

DoubleVerify Holdings, Inc.

4Q23 Results: No pricing pressure seen, CY24 guide embeds conservatism

Reiterate Rating: BUY | PO: 45.00 USD | Price: 39.24 USD

4Q as expected, EBITDA margin much higher

Q4 Revenue was up 29% Y/Y, in line with BofA/Street/Guide and EBITDA margin 38%, well above BofA/Street/Guide of 34.5%. Both Activation and Measurement segment were in line with the Street and BofA expectations. Management called out noteworthy performance of ABS, growing 43% Y/Y and Social, growing 62% Y/Y. Q4 volumes grew 25% Y/Y and average pricing rose 5%. Overall the Q4 results were uncontroversial.

1Q24 & CY24 guided below on weaker Activation spend

1Q24 Revenue growth outlook of +13% Y/Y negatively surprised BofA/Street, especially in the context of ramping Brand Safety and Suitability service on Facebook & Instagram Feeds & Reels; Management noted idiosyncrasies among a small handful of large customers, and a slower than usual ramp of new customer spend to start the year. DV guided CY24 Revenues to +22% Y/Y, below BofA/Street at +24% Y/Y. We believe Activation will grow slightly slower than Measurement, given the decel in 1Q24. We think CY24 guidance embeds a fair degree of conservatism with regard to opportunities such as Facebook & Instagram Feeds & Reels brand suitability, among others.

Pricing power demonstrated by high growth Activation biz

High expected growth in its Activation segment demonstrates that DV can raise its average per-impression fees over time. Although its Measurement segment will only slightly outgrow competitor IAS's through CY24, its Activation segment will grow by 3x that of its closest competitor in the two years ending 31 Dec '24 (~\$150mn v ~\$50mn). Although the verification market is in early innings, a continued widening of the gap would suggest that DV will eventually lead in a winner-take-most duopoly in the digital ad verification market, ultimately giving it better bargaining power by virtue of having the broadest suite of differentiated solutions.

Reiterate Buy; PO to \$45 on slightly lower estimates

Our PO \$45 (\$47 prev.) is based on 37x (unchanged) EV/CY24 EBITDA. We expect valuation to approach that of TTD (46x, not covered) over time, which is viewed as the leader within its part of the ecosystem: open web DSPs. Another approach suggests DV should trade at a significant premium to a basket of 13 information services stocks (24x CY24), such as MCO, due to much higher growth in the end market (low teens).

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	0.54	0.76	0.84	1.04	1.36
GAAP EPS	0.25	0.41	0.36	0.52	0.74
EPS Change (YoY)	5.9%	40.7%	10.5%	23.8%	30.8%
Consensus EPS (Bloomberg)			0.69	0.86	1.21
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	72.7x	51.6x	46.7x	37.7x	28.9x
GAAP P/E	157.0x	95.7x	109.0x	75.5x	53.0x
EV / EBITDA*	45.1x	34.1x	30.0x	24.9x	19.7x
Free Cash Flow Yield*	0.8%	1.5%	1.6%	2.6%	2.9%

* For full definitions of *IQmethod*SM measures, see page 10.

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29 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	47.00	45.00
2024E Rev (m)	716.6	692.6
2025E Rev (m)	881.3	838.0
2026E Rev (m)	NA	1,015.3
2024E EPS	0.88	0.84
2025E EPS	1.16	1.04
2026E EPS	NA	1.36

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Stock Data

Price	39.24 USD
Price Objective	45.00 USD
Date Established	29-Feb-2024
Investment Opinion	C-1-9
52-Week Range	23.42 USD - 43.00 USD
Mrkt Val (mn) / Shares Out (mn)	6,720 USD / 171.3
Free Float	81.1%
Average Daily Value (mn)	60.46 USD
BofA Ticker / Exchange	DV / NYS
Bloomberg / Reuters	DV US / DV.N
ROE (2024E)	12.8%
Net Dbt to Eqty (Dec-2023A)	-28.9%
ESGMeterTM	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

Acronyms:

MCO: Moody's

DSP: Demand Side Platform

IAS: Integral Ad Science

TTD: Trade Desk

iQprofileSM DoubleVerify Holdings, Inc.

