

EXECUTIVE SUMMARY

I am recommending a Buy of Match Group (MTCH) stock at its current price point of ~\$36 with a weighted average target exit price of \$41 based on DCF modeling and scenario analysis. There are three key reasons behind this recommendation. First, the company has implemented a turn-around effort for their business units in order to bring struggling units back to growth and continue growth in successful areas. Second, cost reduction efforts by their new CEO have started to materialize and are adding strong gains to margins. Lastly, direct competition does not appear to be very strong, giving them the opportunity to reap industry benefits if they are able to gain their desired resurgence in the space.

INVESTMENT THESIS 3 CORE FACTORS

- 1. Turn-Around Efforts:** New CEO Spencer Rascoff (Previously Zillow and Hotwire founder) is leading the effort to “Reset, Revitalize, and Resurge” the company. They are currently in the “Revitalize” portion of this effort after “resetting” the company during Spencer’s first year as CEO. For this portion of the revamp, they are looking to address key pain points through:
 - a. Improving outcomes with match quality and relevance leveraging AI
 - b. Better authenticity and trust by using their “Face Check” feature
 - c. Reducing dating fatigue through redesigning discovery and adding features such as “Double Date” to help with interest and safety
- 2. Cost Reduction:** The company underwent restructuring efforts in 2025, reducing headcount, in addition to offering alternative payment methods to circumvent App Store fees (Apple appears to be losing court battle vs Epic Games to maintain fees in these scenarios). We are starting to see those gains materialize as of 4Q25. Operating margin has increased to ~32%, up from ~25% in prior quarters. Management is projecting EBITDA margin growth to continue as well, even during the revamp period, which is bullish for their long-term prospects if the revamp is successful.
- 3. Limited Direct Competition:** The last key point is that their direct competition is limited in the space. While they face competition from non-Dating App methods of connections, other Dating Apps are doing broadly worse relative to MTCH (i.e. Bumble). I believe this positions them in a spot where, if they can revitalize the online Dating App market as a whole (Hinge is showing strong potential here), they stand to be the primary beneficiaries.

CATALYSTS

The main catalysts will come from earnings results showing continued strong operating margin and improvements to their Payers metric for their business units, specifically Tinder. Tinder being able to neutralize its current downward trajectory combined with Hinge continuing to grow would likely help sway market opinion. Continued movement in this direction would be a strong signal that the turn-around is proving successful as they move through the process. MTCH also has seen strong international growth. If they continue to see growth internationally, or see U.S. growth pick up, that could also be a signal to the market to continue the upward price correction we are currently seeing.

BEAR CASE

The counterpoints to the bull case are that the turn-around effort could fail, margin gains could be ceded due to increasing marketing spend or other issues, competitors such as Raya and Bumble start to make headway into market share, or we don't end up seeing a flat-lining of Tinder's current downward trajectory in Payers. Notably, MTCH does a poor job showing metrics in their earnings. Management talks about metrics such as "Sparks" (6-way conversations) and MAU, but fails to disclose. This is something to keep an eye on as it could potentially signal weakness in underlying metrics that they selectively choose to talk about in earnings calls but not consistently in filings.

CONCLUSION

MTCH offers strong upside potential as they seek to improve their specific product offerings and renew the Dating App market as a whole. The changes targeting Tinder have started to show signs of success early on, and their rising star in Hinge continues to grow at a staggering rate. If they are capable of converting on their turn around efforts, upside could be as high as a mid-50's stock price with a low 40's target being the weighted average price point based on all potential scenarios modeled.

Price Targets:

Current Price		36.00	
Case	Price	Change	Odds
Upside	54.69	52%	45%
Base	35.09	-3%	35%
Downside	20.72	-42%	20%
Price Target		41.04	

Base Case Valuation and EBITDA Multiple Sensitivity:

Company Valuation		Multiple Sensitivity Analysis	
Multiple	8	5	35.09
Terminal Value	11,100,839	7	31.24
PV of TV	7,681,723	9	38.93
PV of FCFF	4,034,492	11	46.61
Enterprise Value	11,716,215	13	54.29
Cash and Equivalents	1,027,838	15	61.97
Debt	3,972,679	17	69.65
Net Debt	2,944,841	19	77.33
Equity Value	8,771,374		
Shares Outstanding Diluted	250,000		
Stock Price	35.09		