 2024 high growth rate for 2025
3. Other Match Group brands are decreasing and we have assumed its negative growth rate from 2024 to 2025 since we expect these brands to keep losing market share.

Revenue Growth (A)	Metric Weight	F2025	F2026	F2027	F2028	F2029
Tinder	Yearly Average from 2024 on	1,20%	1,95%	2,29%	2,46%	2,55%
Hinge		38,83%	25,47%	19,93%	16,79%	14,74%
Other Brands		-6,75%	-3,02%	-1,44%	-0,57%	-0,02%
Weight on Final Growth Rate						
Tinder	25%	0,30%	0,49%	0,57%	0,61%	0,64%
Hinge		9,71%	6,37%	4,98%	4,20%	3,68%
Other Brands		-1,69%	-0,75%	-0,36%	-0,14%	0,00%

Figure 7.3 - Revenue Growth Rate Estimation based on Weighted-Revenue 2025-2029 (source: Author Estimation)

After applying 2024 rates weighted on 25%, the second metric considered is the forecasted GDP based on IMF estimation - and its weight on the calculation is 75% due to our conservative overlook on Match Group high growth phase. We expect MG to be close to its stable phase on a consolidated view even with some apps still on its growth phase.

Forecasted GDP (IMF) (B)	Metric Weight	F2025	F2026	F2027	F2028	F2029
World	75%	3,20%	3,30%	3,20%	3,10%	3,10%
Weight on Growth Rate		**2,40%**	**2,48%**	**2,40%**	**2,33%**	**2,33%**

Figure 7.4 - Revenue Growth Rate Estimation based on Weighted-Economic Growth 2025-2029 (source: Author Estimation)

Then, we calculated the forecasted Revenue per year per app and, based on the Revenue for 2024 and 2025 we have computed its average and applied for the next year. We repeated the process until 2029. As we are considering the yearly GDP estimates until 2029, Match Group revenues overtime will tend to the economy growth:

Growth Applied to Match Revenues (A+B)	F2025	F2026	F2027	F2028	F2029
Tinder	2,70%	2,96%	2,97%	2,94%	2,96%
Hinge	12,11%	8,84%	7,38%	6,52%	6,01%
Other Brands	0,71%	1,72%	2,04%	2,18%	2,32%

Figure 7.5 - Final Revenue Growth Rate Estimation 2025-2029 (source: Author Estimation)

So for the next 5 years our Forecasted revenues per app for are:

Direct Revenue (in thousands)	2024	F2025	F2026	F2027	F2028	F2029
Tinder	$1.940.619	$1.993.010	$2.052.050	$2.113.031	$2.175.145	$2.239.608
Hinge	$550.435	$617.077	$671.639	$721.216	$768.257	$814.422
Other Brands	$926.924	$933.529	$949.589	$968.963	$990.113	$1.013.087
Total Revenue	$3.417.978	**$3.543.616**	**$3.673.278**	**$3.803.211**	**$3.933.515**	**$4.067.117**

Figure 7.6 - Revenue Estimation 2025-2029 (source: Author Estimation)

7.2.Cost of Revenue and Operating Expenses

Match group costs are divided between:

Cost of Revenue

Primarily includes the amortization of in-app purchase fees, employee compensation expenses (Incl. stock-based compensation), and other personnel-related costs associated with data center operations and customer support services.

It also encompasses credit card processing fees, hosting services, live video expenses, as well as data center rent, utilities such as energy, and bandwidth charges.

The in-app purchase fees refer to amounts paid to Apple and Google for processing subscription and service feature transactions through their respective in-app payment platforms and it's one of Match Group biggest expenses.

(In Thousands)	2022	Change	%	2023	Change	%	2024
Cost of revenue	$959.963	-$5.949	-1%	$954.014	$37.259	4%	$991.273
Percentage of Revenue	*30,10%*			*28,36%*			*28,49%*

Figure 7.7 - Historical Cost of Revenue 2022-2024 (source: Form 10-K 2024)

Cost of revenue increased by 4% in 2024, largely driven by a $49.9 million rise in in-app purchase fees, primarily at Hinge, reflecting higher revenues. Additionally, the comparison was impacted by the return of escrow payments in the prior year related to the Google litigation, which had been recorded under Corporate and Unallocated costs. The growth in in-app purchase fees was partially offset by a $13.9 million reduction in variable expenses, mainly at E&E and MG Asia, following the discontinuation of certain live streaming services and the shutdown of the Hakuna app in 2024. Total in-app purchase fees for the year amounted to $696.6 million.

In 2023, cost of revenue decreased by 1% compared to 2022, driven by a $20.9 million reduction in variable expenses at MG Asia and a $6.4 million drop in employee compensation, mainly at Tinder and Corporate. These savings were partially offset by a $24.2 million increase in in-app purchase fees at Tinder and Hinge. Total in-app purchase fees were $646.7 million in 2023, up from $622.5 million in 2022.

Selling and Marketing Expenses

Selling and marketing expenses primarily comprise advertising costs and employee compensation (incl. stock-based), along with other expenses for staff involved in sales, marketing, and sales support activities. Advertising spend includes investments in online marketing — such as fees paid to search engines and social media platforms—as well as offline campaigns, predominantly television advertising.

(In Thousands)	2022	Change	%	2023	Change	%	2024
Selling and marketing expense	$534.517	$51.745	10%	$586.262	$35.838	6%	$622.100
Percentage of Revenue	*17%*			*17%*			*18%*

Figure 7.8 - Historical Sales and Marketing Expense 2022-2024 (source: Form 10-K 2024)

Selling and marketing expenses increased in 2024, primarily driven by a $27.2 million rise in customer acquisition costs, with Hinge and Tinder contributing most of the increase. These higher expenses were partially offset by reductions in spending at E&E and MG Asia.

For the year ended December 31, 2023, selling and marketing expenses also rose, mainly due to an additional $44.7 million in customer acquisition costs, largely attributable to Tinder and

Hinge. These increases were partly offset by lower marketing expenditures at E&E and MG Asia.

General and Administrative Expenses

General and administrative expenses primarily include employee compensation (incl. stock-based) and other costs for teams involved in executive management, finance, legal, tax, and human resources. These expenses also encompass fair value adjustments related to acquisition-related contingent consideration, fees for professional services—such as legal and advisory costs associated with transactions and acquisitions—and facilities-related expenses.

(In Thousands)	2022	Change	%	2023	Change	%	2024
General and administrative expense	$435.868	-$22.259	-5%	$413.609	$25.230	6%	$438.839
Percentage of Revenue	*14%*			*12%*			*13%*

Figure 7.9 - Historical G&A Expense 2022-2024 (source: Form 10-K 2024)

General and administrative expenses increased in 2024, primarily driven by an $11.1 million rise in digital sales taxes. The majority of this increase is attributable to the implementation of Canada's digital sales tax in June 2024, which was applied retroactively to 2022. Additionally, employee compensation expenses rose by $8.3 million, and stock-based compensation expenses increased by $5.0 million. These increases were recognized across all business segments as well as within Corporate and Unallocated costs.

In 2023, general and administrative expenses declined, mainly due to a $25.5 million reduction in legal and professional fees and a $7.6 million drop in stock-based compensation. These were partly offset by a $15.7 million increase in employee compensation.

Product Development Expenses

Product development expenses primarily consist of employee compensation (incl. stock-based) and other costs for staff involved in the design, development, testing, and enhancement of the company's service offerings and related technologies. These costs reflect activities that are not capitalized as part of internally developed software or other intangible assets.

(In Thousands)	2022	Change	%	2023	Change	%	2024
Product development expense	$333.639	$50.546	15%	$384.185	$57.990	15%	$442.175
Percentage of Revenue	*10%*			*11%*			*13%*

Figure 7.10 - Historical Product Development Expense 2022-2024 (source: Form 10-K 2024)

Product development expenses increased in 2024, primarily driven by a $24.5 million rise in employee compensation expenses and a $26.3 million increase in stock-based compensation. These increases were mainly due to higher headcount at Hinge and Tinder, partially offset by a reduction in expenses at E&E.

For the year ended December 31, 2023, product development expenses also rose, largely due to an $18.3 million increase in employee compensation expenses and a $33.7 million increase in stock-based compensation. Both increases reflect continued growth in headcount at Hinge and Tinder.

Depreciation, Impairments and Amortization Expenses

Depreciation and amortization reflect the allocation of the cost of tangible and intangible assets over their useful lives. These expenses primarily include the depreciation of property, plant, and equipment, and the amortization of capitalized software development and acquired intangible assets. As non-cash charges, they impact earnings but not cash flow, and typically increase in line with investments in technology and infrastructure.
Impairments are the carrying value of an asset that exceeds its recoverable amount, resulting in a non-recurring expense. These charges typically reflect changes in business conditions, such as discontinued operations or declining asset performance, and directly impact operating results.

(In Thousands)	2022	Change	%	2023	Change	%	2024
Depreciation	$43.594	$18.213	42%	$61.807	$25.692	42%	$87.499
Percentage of Revenue	*1%*			*2%*			*3%*
Impairments and amortization of intang	$366.257	-$318.526	-87%	$47.731	$26.444	55%	$74.175
Percentage of Revenue	*11%*			*1%*			*2%*

Figure 7.11 - Historical D&A and Impairments Expense 2022-2024 (source: Form 10-K 2024)

Depreciation expense increased in 2024 compared to 2023, primarily due to higher amortization of internally developed software placed in service at Tinder, MG Asia, and E&E.

For the year ended December 31, 2023, depreciation expense rose compared to 2022, mainly driven by an increase in internally developed software assets placed in service at Tinder and MG Asia.

Impairments and amortization of intangible assets increased in 2024, primarily due to $30.6 million in impairments at E&E and MG Asia. These charges were related to the termination of certain live streaming services and the shutdown of the Hakuna app during the year.

For the year ended December 31, 2023, impairments and amortization of intangible assets decreased compared to 2022. The prior year included higher impairment charges on both indefinite-lived and definite-lived intangible assets, primarily within MG Asia.

7.3.Working Capital

Net Working capital represents the capital investment or disinvestment a company needs to make, in the short term, to maximize its operation.

The difference between a company’s current assets and current liabilities, serving as a measure of its short-term liquidity and operational efficiency. Effective management of working capital ensures the company can meet its day-to-day obligations while supporting ongoing business operations. Changes in working capital directly impact cash flow, particularly in the context of free cash flow and valuation models. For Cash flow purposes we have adapted the NWC items to better reflect operational current spends the company may have and forecast it until 2029:

Net Working Capital	2021	2022	2023	2024	F2025	F2026	F2027	F2028	F2029
Change in WC		$426.146	$127.920	$56.986	-$23.600	$5.591	$5.395	$5.206	$6.012
Working Capital	-$636.590	-$210.444	-$82.524	-$25.538	-$49.138	-$43.547	-$38.153	-$32.947	-$26.935
Assets									
Accounts receivable	$188.482	$191.940	$298.648	$324.963	$339.799	$352.232	$364.691	$377.186	$389.997
Other current assets	$202.568	$109.327	$104.023	$102.072	$103.957	$107.760	$111.572	$115.395	$119.314
	$391.050	$301.267	$402.671	$427.035	$443.756	$459.993	$476.264	$492.581	$509.312
Liabilities									
Accounts payable	$37.871	$13.699	$13.187	$18.262	$18.656	$19.059	$19.471	$19.892	$20.321
Deferred revenue	$262.131	$252.718	$211.282	$166.142	$169.731	$173.397	$177.142	$180.968	$184.245
Accrued expenses and other current liabilities	$727.638	$245.294	$260.726	$268.169	$304.506	$311.084	$317.803	$324.668	$331.680
	$1.027.640	$511.711	$485.195	$452.573	$492.893	$503.540	$514.416	$525.528	$536.247

Figure 7.12 - Net Working Capital Estimation FCFF 2021-2029 (source: Form 10-K 2021-2024 and Author Estimation)

Match Group Net Working capital was adjusted to exclude:

1. Leases effect on the current operations (accrued expenses) and reallocate to debt.
2. Short-term investments were also excluded from this calculation since they were considered as short-term non-operating financial investments and reallocated to Non-operating assets for valuation purposes.
3. The dividend accrual in 2024 (its financing activity, not operational)
4. The Interest expenses accrual (its financing activity, not operational)

To compute the forecast for 2025-2029, We have considered the average historical pre-adjusted changes in working capital as % of revenues for 2021-2024, Which amounts to 2,16%.

See Balance Sheet forecast chapter to understand all related details.

For the assets:

Accounts receivable, net of allowance - The receivables average terms for past years are:

	2022	2023	2024
Accounts receivable in days	21,97	32,40	34,09

Figure 7.13 - Average AR receipt time 2022-2024 (source: Form 10-K 2021-2024 and Author Estimation)

For 2025, we considered an average of 35 days which represents 339.799 thousands of USD. For the forecasted period of 2025-2029 we have the same assumption.

Other current assets - Were added to the Net working capital computing. It referred to operational current assets. For the past 3 years of 2022-2024 - This item has decreased from 3,43% to 2,93% of Revenues in 2024. We have assumed it followed last year's % of revenue for the full forecast of 2,93% as we don’t expect the company to change its operation, other than the expected.

7.4. Income Statement Forecast

Income Statement	2022	2023	2024	F2025	F2026	F2027	F2028	F2029
Revenue	$3.188.843	$3.364.504	$3.479.373	$3.543.616	$3.673.278	$3.803.211	$3.933.515	$4.067.117
Cost of revenue	$959.963	$954.014	$991.273	$1.009.576	$1.046.516	$1.083.534	$1.120.658	$1.158.721
	30,10%	*28,36%*	*28,49%*	*28,49%*	*28,49%*	*28,49%*	*28,49%*	*28,49%*
Selling and marketing expense	$534.517	$586.262	$622.100	$638.560	$661.925	$685.339	$708.819	$732.894
	16,76%	*17,42%*	*17,88%*	*18,02%*	*18,02%*	*18,02%*	*18,02%*	*18,02%*
General and administrative expense	$435.868	$413.609	$438.839	$440.826	$456.956	$473.119	$489.329	$505.949
	13,67%	*12,29%*	*12,61%*	*12,44%*	*12,44%*	*12,44%*	*12,44%*	*12,44%*
Product development expense	$333.639	$384.185	$442.175	$450.339	$466.817	$483.330	$499.889	$516.868
	10,46%	*11,42%*	*12,71%*	*12,71%*	*12,71%*	*12,71%*	*12,71%*	*12,71%*
Depreciation	$43.594	$61.807	$87.499	$46.776	$48.487	$50.202	$51.922	$53.686
	1,37%	*1,84%*	*2,51%*	*1,32%*	*1,32%*	*1,32%*	*1,32%*	*1,32%*
Impairments and amortization of intangibles	$366.257	$47.731	$74.175	$66.911	$52.705	$43.729	$43.283	$61.809
	11,49%	*1,42%*	*2,13%*	*1,89%*	*1,43%*	*1,15%*	*1,10%*	*1,52%*
Total operating costs and expenses	$2.673.838	$2.447.608	$2.656.062	$2.652.989	$2.733.408	$2.819.253	$2.913.901	$3.029.929
Operating income	$515.005	$916.896	$823.311	$890.628	$939.870	$983.957	$1.019.613	$1.037.188
Interest expense	-$145.547	-$159.887	-$160.071	-$160.343	-$160.616	-$160.889	-$161.162	-$161.436
Other income (expense), net	$8.033	$19.772	$40.815	$40.815	$40.815	$40.815	$40.815	$40.815
Earnings from continuing operations, before tax	$377.491	$776.781	$704.055	$771.100	$820.070	$863.883	$899.266	$916.566
Income tax (provision) benefit	-$15.361	-$125.309	-$152.743	-$169.642	-$180.415	-$190.054	-$197.839	-$201.645
Net earnings from continuing operations	$362.130	$651.472	$551.312	$601.458	$639.654	$673.829	$701.428	$714.922
(Loss) earnings from discontinued operations, net of tax	-$2.211							
Net earnings from continuing operations	$359.919	$651.472	$551.312	$601.458	$639.654	$673.829	$701.428	$714.922
Net loss attributable to noncontrolling interests	$2.027	$67	-$36					
Net earnings from continuing operations	$361.946	$651.539	$551.276	$601.458	$639.654	$673.829	$701.428	$714.922

Figure 7.14 - Income Statement Forecast 2022-2029 (source: Form 10-K 2022-2024 and Author Estimation)

The assumptions for 2025-2029 forecast on the Income statement are:

Cost of Revenue - % of Revenues following 2024 amounts in order to maintain the operations returns. It's not expected to have different fees from the current providers - mainly in-app stores fees that generate the sales.

Selling and Marketing Expenses - This item has been increasing historically, due to being correlated to market saturation and churn rate. The cost of acquiring a customer is higher and we have forecasted in 2025 to increase to 18,02% of the yearly revenues and then stabilize for the remaining forecast periodo followed by cost optimization strategies.

General and administrative expenses - in 2025 decrease to 12,44% of the total revenues. This item contains a reflection of a sporadic increase in 2024 due to retroactive tax in Canada which was only recognized in 2024. For the following years it is expected to follow the same weight of revenues, falling from a range of 13,67% and 12,61% of revenues from 2022 to 2024.

Product development expenses - This item is the non-capitalized expenses with developing the product. This cost is increasing historically, also correlated with the market saturation and the need of innovating to increase market share and active users - the same weight of revenues of 12,71% was kept to maintain its growth - knowing that Match Group its capitalizing the R&D of these kind of expenses when it complies with the international capitalization accounting rules.

Depreciation - This item is a reflection of the balance sheet assets for the respective year. Match group has different kind of assets and useful lives as it follows:

Asset Category	Estimated Useful Lives
Buildings and building improvements	10 to 39 years
Computer equipment and capitalized software	2 to 3 years
Furniture and other equipment	5 years
Leasehold improvements	6 to 10 years

Figure 7.15 - Estimated Assets Useful Lives 2022-2024 (source: Form 10-K 2022-2024)

Based on the assets amount and its historical D&A we calculated an average of 25% D&A per year on the Property and Equipment yearly amount, based on the following:

Asset Category	Lifetime Average
Computer equipment and capitalized software	3
Buildings and building improvements	20
Leasehold improvements	8
Furniture and other equipment	5

Figure 7.16 - Estimated Average of Assets Useful Lives 2025-2029 (source: Form 10-K 2022-2024 and Author Estimation)

Impairments and amortization of intangibles - from 2,13% of revenues in 2024 to 1,9% in 2025. In 2024 there were extra impairments, like the Hakuna App which was terminated as other streaming services of Match Group that amounted to 30M USD.

For future years, even though there is low visibility we expect a decrease in this item spending. Also, Match Group already estimated the amortization of definite lives assets that are under this item expenses for next years as it follows:

At December 31, 2024, amortization of intangible assets with definite lives is estimated to be as follows:

	(In thousands)
2025	$ 36,991
2026	22,705
2027	13,729
2028	13,283
2029 and thereafter	31,809
Total	$ 118,517

Figure 7.17 - Intangible Assets with definite Useful Lives 2025-2029 (source: Form 10-K 2022-2024)

On top of these estimates - we have added 30M USD to cover impairments that we are not able to forecast with detail. The 30M estimation was computed based on past years comparison between Match Group estimates and the impairments reported for 2022-2024.

Other Income - We have assumed the same amount for the full forecasted periods since there isn't any detailed information about changes.

Interest Expense - As of past 2022-2023, historically interest expense rate has been 4,16% of long-term debt amount - for 2025-2029 we have estimated the same amount on a conservative approach, since in 2024 and 2025 FED is expecting to decrease or maintain its rate. For the 2026-2029 period it will depend on the economic reaction, so the same rate was considered.

Taxes - Match Group expects to maintain their taxes expenses near the 20%, we have computed 22%, following 2024, by using the tax credit open to deduct income tax and decrease it from the marginal rate of 25%.

7.5.Balance Sheet Forecast

Balance Sheet	2021	2022	2023	2024	F2025	F2026	F2027	F2028	F2029
ASSETS									
Cash and cash equivalents	$815.384	$572.395	$862.440	$965.993	$1.092.265	$1.137.126	$1.199.619	$1.229.212	$1.257.239
Short-term investments	$11.818	$8.723	$6.200	$4.734	$4.821	$4.998	$5.175	$5.352	$5.534
Accounts receivable	$188.482	$191.940	$298.648	$324.963	$339.799	$352.232	$364.691	$377.186	$389.997
Other current assets	$202.568	$109.327	$104.023	$102.072	$103.957	$107.760	$111.572	$115.395	$119.314
Total current assets	$1.218.252	$882.385	$1.271.311	$1.397.762	$1.540.842	$1.602.117	$1.681.057	$1.727.145	$1.772.084
Property and equipment, net	$163.256	$176.136	$194.525	$158.189	$187.103	$193.949	$200.810	$207.690	$214.744
Goodwill	$2.411.996	$2.348.366	$2.342.612	$2.310.730	$2.280.730	$2.250.730	$2.220.730	$2.190.730	$2.160.730
Intangible assets, net	$771.697	$357.747	$305.746	$215.448	$219.350	$227.376	$235.419	$243.485	$251.755
Deferred income taxes	$334.937	$276.947	$259.803	$262.557	$240.417	$216.870	$192.065	$166.245	$139.928
Other non-current assets	$163.150	$141.183	$133.889	$121.085	$109.629	$99.257	$89.866	$81.363	$73.665
Total non-current assets	$3.845.036	$3.300.379	$3.236.575	$3.068.009	$3.037.228	$2.988.181	$2.938.889	$2.889.512	$2.840.821
TOTAL ASSETS	$5.063.288	$4.182.764	$4.507.886	$4.465.771	$4.578.070	$4.590.298	$4.619.946	$4.616.657	$4.612.905
LIABILITIES									
Current maturities of long-term debt, net	$99.927								
Accounts payable	$37.871	$13.699	$13.187	$18.262	$18.656	$19.059	$19.471	$19.892	$20.321
Deferred revenue	$262.131	$252.718	$211.282	$166.142	$169.731	$173.397	$177.142	$180.968	$184.877
Accrued expenses & other current liabilities	$768.366	$289.937	$307.299	$365.057	$372.942	$380.998	$389.227	$397.635	$406.224
Total current liabilities	$1.168.295	$556.354	$531.768	$549.461	$561.329	$573.454	$585.841	$598.495	$611.422
Long-term debt, net	$3.829.421	$3.835.726	$3.842.242	$3.848.983	$3.855.526	$3.862.080	$3.868.645	$3.875.221	$3.881.809
Income taxes payable	$13.842	$13.282	$24.860	$33.332	$36.506	$38.824	$40.899	$42.574	$43.393
Deferred income taxes	$130.261	$32.631	$26.302	$11.770	$10.777	$9.722	$8.610	$7.452	$6.273
Other long-term liabilities	$116.051	$103.652	$101.787	$85.882	$77.682	$70.265	$63.556	$57.487	$51.999
Redeemable noncontrolling interests	$1.260								
Total non-current liabilities	$4.090.835	$3.985.291	$3.995.191	$3.979.967	$3.980.491	$3.980.891	$3.981.709	$3.982.735	$3.983.473
SHAREHOLDERS' EQUITY									
Common stock	$283	$287	$290	$294	$294	$294	$294	$294	$294
Additional paid-in capital	$8.164.216	$8.273.637	$8.529.200	$8.756.482	$8.707.674	$8.657.812	$8.606.873	$8.554.833	$8.501.669
Retained deficit	-$8.144.514	-$7.782.568	-$7.131.029	-$6.579.753	-$5.978.295	-$5.338.640	-$4.664.812	-$3.963.385	-$3.248.463
Accumulated other comprehensive loss	-$223.754	-$369.182	-$385.471	-$449.611	-$449.611	-$449.611	-$449.611	-$449.611	-$449.611
Treasury Stocks		-$482.049	-$1.032.538	-$1.791.071	-$2.243.814	-$2.833.903	-$3.440.349	-$4.106.706	-$4.785.882
Total MG shareholders' equity	-$203.769	-$359.875	-$19.548	-$63.659	$36.248	$35.951	$52.394	$35.426	$18.008
Noncontrolling interests	$7.927	$994	$475	$2	$2	$2	$2	$2	$2
Total shareholders' equity	-$195.842	-$358.881	-$19.073	-$63.657	$36.250	$35.953	$52.396	$35.428	$18.010
TOTAL LIABILITIES AND SH EQUITY	$5.063.288	$4.182.764	$4.507.886	$4.465.771	$4.578.070	$4.590.298	$4.619.946	$4.616.657	$4.612.905

