

9th November 2021

## Pureprofile Ltd

### FY22 EBITDA guidance range of \$4.0m-\$4.4m

Pureprofile Ltd (ASX:PPL) is a global data and insights company providing online research and digital advertising services to brands, advertising agencies, marketers, and publishers. 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. At its annual general meeting (AGM) today, Pureprofile has provided an FY22 EBITDA guidance range of \$4.0m-\$4.4m. Shareholders also voted to approve a new short-term and long-term incentives package for Managing Director Martin Filz which will result in \$400,000 in cash incentives being paid this financial year. We have factored this into our forecast with the effect of reducing our FY22 EBITDA to \$4.8m (previously \$5.2m). We have also increased our FY23 revenue forecast by 2.7% to maintain our expectation that PPL will deliver double-digit annual growth for the next three years. The company noted that October revenues were \$3.5m, up 40% on the previous corresponding period, with three-fold growth in the high-margin SaaS platform revenues to \$0.3m. Every division, on an annualised basis, is tracking ahead of our forecasts for the year. Given the momentum Pureprofile is experiencing in its business, we expect the company to outperform our FY22 revenue and revised EBITDA forecast. Those forecasts underpin a base-case DCF valuation of \$0.090/share (previously \$0.092/share), based on a higher share count and 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.

### October revenue up 40%, revenue outside Australia grew 84%

Pureprofile has announced that the momentum it saw in Q1 FY22 has continued into October with 40% growth in revenues to \$3.5m, and 84% growth in revenues outside Australia. On an annualised basis, all divisions are tracking ahead of our FY22 forecasts. We have factored in a shareholder-approved short-term cash incentive to MD Martin Filz which has had the effect of reducing our FY22 EBITDA forecast to \$4.8m (previously \$5.2m). Our forecast is still ahead of the guidance range given by the company. PPL upgraded its guidance in FY21 from an initial estimate of \$2.5m to \$3.0m and then delivered FY21 EBITDA of \$3.1m, ahead of guidance. We believe PPL has been conservative in its FY22 guidance, which suggests an EBITDA margin range of 10-11%. PPL delivered an EBITDA margin of 11% in Q1 FY22 and the momentum in the higher-margin SaaS platform should help drive overall margin growth throughout the year.

### Base-case valuation is \$0.090/share

We use the DCF methodology to value Pureprofile (WACC of 14.5%, terminal growth rate of 2.2%) and this derives an equity value of \$109m or \$0.090/share, fully diluted for in-the-money options. On current share count, the valuation is \$0.10/share.

### 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)	1.3	19.0	n.a
06/21a	30.0	16.8	3.1	(3.4)	(0.3)	2.5	24.4	n.a
06/22e	40.5	22.6	4.8	1.4	0.1	1.9	15.8	53.8
06/23e	45.3	26.7	8.1	4.0	0.4	1.6	8.9	21.6

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)	\$0.07
Market capitalisation	\$77.1M
Shares on issue	1,101.7M
In-the-money options	128.5M
Net cash at 30 Sept	\$0.8M
Free float	~78.25%

### Share Price Performance (12 months)



### Upside Case

- Clean slate with legacy acquisitions sold and costs minimised
- CEO and 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 leery 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

RaaS Advisory Pty Ltd

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of

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Effective Date: 6<sup>th</sup> May 2021

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

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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.

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