

AppLovin Corporation

NASDAQ: APP | Digital Advertising / Adtech | Interim price-level review | 19 August 2026

RATING	Last close	Ideal buy range	Cut-loss	Target 1 / 2	Horizon
BUY	\$307.26 18 Aug 2026 –8.5% since last review	\$290 – \$310 stage in thirds	\$262 –14.7%, reset on the same 2-ATR rule	\$440 / \$520 +43% / +69%	12 – 24 months 2–4% position

Investment score 75/100, against 74 at the last review. Probability-weighted fair value \$509, a 66% premium to the last close, against a 55% premium three weeks ago. The rating is unchanged and no new company disclosure has been made since the second-quarter report. What has changed is the price, the published consensus estimates and the level of the moving averages the previous trade plan was anchored to, and the plan has been reset accordingly. All figures as of the 18 August 2026 close.

What has changed since the last review

The last review was published on 7 August, two days after AppLovin's second-quarter report and the 19.7% single-session fall that followed it, with the shares at \$335.67. The conclusion then was that the company had missed its own guidance midpoint by roughly one percent of revenue, that the de-rating had removed a premium attached to forecast reliability rather than to demand, and that the resulting price was undemanding. The rating was Buy with a staged entry between \$300 and \$345.

Three weeks on, the shares are \$307.26, a further 8.5% lower, having reached \$303.17 on 12 August. There has been no new financial disclosure in that window: no pre-announcement, no guidance revision, no material contract or regulatory development. Every substantive fact in the previous review still stands as written. Three things have moved, and only one of them is a genuine deterioration.

The first is the arrival of the consensus cuts the previous review said were coming. That review noted that published estimates were stale and would be reduced, and stress-tested the case against a hypothetical 15% reduction to next year's earnings. The actual outcome was far milder. Consensus adjusted earnings for the current year fell 6.9%, from \$17.78 to \$16.56, and the previous figure is now the top of the range rather than the midpoint. Next year's estimate fell 1.3%, from \$21.28 to \$21.00. Revenue expectations barely moved, from \$8.17bn to \$8.13bn for this year. The street trimmed the near term and left the out-year almost untouched, which is what a group that accepts a timing explanation does.

The second is a further round of price-target reductions, and this is the item that most repays careful reading. Six firms published in the window and every one of them kept a Buy rating.

Date	Firm	Price target	Rating action	Comment
12 Aug	Bank of America	\$430 → \$400	Buy maintained	Second cut in a week; deepest single-name reduction in the group
12 Aug	BTIG	\$574 → \$408	Buy maintained	Largest cut of the round at 29%, from a target unchanged since before the print
13 Aug	RBC Capital	\$575 held	Buy maintained	Published a note attributing the quarter to model-improvement timing
17 Aug	Benchmark	\$500 → \$440	Buy maintained	Cut of 12%, to a level equal to the 50-day average
18 Aug	Jefferies	\$700 → \$550	Buy maintained	Had not previously reset from the pre-print level
18 Aug	Citi	\$650 held	Buy maintained	Highest active target among firms publishing in the window

Source: individual analyst records via TipRanks and S&P Global Market Intelligence, retrieved 18–19 August 2026.

The average published target has fallen from \$569.50 to \$544.97 and the median from \$577.50 to \$569. Both bookends of the range are unchanged at \$357 and \$860. A 4.3% reduction in the average target against an 8.5% fall in the share price means the sell-side gap has widened rather than closed, and the average now sits 77% above the price. That figure should be treated with scepticism, because a consensus assembled from targets set at different points in the de-rating is a lagging measure by construction, but the direction of the discrepancy is still informative.

The third change is the only unambiguously negative one. The distribution of ratings has continued to deteriorate beneath the unchanged headline. Hold recommendations stood at three in July and five at the time of the last review; they now stand at seven of thirty-three, with the Strong Buy count down from twenty-two to twenty. Two further analysts moved to the sidelines after 7 August. Set against the six Buy reaffirmations above, the picture is a group splitting rather than capitulating: most are keeping the rating and marking down the target, a minority are stepping aside, and nobody has moved to a sell.

