



SECRET AIM STOCK CentralNic Group PLC

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Who Are They?

The company was founded by Robert Ronald Pooke in June 1995 and is headquartered in London. CentralNic first floated in 2013 and has doubled in size in six of the past seven years through a combination of new clients, new services, organic growth, and successfully executing their ambitious acquisitions strategy.

CentralNic Group Plc primarily engages in global domain name solutions. They provide wholesale, retail, and enterprise services as well as strategic consultancy for Top Level Domains, Country Code TLDs, and Second-Level Domains, and they are also the owner and registrant of a portfolio of domain names, which is used as domain extensions and for resale on the domain name aftermarket. Their key business segments are Indirect, Direct, and Monetization.

The Indirect segment supplies domain names and other services to domain retailers and resellers. It includes CentralNic Registry Services, a distributor of TLDs, and SK-NIC, which is the operator of the official country code domain for Slovakia.

The Direct segment is composed of the group's enterprise businesses which service corporations that take a view that domain names are a form of intellectual property much like trademarks, and domain investor-focused retail businesses.

The Monetization segment deals with addressing internet traffic demand with proprietary technology, enabling the sale of domain name traffic, as well as traffic from websites and apps.

The foundation of the business lies in owning and managing the end-to-end supply chain for domain names and related web services. They develop and manage their proprietary software platforms for the global distribution of domain names, to all five major customer groups: small businesses, corporate customers, resellers, domain name investors, and domain name registries (both government-operated and privately owned).

Each of these five customer groups also buys additional domain-related software and services, such as email software, hosting, SSL Certificates, domain name and website monetization, online brand protection tools, marketing tools and others. CentralNic's all-encompassing platforms distribute these products and services to CentralNic domain customers, which presents the company with a substantial opportunity to diversify its offerings.

CentralNic Group has been built through a series of acquisitions that have brought together companies in the domain industry with the best software, people and customers. This strategy has led to its current position as one of the key providers of internet infrastructure tools globally.

Solutions

The firm offers a variety of solutions for their clients.

The Retail Solutions section helps individuals, MSMEs, domain investors & enterprises build an online presence, with an ethos of making the process as simple as possible.

Brands in the division serve 300,000+ customers globally and have positioned themselves as a one-stop shop for domain name, website, and security solutions.

Reseller solutions make registering and managing domain names easy and provide a wealth of add-on revenue-generating products such as hosting, security, and web apps, via their worldwide network of resellers. While distributing over 1,200 domain extensions and pushing the boundary of service and domain technology.

Business Segments

Monetised Domain Portfolio.

The **“Team Internet”** part of the business offers industry-leading technology and decades of experience to provide real tooling to monetize the internet. With TONIC., the traffic marketplace, advertisers and publishers alike get the opportunity to buy and sell conversion-optimized traffic to maximize their turnover. “ParkingCrew” has been recognized for years as the market leader in the domain parking sector, its services are primarily addressed to domain portfolio holders.

Optimised Online Advertising.

The **“Zeropark”** is the performance advertising segment of the business and does this by leveraging superior in-house technology and operational efficiency. The ad exchange connects thousands of advertisers around the world with publishers in real time, serving over 60 million ad impressions daily. This rather unique offering also doesn't rely on tracking, so doesn't come under scrutiny by firms such as Apple and their online privacy rules, giving them plenty of room for continued growth.

Protect your brand and business online.

The **“BrandShelter”** invigorates the way organisations think about, approach, manage and protect their online digital assets to ensure they are one step ahead of their competitors and cyber threats.

The Business

Key Markets

Online Marketing: using advertorial review websites they create informed online consumer journeys which drive traffic to CentralNic's e-commerce partners, maximising its leading online privacy-safe AI offering, with none of its marketing platforms using third-party cookies.

Online Presence: buying and reselling of internet domains as well as providing other value add internet solutions.

Solid earnings: Subscription recurring revenues in Online Presence and revenue share on rolling utility-style contracts in Online Marketing.

Growth Market: Online Marketing market growth at 20+% even during economic downturns.

