

Pureprofile Ltd

Q1 FY25 & AGM Update

New guidance, new targets with significant potential upside

Pureprofile Ltd (ASX:PPL) is a data analytics and consumer insights company underpinned by proprietary technology, servicing business decision makers in brands and media companies as well as market researchers. Pureprofile has provided new guidance for FY25 in which it expects revenue in the range of \$55m to \$57m and an EBITDA margin of 9% to 10%. The guidance, provided at the company's annual general meeting on **October 30**, is largely in line with our forecasts for FY25. PPL also announced its Q1 FY25 results which included a 13% jump in revenue to \$13.9m, a record for the group and driven by a 17% increase in Rest of World (RoW) revenue to \$6.1m. Platform revenue which is generated across both Australia/New Zealand (ANZ) and RoW increased 45% to \$2.9m. EBITDA for the quarter increased 13% to \$1.6m while the EBITDA margin was maintained at 12%, relative to the margin in Q1 FY24. We have maintained our forecasts following this result and the guidance. Pureprofile also highlighted aspirational objectives for the group for FY26 and FY27, include doubling the UK business revenue, tripling the US business revenue and tripling platform revenue. This third objective potentially has the most upside on our current forecasts and we address this in a scenario analysis which demonstrates potential valuation upside to \$0.14/share.

Business model

Pureprofile operates a global research panel. It generates revenue from providing data analytics and consumer insights derived from its actively-managed panels of digital members accessed through its proprietary technology platform. 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 and personalised content.

Q1 FY25 demonstrates strong momentum, guidance in line

Pureprofile delivered a record result for quarterly revenue and EBITDA in Q1 FY25 with revenue of \$13.9m and EBITDA of \$1.6m, both up 13% respectively on the previous corresponding period (pcp). Revenue was driven by 17% growth in RoW and 45% growth in Platform revenue, which spans all divisions. ANZ also grew by 10% over Q1 FY24. The company provided guidance for FY25 of revenue in the range of \$55m to \$57m and EBITDA margin of 9% to 10%. Our forecast for FY25 revenue is \$57.8m and EBITDA is \$5.4m, implying an EBITDA margin of 9.3%. We are comfortable with maintaining our forecasts at this point in the financial year.

Base-case DCF valuation of \$0.09/share, unchanged

We use the discounted cash-flow methodology to value PPL and arrive at a fully-diluted DCF of \$0.09/share, based on a WACC of 13.3% (beta 1.4, terminal growth rate 2.2%). Our terminal value is \$0.044/share within our \$0.09/share valuation. On the current share count of 1,159.4m, our base-case valuation is \$0.11/share. A +/- 10% sensitivity analysis derives a valuation range of \$0.06-\$0.12/share, fully diluted. In our view, continued demonstration of strong revenue growth, a sustained return to profitability and further evidence of EBITDA margin expansion should underpin PPL's share price in the near term.

Earnings history and RaaS' estimates (in A\$m unless otherwise stated)

Year end	Revenue	Gross profit	EBITDA adj.*	NPAT adj.*	EPS adj.*	EV/Sales (x)	EV/EBITDA (x)	PER (x)
06/23a	43.7	23.0	4.6	0.9	0.08	0.7	6.8	35.0
06/24a	48.1	26.0	4.4	1.3	0.11	0.7	7.1	26.1
06/25f	57.8	30.8	5.4	2.2	0.19	0.5	5.6	15.3
06/26f	65.3	35.5	7.4	2.9	0.25	0.4	3.7	11.8

Source: RaaS estimates for FY25f and FY26f; Company data for historical earnings; *Adjusted for one-time, discontinued operations and non-cash items

Data Analytics

6 November 2024

Share Details

ASX code	PPL
Share price (5-Nov)	\$0.029
Market capitalisation	\$33.6M
Shares on issue	1,159.4M
Net cash est. 30-Jun	\$2.2M
Free float	~79.2%

Share Performance (12 months)



Upside Case

- Growing share of revenue generated outside Australia in substantially larger markets
- Management team is highly experienced in building data insights businesses
- ~90% of revenue from repeat business

Downside Case

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

Catalysts

- Expanding operating profitability to EPS growth
- Continued EBITDA margin expansion

Company Interviews and Webinars

[Pureprofile \(ASX:PPL\) RaaS Webinar 28 June 2024](#)

[RaaS Stock Take Webinar 18 September 2024](#)

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Liz Smith	Non-Executive Director
Mark Heeley	Non-Executive Director
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Melinda Sheppard	COO/CFO

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Q1 FY25 Result

Pureprofile has delivered Q1 revenue of \$13.9m, up 13% on the pcp and 6% on Q4 FY24. EBITDA for the quarter increased 13% to \$1.6m and 7% on Q4 FY24. RoW has been the key driver of the growth, lifting revenue 17%, while ANZ grew 10%. RoW accounted for 44% of total revenue, up from 42% in Q1 FY24. Platform revenue across both divisions has been strong, growing 45% to \$2.9m for the period. The EBITDA margin for the quarter was 12%, in line with Q1 FY24.

Exhibit 1: Q1 FY25 versus Q1 FY24, Q1 FY23, Q1 FY22 and Q1 FY21 (in A\$m unless otherwise stated)

	Q1 FY21*	Q1 FY22*	Q1 FY23*	Q1 FY24	Q1 FY25
Sales revenue	5.4	8.4	10.6	12.3	13.9
EBITDA	0.8	0.8	1.1	1.5	1.6
EBITDA margin %	15	10	10	12	12

Source: Company data; *Adjusted for discontinued business

Operationally, the company has delivered consistent top-line growth over the past five years, with the four-year CAGR for revenue from FY21 to FY25 at 27%. RoW, which is predominantly the UK and India, has grown at a faster rate of 39% while the platform business, which is embedded in both ANZ and RoW, has grown at a four-year CAGR of 88%. We expect to see platform revenue, which is higher margin due to its self-service nature, continue to become a greater share of total revenue and, as a result, help drive EBITDA margin improvement longer term.

