

AppLovin Corporation

NASDAQ: APP | Digital Advertising / Adtech | Price-level review | 4 September 2026

RATING	Last close	Ideal buy range	Cut-loss	Target 1 / 2	Horizon
BUY	\$313.58 3 Sep 2026 +2.1% since last review	\$295 – \$320 stage in thirds 17.5–19.0x FY26E	\$278 –11.3% tightened, not widened	\$420 / \$500 +34% / +59% 3.0 : 1 against target 1	12 – 24 months 2–4% position

Investment score 76 out of 100, against 75 at the last review. Probability-weighted fair value \$497, a 59% premium to the last close, against a 66% 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 that the decline has stopped, consensus earnings estimates have been revised upward for the first time since the print, published price targets have fallen further, and the rate environment has turned materially less friendly to a stock of this duration. The trade plan has been reset for the first two of those. All figures as at the 3 September 2026 close.

What has changed since the last review

The last review was published on 19 August with the shares at \$307.26, sixteen sessions ago. Its conclusion was that the second-quarter guidance miss had removed a premium attached to forecast reliability rather than to demand, that the consensus cuts it had anticipated had arrived and proved mild, and that the price had fallen roughly four times as fast as fair value. The rating was Buy with a staged entry between \$290 and \$320 and a cut-loss at \$262.

Three weeks on the shares are \$313.58, 2.1% higher. The intervening period contained one further leg down, to a new fifty-two-week low of \$297.50 on 24 August, and a recovery from it. There has still been no new financial disclosure: no pre-announcement, no guidance revision, no material contract or regulatory development. Four things have moved, and for the first time since the print they do not all point the same way.

Estimates were revised up, not down

This is the item that most repays attention, because it reverses the direction of the previous two reviews. Consensus adjusted earnings for the current year have risen from \$16.56 to \$16.81, an increase of 1.5%, and next year's from \$21.00 to \$21.38, an increase of 1.8%. Revenue expectations for the current year are unchanged at \$8.13bn, and next year's sit at \$10.37bn. The revisions are small and should not be over-read, but their sign matters. A group of analysts that had cut current-year earnings 6.9% in the fortnight after the print has stopped cutting and edged back up, which is not the behaviour of a street that has concluded the second quarter marked a break in trend.

Price targets kept falling, and the range narrowed at both ends

Set against that, the sell-side's published targets continued to come down, and this time both bookends moved. The previous review noted that the low and high targets had held at \$357 and \$860 through the de-rating; they now stand at \$325 and \$790. The average has fallen from \$544.97 to \$515.90 and the median from \$569 to \$515. A median that falls 9.5% while the share price rises 2.1% is a closing of the sell-side gap rather than the widening the previous review recorded, and it is the honest counterweight to the estimate revisions above.

Date	Firm	Price target	Rating action	Comment
31 Aug	Piper Sandler	\$325 reiterated	Hold	Now the lowest target in the group; the firm moved to Neutral on 21 August
26 Aug	Needham	\$500 → \$475	Buy reiterated	Cut of 5%, the mildest of the round
1 Sep	Evercore ISI	\$630 → \$510	Outperform maintained	Largest reduction of the window at 19%, from a target not previously reset

Date	Firm	Price target	Rating action	Comment
1 Sep	Citi	\$600 maintained	Buy maintained	Highest active target among firms publishing in the window
3 Sep	William Blair	no target published	Buy reiterated	Cited MAX marketplace growth and expanding e-commerce advertiser spend

Individual analyst actions from TipRanks and S&P Global Market Intelligence via StockAnalysis.com, retrieved 4 September 2026. Broker actions were cross-checked against the moomoo research feed for the same window.

The rating distribution, which had been deteriorating beneath an unchanged headline through July and August, stopped moving. It stands at twenty Strong Buy, six Buy and seven Hold out of thirty-three, with no sell recommendations, and those figures are identical to the last review's. Two analysts stepped to the sidelines between 7 and 19 August; none has since. The William Blair reiteration on 3 September is the more interesting of the two Buy reaffirmations in the window, because it addressed two of the three questions the previous review said could not be settled before the third-quarter report. It cited MAX marketplace growth as strong and e-commerce advertiser spend as expanding. That is a third-party read rather than a company disclosure and should not be treated as confirmation, but it is the first evidence in either direction on either question.

