



MAGNITE, INC. (NASDAQ: MGNI)

Investor Summary | June 1, 2026 | Updated with Capital Structure · AI Risk · Peer Comps

BUY
RATING

~\$14.33
Closing price of 5/29/26

\$21
12–18 MONTH TARGET

~+47%
EST. TOTAL RETURN

~\$1.98B
Market Cap
As of 5/29/26

\$714M
FY2025 Revenue
+6.9% YoY

34.7%
Adj. EBITDA Margin
FY2025 actual

~8.5%
FCF Yield
On market cap

1. Company Description

Magnite is the world's largest independent sell-side advertising technology company. Think of it as the stock exchange for digital advertising — it operates the marketplace where TV streaming services, websites, and app publishers sell their ad slots to brands and advertisers automatically in fractions of a second through a process called programmatic advertising.

Founded through the 2020 merger of Rubicon Project and Telaria, Magnite has grown into the dominant neutral platform connecting the world's biggest streaming services — Netflix, Roku, Disney+, Warner Bros., Paramount, and LG — with the world's largest advertisers and agencies. Its proprietary technology platform, SpringServe, acts as the operating system that CTV (connected TV) publishers use to manage and monetize every ad that appears on their streaming services.

SSP

Primary Business
Supply-Side Platform

51%

CTV Mix
Of revenue (Q1 2026)

\$6B+

Ad Spend Processed
Annually

971

Employees
As of June 2026

Magnite earns revenue by taking a small percentage of every advertising transaction it facilitates — roughly 1% of the total ad spend flowing through its platform. In 2025 that amounted to \$714M in revenue on more than \$6B in total ad spend processed. The company holds no advertising inventory, takes no credit risk, and is purely a technology infrastructure provider that earns more as programmatic advertising grows.

2. Investment Thesis

The core investment case rests on one simple observation: the market is pricing Magnite as a dying open-web display advertising company when it has quietly become a CTV streaming infrastructure business. That mispricing — the stock trading at less than 3× revenues and roughly 4.5× FCF — creates a compelling entry point.

The Single Most Important Fact

In Q1 2026, for the first time ever, CTV revenues crossed 50% of Magnite's total business — a structural inflection point that makes the old bear thesis (open-web decline overwhelms the company) mathematically impossible. The business growing at 30% per year is now larger than the business that is shrinking.

Thesis Pillar	The Logic
CTV is a secular growth market	Global programmatic CTV advertising grows from \$24.6B (2023) to \$42.4B+ by 2027. Every new ad-supported streaming subscriber is potential revenue for Magnite's platform.
DV+ decline is bottoming	The Google antitrust ruling (April 2025) creates a realistic path to market-share recovery. Management conservatively excludes any Google-related upside — making this a free call option.
Margins are expanding rapidly	Moving from expensive cloud services to owned on-premise hardware reduces costs by \$30–40M per year by 2027. AI productivity improvements add further margin lift.
Capital returns are accelerating	Convertible debt fully repaid Q1 2026. \$186M remaining on the share buyback authorization. Management targets ~50% of FCF returned via repurchases.

3. Why Invest Now — Key Catalysts

Several near-term catalysts create a strong timing argument for investing in Magnite today. The stock has pulled back more than 45% from its 2025 high of \$26.65, compressing the valuation to historically attractive levels precisely as the underlying business has structurally improved.

Catalyst	Expected Timing & Impact
CTV surpasses 50% of revenue — inflection arrived	Already occurred — May 6, 2026. Removes the bear thesis that DV+ decline will overwhelm the company. Narrative should shift from 'declining business' to 'growing CTV infrastructure leader.'
Q2 2026 earnings — confirming momentum	August 2026. Management guided CTV contribution of \$90–\$92M for Q2 2026 (+26–29% YoY). A beat following Q1's beat would force upward earnings revisions across Wall Street.

Catalyst	Expected Timing & Impact
CFO succession resolved	By September 30, 2026. CFO David Day is retiring; successor announced by end of Q3 2026, removing governance uncertainty that has weighed on the stock.
FIFA World Cup — live sports breakout	Summer 2026. Live sports revenue grew 80%+ during March Madness Q1 2026. The World Cup is orders of magnitude larger — potential step-change moment for programmatic live sports advertising.
Google antitrust remedies — free option	H2 2026 (35% probability). Explicitly excluded from guidance. Any behavioral remedy forcing Google to compete on equal terms could add \$50M+ per 1% of market share gained.
Aggressive share repurchases at discount	Ongoing. With \$186M authorization and ~50% FCF return commitment, Magnite is buying back shares at ~65 cents on the dollar of intrinsic value — mechanically growing FCF per share.

4. Spotlight: Walmart Connect Expands Access to First-Party Data

In late May 2026, Walmart Connect announced an expanded data offering and a broadened partnership with Magnite, marking a shift in how its retail-media audiences can be accessed and activated. The move extends Walmart's first-party audiences beyond its own platform, using Magnite's supply-side technology to enable audience decisioning across multiple demand-side platforms (DSPs) through a Walmart-controlled data enablement model.

What Was Announced

- Walmart Connect introduced a more flexible buying model for offsite retail media, making its audiences and closed-loop measurement available when advertisers buy through the platforms they already use.
- At launch, the capability is being activated across VIZIO CTV inventory made available via Magnite's platform, with Yahoo DSP as the initial demand partner and additional platform partnerships planned.
- Magnite's supply-side technology supports audience decisioning across multiple DSPs through the same Walmart-controlled data enablement model, paired with Walmart's closed-loop measurement tied to actual sales outcomes.
- The integration is currently in a closed proof-of-concept phase and is expected to become more broadly available later. It complements Walmart's continued investment in Walmart DSP, including the recently launched Connect Select curated marketplace.

Why It Matters for Magnite

- It reinforces the broader industry shift of commerce-media data being kept close to the sell side rather than locked into a single DSP — a dynamic where Magnite's neutral SSP position is advantaged.
- It deepens Magnite's footprint in both CTV and commerce media simultaneously, connecting high-intent retail audiences to premium streaming inventory (VIZIO supply) with greater scale, signal fidelity, and control.
- Magnite leadership framed retail media as entering a new phase where value lies in how efficiently and securely data is activated across premium inventory, with buyers free to activate via their preferred certified DSP.
- Sell-side analyst commentary on the announcement was positive, viewing it as incremental and supportive of sentiment around Magnite's differentiation in CTV and commerce media, while noting that, as with most partnerships, it will take time to ramp.

5. How We Arrive at Our \$21 Price Target

We value Magnite primarily on a forward EV/EBITDA basis, cross-checked against a probability-weighted scenario analysis. Our \$21 base-case target reflects roughly 11x our 2027E Adjusted EBITDA estimate of approximately \$303M — a modest premium to ad-tech peers that we believe is justified by Magnite's CTV-led growth, expanding margins, and accelerating free cash flow. At the current price of ~\$14.33, that target implies roughly 47% upside.

The target is bracketed by a simple three-scenario framework:

- **Base case (~\$21, 50% probability):** ~11x 2027E Adjusted EBITDA of ~\$303M; implies ~47% upside from ~\$14.33.
- **Bull case (~\$29.50, 30% probability):** ~13x 2027E EBITDA plus realization of Google ad-tech remedy upside, which is excluded from guidance; implies ~106% upside.
- **Bear case (~\$9.50, 20% probability):** multiple compression and slower CTV growth; implies ~34% downside.

Probability-weighting these scenarios yields a fair value of roughly \$21 and an expected return of about +48% over a 12–18 month horizon. At ~\$14.33, the shares trade at a meaningful discount to that fair value, providing a margin of safety consistent with our Buy rating.

6. Competitive Advantage & Moat

Magnite's competitive advantage comes from being the only truly independent, full-service CTV infrastructure provider. While Google and Amazon have closed ecosystems, the world's largest streaming services — who compete directly with Google and Amazon — need a neutral, independent partner they can trust with their most valuable asset: their ad inventory.

The SpringServe Advantage

SpringServe is the ad server — the core technology brain — that major CTV publishers use to manage every ad on their platform. It sits upstream of everything else, meaning any publisher using SpringServe is deeply integrated with Magnite's entire ecosystem. Replacing it is roughly equivalent to replacing your home's electrical wiring — technically possible, but extraordinarily disruptive, expensive (estimated \$10–50M+ per major publisher), and time-consuming (6–12 months minimum).

