



Affle continues to deliver strong numbers achieving its highest quarterly revenue run rate, EBITDA, consumer conversions, and CPCU rate in Q1FY25. Both Indian and emerging markets, as well as developed markets, are witnessing broad-based growth across verticals.

- Revenue at INR 5,195 Mn, +27.8% yoy / +2.6% qoq and +0.7% above our estimates.
- EBITDA at INR 1,045 Mn, +33.8% yoy / +6.6% qoq and +3.4% above our estimates.
- EBITDA margin at 20.1%, vs 19.2% / 19.4% in Q1FY24 / Q4FY24, +52bps above our estimates.
- EBIT at INR 852 Mn, +33.8% yoy / +9.6% qoq and +2.1% above our estimates.
- EBIT margin at 16.4% vs 15.7% / 15.4% in Q1FY24 / Q4FY24
- Adj PBT at INR 1,066 Mn, +52.1% yoy / +6.4% qoq and +12.3% above our estimates.
- Adj PAT at INR 866 Mn, +30.9% yoy / -1% qoq and +5.5% above our estimates.
- Adj EPS at INR 6.18, vs 4.97 / 6.24 in Q1FY24 / Q4FY24
- Converted Users in CPCU business stood at 90.8 Mn, vs 68.7 Mn / 88.4 Mn in Q1FY24 / Q4FY24.
- Average CPCU rate stood at INR 57, in Q1FY25 vs INR 55 / 57 in Q1FY24 / Q4FY24.

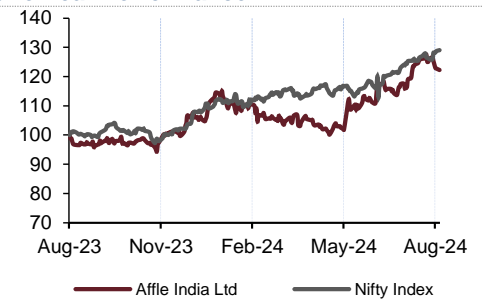
Rating	TP (Rs)	Up/Dn (%)
BUY	1,750	22

Market data

Current price	Rs	1,434
Market Cap (Rs.Bn)	(Rs Bn)	201
Market Cap (US\$ Mn)	(US\$ Mn)	2,401
Face Value	Rs	2
52 Weeks High/Low	Rs	1,547 / 988
Average Daily Volume	('000)	436
BSE Code		542752
Bloomberg		AFFLE.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-24	Mar-24
Promoters	55.14	56.92
Public	44.82	43.01
Total	100	100

Source: BSE

Financial Summary

Y/E Mar (Rs mn)	FY 22	FY 23	FY 24	FY 25E	FY 26E	FY 27E
Net sales	10,817	14,340	18,428	22,612	27,223	32,637
EBITDA	2,131	2,888	3,600	4,707	6,124	7,546
Adjusted net profit	2,157	2,472	2,973	3,907	4,946	6,131
Free cash flow	1,540	966	1,955	2,172	3,320	4,355
EPS (Rs)	16.1	18.4	21.7	27.9	35.3	43.7
growth (%)	59.03	14.28	17.90	28.43	26.59	23.94
Adjusted EPS (Rs)	16.2	18.4	21.7	27.9	35.3	43.7
growth (%)	109.53	13.77	17.90	28.43	26.59	23.94
P/E (x)	89.0	77.9	66.1	51.4	40.6	32.8
P/B (x)	16.2	13.0	8.0	7.0	5.9	5.0
EV/EBITDA (x)	87.5	64.3	52.8	39.7	29.9	23.6
ROCE (%)	12.9	14.9	10.9	13.1	15.3	16.2
RoE (%)	18.2	16.7	11.9	13.5	14.6	15.3

Source: Company

Source: Dalal & Broacha Research, Company

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Conference Call Key Highlights