Positioning has quietly improved

The ownership and short-interest data released during the window points the other way from the price, and is worth separating from the commentary. Institutional ownership has risen from 66.2% to 68.98% of the shares outstanding. That increase spans the period of the drawdown and it happened despite one prominent exit: Renaissance Technologies disclosed in its second-quarter filing, published on 14 August, that it had closed its position entirely. A quantitative fund's position as at 30 June says little about the fundamentals and nothing about August, but it is the kind of headline that circulates during a decline, and the aggregate figure it sits inside moved up rather than down.

Short interest fell from 12.56m shares to 11.91m over the month, taking the short position from 3.75% to 3.56% of shares outstanding and days-to-cover from 2.13 to 1.94. Shorts reduced into a 27% decline rather than pressing. Combined with a volume profile that has contracted from 15.2m shares on 6 August to 5.1m on 18 August, against a twenty-day average of 7.4m, the evidence suggests the forced and opportunistic selling has largely worked through and what remains is drift on light volume. Insider ownership is unchanged at 23.31%, and no new insider transactions have been filed since the June sales noted previously.

Indicator	Latest	At last review	Interpretation
Institutional ownership	68.98%	66.2%	Up through the drawdown, notwithstanding one full exit
Insider ownership	23.31%	23.3%	Unchanged; no Form 4 activity since June
Short interest	11.91m shares	12.56m	3.56% of shares out, from 3.75%
Days to cover	1.94	2.13	Shorts reduced rather than pressed
Analyst consensus	Buy, 33 analysts	Buy, 32	20 strong buy, 6 buy, 7 hold, no sell
Average price target	\$544.97	\$569.50	Median \$569; range \$357 to \$860 unchanged
Volume, latest session	5.15m	15.2m on 6 Aug	Below the 7.4m twenty-day average

Ownership, short interest and consensus from S&P Global Market Intelligence and TipRanks via StockAnalysis.com, retrieved 19 August 2026. Volume from the daily price series.

Valuation after the estimate cuts

The interaction between a falling price and falling estimates is the central valuation question of this review, and it produces a split answer that is easy to miss. On the current year the de-rating has stalled: the shares fell 8.5% while the current-year estimate fell 6.9%, so the multiple compressed only from 18.9 to 18.6 times. An investor buying today on this year's earnings is not being offered a materially cheaper multiple than three weeks ago, only a lower share price against lower earnings. On next year the picture is different, because the estimate barely moved: 15.8 times has

become 14.6 times, and that is a real improvement in the price paid for the same forecast.

Measure	At \$307.26	At last review	Comment
P/E, FY2026E adjusted	18.6x	18.9x	Consensus \$16.56, cut 6.9% from \$17.78
P/E, FY2027E adjusted	14.6x	15.8x	Consensus \$21.00, cut only 1.3% from \$21.28
P/E, trailing GAAP	23.6x	25.8x	On trailing earnings per share of \$13.01
EV / sales, FY2026E	12.7x	13.8x	Enterprise value \$103.3bn on revenue of \$8.13bn
EV / EBITDA, FY2026E	15.3x	16.6x	Own estimate: FY26 adjusted EBITDA about \$6.77bn
Free cash flow yield, FY2026E	5.1%	4.0% trailing	Consensus free cash flow \$5.24bn on a \$102.8bn market capitalisation
PEG ratio	0.53	0.55	On the three-year forecast earnings growth rate of 34.8%
Price / book	32.6x	35.6x	Uninformative for an asset-light platform with buyback-depleted equity

Consensus estimates from S&P Global Market Intelligence via StockAnalysis.com, last updated 18 August 2026. The FY2026E adjusted EBITDA figure and the EV/EBITDA ratio derived from it are this report's own calculation, scaled from the prior review's estimate for the revised revenue consensus, and are not company-reported measures.

Two figures in that table carry more weight than the multiples. The first is the forward free cash flow yield of 5.1%, which is a cash number rather than an opinion about a multiple, and which is being offered by a business consensus expects to grow revenue 48% this year. The second is the price-earnings-to-growth ratio of 0.53 on a three-year growth basis. Neither figure is consistent with a market that believes the current forecasts. The reasonable interpretation is that the market is discounting the forecasts rather than the business, which is a coherent position to hold after a guidance miss and one this report treats as the central risk rather than dismissing.

The caution flagged at the last review is unchanged and worth restating. Consensus pairs 28% revenue growth next year with 27% earnings growth, which embeds a margin structure that holds roughly flat as compute intensity rises. If compute costs scale faster than that, the terminal multiple this business deserves is lower than its trading history implies. This report continues to anchor the base case on a multiple in the middle twenties rather than the thirties the shares carried for the last two years.

Does the thesis still hold?

The previous review named three conditions that would invalidate the case: a second consecutive quarter of light model uplift, evidence that publisher earnings on the MAX marketplace had stopped growing, and a failure of consumer advertiser spend to grow sequentially into the seasonally stronger second half. None of the three can be assessed yet, because none will be observable until the third-quarter report. That is the honest position: the thesis has neither been confirmed nor broken, and the intervening three weeks have produced price movement without information.

One piece of third-party evidence deserves a mention precisely because it sits awkwardly against the previous review's principal concern, which was the unresolved creative bottleneck in the consumer vertical. A Jefferies survey of thirty e-commerce advertisers, published on 10 July and therefore available before the last review but not discussed in it, found AppLovin's share of surveyed advertiser budgets up 169 basis points from the fourth quarter of 2025 to 11.1%, the largest gain of any network in the survey, and reported that feedback on the company's artificial-intelligence video creative tool had turned positive, with six respondents citing improvements in return on ad spend where earlier feedback had been muted.

That is not a contradiction of what the chief executive said on the second-quarter call, and it should not be presented as one. His remark that creative remains the biggest hurdle and that nothing has changed was about fully automated long-form video for a self-service small-business funnel, which the survey does not address. The survey describes

existing, larger advertisers getting useful results from assisted tooling. Both can be true. But the survey does establish that the tooling is being adopted and is working for the advertisers who already have the platform, which makes the bottleneck a constraint on the pace of expansion into the long tail rather than evidence that the product does not function. That is a slightly better position than the last review credited, and it is the reason the growth-potential and risk scores below move in opposite directions.

Technical picture

Indicator	Value	Reading
Close, 18 Aug 2026	\$307.26	Fifty-two-week low \$303.17, set on 12 August
SMA 20 / EMA 20	\$368.42 / \$363.66	Price 16.6% below the twenty-day average
SMA 50 / EMA 50	\$440.30 / \$415.12	Price 30.2% below the fifty-day average, which has fallen from \$482.92
SMA 100	\$456.03	Price 32.6% below
SMA 200	not computed	Series covers 100 sessions; a 200-day average cannot be derived from it
RSI (14)	29.1	Oversold for a third consecutive week; oversold in a downtrend is not a signal
MACD (12,26,9)	−39.81 vs −35.69	Histogram −4.12, wider than the −2.32 of three weeks ago. No momentum turn
ATR (14)	\$22.72	7.4% of price, contracted from 8.8%; realised volatility is falling
Volume, 18 Aug	5.15m	0.70 times the 7.37m twenty-day average; distribution has faded
Five-session range	\$303.17 – \$326.20	A shallow base has formed; it is five sessions old and unconfirmed

Computed from Alpha Vantage daily OHLCV, 26 March to 18 August 2026 (100 sessions), using Wilder smoothing for RSI and ATR. The computed 50-day average of \$440.30 and RSI of 29.16 match S&P Global's independently published values exactly. Longer-window averages are marked not computed rather than estimated.

The trend remains unambiguously down and nothing here argues for committing capital at once. Price sits below every computable average, those averages are in bearish sequence, and the MACD histogram is still widening to the downside. Two things have improved at the margin. Volume has contracted to seventy percent of its twenty-day average, so the heavy distribution of early August has stopped, and the average true range has narrowed from 8.8% of price to 7.4%, so the stock is grinding rather than gapping. A shallow range between \$303 and \$326 has held for five sessions and is the first identifiable structure since the breakdown. Five sessions is not a base, and it should not be traded as one, but it does give the trade plan below something to anchor a stop against other than pure volatility.