Figure 7.18 - Balance Sheet Estimation 2021-2029 (source: Form 10-K 2021-2024 and Author Estimation)

The assumptions for 2025-2029 are:

Short-term investments - Referred as a financial investment - There is no detailed information about this item. Its % of Revenues span from 0,27% in 2022 and 0,14% in 2024. It was assumed the same weight as 2024 for future years - 0,14% of the revenues.

Accounts receivable, net of allowance - Explained in Working Capital Chapter

Other current assets - Explained in Working Capital Chapter

Property and equipment, net - Assets are mainly IT hardware and software with useful life of 3 years - This item reflects the investment of Match Group needed to maintain the operations running. Based on historical data we have computed the average of the past 3 years and used it as base for the forecasted period. With an amount of 5,28% of the Revenues.

Goodwill - Its expected to decrease with the same pace as previous years average of -1,24% of the revenues. This is a difficult item to estimate - We have low visibility around it.

Intangible Assets - We have assumed 6,19% of the revenues. In past years it has decreased dramatically and it's expected to maintain its amount for the future with small increases with net capitalized expenses from the product development.

Asset Deferred income taxes - Varies with yearly income tax and tax credits open. Based on 2024 % of tax credits per revenue applied of 0,65% ((Marginal rate - Effective rate)/Revenue) - this item weights 96% of total deferred taxes and will decrease against the tax credit used in the specific year.

Other non-current assets - These are mainly right-use of leasings which has been decreasing from past years due to long contracts in offices and databases. We expect it to decrease at the same pace for the 2025-2029 forecast at -9,46% YoY and it was reflected on the capital spending calculation. Also it contains a non-operating investment (~$17M) which for FCFF purposes was only considered as a Cash and Non-Operating item (see figure 8.14).

Accounts payable, **Deferred revenue** and **Accrued expenses and other current liabilities** - Explained in the Net Working Capital Chapter that there were some adjustments made to better reflect its cash impact on the valuation. For Balance Sheet forecasting purposes, we have considered the following items to compute the historical rate that will be applied for the next 5 years:

Working capital in thousands	2020	2021	2022	2023	2024
Accounts receivable		$188.482	$191.940	$298.648	$324.963
Other current assets		$202.568	$109.327	$104.023	$102.072
		$391.050	**$301.267**	**$402.671**	**$427.035**
Current maturities of long-term debt, net		$99.927			
Accounts payable		$37.871	$13.699	$13.187	$18.262
Deferred revenue		$262.131	$252.718	$211.282	$166.142
Accrued expenses and other current liabilities		$327.366	$289.937	$307.299	$365.057
2021 Legal settelment in Accrued Expenses EXCLUDED		$441.000			
		$727.295	**$556.354**	**$531.768**	**$549.461**
Working Capital	$0	-$336.245	-$255.087	-$129.097	-$122.426
Revenues	$2.391.269	$2.983.277	$3.188.843	$3.364.504	$3.479.373
% of Revenues		0,00%	2,55%	3,74%	0,19%
Changes in Working Capital			$81.158	$125.990	$6.671
Last 3 years average					2,16%

Figure 7.19 - Working Capital Average calculation 2020-2024 (source: Form 10-K 2020-2024)

We have computed 2,16% and in this calculation, 2021 legal settlement was excluded due to being an exceptional item that would influence the calculation for next year's operations.

Long-term debt, net - for the 2025-2029 forecast we estimated the same growth as past 4 years - of 0,17% YoY.

Income taxes payable - This item is linked to the EBIT and it has been increasing in the past 3 years. We have estimated 4,73% of EBIT will be referred to income tax payable, based on previous year weight.

Liability Deferred income taxes - Varies with yearly income tax and tax credits open. Based on 2024 % of tax credits per revenue applied of 0,65% ((Marginal rate - Effective rate)/Revenue) - this item weights 4% of total deferred taxes and will decrease against the tax credit used in the specific year.

Other long-term liabilities - These are mainly the commitment of leasings which has been decreasing from past years due to long contracts in offices and databases. We expect it to decrease at the same pace for the 2025-2029 forecast at -9,55% YoY and this item was considered to be debt for FCFF purposes.

Additional paid-in capital - We have explained in the Working Capital Chapter the Accrued Expenses increase of 2,16% - it contains the dividends to be paid. Paid-in capital was adjusted to the yearly dividends payments estimation.

Retained deficit - Past years results adjusted of the yearly net income.

Accumulated other comprehensive loss - It's hard to anticipate - we forecasted the nominal amount as 2024 for the full forecast.

Treasury Stocks - Match Group is mainly paying its shareholders on a repurchase stocks deals - The company has been disclosure information about future operation on shareholders remuneration and its publicly known they want to use 75% of 2025 FCFF to purchase stocks - this operation is recognized on the treasury stocks item and its also affecting the available cash and its net debt structure. After 2025, we assumed the increase of payment to the shareholder via treasury stocks to 90% of the Net Income for 2026 and 2027 and then 95% for 2028 and 2029.

Noncontrolling interests - It's hard to anticipate - we forecasted the nominal amount as 2024 for the full forecast.

After analyzing the various valuation methodologies available - ranging from relative valuation techniques, such as market multiples or Subscription Based Valuation and given the company’s strong cash flow generation, We concluded that the best method capable of capturing the intrinsic value of Match Group is the FCFF.

The DCF model allows for a comprehensive assessment of Match Group’s future free cash flows, taking into account its reinvestment strategy, profitability, and growth prospects.

Moreover, this method provides greater flexibility in incorporating company-specific factors.

For these reasons, this thesis will adopt a DCF valuation framework as the primary method to estimate Match Group’s intrinsic value. The following section outlines the methodologies applied in the construction of the DCF model.

8.Valuation

8.1.Growth rate

During the high-growth phase, Match Group is expected to maintain elevated ROIC, supported by strong market positioning and scalable business operations. As we have mentioned before, the forecasted growth in this period is driven by the reinvestment of operating profits into new initiatives and market expansion.

This approach ensures that growth projections are consistent with the company's ability to efficiently deploy capital and generate value before transitioning to a stable growth phase.

Match Group management recently mentioned they will pay dividends in 2025 even though their goal will be paying its shareholders mainly by treasury stock purchase for the open FCF.

Stable Phase Growth Rate	Weighted Metric	**3,15%**
IMF GDP Forecast 2029	50%	3,10%
IMF World Inflation 2029	50%	3,20%

Figure 8.1 - Stable Phase Growth Rate Estimation 2029 (source: IMF and Author Estimation)

The stable growth rate applied in the terminal value calculation reflects the long-term, sustainable growth potential of Match Group beyond the explicit forecast period. Considering the company's mature stage, global operations, and the broader economic environment, a stable growth rate of 3,15% is computed based on the weighted calculation of GDP forecast for 2029 and World Inflation for the same year.

We have considered a 50% weight for each one of the factors. This rate is aligned with long-term global nominal GDP growth projections and accounts for inflation expectations, ensuring a conservative and realistic perpetuity growth assumption.

8.2.FCFF

In the Free Cash Flow to the Firm (FCFF) calculation, as previously forecasted and discussed at the beginning of this work, we start by considering the company's unlevered operating profits, excluding any tax shield from debt financing.

After determining EBIT, we subtract the cash taxes paid, applying the effective tax rate that will increase on the terminal year, reaching the marginal tax rate of 25%, reflecting the company's maturing profile and anticipated alignment with statutory rates.

To complete the FCFF calculation, we deduct net capital expenditures (CapEx) and the non-cash change in working capital.

For NWC, we based our projections on the average WC as a percentage of revenue over the last four years to compute some of the balance sheet forecasted amounts as we mentioned before. (See Figure 7.19)

Although from an FCFF perspective we need to adjust items which are not operationally related and influencing MG Cash Flow to the Firm, as Dividends, Leases, Interest accruals and also the short-term investments. (**See Appendix II - Adjustments NWC**)

In 2024 MG accrued the dividend payment of 2025 and interest expense, that we also excluded to not affect the Cash Available in the company (FCFF), before paying its Shareholders. On top of this we have also excluded from the NWC lease amounts and considered them as long-term debt.

After adjusting for these exceptions, we computed the changes in NWC investment as it follows:

Net Working Capital	2021	2022	2023	2024	F2025	F2026	F2027	F2028	F2029
Change in WC		$426.146	$127.920	$56.986	-$23.600	$5.591	$5.395	$5.206	$6.012
Working Capital	-$636.590	-$210.444	-$82.524	-$25.538	-$49.138	-$43.547	-$38.153	-$32.947	-$26.935
Assets									
Accounts receivable	$188.482	$191.940	$298.648	$324.963	$339.799	$352.232	$364.691	$377.186	$389.997
Other current assets	$202.568	$109.327	$104.023	$102.072	$103.957	$107.760	$111.572	$115.395	$119.314
	$391.050	$301.267	$402.671	$427.035	$443.756	$459.993	$476.264	$492.581	$509.312
Liabilities									
Accounts payable	$37.871	$13.699	$13.187	$18.262	$18.656	$19.059	$19.471	$19.892	$20.321
Deferred revenue	$262.131	$252.718	$211.282	$166.142	$169.731	$173.397	$177.142	$180.968	$184.245
Accrued expenses and other current liabilities	$727.638	$245.294	$260.726	$268.169	$304.506	$311.084	$317.803	$324.668	$331.680
	$1.027.640	$511.711	$485.195	$452.573	$492.893	$503.540	$514.416	$525.528	$536.247

Figure 8.2 - Net Working Capital 2021-2029 for FCFF (source: Form 10-K 2021-2024 and Author Estimation)

Regarding CapEx minus Depreciation, we estimated the reinvestment rate for the forecasted periods and applied it to the EBIT of each year. The reinvestment rate was calculated by summing the total adjusted capital invested (CapEx and its Depreciation and Amortization/Impairments and changes in WC) as explained before, and dividing this figure by the after-tax EBIT.

