Affle 3i Limited (AFFIND)

CMP: ₹ 1,650 | Target ₹ 2,000 (21%) | Target Period: 12 months | BUY

August 10, 2026

Strong Q1; healthy growth momentum continues...

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

Q1FY27 performance: Affle reported revenues of ₹747.2 crore, up 3.1% QoQ/ 20.4% YoY. EBITDA margins came at 22.4%, up ~20bps QoQ/ down ~7 bps YoY. PAT at ₹128.4 crore grew 7.5% QoQ / 21.7% YoY, aided by higher other income.

Investment Rationale:

- Sustained 20%+ growth with operating leverage to drive earnings: Affle's differentiated CPCU-led consumer platform continues to deliver resilient, profitable growth, with Q1FY27 revenue/EBITDA/PAT growing 20.4%/20%/21.7% YoY and EBITDA margin sustaining at 22.4%. Management remains confident of sustaining 20%+ medium-term growth, supported by strong momentum across India/emerging markets and increasing penetration in developed markets. Affle recorded healthy growth in converted users (123.9 mn, +3% QoQ/ +15.8% YoY) and a stable CPCU realization (+0.3% QoQ/ +3.8% YoY) at ₹60.2. These rising consumer conversions, stable CPCU realisation and disciplined cost management further strengthen the earnings trajectory. **We expect user conversions to grow at a CAGR of ~16.7% over FY26-28E to 621.1 mn users with avg. CPCU growing at ~2.7% CAGR to ₹62.2 in FY28E.**

- **AI-led platform capabilities and M&A offer structural growth runway:** Affle's deep verticalisation, direct advertiser integrations and proprietary AI capabilities across mobile, CTV and connected devices provide a differentiated positioning in the rapidly evolving digital advertising ecosystem. **The AdColony asset acquisition should accelerate developed-market penetration by enabling access to 100,000+ apps and 500mn connected devices, with better unit economics and potential margin benefits. Further, management expects to close a larger strategic acquisition by early 2027, while maintaining focus on >20% organic growth and EPS accretion. Management remains confident of achieving its 10x growth ambition well ahead of the originally envisaged 10-year timeframe, targeting the first 10x cycle in ~5 years through a combination of 20%+ organic growth and strategic M&A, creating a meaningful runway for sustained compounding and with the next milestone of US$1bn revenue expected over the coming years.** With 300+ enforceable patent claims, AI-led solutions such as OpticksAI/Niko and a long-term 10x growth ambition, we see strong scope for sustained compounding. **Accordingly, we expect revenue CAGR of 19.8% over FY26-28E, while operating leverage and improving developed-market mix should support EBITDA margin expansion to 22.7%/23.2% in FY27E/FY28E as per our estimates.**

Rating and Target Price: We maintain BUY rating with target price of ₹2,000 at 40x P/E on FY28E EPS.

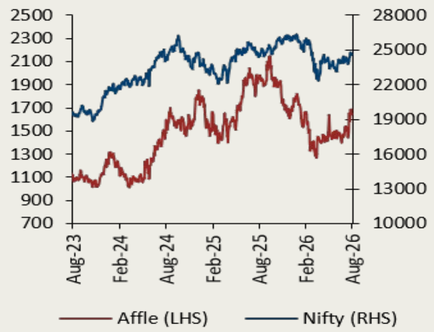
Particulars

Particular	Amount
Market Cap (₹ Crore)	23,159
Total Debt (₹ Crore)	12
Cash & Equiv. (₹ Crore)	1,294
EV (₹ Crore)	21,876
52 week H/L (₹)	2185 / 1251
Equity capital	28.1
Face value (₹)	2.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	55.0	54.9	54.9	54.9
FII	19.0	17.8	16.7	15.4
DII	14.7	16.4	17.9	18.8
Public	11.3	10.9	10.5	10.9

Price Chart



Key risks

- Lower than expected growth in converted users;
- Increased competition

Research Analyst

Bhupendra Tiwary, CFA
bhupendra.tiwary@icicisecurities.com

CA Anjini Sharma
anjini.sharma@icicisecurities.com

Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

₹ Crore	FY24	FY25	FY26	5 Year CAGR (FY21-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Net Sales	1,843	2,266	2,709	39.3%	3,247	3,887	19.8%
EBITDA	360	483	610	29.9%	736	901	21.5%
EBITDA Margins (%)	19.5	21.3	22.5		22.7	23.2	
Adjusted Net Profit	297	382	453	34.5%	560	708	25.0%
Adjusted EPS (₹)	21.9	27.2	32.3		39.9	50.4	
P/E	77.8	60.6	51.1		41.4	32.7	
RoNW (%)	11.9	13.0	12.4		13.3	16.8	
RoCE (%)	12.6	15.7	15.3		15.0	18.6	