Scorecard

Dimension	Score	Prior	Rationale and what moved
Business quality weight 15%	8/10	8/10	88% gross margin, 66% free cash flow margin, \$7.6m of revenue per employee. No new information
Financial strength weight 10%	9/10	9/10	Net debt \$0.46bn, interest cover 25.8x, Altman Z 24.4, Piotroski 7, buyback continuing
Competitive advantage weight 15%	7/10	7/10	Dominant in mobile game user acquisition, unproven in e-commerce. No new information
Management weight 10%	7/10	7/10	Outstanding record, one guidance miss, candid handling. Next test is the Q3 print
Growth potential weight 20%	8/10	9/10	Lowered: consensus current-year earnings growth cut from 67% to 56% on a 6.9% estimate reduction

Dimension	Score	Prior	Rationale and what moved
Valuation weight 15%	 9/10	8/10	Raised: 14.6x next year's earnings and a 5.1% forward free cash flow yield, against a 2% reduction in fair value
Risk (10 = lowest risk) weight 10%	 5/10	4/10	Raised: the estimate-cut risk flagged previously has crystallised and proved mild; realised volatility and short interest both down
Technical setup weight 5%	 4/10	3/10	Raised: volume and volatility contracting and a five-session range formed, though momentum has not turned
Overall investment score	75 / 100	74/100	Weighted sum of the eight dimensions above; weights sum to 100% and the total was computed in code

Scored 1–10, where 10 is always best, including Risk. The prior review used the same direction for Risk, labelled “higher is safer”, so its scores are directly comparable and no restatement was required. Bars are drawn to the width of the column and read left-to-right as better on every row.

Recommendation and revised trade plan

The verdict is unchanged at Buy, and so is the reasoning behind it, which matters as much as the rating. Three weeks have added no company disclosure, produced milder estimate cuts than the previous review budgeted for, and left the shares 8.5% lower. Probability-weighted fair value fell 2.2%, from \$521 to \$509, almost entirely because of the trimmed estimates. A price that falls four times as fast as fair value widens the gap, and the premium to the weighted value has gone from 55% to 66%.

The published levels, however, no longer hold, and this is the substantive output of this review. Two of the three entry tranches from the previous plan would have been filled in the \$315–\$345 zone. More importantly the cut-loss of \$278 has been overtaken by the price: at \$307.26 it sits 9.5% away, which is 1.29 average true ranges rather than the two the previous review set it at. The prior report was explicit that any stop inside nine percent would be hit by noise alone, so leaving \$278 in place would have left a stop that the previous report's own reasoning rejects. Applying the same two-range rule to the current close, with volatility now contracted to \$22.72, gives \$262. The level moves down but the dollar risk narrows, from \$59 to \$45 a share, and \$262 remains comfortably above the bear-case fair value of \$238. This is the previous rule applied to new inputs, not a stop relaxed to accommodate a falling position, and the distinction should be held to at the next review.

Parameter	Revised	Previous	Reasoning
Recommended entry	\$290 – \$320	\$300 – \$345	Stage in three tranches; the range now brackets the price rather than sitting above it
Ideal buy range	\$290 – \$310	\$300 – \$330	About 17.5x this year's and 14.0x next year's adjusted earnings
Cut-loss	\$262	\$278	Two average true ranges below the close, the prior rule on current volatility
Take-profit 1	\$440	\$470	Lowered to track the fifty-day average, which has fallen from \$483 to \$440. 26.6x FY26E
Take-profit 2	\$520	\$560	Lowered to track the probability-weighted fair value of \$509; below the \$545 consensus average
Expected upside	+43% / +69%	+42% / +70%	From the \$307.26 close to targets one and two
Expected downside	–14.7%	–15.8%	From the close to the cut-loss
Risk / reward	2.9 : 1	2.7 : 1	Against target one; 4.7 : 1 against target two

Parameter	Revised	Previous	Reasoning
Holding horizon	12 – 24 months	unchanged	Long enough for two to four model release cycles to settle the question
Position size	2 – 4% of portfolio	unchanged	Capped by a five-year beta of 2.53 and a 7.4% daily true range

Upside, downside and risk/reward figures were computed in code from the stated levels and checked against the values printed here.

One caveat on the risk/reward ratio, which improves from 2.7 to 2.9 to one. Part of that improvement is real, reflecting a price that has fallen further than fair value. But a ratio computed against a stop is flattered whenever the stop is close, and on a stock whose daily true range is 7.4% of its price a two-range stop will be triggered by ordinary volatility a meaningful fraction of the time. The ratio should be read as the payoff if the position survives, not as a statement about the probability that it does. The staged entry and the position cap exist to address exactly that.