Competitive Edge

Organic growth: 60% Group organic growth for FY2022

Profitable: \$86.0M of adjusted EBITDA in FY2022

De-levered: Net debt < 1X FY22 EBITDA

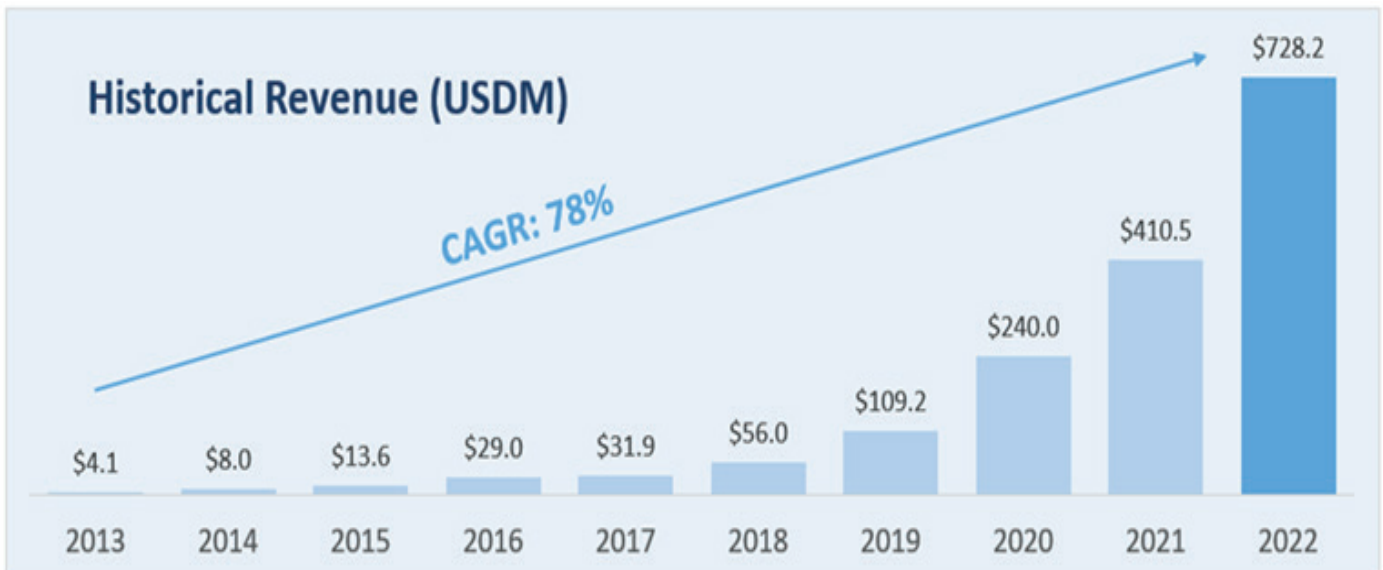
Proven business model: revenue CAGR of 78% since IPO in 2013

Scalable Technology: provide a sustainable competitive advantage.

Global consolidator: global business with a successful acquisition strategy in a highly fragmented market

Experienced management team: Industry expert Michael Riedl promoted to group CEO in December 2022 from his previous role as Group CFO

Privacy-safe: proprietary AI and big data solutions are a superior alternative to cookies.



Summary

Make no mistake, the share price has seen rapid growth since the float, and this is all in line with the underlying revenue and business growth seen up to now. The big question is: can it continue? That all being said they are, and continue to be at the forefront of their market and with an ultra-entrepreneurial attitude to growth this trend should continue. They also reap the rewards of a rather unique marketing strategy that doesn't rely on tracking, so is not threatened by Apple's privacy rules. As the company has full visibility over its domains, it can use context to place ads. They use specific software to place the ads, so as its scale increases so does profitability, giving it truly independent ability to grow rather than constantly being in the shadow of the tech giants such as Apple. The recent announcement of a dividend and continued growth in the cash flow also add to the investment argument. However, a word of caution, it is a fast-moving and ever-changing industry and while CentralNic has established itself as a leader in the sector be aware it is a fast-moving and ever-changing sector. Like all stocks operating in this sector you should always be cautious of overcommitting and shares like this should always occupy the speculative end of the portfolio....for now!!! But the investment proposition looks strong, the introduction of a dividend should also appeal to a fresh wave of income buyers and analysts are also sticking to their 250p target price.

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