Competitive Advantage	Why It Matters
Publisher relationships competitors cannot replicate	Direct technical integrations with virtually every major streaming service except YouTube — Netflix, Roku, Disney+, WBD, Paramount, and LG. These took years to build and are reinforced by deep technology integration.
Independence is the product	Streaming services will not use Google's or Amazon's ad infrastructure to compete against Google and Amazon's own streaming ambitions. Magnite wins business specifically because it has no media or content conflict of interest.
Network effects create a self-reinforcing flywheel	More publishers → more advertiser demand → higher CPMs → more publishers attracted → more volume. This cycle is difficult for smaller competitors to break into.
Google antitrust creates a structural tailwind	The April 2025 federal court ruling found Google illegally dominated the ad tech market. Behavioral remedies — potentially effective as early as H2 2026 — could shift ~\$50M per 1% of market share migrating away from Google. Currently excluded from guidance — pure upside option.

7. Key Highlights from the First Quarter

Magnite delivered a strong first quarter of 2026, exceeding expectations on both revenue and profitability. The headline story remains the structural shift toward connected television (CTV), which crossed 50% of contribution ex-TAC for the first time, alongside meaningful margin expansion driven by earlier-than-expected cost efficiencies.

Headline Financials (Q1 2026 vs. Q1 2025)

- **Revenue:** \$164.4M, up 6% year-over-year.
- **Contribution ex-TAC:** \$160.9M, up 10% year-over-year, landing at the high end of the \$157–\$161M guidance range.
- **CTV contribution ex-TAC:** \$82.3M, up 30% year-over-year, representing 51% of total contribution ex-TAC — up from 43% a year ago.
- **DV+ contribution ex-TAC:** \$78.6M, down 5% year-over-year, but exceeding the high end of guidance (\$76–\$78M).
- **Net income:** \$4.4M (\$0.03 per diluted share), a swing from a net loss of \$9.6M (–\$0.07) in Q1 2025.
- **Adjusted EBITDA:** \$42.9M, up 16% year-over-year, for a 26.6% margin (vs. 25.2%). Adjusted EBITDA exceeded consensus by roughly \$5M.
- **Non-GAAP EPS:** \$0.13, versus \$0.12 in Q1 2025.
- **Operating cash flow:** \$23.3M (Adjusted EBITDA less \$19.6M capex).

Balance Sheet & Capital Returns

- Cash and equivalents ended the quarter at \$184.6M, down from \$553.4M at year-end 2025, driven primarily by the \$205M payoff of the convertible debt, planned capex, share repurchases, and seasonal working-capital swings.
- Net leverage finished at 0.7x, consistent with management's target of under 1x.
- The company repurchased or withheld over 2.2 million shares for approximately \$29M during the quarter; about \$186M remained under the buyback authorization, effective through February 2028.
- With the convert repaid, management intends to be more aggressive on repurchases, targeting roughly 50% of free cash flow returned to shareholders.

Segment & Vertical Detail

- CTV strength was broad-based, with growth across leading publishers including LG Ads, Netflix, Paramount, Roku, VIZIO, Walmart, and Warner Bros. Discovery. Top-10 accounts grew in the mid-30% range, with the rest of the base growing in the mid-20s.
- By vertical, health and fitness, retail, and food and beverage were the strongest performers, while automotive and technology were the weakest — reflecting lingering tariff, supply-chain, and macro uncertainty.
- DV+ showed signs of stabilization exiting Q1, supported by mobile and app (up 8% year-over-year), online video, audio, and commerce media. Commerce media reached 21 partners, with 13 deployed and ramping.

Strategic Drivers

- **SpringServe** has evolved from a best-in-class ad server into what management describes as the operating system for CTV monetization — unifying demand, yield optimization, ad experience, and data orchestration in a single layer.
- **Live sports** remains one of the largest and least-penetrated programmatic opportunities; March Madness revenue grew more than 80% year-over-year, with the Summer World Cup viewed as an additional catalyst.
- **Commerce media** is emerging as a driver across both DV+ and CTV, as retail partners increasingly keep first-party data close to the sell side and activate across multiple DSPs.

- **AI and agentic workflows** are being embedded across the platform; 2026 is framed as the year of modest AI revenue, with more material contribution expected in 2027. Near-term, AI and cloud-to-on-prem migration are driving durable cost savings.
- The CFO, David Day, announced his retirement after more than 13 years, remaining in the role through September 30 while internal and external successor candidates are evaluated.

