

# The Marketing Group

## Agglomeration on a global scale

The Marketing Group (TMG) has an ambitious buy-and-build strategy to create a leading global marketing and advertising company. Backed by Singapore-based private equity house, Unity Group, it has quickly assembled a portfolio of 18 wholly owned brands, up from four on listing in June 2016, spread across the US, UK, Nordics, Australasia and Singapore. All are independently profitable and in growth phase. TMG is only using equity to fund its acquisitions, avoiding the debt trap several previous media sector aggregators fell into. If it carries on the current trajectory, delivering on its objectives, this could be an attractive early-stage buying opportunity.

## Opportunity in a changing industry

The marketing and advertising sectors have long been dominated by the big six quoted groups, with a very long tail of small specialist agencies focusing on specific deliverables or verticals and few medium-sized organisations in the centre. It is this centre ground that is the initial target for TMG, albeit on an international scale. It is targeting only profitable companies, with a history of profitable growth, no debt and ambitious management teams, well known in their specialism and frustrated by their lack of resource to grow more quickly. Group companies are active across digital specialisms, with details available on [www.marketinggroupplc.com](http://www.marketinggroupplc.com)

## Resourced for growth

The management team was strengthened with November's appointment of CEO Adam Graham (chair of British Interactive Marketing Association). He is focused on deal flow and enhancing intra-group communications. Supporting work (DD, legals etc) for transactions is carried out by Unity Group. TMG has a UK-based CFO, Charles Bartholomew. It listed in June 2016 at €1.00, raising €1.25m and had cash of €2.3m at end September.

## Valuation: Early-stage growth

With little audited financial data due to the group's short history, traditional valuation metrics are of limited use. Management is also at the start of its capital market journey, so investors have no published record of their previous success. However, the group has considerable resource at its disposal from within Unity Group and, combined with the enthusiasm of the founders of the group companies, strong momentum. This could prove to be a good opportunity to buy in at an early stage.

### Summary financials

	Sales (€m)	EBITDA (€m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
12/14 (proforma)	2.6	0.4	1.0	0.0	198.0	0.0
12/15 (proforma)	4.6	1.6	4.1	N/A	48.3	N/A
Nine months to 9/16 (proforma)	28.2	4.4	N/A	N/A	N/A	N/A
09/16 (actual)	8.6	1.3	N/A	N/A	N/A	N/A

Source: Company accounts

### Media

16 December 2016

**Price** €1.98  
**Market cap** €67.7m

### Share price graph



### Share details

Code TMG  
Listing NASDAQ First North FRA  
Shares in issue 34.2

### Business description

The Marketing Group is aiming to build an innovative, cutting-edge, creative marketing and advertising company that can compete internationally with the existing global agencies. It is incorporated in the UK. Directors, founders and Unity Group between them hold 60% of the equity.

### Bull

- Ambitious vision backed by resource of Unity Group
- Breadth of portfolio
- Strong client roster

### Bear

- Acquisition risk; share dilution
- Management lack of capital market experience
- Dependence on Unity Group

### Analysts

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