

## Welcome to the New Age

by Matt Connor, Investment Analyst

Like it or not, there is no doubt that social media is now an integral part of our lives, with our online presence an extension of who we are, and for many, who they aspire to be. There were almost three billion monthly active users on Facebook in the second quarter of this year<sup>1</sup>, some 37% of the global population. For a business, social media offers a treasure trove of potential customers, but still so many seem to get it wrong when advertising through these channels.

The genesis of the large US internet companies, such as Facebook, Google, and Snapchat are well known and in the case of Facebook, immortalised on the silver screen with the 2010 film *The Social Network*. The early days of LBG Media, a UK-listed digital publisher, were similar, with co-founders Solly Solomou and Arian Kalantari forming the business whilst studying at university in 2012. LBG Media operates multiple brands across social media to a global audience of over 315 million<sup>2</sup>, predominantly made up of millennials and Gen Z – one of the most valuable segments to advertisers.

LBG Media's business segment, LBG Direct, works closely with brands in launching successful advertising campaigns across the likes of Instagram and TikTok, harnessing its insights and expertise to successfully target the right audiences. LBG can also help clients by tapping into LADNation – its own youth panel with over 50,000 members to offer valuable feedback from a notoriously difficult group to reach.

The recent explosion of TikTok has made brands rethink their advertising strategies and move away from traditional forms of advertising such as TV. Young people now spend more time watching TikTok videos than they do watching broadcast TV<sup>3</sup>, spending almost an hour a day scrolling through the TikTok app.

TikTok are notably reaping their newfound riches, with European revenues increasing six-fold last year<sup>4</sup>.

LBG Media offers investors the opportunity to capitalise on this change in how media is consumed and thus monetised. As more businesses look to develop effective marketing strategies, they will seek to partner up with companies, such as LBG, in order to target the right audience and not waste precious marketing dollars on a dud campaign; and who better to approach than the biggest publisher on TikTok, LBG<sup>5</sup>. That is certainly what Vodafone have done, partnering with LBG to create content for its VOXI mobile network.

With LBG's share price falling significantly since Initial Public Offering last year, much like US social media giants Meta and Snapchat, the company now trades on a price-to-earnings ratio of just over 10 times<sup>6</sup>. With bright prospects such as expanding into the US where they reach around one third of the population, LBG could be an attractive investment for investors wanting exposure to the new age of advertising.

### Sources

1 <https://www.statista.com/statistics/264810/number-of-monthly-active-facebook-users-worldwide/>

2 <https://lbgmedia.co.uk/docs/ladbiblelibraries/archive/results/interim-results---june-2022.pdf>

3 <https://www.ft.com/content/4a2f2ad8-7633-4bd7-9300-988f699dfbc9>

4 <https://www.ft.com/content/d8dea314-7984-4ee0-8dda-3fdb4dbbd3ee>

5 <https://www.ft.com/content/d8dea314-7984-4ee0-8dda-3fdb4dbbd3ee>

6 Unless stated all figures sourced from Bloomberg Finance, L.P.



# Global Matters Weekly

10 October 2022

For more information, please contact your adviser or alternatively contact:

Belvest Investment Services Limited  
研富投資服務有限公司  
9th Floor, Centre Mark II  
305-313 Queen's Road Central  
Sheung Wan, Hong Kong

Tel +852 2827 1199  
Fax +852 2827 0270  
belvest@bis.hk  
[www.bis.hk](http://www.bis.hk)

## Important notes

This communication is issued by Belvest Investment Services Limited and/or Belvest related companies (collectively, and individually Belvest) solely to its clients, qualified prospective clients or institutional and professional investors. Unless stated otherwise, any opinions or views expressed in this communication do not represent those of Belvest. Opinions or views of any Belvest company expressed in this communication may differ from those of other departments or companies within Belvest, including any opinions or views expressed in any research issued by Belvest. Belvest may deal as Distributor or Agent, or have interests, in any financial product referred to in this email. Belvest has policies designed to negate conflicts of interest. Unless otherwise stated, this e-mail is solely for information purposes.

This message may contain confidential information. Any use, dissemination, distribution or reproduction of this information outside the original recipients of this message is strictly prohibited. If you receive this message by mistake, please notify the sender by reply email immediately.

Unless specifically stated, neither the information nor any opinion contained herein constitutes as an advertisement, an invitation, a solicitation, a recommendation or advise to buy or sell any products, services, securities, futures, options, other financial instruments or provide any investment advice or service by Belvest.

No representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any figures, forecasts, prospects or return (if any) contained in the message. Such figures, forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. The assumptions and parameters used by Belvest are not the only ones that might reasonably have been selected and therefore Belvest does not guarantee the sequence, accuracy, completeness or timeliness of the information provided herein. None of Belvest, its group members or any of their employees or directors shall be held liable, in any way, for any claims, mistakes, errors or otherwise arising out of or in connection with the content of this e-mail.

This e-mail and any accompanying attachments are not encrypted and cannot be guaranteed to be secure, complete or error-free as electronic communications may be intercepted, corrupted, lost, destroyed, delayed or incomplete, and/or may contain viruses. Belvest therefore does not accept any liability for any interception, corruption, loss, destruction, incompleteness, viruses, errors, omissions or delays in relation to this electronic communication. If verification is required please request a hard-copy version. Electronic communication carried within the Belvest system may be monitored.