Guidance

- **Q2 2026:** Total contribution ex-TAC of \$177–\$181M (9–12% growth); CTV of \$90–\$92M (26–29%); DV+ of \$87–\$89M (down 4% to down 2%); Adjusted EBITDA operating expenses of \$115–\$117M (implying a 34–36% margin).
- **Full-year 2026:** Reaffirmed total contribution ex-TAC growth of at least 11% and mid-teens Adjusted EBITDA growth; raised Adjusted EBITDA margin guidance to at least 35.5% (from greater than 35%) and free cash flow growth to the mid-30% range (from greater than 30%); reaffirmed capex of approximately \$60M. Guidance excludes any potential market-share gains from Google ad-tech remedies.

8. What's on Analysts' Minds

The following themes were drawn from analyst question-and-answer sessions at the Q1 2026 earnings call and a subsequent industry conference. They capture the questions investors and analysts are focused on — and management's responses — across AI disruption, take rates, segment trajectory, and competitive positioning.

Will agentic AI bypass SSPs and compress take rates?

This was the most persistent line of questioning. The concern: agentic buy-side agents talking directly to sell-side agents could disintermediate the SSP layer and erode the take rate that sits in open-web programmatic. Management's view is that AI is a tailwind, not a threat — it reduces the friction of toggling between many dashboards, brings more dollars into the programmatic ecosystem, and increases volume on the platform. The argument is that buyer agents still need trusted transaction infrastructure (settlement, fraud prevention, sub-100-millisecond execution across trillions of daily impressions), and that the buyer agent could just as easily be Magnite's own. Management expects AI to improve margin profiles rather than pressure them, and does not see the existing rails being rebuilt within a 24-month window. Whether new buying interfaces are built on an LLM front end was viewed as not materially changing the system-of-record role.

Are AI features monetizable, or just table stakes?

Analysts pushed on whether the wave of AI product introductions across the industry generates pricing power or simply becomes table stakes that everyone gives away. Management acknowledged a mix: some capabilities are genuinely new, greenfield opportunities that can be charged for, while others are simply the cost of keeping pace with client needs and defending the existing business model. The framing was that constant innovation and differentiation are required regardless, with the upside concentrated in net-new capabilities. In CTV specifically, where take rates are currently lower, management and the CFO see value-added services — accelerated by AI — increasing over time.

How durable is the DV+ stabilization?

With DV+ down 5% but guided to roughly flat, analysts probed how much was commerce-media wins versus underlying improvement, and whether the CTV reallocation remains a headwind. Management characterized DV+ as a portfolio: open-web display is expected to remain a negative grower, but mobile and app, audio, commerce media, and digital out-of-home are growth pockets that can outpace the declines. The long-term expectation is that DV+ is a grower, but with a far lower profile than CTV, and that the revenue balance will tilt increasingly toward CTV.

Can CTV sustain 30% growth?

Management expressed strong confidence in the sustainability of CTV growth rates. With the overall CTV market growing in the low teens per peer reports and analyst expectations, Magnite views itself as materially outpacing the market — a stated goal — driven by deep penetration with top streamers, new wins, product

mix shift toward higher-take-rate Magnite-sold programmatic, and international expansion as US-based streamers carry Magnite into new markets and force local adoption of programmatic and streaming.

Live sports and big events

Analysts asked about live sports as a driver, including the upcoming Summer World Cup. Management views live sports as one of the largest and least-penetrated programmatic opportunities — very little inventory is currently bought and sold programmatically, making the 80%+ March Madness gain minuscule relative to the opportunity. Each major event (Olympics, March Madness, World Cup) appears to accelerate the shift of inventory to programmatic. Magnite has built tooling (a Live Sports Accelerator) to help DSPs handle the spiky traffic patterns that live sports create, leveraging its ad-server visibility into programming.

Commerce media trajectory

On commerce media, management emphasized that the most important development is not the partner count (21 partners, 13 deployed) but the strategic change in how commerce-media players operate. The earlier playbook — park valuable retail data in one DSP and force advertisers through it — is unwinding in favor of keeping data close to the retail partner and working with an SSP like Magnite to democratize access across multiple DSPs in a privacy-compliant way. Commerce media has been a significant contributor and is expected to expand further as these partners add CTV to their inventory mix.

Margin durability and cost savings

Analysts asked how durable the EBITDA OpEx savings are. Management described the savings as very durable, driven by moving activity from the cloud to on-premise and by engineering optimization of cloud usage, with a new Northern California data center coming online later in the year. Some savings will be partially offset by product-development resources and volume growth, but the trend line is durable, with the EBITDA margin increasingly cost-driven — meaning revenue upside should flow almost entirely to free cash flow.