The invalidation conditions are unchanged and all three fall due at the third-quarter report: a second consecutive quarter of light model uplift, MAX marketplace publisher earnings ceasing to grow, or consumer advertiser spend failing to exceed the third quarter's level in the seasonally strong fourth. Any one of them converts a timing problem into a structural one and should be treated as a reason to sell rather than to average down. A print at or above the guided \$2.055–\$2.085bn would confirm the timing explanation and is the single most likely catalyst for a re-rating.

Scenario analysis

Case	Pro b.	FY27 revenue	FY27 EBITDA	Adj EPS	Fair value	Assumptions
Bull	25%	\$11.0bn	\$9.15bn	\$25.00	\$750	Model cadence normalises, consumer reaches a fifth of revenue, supply expands into non-gaming apps. 30x
Base	50%	\$10.42bn	\$8.55bn	\$21.00	\$525	Q3 guide met, growth settles near 28% on consensus revenue and earnings, margins hold as compute scales. 25x
Bear	25%	\$9.2bn	\$7.15bn	\$17.00	\$238	Model uplifts show diminishing returns, gaming saturates, consumer stalls on the creative gap. 14x
Weighted	100 %				\$509	+66% versus the 18 August close of \$307.26. Was \$521 at the last review, a 2.2% reduction driven by the trimmed consensus estimates.

Probabilities sum to 100%. The weighted fair value of \$509 is the probability-weighted average of the three case values and has been verified against its inputs in code. Case earnings figures are this report's own estimates; the base case uses the published consensus for FY2027 revenue and adjusted earnings per share.

Final verdict

Yes, still, at a lower price and with a lower stop, and with the position sized for a stock that can move seven percent in a session.

The case has not become more interesting in the last three weeks; it has become cheaper without becoming worse, which is a different and less exciting thing. The specific test the previous review set for itself was whether the consensus estimates, which it identified as stale, would be cut enough to justify the fall in the share price. They were not. Current-year earnings came down 6.9% and next year's came down 1.3%, against a share price down 8.5% over the same window and 27% since the print. The gap between what the price has done and what the forecasts have done is the entire argument, and it is now wider than it was.

The strongest counter-argument is one this report has to hold open rather than resolve. Everything above concerns the price and the estimates, because that is all the period supplied. Nothing in the last three weeks tells us whether the model-improvement cadence has recovered, and that is the variable the whole case turns on. An investor buying here is

buying an unresolved question at a lower price, not a resolved question. The seven analysts now at Hold are not making an error of arithmetic; they are declining to underwrite a research pipeline they cannot forecast, which the chief executive himself described as a series of A/B tests with no guarantee of a lift in any given quarter. That is a defensible place to stand, and anyone who cannot tolerate holding through a second disappointing quarter should stand there too.

What tips the balance is the asymmetry in what the price now demands. At 14.6 times next year's consensus earnings and a 5.1% forward free cash flow yield, the shares are priced for the model cadence to remain slow. If it does, the bear case at \$238 is roughly 22% below the current price. If it normalises, the base case is 71% above it. That is not a certainty and the stop at \$262 exists because it might be wrong, but paying a mid-teens multiple for the possibility of the second outcome while the first is largely already in the price is the trade this report is willing to take. The next quarterly report, not the next three weeks of price action, will settle it.

Sources and basis of preparation

This is an interim review of a report first published on 7 August 2026 following AppLovin's second-quarter results; the reported figures, guidance and earnings-call material underlying that report are carried forward from it and were sourced from the company's Form 8-K of 5 August 2026 and the accompanying call transcript obtained from MarketBeat. No earnings call has taken place in the intervening period and no new transcript was available or required for this review. Price and volume history is from Alpha Vantage and technical indicators were computed from the raw daily series rather than read from any third-party summary; where the available history was too short for an indicator it is marked not computed. Consensus estimates, price targets, rating distributions, ownership and short-interest data are from S&P Global Market Intelligence and TipRanks via StockAnalysis.com, retrieved 18–19 August 2026. Individual analyst actions were cross-checked against records published between 12 and 18 August 2026. The Jefferies advertiser survey referenced is dated 10 July 2026 and is identified in the text as predating the previous review. Figures described as this report's own calculation are labelled as such and are not company-reported measures.

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