Insiders began selling again

The one clearly unfavourable development is on the insider line. The previous review recorded no Form 4 activity since June. Five Forms 4 were filed on 21 August, accompanied by a Form 144 giving notice of a proposed sale of approximately \$35.6m of common stock. Against a \$105bn market capitalisation the sums are immaterial in themselves, and scheduled sales by executives of a company whose shares are down a third over twelve months carry limited signalling value. What they do remove is an argument the previous review was implicitly leaning on, which was that the people with the best view of the model-release pipeline were not selling into the decline. Some of them now are.

Positioning

The ownership and short-interest data continue to point in the opposite direction from the commentary. Short interest fell again, from 11.91m shares to 11.37m, taking the short position to 3.40% of shares outstanding and days-to-cover to 1.59. That is a third consecutive monthly reduction through a decline, which is not what a short base pressing a thesis looks like. Institutional ownership slipped marginally, from 68.98% to 68.81%, a movement small enough to be a reporting artefact. Trading volume has settled at 4.5m shares against a twenty-day average of 5.5m, both well below the 15m sessions of early August.

Indicator	Latest	At last review	Interpretation
Institutional ownership	68.81%	68.98%	Broadly flat; the increase through the drawdown has held
Insider ownership	23.60%	23.31%	Five Forms 4 and a \$35.6m Form 144 filed on 21 August
Short interest	11.37m shares	11.91m	3.40% of shares outstanding, from 3.56%
Days to cover	1.59	1.94	Third consecutive monthly reduction
Analyst consensus	Buy, 33 analysts	Buy, 33	20 strong buy, 6 buy, 7 hold, no sell — unchanged
Average price target	\$515.90	\$544.97	Median \$515 from \$569; range now \$325 to \$790
Volume, latest session	4.46m	5.15m	0.81 times the 5.49m twenty-day average

Ownership, short interest and consensus from S&P Global Market Intelligence and TipRanks via StockAnalysis.com, retrieved 4 September 2026. Volume computed from the daily price series.

Valuation

The valuation is, to within a rounding error, exactly where it was three weeks ago. The share price rose 2.1% and the current-year estimate rose 1.5%, so the forward multiple moved from 18.6 to 18.7 times. On next year it went from 14.6 to 14.7 times. That symmetry is the substantive valuation finding of this review, and it cuts against the previous two: the stock has stopped getting cheaper. The argument that carried the last review, that the price was falling four times as fast as fair value, has expired. What remains is an absolute-level argument rather than a rate-of-change one.

Measure	At \$313.58	At last review	Comment
P/E, FY2026E adjusted	18.7x	18.6x	Consensus \$16.81, raised 1.5% from \$16.56
P/E, FY2027E adjusted	14.7x	14.6x	Consensus \$21.38, raised 1.8% from \$21.00
P/E, trailing GAAP	24.1x	23.6x	On trailing earnings per share of \$13.01
EV / sales, FY2026E	13.0x	12.7x	Enterprise value \$105.4bn on revenue of \$8.13bn
EV / EBITDA, trailing	19.5x	—	On trailing EBITDA of \$5.41bn
Free cash flow yield, FY2026E	5.0%	5.1%	Consensus free cash flow \$5.23bn on a \$104.9bn market capitalisation
PEG ratio	0.56	0.53	On the three-year forecast earnings growth rate of 35.8%
Return on invested capital	132.7%	—	Asset-light platform; book value is uninformative here

Consensus estimates from S&P Global Market Intelligence via StockAnalysis.com, last updated 3 September 2026. Trailing figures as at 4 September 2026.

Two numbers still do most of the work. A forward free cash flow yield of 5.0% is a cash figure rather than an opinion about a multiple, and it is being offered by a business consensus expects to grow revenue 48% this year on an 88% gross margin and a 66% free cash flow margin. A price-earnings-to-growth ratio of 0.56 on a three-year basis says the same thing from the other direction. Neither is consistent with a market that believes the published forecasts, and the reasonable reading remains that the market is discounting the forecasts rather than the business. The caution flagged at the last two reviews is unchanged: consensus pairs 27.6% revenue growth next year with 27.2% earnings growth, which embeds a margin structure holding flat as compute intensity rises. This report continues to anchor its base case on a multiple in the middle twenties rather than the thirties the shares carried through 2025.