Google ad-tech remedies

On the long-running Google antitrust matter, management noted that timing and impact depend on the specific remedy — behavioral remedies could produce near-instantaneous gains given Magnite's currently low win rate against Google, while technical remedies could require a six-to-nine-month implementation window. Management expressed disappointment that no ruling had yet come but anticipates a favorable outcome with impact in 2026, and reiterated that guidance excludes any related upside.

OpenPath and supply-path optimization

Management characterized the earlier OpenPath disruption as an 'extinction event' that has come and gone, with major agency buyers having turned Magnite back on, and results showing no deterioration. On supply-path optimization more broadly, management argued the bulk of consolidation in open-web has already occurred, leaving a handful of serious players, and that take rates have been remarkably stable. Streaming was framed as a different, winner-take-most dynamic where Magnite is well positioned as an embedded technology partner.

Data as a future revenue stream

A forward-looking thread explored whether Magnite can directly monetize the proprietary picture it has from processing trillions of impressions across tens of thousands of publishers and buyers. Management argued that no single publisher or buyer sees the full market picture Magnite does, that this intelligence already fuels its decisioning, and that there is a future opportunity to monetize aggregated data — with management indicating it believes it has the rights to do so under many circumstances.

9. Peer Comparison — Where MGNI Trades vs. Competitors

Magnite trades at a meaningful discount to every relevant peer on both revenue and EBITDA multiples, despite a comparable or superior Rule-of-40 score. The table below shows where key ad-tech and digital-media-infrastructure peers trade as of June 2026.

Company	Ticker	Rev Growth	Gross Margin	EBITDA Margin	Rule of 40	EV/Revenue	EV/EBITDA	Relationship to MGNI
Magnite	MGNI	8%	62.7%	~35%	43	2.6×	7.5×	Subject company
PubMatic	PUBM	~5%	~65%	~25%	~30	~2.5×	~10×	Direct SSP rival; smaller CTV footprint; cloud-native but slower growth
DoubleVerify	DV	~12%	~82%	~30%	~42	~5.5×	~18×	Ad measurement / verification; higher margins; no SSP overlap — trades at 2× MGNI's revenue multiple
The Trade Desk	TTD	~20%	~82%	~35%	~55	~12×	~35×	Demand-side platform (DSP); buyer side of same market; premium multiple for dominant DSP position
Criteo	CRTO	~5%	~45%	~25%	~30	~1.5×	~6×	Retargeting/commerce media; lower-margin open-web focus; cheap but structurally weaker
Integral Ad Science	IAS	~10%	~75%	~28%	~38	~4.0×	~14×	Ad verification competitor to DV; no SSP function; trades at meaningful premium to MGNI
Viant Technology	DSP	~15%	~52%	~20%	~35	~3.0×	~15×	Programmatic DSP; partner of MGNI; growing CTV footprint; commands higher multiple on lower margins
Tremor International	TRMR	~3%	~55%	~22%	~25	~1.2×	~5×	SSP/DSP hybrid; weaker Rule-of-40; lower quality business — trading at discount alongside MGNI
Innovid	CTV	~8%	~68%	~15%	~23	~1.8×	~12×	CTV ad delivery & measurement; smaller scale; trades at lower Rule-of-40 multiple than MGNI deserves

The Key Takeaway on Valuation

MGNI's Rule-of-40 score of 43 is the third-highest in this peer group — behind only TTD (55) and DV (42) — yet it trades at the second-lowest EV/Revenue multiple (2.6×), above only Tremor (1.2×), a significantly lower-quality business. The valuation gap is not justified by fundamentals. It reflects market misperception of MGNI as a declining open-web company rather than the CTV infrastructure leader it has become. As CTV growth continues to dominate the mix, the multiple should re-rate toward 5–7× revenue, implying a target price in the \$19–\$28 range.

10. Capital Structure Snapshot

Following the Q1 2026 repayment of all convertible notes, Magnite's balance sheet is the cleanest it has been in five years. The company is now effectively debt-free on a net basis and generating substantial free cash flow, giving management significant flexibility for buybacks, small acquisitions, or additional infrastructure investment.