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	8.7%	10.2%	10.2%	11.4%	13.1%
Return on Equity	10.9%	13.5%	12.8%	13.9%	15.6%
Operating Margin	23.7%	25.5%	24.3%	25.4%	27.8%
Free Cash Flow	55	103	108	172	198

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.0x	0.9x	0.9x	1.1x	1.0x
Asset Replacement Ratio	1.2x	0.4x	0.6x	0.7x	0.9x
Tax Rate	27.1%	25.5%	25.0%	25.0%	25.0%
Net Debt-to-Equity Ratio	-30.5%	-28.9%	-33.9%	-41.5%	-47.2%
Interest Cover	NM	NM	NA	NA	NA

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	452	573	693	838	1,015
% Change	36.0%	26.6%	21.0%	21.0%	21.2%
Gross Profit	375	466	562	671	813
% Change	34.6%	24.4%	20.7%	19.3%	21.2%
EBITDA	142	187	213	257	324
% Change	29.0%	32.1%	13.9%	20.4%	26.3%
Net Interest & Other Income	0	10	0	0	0
Net Income (Adjusted)	92	132	147	183	239
% Change	11.5%	44.2%	11.5%	24.2%	30.7%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	43	71	63	90	130
Depreciation & Amortization	34	41	45	44	42
Change in Working Capital	(21)	(43)	(69)	(35)	(58)
Deferred Taxation Charge	(20)	(25)	0	0	0
Other Adjustments, Net	58	76	94	103	120
Capital Expenditure	(40)	(17)	(25)	(30)	(37)
Free Cash Flow	55	103	108	172	198
% Change	-25.2%	87.2%	4.9%	59.5%	15.0%
Share / Issue Repurchase	NA	NA	NA	NA	NA
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	0	0	0	0	0

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	268	310	416	586	781
Trade Receivables	167	207	271	318	386
Other Current Assets	10	16	30	33	39
Property, Plant & Equipment	47	58	68	81	96
Other Non-Current Assets	545	652	616	584	557
Total Assets	1,037	1,243	1,401	1,602	1,859
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	69	84	93	108	123
Long-Term Debt	0	0	0	0	0
Other Non-Current Liabilities	91	85	83	81	79
Total Liabilities	160	169	176	189	203
Total Equity	877	1,074	1,225	1,413	1,657
Total Equity & Liabilities	1,037	1,243	1,401	1,602	1,859

* For full definitions of iQmethodSM measures, see page 10.

Company Sector

PC Software

Company Description

DV is a software platform for digital media measurement. Through its metrics, it helps preserve the fair value exchange between buyers & sellers of digital media. Its proprietary DV Authentic Ad metric measures whether a digital ad is displayed in a fraud-free, brand-suitable environment & is fully viewable in the intended geography. DV measures quality on all major platforms (e.g. Meta, Google, TikTok, open web etc.). DV also prevents DSPs from bidding on poor quality media in the first place.

Investment Rationale

DV is the emerging leader in a the digital ad verification market, which we expect to become a duopoly at maturity. It measured 5.5 trillion impressions in 2022, across platforms and devices, which is orders of magnitude greater than any individual platform. DV's scale gives it an advantage in developing new products, which it sells at premium prices, that help improve advertising performance. DV's fixed fee-per-impression pricing strategy dampens the impact of economic downturns.

