

CMP: ₹ 1,850

Target: ₹ 2,130 (15%)

Target Period: 12 months

BUY

July 29, 2025

## Another quarter of robust show!

**About the stock:** Affle 3i Ltd. (erstwhile Affle (India) Ltd.) is a global ad-tech company specializing in consumer intelligence and engagement solutions. It has built a strong presence in programmatic digital advertising for mobile devices with a differentiated Cost Per Converted User (CPCU) model.

**Q1FY26 Performance:** Affle in Q1FY26 reported revenues of ₹620.7 crore, up 3.1% QoQ/ 19.5% YoY. EBITDA margins came at 22.5%, up ~30 bps QoQ and ~240 bps YoY. PAT at ₹105.5 crore, was up 2.4% QoQ/ 22% YoY.

### Investment Rationale

- Solid operating momentum driven by platform strength & Intelligence-Led Strategy:** Affle continues to deliver robust operating performance, with broad-based growth across India (72.3% of mix) & International markets (27.7% of mix) which grew by 18.1% YoY & 23.3% YoY. Moreover, the strong uptick in converted users (up 17.8% YoY) to 107 mn and consistent CPCU growth (+1.7% YoY) to ₹58 signal healthy platform engagement. Its proprietary Opticks AI engine, now deeply integrated into Consumer Platform Stack, is helping Affle drive creative automation & sharper targeting. This intelligence-led execution, coupled with scalable tech & rising CPCU, strengthens its positioning in the high-growth digital advertising ecosystem. Management expects Q3 seasonality to play out expecting higher revenues than Q1/Q2. **Management reiterated its target of sustaining 20%+ organic revenue growth in FY26 and beyond, coupled with selective acquisitions, with a vision of achieving ~10x growth in 10 years. We expect revenue to grow at a CAGR of 20.4% over FY25-27E.**
- Sustainable margin profile & expanding strategic moat with Apple partnership:** Despite annual employee hikes & higher ETR, margins expanded to 22.5% (up ~240bps YoY), showcasing operational discipline. Additionally, removal of equalisation levy has freed up some funds which are being deployed in growth activities. Thus, **medium-term goal of maintaining 23% EBITDA margin appears well within reach, aided by efficiency gains & a focus on quality, not just scale.** Major levers at play would be AI adoption across all functions, greater productivity, platform efficiencies & localized execution across markets. Notably, Affle's recent certification as an Apple partner enhances its global credibility & reinforces its readiness for a privacy-first future. **We expect user conversions to grow at a CAGR of ~17.7% over FY25-27E to 544 mn users with average CPCU growing at ~2.3% CAGR to ₹60.2 in FY27E. We have baked in EBITDA margins of 22.5%/23.3% in FY26E/FY27E.**

### Rating and Target Price

- Strong execution, platform-led scale, and sustainable margins reinforce our positive stance. **We maintain a positive view with a BUY rating, with target price of ₹2,130 (vs ₹1,850 earlier) at a multiple of 50x P/E on FY27E EPS.**

### Key Financial Summary

₹ Crore	FY23	FY24	FY25	5 Year CAGR (FY20-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Net Sales	1,434	1,843	2,266	46.7%	2,726	3,283	20.4%
EBITDA	293	360	483	33.4%	613	766	25.9%
EBITDA Margins (%)	20.4	19.5	21.3		22.5	23.3	
Adjusted Net Profit	245	297	382	95.6%	465	597	25.1%
Adjusted EPS (₹)	18.4	21.9	27.2		33.1	42.5	
P/E	98.7	87.2	68.0		55.8	43.5	
RoNW (%)	16.7	11.9	13.0		13.6	14.9	
RoCE (%)	17.9	12.6	15.7		14.9	16.2	

Source: Company, ICICI Direct Research



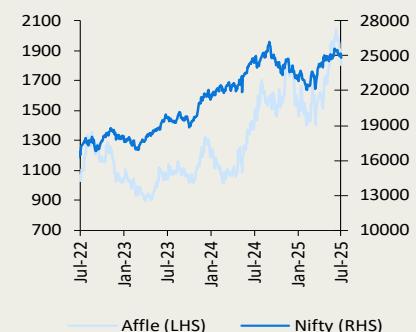
### Particulars

₹ crore	Amount
Market Cap	24,651
Total Debt	77
Cash and Equiv.	1,392
EV (₹ Crore)	23,337
52 week H/L (₹)	2080 / 1246
Equity capital	28.1
Face value (₹)	2.0

### Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	55.1	55.0	55.0	55.0
FII	15.6	16.5	16.1	18.4
DII	15.6	14.6	15.3	13.8
Others	13.8	13.9	13.6	12.8

### Price Chart



### Key risks

- Regulatory and data privacy risk
- Increase in competition

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## Performance highlights and outlook

- Revenue Performance:** Affle in Q1FY26 reported revenues of ₹620.7 crore, up 3.1% QoQ/ 19.5% YoY.
- CPCU revenue, no. of conversion and CPCU:** Consumer Platform CPCU business (99.9% of revenue mix) recorded revenue of ₹620 crore, up 19.8% YoY driven by an increase in converted users by 2.9% QoQ/ 17.8% YoY to **107 mn users**, while average CPCU grew by 0.35%QoQ/1.7% YoY to ₹58.
- Geography performance:** Geography wise, both India (72.3% of mix) & International markets (27.7% of mix) grew by 18.1% YoY and 23.3% YoY respectively.
- Margin performance:** EBITDA margin came at 22.5%, up ~30 bps QoQ and ~240 bps YoY. PAT at ₹105.5 crore, was up 2.4% QoQ/ 22% YoY.
- AI/GenAI:** With the integration of its proprietary **Opticks AI engine**, which enables generation of thousands of hyper-contextual creatives in real time, the company is sharply focused on deepening its intelligence layer—one of the three pillars of its 3i strategy based on - Innovation, Impact, and Intelligence.
- Apple partnership:** As a newly certified Apple partner, Affle is also well-positioned to scale privacy-first advertising solutions on iOS. This makes Affle one of only four certified partners globally listed on Apple's website
- Patent portfolio:** Affle has secured one new patent in India for fraud detection technology, marking their 14th patent overall. **Affle holds total 36 Patents with 14 granted and 22 filed & pending.**
- Guidance/Aspiration:** Management reiterated its target of sustaining 20%+ organic revenue growth in FY26 and beyond, coupled with selective acquisitions, with a vision of achieving ~10x growth in 10 years. On the margins front, management's medium-term goal is of maintaining 23% EBITDA margin.
- M&A:** The management mentioned that they may consider, selective and carefully picked acquisition targets through this year with target companies that achieve at least 20% EBITDA and 20% YoY top line growth.

### Quarter Performance

	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Revenue	620.7	519.5	19.5	602.3	3.1	In Q1, converted users grew by 2.9% QoQ/ 17.8% YoY to 107 mn users, while average CPCU grew by 0.35%QoQ/1.7% YoY to ₹58.
Employee expenses	60.9	58.6	4.2	58.3	4.8	
Inventory & data costs	378.0	320.0	20.0	364.8	4.0	
SG&A expenses	42.1	36.4	15.6	45.2	-6.8	
EBITDA	139.7	104.5	33.7	134.0	4.3	
EBITDA Margin (%)	22.5	20.1	239 bps	22.2	26 bps	Management's medium-term goal is of maintaining 23% EBITDA margin.
Depreciation & amortisation	25.9	19.3	34.2	26.6	-2.7	
EBIT	113.9	85.2	33.6	107.4	6.0	
Finance cost	1.8	3.8	-51.7	2.4	-25.2	
EBIT Margin (%)	18.3	16.4	194 bps	17.8	51 bps	
Other income	17.2	25.1	-31.6	18.9	-9.2	
PBT	129.2	106.6	21.2	123.9	4.3	
Tax paid	23.7	20.0	18.7	20.8	14.0	
PAT	105.5	86.6	21.8	103.1	2.4	

Source: Company, ICICI Direct Research

## Financial Summary

Exhibit 1: Profit and loss statement				₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E
<b>Total operating Income</b>	<b>1,843</b>	<b>2,266</b>	<b>2,726</b>	<b>3,283</b>
Growth (%)	28.5	23.0	20.3	20.4
COGS (employee and Inventory)	1,361	1,611	1,924	2,297
Other expenses	122	173	189	220
<b>Total Operating Expenditure</b>	<b>1,483</b>	<b>1,783</b>	<b>2,113</b>	<b>2,517</b>
<b>EBITDA</b>	<b>360</b>	<b>483</b>	<b>613</b>	<b>766</b>
Growth (%)	22.9	34.2	26.8	25.0
Depreciation	72	97	109	122
Other Income (net)	38	81	70	93
PBT	327	468	573	737
Total Tax	30	86	108	140
<b>Reported PAT</b>	<b>297</b>	<b>382</b>	<b>465</b>	<b>597</b>
Adjusted PAT	297	382	465	597
Growth (%)	21.5	28.5	21.8	28.4
Reported EPS	21.9	27.2	33.1	42.5
Adjusted EPS (₹)	21.9	27.2	33.1	42.5
Growth (%)	18.9	24.2	21.8	28.4