On the CapEx calculation as we have mentioned before, we estimated a $30M per year on Impairments. This item doesn't impact capital spending but needs to be accounted for tax purposes. So we have excluded the amount from the item: Impairments and amortization of Intangibles. The remaining items were computed by subtracting the balance sheet amounts on n-1 to n. This figure reflects the amount of investment/disinvestment MG needs to maintaining its activity where P&E will suffer small investment each year mainly due to new equipments price increases, intangible will increase due to R&D capitalization and new software purchased, and the three last items reflect the maintenance investment on a yearly basis on the already detained assets.

With all this variables calculated we can now estimate the Reinvestment Rate for each year - the amount of capital spend on the EBIT after tax per year:

Reinvestment Rate	2024	F2025	F2026	F2027	F2028	F2029
Reinvestment Rate	7,66%	11,72%	11,09%	9,75%	9,66%	12,25%
EBIT * (1 - tax rate)	$642.182.580	$694.689.713	$733.098.867	$767.486.609	$795.298.452	$809.006.379
Capital Spending	$49.222.000	$81.446.485	$81.282.728	$74.838.347	$76.855.043	$99.132.716
Net CapEx	-$7.764	$105.046	$75.692	$69.444	$71.649	$93.121
Property and equipment, net	-$36.336	$28.914	$6.846	$6.860	$6.880	$7.054
Intangible assets, net	-$90.298	$3.902	$8.026	$8.043	$8.066	$8.270
Other non-current assets	-$12.804	-$11.456	-$10.372	-$9.391	-$8.502	-$7.698
Depreciation	$87.499	$46.776	$48.487	$50.202	$51.922	$53.686
Impairments and amortization of intangibles	$44.175	$36.911	$22.705	$13.729	$13.283	$31.809
Chg. Working Capital =	$56.986	-$23.600	$5.591	$5.395	$5.206	$6.012

Figure 8.3 - Capital Spending and Reinvestment Rate Estimation 2024-2029 (source: Form 10-K 2021-2024 and Author Estimation)

After applying all these steps our Free Cash Flow summary:

FCFF	*2024*	F2025	F2026	F2027	F2028	F2029
Expected Growth Rate						
Reinvestment Rate		11,72%	11,09%	9,75%	9,66%	12,25%
EBIT	$823.311.000	$890.627.837	$939.870.342	$983.957.191	$1.019.613.400	$1.037.187.666
Tax rate (for cash flow)	*22,00%*	22,00%	22,00%	22,00%	22,00%	22,00%
EBIT * (1 - tax rate)	$642.182.580	$694.689.713	$733.098.867	$767.486.609	$795.298.452	$809.006.379
- (CapEx-Depreciation)	-$7.764.000	$105.046.374	$75.692.154	$69.443.748	$71.648.865	$93.121.077
-Chg. Working Capital	$56.986.000	-$23.599.889	$5.590.573	$5.394.599	$5.206.178	$6.011.639
Free Cashflow to Firm	**$592.960.580**	**$613.243.228**	**$651.816.139**	**$692.648.262**	**$718.443.409**	**$709.873.663**

Figure 8.4 - FCFF Estimation 2024-2029 (source: Author Estimation)

8.3.Discount rate (WACC)

In DCF valuation, determining the present value of a company's future cash flows relies heavily on the WACC. Therefore, the WACC formula previously introduced will be applied in this analysis.

8.3.1.1.Cost of Equity

8.3.1.1.1.Risk Free Rate

The risk-free rate represents the return on an investment with no risk of financial loss, serving as a fundamental component in valuation models. It is typically derived from government bonds, as they are considered default-free. For this analysis, the U.S. 10 year government bond yield as of December 31, 2024, was used as the risk-free rate, set at 4.57%, reflecting the market's expectation of a secure return at that date. We chose the US bond due to the fact Match group's debt is in the US and in USD.

8.3.1.1.2.Beta

Beta (β) measures a stock's volatility and sensitivity to overall market movements, indicating how the company's returns typically fluctuate relative to the market. For this valuation, the estimated beta (β) for Match Group was computed at 1.32 (see **Appendix III - Beta computing**).

The calculation was based on a linear regression between Match Group returns against SP500 returns over the past 5 years on a weekly basis.

For the stable phase beta, we have used Blume adjustment to better reflect the regression of the beta to the mean by applying the following formula:

$$Adjusted\ beta = \frac{2}{3} \times Raw\ \beta + \frac{1}{3} \times 1.00$$

Figure 8.5 - Blume's Beta (source: Blume, M. E. (1975). Betas and their regression tendencies)

Which computed an Adjusted beta of 1,21.

8.3.1.1.3.Market Risk Premium

The market risk premium used in the calculation was based on the regions Match Group operates: Americas, Europe and APAC and others. We have used the 5-10 biggest countries (by GDP) of each region to compute the weighted MRP. The MRP amount computed is 5,65%. For 2024, Match Group hasn't shared the Revenue split between Europe and APAC so we have considered the same weight as 2023. (see **Appendix IV - Market Risk Premium Computing**)

8.3.2. Cost of Debt

The cost of debt was calculated using the Interest Coverage Ratio (ICR) approach, based on Damodaran's data set. Match Group's ICR suggests a synthetic credit rating of A3/A-, derived from the proportion of interest expenses relative to total EBIT. According to Damodaran's estimates, this rating corresponds to a default spread of 1.21%. As previously mentioned, the risk-free rate was set at 4.57%, which, when combined with the 1.21% spread, results in a pre-tax cost of debt of 5.78%.

8.3.2.1. Effective tax rate

Match Group's effective tax rate for 2023 was 22%. In previous years, the effective tax rate fluctuated, ranging from negative values (reflecting tax benefits) to low positive rates, such as 4% in 2022 and 16% in 2023. For the purpose of this valuation, the 22% rate is considered based on the marginal rate and tax credits applied. Based on the most recent U.S. tax regulations and forward-looking assumptions, we project an increase in the effective tax rate, ultimately converging towards a marginal rate of 25% in the stable phase. This 25% rate was selected to reflect a conservative estimate that accounts for Match Group's exposure to multiple tax jurisdictions, including U.S. federal corporate income tax—reduced to 21% following the Tax Cuts and Jobs Act (TCJA) of 2017—as well as additional state and foreign

taxes. As a result, the 25% marginal rate is deemed appropriate for the terminal phase of the valuation.

8.3.3. D/E Ratio

We have calculated the market value of Match Group's Debt and Equity to have a realistic view of the firm's value, see **Appendix V - D/E Ratio and calculation.**

To calculate the market value of equity we considered:

Number of Shares outstanding =	251.460.397
Current Market Price per share =	$32,71
Equity Market Value	**$8.225.269.586**

Figure 8.6 - Equity Market Value Estimation 2024 (source:Form 10-K 2024 and Yahoo Finance)

To calculate the market value of debt we considered:

Market Value of Straight Debt =	$3.665.794.820
Market Value of Debt in Operating leases =	$103.796.000
	$3.769.590.820

Figure 8.7 - Debt Market Value Estimation 2024 (source:Form 10-K 2024 and Author Estimation)

The market value of debt was calculated by considering all outstanding debt instruments of the company as of December 31, 2024. The analysis included the principal amounts, maturities, and the ICR, as previously discussed. Specifically, for lease obligations, we relied on the disclosures provided in Match Group's 2024 Form 10-K. In compliance with IFRS 16, the company reported the present value of lease liabilities, which we adopted as the basis for determining the market value of the leasing-related debt.

The long term D/E ratio will be similar to the current amounts, since Match Group is using the FCF to pay its shareholders as we have mentioned before.

It will lead to a ratio of Net Debt/EBITDA between 2.5-3 as historical of the company operation.

	Equity	*Debt*
Market Value	$8.225.269.586	$3.769.590.820
Weight in Cost of Capital	68,57%	31,43%
Cost of Component	12,01%	4,34%

Figure 8.8 - D/E Estimation 2024 (source:Form 10-K 2024, Yahoo Finance and Author Estimation)

To conclude, WACC on high growth phase amounts:

WACC	
High Growth	
Cost of Equity	
Risk Free Rate	4,57%
Beta Levered	1,32
Market Risk Premium	5,65%
Country Risk Premium	0,00%
Cost of Equity	12,03%
Cost of Debt	
Cost of Debt	5,78%
Marginal Tax Rate	25%
After-tax Cost of Debt	4,34%
WACC	
Weight of Equity	69%
Weight of Debt	31%
9,61%	

Figure 8.9 - WACC Estimation High Growth Phase (source: Author Estimation)

The Weighted Average Cost of Capital (WACC) applied in the stable growth phase maintains the same structure as in the high-growth period; however, the Beta is expected to converge towards 1,2 as the company matures and its risk profile stabilizes for market benchmarks:

WACC	
Stable Growth	
Cost of Equity	
Risk Free Rate	4,57%
Beta Levered	1,21
Market Risk Premium	5,65%
Country Risk Premium	0,00%
Cost of Equity	11,43%
Cost of Debt	
Cost of Debt	5,78%
Marginal Tax Rate	25%
After-tax Cost of Debt	4,34%
WACC	
Weight of Equity	69%
Weight of Debt	31%
9,19%	

Figure 8.10 - WACC Estimation Stable Growth Phase (source: Author Estimation)

8.4.Terminal Value

Terminal Value represents the present value of all future free cash flows generated by the company beyond the explicit forecast period, under the assumption of perpetual, stable growth.

It is a critical component of the overall valuation, and as we mentioned in the literature review it often accounts for a significant portion of the Enterprise Value.

In this analysis, Terminal Value is calculated using the Gordon Growth Model (Perpetuity Growth Method), applying a stable growth rate of 3,15% and discounting it by the WACC on

the stable phase. This approach reflects the long-term, sustainable growth potential of the business once it transitions from its high-growth phase to maturity.

The stable phase reinvestment rate is computed by g formula:

$$g = Reinvestment\ Rate \times Return\ on\ Capital$$

Figure 8.11 - Growth Formula (source: Damodaran)

We have the stable g = 3,15% and the ROC on the stable phase is set to be the WACC + 1% = 10,20%. Return on Capital on stable growth tends to the WACC, the addition of 1% on the WACC is a reflection of the market position of Match Group and its advantages in its industry for the future (n.1 in the market).

In USD	Terminal Year
g (%)	*3,15%*
EBIT * (1 - tax rate) of 2029	809.006.379
Tax rate (for cash flow)	*25%*
EBIT * (1 - tax rate)	834.490.080
Reinvestment Rate	30,89%
Capital Spend perpetuity	257.813.065
Change WC % of Revenues	*0,15%*
- Chg. Non Cash Working Capital	6.143.895
- (CapEx-Depreciation)	251.669.170
Free Cashflow to Firm	576.677.015

Figure 8.12 - Terminal Value Estimation (source: Author Estimation)

8.5.Enterprise value

Enterprise Value represents the total value of a company's operating assets and reflects the present value of all expected future free cash flows available to both debt and equity holders.

In this valuation, EV is calculated by discounting the projected FCFF over the forecast period and the Terminal Value at the WACC. The resulting Enterprise Value amounted to $8.603M.

In millions of USD	2024	2025F	2026F	2027F	2028F	2029F	Terminal Value
Free Cashflow to Firm	593	613	652	693	718	710	577
Terminal Value							9.538
WACC		*9,6%*	*9,6%*	*9,6%*	*9,6%*	*9,6%*	*9,2%*
Perpetuity Growth Rate (g)							*3,15%*
Present Value		559	543	526	498	449	6.029
Enterprise Value				**8.603**			

Figure 8.13 - Enterprise Value Estimation (source: Author Estimation)

8.6.Equity Value

Equity Value represents the portion of Enterprise Value attributable to the company's shareholders. We calculated it by subtracting net debt (total debt minus cash and cash equivalents) and any other non-operating liabilities or assets from the Enterprise Value.

In this valuation, Equity Value reflects the residual claim of equity holders after satisfying all obligations to debt holders. It serves as the basis for determining the company's share price by dividing Equity Value by the number of outstanding shares:

Equity Value of Match Group	
Value of operating assets of the firm =	$8.602.894.578
+ Value of Cash, Marketable Securities & Non-operating assets	$987.927.000
Value of Firm =	$9.590.821.578
- Market Value of outstanding debt =	$3.769.590.820
- Minority Interests	$2.000
Market Value of Equity =	$5.821.228.759
Value of Equity in Options =	$0
Value of Equity in Common Stock =	$5.821.228.759
Number of shares outstanding =	251.460.397
Target Price of equity per share =	**$23,15**
Stock price as of 31/12/2024 =	**$32,71**
% Over valued =	**41,30%**

Figure 8.14 - Equity Value Estimation (source: Author Estimation)

8.7.Sensitivity analysis

After computing the target value we applied a sensitivity analysis. This analysis was conducted to assess the impact of key assumptions on the valuation results.

Given the inherent uncertainty in forecasting future cash flows, this analysis tests how changes in critical variables - in our case - the Weighted Average Cost of Capital (WACC) and the terminal growth rate (g) - affect the enterprise value and consequently the equity value of the company.

We have applied changes of 0,5% in both variables to understand how the target price would react to different market scenarios. A bull market where the growth rate would be 4.15% and WACC would drop to 8.2% could increase the price to $35 per share.

On the other hand, a bear market could place the price of Match Group share as low as $17.19 in our estimations.

By analyzing these variations, we gain a better understanding of the valuation's robustness and the degree of risk associated with different scenarios.

WACC (%)	Long-term Growth rate (%)				
	2.15%	2.65%	3.15%	3.65%	4.15%
8.20%	$ 23.15	$ 25.31	$ 27.90	$ 31.06	$ 35.00
8.70%	$ 21.32	$ 23.15	$ 25.31	$ 27.90	$ 31.06
9.20%	$ 19.75	$ 21.32	**$ 23.15**	$ 25.31	$ 27.90
9.70%	$ 18.38	$ 19.75	$ 21.32	$ 23.15	$ 25.31
10.20%	$ 17.19	$ 18.38	$ 19.75	$ 21.32	$ 23.15

Figure 8.15 - Sensitive Analysis (source: Author Estimation)

8.8.Relative valuation

In addition to the intrinsic valuation conducted through the DCF method, we have detailed in the literature another approach which is relative valuation.

Relative valuation, also known as multiples-based valuation, consists of comparing the company's key financial metrics to a peer group of comparable companies.

This methodology assumes that companies operating in similar industries, with comparable growth profiles, riskiness and similar profitability, should be valued similarly by the market.

To do so, we have starter our relative valuation by gathering a group of 10 companies with similarities between each other:

1. Industry
2. Business Model
3. B2C with Freemium approaches
4. Mobile first companies with subscriptions and ad type of revenue

Our peer group:

Company	Industry
Match Group	Internet Content and Information
Spotify	Internet Content and Information
Bumble	Internet Content and Information
Grindr	Software - App
Duolingo	Software - App
Pinterest	Internet Content and Information
Snap	Internet Content and Information
Meta	Internet Content and Information
Roblox	Electronic Gaming & Multimedia
TTWO	Electronic Gaming & Multimedia

Figure 8.16 - Peer Group (source: Yahoo Finance)

After defining the peer group, we calculated the Growth Ratios, Revenues and Profitability Ratios for the past 5 years.

This second step was computed to better understand the evolution of the companies in this peer group, even though these companies being in the same industry, with similar business models, their capabilities as growth and profitability tend to be different.

The third step is to define the multiple relative, in our case we choose:

1. EV/Operating Margin
2. EV/Sales
3. P/E

Then we have splitted the peer group per cluster - so we can distribute companies in function of their similar financial metrics:

1. CAGR of Revenues over the past 5 years
2. Operating Income Margin average over the past 5 years

3. the P/E for 2024

We choose Revenue CAGR and Operating Income Margin for our cluster variables and calculated Median and Quartiles **(See Appendix VII - Relative Valuation)**:

Company	Revenue CAGR 5Y	Operating Income Margin (Average 5Y)
Match Group	10.37%	25.60%
Spotify	23.92%	-0.60%
Bumble	18.57%	-20.60%
Grindr	33.20%	14.23%
Duolingo	46.66%	-9.12%
Pinterest	21.15%	0.28%
Snap	20.93%	-25.36%
Meta	17.61%	35.86%
Roblox	27.23%	-34.12%
TTWO	17.09%	-10.97%
Q1	17.85%	-18.19%
Median	21.04%	-4.86%
Q3	26.40%	10.74%

Figure 8.17 - Peer Group CAGR and Operating Income Margin 5Y (source: Author Estimation)

Below, the Clusters:

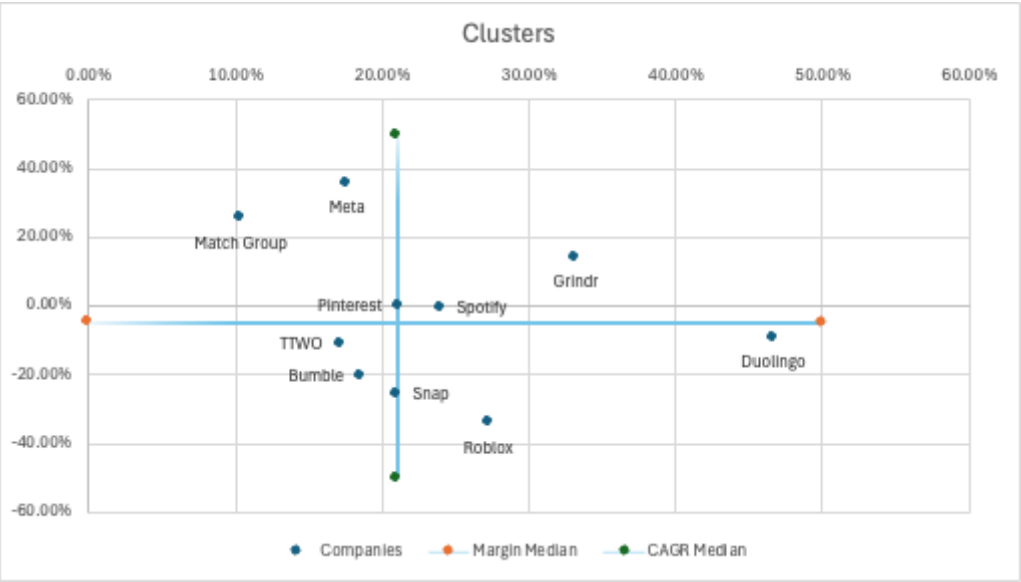

Figure 8.18 - Cluster Analysis (source: Author Estimation)

For the Cluster of this valuation, we gathered Metas, Match Group and Pinterest data:

1. Market Capitalization
2. Market Value of Debt (incl. Leases)
3. Cash and Market Securities

Multiples	Market Cap	Net Debt	EV
Match Group	$8.225.269.586	$2.781.663.820	$5.443.605.766
Pinterest	$19.602.057.000	-$2.327.080.000	$21.929.137.000
Meta	$1.483.682.340.000	-$29.042.000.000	$1.512.724.340.000

Figure 8.19 - Multiples (source: MG, Pinterest and Meta Forms 10-K and Author Estimation)

	EV/OI Margin	EV/Sales	P/E
Match Group	6,61	1,56	15,43
Pinterest	121,95	6,01	10,58
Meta	21,80	9,20	23,79
Multiple	**50,12**	**5,59**	**16,60**
2024 Operating Income	823.311.000		
2024 Sales		3.479.373.000	
2024 P/E			2,12
Firm Value	41.264.347.320	19.449.695.070	
- Net Debt	2.781.663.820	2.781.663.820	
Equity Value	38.482.683.500	16.668.031.250	
Outstading shares	251.460.397	251.460.397	
Target Price Match Group	**153,04**	**66,28**	**35,19**

Figure 8.20 - Relative Valuation (source: MG, Pinterest and Meta Forms 10-K and Author Estimation)

Although this valuation is one of the most used worldwide, it is dependent on the peer group performance and even when clustered the targets can have huge differences.

It's still important to perform it in order to have a second look over a company valuation.

As presented, the multiple EV/OI Margin and the EV/Sales is to $153.04 and $66.28 per share, respectively. The P/E multiple closes near our target price of DCF valuation but still higher than the market trading price and then our recommendation, at $35.19.

8.9. Equity Report Comparison

The Zacks Equity Research report on Match Group applies a multiples-based valuation, focusing on P/E (13.7x), EV/EBITDA (10.31x), and EV/Sales (3.33x). Their 6-12 month price target is $37.00, implying an upside of approximately 23% from the share price of $30.10 as of March 13, 2025. Zacks maintains a Neutral recommendation, citing slowing growth at Tinder (payers down 5% YoY), dependence on Hinge for revenue expansion (+27% YoY), and high leverage (long-term debt of $3.8B). Despite these concerns, Zacks highlights strong margins as 36.5% Adjusted Operating Income and solid cash flows.

In comparison, my valuation was based mainly on the DCF - FCFF approach, even though complemented by a Multiples valuation. FCFF assumes a stable phase WACC of 9.2%, a terminal growth rate of 3.15%, and forecast revenue growth on average of 3% until 2029. I expect operating margins to remain around 26%. My fair value estimate is $23.15, suggesting a downside of 41.3% from 31-12-2024 price.

Regarding my relative valuation, the EV/Operating Income Margin was set to 50.12x, EV/Sales to 5.59x and the P/E Ratio amounted 16.6x.

8.10. Conclusion

Based on our analysis, the intrinsic equity value of Match Group as of December 31, 2024, is $23.15 per share, derived from a FCFF valuation. This indicates a 41.3% downside from its market price of $32.71, supporting our SELL recommendation.

The relative valuation, based on comparable companies across the online services and digital platform sectors, yielded a broad valuation range, highlighting potential volatility and market perception disparities. Despite conducting this method to complement the intrinsic approach, the peer group presented certain limitations. Therefore, the final recommendation relies primarily on the DCF analysis, while acknowledging the inherent uncertainties of the industry, the broader economic environment and its rapid shifts.

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Appendices:

Appendix I - Market Share Calculation

CAGR until 2029 6,80%	2023	2024	F2025	F2026	F2027	F2028	F2029
Market Share 2023 (in Millions)	$9.400	$10.039	$10.722	$11.451	$12.230	$13.061	$13.949
Market Share Match Group	$3.365	$3.479	$3.544	$3.673	$3.803	$3.934	$4.067
Market Share Bumble	$1.052	$1.072	$1.103	$1.137	$1.172	$1.207	$1.243
Market Share Grindr	$260	$345	$368	$394	$420	$449	$479
Market share Smaller Players	$4.724	$5.143	$5.707	$6.247	$6.835	$7.472	$8.160
Market Share 2023 (in %)	**2023**	**2024**	**F2025**	**F2026**	**F2027**	**F2028**	**F2029**
Market Share Match Group	36%	35%	33%	32%	31%	30%	29%
Market Share Bumble	11%	11%	10%	10%	10%	9%	9%
Market Share Grindr	3%	3%	3%	3%	3%	3%	3%
Market share Others	50%	51%	53%	55%	56%	57%	58%

Assumptions:

Grindr and Small players are expected to grow at market CAGR of 6,8%.

