

29<sup>th</sup> October 2020

## Pureprofile Ltd

### Strong data & analytics revenue growth in Q1

Pureprofile Ltd is a data analytics, consumer insights and media company underpinned by proprietary technology, servicing business decision makers in brands and media companies as well as market researchers. The company has an established position with its 500+ clients and has captured through its panel fully declared, deep consumer profiles, first-party data and insights. Pureprofile has been through a substantial restructure over the past two years, culminating in the recently announced recapitalisation plan and debt to equity conversion for all but \$3m of its outstanding borrowings. This positions the company to both leverage its data and insights business into higher margin opportunities as well as explore small acquisitions to expand its panel. The company has reported Q1 FY21 EBITDA of \$0.88m, up 61% on Q4 FY20 and 17% on Q1 FY20 on sales of \$6.4m, an increase of 19% on Q4 FY20 and small 5% decline on Q1 FY20. Pureprofile has provided FY21 EBITDA guidance of \$2.5m to \$3.0m, with our forecast for \$2.9m in the upper end of this range.

#### Business model

Pureprofile generates its revenue from providing data analytics and consumer insights derived from its actively managed panels of digital members accessed through its proprietary technology platform. Pureprofile also has a media arm which executes advertising campaigns for clients. In a world where privacy is increasingly valued, consumer insights and profiles generated through online panels allow businesses to gain the ability to segment, target and engage with their audiences without consumer privacy issues. In exchange, consumers are directly financially rewarded for their information and responses and indirectly through more relevant content and personalised experiences.

#### Q1 FY21 highlights, EBITDA guidance range of \$2.5m-\$3.0m

Pureprofile has reported Q1 FY21 cash receipts of \$6.2m and a positive operating cashflow of \$0.09m including \$0.38m in government grants and tax incentives. The company's closing cash position for the quarter was \$1.44m, which post the entitlements offer and revised debt position, puts the company on track for net cash of \$1.9m. PPL generated \$6.36m in revenue in Q1 FY21 with data and insights contributing \$5.21m, an increase of 11% on Q1 FY20. The self service platform generated \$0.23m in revenue, up 111% on pcp. Revenues from media and performance declined in the quarter, due to COVID-19 impacts. Operating expenses for the period were \$2.56m, an improvement of 19% or \$0.59m on Q1 FY1. PPL provided an EBITDA guidance range of \$2.5m-\$3.0m for FY21.

#### Base case valuation is \$0.046/share post entitlements offer

We use the discounted cashflow methodology to value Pureprofile (WACC of 14.5%, beta 2.0, terminal growth rate of 2.2%) and this derives an equity value, post entitlements offer and debt restructure of \$48.9m or \$0.046/share. Our terminal value is \$0.022/share within this valuation. As a sense check, this implies an FY21 EV/Sales multiple of 1.7x and FY21 EV/EBITDA multiple of 16.2x (based on our forecasts) which is still below the group of comparable domestic and international peers that we have identified. Please refer to our initiation report [Data analytics on a pure scale](#) for more detail.

#### Historical earnings and RaaS Advisory estimates (in A\$m)

Year end	Revenue*	Gross Profit	EBITDA	NPAT*	EPS (c) *	EV/Sales (x)	EV/EBITDA (x)
06/19a	26.7	15.5	(1.3)	(7.9)	(5.1)	0.63	nm
06/20a	24.2	13.7	1.6	(6.8)	(0.2)	1.05	15.63
06/21e	27.7	15.7	2.9	(1.1)	(0.3)	0.96	9.22
06/22e	33.5	19.3	4.8	1.9	0.0	0.76	5.33

Source: Company data, RaaS Advisory Estimates for FY21e, and FY22e \*Revenue NPAT and EPS adjusted for one-time items and discontinued operations

#### Share details

ASX Code	PPL
Share Price (intraday)	\$0.024
Market Capitalisation	\$24.6M
Shares on issue	1,058M
Net cash post entitlements offer based on 30 Sept cash	\$1.9M
Free float	~52%

#### Share price performance (12-months)



#### Upside Case

- Clean slate with legacy acquisitions sold and costs minimised
- New CEO is highly experienced in building data insights businesses
- 85% of revenue is from repeat business and ~25% is subscription based (SaaS model)

#### Downside Case

- Market research industry growth rates underperform forecast expectations
- Competing with multinationals for business
- Investors likely to be leary of acquisitions

#### Catalysts

- Completed rights issue/restructure of debt
- Expanding operating profitability to EPS growth

#### Comparable Companies (AU/NZ)

CM8.AX, EN1.AX, PLX.NZ, RXH.AX, XTO.AX

#### RaaS Advisory contact

Finola Burke +61 414 354 712  
finola.burke@raasgroup.com

## FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 26<sup>th</sup> November 2018

### About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License (“AFSL”) number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS’s services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: [finola.burke@raasgroup.com](mailto:finola.burke@raasgroup.com)

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

**What Financial Services are we authorised to provide?** RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
  - Securities
- deal on behalf of retail and wholesale clients in relation to
  - Securities

The distribution of this FSG by RaaS is authorized by BR.

### Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

### Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

### How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

### Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS’s representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

### Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR’s internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren’t satisfied with an outcome, you may contact AFCA, see below.

BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au); Email: [info@afca.org.au](mailto:info@afca.org.au); Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

### Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

#### DISCLAIMERS and DISCLOSURES

This report has been prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory and its principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. RaaS Advisory, its principals, employees and associates operate under RaaS's policies on personal dealing and conflicts of interest.

This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise. Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable.