Research as a Service

Flash Comment

9th September 2021

Pureprofile Ltd

Q1 FY22 revenues tracking to be up 50%

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 700+ clients and has captured through its panel fully declared, deep consumer profiles, first-party data and insights. Pureprofile has announced today that Q1 revenue is expected to remain in line with July revenue growth at 50% up on the previous corresponding period. Pureprofile reported Q1 FY21 revenue of $6.4m so this puts Q1 FY22 revenue on track to reach or exceed $9.6m. To put this into the context of our forecasts, RaaS is forecasting FY22 revenue growth of 25.7% to $37.7m with first half revenues increasing 23% to $18m. Given the momentum Pureprofile is experiencing in its business, we expect the company to outperform our current forecasts. Those forecasts derive a base case DCF valuation of $0.064/share fully diluted for in the money options.

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.

On track to deliver a 50% increase in Q1 revenues

Pureprofile has announced that it has seen a continuation of the strong growth in revenues it had seen in July. The company had previously reported at its full year results that July revenues were up 50% on the pcp to $3.1m due to strong growth across all divisions. Given that Q2 is seasonally a stronger quarter than Q1, this suggests that the company is on track to exceed our first half growth assumptions of 23% and potentially exceed our full year revenue forecast for $37.7m (up 25.7% on the pcp).

Base case valuation is $0.064/share, PPL is trading on 1.09x revenue

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 of $74.6m or $0.064/share, fully diluted for in the money options. If we apply the current share count, the valuation is $0.07/share. As a sense check, our valuation implies an FY22 EV/Sales multiple of 1.96x, in line with the EV/sales median of a group of comparable ANZ peers that we benchmark PPL against. At the current share price, PPL is trading on 1.09x our current forecast FY22 revenue, which may prove too conservative based on the company's announcement today.

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

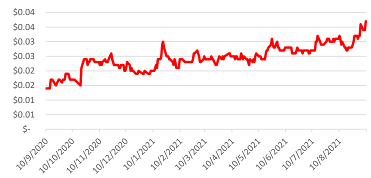
Year end	Revenue*	Gross Profit	EBITDA*	NPAT*	EPS (c)*	EV/Sales (x)	EV/EBITDA (x)	PER (x)
06/20a	24.2	13.7	1.6	(6.9)	(0.2)	1.12	16.73	n.a
06/21a	30.0	16.8	3.1	(3.4)	(0.3)	1.35	13.11	n.a
06/22e	37.7	21.3	5.2	1.7	0.2	1.09	7.92	24.4
06/23e	42.9	25.0	7.9	3.9	0.4	0.87	4.73	11.8

Source: Company data, RaaS Advisory Estimates for FY22e, and FY23e * FY20 and FY21 Revenue, EBITDA, NPAT and EPS adjusted for one-time items and discontinued operations

Share details

ASX Code	PPL
Share Price (intraday)	$0.039
Market Capitalisation	$41.3M
Shares on issue	1,058M
In the money options	105.4M
Net cash at June 30	$0.62M
Free float	~52%

Share price performance (12-months)



Upside Case

- Clean slate with legacy acquisitions sold and costs minimised
- CEO & senior management highly experienced in building data insights businesses
- ~90% of revenue is from repeat business and ~20% 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

- Expansion of data partnerships in UK and US
- Expanding operating profitability to EPS growth

Comparable Companies (AU/NZ)

ASX:CM8, ASX:EN1, ASX:PLX, ASX:MXO

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FINANCIAL SERVICES GUIDE

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Effective Date: 6th May 2021

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