Bumble growth rate was calculated:

Revenue	Weight	2022	2023	2024	F2025	F2026	F2027	F2028	F2029
Bumble		$904	$1.052	$1.072	**$1.103**	**$1.137**	**$1.172**	**$1.207**	**$1.243**
% YoY			16,42%	1,92%	2,88%	3,07%	3,06%	3,01%	3,02%
Growth Rate Average 2024-2029	**25%**			1,92%	2,40%	2,62%	2,73%	2,79%	2,83%
IMF Real GDP growth (Annual percent change)	**75%**			3,20%	3,20%	3,30%	3,20%	3,10%	3,10%
Growth Applied to Bumble Revenues					**2,88%**	**3,07%**	**3,06%**	**3,01%**	**3,02%**

Appendix II - Adjustments NWC

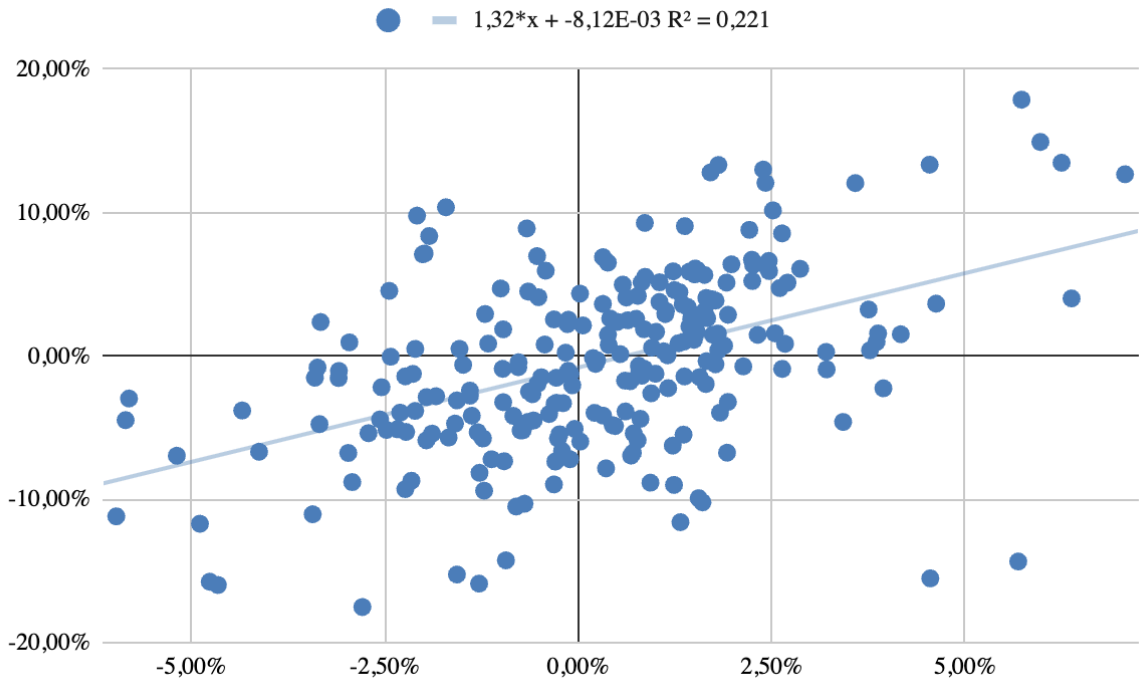
Before Adjustment

LIABILITIES	2021	2022	2023	2024	F2025	F2026	F2027	F2028	F2029
Current maturities of long-term debt, net	$99.927								
Accounts payable	$37.871	$13.699	$13.187	$18.262	$18.656	$19.059	$19.471	$19.892	$20.321
Deferred revenue	$262.131	$252.718	$211.282	$166.142	$169.731	$173.397	$177.142	$180.968	$184.877
Accrued expenses & other current liabilities	$768.366	$289.937	$307.299	$365.057	$372.942	$380.998	$389.227	$397.635	$406.224

After Adjustment

	Notes	LIABILITIES	2021	2022	2023	2024	F2025	F2026	F2027	F2028	F2029
	Excluded from NWC calculation and allocated to debt	Current maturities of long-term debt, net	$99.927								
	Considered on NWC calculation	Accounts payable	$37.871	$13.699	$13.187	$18.262	$18.656	$19.059	$19.471	$19.892	$20.321
	Considered on NWC calculation	Deferred revenue	$262.131	$252.718	$211.282	$166.142	$169.731	$173.397	$177.142	$180.968	$184.245
	Final Amount considered on NWC calculation	Accrued expenses and other current liabilities	$727.638	$245.294	$260.726	$268.169	$304.506	$311.084	$317.803	$324.668	$331.680
Financing	Excluded from NWC calculation and allocated to debt	Leases	$10.618	$14.495	$16.389	$19.213	$19.628	$20.052	$20.485	$20.928	$21.380
Financing	Excluded from NWC calculation because its part of Shareholders Financing which should not influence FCFF calculation	Dividends				$47.776	$48.808	$49.862	$50.939	$52.040	$53.164
Financing	Excluded from NWC calculation its part of MVD calculation	Interest Accrued Expense	$30.110	$30.148	$30.184	$29.899	$30.545	$31.205	$31.879	$32.567	$33.271
		Total current liabilities	$1.168.295	$556.354	$531.768	$549.461	$561.329	$573.454	$585.841	$598.495	$610.790

Appendix III - Beta computing



Appendix IV - Market Risk Premium Computing

Match Group Operating Regions MRP

Region	Revenues	MRP	Weight	Weighted MRP
APAC and Other	$754.304.800,00	5,70%	21,68%	1,2361%
Europe	$1.131.457.200,00	5,36%	32,52%	1,7423%
Americas	$1.593.611.000,00	5,83%	45,80%	2,6702%
			0,00%	0,0000%
Total	**$3.479.373.000,00**		**100,00%**	**5,65%**

Support Data:

Country	GDP	%	ERP	Weighted ERP per region
Australia	*1.723.827.220.000*	*5,72%*	*4,33%*	*0,25%*
South Korea	1.712.792.850.000	5,68%	4,99%	0,28%
China	*17.794.781.990.000*	*59,06%*	*5,27%*	*3,11%*
India	3.549.918.920.000	11,78%	7,26%	0,86%
Japan	*4.212.945.160.000*	*13,98%*	*5,27%*	*0,74%*
Egypt	395.926.080.000	1,31%	14,34%	0,19%
Nigeria	*362.814.950.000*	*1,20%*	*14,34%*	*0,17%*
South Africa	377.781.600.000	1,25%	8,35%	0,10%
APAC and Other	**30.130.788.770.000**			**5,70%**
Italy	2.254.851.210.000	15,38%	7,26%	1,12%
Spain	1.580.694.712.515	10,78%	6,46%	0,70%
United Kingdom	3.340.032.000.000	22,78%	5,13%	1,17%
France	3.030.904.090.000	20,67%	5,13%	1,06%
Germany	4.456.081.016.705	30,39%	4,33%	1,32%
Europe	**14.662.563.029.220**			**5,36%**
Caribbean	3.526.105.702.000	8,96%	12,43%	1,11%
Central and South Ameri	6.318.352.476.000	16,06%	9,15%	1,47%
North America	29.501.020.570.000	74,98%	4,33%	3,25%
Americas	**39.345.478.748.000**			**5,83%**

Appendix V - D/E Ratio and calculation

Debt:

Market Value of Straight Debt =	$3.848.983.000
Market Value of Debt in Operating leases =	$103.796.000
	$3.952.779.000

Support data

Operating income 2024	823.311
Interest expense 2024	(160.071)
Interest Coverage Ratio	5,143
US 10 Year Note Bond Yield (31-12-24)	4,57%
Spread	1,21%
Cost of Debt - Match group	5,78%

For smaller and riskier firms			
If interest coverage ratio is			
greater than	≤ to	Rating is	Spread is
-100000	0,499999	D2/D	20,00%
0,5	0,799999	Caa/CCC	17,00%
0,8	1,249999	Ca2/CC	11,78%
1,25	1,499999	C2/C	8,51%
1,5	1,999999	B3/B-	5,24%
2	2,499999	B2/B	3,61%
2,5	2,999999	B1/B+	3,14%
3	3,499999	Ba2/BB	2,21%
3,5	3,9999999	Ba1/BB+	1,74%
4	4,499999	Baa2/BBB	1,47%
4,5	5,999999	A3/A-	1,21%
6	7,499999	A2/A	1,07%
7,5	9,499999	A1/A+	0,92%
9,5	12,499999	Aa2/AA	0,70%
12,5	100000	Aaa/AAA	0,59%

Instrument	Principal ($M)	Coupon Rate (%)	Market Rate (%)	Due Date	Maturity (Years)	Market Value ($M)	Market Value
Term Loan	425	6,22%	4,85%	02/2027	2,20	425	$424.898.520
5.00% Senior Notes	450	5,00%	4,85%	12/2025	1,00	447	$446.681.792
4.625% Senior Notes	500	4,63%	4,85%	05/2025	0,42	511	$511.019.325
5.625% Senior Notes	350	5,63%	4,85%	02/2027	2,20	346	$346.086.585
4.125% Senior Notes	500	4,13%	4,85%	02/2028	3,17	474	$473.852.763
3.625% Senior Notes	500	3,63%	4,85%	10/2029	4,83	444	$444.205.619
2026 Exchangeable	575	0,88%	4,85%	03/2026	1,25	541	$540.754.608
2030 Exchangeable	575	2,00%	4,85%	10/2029	4,83	478	$478.295.607
Leasings	104		3,86%		7,20	104	$103.796.000
Total						3.769,59	$3.769.590.820

Appendix VI - Relative Valuation

Company	Industry	Shares	Price 31-12	Market Cap	Revenues 2020	Revenues 2021	Revenues 2022	Revenues 2023	Revenues 2024	Revenue CAGR
Match Group	Internet Content and Information	251,460,397.00	$32.71	8,225,269,586.00	2,344,724,000	2,922,871,000	3,188,843,000	3,364,504,000	3,479,373,000	10.37%
Spotify	Internet Content and Information	200,622,518.00	$447.38	89,754,502,103.00	6,421,648,400	8,536,070,560	10,994,766,120	11,988,270,060	15,143,252,600	23.92%
Bumble	Internet Content and Information	107,107,632.00	$8.14	871,856,124.00	542,192,000	765,660,000	903,503,000	1,051,830,000	1,071,643,000	18.57%
Grindr	Software - App	175,880,320.00	$17.84	3,137,704,909.00	-	145,833,000	195,015,000	259,691,000	344,636,000	33.20%
Duolingo	Software - App	44,936,000.00	$324.23	14,569,599,280.00	161,696,000	250,772,000	369,495,000	531,109,000	748,024,000	46.66%
Pinterest	Internet Content and Information	675,933,000.00	$29.00	19,602,057,000.00	1,692,658,000	2,578,027,000	2,802,574,000	3,055,071,000	3,646,166,000	21.15%
Snap	Internet Content and Information	1,659,147,000.00	$10.77	17,869,013,190.00	2,506,626,000	4,117,048,000	4,601,847,000	4,606,115,000	5,361,398,000	20.93%
Meta	Internet Content and Information	2,534,000,000.00	$585.51	1,483,682,340,000.00	85,965,000,000	117,929,000,000	116,609,000,000	134,902,000,000	164,501,000,000	17.61%
Roblox	Electronic Gaming & Multimedia	1,332,838,000.00	$57.86	77,118,006,680.00	923,885,000	1,919,181,000	2,225,052,000	2,799,274,000	3,601,979,000	40.52%
TTWO	Electronic Gaming & Multimedia	170,800,000.00	$184.08	31,440,864,000.00	3,088,970,000	3,372,772,000	3,423,200,000	4,735,600,000	4,693,500,000	11.03%

Company	Operating Income 2020	Operating Income 2021	Operating Income 2022	Operating Income 2023	Operating Income 2024	OI/Revenue 2020	OI/Revenue 2021	OI/Revenue 2022	OI/Revenue 2023	OI/Revenue 2024	Average OI 5Y	EPS	P/E
Match Group	745,715,000	851,679,000	515,005,000	916,896,000	823,311,000	31.80%	29.14%	16.15%	27.25%	23.66%	25.60%	2.12	$15.43
Spotify	(238,774,490)	82,994,480	(617,852,040)	(403,621,080)	1,318,863,000	-3.72%	0.97%	-5.62%	-3.37%	8.71%	-0.60%	5.67	$78.90
Bumble	(74,401,000)	(134,683,000)	(102,844,000)	53,373,000	(700,474,000)	-13.72%	-17.59%	-11.38%	5.07%	-65.36%	-20.60%	-4.61	($1.77)
Grindr	(110,277)	23,710,000	13,035,000	55,448,000	92,598,000	0.00%	16.26%	6.68%	21.35%	26.87%	14.23%	-0.74	($24.11)
Duolingo	(16,011,000)	(60,007,000)	(65,195,000)	(13,259,000)	62,595,000	-9.90%	-23.93%	-17.64%	-2.50%	8.37%	-9.12%	2.04	$158.94
Pinterest	(142,504,000)	326,187,000	(101,677,000)	(125,678,000)	179,817,000	-8.42%	12.65%	-3.63%	-4.11%	4.93%	0.28%	2.74	$10.58
Snap	(862,072,000)	(702,069,000)	(1,395,306,000)	(1,398,379,000)	(787,294,000)	-34.39%	-17.05%	-30.32%	-30.36%	-14.68%	-25.36%	-0.42	($25.64)
Meta	32,671,000,000	46,753,000,000	28,944,000,000	46,751,000,000	69,380,000,000	38.01%	39.65%	24.82%	34.66%	42.18%	35.86%	24.61	$23.79
Roblox	(266,137,000)	(495,098,000)	(923,784,000)	(1,259,067,000)	(1,063,317,000)	-28.81%	-25.80%	-41.52%	-44.98%	-29.52%	-34.12%	-1.44	($40.18)
TTWO	425,267,000	629,384,000	473,595,000	(1,165,200,000)	(3,590,600,000)	13.77%	18.66%	13.83%	-24.61%	-76.50%	-10.97%	-22.01	($8.36)

Appendix VII - Zacks Analyst Report

ZACKS | Our Research. Your Success.

Zacks Report Date: March 13, 2025

Match Group (MTCH)

$30.10 (Stock Price as of 03/13/2025)

Price Target (6-12 Months): **$37.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 03/03/23) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM: B
	Value: B | Growth: C | Momentum: D	

Summary

Match Group's fourth-quarter 2024 results reflect revenue declines and sluggish growth in total payers. Excluding live streaming services, revenue grew 1% YoY. Growth at Hinge (+27% YoY) was offset by declines at other brands, notably Tinder (-3% YoY). Operating income fell 14% YoY, impacted by the absence of a $40M Google litigation settlement benefit from Q4 2023. The company saw mixed user metrics, with Tinder payers declining 5% while Hinge grew 19%. Foreign exchange headwinds were $18M worse than expected. Stiff competition from other dating apps, like Facebook Dating, are overhangs. Shares have underperformed its industry in the past year. Nonetheless, cost discipline helped maintain margins, with adjusted operating income representing a 38% margin. Strong cash flow enabled continued share repurchases of $117M during the quarter.

Price, Consensus & Surprise(1)

Data Overview

52 Week High-Low	$38.84 - $27.66
20 Day Average Volume (sh)	5,581,913
Market Cap	$7.7 B
YTD Price Change	-6.0%
Beta	1.45
Dividend / Div Yld	$0.76 / 2.5%
Industry	Internet - Commerce
Zacks Industry Rank	Top 21% (52 out of 247)
Last EPS Surprise	-2.4%
Last Sales Surprise	0.5%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	05/06/2025
Earnings ESP	0.0%
P/E TTM	13.7
P/E F1	9.1
PEG F1	-0.6
P/S TTM	2.2

Sales and EPS Growth Rates (Y/Y %)(1)

Sales Estimates (millions of $)(1)

	Q1	Q2	Q3	Q4	Annual*
2026	870 E	892 E	932 E	927 E	3,628 E
2025	827 E	849 E	889 E	881 E	3,451 E
2024	860 A	864 A	895 A	860 A	3,479 A

EPS Estimates(1)

	Q1	Q2	Q3	Q4	Annual*
2026	0.79 E	0.99 E	1.09 E	1.10 E	3.82 E
2025	0.70 E	0.82 E	0.90 E	0.91 E	3.32 E
2024	0.44 A	0.48 A	0.51 A	0.82 A	2.99 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 03/13/2025.
(2) The report's text and the price target are as of 02/19/2025.

Overview

Match Group, Inc. is the world's foremost provider of dating products and operates a portfolio of more than 45 brands. Its biggest and best known brands are Tinder, Match.com, PlentyOfFish, Meetic and OkCupid. The Dallas, TX-based company offers dating products in 42 languages in more than 190 countries.

The company is currently enjoying strong growth, driven by robust momentum at Tinder and solid performances from Meetic, Match, Pairs as well as PlentyOfFish.

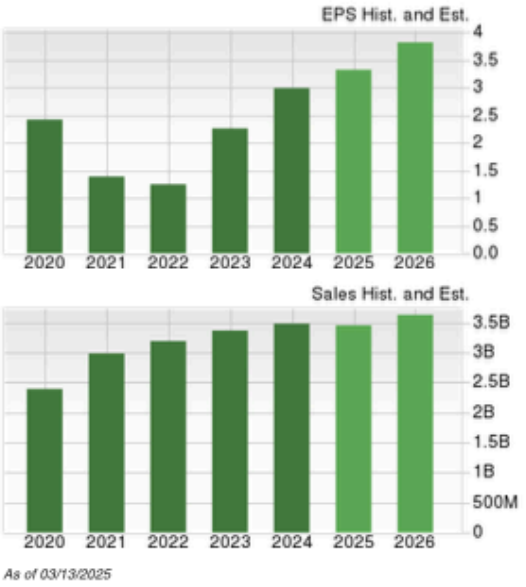
Tinder is known to be the world's #1 downloaded as well as top earning dating app. Tinder reflects the key catalyst for the company's year–over-year revenue growth. In 2024, revenues from Tinder direct gained 1% to $1.9 billion.

Match is considered a pioneer in the online dating category. Its unique features involve searching profiles, receive algorithmic matches and attend live events, promoted by Match, with other Subscribers.

PlentyOfFish comes with unique features which allow users to search profiles and receive algorithmic recommendations.

Based in France, Meetic is a leading European online dating brand. It also has distinguishing features to search profiles, receive algorithmic matches, and attend live events.

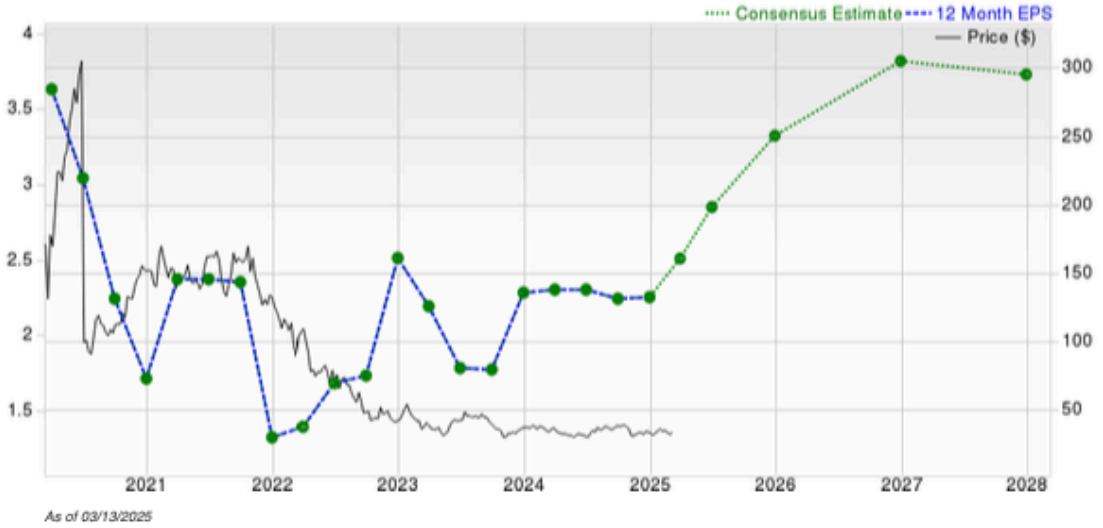
OkCupid attracts users through a mathematical and Q&A approach to the online dating category.



One of the largest brand, OurTime is a community of singles above the age 50 of any dating product.

Meanwhile, Hinge is a mobile-only experience that focuses on users with a greater level of aim to enter into a relationship.

For 2024, Match Group reported total revenues of $3.5 billion, which increased 3% from 2023.



Reasons To Buy:

▲ Online dating has been gaining traction because of the rising number of singles globally. According to reports, the marriage rate in the U.S. has decreased 40% in the last 25 years. This has led to a significant rise in the number of people looking for a match. Per Verified Market Research data, the online dating market is projected to hit $17.4 trillion by 2031 at a CAGR of 7.03% between 2024 and 2031. Match group is already a trusted dating site with over two decades of presence in the industry. Consequently, the statistic bodes well for the company and will help Match group to garner additional revenues.

Robust momentum at Tinder and solid performances from Meetic, Match as well as PlentyOfFish bodes well for the company.

▲ The company is considered to have pioneered the concept of online dating, which is why it enjoys a first mover's advantage in this market. Match Group has been benefiting from increasing subscriber addition in the form of membership subscriptions. Online dating has been expanding, as users from more demographics join the fray. The company's subscribers continue to grow at a significant pace driven by new features and tools that improve engagement. Most of Match Group's users connect from mobile devices, where conversion to paid members is also higher.

▲ Match Group is currently enjoying strong growth, driven by robust momentum at Tinder and solid performances from Meetic, Match as well as PlentyOfFish. Tinder, the world's #1 downloaded and top earning dating app, is benefiting from gender diversification, which is an attraction for Tinder users, as the app includes more gender options like transgender. Per media reports, the gender options update was rolled out to make the service more inclusive. Tinder is the cash cow of Match Group. In 2024, Tinder direct revenues were approximately $1.9 billion, up 1% year-over-year driven by an 8% year-over-year increase in RPP to $16.68. With a combination of free features, which include advertising and paid subscription-based premium services and options, Tinder is driving top-line growth. Match Group has introduced Tinder Lite, with an aim to expand international presence. The company also launched a credit card payment option on the Android version of Tinder. We believe that such initiatives can be strong growth drivers for Match Group if it decides to monetize the same ever.