Stock Data

Average Daily Volume 1,540,761

Quarterly Earnings Estimates

	2023	2024
Q1	0.14A	0.13E
Q2	0.17A	0.17E
Q3	0.17A	0.22E
Q4	0.28A	0.32E

Analysis of Results vs Forecasts

Exhibit 1: DV 4Q23E Results vs. BofA Estimates

Results vs. BofA Estimates

					Y/Y Growth		Q/Q Growth			
(\$Mn)	4Q23A	4Q23E	Variance (Abs.)	Variance %	Actual	Estimate	Variance %	Actual	Estimate	Variance %
Non-GAAP Income Statement										
Total Revenue	172.2	172.0	0.2	0.1%	28.9%	28.7%	0.2%	19.6%	19.5%	0.2%
Cost of Revenue	30.0	32.7	(2.7)	-8.1%	31.5%	43.1%	-11.6%	13.4%	23.5%	-10.0%
Gross Profit	142.2	139.3	2.9	2.1%	28.3%	25.7%	2.6%	21.0%	18.6%	2.5%
Product Development	26.2	27.5	(1.3)	-4.8%	19.5%	25.5%	-6.0%	0.5%	5.5%	-5.1%
S&M	30.6	32.7	(2.1)	-6.3%	20.9%	29.0%	-8.1%	9.2%	16.6%	-7.4%
G&A	20.0	19.8	0.2	0.9%	36.2%	34.9%	1.3%	12.6%	11.6%	1.0%
D&A	11.5	10.6	0.9	8.6%	29.7%	19.4%	10.3%	7.6%	-0.9%	8.5%
EBIT	53.9	48.7	5.2	10.6%	34.7%	21.8%	12.9%	54.2%	39.4%	14.8%
Adj. EBITDA	65.4	59.3	6.1	10.3%	33.8%	21.4%	12.5%	43.3%	29.9%	13.3%
Segments										
Measurement	60.4	61.2	(0.8)	-1.3%	30.4%	32.1%	-1.8%	17.8%	19.4%	-1.6%
Activation	99.4	99.0	0.4	0.4%	31.7%	31.1%	0.5%	21.7%	21.2%	0.5%
Supply-Side	12.4	11.8	0.6	5.4%	5.4%	-0.1%	5.4%	13.0%	7.2%	5.8%
% of Revenue										
Cost of Revenue	17.4%	19.0%		-157 bps	0.3%	1.9%	-16 bps	-1.0%	0.6%	-16 bps
Product Development	15.2%	16.0%		-79 bps	-1.2%	-0.4%	-8 bps	-2.9%	-2.1%	-8 bps
S&M	17.8%	19.0%		-122 bps	-1.2%	0.0%	-12 bps	-1.7%	-0.5%	-12 bps
G&A	11.6%	11.5%		9 bps	0.6%	0.5%	1 bps	-0.7%	-0.8%	1 bps
D&A	6.7%	6.2%		52 bps	0.0%	-0.5%	5 bps	-0.7%	-1.3%	5 bps
EBIT	31.3%	28.3%		297 bps	1.4%	-1.6%	30 bps	7.0%	4.0%	30 bps
% EBITDA Margin	38.0%	34.5%		349 bps	1.4%	-2.1%	35 bps	6.3%	2.8%	35 bps

Source: BofA Global Research estimates, Company Reports

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Exhibit 2: BofA vs Street Forecasts, FY22 to FY25

We slightly lower FY24 Revenue forecast per management's revised guidance while keeping EBITDA margin the same