\$184M Cash & Equivalents <i>Post-debt repayment (Q1 2026)</i>	~\$150M Total Debt (est.) <i>Term loan; 2027–28 maturity</i>	~\$34M Net Cash Position <i>Cash minus debt</i>	~0× Net Leverage <i>Debt / EBITDA</i>	~15× Interest Coverage <i>EBITDA / Annual Interest</i>
---	---	--	--	---

Instrument	Amount	Rate Type	Rate (Est.)	Maturity	Status
Convertible Senior Notes	~\$0	—	—	Repaid Q1 2026	FULLY REPAID
Term Loan	~\$150–200M	Floating	~6.5–7.5%	2027–2028	Active
Revolving Credit Facility	\$171M available	Variable	Market rate	—	Undrawn

Equity Metric	Current	Trend	Notes
Diluted Share Count	~147.5M	↓ Declining	Buyback authorization reduces share count ~2–3M net per year
Stock-Based Compensation	~\$60M/yr	Stable	Primary GAAP-to-adj. reconciling item; offset by buybacks
Buyback Authorization	\$186M	Active	Through February 2028; ~\$29M deployed in Q1 2026 at ~\$13/share
Buyback as % of FCF	~50%	↑ Increasing	Management committed to returning half of FCF via repurchases
Debt-to-Equity Ratio	0.38×	↓ Improving	FY2025 reported; falling further post-convertible repayment
WACC (Weighted Avg Cost of Capital)	~17.4%	—	Based on beta 2.34, risk-free rate 4.5%, equity risk premium 5.5%
Liquidity Runway	\$355M	Strong	\$184M cash + \$171M undrawn revolver; 2+ years at breakeven

Capital Allocation Priority Order

1. Infrastructure investment (on-prem data center build-out) — CapEx declining from \$80M (2025) to \$60M (2026) to ~\$55M (2027)
2. Share repurchases — ~50% of FCF targeted; \$186M remaining authorization at accretive prices
3. Small tuck-in acquisitions — only if strategically necessary (e.g., live sports data, international access)
4. Dividend — not planned; all capital returned via buybacks

11. Risk of AI Disruption

Artificial intelligence is simultaneously Magnite's greatest near-term opportunity and one of its most important long-term risks. The two sides must be evaluated separately — near-term AI is a tailwind; long-term structural AI is a genuine threat that requires monitoring.

AI as a Near-Term Tailwind (2026–2027)

Magnite is actively deploying AI across its platform and management expects near-term benefits to flow through cost savings and improved publisher yields before meaningful AI-driven revenue materializes in 2027.

AI Initiative	What It Does	Status	Financial Impact
Anomaly Detection	Automatically flags unusual bidding patterns, fraudulent impressions, or inventory quality issues in real time — improving publisher trust and yield	Live (Apr 2026)	Reduces manual ops cost; improves CPMs
Dynamic Pricing Optimization	AI adjusts floor prices in real time based on demand signals, time of day, content type, and audience — maximizing revenue per impression	Live (Apr 2026)	Est. 2–5% CPM uplift on optimized inventory
Demand Path Optimization	AI routes advertiser demand through the most efficient supply path, reducing latency and improving match rates between buyers and sellers	Live (Apr 2026)	Improves fill rates and take-rate efficiency
AI Buyer Agent (Agentic AI)	Agent-to-agent protocol tested with Disney Advertising, Kepler, and MiQ — allows AI-driven media buyers to transact directly through Magnite's infrastructure	Beta (Q4 2025)	2027 revenue contributor per CEO guidance
Cloud-to-On-Prem Migration	AI-optimized infrastructure routing reduces reliance on expensive AWS/GCP cloud compute by shifting workloads to owned data centers	In progress	\$30–40M annual cost savings by FY2027

AI as a Structural Long-Term Risk (2027–2030+)

The more difficult question is whether AI disrupts the programmatic advertising ecosystem itself — and by extension, Magnite's role within it. There are three distinct AI risk vectors to evaluate.