Reasons To Sell:

Stiff competition from Facebook, overdependence on Tinder for revenue generation and a leveraged balance sheet are major concerns.

- Match Group currently faces stiff competition from other big and small players in the dating industry, with a constant stream of new products and entrants. Additionally, within the dating industry, cost for users to switch between the products is usually very low and consumers have a tendency to try new ways to connect with people. Consequently, new entrants, new products and business models are emerging at a high rate which may pose a huge threat to Match Group's profitability.
- Tinder is the major source of revenues for Match Group. Tinder, launched in 2012, is a location-based dating service. It is basically labelled as more of a hook up/sexting app. Although, over the past few days, Tinder has updated its app to include more gender options like transgender. Per media reports, the update is available only in the United States, the U.K and Canada and is aimed at making the service more inclusive. Reports further add that Tinder is likely to face hurdles when it tries to roll out this feature in other "not so liberal parts" of the world.
- The company has a highly leveraged balance sheet. As of Dec. 31, 2024, Match Group had a cash and cash equivalent, and short-term investment of $970.7 million compared with a long-term debt of $3.8 billion. The high debt level remains an overhang on its ability to buy back shares and pursue accretive acquisitions.

Last Earnings Report

MTCH Q4 Earnings Miss Estimates, Revenues Drop Y/Y, Shares Fall

FY Quarter Ending	12/31/2024
Earnings Reporting Date	Feb 04, 2025
Sales Surprise	0.48%
EPS Surprise	-2.38%
Quarterly EPS	0.82
Annual EPS (TTM)	2.25

Match Group shares fell 7% in after-hours trading as it reported fourth-quarter 2024 earnings of 82 cents per share, which missed the Zacks Consensus Estimate by 2.38%. The bottom line declined 0.7% from the year-ago quarter's reported figure.

Revenues of $860 million decreased 0.7% year over year but exceeded the Zacks Consensus Estimate by 0.48%. On an FX-neutral basis, revenues increased 1% from the prior-year quarter to $866 million.

Direct revenues were $845.4 million, down 0.6% year over year, whereas indirect revenues were $14.8 million, which decreased 4.5% from the year-ago quarter.

Top-line growth was driven by strength in Hinge. Hinge Direct revenues increased 27.2% year over year and attained a record high in downloads in the reported quarter.

MTCH's Quarterly Details

In the fourth quarter, the number of total payers decreased 4% year over year to 14.61 million. The figure beat the Zacks Consensus Estimate by 0.80%.

Total revenues per payer (RPP) increased 5% year over year to $19.29. The figure beat the Zacks Consensus Estimate by 0.98%.

Direct revenues from Tinder were down 3.5% year over year (down 1% on a FX-neutral basis) to $476 million. The figure surpassed the Zacks Consensus Estimate by 0.17%.

Tinder RPP rose 1% year over year to $16.72, driven by pricing adjustments aimed at enhancing revenues from existing users. Payers declined 5% year over year to 9.49 million.

Hinge revenues grew 27.2% year over year to $147.7 million, with a 19% year-over-year increase in payers to 1.62 million and a 7% increase in RPP to $30.42.

Match Group Asia (MG Asia) direct revenues declined 9.5% year over year (down 5% on a FX-neutral basis) to $66.6 million due to the impacts of forex exchange fluctuations. MG Asia consists of the worldwide activity of the brands Pairs and Azar.

Evergreen and Emerging revenues declined 7.6% year over year to $155.1 million, with a 14% year-over-year increase in payers to 2.49 million and a 7% increase in RPP to $20.8.

Match Group's Operating Details

Total operating costs and expenses (74% of revenues) increased 5.1% year over year to $636.8 million in the fourth quarter.

Adjusted operating income was $323.9 million, down 10.4% year over year, representing an adjusted operating margin of 37.7%, which contracted 410 basis points.

MTCH's Balance Sheet

As of Dec. 31, 2024, Match Group had a cash and cash equivalent, and short-term investment of $970.7 million compared with $861 million as of Sept. 30, 2024.

As of Dec. 31, 2024, MTCH had a long-term debt of $3.8 billion compared with $3.9 billion as of Sept. 30, 2024.

In the quarter ended Dec. 31, 2024, the company repurchased 3.1 million shares of common stock for $117 million.

For 2024, MTCH repurchased 22.2 million shares of common stock for $753 million. As of Feb. 4, 2025, $1.75 billion in aggregate value of shares of Match Group was available under the current repurchase program.

MTCH Initiates Q1 & 2025 Guidance

Match Group expects first-quarter 2025 revenues of $820-$830 million, suggesting a 3-5% year-over-year decline, primarily driven by a decrease in Tinder's direct revenues. This decline stems from stable but negative MAU trends, and the impacts of planned trust and safety initiatives.

On a FXN basis and excluding Hakuna and other live stream services, Match Group's revenues are expected to be flat to up 1% year over year. The Zacks Consensus Estimate for first-quarter 2025 revenues is pegged at $853.39 million, indicating a decline of 0.73% on a year-over-year basis.

Adjusted operating income (AOI) for the first quarter is anticipated to be $260-$265 million, suggesting a 5-7% year-over-year decline, with an AOI margin of 32% at the midpoint. This is anticipated to be driven by lower cost of revenues, flat sales and marketing expenses, and slight increases in product development and general administrative costs as a percentage of revenues.

For 2025, the company expects revenues of $3,375-$3,500 million, implying a 3% year-over-year decline to 1% growth.

Adjusted operating income (AOI) for 2025 is expected to be $1,232-$1,278 million. The AOI margin is likely to be at least 36.5%, suggesting a year-over-year rise of 50 bps. AOI is projected to be flat year over year at the mid-point of the above-mentioned range.

Recent News

On Apr 24, 2024, Match Group's Hinge introduced Hidden Words, a feature allowing users to filter incoming Likes with Comments, reducing unwanted interactions and increasing safety and confidence, thereby enhancing their dating experience.

On Mar 21, 2024, Match Group's Stir partnered with Therabody to offer single parents back pain relief and support, providing tools, tips and encouragement to help them get back out there.

Valuation

Match shares have declined 6.1% in the year-to-date period and down 7.7% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector have returned 10.3% and 9.2% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector have returned 37.2% and 31.4%, respectively.

The S&P 500 index has gained 3.9% in the year-to-date period and 26.5% in the past year.

The stock is currently trading at 2.51X forward 12-month sales compared with 1.91X for the Zacks sub-industry, 1.68X for the Zacks sector and 5.37X for the S&P 500 index.

Over the past five years, the stock has traded as high as 15.99X and as low as 1.45X, with a five-year median of 3.62X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $37 price target reflects 2.64X forward 12-month sales.

The table below shows the summary valuation data for MTCH.

Valuation Multiples - MTCH

		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	2.51	1.91	1.68	5.37
	5-Year High	15.99	3.83	2.03	5.53
	5-Year Low	1.45	1.19	1.11	3.84
	5-Year Median	3.62	1.79	1.43	4.9
EV/Sales TTM	Current	3.33	2.49	1.9	5.33
	5-Year High	20.54	5.02	2.42	5.78
	5-Year Low	3.04	1.27	1.23	3.19
	5-Year Median	5.54	2.04	1.58	4.84

As of 02/18/2025 *Source: Zacks Investment Research*

Industry Analysis(1) Zacks Industry Rank: Top 21% (52 out of 247)

Top Peers (1)

Company (Ticker)	Rec	Rank
Amazon.com, Inc. **(AMZN)**	Neutral	3
Booking Holdings Inc...**(BKNG)**	Neutral	3
Bumble Inc. **(BMBL)**	Neutral	3
Coupang, Inc. **(CPNG)**	Neutral	3
Dingdong (Cayman) Li...**(DDL)**	Neutral	3
Pinterest, Inc. **(PINS)**	Neutral	3
Snap Inc. **(SNAP)**	Neutral	3
Weibo Corporation **(WB)**	Neutral	3

Industry Comparison(1) Industry: Internet - Commerce

	MTCH	X Industry	S&P 500	Industry Peers BKNG	CPNG	SNAP
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	B	-	-	C	C	B
Market Cap	7.70 B	192.42 M	35.32 B	144.40 B	40.21 B	15.08 B
# of Analysts	6	4	20	14	3	10
Dividend Yield	2.47%	0.00%	1.59%	0.87%	0.00%	0.00%
Value Score	B	-	-	D	D	F
Cash/Price	0.12	0.28	0.04	0.11	0.15	0.20
EV/EBITDA	10.31	3.91	13.85	15.62	33.62	-31.69
PEG Ratio	-0.62	1.11	2.05	1.58	60.13	0.65
Price/Book (P/B)	NA	1.61	3.41	NA	9.78	6.05
Price/Cash Flow (P/CF)	10.02	18.54	13.55	20.91	47.75	NA
P/E (F1)	9.11	20.96	18.03	20.96	60.74	24.03
Price/Sales (P/S)	2.21	1.18	2.88	6.08	1.33	2.81
Earnings Yield	10.80%	3.88%	5.52%	4.77%	1.66%	4.16%
Debt/Equity	-60.46	0.03	0.60	-3.76	0.24	1.47
Cash Flow ($/share)	3.07	-0.01	9.09	210.44	0.47	-0.25
Growth Score	C	-	-	C	A	A
Hist. EPS Growth (3-5 yrs)	-0.62%	7.08%	10.06%	66.73%	NA	NA
Proj. EPS Growth (F1/F0)	11.04%	34.88%	7.68%	12.19%	68.18%	27.59%
Curr. Cash Flow Growth	1.38%	-6.07%	6.74%	14.84%	13.51%	-58.29%
Hist. Cash Flow Growth (3-5 yrs)	10.07%	11.64%	6.94%	6.90%	27.26%	9.21%
Current Ratio	2.54	1.47	1.20	1.31	1.17	3.95
Debt/Capital	NA%	14.54%	39.35%	NA	19.41%	59.55%
Net Margin	15.84%	-3.63%	12.68%	24.78%	0.51%	-13.02%
Return on Equity	-574.22%	-8.56%	17.11%	-159.34%	10.03%	-25.67%
Sales/Assets	0.79	0.92	0.52	0.85	1.96	0.71
Proj. Sales Growth (F1/F0)	-0.80%	5.07%	4.39%	6.30%	13.00%	13.90%
Momentum Score	D	-	-	A	F	B
Daily Price Chg	-1.98%	0.00%	0.49%	1.08%	1.32%	0.34%
1 Week Price Chg	2.87%	-3.40%	-4.16%	-6.83%	-4.01%	-5.17%
4 Week Price Chg	-9.59%	-10.25%	-7.48%	-12.31%	-5.76%	-17.15%
12 Week Price Chg	-1.09%	-7.78%	-4.65%	-10.98%	-1.29%	-20.77%
52 Week Price Chg	-7.66%	-13.47%	8.40%	25.73%	13.51%	-25.29%
20 Day Average Volume	5,581,913	434,413	2,822,138	301,409	10,042,628	21,634,988
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	-0.02%	0.57%	-32.93%	3.69%
(F1) EPS Est 12 week change	-4.19%	0.00%	-0.62%	-0.56%	-39.89%	-14.98%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	-0.33%	-14.15%	-41.67%	0.93%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	C
Momentum Score	D
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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