	2022	23Q1	23Q2	23Q3	23Q4	2023	24Q1E	24Q2E	24Q3E	24Q4E	2024E	2025E
Total Revenue												
B of A (After)	452	123	134	144	172	573	139	156	180	217	693	838
B of A (Before)					172	572	149	168	183	217	717	881
STREET					172	572	148	166	179	215	708	865
Delta vs. STREET					0.2%	0.1%	-5.9%	-5.6%	0.5%	0.9%	-2.1%	-3.1%
GUIDE						572	138	-	-	-	696	-
ACTUAL												
Total Revenue YoY Growth %												
B of A (After)	36.0%	26.7%	21.8%	28.3%	28.9%	26.6%	13.5%	17.0%	25.0%	26.0%	21.0%	21.0%
B of A (Before)					28.7%	26.5%	21.2%	25.8%	27.1%	26.0%	25.2%	23.0%
STREET					28.6%	26.5%	20.6%	23.9%	24.4%	25.2%	23.7%	22.2%
Delta vs. STREET					0.3%	0.1%	-7.1%	-6.9%	0.6%	0.8%	-2.7%	-1.2%
GUIDE						26%	13%				22%	
Measurement (Direct) Revenue												
B of A (After)	158	41	45	51	60	198	51	57	63	74	245	298
B of A (Before)					61	199	52	60	63	71	245	298
STREET					61	198	50	55	62	73	239	287
Delta vs. STREET					-0.5%	-0.2%	1.4%	3.4%	2.4%	1.3%	2.1%	3.9%
Measurement (Direct) Revenue Y/Y Growth												
B of A (After)	16.5%	22.3%	15.6%	32.0%	30.4%	25.4%	22.0%	26.7%	22.9%	22.5%	23.5%	21.9%
B of A (Before)					32.1%	25.9%	24.5%	32.4%	22.1%	15.9%	23.0%	21.8%
STREET					31.0%	25.6%	20.3%	22.5%	20.0%	20.3%	20.7%	19.7%
Delta vs. STREET					-0.7%	-0.2%	1.7%	4.2%	2.9%	2.2%	2.7%	2.1%
Activation (Programmatic) Revenue												
B of A (After)	251	70	78	82	99	329	77	87	104	130	398	485
B of A (Before)					99	329	85	96	108	133	422	528
STREET					99	329	86	99	106	129	420	527
Delta vs. STREET					0.0%	0.0%	-11.1%	-12.2%	-1.6%	0.4%	-5.4%	-7.9%
Activation (Programmatic) Revenue Y/Y Growth												
B of A (After)	49.7%	31.8%	28.8%	31.4%	31.7%	30.9%	9.7%	11.6%	27.3%	30.8%	20.9%	22.0%
B of A (Before)					31.1%	30.8%	21.8%	23.4%	32.0%	34.1%	28.4%	25.2%
STREET					31.7%	31.0%	23.4%	27.1%	29.3%	30.2%	27.8%	25.3%
Delta vs. STREET					0.0%	0.0%	-13.7%	-15.4%	-2.0%	0.5%	-6.9%	-3.3%
Supply-side Revenue												
B of A (After)	43	11	11	11	12	46	12	13	13	13	50	55
B of A (Before)					12	45	12	13	13	13	50	55
STREET					12	45	12	12	12	13	48	52
Delta vs. STREET					6.1%	1.6%	1.6%	7.8%	5.2%	3.6%	4.5%	6.8%
Supply-side Revenue Y/Y Growth												
B of A (After)	47.2%	14.8%	3.9%	-2.0%	5.4%	5.2%	6.0%	15.6%	13.5%	4.5%	9.7%	10.0%
B of A (Before)					-0.1%	3.8%	6.0%	15.6%	13.5%	10.2%	11.3%	10.0%
STREET					-0.7%	3.6%	4.4%	7.3%	8.0%	7.1%	6.7%	7.6%
Delta vs. STREET					6.1%	1.7%	1.6%	8.3%	5.6%	-2.6%	3.0%	2.4%
Operating Income - NON-GAAP												
B of A (After)	107	27	30	35	54	146	24	32	45	67	168	213
B of A (Before)					49	141	29	38	45	66	178	240
STREET					48	141	29	38	43	65	174	226
Operating Margin - NON-GAAP												
B of A (After)	23.7%	22.0%	22.7%	24.3%	31.3%	25.5%	17.4%	20.6%	24.8%	30.9%	24.3%	25.4%
B of A (Before)					28.3%	24.6%	19.8%	22.7%	24.5%	30.3%	24.9%	27.3%
STREET					28.2%	24.6%	19.6%	22.7%	24.0%	30.0%	24.6%	26.1%

Exhibit 2: BofA vs Street Forecasts, FY22 to FY25

We slightly lower FY24 Revenue forecast per management's revised guidance while keeping EBITDA margin the same

	2022	23Q1	23Q2	23Q3	23Q4	2023	24Q1E	24Q2E	24Q3E	24Q4E	2024E	2025E
Adj. EBITDA												
B of A (After)	142	36	40	46	65	187	35	44	56	78	213	257
B of A (Before)					59	181	41	49	56	76	221	285
STREET					59	181	40	49	54	76	218	274
Delta vs. STREET					10.2%	3.3%	-11.7%	-10.0%	3.6%	3.1%	-2.4%	-6.3%
GUIDE						181	35	-	-	-	213	-
Adj. EBITDA Margin %												
B of A (After)	31.3%	29.3%	29.9%	31.7%	38.0%	32.7%	25.5%	27.9%	31.0%	35.9%	30.8%	30.6%
B of A (Before)					34.5%	31.6%	27.3%	29.2%	30.4%	35.1%	30.9%	32.4%
STREET					34.5%	31.7%	27.2%	29.3%	30.1%	35.1%	30.9%	31.7%
Delta vs. STREET					3.5%	1.0%	-1.7%	-1.4%	0.9%	0.8%	-0.1%	-1.1%
GUIDE						31.6%	25.4%				30.6%	
Free Cash Flow												
B of A (After)	55	17	7	31	47	103	50	19	20	19	108	172
B of A (Before)					23	79	65	19	28	20	132	174
STREET					30	85	41	22	34	26	123	156
Delta vs. STREET					57.2%	20.9%	21.1%	-15.0%	-41.2%	-24.9%	-12.2%	10.2%

Source: Company Reports, BofA Global Research estimates

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Exhibit 3: BofA vs. Consensus, Valuations & Price Objective

Our Price Objective of \$45/share represents a 15% upside from current valuation, and is driven by 37x FY24E EV/EBITDA

Magnite, Inc. -- Valuation Worksheet

(\$ in millions, except per share amounts)

	BofA Target Valuation		BofA Market Valuation (2/28/24)		Market Consensus Valuation (2/28/24)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
(Mn)						
Upside/Downside						
Price Objective		14.6%				
Share Price		\$45.00				
			\$39.26	-	\$39.26	
Diluted Shares Outst.	180.9	180.9	180.9	180.9	180.9	180.9
Market Value	\$8,141	\$8,141	\$7,102	\$7,102	\$7,102	\$7,102
Net Cash	\$310	\$310	\$310	\$310	\$310	\$310
Enterprise Value	\$7,830	\$7,830	\$6,792	\$6,792	\$6,792	\$6,792
EV/EBITDA	36.8x	30.5x	31.9x	26.5x	31.1x	24.8x
EBITDA (BofA/STREET)	\$213	\$257	\$213	\$257	\$218	\$274
FCF Yield	1.3%	2.1%	1.5%	2.4%	1.7%	2.2%
FCF (BofA/STREET)	\$108	\$172	\$108	\$172	\$123	\$156
EV/Sales	11.3x	9.3x	9.8x	8.1x	9.6x	7.9x
Sales (BofA/STREET)	\$693	\$838	\$693	\$838	\$708	\$865

Source: BofA Global Research estimates, Bloomberg, FactSet, Visible Alpha

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Exhibit 4: Comparable Company Analysis - Global AdTech & Self Attributing Networks