Source: Company, ICICI Direct Research

Performance highlights and outlook

- **Revenue Performance:** Affle in Q1FY27 reported revenues of ₹747.2 crore, up 3.1% QoQ/ 20.4% YoY. **Management highlighted that 95%+ of revenues grew >25% YoY on an adjusted basis, excluding regulatory and macro headwinds impacting select customer segments in RMG and fintech.**

- **CPCU revenue, no. of conversion and CPCU: Converted users increased to 123.3 million, up 2.5% QoQ/ 15.8% YoY, while average CPCU stood at ₹60.2, up 0.3% QoQ/ 3.8% YoY.** Management highlighted continued healthy consumer engagement and increasing adoption of AI-powered consumer platform capabilities.

- **Geography performance:** Geography-wise, **India & emerging markets (72.2% of mix) grew 4% QoQ/ 20.2% YoY, while developed markets (27.8% of mix) grew ~1% QoQ/ 20.7% YoY**. Management remains focused on increasing its share of global advertising budgets through deeper penetration in developed markets, particularly the US.

- **Margin performance:** EBITDA came at ₹167.6 crore, up 4% QoQ/ 20% YoY, with EBITDA margin at 22.4%, up ~20 bps QoQ and down ~7 bps YoY. Management indicated that **near-term margin moderation reflects investments in developed markets, premium inventory and currency-linked CPC adjustments**. However, better operating leverage and higher developed-market contribution are expected to support margin expansion during FY27**.**

- **AI and Tech investments:** Affle continues to strengthen its AI-powered consumer platform through OpticksAI and Niko, with capabilities spanning campaign intelligence, audience intelligence, bid optimisation and full-funnel campaign visibility. Management highlighted its focus on mobile, CTV and next-generation agentic/AI-enabled connected devices, with its IP portfolio comprising 300+ enforceable patent claims across fraud intelligence, precision targeting, contextual advertising and AI-native engagement.

- **Guidance/Aspiration:** Management **reiterated confidence in sustaining 20%+ medium-term organic growth, with internal business plans pegged at ~25% growth.** Management remains confident of achieving its 10x growth ambition well ahead of the original 10-year timeframe, targeting the first 10x cycle in ~5 years through a combination of 20%+ organic growth and strategic M&A, with the next milestone of US$1bn revenue expected over the coming years.

- **M&A:** Management is progressing with a larger strategic acquisition, with third-party advisors now appointed for detailed due diligence and the transaction targeted for closure in early 2027. The acquisition is expected to accelerate developed-market expansion and strengthen access to customers and verticals. Management reiterated that any acquisition will need to be accretive to earnings, cash flows and margins while maintaining >20% growth.

- **AdColony integration:** Affle expects to organically unlock the AdColony assets through its existing business development engine, leveraging the brand, SDK and publisher relationships to deepen its developed-market presence. Management expects the assets to provide access to 100,000+ apps/500mn connected devices, without requiring significant incremental capital investment.

Exhibit 1: Quarter Performance

	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Revenue	747.2	620.7	20.4	724.4	3.1	Consumer Platform CPCU business contributed 99.8% of revenue and recorded revenue of ₹745.5 crore, up 20.2% YoY, driven by converted users rising 3% QoQ/ 15.8% YoY to 123.9 mn users, while average CPCU increased 0.3% QoQ/ 3.8% YoY to ₹60.2.
Employee expenses	65.6	60.9	8.6	63.5	3.8	
Inventory & data costs	472.2	378.0	27.4	458.3	3.3	
SG&A expenses	41.7	42.1	-1.0	41.5	0.5	
EBITDA	167.6	139.7	20.0	161.2	4.0	
EBITDA Margin (%)	22.4	22.5	-7bps	22.3	18bps	
Depreciation & amortisation	34.2	25.9	32.2	33.4	2.3	
EBIT	133.4	113.9	17.2	127.7	4.4	
Finance cost	0.7	1.8	-63.2	1.0	-33.3	
EBIT Margin (%)	17.9	18.3	-48bps	17.6	22bps	
Other income	25.0	17.2	45.8	21.3	17.7	
PBT	157.8	129.2	22.1	148.0	6.6	
Tax paid	29.3	23.7	23.9	28.5	3.0	
PAT	128.4	105.5	21.7	119.5	7.5	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY27E			FY28E		
(₹ Crore)	Old	New	% Change	Old	New	% Change
Revenue	3,260	3,247	-0.4	3,903	3,887	-0.4
EBITDA	751	736	-2.0	916	901	-1.7
EBITDA Margin (%)	23.0	22.7	-36bps	23.5	23.2	-30bps
PAT	567	560	-1.2	724	708	-2.2
Diluted EPS (₹)	40.4	39.9	-1.2	51.6	50.4	-2.2

Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement		₹ crore	
(Year-end March)	**FY26**	**FY27E**	**FY28E**
Total operating Income	**2,709**	**3,247**	**3,887**
Growth (%)	19.5	19.8	19.7
COGS (employee and Inventory)	1,931	2,304	2,733
Other expenses	168	207	253
Total Operating Expenditure	2,099	2,511	2,986
EBITDA	**610**	**736**	**901**
Growth (%)	26.3	20.7	22.4
Depreciation	124	138	140
Other Income (net)	71	92	113
PBT	557	690	874
Total Tax	104	131	166
Reported PAT	**453**	**560**	**708**
Adjusted PAT	453	560	708
Growth (%)	18.6	23.6	26.5
Reported EPS	32.3	39.9	50.4
Adjusted EPS (₹)	32.3	39.9	50.4
Growth (%)	18.6	23.6	26.5

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement		₹ crore	
(Year-end March)	**FY26**	**FY27E**	**FY28E**
Profit after Tax	**559**	**690**	**874**
Add: Depreciation	124	138	140
(Inc)/dec in Current Assets	(255)	(267)	(318)
Inc/(dec) in CL and Provisions	203	535	255
Taxes paid	(107)	(131)	(166)
CF from operating activities	**502**	**873**	**672**
(Inc)/dec in Investments	(151)	99	119
(Inc)/dec in Fixed Assets	(223)	(198)	(237)
CF from investing activities	**(374)**	**(100)**	**(118)**
Interst expenses	(1)	(7)	(6)
Others	(39)	2	(708)
CF from financing activities	**(43)**	**(5)**	**(714)**
Net Cash flow	85	769	(160)
Exchange difference	-	-	-
Opening Cash	1,047	1,207	1,976
Closing Cash	1,207	1,976	1,816

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet		₹ crore	
(Year-end March)	**FY26**	**FY27E**	**FY28E**
Equity Capital	28	28	28
Reserve and Surplus	3,624	4,184	4,184
Total Shareholders funds	3,652	4,212	4,212
Total Debt	12	14	14
Long term provisions	22	97	117
Deferred Tax Liability	10	326	391
Total non current liablity	33	424	507
Total Liabilities	**3,697**	**4,649**	**4,733**
Assets			
Property ,plant and equipment	7	10	1
Goodwill	1,112	1,112	1,112
Intangibles	274	332	152
Intangible assets under development	131	131	131
Other assets	257	257	257
Cash	1,207	1,976	2,102
Bank	87	87	87
Trade receivables	386	462	553
Unbilled revenue	324	388	465
Prepayment & O.fin.assets	350	419	502
Other current assets	286	343	410
Total Current Assets	2,640	3,676	4,119
Trade payables	594	711	852
Unearned revenue	3	4	5
OCL & provisions	128	153	184
Total Current Liabilities	725	868	1,040
Net Current Assets	1,915	2,807	3,080
Application of Funds	**3,697**	**4,649**	**4,733**

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios			
(Year-end March)	**FY26**	**FY27E**	**FY28E**
Per share data (₹)			
Adjusted EPS	32.3	39.9	50.4
Cash EPS	41.1	49.7	60.4
BV	260.2	300.1	300.1
DPS	-	-	-
Cash Per Share	92.2	147.0	156.0
Operating Ratios (%)			
EBITDA margin	22.5	22.7	23.2
EBIT margin	17.9	18.4	19.6
PAT Margin	16.7	17.2	18.2
Debtor days	52	52	52
Unbilled revenue	44	44	44
Creditor days	80	80	80
Return Ratios (%)			
RoE	12.4	13.3	16.8
RoCE	15.3	15.0	18.6
RoIC	21.4	24.4	31.5
Valuation Ratios (x)			
P/E	51.1	41.4	32.7
EV / EBITDA	35.9	28.7	23.3
EV / Net Sales	8.1	6.5	5.4
Market Cap / Sales	8.5	7.1	6.0
Price to Book Value	6.3	5.5	5.5
Solvency Ratios			
Debt/EBITDA	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0
Current Ratio	1.9	1.9	1.9
Quick Ratio	1.4	1.4	1.4

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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