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement					₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E	
<b>Profit after Tax</b>	<b>327</b>	<b>468</b>	<b>573</b>	<b>737</b>	
Add: Depreciation	72	97	109	122	
(Inc)/dec in Current Assets	(173)	(50)	(159)	(193)	
Inc/(dec) in CL and Provisions	101	61	485	222	
Taxes paid	(34)	(74)	(108)	(140)	
<b>CF from operating activities</b>	<b>262</b>	<b>426</b>	<b>831</b>	<b>655</b>	
(Inc)/dec in Investments	(108)	128	77	101	
(Inc)/dec in Fixed Assets	(469)	(241)	(166)	(200)	
<b>CF from investing activities</b>	<b>(577)</b>	<b>(114)</b>	<b>(89)</b>	<b>(99)</b>	
Interest expenses	(13)	(10)	(7)	(8)	
Others	800	(81)	12	16	
<b>CF from financing activities</b>	<b>783</b>	<b>(92)</b>	<b>5</b>	<b>8</b>	
Net Cash flow	468	220	747	563	
Exchange difference	-	-	-	-	
Opening Cash	332	805	1,047	1,794	
<b>Closing Cash</b>	<b>805</b>	<b>1,047</b>	<b>1,794</b>	<b>2,357</b>	

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet				₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	28	28	28	28
Reserve and Surplus	2,470	2,918	3,384	3,981
Total Shareholders funds	2,498	2,946	3,412	4,009
Total Debt	178	77	89	105
Long term provisions	59	26	82	99
Deferred Tax Liability	10	10	326	392
Total non current liability	70	36	407	491
<b>Total Liabilities</b>	<b>2,745</b>	<b>3,060</b>	<b>3,908</b>	<b>4,604</b>
<b>Assets</b>				
Property, plant and equipment	10	8	11	15
Goodwill	983	1,008	1,008	1,008
Intangibles	152	204	258	333
Intangible assets under development	98	111	111	111
Other assets	66	113	113	113
Cash	805	1,047	1,794	2,357
Bank	431	344	344	344
Trade receivables	317	299	359	433
Unbilled revenue	205	253	305	367
Prepayment & O.fin.assets	19	20	24	28
Other current assets	196	213	256	309
<b>Total Current Assets</b>	<b>1,974</b>	<b>2,176</b>	<b>3,082</b>	<b>3,838</b>
Trade payables	383	408	490	591
Unearned revenue	10	16	19	23
OCL & provisions	145	139	167	201
<b>Total Current Liabilities</b>	<b>538</b>	<b>562</b>	<b>676</b>	<b>814</b>
Net Current Assets	1,437	1,614	2,406	3,024
<b>Application of Funds</b>	<b>2,745</b>	<b>3,060</b>	<b>3,908</b>	<b>4,604</b>

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios				
(Year-end March)	FY24	FY25	FY26E	FY27E
<b>Per share data (₹)</b>				
Adjusted EPS	21.9	27.2	33.1	42.5
Cash EPS	26.3	34.1	40.9	51.2
BV	178.3	209.9	243.1	285.6
DPS	-	-	-	-
Cash Per Share	88.3	99.2	152.4	192.5
<b>Operating Ratios (%)</b>				
EBITDA margin	19.5	21.3	22.5	23.3
EBIT margin	15.7	17.1	18.5	19.6
PAT Margin	16.1	16.8	17.1	18.2
Debtor days	63	48	48	48
Unbilled revenue	41	41	41	41
Creditor days	78	68	68	68
<b>Return Ratios (%)</b>				
RoE	11.9	13.0	13.6	14.9
RoCE	12.6	15.7	14.9	16.2
RoIC	20.4	24.8	30.4	36.0
<b>Valuation Ratios (x)</b>				
P/E	87.2	68.0	55.8	43.5
EV / EBITDA	65.5	48.3	36.9	28.8
EV / Net Sales	12.8	10.3	8.3	6.7
Market Cap / Sales	13.4	10.9	9.0	7.5
Price to Book Value	10.4	8.8	7.6	6.5
<b>Solvency Ratios</b>				
Debt/EBITDA	0.5	0.2	0.1	0.1
Debt / Equity	0.1	0.0	0.0	0.0
Current Ratio	1.4	1.4	1.4	1.4
Quick Ratio	1.0	0.9	0.9	0.9

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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