- **Google's Privacy Policy and Affle's Strategic Advantage**
 - a. **Third-Party Cookies and Privacy Sandbox:** Google has decided not to deprecate third-party cookies, and its Privacy Sandbox project has also been delayed. Affle was already immune to the deprecation of cookies as their business focuses on in-app and on-device mobile experiences rather than browser-based ads.
 - b. **Apple's iOS Privacy Changes:** In 2021, Apple transformed iOS privacy changes and Affle turned this into a competitive advantage in both developed and emerging markets. Affle successfully navigated these changes with their expanded IP portfolio of 36 patents, including futuristic AI use cases on a privacy-compliant platform.
- **Market Performance and Growth**
 - a. **India and Global Emerging Markets:** These markets constituted 73.2% of Affle's Q1FY25 topline, achieving strong revenue growth of +24.8% YoY, with market tailwinds remaining intact. Management observed broad-based growth across diversified verticals, with Real Money Gaming (RMG) normalizing.
 - b. **Developed Markets:** Developed markets saw a 36.9% YoY growth in Q1FY25, contributing 26.8% to the Q1FY25 topline. Affle is strengthening its foundation to enhance its consumer platform tech stack and is confident of sustaining its existing growth momentum. The addressable market is very large in North America and Europe and there is massive runway for long term growth.
 - c. Affle delivered 20% organic growth in Q1FY25.
- **Operational Efficiency and Financials**
 - a. **Data Inventory Cost:** Data inventory cost stood at 61.6%, up by 63 bps QoQ, as Affle continues to invest in premium inventory and touchpoints. Affle's past investments in HR, coupled with the integration and consolidation of teams strategy, have provided efficiency in employee costs over the last two quarters. The adoption of new technologies as a scalable platform has normalized employee costs. Other expenses stood at 7%, down 82 bps QoQ, improving due to past investments in sales and marketing over the last three quarters yielding results.
 - b. **Effective Tax Rate:** The effective tax rate was 18.7%, which is expected to be a new standard.
 - c. **Revenue Contribution and Focus:** Growth has been broad-based across top verticals, with significant contributions from the gaming vertical and emerging markets. The revenue contribution of the top verticals increased to 95%+ in Q1FY25 from 90%+.
- **Strategic Focus and Future Outlook**
 - a. **Organic Growth:** Management is focused on delivering 20% organic growth with cash flow-positive, bottom-line sensible, high-margin, premium, and profitable growth.
 - b. **CPCU Rates and Services:** Affle's CPCU rates are expected to continue improving due to the increasing contribution of developed markets and the introduction of more premium services (iOS users and premium use cases driving premium conversions).
 - c. **CPCU Model on CTV:** The partnership with TCL (one of the largest Android CTV makers globally) and MediaSmart is expected to strengthen Affle's CPCU model on the connected TV product, enhancing their competitive advantage as the only CPCU model connected TV platform for advertising.
 - d. **GenAI Investments:** While most industry players use GenAI to optimize costs, Affle is investing in GenAI-powered innovations to achieve much more than cost efficiencies,

enabling long-term revenue growth and competitive advantages. Affle has been granted 10 patents in the US and India and filed 26 patents in the US, India, and Singapore. These include interaction training, integration of GenAI agents, and advanced AI areas such as personalization, recommendation, predictive analysis, privacy, and enhanced fraud detection.

- Acquisition Strategy:** Affle is not in a rush to make an acquisition but with a healthy balance sheet and cash flow generation is keeping an eye out for opportunities around new innovations that can add disproportionate value to the company.

