

## DESK NOTE

29.01.2025

### **YEXT, Inc. (YEXT US) – *M&A Activity Might Propel***

#### ***Growth In The Future***

**Conclusive Summary:** Yext is well-positioned in a growing market for digital presence management, with meaningful upside potential (+35%), as indicated by a combination of DCF and multiple valuations. The company has demonstrated solid revenue growth (+13% YoY), profitability, and operational efficiencies, particularly following its acquisition of Hearsay Systems, which expanded its social capabilities and customer base. However, despite these positive developments, there is uncertainty around future growth catalysts, with a slower-than-expected revenue outlook and competitive pressures in the AI-powered search space. **Given the lack of clear short-term catalysts and the current stock price dynamics, we recommend a buy around \$5.75, where the stock appears to offer compelling upside (+61%) based on its fundamentals.**

**Competitive Position:** Yext operates in a competitive market for digital presence management and AI-powered search, with direct competition from companies like Uberall, Moz Local, and BrightLocal in listings management, and Elastic, Algolia, and Coveo in enterprise search. It also competes with Podium and Reputation.com in review management. Indirectly, platforms like Adobe Experience Manager, HubSpot, and Salesforce Marketing Cloud, along with AI-driven customer support tools like Intercom and Zendesk, overlap with Yext's offerings. Yext stands out with its expansive publisher network (200+ integrations), an AI-powered Knowledge Graph, and an all-in-one platform, though it faces pricing challenges from lower-cost competitors and competition from search-focused leaders.

**Valuation:** Using a combination of multiple (EV/Rev, EV/EBITDA, P/FCF) and DCF valuation and we reach a blended target price (TP) of \$9.27, +35% above current levels. The stock is trading at or below its 2-year multiple averages while the DCF supports YEXT's valuation with modest growth assumptions (3% terminal growth rate). **We recommend buying YEXT at \$5.75 for a solid risk-reward bet, absent of clear catalysts ahead.**

Ticker: YEXT US

Previous day close price: \$6.86

Price range (52w.): \$4.29 - \$8.75

Reason for note: PM Request

Target price: \$9.27 (+35% upside)

Recommendation: **Buy@ \$5.75**

**Description:** Yext, Inc. is a SaaS company that enables businesses to manage and optimize their digital presence through its Answers Platform. The platform centralizes business information, ensuring accurate and consistent data distribution across search engines, voice assistants, maps, social media, and review sites. Yext generates revenue primarily through subscription-based services, offering tiered plans that vary by feature set, number of locations, and capacity needs. Its product suite includes Listings, Pages, Reviews, Search, and Analytics, helping businesses improve discoverability and customer engagement. Additionally, Yext monetizes professional services such as custom integrations and consulting while also leveraging third-party reseller partnerships to expand its reach. The company targets diverse industries, including healthcare, retail, financial services, and hospitality, positioning itself as a key player in digital knowledge management.

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Multiple Next 12 Months		Financial Metric	Target EV	Net Debt	Target MCap	Shares	Target Price
EV/Rev	2.25	409	1,035	-1.81	1,037	128	\$8.10
EV/EBITDA	11.00	118	1,302	-1.81	1,303	128	\$10.18
P/FCF	20.00	77				128	\$10.18
Avg. Multiple Price							\$10.11
DCF Price							\$8.42
Avg. Multiple & DCF Price							\$9.27

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