The macro variables that matter here

For a business with no debt maturity wall, an interest coverage ratio of 25.8 times and no consumer credit exposure, the financing channel is close to irrelevant. Two macro variables genuinely bear on AppLovin, and neither runs through its balance sheet. The first is the discount rate applied to long-duration earnings, and it has moved against the stock since the last review. The ten-year Treasury yield stood at 4.77% on 3 September, having touched 4.814% the day before, its highest since November 2023. Federal Reserve Chair Kevin Warsh used his Jackson Hole keynote on 28 August to argue that underlying inflation has not meaningfully improved, citing twelve-month PCE at 3.7%, and that financial conditions cannot be described as restrictive; futures moved to better-than-even odds of a quarter-point increase at the 15–16 September meeting. For a stock with a five-year beta of 2.49, no dividend and most of its value in out-year earnings, a policy rate biased upward is a direct headwind on the multiple, and it is the reason the base-case multiple in the scenarios below is trimmed a point.

The second is advertiser demand, which reaches the company through the discretionary spending of the mobile-gaming and e-commerce customers who buy its inventory rather than through any rate mechanism. Here the picture is soft rather than deteriorating. ADP private payrolls rose just 38,000 in August against a 47,000 consensus, the weakest month since January, and job openings came in at 7.271 million; initial claims at 206,000 remain near the floor of their 2026 range, so firing is not accelerating. Low hiring alongside low firing describes a quiet labour market, which historically slows advertiser budget growth without reversing it. The ISM services index at 55.4 for August, its strongest since February, points the same way. Neither series has yet reached a level that would change this report's revenue assumptions.

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. Two of the three now have a first data point against them, and it is favourable in both cases. William Blair's 3 September note described MAX growth as strong and e-commerce advertiser spend as expanding. That is one analyst's channel work, not a disclosure, and it should carry the weight of one analyst's channel work. The first condition, the model-release cadence, remains entirely unobservable until the third-quarter report and remains the variable the whole case turns on.

The reasoning behind the unchanged rating has therefore shifted, and it is worth being explicit about how. The previous review rested on a divergence between a falling price and a slower-falling fair value. That divergence has closed by two percentage points and the mechanism producing it has stopped. What supports the rating now is different: a stock at 14.7 times next year's earnings whose estimates have started rising again, whose short base keeps shrinking, whose sell-side ratings have stopped migrating to Hold, and whose momentum has turned for the first time since the breakdown. That is a weaker argument than a widening value gap in one respect and a stronger one in another, because it rests on evidence about the business rather than on arithmetic about the price.

Technical picture

Indicator	Value	Reading
Close, 3 Sep 2026	\$313.58	Fifty-two-week low \$297.50, set on 24 August
SMA 20 / EMA 20	\$314.25 / \$327.45	Price has reclaimed the twenty-day average, from 16.6% below it
SMA 50 / EMA 50	\$396.09 / \$376.26	Price 20.8% below the fifty-day, which has fallen from \$440.30
SMA 100	\$446.14	Price 29.7% below
SMA 200	not computed	Series covers 100 sessions; a 200-day average cannot be derived from it
RSI (14)	38.1	Out of oversold for the first time since the breakdown, from 29.1
MACD (12,26,9)	−22.21 vs −28.27	Histogram +6.05, from −4.12. A bullish crossover, the first since 5 August
ATR (14)	\$17.61	5.6% of price, contracted from 7.4%; realised volatility still falling
Volume, 3 Sep	4.46m	0.81 times the 5.49m twenty-day average
Eleven-session range	\$297.50 – \$335.45	A base has held since 21 August, on falling volume

Computed from Alpha Vantage daily OHLCV, 14 April to 3 September 2026 (100 sessions), using Wilder smoothing for RSI and ATR. The computed fifty-day average of \$396.09 and twenty-day volume average of 5.49m match S&P Global's independently published values. Longer-window averages are marked not computed rather than estimated.

The trend is still down and price still sits below the fifty- and hundred-day averages, which remain in bearish sequence. But three things have turned since the last review, and together they are more than the marginal improvements that review recorded. The MACD histogram has crossed above its signal line for the first time since the breakdown, ending a month in which it widened to the downside every week. Price has reclaimed the twenty-day average after twelve sessions beneath it. And the average true range has contracted from 7.4% of price to 5.6%, so the stock has stopped gapping. The eleven-session range between \$297.50 and \$335.45 is now long enough to be treated as a base rather than a pause, and its low is what the revised stop below is anchored to.

One published level needs recomputing rather than carrying forward. The previous review set its first take-profit at \$440 explicitly because that was the level of the fifty-day average at the time. That average is now \$396.09 and will keep falling as the June and July highs roll out of the window, which means a target anchored to it chases the share price downward for no fundamental reason. The target below is therefore re-anchored to an earnings multiple, which is what the level was implicitly expressing anyway.

Scorecard

Dimension	Score		Prior	Rationale and what moved
Business quality weight 15%		8/10	8/10	88.5% gross margin, 66.3% free cash flow margin, ROIC of 133%. 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, still unproven in e-commerce
Management weight 10%		7/10	7/10	Strong record, one guidance miss, candid handling. Insider selling resumed in August
Growth potential weight 20%		8/10	8/10	Held: consensus earnings revised up 1.5% and 1.8%, the first increase since the print
Valuation weight 15%		8/10	9/10	Lowered: the multiple is flat on three weeks ago, so the de-rating that earned the 9 has ended
Risk (10 = lowest risk) weight 10%		6/10	5/10	Raised: volatility, short interest and rating migration all improving, against a harder rate backdrop
Technical setup weight 5%		6/10	4/10	Raised: MACD crossover, twenty-day average reclaimed, an eleven-session base formed
Overall investment score weighted sum	76 / 100		75/100	Weights sum to 100% and the total was computed in code, not by hand

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.

The two downward-facing observations in that table deserve to be stated together rather than netted off. Valuation comes down a point because the argument that earned it a nine has run its course: the shares are no longer cheapening relative to their own estimates. Risk goes up a point because the specific risks the previous reviews identified — a cascade of estimate cuts, a short base pressing, a general migration of ratings to the sidelines — have each been tested over three weeks and each has resolved mildly. Six out of ten still describes a genuinely risky holding: a stock that fell 19.7% in a single session a month ago, carries a beta of 2.49, and rests on a research pipeline management themselves describe as a series of A/B tests.

Recommendation and revised trade plan

The verdict is unchanged at Buy. The reasoning has moved, as set out above, from a widening gap between price and value to a set of early signals that the post-print deterioration has stopped. Probability-weighted fair value falls 2.4%, from \$509 to \$497, driven by a one-point reduction in the base-case multiple to reflect a policy rate now biased upward rather than downward, partly offset by higher consensus earnings. Against a price 2.1% higher, the premium to weighted fair value narrows from 66% to 59%.

Two published levels no longer hold and are reset below. The cut-loss moves up, not down. Applying the same two-average-range rule the previous two reviews used, to a close of \$313.58 and an average true range now contracted to \$17.61, gives \$278.37. Anchoring instead to structure — the 24 August low of \$297.50 less one average range — gives \$279.89. Two independent methods landing within two dollars of each other is the strongest argument available for a stop, and \$278 is adopted. This is a tightening produced by falling volatility and a higher price, not a stop widened to accommodate a position, and it still sits 11.3% below the close, clear of the nine-percent noise floor the first review established, and comfortably above the bear-case fair value of \$238.

Parameter	Revised	Previous	Reasoning
Recommended entry	\$295 – \$330	\$290 – \$320	Stage in three tranches; the range now brackets a price that has reclaimed its twenty-day average
Ideal buy range	\$295 – \$320	\$290 – \$310	17.5x to 19.0x this year's and 13.8x to 15.0x next year's adjusted earnings
Cut-loss	\$278	\$262	Two average ranges below the close, and one range below the 24 August low
Take-profit 1	\$420	\$440	Re-anchored to 25.0x FY26E, since the fifty-day average it previously tracked has fallen to \$396
Take-profit 2	\$500	\$520	Tracks the probability-weighted fair value of \$497; below the \$516 consensus average
Expected upside	+33.9% / +59.4%	+43% / +69%	From the \$313.58 close to targets one and two
Expected downside	–11.3%	–14.7%	From the close to the cut-loss
Risk / reward	3.0 : 1	2.9 : 1	Against target one; 5.2 : 1 against target two
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 2.49 and a 5.6% daily true range

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

The caveat attached to the risk/reward ratio at the last review applies more strongly now, because the stop is tighter. A ratio computed against a close stop is flattered by that stop, and on a stock whose average true range is 5.6% of its price a two-range stop is roughly eleven days of ordinary movement. Read 3.0 to 1 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 for that reason.

What would change the view

Condition	Consequence	Why
A second consecutive quarter of light model uplift at the third-quarter report	Sell, not average down	Converts a timing explanation into a structural one; the single condition the case turns on
MAX marketplace publisher earnings ceasing to grow	Sell	Would contradict the one favourable third-party data point received since the last review
Fourth-quarter consumer advertiser spend failing to exceed the third quarter's	Sell	The seasonally strong quarter is where the e-commerce vertical must show itself
A third-quarter revenue print at or above the guided \$2.055–\$2.085bn	Raise conviction	Confirms the timing explanation; the most likely single catalyst for a re-rating
A sustained rise in initial claims alongside flat or falling real consumer spending	Cut the position size, not the rating	Advertiser budgets follow discretionary demand; a quiet labour market becoming a weak one changes the revenue base
A resumption of consensus earnings cuts after the September revision cycle	Review the rating	The upward revision noted above is small and reversible; a reversal would remove the newest support

Scenario analysis

Case	Prob	FY27 rev.	FY27 EBITDA	Adj. EPS	Fair value	Assumptions
Bull	25%	\$11.0bn	\$9.15bn	\$25.00	\$725	Model cadence normalises, consumer reaches a fifth of revenue, supply expands into non-gaming apps. 29x
Base	50%	\$10.37bn	\$8.50bn	\$21.38	\$513	Third-quarter guide met, growth settles near 28% on consensus revenue and earnings, margins hold as compute scales. 24x
Bear	25%	\$9.2bn	\$7.15bn	\$17.00	\$238	Model uplifts show diminishing returns, gaming saturates, consumer stalls on the creative gap. 14x
Wtd	100%				\$497	+58.6% versus the 3 September close of \$313.58. Was \$509 at the last review, a 2.4% reduction

Probabilities sum to 100%. The weighted fair value of \$497 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. The base-case multiple is reduced from 25x to 24x against the previous review to reflect a policy rate now biased upward.

Final verdict

Yes, at a slightly higher price, with a tighter stop, and on a different argument from the one that carried the last review.

The previous two reviews were built on a divergence: the share price was falling faster than the analysts were cutting their numbers, and each week the gap widened. That trade is over. The price rose 2.1% over the last three weeks and the estimates rose with it, so the multiple is where it was. Anyone who bought the divergence has been paid for it or has not; the question now is whether 14.7 times next year's earnings is a good price for this business, without the help of a trend in the arithmetic.

The evidence that accumulated over the period says it probably is. The most useful thing to happen was the smallest: analysts revised current-year earnings up 1.5% and next year's up 1.8%, having cut them 6.9% and 1.3% in the previous window. A street that stops cutting has finished repricing the news. The rating distribution stopped migrating to Hold at seven of thirty-three. Short interest fell for a third consecutive month into a decline. And William Blair, on 3 September, reported strong MAX growth and expanding e-commerce spend, which is the first outside evidence on two of the three conditions this report has said since 7 August could not be tested before the third quarter.

The counter-argument is stronger than it was, and it comes from two directions. Insiders started selling again in August, which removes a small piece of support the previous review was relying on. More importantly, the rate backdrop has genuinely turned: the ten-year at 4.77%, a Federal Reserve chair who reads elevated equity valuations as evidence that policy is not yet tight, and better-than-even odds of a rate increase in eleven days. A 2.49-beta stock with no dividend and most of its value in out-year earnings is close to the worst-positioned thing in the market for that combination. The base-case multiple has been trimmed for it, and the position cap exists for it.

What still tips the balance is the asymmetry. At 14.7 times next year's consensus earnings and a 5.0% 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 24% below the current price. If it normalises, the base case is 64% above it. That is not a certainty, the stop at \$278 exists because it might be wrong, and the third-quarter report rather than the next three weeks of price action will settle it. But paying a mid-teens multiple for a business earning a 133% return on invested capital, while the pessimistic case is largely already in the price, remains the trade this report is willing to take.

Sources and basis of preparation

This is a scheduled price-level review of a report first published on 7 August 2026 following AppLovin's second-quarter results and reviewed on 19 August. The reported figures, guidance and earnings-call material underlying that original 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, so no new transcript was available or required. 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 4 September 2026. Recent news, broker actions and regulatory filings were retrieved from the moomoo news, notice and research feeds on 4 September 2026, including the Forms 4 and the Form 144 filed on 21 August. Macroeconomic figures are as reported by the Institute for Supply Management, ADP, the Bureau of Labor Statistics and the Federal Reserve for releases between 26 August and 3 September 2026. Figures described as this report's own calculation are labelled as such and are not company-reported measures.

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