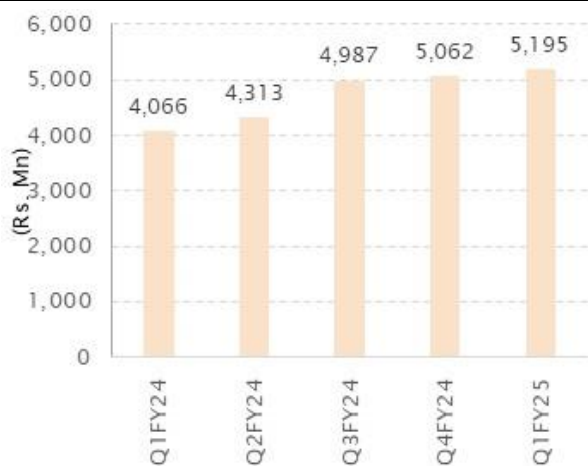
Quarterly Performance Analysis

Exhibit 1: Quarterly Trend of CPCU

Particulars	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Converted Users (Mn)	61.9	64.7	67.8	62.5	68.7	72.0	83.8	88.4	90.8
<i>Q-o-Q Growth (%)</i>	9.36	4.52	4.79	-7.82	9.92	4.80	16.39	5.49	2.71
<i>Y-o-Y Growth (%)</i>	96.51	32.85	15.90	10.42	10.99	11.28	23.60	41.44	32.17
Average CPCU (INR)	52.1	51.0	51.0	51.2	55.0	55.6	57.0	57.0	57.0
<i>Q-o-Q Growth (%)</i>	1.96	-2.11	0.00	0.39	7.42	1.09	2.52	0.00	0.00
<i>Y-o-Y Growth (%)</i>	24.05	-0.58	-1.54	0.20	5.57	9.02	11.76	11.33	3.64
CPCU Revenue (Mn)	3225	3300	3458	3200	3779	4003	4777	5039	5176
<i>Q-o-Q Growth (%)</i>	11.50	2.32	4.79	-7.46	18.08	5.95	19.32	5.49	2.71
<i>Y-o-Y Growth (%)</i>	143.76	32.08	14.11	10.64	17.16	21.32	38.14	57.46	36.97

Source: Dalal & Broacha Research, Company

Exhibit 2: Net Sales Trajectory



Source: Dalal & Broacha Research, Company

Exhibit 3: EBITDA & EBITDA Margin Trajectory



Source Dalal & Broacha Research, Company

Exhibit 4: Adj. PAT (Exc. Exceptional) Trajectory



Source: Company, D&B Research

Quarterly Deviation

YE March (Rs. mn)	Q1 FY25	Q4 FY24	Q-o-Q change %	Q1 FY24	Y-o-Y change %	Q1 FY25 Estimates	Deviation %
Net Sales (INR Mn)	5,195	5,062	2.6%	4,066	27.8%	5,159	0.7%
Other operating income	0	0		0		0	
Less:							
Inventory and Data Costs	3,200	3,086	3.7%	2,483	28.9%	3,147	1.7%
Employees Remuneration & Benefits	586	600	(2.3%)	562	4.4%	692	(15.2%)
Administrative & Other Expenses	364	396	(8.1%)	240	51.5%	310	17.6%
Total Operating Expenditure	4,150	4,082	1.7%	3,285	26.3%	4,148	0.0%
EBITDA	1,045	980	6.6%	781	33.8%	1,011	3.4%
Less: Depreciation	193	202	(4.6%)	144	33.6%	176	9.5%
EBIT	852	778	9.6%	637	33.8%	835	2.1%
Less: Interest	38	49	(22.8%)	34	9.9%	41	(6.8%)
Add: Other income	251	273	(7.9%)	98	155.5%	155	62.3%
Profit Before Tax	1,066	1,002	6.4%	701	52.1%	949	12.3%
Adjusted Profit Before Tax	1,066	1,002	6.4%	701	52.1%	949	12.3%
Less: Total Tax	200	127		39		128	
Minority Interest	0	0		(0)		0	
Reported PAT	866	875	(1.0%)	662	30.9%	821	
Adjusted PAT	866	875	(1%)	662	30.9%	821	5.5%
Reported Diluted EPS (Rs.)	6.18	6.24		4.97		5.9	
Adjusted Diluted EPS (Rs.)	6.18	6.24	(1.1%)	4.97	24.4%	5.9	5.5%
No of Shares Diluted (mn)	140.1	140.1		133.2		140.1	
Margin Analysis %			Change in bps		Change in bps		Change in bps
EBIT Margin	16.4%	15.4%	104	15.7%	74	16.2%	22
EBIDTA Margin	20.1%	19.4%	76	19.2%	90	19.6%	52
NPM	16.7%	17.3%	(62)	16.3%	39	15.9%	76
Adjusted NPM	16.7%	17.3%	(62)	16.3%	39	15.9%	76
Effective Tax Rate %	18.7%	12.6%	610	5.6%	1317	13.5%	524
Cost Analysis %			Change in bps		Change in bps		Change in bps
Inventory & Data Costs/Net Sales	61.6%	61.0%	63	61.1%	53	61.0%	59
Employee Cost/Net Sales	11.3%	11.9%	(57)	13.8%	(253)	13.4%	(212)
SG&A/Net sales	7.0%	7.8%	(82)	5.9%	110	6.0%	101

Source: Dalal & Broacha Research, Company

Valuation & Outlook

At the current level of INR 1434, the stock is trading at 51.4x / 40.6x / 32.8x FY25e / FY26e / FY27e EPS.

The management is focused on cash flow-positive, bottom-line sensible, high-margin, premium, and profitable growth. They are targeting over 20% topline growth along with margin improvement over the long term. With growth being broad based across verticals and geographies, the company is well-positioned for future growth.

Affle's focus on connected TV, the iOS market, recent OEM partnerships, and Gen AI-powered products on iOS will help the company target more premium segments. Additionally, synergies from acquisitions and consolidation are expected to improve margins and drive growth in the future.

Affle's ongoing emphasis on the organic business and the consolidation of acquisitions in high-growth emerging verticals will support steady and robust growth. **We maintain a BUY rating on the stock with a target price of INR 1,750, valuing the company at a 40x PE multiple on FY27E earnings.**

Financials.

Profit & Loss Statement						
YE March (Rs. mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue from Operations	10,817	14,340	18,428	22,612	27,223	32,637
% Growth	109.3	32.6	28.5	22.7	20.4	19.9
Operating Expenses						
Inventory and Data Costs	6,789	8,843	11,254	13,855	16,732	20,061
Employee Benefit Expense	1,296	1,872	2,352	2,528	2,897	3,268
Other Expenses	600	736	1,223	1,522	1,470	1,762
Total Operating Expenses	8,685	11,452	14,828	17,905	21,099	25,091
EBITDA	2,131	2,888	3,600	4,707	6,124	7,546
<i>Growth (%)</i>	<i>64.4</i>	<i>35.5</i>	<i>24.7</i>	<i>30.8</i>	<i>30.1</i>	<i>23.2</i>
<i>EBITDA Margin (%)</i>	<i>19.7</i>	<i>20.1</i>	<i>19.5</i>	<i>20.8</i>	<i>22.5</i>	<i>23.1</i>
Less: Depreciation	324	494	715	765	779	952
EBIT	1,807	2,393	2,885	3,943	5,345	6,594
<i>Growth (%)</i>	<i>64.3</i>	<i>32.5</i>	<i>20.5</i>	<i>36.7</i>	<i>35.6</i>	<i>23.4</i>
<i>EBIT Margin (%)</i>	<i>16.7</i>	<i>16.7</i>	<i>15.7</i>	<i>17.4</i>	<i>19.6</i>	<i>20.2</i>
Interest Paid	71	114	189	163	130	97
Other Income	716	544	572	993	817	979
PBT	2,452	2,823	3,268	4,773	6,032	7,477
Tax Expenses	300	361	295	865	1,086	1,346
Net Profit	2,147	2,452	2,973	3,907	4,946	6,131
Adjust PAT	2,157	2,472	2,973	3,907	4,946	6,131
<i>Growth (%)</i>	<i>109.5</i>	<i>14.6</i>	<i>20.2</i>	<i>31.5</i>	<i>26.6</i>	<i>23.9</i>
<i>APAT Margin (%)</i>	<i>19.8</i>	<i>17.1</i>	<i>16.1</i>	<i>17.3</i>	<i>18.2</i>	<i>18.8</i>
EPS	16.1	18.4	21.7	27.9	35.3	43.7
<i>Growth (%)</i>	<i>59.0</i>	<i>14.3</i>	<i>17.9</i>	<i>28.4</i>	<i>26.6</i>	<i>23.9</i>
Adj. EPS	16.2	18.4	21.7	27.9	35.3	43.7
<i>Growth (%)</i>	<i>109.5</i>	<i>13.8</i>	<i>17.9</i>	<i>28.4</i>	<i>26.6</i>	<i>23.9</i>

Financial Ratio Analysis						
YE March (Rs. mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profitability Ratios						
ROE (%)	18.20	16.71	11.90	13.53	14.62	15.34
ROCE (%)	12.92	14.89	10.93	13.09	15.33	16.17
ROA (%)	8.36	8.62	6.57	7.73	8.69	9.49
Financial Leverage Ratios						
Debt / Equity (x)	0.1x	0.1x	0.1x	0.1x	0.0x	0.0x
Interest Coverage (x)	30x	25x	19x	29x	47x	78x
Interest / Debt (%)	5	11	11	11	11	11
Asset Turnover Ratios						
Debtors (Days)	106	79	94	105	105	105
Creditors (Days)	79	62	63	79	79	79
Valuation Ratios						
Book Value (Rs.)	89	110	178	206	241	285
P/E (x)	89.0	77.9	66.1	51.4	40.6	32.8
P/BV (x)	16.2	13.0	8.0	7.0	5.9	5.0
EV/EBITDA (x)	88	64	53	40	30	24
Market Cap. / Sales (x)	18	13	11	9	7	6
Net Cash / Mkt Cap (%)	2	3	5	7	9	12
Dividend Yield (%)	0	0	0	0	0	0
Dividend Per Share	0	0	0	0	0	0
EV						
Market Cap	191,081	191,081	200,911	200,961	200,961	200,961
Net Cash	4,562	5,426	10,961	14,034	18,017	23,196
Net Debt	-4,562	-5,426	-10,961	-14,034	-18,017	-23,196

Balance Sheet						
Particulars	FY22	FY23	FY24	FY25E	FY26E	FY27E
EQUITY						
Equity Share Capital	267	266	280	280	280	280
Other Equity	11,527	14,405	24,700	28,608	33,554	39,685
Total Equity	11,794	14,672	24,980	28,888	33,834	39,965
LIABILITIES						
Non-Current Liabilities						
Financial Liabilities						
Borrowings	891	521	726	526	326	126
Other Non-Current Financial Liabilities	1,218	789	528	528	528	528
Long-Term Provisions	18	19	25	25	25	25
Deferred Tax Liabilities (net)	61	55	103	103	103	103
Lease Liabilities	-	18	39	39	39	39
Total Non-Current Liabilities	2,188	1,402	1,421	1,221	1,021	821
Current Liabilities						
Financial Liabilities						
Borrowings	593	510	1052	952	852	752
Trade Payables						
Dues of small enterprises	42	30	28			
Others	2,517	2,491	3,803	5,151	6,070	7,218
Lease Liabilities	2	7	10	10	10	10
Other Financial Liabilities	788	698	1,047	1,011	1,159	1,307
Short-Term Provisions	31	32	29	29	29	29
Liabilities for Current Tax	69	67	166	104	130	161
Other Current Liabilities	204	174	198	186	192	189
Total Current Liabilities	4,288	4,033	6,429	7,538	8,537	9,762
Total Equity and Liabilities	18,269	20,107	32,830	37,647	43,393	50,549
Non-Current Assets						
Property Plant & Equipment						
Gross Block	559	1,060	1,782	2,582	3,382	4,182
Less: Depreciation	535	1,029	1,744	2,509	3,288	4,240
Net Block	24.24	30.62	38	73	94	-58
Right of Use Assets	2	25	62	62	62	62
Goodwill	6,163	6,640	9,829	9,829	9,829	9,829
Other Intangible Assets	804	1,163	1,515	1,818	2,182	2,618
Intangible Assets Under Development	422	485	981	1,131	1,361	1,632
Financial Assets						
Investments	0	0	373	623	873	1,123
Loans, Other financial & income tax assets	50	110	168	168	168	168
Deffered Tax Assets (Net)	29	28	121	-	-	-
Total Non-Current Assets	8,840	8,482	13,087	13,704	14,569	15,374
Current Assets						
Contract Asset	758	1036	2053	1357	1633	1958
Investment held for sale		1338	1338	1338	1338	1338
Financial Assets						
Trade Receivables	2,347	2,452	3,174	4,894	5,892	7,064
Cash and Cash Equivalent s	3,163	3,320	8,051	10,573	14,007	18,635
Other Bank Balances	2,883	3,137	4,314	4,314	4,314	4,314
Loans	12	5	18	226	272	326
Other Financial Assets	47	94	174	618	744	916
Other Current Assets	220	243	622	622	622	622
Total Current Assets	9,429	11,625	19,743	23,944	28,824	35,175
Total Assets	18,269	20,107	32,830	37,647	43,393	50,549

Cash Flow Statement (Rs. Mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Cash flow from operating activities						
Profit before tax	2,452	2,823	3,268	4,773	6,032	7,477
Depreciation & Amortization	324	494	715	765	779	952
Interest expenses	71	114	189	163	130	97
Operating profit before working capital change	2,847	3,431	4,172	5,700	6,941	8,525
Net changes in WC	843	-701	186	-569	-448	-497
(Inc)/Dec in Current Assets	-1,509	-447	-2,210	-1,678	-1,447	-1,723
Inc/(Dec) in Current Liabilities	2,352	-255	2,396	1,109	999	1,225
Gross cash generated from operations	3,690	2,730	4,358	5,132	6,493	8,028
Direct taxes paid	-278	-403	-345	-664	-865	-1,086
Others	-1,352	275	-1,390	-	-	-
Cash generated from operating activities	2,060	2,603	2,623	4,467	5,627	6,942
Cash flow from investing activities						
Capex	-3,747	-1,400	-4,759	-1,252	-1,394	-1,507
Investments	1,013	-23	-410	-250	-250	-250
Others	-2,825	-552	-604	-	-	-
Cash generated from investment activities	(5,559)	(1,974)	(5,773)	(1,502)	(1,644)	(1,757)
Cash flow from financing activities						
Inc / Dec in Share capital	6,055	426	7,336	-0	-0	-0
Borrowings / (Repayments)	149	-799	-56	-200	-200	-200
Interest paid	-71	-114	-189	-163	-130	-97
Others	34	-127	717	-80	-220	-260
Cash generated from financing activities	6,150	(590)	7,832	(442)	(550)	(557)
Net cash increase/ (decrease)	2,650.36	38	4,682	2,522	3,433	4,629
Free Cash Flow Statement	FY22	FY23	FY24	FY25E	FY26E	FY27E
EBITDA	2,131	2,888	3,600	4,707	6,124	7,546
Add: Depreciation Tax Shield	40	63	65	139	140	171
Working Capital Changes	843	-701	186	-569	-448	-497
Less: Inc in FC Investment	734	923	1,570	1,252	1,394	1,507
Taxes Paid	300	361	295	865	1,086	1,346
Total Free Cash Flows	1,980	966	1,985	2,160	3,336	4,367

Source: Dalal & Broacha Research, Company

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