EDISON

QuickView

# YOC

TMT

17 August 2022

## Improving margins as VIS.X performs

**YOC's H122 results show the positive impact on margins from the growth in its proprietary VIS.X platform. On revenues up by 26% on H121, EBITDA margin has stepped up from 9.5% to 11.5%. FY22 guidance is unchanged, implying growth at a similar pace in H222 as achieved in H122, with an EBITDA margin of around 18% (all from mid-points of guided range). Unlike most of the global adtech sector, YOC's shares have performed very well year to date as the strength of its offering, marrying mobile programmatic delivery with high-impact formats, has become better understood.**

### Extending the reach

YOC has built a strong roster of premium publishers, which are attractive to advertisers, with the VIS.X platform giving the ability to deliver high-impact formats in a brand-safe environment. It has garnered a good reputation in the mobile space (for which the platform was designed) and is now extending VIS.X to desktop, having added desktop to its traditional offering during FY21. This means that it can offer the full range of programmatic options for brand owners and agencies. The other addition for the current year is the inclusion of the Swiss market through the acquisition of theINDUSTRY AG in January, enabling the group to offer solutions across the DACH region.

### Standing out from the crowd

Deteriorating macroeconomic conditions are a headwind for H222, and potentially FY23, global advertising spend. Spending on brand normally fares better than specific campaigns during downturns and brand owners will be even more anxious to achieve a good return on their advertising spend, which should be a relative advantage for YOC and its VIS.X platform. Continuing internal investment is important to ensure that YOC retains its premium positioning. In H122, it spent €428k on development costs and €389k on its Swiss acquisition (total cost of up to €750k subject to FY22–24 results, to be met from cash flow). Net debt (excluding lease liabilities) at end-June was €2,471k, down from €3,507k at end-December.

### Valuation: Marked outperformance year to date

YOC's shares have performed strongly year to date, up by 25%, while other global adtech companies have suffered from stock market rotation away from high growth and tech stocks, falling on average by 38%. Across FY22e sales and EBITDA, YOC trades at EV multiples of 2.5x and 15.9x, a discount of 39% to peers on the former metric and a 19% premium on the latter. We attribute this outperformance to growing understanding and recognition of the attractions of the VIS.X platform and a tightly held share register.

**Consensus estimates**

| Year end | Revenue (€m) | EBITDA (€m) | PBT (€m) | EPS (€) | DPS (€) | EV/EBITDA (x) | P/E (x) |
|---|---|---|---|---|---|---|---|
| 12/19 | 14.9 | 0.8 | 0.1 | (0.1) | 0 | 74.5 | N/A |
| 12/20 | 15.5 | 1.8 | 0.9 | 0.1 | 0 | 33.1 | 36.0 |
| 12/21 | 18.8 | 2.8 | 1.9 | 0.5 | 0 | 21.3 | 33.2 |
| 12/22e* | 24.0 | 3.8 | N/A | 0.7 | N/A | 15.9 | 23.4 |

Source: YOC. *Note: Mid-point of management's guidance.

| | |
|---|---|
| Price | €16.6 |
| Market cap | €58m |

**Share price graph**


**Share details**

| | |
|---|---|
| Code | YOC |
| Listing | FRA |
| Shares in issue | 3.47m |

**Business description**

YOC is a Germany-based technology company that develops software for the global digital advertising market. By using the platform VIS.X and YOC's proprietary ad formats, advertisers can increase awareness for their brand or products in combination with high-quality advertising inventory. Its supply-side platform VIS.X, launched in 2018, provides a programmatic marketplace for the automatic trading of digital advertising units, allowing for the real-time bidding of advertising budgets. YOC's key markets include Germany, Austria, Poland and Switzerland.

**Bull**

- VIS.X strategy building a track record of revenue and profit growth potential.
- Positive net income.
- European leader in programmatic advertising and high-impact formats.

**Bear**

- Strong competition from several large companies.
- Still in a net liabilities position, albeit closing.
- Potential for macroeconomic factors to slow global advertising spend.

**Analysts**


| | |
|---|---|
| Max Hayes | +44 (0)20 3077 5700 |
| Fiona Orford-Williams | +44 (0)20 3077 5739 |

media@edisongroup.com

Edison profile page


***YOC is a research client of Edison Investment Research Limited.***

EDISON

## General disclaimer and copyright

This report has been commissioned by YOC and prepared and issued by Edison, in consideration of a fee payable by YOC. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.



## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia