

17 Mar 2023 05:00:00 ET | 34 pages

Bumble, Inc. Class A (BMBL.O)

Initiating with a Buy Rating as Core Bumble App Continues to Take Share and New Product Features Begin to Take Hold

CITI'S TAKE

We initiate coverage of BMBL with a Buy rating and \$24 target price. Bumble currently has one of the best growth rates within our Internet coverage, with expected modest EBITDA margin expansion as well. Most importantly to us is that the core Bumble app has seen continued share gain within the online dating world, and recent product launches are leading to better conversion of paid users as well (which has also seen steady gains over time). Its brand message around "women first" seems to be resonating well with younger audiences and Bumble is pushing further there with greater focus on the college audience. It is also earlier in its international runway with material room for growth. Bumble's second largest app, Badoo, is seeing greater challenges, with more exposure to the war in Russia and a more pressured lower-income demographic. Although it will be a challenge, we expect improvement over time.

Bumble's consistent share gain has been notable, and app data we track shows continued momentum there. The core Bumble app remains well behind industry leader Tinder, but has gained ground, and seen improvements in conversion. That is key as, in our view, with overall industry growth reaching some level of maturity (at least in the US), share shifts will prove to be key growth drivers.

5 Key Focus Areas for Bumble: **1)** Bumble's women first origin has been a proven differentiator; **2)** Bumble's four pillars underpinning the business align well with increasing payer conversion; **3)** Macro still a factor but Bumble App less impacted and seeing stability from 2H22; **4)** New products are starting to show early signs of success after initially delayed in 2H22 and we expect should help boost conversion; **5)** Bumble's narrower and more focused approach to its product portfolio and M&A.

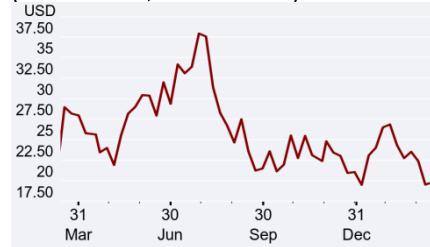
Valuation: Our target price of \$24 per share is based on an even weighting of our projected DCF (\$29, using a 12% WACC and 3% terminal growth rate), 2023E EV/Revenue multiple (4x), an 2023E EV/EBITDA multiple (18x) valuations. We note our multiples trade well below its two-year average of 6.1x and 23.7x, respectively. We also open a pair trade vs. Neutral-rated Match Group as we overweight BMBL and underweight MTCH.

Buy

Price (16 Mar 23 16:00)	US\$19.37
Target price	US\$24.00
Expected share price return	23.9%
Expected dividend yield	0.0%
Expected total return	23.9%
Market Cap	US\$3,934M

Price Performance

(RIC: BMBL.O, BB: BMBL US)

Ygal Arounian ^{AC}

Maxwell Moore

EPS (US\$)	Q1	Q2	Q3	Q4	FY	FC Cons
2022A	0.08A	-0.03A	0.14A	-0.85A	-0.62A	-0.62A
2023E	0.00E	0.05E	0.09E	0.10E	0.25E	0.25E
Previous	na	na	na	na	na	na
2024E	0.06E	0.11E	0.15E	0.14E	0.45E	0.47E
Previous	na	na	na	na	na	na
2025E	na	na	na	na	0.75E	0.81E
Previous	na	na	na	na	na	na

Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

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Core Bumble App Taking Share – New Products Aim to Increase Conversion and Take More Share

We initiate coverage of BMBL shares with a Buy rating and \$24 TP. Bumble is seeing a balance of positive and negative factors in the near term, but we see the hurdles to getting back to stronger growth rates amid continued share gain in dating apps as manageable, leading to stronger results in 2023. While the macro has been more of a factor for Badoo than Bumble, it has seen its subscription renewal rate stabilize (at a lower level) since 2H22. Meanwhile, Bumble has gotten through its product delay headwind after pushing back a number of key product initiatives during 3Q22 that were expected to be larger contributors in 2H, but are starting to demonstrate early success (more details below). Bumble has been a consistent share gainer and we believe these product initiatives, if executed on, should only help accelerate this trend as it builds upon its position as the No. 2 most downloaded dating app in the US and Canada. The product initiatives can be solid drivers of paid user conversion and revenue acceleration in 2023, which could lead to upside in estimates, particularly as macro headwinds may be stabilizing at the core Bumble app. Badoo, which had been more exposed to both the war in Ukraine and the macro, should have an improved 2023 as it did seem to find some stability in 2H22. Management believes net payer adds should improve as we move throughout 2023 (though are expected to decline for the full year) and highlighted a number of new product features in the pipeline centered around the chat-based nature of Badoo that can help lead to monetization improvements once trends normalize there. For now, Badoo is being run to maintain users and grind through the current environment.

Bumble is earlier in its growth curve than Match Group (although Match does have many that are still early in development) and is seeing stronger overall growth rates, which helps justify a slight premium on our target valuation. We also believe Bumble is earlier in its international trajectory (particularly for Bumble app), which should lead international to be a bit more of a growth vector for Bumble. Overall, we believe the dating ecosystem is now at a point where user conversion to a paying user is more critical than just driving new user growth, which puts more pressure on product development and paywall type products that are enticing to multiple types of users. That includes a broader shift in the space to focus not just on dating but on social connections. Bumble has made progress here, but it will take time to be a contributor to fundamentals. The dating ecosystem is maturing, meaning share gains are more important, and Bumble is a clear share winner right now. We think there are attractive long-term tailwinds to this space, but also believe we are in a more transformative era with many moving pieces creating some additional clouds of uncertainty. We think Bumble has the right pieces in place to see improvements while it builds on that future, and we launch with a Buy rating.

Valuation: Our target price of \$24 per share is based on an even weighting of our projected DCF (\$29, 12% WACC, 3% terminal growth rate), 2023E EV/Revenue multiple (4x), and 2023E EV/EBITDA multiple (18x) valuations. We justify our valuation given our positive outlook for longer-term growth for Bumble, particularly at the core Bumble app, which continues to gain market share. We'd note our target multiples trade below their ~two-year averages of 6.1x and 23.7x, respectively.

We also open a pair trade vs. Neutral-rated Match Group as we overweight BMBL and underweight MTCH. We expect Bumble to maintain its superior growth profile to Match Group as its core app (Bumble App) is gaining market share from

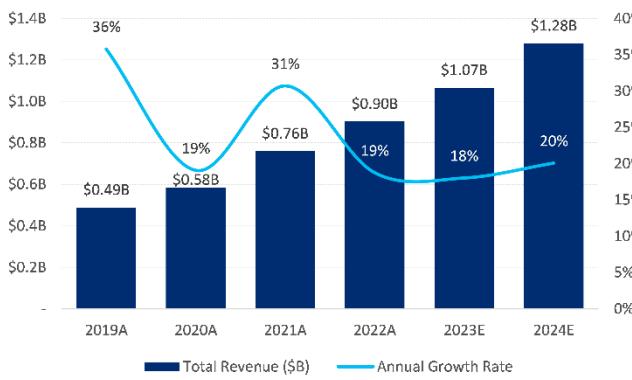
Match's Tinder across all three major metrics globally (MAUs, Time Spent, Downloads). These shifting share dynamics are even more important as we note the total aggregate time spent on dating apps has been in decline since 2020 (see Figure 6), meaning share gains are even more imperative for growth. The primary risk to the pair trade would come from Match's successful turnaround and rebrand of Tinder, driving a material acceleration of users and revenue for Tinder. However, we see the risk/reward as attractive as Bumble and Match trade at the same EV/S multiple on our 2023 estimates despite Bumble's projected 18% growth to Match's ~7%.

5 Key Things to Watch For:

1. **Bumble's women-first origin has led to strong organic branding with real differentiation, driving growth and market share gains.** Bumble is a leader in this area as the first dating app to take this approach. And it's worked, driving a strong mix of female/male users, a strong experience, and overall safety and accountability on the app as others are beginning to emulate this concept. According to Bumble's S1 filing, at the time of its IPO, OC&C Strategy Consultants found within the North America freemium market Bumble had 30% more female users for every male user compared to non-Bumble gender mixes and had a higher percentage of converted payer female users. Bumble is confident that its approach here is different and defensible, particularly with the brand recognition of Bumble, as female-led founder/CEO Whitney Wolfe Herd built the business on this strategy. This also helps Bumble with brand building and we believe lays the foundation for continued share gains. Bumble grew downloads 54% Y/Y in February compared to Tinder's 18% decline as Tinder's scale advantage (on an MAU basis as per Sensor Tower data) over Bumble dipped to 1.74x in February from its 4.85x average in 2019 (we discuss share gains in more depth below). This position of strength is further supported as Tinder undergoes a new marketing push as it aims to reshape itself as being more women centric and appeal to a younger demographic. As Bumble has expanded into new markets, it has found that this value proposition resonates internationally as well.
 - a. **Internationally, Bumble sees a significant growth runway ahead, expecting that it is in the 3rd or 4th inning of its international expansion.** International represented 40% of Bumble Inc revenue in 2022 compared to 47% for Match. But that also is somewhat skewed because of the larger international presence of Badoo, meaning we believe the Bumble app itself has particular room to run internationally with its much heavier presence in the US. Bumble first started international expansion in Western Europe, LatAm, and pockets of Asia and is seeing success of this effort as Germany is now projected to be its third-largest market in 2023. Bumble is looking for a bigger push into Southeast Asia where India has been a bright spot with strong organic growth and expansion into new cities. 2023 will also see a deeper push into LatAm and a foray into Southern Europe and the Nordics. Indonesia and Singapore are also priorities within SE Asia. Bumble's international strategy is to take a hyperlocal focus, starting with Tier 1 cities and expand from there. In some of its core markets like the US, Bumble should have continued room to run to take share in many Tier 1 and Tier 2 cities and college towns as well.
2. **Stronger payer adoption/conversion is at the center of Bumble's four pillars.** Not surprisingly, management still sees significant opportunity in the market and believes the category is not saturated as significant growth runways

remain in both existing and new markets. Management believes overall dating app paid penetration of ~20% is below what other freemium categories run at, and Bumble itself has particular room to improve on conversion to paying users, whether through subscribers or a la carte purchases. Its product innovation is geared towards driving better adoption, with different focuses among various segments to better serve products that will drive that adoption. Bumble App's global payer conversion has steadily ticked up to 11.2% (see Figure 8) and we believe this has been driven by Bumble's four core pillars: 1) rapid global expansion; 2) reinforcing brand and product strength, especially with women; 3) growing revenue through new monetization experiences; and 4) being a leader in safety by design. We expect to see this conversion rate to continue its upward trajectory as management guided ARPU roughly flat in 2023 (FX, product mix, and geographic mix are all impacting), meaning all growth will be payer growth/conversion driven and Bumble App expects 450-500K net adds for 2023. We agree with management's assessment that larger players should now take more market share from smaller apps that will be struggling to gain scale in the current environment.

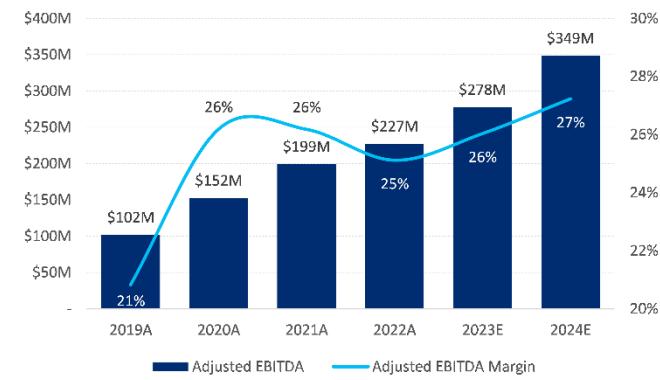
Figure 1. Bumble Total Revenue (\$B) and Annual Growth, 2019-2024E



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Source: Citi Research, Company Reports

Figure 2. Bumble EBITDA (\$mm) and Margin, 2019-2024E



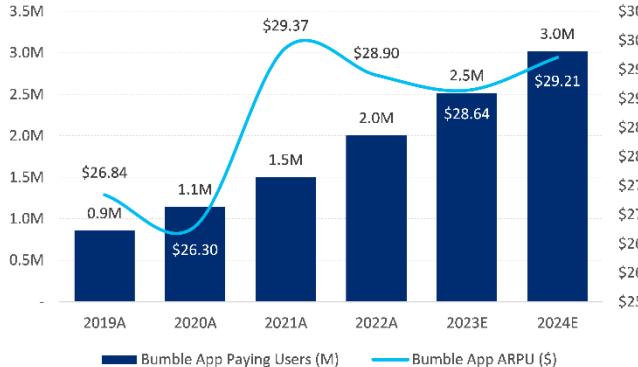
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Source: Citi Research, Company Reports

3. **Macro is still impacting here, particularly at Badoo, but stabilizing.** The core Bumble App has been less impacted from the macro as headwinds centered around lower subscription renewal rates of lower income demographics, particularly Gen-Z, but management noted trends have stabilized since the 3Q22 call. Importantly, Bumble App is not seeing a change in the willingness to pay because of inflation. To help on the Gen-Z side, Bumble is looking to introduce lower priced subscription and consumable options. Badoo on the other hand (which represented ~21% of total 4Q22 revenue) has felt a greater impact here both from the war in Ukraine due its geographic mix, and an outsized impact from macro headwinds given its demographic mix as the inflationary environment hit Badoo well before others. Bumble's Badoo and Other segment (which is predominantly Badoo) saw paying users decline from 1.454mm in 2Q21 to 1.096 in 2Q22, although 188K of the 358k lost were related to the Ukraine conflict. Despite 2H22 seeing some stability, we still expect 2023 to see negative net additions, although 1Q23 is expected to be the trough as results improve throughout 2023. To be clear, Badoo remains a top three dating app by downloads in 48 countries and remains a significant player. However, macro visibility remains low and Badoo's user base does not have the same propensity to pay as Bumble due to its

demographic profile, which is putting more pressure on users and spend from a macro perspective.

Figure 3. Bumble App Paying Users (mm) and ARPU (\$), 2019-2024E



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Source: Citi Research, Company Reports

Figure 4. Badoo & Other Paying Users (mm) and ARPU (\$), 2019-2024E



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Source: Citi Research, Company Reports

4. **New products launches are starting to gain early traction after 2H22 delays and should start contributing to monetization.** Broadly speaking, Bumble's product roadmap is based around building products that meet the various needs of its different demographics to drive better payer conversion of those segments, particularly younger demos. For example, launching a college bundle for college students and virtual gifts aimed for Gen-Z. Targeting segments will continue to grow in importance as Bumble aims to increase conversion. The setback in product launches in 3Q22 was related to changes in the core profile page that had a negative impact on conversion and monetization, leading to a redesign of the profile and subsequently delayed the new products as they had to be built on the new profile design. This has been addressed and we've seen new features like Compliments already making a positive impact, leading to 70% higher match rates.
 - a. **The product initiatives have various goals and do different things, with the ultimate goal of increasing use cases** – for example, Bumble's BFF and Bizz, which are geared for outside the dating world, as well as creating products geared for specific segments to improve conversion by segment. This is a general shift in the industry as well, which is what has led investors to view the dating app ecosystem as hitting some levels of maturity and reaching some saturation (see our online dating macro writeup for a greater detailed discussion on our views on saturation here). That said, management believes the overall friendship market can prove to be larger than dating over time. The recent product initiatives include:
 - i. **Compliments** which allow users to pay to send compliments to other users prior to matching (which provides male users an option to "make the first move", something at times seen as a friction on the app) is now being monetized in major markets and expected to be a sizable contributor to 2023 revenue. This is Bumble's first major feature in the message-before-match space and management expects to rollout more features throughout the year.

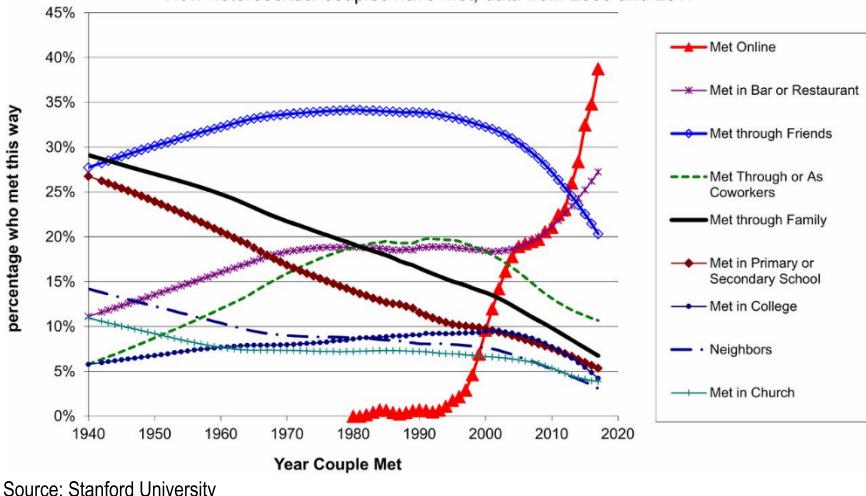
- ii. **Best Bees** is a highly curated and compatible set of matches that will be packaged into a premium paid offering and expected to launch in 2Q23. This is driven by Bumble's rebuilt recommendation engine, currently finishing testing in Western Europe, that should help lead to better engagement and conversion.
 - iii. **BFFs**, which is not new, is getting a larger emphasis put behind it in 2023 and will now be managed as a separate brand. Management views the overall friendship/socialization opportunity to be at least equal to dating. [58% of American adults are considered lonely](#) according to study commission by Cigna and a recent report from the Survey Center for American Life found close friendship is in decline as [Americans with less than three close friends has increased to 32% in 2021 from 16% in 1990](#). User traction has been encouraging with MAUs up 26% in 4Q22 and Bumble will be launching some marketing initiatives mid-2023. Monetization isn't included in the 2023 guide but could provide some upside to 2H23 numbers as monetization models will be rolled out in 2H and could provide some upside to numbers. We're not sold that app-based friendships will take off the way dating has, but with monetization not included in guidance, any success should drive upside to estimates.
 - iv. **The College Bundle** is less focused on premium subscriptions as this demo is more reluctant to spend on a monthly subscription when constantly socializing, around a target dating pool, and given the high ~\$30/month price point. This is a bundle of various consumables and features specifically targeted at the college demographics (you must have a college email) that offers entry at a lower price point to drive higher payer conversion in what management has said is an under-monetized segment.
 - v. **Virtual goods** give users the ability to send virtual items like a coffee or flowers. The gamification aspect of the dating apps is particularly popular with younger audiences and Bumble has rolled it out to its college users with early success as reciprocity rates are 20% higher when using a virtual good. This will be part of a larger feature set around self-expression aimed at Gen-Z that is expected to see more paid feature updates in 2Q/3Q around stickers, mood boards, photo effects, and chats. Tinder is also focused here, and success should be beneficial for the online dating space more broadly and can drive increased monetization across the board.
5. **Jury's still out, but Bumble's narrower approach to its product portfolio and M&A could lead to a more focused operation with superior fundamentals long-term.** Bumble's view on its overall portfolio has changed somewhat over the past 18 months, but it still doesn't expect to build a large portfolio like Match group has. Bumble has three products right now and thinks its end stage is ~7 apps with product expansion done both organically and through M&A. It is looking to add apps that are complementary to its mission, and at a stage of growth that can be plugged into its shared tech stack, giving it exposure to desirable markets. Fruitz is a recent example of M&A and addition to the app portfolio that hits all of these. It gave Bumble exposure to Europe and a Gen-Z audience for example. Bumble aims to expand its products both organically and through M&A.

Online Dating Trends: Battle for Users While New Features Look to Improve Payer Conversion

Investor focus in the online dating space has turned to market saturation questions, continued normalization from the pandemic, and propensity to spend in an inflationary and weak macro environment. We are currently seeing all those trends play out in the near term to different extents. The most critical of these however is how much room is left in the online dating market for significant growth. Most notably, the question of how much user growth is available and what level of improvement can dating apps see in payer conversion as they add new features like digital gifts, and expand into new social use cases like friendships and professional connections.

Online dating has matured to some extent over the past decade, as we are now nearing a point where the majority of couples have met online, with a collective hundreds of millions of users across dating apps. According to [a study published by Stanford University](#) (15 July 2019), 40% of heterosexual couples met online, which was up from only 5% in 2000, and in our view, has likely expanded further in the ensuing years since the study was published. Additionally, according to [Business of Apps](#) (09 Jan 2023), there are more than 300 million users of dating apps globally, with 20 million paying for premium features.

Figure 5. How Heterosexual Couples Have Met, 2009-2017
How heterosexual couples have met, data from 2009 and 2017

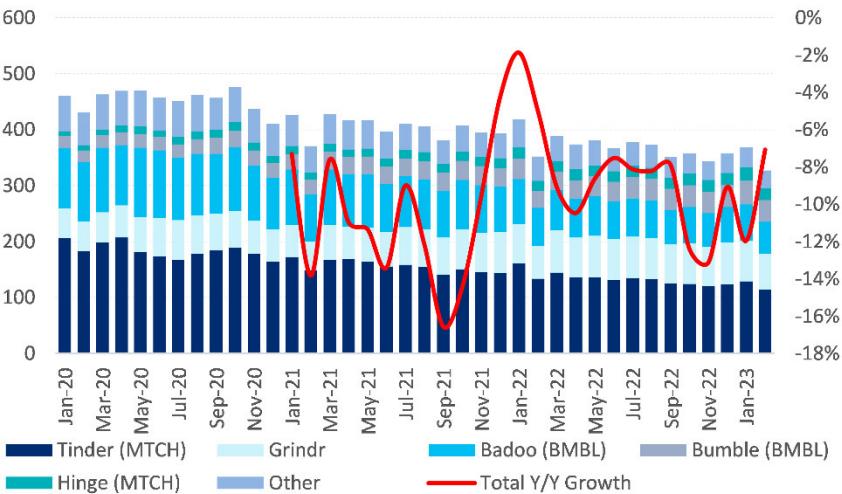


Source: Stanford University

The debate has always been around how much room there is to grow in this category. Bulls (who for a long time were the overwhelming majority) saw room for top-line growth and margin expansion, with material room to run internationally in particular. We have been somewhat more balanced on the market. There is an evergreen nature to the online dating market, where there is a new generation of users coming in every single year, while those that enter into relationships (or give up on online dating) fall out. Even if it takes some time to turn the younger users into paying users, the funnel is there, which is a positive. That said, there is also some upper limit to how much time, and on how many apps users will be on, with a similar question around how much they are willing to spend across multiple apps.

Sensor Tower app data somewhat confirms these limits as we discuss further below. That is not to say conversion cannot improve and more use cases can't draw in more users, but it bears watching. ***In our view, what that means for investing in online dating is that share gain/loss is quite critical*** as different apps vie to capture the most amount of time spent/attention and wallet share from consumers. Any expansion of use cases over time could grow the addressable market opportunity, but the efforts around social use cases are still in early days.

Figure 6. Total Amount of Global Time Spent per Month on 12 Leading Data Apps Measured in Hours (mm)



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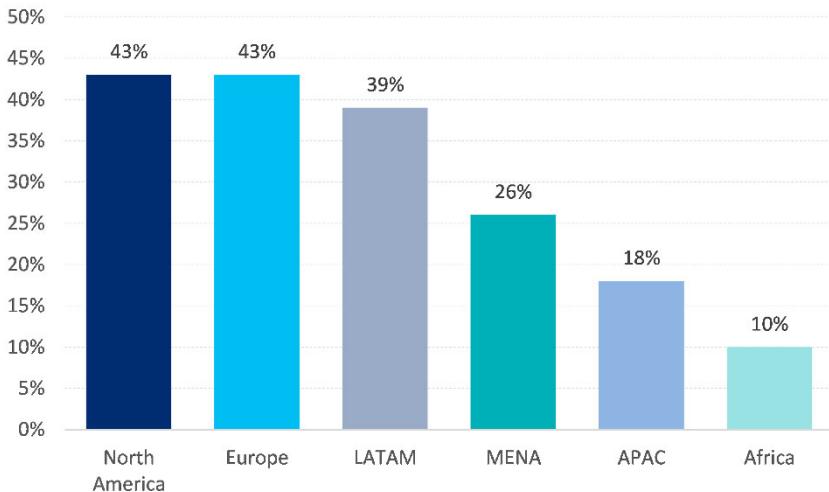
Source: Citi Research, SensorTower

Simply calling the market saturated is overly simplifying the reality, and in our view, there is still significant room for growth, particularly internationally, but also in product evolution, and opportunity to grow payers and spend per payer. While the North America market is further ahead, there is still significant international opportunity. While ~40% of total Bumble revenue in 4Q22 came from outside of North America, for the Bumble App we estimate this is lower % as Badoo overweight's international. Given Bumble's focus on international expansion we would expect to see its domestic and international revenue mix converge closer over time. According to Match Group, dating product usage lags North America and Europe in many critical markets, most notably in APAC, where Bumble is making a concerted expansion effort in SE Asia. That said, those lower adoption rates are often driven by differences in cultural norms and views on dating apps that are less positively skewed than in the US/Europe.

But there is still an opportunity to grow adoption and usage domestically as well. Match Group highlighted a number of points pushing back on the saturation point in its 3Q22 investor letter including that in the US, for example, only 16% of unmarried 18-24 year olds have used Tinder (the largest dating app by far) in the last month. What this means however is that in order to attract more users and expand the user base, dating apps are increasingly moving beyond just dating and into more social categories. We see evidence of this from Bumble given its recent emphasis on its BFFs network as it will now be managed as a separate brand and management noted it sees a similar end opportunity to dating. We are also seeing Bumble move into areas like virtual goods and other ways for users to demonstrate

self-expression. While efforts to expand beyond the more typical dating use case and buying add-ons like swipes or boosts can improve user conversion and monetization, the hurdle for successfully driving growth beyond the historical use cases as well as historical levels of conversion is higher, in our view.

Figure 7. While More People Are Meeting Online, the Majority of Consumers Globally Have Not Yet Adopted Dating Apps (2021)



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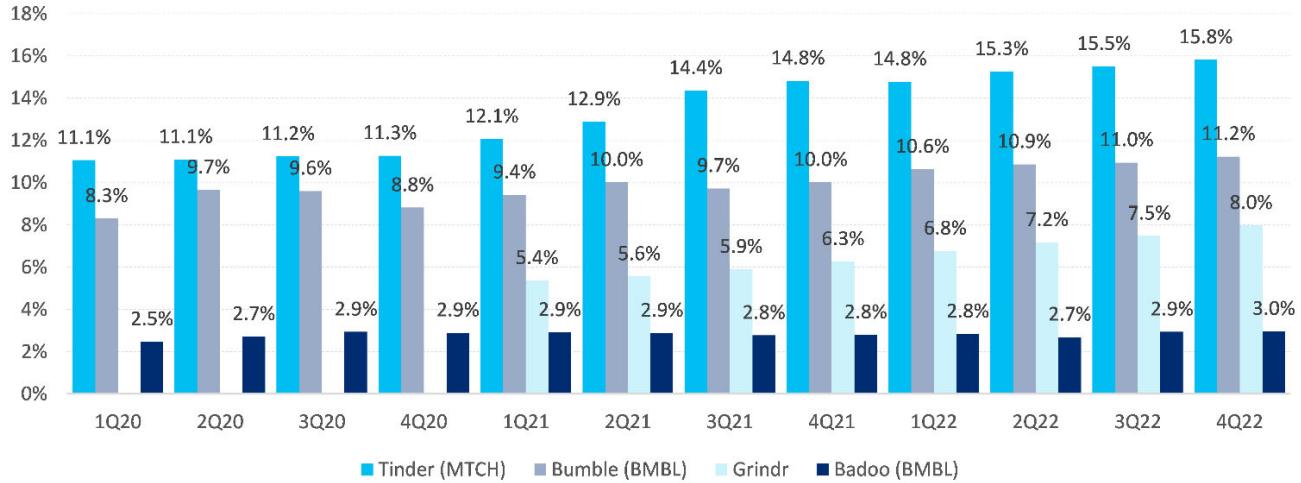
Source: Citi Research, Match Group

Gen-Z is becoming the new battleground demographic as the fight for new users is increasingly starting at the very beginning of the dating journey. Both Bumble and Match Group have made it clear that Gen-Z is becoming the focus of their user acquisition strategy with both Tinder and Bumble centering new product initiatives tailored towards Gen-Z's disposition, with future products focused on amplifying self-expression. Bumble is a bit further ahead with its recently launched College Bundle and virtual goods that are seeing early positive results (see bullet 4 above for more details). We expect to see tiers aimed at Gen-Z launched in 2023 along with other add-on products like stickers and mood boards as well. Tinder is working on Gen-Z oriented products with its own version of virtual goods and coins. Along with new products, Tinder is undergoing a new brand marketing campaign this year that we believe is partially aimed at reorientating itself towards Gen-Z, while we believe Bumble has a higher brand recognition among this demographic.

Converting free users to paid ones (through subscriptions and a la carte purchases) is a key focus area. While many more people are meeting online today, there are still strong growth opportunities to drive usage, and fully convert free users to paying ones. The flip side is that while we may not be in a saturated or mature market, the lower hanging fruit has been picked, and growth from here could be more challenging to achieve, though still available. Most product efforts and merchandising are aimed at increasing the propensity to spend and creating more attractive premium products to improve that conversion rate over time. In Figure 8 below, we use Sensor Tower user data with reported payer data from Bumble and Match Group to try and assess conversion over time, and while likely not perfectly accurate, we believe does draw a representative conclusion. According to that data, we believe Bumble App has done exceptionally well to drive conversion 290bps higher since 2020 to 11.2%. We believe the introduction of lower priced plans aimed

at Gen-Z, virtual gifts, and more consumables should help Bumble's conversion to continue its upward trajectory.

Figure 8. Estimated Payer Conversion by Dating App



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Source: Citi Research, SensorTower

The comparatively higher cost of a monthly dating subscription (to other consumer/entertainment packages like streaming video, for example) leaves conversion an even more important factor for growth as continued upward momentum in base subscription prices could be more challenging to achieve.

To be sure there are methods apps can use to improve monetization, but with \$50 per month for a one-month subscription to Bumble's premium subscription we remain cautious on how much further dating apps can collectively increase base pricing without increasing use cases or providing a greater amount of services. We believe that some of Bumble's more recent product initiatives, including the more affordable college bundle and upcoming lower-priced subscription tiers aimed at converting the more price sensitive Gen-Z, along with 2023's guidance of flat ARPU growth for 2023 are indications that the average consumer's propensity to spend may be topping out at these current price points and dating apps are moving to capture more of the lower-spend part of the market. That point comes despite the fact Match Group recently noted that it was raising Tinder pricing, but also that it was trading off a higher subscriber base, and expecting an overall net revenue neutral impact. Bumble may also introduce a premium tier, so it's not that the opportunity is not there at all, but only hits a subset of users at that price point. That said, we expect continued focus on adding more options for users to give the choice to pay more for greater options.

Figure 9. Dating App Pricing Tier Spot Checks

Tinder App Pricing	Nov-22	Jan-23	Feb-23	Mar-23	Total Price	Per Unit
Boost						
1	\$7.99	\$7.99	\$7.99	\$7.99	\$7.99	
5	\$34.99	\$34.99	\$34.99	\$34.99	\$7.00	
10	NA	\$59.99	\$59.99	\$59.99	\$6.00	
15	\$59.99	NA	NA	NA		
30	\$39.99	NA	NA	NA		
Super Like						
3			\$9.99	\$3.33		
12			\$29.99	\$2.50		
50			\$74.99	\$1.50		
Tinder Platinum						
1 month	\$29.99	\$29.99	\$39.99	\$39.99	\$39.99	
3 Month	NA	NA	NA	NA	NA	
6 Month	\$89.99	\$89.99	\$119.99	\$119.99	\$20.00	
12 Month	\$119.99	\$119.99	\$149.99	\$149.99	\$12.50	
Lifetime	NA	NA	NA	NA	NA	
Tinder Gold						
1 month	\$24.99	\$24.99	\$29.99	\$29.99	\$29.99	
3 Months	NA	NA	NA	NA	NA	
6 Month	\$74.99	\$74.99	\$89.99	\$89.99	\$15.00	
12 Month	\$99.99	\$99.99	\$119.99	\$119.99	\$10.00	
Tinder Plus						
1 month	\$9.99	\$7.99	\$19.99	\$19.99	\$19.99	
6 Month	\$34.99	\$23.99	\$59.99	\$59.99	\$10.00	
12 Month	\$54.99	\$31.99	\$79.99	\$79.99	\$6.67	
Bumble subscription						
1 week	\$8.99	\$11.99	\$11.99	\$11.99	\$11.99	
1 month	\$14.99	\$24.99	\$24.99	\$19.99	\$19.99	
3 months	\$29.99	\$44.99	\$44.99	\$39.99	\$13.33	
6 months	\$49.99	\$64.99	\$64.99	\$59.99	\$10.00	
Hinge subscription						
1 week	\$19.99	\$24.99	\$24.99	\$24.99	\$24.99	
1 month	\$39.99	\$49.99	\$49.99	\$49.99	\$49.99	
3 months	\$79.99	\$99.99	\$99.99	\$99.99	\$33.33	
6 Month	NA	NA	NA	NA	NA	
12 Month	NA	NA	NA	NA	NA	
Lifetime	\$229.99	\$249.99	\$249.99	\$249.99	\$249.99	
No Other Subscription Tier						
Spotlight only						
1		\$6.99	\$9.99	\$9.99	\$9.99	
5		\$13.99	\$19.99	\$19.99	\$19.99	\$4.00
15		\$29.99	\$39.99	\$39.99	\$39.99	\$2.67
30		\$49.99	\$59.99	\$59.99	\$59.99	\$2.00

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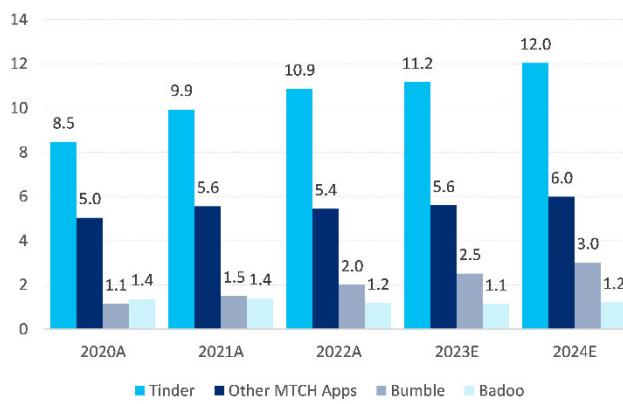
Source: Citi Research, Company Reports

Digging into Bumble Inc's App Data

Core Bumble App Gaining Market Share

While Tinder's user base scale remains well ahead of any competing apps across the ecosystem today, Bumble is growing users at a greater rate (and at a higher average price point), gaining share within the market. We forecast Bumble's total monthly payers will improve by ~50% to ~3mm in 2024 from ~2mm in 2022. We forecast ARPU growth roughly flat over that period (increasing just 1%) given Bumble's 2023 guidance for flat to slightly down ARPU as it expects almost all revenue growth to come from payer growth. Bumble's average price point is materially higher than its closest competitor, Tinder, and we look for monetization improvements to offset lower ARPU from international market mix.

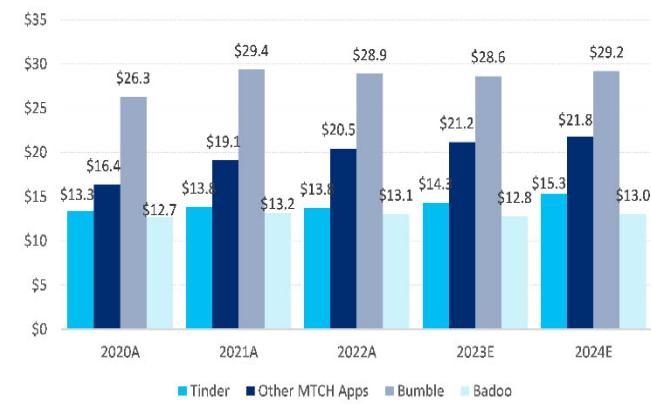
Figure 10. Total Paying Users Across Match Apps, 2020-2024E



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Source: Citi Research, Company Reports

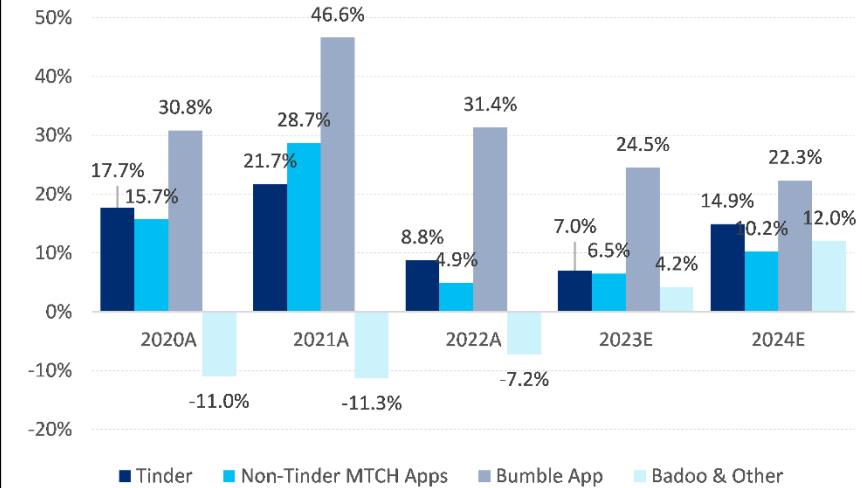
Figure 11. Average Monthly Revenue per Paying User across Match Apps, 2020-2024E



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Source: Citi Research, Company Reports

Figure 12. Annual Revenue Growth by Dating App, 2020-2024E



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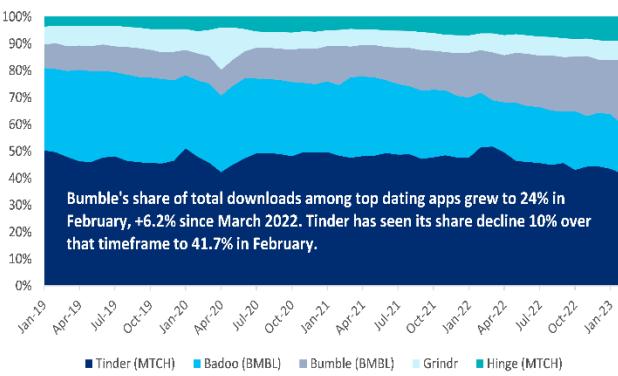
Source: Citi Research, Company Reports

3P App Data: Market Share Charts by Dating App for MAUs, Total Time Spent, and Downloads Show Bumble's Share Gains

3P data shows Bumble continuing to take share from key competitors. In the following section we highlight some of the key usage and market share trends based on Sensor Tower data, which we believe can give investors some insight on the overall online dating market trends. Within the leading dating apps, Bumble has seen the largest momentum with share gains across all three global metrics of MAUs, Time Spent, and Downloads, while Tinder has experienced share declines. In our view, Bumble's increasing share of downloads is impressive, and a good proxy for new/reactivated users, as Bumble's downloads grew 54% in February compared to Tinder's 18% decline Y/Y.

Bumble has seen its share of total time spent among top dating apps improve to 13.2% in February 2022 from 5.3% in January 2020, an ~8 point increase, and improve 3.7% since March 2022. Tinder has seen its share of time spent decline by 13.5 points and 3.6 points over those respective time periods, ending February 2022 with 38.4% share among top apps. Bumble is seeing absolute improvements in time spent as well, according to Sensor Tower, in contrast to many other dating apps that are seeing absolute time spent decline. Badoo's trends overall are more negative as MAUs continue to decline (-11% Y/Y in February) along with Time Spent (-15% Y/Y) and Downloads (-9% Y/Y), as it continues to face headwinds from the Russia exit and macro pressures on its core user base. The trends in the charts below also raise questions around cannibalization as users who spend time on one app may be prone to spend fewer time on another, particularly as the dating app ecosystem is beginning to face some level of maturity/saturation (certainly relative to 5-10 years ago, where there was a lot more greenfield). Similar to spending, we do not see it as a zero net sum game per say, but do see an upper band, and time and money spent on one app may portend fewer time and spend on another.

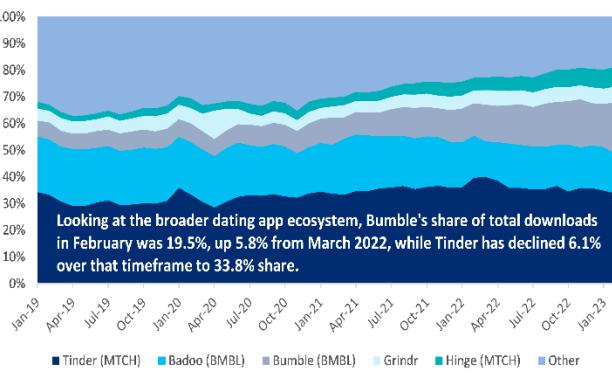
Figure 13. Global Share of Monthly Downloads Among Top Dating Apps



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Source: Citi Research, SensorTower

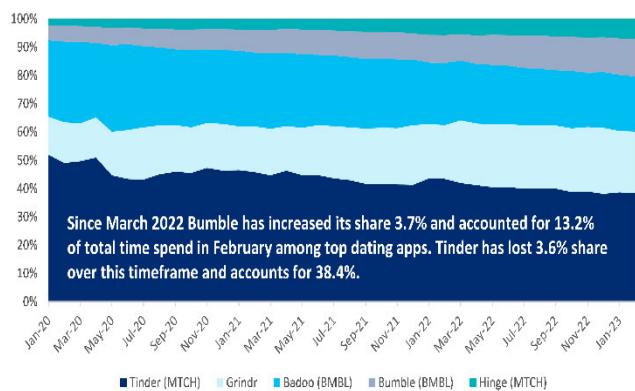
Figure 14. Global Share of Monthly Downloads Among 14 Leading Dating Apps



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Source: Citi Research, SensorTower

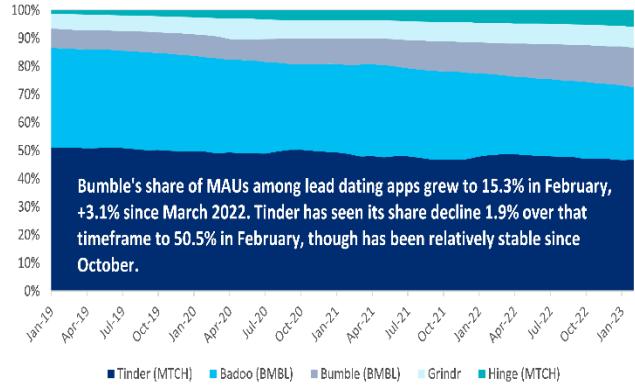
Figure 15. Global Share of Time Spent Among Leading Dating Apps



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Source: Citi Research, SensorTower

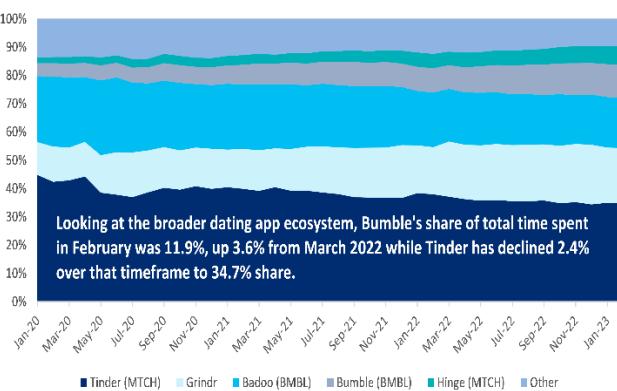
Figure 17. Global Share of MAUs Among Leading Dating Apps



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Source: Citi Research, SensorTower

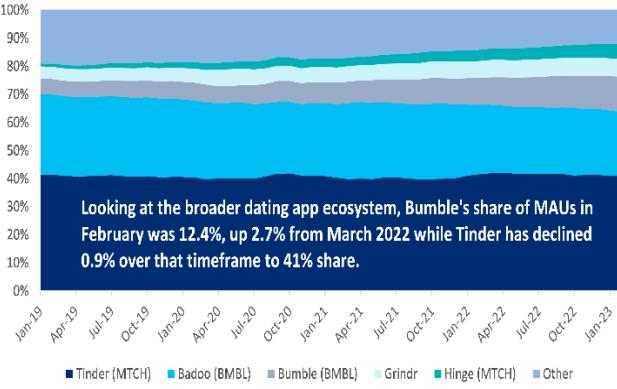
Figure 16. Global Share of Total Time Spent Among 14 Leading Dating Apps



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Source: Citi Research, SensorTower

Figure 18. Global Share of MAUs Among 14 Leading Dating Apps



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Source: Citi Research, SensorTower

Individual App Metrics Further Illustrate Bumble's Steady Share Gains Against Tinder's Decline

Bumble's growth in the three key app metrics we track continues to materially outpace scale leader Tinder as Tinder's growth remains under pressure.

Bumble downloads grew 54% y/y in February compared to Tinder's 18% decline, as Tinder's scale advantage reached its lowest point since 2019 dipping under 2x to 1.74x, however that is on a materially higher install base. Total time spent on Bumble grew 28.4% in February compared to Tinder's 15% Y/Y decline as Tinder's scale advantage fell below 3x, a new low. Bumble MAUs grew 26% in February vs a 5% decline for Tinder as Tinder's scale of 3.3x was another low.

Figure 19. Bumble Global Downloads (Millions)



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Source: Citi Research, SensorTower

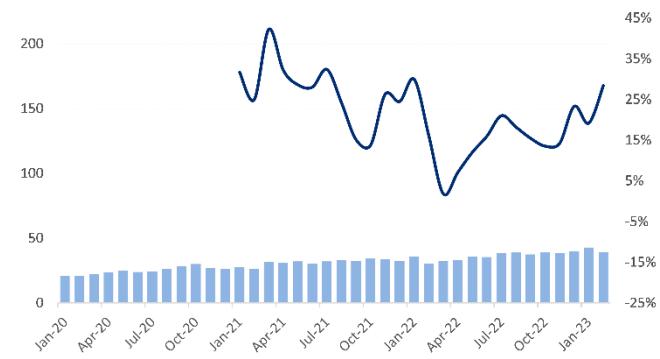
Figure 20. Tinder Global Downloads (mm)



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Source: Citi Research, SensorTower

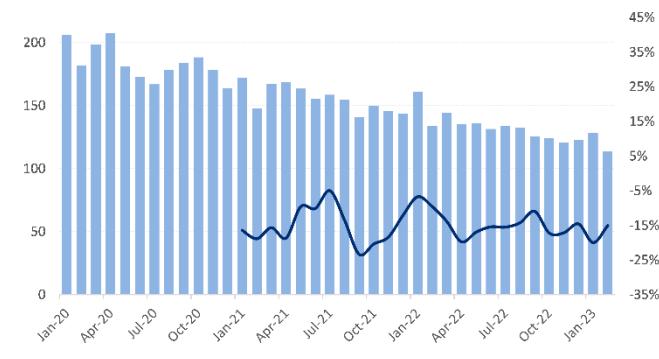
Figure 21. Bumble Global Time Spent (Hrs, mm)



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Source: Citi Research, SensorTower

Figure 22. Tinder Global Time Spent (Hrs, mm)



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Source: Citi Research, SensorTower

Figure 23. Bumble Global MAUs (Millions)



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Source: Citi Research, SensorTower

Figure 24. Tinder Global MAUs (Millions)



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Source: Citi Research, SensorTower

US App Data Paints an Even Brighter Picture as Bumble's Total Downloads Exceeded Tinder's in February, A First

February 2023 was an inflection point for Bumble in the US as its total absolute downloads exceeded Tinder's, growing 48% Y/Y compared to Tinder's 27% decline. While Tinder remains ahead in terms of scale for MAUs and time spent, the magnitude of its lead in the US is much smaller than it is globally. Bumble's MAUs grew 10% in February compared to Tinder's 9% decline as Tinder's scale compressed to 1.7x that of Bumble's. Bumble's time spent grew 14% as Tinder declined 20% and Tinder's scale fell to just 1.5x that of Bumble.

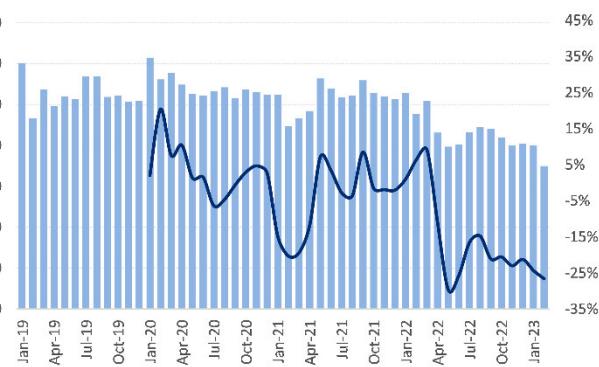
Figure 25. Bumble US Downloads (Thousands)



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Source: Citi Research, SensorTower

Figure 26. Tinder US Downloads (Thousands)



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Source: Citi Research, SensorTower

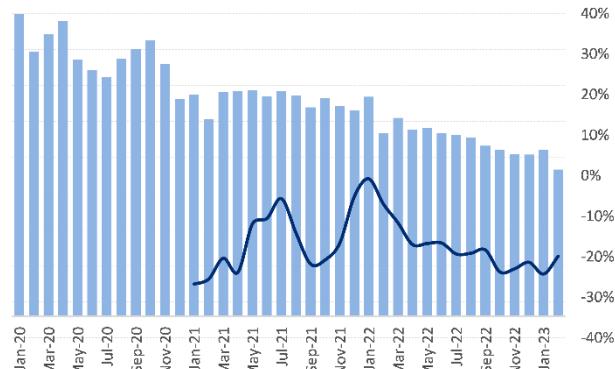
Figure 27. Bumble US Time Spent (Hrs, mm)



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Source: Citi Research, SensorTower

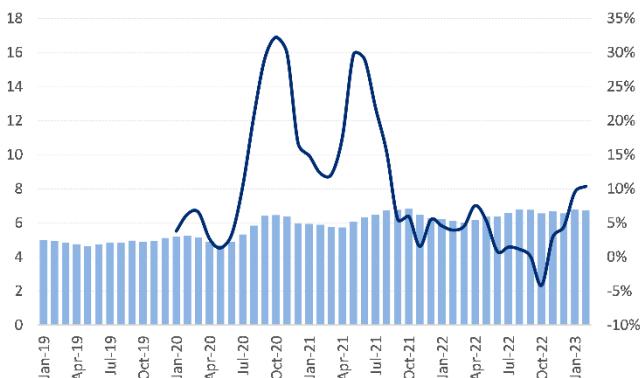
Figure 28. Tinder US Time Spent (Hrs, mm)



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Source: Citi Research, SensorTower

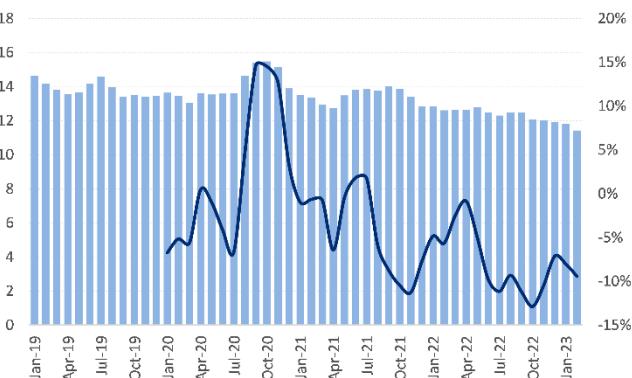
Figure 29. Bumble US MAUs (Millions)



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Source: Citi Research, SensorTower

Figure 30. Tinder US MAUs (Millions)

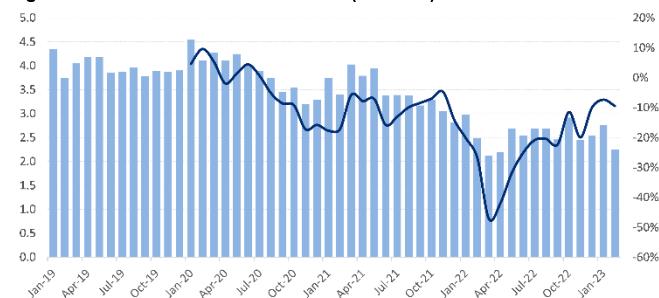


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Source: Citi Research, SensorTower

Other Bumble Inc. Dating App Metrics

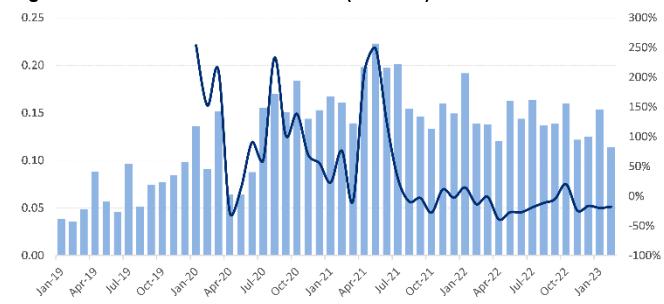
Figure 31. Badoo Global Downloads (Millions)



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Source: Citi Research, SensorTower

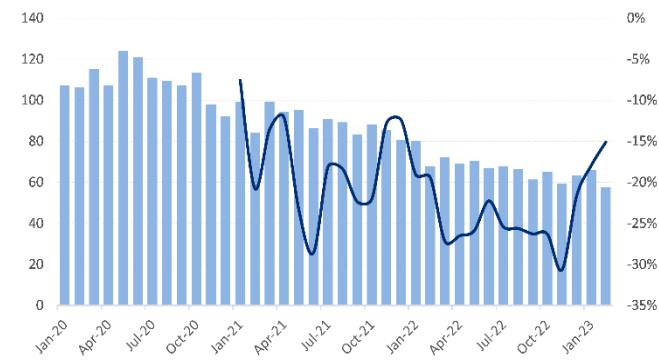
Figure 32. Fruitz Global Downloads (Millions)



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Source: Citi Research, SensorTower

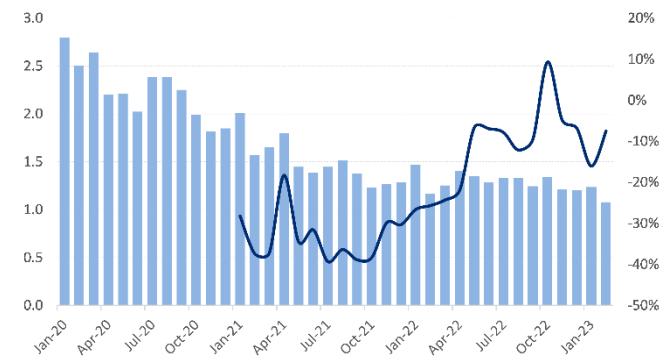
Figure 33. Badoo Global Time Spent (Hrs, mm)



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Source: Citi Research, SensorTower

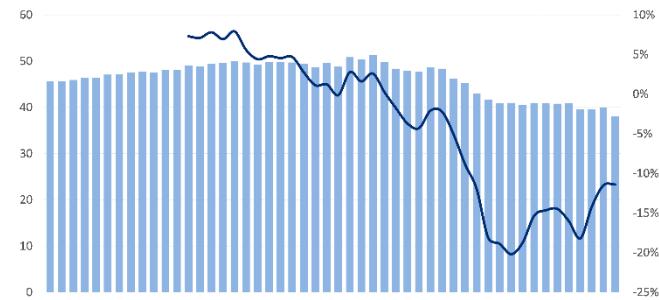
Figure 34. Fruitz Global Time Spent (Hrs, Millions)



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Source: Citi Research, SensorTower

Figure 35. Badoo Global MAUs (Millions)



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Source: Citi Research, SensorTower

Figure 36. Fruitz Global MAUs (Millions)



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Source: Citi Research, SensorTower

Citi and Consensus Estimates Summary

For 2023E, we estimate revenue of \$1.066B (+18.0%), which is slightly ahead of consensus at \$1.061B (+17.5%) and management's implied full year guide of \$1.062B (+17.5%) at the midpoint. We anticipate slightly higher total payer growth than the Street, 3.65mm vs 3.631mm, and slightly lower monthly revenue per payer at \$24.07 compared to consensus' \$24.33. Our higher revenue forecast is driven by our Bumble App forecast of \$865mm (+24.5%) compared to the Street's \$860mm (23.7%). Our Adjusted EBITDA forecast of \$277mm (26% margin) is in line with both consensus and company guidance for +100bps of margin expansion for 2023. Regarding FX and Ukraine impacts, management guided a \$10mm Y/Y impact to 1Q23 but did not provide any additional guidance.

Figure 38. Bumble Estimate Summary

(\$ in millions, except per share amounts)	2022A			1Q23E			2023E			2024E	
	Actuals	Consensus Estimates	Guidance Midpoint	Citi Estimates	Consensus estimates	Guidance	Citi Estimates	Consensus Estimates	Guidance	Citi Estimates	Consensus Estimates
Financial Metrics:											
Revenue	903.5	900.9	896.5	241.5	241.1	238-243	240.5	1,066.3	1,061.2	1,048-1,075	1,061.6
Y/Y growth	18.7%	18.4%	17.8%	15.0%	14.8%			18.0%	17.5%	16-19%	17.5%
GAAP Gross Profit	654.0	652.5		174.0	173.7			771.8	765.6		
Y/Y growth	17.7%	17.4%		12.7%	12.5%			18.0%	17.1%		
% Margin	72.4%	72.4%		72.1%	72.1%			72.4%	72.1%		
Adj. EBITDA	226.9	225.3	224.0	55.5	55.9	53-56	54.5	277.6	276.7		277.2
Y/Y growth	13.9%	13.1%	12.5%	11.5%	12.2%			22.3%	21.9%		22.2%
% Margin	25.1%	25.0%	25.0%	23.0%	23.2%			26.0%	26.1%	+100bps	26.1%
GAAP EPS, diluted	(\$0.62)	\$0.22		(\$0.00)	\$0.01			\$0.25	\$0.25		
Y/Y growth	-142.5%	-84.6%		-101.6%	-95.5%			-140.1%	-140.6%		
FCF	116.6	136.2		32.5	29.6			211.4	195.7		
Y/Y growth	27.9%	49.4%		126.5%	106.1%			81.3%	67.8%		
% Margin	12.9%	15.1%		13.5%	12.3%			19.8%	18.4%		
FCF/share	\$0.90	\$0.86		\$0.25	\$0.15			\$1.03	\$1.23		
Y/Y growth	90.4%	81.7%		234.9%	99.8%			14.7%	36.2%		
Operating Metrics											
Total paying customers	3,182	3,188		3,453	3,464			3,650	3,631		
Y/Y growth	10.0%	10.2%		14.8%	15.2%			14.7%	14.1%		
Net new customers	0.430	0.294		0.044				0.447	0.449		
Y/Y growth	50.7%	3.0%		56.0%				3.9%	4.3%		
ARPU	\$23.03	\$22.89		\$23.03	\$22.67			\$24.07	\$24.33		
Y/Y growth	6.9%	6.2%		1.8%	0.2%			4.5%	5.6%		
Bumble App revenue	694.3	691.3	689.0	192.9	192.5	190-193	191.5	864.5	858.9		
Y/Y growth	31.4%	30.8%	30.3%	25.0%	24.7%			24.5%	23.7%	22-25%	23.5%
Bumble ARPU	\$28.90	\$28.87		\$27.77	\$27.64			\$28.64	\$28.60		
Y/Y growth	-1.6%	-1.7%		-4.2%	-4.7%			-0.9%	-1.0%		
Bumble Paying Users	2,002	1,994		2,315	2,321			2,515	2,504		
Y/Y growth	33.5%	32.9%		30.4%	30.7%			25.6%	25.0%		
Badoo & Other revenue	209.2	185.0		48.6	48.6			201.8	202.3		
Y/Y growth	-10.0%	-20.4%		-12.8%	-12.7%			-3.6%	-3.3%		
Badoo ARPU	\$13.06	\$12.96		\$12.40	\$12.47			\$12.77	\$12.75		
Y/Y growth	-0.8%	-1.5%		-8.0%	-7.5%			-2.2%	-2.4%		
Badoo Paying Users	1,180	1,192		1,138	1,143			1,134	1,127		
Y/Y growth	-15.4%	-14.5%		-7.6%	-7.3%			-3.8%	-4.4%		

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Source: Citi Research, FactSet, Company Reports

Bumble Financial Statements

Figure 39. Bumble Financial Summary

Stock performance		Price target methodology		New					
Rating	Neutral	DCF (33%)							
Price (3/15 EOD)	\$19.83	Implied value per share (\$)	\$29						
52-Week range	\$17.62 - \$39.33	EV/Revenue (33%)							
% Change YTD	(6.5)%	Target Multiple	4.0x						
% Change 1 Yr.	-6.4%	2023E revenue	\$1,066						
Short Interest	6.4%	Implied value per share (\$)	\$20						
Capitalization		EV/EBITDA (33%)							
Diluted shares outstanding	205.3	Target multiple	18.0x						
Market Cap	4,071.5	2023E EBITDA	\$278						
Enterprise Value	4,293.9	Implied value per share (\$)	\$23						
Net debt	222.4								
ST debt	5.8	Price Target	\$24						
LT debt	619.2	% Upside (Downside)	21.0%						
Cash & equivalents	402.6								
Non-controlling Interest	-								
Target Valuation - 2023 estimates									
EV/Rev	4.8x								
EV/EBITDA	18.6x								
PE	97.2x								
P/FCF (levered)	23.2.x								
Multiples		2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E
EV/Revenue	NA	11.9x	8.8x	7.4x	5.6x	4.8x	4.0x	3.4x	
EV/EBITDA	NA	NA	42.2x	28.2x	21.6x	18.9x	15.5x	12.3x	
PE	NA	NM	43.4x	NM	13.7x	NM	80.3x	43.7x	
EV/FCF (unlevered)	NA	39.9x	47.0x	74.4x	62.9x	47.7x	7.1x	4.6x	
P/FCF (levered)	NA	NA	NA	1178.9x	41.9x	22.0x	19.2x	15.5x	
FCF Yield (levered)	0.0%	0.0%	NA	0.1%	2.4%	4.5%	5.2%	6.4%	
Key Financial Metrics		2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E
Revenue	-	360.1	488.9	582.2	760.9	903.5	1,066.3	1,280.2	
Non-GAAP Gross Profit	-	249.8	349.2	425.4	559.5	658.1	776.3	938.5	
Non-GAAP Operating Income	-	(16.2)	95.4	54.3	100.0	136.4	186.1	248.7	
Adjusted EBITDA	-	-	101.8	152.4	199.2	226.9	277.6	348.6	
GAAP EPS	-	(0.2)	\$0.46	(\$0.06)	\$1.45	(\$0.62)	\$0.25	\$0.45	
FCFF	-	107.5	91.3	57.7	68.3	90.0	604.1	941.6	
FCFE	-	-	91.7	41.3	91.2	116.6	211.4	261.5	
FCFE/share	-	-	NA	\$0.02	\$0.47	\$0.90	\$1.03	\$1.28	
Growth		2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E
Revenue	NA	NA	36%	19%	31%	19%	18%	20%	
Non-GAAP Gross Profit	NA	NA	40%	22%	32%	18%	18%	21%	
Non-GAAP Operating Income	NA	NA	-688%	-43%	84%	36%	36%	34%	
Adjusted EBITDA	NA	NA	NA	50%	31%	14%	22%	26%	
GAAP EPS	NA	NA	-317%	-113%	-2546%	-142%	-140%	84%	
FCFF	NA	NA	-15%	-37%	18%	32%	571%	56%	
FCFE	NA	NA	NA	-55%	121%	28%	81%	24%	
FCFE/share	NA	NA	NA	NA	2713%	90%	15%	24%	
Margins		2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E
Non-GAAP Gross Margins	NA	69%	71%	73%	74%	73%	73%	73%	
Non-GAAP Operating Margin	NA	-5%	20%	9%	13%	15%	17%	19%	
Adjusted EBITDA Margin	NA	NA	21%	26%	26%	25%	26%	27%	
FCF(unlevered)	NA	NA	19%	7%	12%	13%	20%	20%	
Key Operating Metrics		2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E
Total paying users	NA	1,893	2,051	2,506	2,894	3,182	3,650	4,231	
Y/Y growth	NA	NA	8.3%	22.2%	15.5%	10.0%	14.7%	15.9%	
Total ARPU	NA	15.4	19.2	18.9	21.5	23.0	24.1	24.9	
Y/Y growth	NA	0.0%	25.0%	-1.7%	14.1%	6.9%	4.5%	3.7%	
Total Revenue	NA	360.1	488.9	582.2	760.9	903.5	1,066.3	1,280.2	
Y/Y growth	NA	NA	35.8%	19.1%	30.7%	18.7%	18.0%	20.1%	
Bumble paying users	NA	0.574	0.856	1,142	1,500	2,002	2,515	3,017	
Y/Y growth	NA	NA	49.0%	33.5%	31.3%	33.5%	25.6%	20.0%	
Bumble ARPU	NA	23.6	26.8	26.3	29.4	28.9	28.6	29.2	
Y/Y growth	NA	NA	13.9%	-2.0%	11.7%	-1.6%	-0.9%	2.0%	
Bumble revenue	NA	162.4	275.5	360.5	528.6	694.3	864.5	1,057.6	
Y/Y growth	NA	NA	69.7%	30.8%	46.6%	31.4%	24.5%	22.3%	
Bumble App revenue as % of Total	NA	45.1%	56.4%	61.9%	69.5%	76.8%	81.1%	82.6%	
Badoo & Other paying users	NA	1,319	1,195	1,363	1,394	1,180	1,134	1,214	
Y/Y growth	NA	0.0%	-9.4%	14.1%	2.3%	-15.4%	-3.8%	7.0%	
Badoo & Other ARPU	NA	11.8	13.8	12.7	13.2	13.1	12.8	13.0	
Y/Y growth	NA	0.0%	16.7%	-7.9%	3.7%	-0.8%	-2.2%	2.0%	

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Source: Citi Research, Company Reports, FactSet

Figure 41. Bumble Balance Sheet

(\$ in millions, except per share amounts)	2019A	2020A	2021A	1Q22A	2Q22A	3Q22A	4Q22A	2022A	1Q23E	2Q23E	3Q23E	4Q23E	2023E	2024E
Assets														
Current assets														
Cash and cash equivalents	57.4	128.0	369.2	308.8	334.6	365.1	402.6	402.6	435.1	474.8	551.3	614.0	614.0	875.5
Accounts receivable	34.2	41.6	47.5	46.7	54.7	56.5	66.9	66.9	66.4	70.8	69.4	72.5	72.5	95.2
Loans to related companies	42.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	36.1	81.4	52.8	58.3	28.3	30.4	31.9	31.9	36.2	33.6	30.5	37.9	37.9	45.2
Total current assets	169.8	251.0	469.5	413.8	417.7	452.0	501.4	501.4	537.7	579.2	651.2	724.3	724.3	1,015.9
Right-of-use assets	16.3	11.7	26.4	25.9	20.5	19.8	17.4	17.4	17.4	17.4	17.4	17.4	17.4	17.4
Lease receivable	1.0	1.1	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	14.0	16.8	14.6	15.1	13.5	13.0	14.5	14.5	16.9	19.5	22.4	25.5	25.5	38.3
Goodwill	-	1,540.9	1,540.1	1,581.8	1,579.1	1,576.3	1,579.8	1,579.8	1,579.8	1,579.8	1,579.8	1,579.8	1,579.8	1,579.8
Intangible assets, net	1.2	1,812.4	1,696.8	1,717.2	1,691.9	1,673.8	1,524.4	1,524.4	1,505.1	1,484.5	1,462.3	1,441.2	1,441.2	1,350.3
Deferred tax assets, net	7.1	-	19.6	21.6	23.5	23.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1
Other noncurrent assets	0.8	3.3	10.0	20.8	23.4	34.9	31.1							
Total Assets	210.3	3,637.3	3,777.0	3,796.0	3,769.5	3,792.8	3,692.6	3,692.6	3,712.1	3,735.6	3,788.2	3,843.3	3,843.3	4,056.8
Liabilities and Stockholders' Equity														
Current liabilities														
Accounts payable	8.1	23.7	19.2	8.8	10.1	10.5	3.4	3.4	4.8	11.6	12.5	13.1	13.1	15.6
Deferred revenue, current	24.7	31.3	39.6	40.3	44.1	45.3	46.1	46.1	47.0	50.1	54.0	56.4	56.4	67.3
Accrued expenses and other current liabilities	88.6	181.0	111.5	114.1	154.7	78.5	156.4	156.4	144.9	121.0	124.9	130.4	130.4	116.8
Current portion of long-term debt, net	-	5.3	5.8											
Total current liabilities	121.5	241.3	176.0	169.0	214.7	140.0	211.7	211.7	202.4	188.5	197.1	205.6	205.6	205.5
Long-term debt, net	-	820.9	623.2	622.2	621.2	620.2	619.2	619.2	619.2	619.2	619.2	619.2	619.2	619.2
Deferred tax liabilities, net	-	428.1	-	11.2	10.1	9.4	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1
Tax receivable agreement liability	-	-	388.8	389.0	389.0	389.0	385.5	385.5	385.5	385.5	385.5	385.5	385.5	385.5
Other liabilities	59.2	62.2	119.2	100.2	21.3	72.3	14.6							
Total liabilities	180.6	1,552.5	1,307.2	1,291.6	1,256.3	1,230.9	1,239.0	1,239.0	1,229.8	1,215.9	1,224.5	1,233.0	1,233.0	1,232.9
Class A common stock	0.0	-	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Class B common stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited partners interest	-	1,903.1	-	-	-	-	-	-	-	-	-	-	-	-
Additional paid-in capital	3.4	-	1,588.4	1,600.2	1,623.6	1,659.8	1,691.9	1,691.9	1,720.9	1,747.7	1,772.3	1,798.1	1,798.1	1,919.0
Treasury stock	(3.8)	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated deficit	23.4	-	(60.1)	(43.9)	(47.4)	(29.7)	(139.9)	(139.9)	(140.1)	(129.5)	(110.2)	(89.4)	(89.4)	3.4
Accumulated other comprehensive income	0.6	180.9	78.6	77.9	72.0	63.8	74.5	74.5	74.5	74.5	74.5	74.5	74.5	74.5
Noncontrolling interests	6.0	0.8	861.6	868.9	863.7	866.7	825.8	825.8	825.8	825.8	825.8	825.8	825.8	825.8
Stockholders' equity	29.7	2,084.8	2,469.8	2,504.4	2,513.2	2,561.9	2,453.6	2,453.6	2,482.3	2,519.7	2,563.7	2,610.3	2,610.3	2,823.9
Total liabilities and stockholders' equity	210.3	3,637.3	3,777.0	3,796.0	3,769.5	3,792.8	3,692.6	3,692.6	3,712.1	3,735.6	3,788.2	3,843.3	3,843.3	4,056.8

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Source: Citi Research, Company Reports

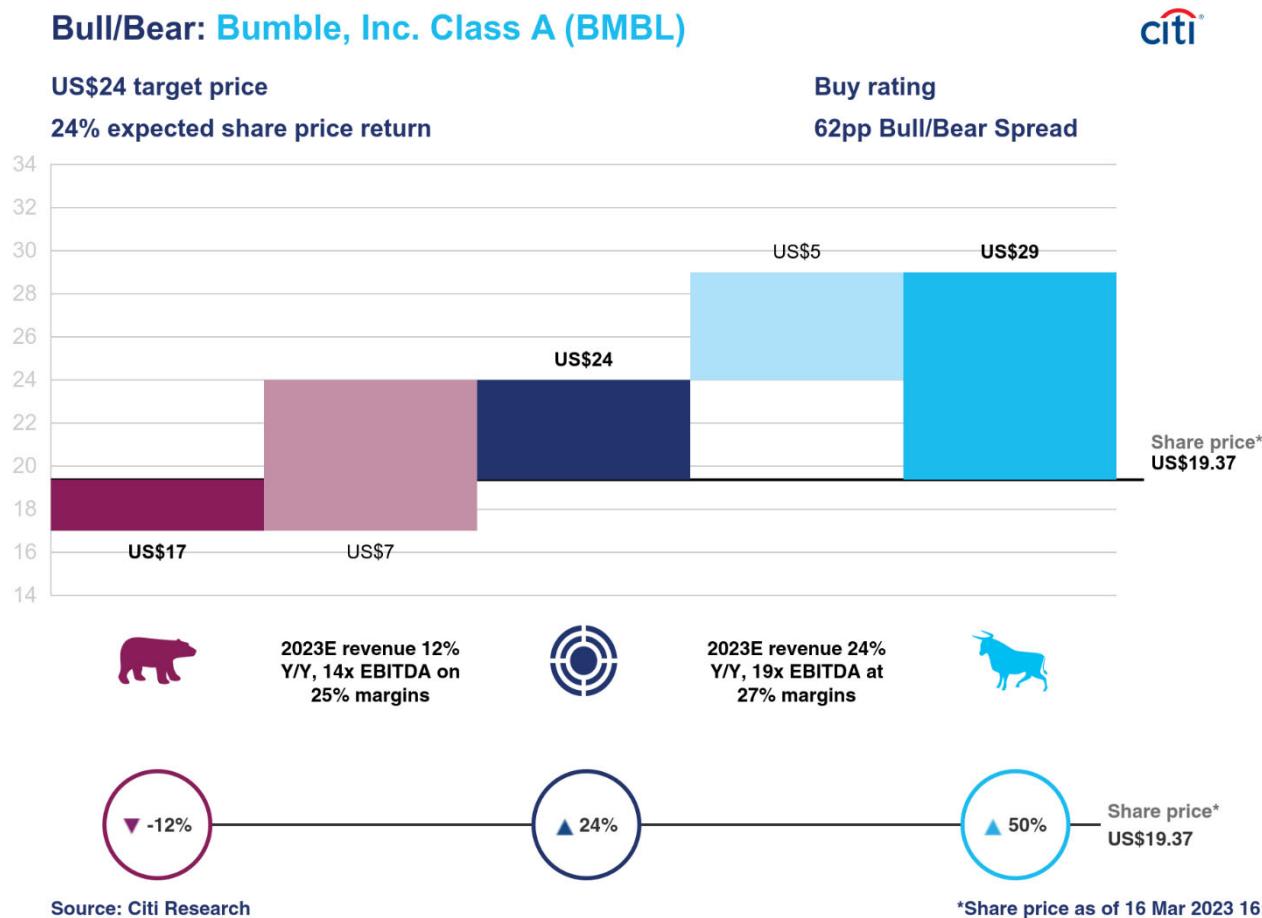
Figure 42. Bumble Cash Flow Statement

(\$ in millions, except per share amounts)	2019A	2020A	2021A	1Q22A	2Q22A	3Q22A	4Q22A	2022A	1Q23E	2Q23E	3Q23E	4Q23E	2023E	2024E
Cash flow from operating activities														
Net gain (loss)	85.8	(142.7)	281.7	23.7	(5.0)	26.4	(159.2)	(114.1)	(0.3)	10.6	19.3	20.8	50.5	92.7
Depreciation and amortization	6.7	92.2	107.1	26.9	27.2	19.8	15.9	89.7	21.2	22.7	24.4	23.2	91.5	99.9
Share based compensation expenses	2.2	31.6	123.9	17.6	22.4	37.2	33.8	111.0	29.0	26.8	24.7	25.8	106.2	120.9
Impairment loss	-	-	26.4	-	4.4	-	141.0	145.4	-	-	-	-	-	-
Changes in fair value of interest rate swaps	-	1.6	(6.6)	(10.8)	(2.8)	(4.8)	1.3	(17.1)	-	-	-	-	-	-
Changes in fair value of contingent earn-out liability	-	27.8	55.9	(20.7)	1.3	(27.0)	(0.7)	(47.1)	-	-	-	-	-	-
Non-cash lease expense	1.0	(2.4)	5.4	1.2	1.2	1.1	1.1	4.5	-	-	-	-	-	-
Deferred income tax	0.2	(0.8)	(448.4)	(2.5)	(1.4)	(2.6)	1.0	(5.5)	-	-	-	-	-	-
Net foreign exchange difference	0.6	6.7	8.7	(5.7)	0.2	(8.9)	17.0	2.6	-	-	-	-	-	-
Research and development tax credit	(2.4)	(0.3)	(1.3)	-	-	-	(1.2)	(1.2)	-	-	-	-	-	-
Other, net	0.2	2.0	8.5	8.1	(8.0)	(1.3)	0.8	(0.4)	-	-	-	-	-	-
Change in working capital	7.1	37.4	(56.5)	(18.4)	(14.0)	(2.9)	0.4	(34.9)	(13.1)	(15.8)	13.2	(1.9)	(17.5)	(30.2)
Accounts receivable	(6.0)	(6.9)	(10.0)	0.5	(4.2)	(1.4)	(15.5)	(20.7)	0.5	(4.4)	1.5	(3.1)	(5.5)	(22.8)
Other current assets	(21.1)	(49.1)	24.3	(6.0)	27.1	(0.8)	2.7	23.0	(4.3)	2.6	3.1	(7.3)	(6.0)	(7.4)
Accounts payable	(0.3)	16.0	(3.5)	(10.4)	1.2	(0.7)	(4.2)	(14.0)	1.5	6.8	0.9	0.6	9.7	2.5
Deferred revenue	1.4	22.5	8.7	0.1	3.8	0.8	1.2	5.9	0.9	3.1	3.9	2.4	10.3	11.0
Legal liabilities	(1.8)	(18.9)	(46.4)	(0.8)	(6.4)	(0.0)	19.1	12.0	-	-	-	-	-	-
Accrued expenses and other current liabilities	34.5	73.6	(29.4)	(1.9)	(35.5)	(0.7)	(0.1)	(38.2)	(11.6)	(23.8)	3.8	5.6	(26.0)	(13.6)
Other, net	0.4	0.3	(0.2)	0.0	0.0	(0.1)	(2.8)	(2.9)	-	-	-	-	-	-
Net cash provided by operating activities	101.4	53.2	104.8	19.4	25.4	37.0	51.2	132.9	36.9	44.3	81.6	67.9	230.7	283.3
Cash flows from investing activities														
Capital expenditures	(9.7)	(11.7)	(13.7)	(5.0)	(3.1)	(3.3)	(5.0)	(16.3)	(4.4)	(4.7)	(5.0)	(5.2)	(19.3)	(21.8)
Acquisition of business, net of cash acquired	-	(2,837.7)	-	(69.7)	-	-	-	(69.7)	-	-	-	-	-	-
Other, net	(1.7)	(2.3)	1.2	-	-	-	-	-	-	-	-	-	-	-
Net cash used in investing activities	(11.4)	(2,851.7)	(12.5)	(74.7)	(3.1)	(3.3)	(5.0)	(86.1)	(4.4)	(4.7)	(5.0)	(5.2)	(19.3)	(21.8)
Cash flows from financing activities														
Proceeds from issuance of Class A common stock	-	-	2,358.4	-	-	-	-	-	-	-	-	-	-	-
Payments to purchase and retire common stock	-	-	(1,018.4)	-	-	-	-	-	-	-	-	-	-	-
Purchase of Common Units from Pre-IPO holders	-	-	(973.3)	-	-	-	-	-	-	-	-	-	-	-
Proceeds from exercise of options	-	-	0.5	-	-	-	-	-	-	-	-	-	-	-
Proceeds from repayments of loans to related companies	-	41.9	-	-	-	-	-	-	-	-	-	-	-	-
Debt issuance costs	-	(21.1)	-	-	-	-	-	-	-	-	-	-	-	-
Limited Partners' interest	-	2,360.4	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from term loan	-	850.0	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of loans	(42.0)	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of shares	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Withholding tax paid on employee stock based awards	0.0	-	(9.3)	(5.7)	(0.5)	(1.2)	(1.9)	(9.2)	-	-	-	-	-	-
Dividends paid	(23.4)	(360.0)	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of term loan	-	(5.0)	(206.4)	(1.4)	(1.4)	(1.4)	(1.4)	(5.8)	-	-	-	-	-	-
Net cash provided by (used in) financing activities	(65.2)	2,866.2	151.5	(7.1)	(1.9)	(2.6)	(3.3)	(15.0)	-	-	-	-	-	-
FX Impact	(0.6)	3.3	(3.0)	2.1	5.4	6.1	(7.7)	5.9	-	-	-	-	-	-
Net increase (decrease) in cash, cash equivalents	24.2	71.1	240.9	(60.4)	25.9	37.2	35.2	37.9	32.5	39.7	76.5	62.7	211.4	261.5
Cash, cash equivalents (BOP)	33.3	57.2	128.3	369.2	308.8	334.6	371.9	369.2	407.0	439.6	479.3	555.8	407.0	618.5
Less: Restricted Cash	(0.3)	(0.3)	-	-	-	(6.8)	(4.5)	(4.5)	(4.5)	(4.5)	(4.5)	(4.5)	(4.5)	(4.5)
Cash, cash equivalents (EOP)	57.2	128.0	369.2	308.8	334.6	365.1	402.6	402.6	435.1	474.8	551.3	614.0	614.0	875.5

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Source: Citi Research, Company Reports

Bull/Bear: Bumble, Inc. Class A (BMBL.O)



US\$29

- Macro improves, solving some of the pressure on a la carte spending, new products are positively received, the core Bumble app takes market share, and App store payment policies improve, leading to higher margins and a re-rating in multiples.



US\$24

- Our base case is supported by our DCF-based valuation, 2023E EV/revenue (4x) and EV/EBITDA (18x) multiples.



US\$17

- Challenged macro drives continued pressure on a la carte spending also translating into lower subscription spending, continued headwinds regarding new products, and sustained declines at Badoo, leading to margins to compress.

Bumble, Inc. Class A

Company description

Bumble, Inc. provides online dating services primarily through its two mobile application platforms: Bumble and Badoo. Its apps operate on a "freemium" model and revenue is generated through in-app purchases where users can either sign up for a subscription or purchase features individually on an a la carte basis. Bumble, which is women focused, was founded in 2014 by Whitney Wolfe Herd. Badoo, founded in 2006 and a pioneer in online dating, is a market leader in Europe and Latin America and provides a majority of Bumble, Inc's international revenue.

Investment strategy

We rate Bumble Buy. While we acknowledge that online dating is in a more transformative era along with facing a challenging macro environment, we believe there are positive long-term tailwinds for the industry. We also note Bumble's market share gains in recent years, with an opportunity to capture more as it is early in its growth trajectory, particularly internationally, and in Tier 2 cities domestically. Bumble also has an attractive growth and margin-expansion profile.

Valuation

Our target price of \$24 per share is based on an even weighting of our projected valuations: DCF-based valuation (\$29/sh, 12% WACC, 3% terminal growth rate), 2023E EV/revenue multiple (4x), and 2023E EV/EBITDA multiple (18x). We justify our valuation given our positive outlook for longer-term growth for Bumble, particularly at the core Bumble app. Our target multiples are below the ~two-year averages of 6.1x and 23.7x, respectively.

Risks

This stock is High Risk based on our quantitative model, but assigning a High Risk rating is not supported by the company's fundamentals and financial profile. Risks to our target price include: 1) New products and features fail to drive engagement and conversion to paying users; 2) competition with MTCH brands and new entrants intensifies given the low switching costs; 3) Tinder is successful in its stated goal to become more "women friendly"; 4) new use cases like friendships and professional network fail to materialize; and 5) App stores continue to attach payment requirements in key markets, leading to high take-rates on Bumble's in-app purchases and lower overall profitability.

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Appendix A-1

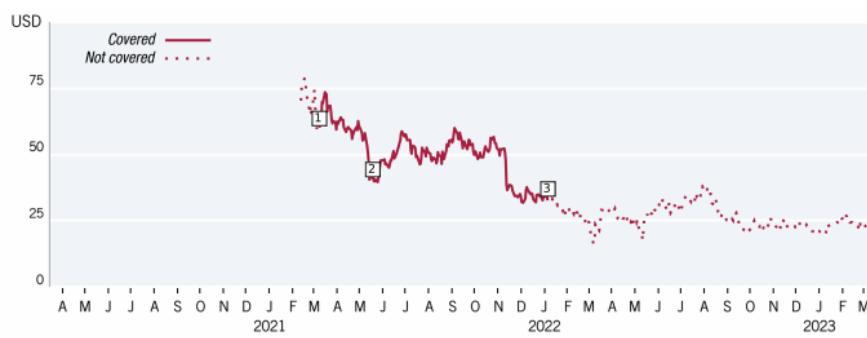
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IMPORTANT DISCLOSURES

Bumble, Inc. Class A (BMBL)

Ratings and Target Price History
Fundamental Research



*Indicates Change

The Firm has made a market in the publicly traded equity securities of Booking Holdings Inc on at least one occasion since 1 Jan 2022.

The Firm has made a market in the publicly traded equity securities of Uber Technologies Inc on at least one occasion since 1 Jan 2022.

The Firm has made a market in the publicly traded equity securities of Alphabet Inc on at least one occasion since 1 Jan 2022.

The Firm has made a market in the publicly traded equity securities of Meta Platforms Inc on at least one occasion since 1 Jan 2022.

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The Firm has made a market in the publicly traded equity securities of Peloton Interactive Inc on at least one occasion since 1 Jan 2022.

The Firm has made a market in the publicly traded equity securities of Expedia Group Inc on at least one occasion since 1 Jan 2022.

The Firm has made a market in the publicly traded equity securities of Match Group Inc on at least one occasion since 1 Jan 2022.

The Firm has made a market in the publicly traded equity securities of Airbnb Inc on at least one occasion since 1 Jan 2022.

Due to legal reasons, involving Lyft Inc. ('the company'), Citi Research restricted publication of new research reports, and suspended its rating and target price on 24 September 2019 (the 'Suspension Date'). Please note that the Company price chart that appears in this report and available on Citi Research's disclosure website does not reflect that Citi did not have a rating or target price between the Suspension Date and 30 April 2020 when Citi Research resumed full coverage. The Firm has made a market in the publicly traded equity securities of Lyft Inc on at least one occasion since 1 Jan 2022.

The Firm has made a market in the publicly traded equity securities of Pinterest Inc on at least one occasion since 1 Jan 2022.

The Firm has made a market in the publicly traded equity securities of eBay Inc on at least one occasion since 1 Jan 2022.

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Citigroup Global Markets Inc. or its affiliates has a net short position of 0.5% or more of any class of common equity securities of Booking Holdings, Amazon.com, Inc., Expedia Group Inc, Airbnb Inc..

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