kotak neo

Dated: 30 June 2026

Amagi Media Labs (AMAGI) - ADD

Initiating Coverage

Current Market Price (CMP)	Fair Value (FV)
Rs.561	**Rs.625**

Rationale:

- Amagi is a cloud-native SaaS company that helps global media companies connect with their audiences through integrated technology solutions.
- It serves three core customer segments: Content providers, distributors, and advertising platforms & advertisers.
- Business has secular tailwinds from rapid viewership growth in linear-OTT platforms and streaming services, which should drive an 18.3% USD revenue CAGR in FY26-29E.
- A healthy adj. EBITDA margin expansion should lead to a six-fold jump in PAT from modest levels in FY26.
- We initiate coverage on the stock with an ADD rating and a DCF-based Fair Value of Rs625, implying 33x Sep’28E EV/EBITDA.

Positives:

- Return ratios should improve in the medium term, led by margin expansion and better collection efficiency.
- We expect a 20% CAGR in the monetization business, primarily driven by ad impression volumes, partly offset by a moderation in pricing.

Negatives:

- Large M&As witnessed by the global media industry recently enable clients to leverage scale economies and insourcing spends, thus constraining the SAM for Amagi.
- Top account has scaled up well in the past couple of years & contributed 14.1% of revenues in H1FY26 versus 5.7% in FY24.
- Rapid evolution of the tech landscape with new offerings at lower costs, leveraging AI.

(SAAS: Software as a Service. CAGR: Compound Annual Growth Rate, AI: Artificial Intelligence, OTT: Over-the-Top, EV: Enterprise Value, EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization, DCF: Discounted Cash Flow, PAT: Profit After Tax, M&A: Mergers and Acquisitions)

Holding Period: 12 months