Our comparator set includes AdTech companies and Self Attributing Networks

			EV/Sales			Sales	EV/EBITDA			EBITDA				
Company	Ticker	2/28/24 Price	(Consensus)			CAGR	Consensus			CAGR	EBITDA Margin			
			2023E	2024E	2025E		CY23-CY25	2023E	2024E		2025E	CY23-CY25	2023E	2024E
Advertising Technology														
Roku	ROKU US	\$64.55	2.2x	2.0x	1.7x	12%	1781.1x	80.8x	31.8x	648%	0%	2%	5%	
Trade Desk	TTD US	\$84.82	22.5x	18.3x	15.1x	22%	56.8x	45.8x	36.9x	24%	40%	40%	41%	
Unity Software, Inc.	U US	\$29.50	6.6x	8.1x	7.1x	(4%)	32.4x	35.5x	23.8x	17%	20%	23%	30%	
DoubleVerify	DV US	\$39.89	12.7x	10.3x	8.4x	23%	40.1x	33.3x	26.5x	23%	32%	31%	32%	
Live Ramp	RAMP US	\$35.98	3.4x	3.2x	2.9x	9%	31.6x	19.6x	15.4x	43%	11%	16%	19%	
Integral Ad Sciences	IAS US	\$10.45	6.4x	5.7x	4.9x	14%	19.0x	17.4x	14.4x	15%	34%	33%	34%	
Zeta Global	ZETA US	\$10.67	3.3x	2.8x	2.4x	18%	18.7x	14.6x	11.8x	26%	18%	19%	20%	
Viant	DSP US	\$8.95	1.9x	1.7x	1.5x	13%	15.4x	12.5x	9.6x	27%	12%	13%	15%	
AppLovin Corp.	APP US	\$59.13	7.9x	6.4x	5.8x	17%	17.3x	12.4x	11.0x	26%	46%	51%	53%	
PubMatic	PUBM US	\$19.84	3.8x	3.4x	3.1x	11%	13.0x	11.3x	9.4x	18%	29%	30%	33%	
Magnite	MGNI US	\$10.95	3.5x	3.3x	2.9x	10%	12.3x	11.0x	9.2x	15%	29%	30%	32%	
Adtheorant	ADTH US	\$3.00	1.4x	1.2x	1.1x	10%	11.9x	10.2x	8.4x	19%	12%	12%	13%	
Taboola	TBLA US	\$4.71	1.2x	0.9x	0.7x	29%	17.8x	8.7x	6.3x	68%	7%	11%	12%	
Digital Turbine, Inc.	APPS US	\$3.32	1.2x	1.2x	1.1x	4%	7.4x	7.1x	6.1x	10%	17%	17%	19%	
Criteo	CRTO US	\$32.96	1.4x	1.4x	1.3x	4%	4.8x	4.6x	4.3x	6%	30%	30%	30%	
Median			3.4x	3.2x	2.9x	12%	17.8x	12.5x	11.0x	23%	20%	23%	30%	
Average			5.3x	4.6x	4.0x	13%	138.6x	21.7x	15.0x	66%	22%	24%	26%	
Index			6.5x	5.8x	5.1x	14%	28.3x	22.2x	18.0x	25%	23%	26%	28%	

Source: Visible Alpha, Factset, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 5: Comparable Company Analysis - Information Services

Information Services stocks are expected to grow at about 7% Y/Y because they and their end markets are at later stages of maturity than digital marketing

			EV/Sales				Sales	EV/EBITDA				EBITDA				
			(Consensus)				CAGR	Consensus				CAGR	EBITDA Margin			
Company	Ticker	Price	2022A	2023E	2024E	2025E	CY23-CY25	2022A	2023E	2024E	2025E	CY23-CY25	2022A	2023E	2024E	2025E
Information Services																
Costar	CSGP US	\$86.35	14.3x	12.7x	11.2x	9.6x	15%	46.4x	63.3x	169.7x	53.7x	(48%)	31%	20%	7%	18%
Fair Isaacs	FICO US	\$1,274.63	24.8x	22.6x	20.2x	17.8x	13%	51.2x	43.8x	37.8x	31.5x	16%	49%	52%	53%	57%
MSCI	MSCI US	\$567.91	21.9x	19.5x	17.4x	15.9x	11%	37.1x	32.4x	29.3x	26.3x	12%	59%	60%	59%	60%
Thomson Reuters	TRI US	\$156.81	11.0x	10.7x	10.1x	9.4x	7%	31.3x	27.2x	26.3x	24.0x	9%	35%	39%	38%	39%
Moody's	MCO US	\$379.86	13.6x	12.6x	11.4x	10.4x	10%	32.0x	28.7x	25.3x	22.4x	13%	43%	44%	45%	47%
Gartner	IT US	\$465.69	7.0x	6.5x	6.1x	5.5x	8%	25.9x	25.7x	25.3x	22.8x	1%	27%	25%	24%	24%
Verisk	VRSK US	\$242.00	12.5x	14.0x	13.0x	12.1x	7%	25.7x	26.1x	23.9x	22.1x	4%	49%	53%	54%	55%
Factset	FDS US	\$465.99	10.5x	9.3x	8.8x	8.2x	6%	29.3x	24.6x	23.3x	21.6x	12%	36%	38%	38%	38%
S&P Global	SPGI US	\$429.39	13.2x	11.8x	11.0x	10.2x	8%	23.3x	21.5x	20.3x	18.5x	7%	57%	55%	54%	55%
Equifax	EFX US	\$267.31	7.7x	7.5x	6.8x	6.1x	11%	22.8x	23.2x	20.3x	17.0x	6%	34%	32%	34%	36%
TechTarget	TTGT US	\$31.03	3.4x	4.4x	4.4x	3.9x	6%	8.3x	14.4x	14.0x	12.2x	(23%)	41%	31%	31%	32%
Trans Union	TRU US	\$76.02	5.3x	5.1x	4.9x	4.5x	6%	14.5x	14.6x	13.6x	12.1x	3%	36%	35%	36%	37%
Dun & Bradstreet	DNB US	\$10.46	3.7x	3.5x	3.4x	3.2x	5%	9.5x	9.2x	8.7x	8.1x	4%	39%	39%	39%	39%
Median			11.0x	10.7x	10.1x	9.4x	8%	25.9x	25.7x	23.9x	22.1x	6%	39%	39%	38%	39%
Average			11.5x	10.8x	9.9x	9.0x	9%	27.5x	27.3x	33.7x	22.5x	1%	41%	40%	39%	41%
Index			11.3x	10.6x	9.8x	9.0x	7%	26.9x	25.3x	23.8x	21.1x	6%	42%	42%	41%	43%

Source: Visible Alpha, Factset, Bloomberg

BofA GLOBAL RESEARCH

Price objective basis & risk

DoubleVerify Holdings, Inc. (DV)

We value DoubleVerify at 37x EV/CY24 EBITDA, at a premium to Information Services stocks which have lower end market growth. Our PO is \$45.

Downside risks to our PO include: 1) significant worsening of macroeconomic conditions that lead to a decline in ad transaction volume, 2) pricing competition with IAS or potential new entrants, 3) slower than expected adoption of new Activation products.

Analyst Certification

I, Omar Dessouky, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alphabet	GOOGL	GOOGL US	Justin Post
	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	DoorDash	DASH	DASH US	Michael McGovern
	DoubleVerify Holdings, Inc.	DV	DV US	Omar Dessouky, CFA
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	Integral Ad Science Holding Corp.	IAS	IAS US	Omar Dessouky, CFA
	LegalZoom	LZ	LZ US	Michael McGovern
	Match Group	MTCH	MTCH US	Curtis Nagle, CFA
	Meta Platforms Inc	META	META US	Justin Post
	Pinterest	PINS	PINS US	Justin Post
	RH	RH	RH US	Curtis Nagle, CFA
	Roblox Corp. Class A	RBLX	RBLX US	Omar Dessouky, CFA
	Squarespace, Inc.	SQSP	SQSP US	Michael McGovern
	Uber	UBER	UBER US	Justin Post
	Udemy Inc	UDMY	UDMY US	Curtis Nagle, CFA
	Vivid Seats	SEAT	SEAT US	Curtis Nagle, CFA
	Wayfair	W	W US	Curtis Nagle, CFA
	Wix.com	WIX	WIX US	Michael McGovern
NEUTRAL				
	ACV Auctions	ACVA	ACVA US	Curtis Nagle, CFA
	Airbnb	ABNB	ABNB US	Justin Post
	Beyond Inc	BYON	BYON US	Curtis Nagle, CFA
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	Bumble	BMBL	BMBL US	Curtis Nagle, CFA
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	Duolingo	DUOL	DUOL US	Curtis Nagle, CFA
	eBay	EBAY	EBAY US	Justin Post
	Etsy, Inc.	ETSY	ETSY US	Curtis Nagle, CFA
	Expedia	EXPE	EXPE US	Justin Post
	Instacart	CART	CART US	Justin Post
	Magnite, Inc.	MGNI	MGNI US	Omar Dessouky, CFA
	Snap	SNAP	SNAP US	Justin Post
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Zillow	ZG	ZG US	Curtis Nagle, CFA
	Zillow	Z	Z US	Curtis Nagle, CFA
UNDERPERFORM				
	Chewy Inc	CHWY	CHWY US	Curtis Nagle, CFA
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern
	Opendoor Technologies	OPEN	OPEN US	Curtis Nagle, CFA
	Peloton	PTON	PTON US	Curtis Nagle, CFA



US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA
	Shutterstock	SSTK	SSTK US	Curtis Nagle, CFA

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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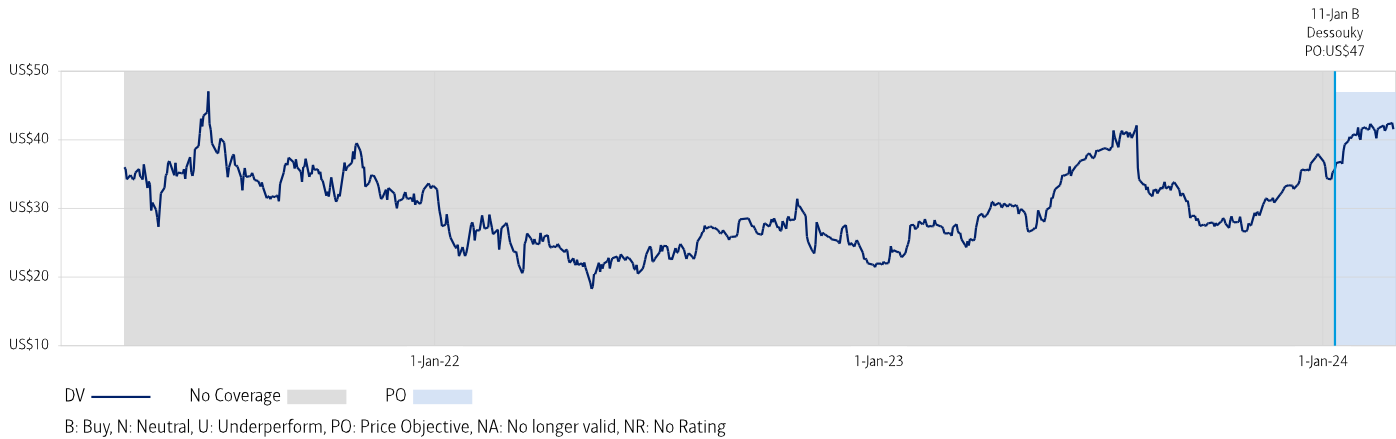
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DoubleVerify (DV) Price Chart



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Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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