Risk Vector	Probability (3 yr)	P&L Impact	Assessment
Open-Web Content Displacement	High (35%+)	–\$50–100M DV+	AI-generated content and AI-powered search (e.g., Google AI Overviews, ChatGPT search) reduce human traffic to open-web publisher pages, shrinking DV+ inventory. This is already happening and is partially priced into DV+'s decline. MGNI's CTV segment is unaffected — streaming viewers watch curated content, not AI-generated web pages.
Agentic AI Bypasses SSPs	Low (10–15%)	Existential if widespread	If AI media-buying agents are programmed to negotiate and transact directly with publishers — bypassing the SSP layer entirely — Magnite's intermediary role could be threatened. Management's counter: the complexity of CTV auction infrastructure, publisher-side yield management, and fraud prevention makes a full bypass unlikely at scale within 3 years. Probability within 24 months: ~10%. This is the risk to monitor most carefully.
AI Compresses Take Rates	Moderate (25%)	–100–200 bps margin	Increased automation and AI efficiency could intensify competition among SSPs, compressing the take rates that Magnite earns per transaction. Mitigant: Magnite's CTV SpringServe position gives it pricing power that pure open-web SSPs lack. Take rate compression is more a PubMatic or Criteo risk than a MGNI-specific risk.
Publisher AI Disintermediation	Low-Moderate (15%)	–\$80–150M CTV	A major publisher (Netflix, Roku) builds its own AI-powered SSP and ad server, replicating SpringServe's functions and eliminating Magnite from their monetization stack. Netflix has the engineering capability. Economic incentive is strong if programmatic scales to 50%+ of their ad revenue. The 6–12 month switching cost and deep co-investment in SpringServe provides meaningful protection within a 2-year window.

Net AI Assessment

Near-term (0–24 months): AI is a net positive for Magnite. Cost savings from cloud migration + AI efficiency contribute ~80bps of EBITDA margin improvement in FY2026. AI-driven volume growth through agentic buyers adds incremental revenue from 2027.

Medium-term (2–5 years): The open-web DV+ segment faces real structural pressure from AI content displacement. This is already in the bear case and partially reflected in the current stock price. The CTV segment — now the majority of revenue — is structurally insulated from this risk.

Long-term (5+ years): Agentic AI bypassing SSPs is the existential risk to monitor. The probability within the investment horizon (24 months) is low (~10%), but the scenario should be revisited if major DSPs announce direct publisher-side infrastructure. This would be a clear 'change-my-mind' trigger.

Stop-loss indicator: If two major DSPs announce OpenPath-style direct integrations that include ad-serving capability, downgrade immediately regardless of stock price.

12. Key Risks

No investment is without risk. The most important risks to monitor, along with why they do or do not change the investment case:

Risk	Level	Probability (12M)	Why It Matters & Mitigant
CFO transition disrupts capital allocation	Medium	25%	A poor successor could shift strategy away from buybacks toward dilutive M&A. Mitigant: long transition window; Barrett-led culture of capital discipline.
DV+ structural decline accelerates	Medium	40%	Now only 49% of revenue; CTV growth more than offsets modest DV+ declines at current trajectory. Already modeled in bear case.
Google antitrust appeal delays all remedies	Medium	50%	Already excluded from guidance — any outcome is upside, not downside to current estimates.
Macro recession cuts ad budgets	Medium	20%	Digital ad spend correlates ~0.7× to GDP. A severe recession could cut contribution by \$100–150M. Mitigant: \$355M liquidity; CTV more recession-resilient than display.
AI displaces open-web content (DV+)	Medium	35%	AI-generated content and AI search reduce web traffic. DV+ TAM shrinks 20–30% by 2028. Partially priced in; CTV unaffected.
Trade Desk OpenPath v2 disintermediates SSPs	Medium	25%	TTD could expand direct-publisher access to include ad-serving, threatening SpringServe. Deep CTV integration insulates majority of revenue.
Netflix or Roku builds in-house SSP	Medium	15%	A major publisher could internalize SpringServe's functions. Switching cost \$10–50M+; 6–12 month timeline provides meaningful protection in 24M horizon.
Agentic AI bypasses SSP layer entirely	Low	10%	Existential long-term risk if AI agents deal directly with publishers. Unlikely at scale within 24 months given infrastructure complexity. Monitor closely.
SBC dilution outpaces buybacks	Low	30%	\$200M buyback authorization materially exceeds \$60M annual SBC; share count is declining.

The single most important metric to monitor is CTV contribution ex-TAC growth rate. If it falls below 15% year-over-year for two consecutive quarters, the core thesis is impaired and the position should be reviewed immediately.

Important Disclaimer

This document is prepared for informational purposes only and does not constitute investment advice or a solicitation to buy or sell any security. All financial figures are sourced from public company filings and third-party data as of June 1, 2026. Forward-looking estimates are analytical projections and may not be realized. Consult a qualified financial advisor before making investment decisions.