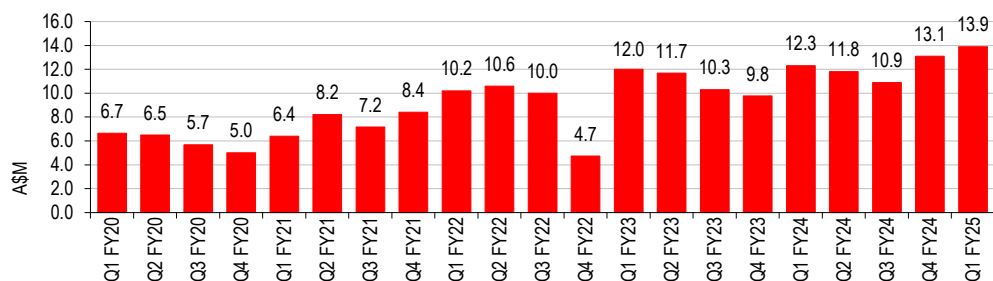
Exhibit 2: Sales revenue by division, EBITDA and four-year CAGR (in A\$m unless otherwise stated)

	Q1 FY21	Q1 FY22	Q1 FY23	Q1 FY24	Q1 FY25	% chg (Q1 FY25 over Q1 FY24)	Four year CAGR (%)
ANZ	3.8	5.7	6.7	7.1	7.8	10	20
RoW	1.6	3.7	3.9	5.2	6.1	17	39
Total sales revenue	5.4	9.4	10.6	12.3	13.9	13	27
Platform revenue included in both ANZ/ROW	0.5	0.7	1.6	2.5	2.9	45	88
EBITDA (excluding significant items)	0.8	0.8	1.1	1.5	1.6	13	19

Source: Company data, RaaS analysis

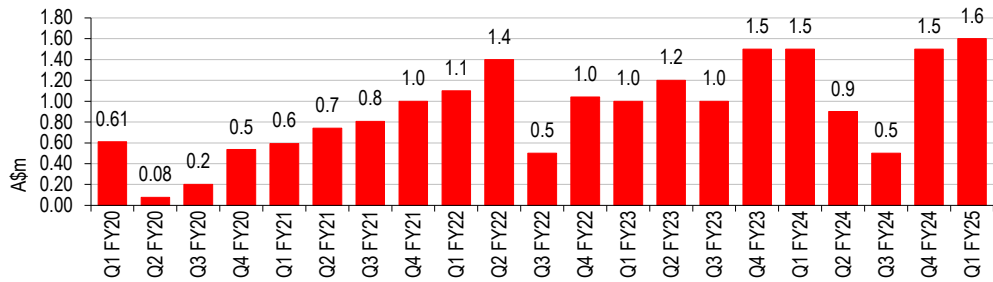
The Q1 FY25 result in both revenue and EBITDA terms was a record quarter and record Q1 for Pureprofile as the two exhibits that follow demonstrate.

Exhibit 3: Pureprofile's revenue performance by quarter



Source: Company data, RaaS analysis

Exhibit 4: Pureprofile's EBITDA performance by quarter



Source: Company data, RaaS analysis

FY25 Guidance

In line with past traditions, Pureprofile provided full year guidance at its October 30 AGM, noting that it expects revenue to be in the range of \$55m to \$57m in FY25 and for the EBITDA margin to be in the range of 9% to 10%. The company says the guidance is based on current expectations and assuming a continuation of current global macroeconomic conditions. Our EBITDA forecast for FY25 implies an EBITDA margin of 9.3%, putting us in line with the guidance range. Our revenue forecast is \$57.8m, with which we remain comfortable, even though it is a little above the guidance range.

Aspirational Objectives for FY26 and FY27

Management outlined the aspirational objectives it has for FY26 and FY27 to drive growth in the business and improve margins. Some of the revenue growth initiatives include:

- International revenue overtaking ANZ revenue with targets to double the UK business by taking market share and tripling the US business revenue;
- Driving product expansion with a target to triple platform business revenue, increase uptake of client-facing solutions and become an important source of data within the AI space; and
- Identify and executive acquisition opportunities.

Margin expansion targets include:

- Continue to reduce costs with a specific focus on salaries and contractors proportional to revenue;
- Reduce the reliance on suppliers by expanding panel sizes in key growth markets, launching new panels in emerging markets and identifying synthetic data opportunities to augment traditional market research; and
- Focus on processes and tech to emerge as a tech-led organisation.

Scenario Analysis On Tripling Platform Revenue

Pureprofile's aspiration to triple platform revenue by FY27 has inspired us to look at the impact such a goal could have on our earnings forecasts and valuation. We note that our current forecasts envisage that both UK and US revenue will increase by 84% from FY24 to FY27 and that Platform revenue will grow by 110% from FY24 to FY27.

The following exhibit sets out the impact on our Platform revenue forecasts should it triple from FY24 to FY27 and the broader impact this would have on our total revenue, EBITDA, EBITDA margin, NPAT forecasts and DCF

valuation. Note that all else being equal, tripling platform revenue would potentially take our DCF valuation up to \$0.14/share, from the current \$0.09/share, representing potential upside of 53% on our current valuation and 383% potential capital upside on the current share price.

Exhibit 5: Scenario analysis on impact of tripling platform revenue by FY27 (in A\$m unless otherwise stated)

	FY25f	FY26f	FY27f
Platform revenue			
Current	11	14	19
At 3x FY24 platform revenue by FY27	13	19	27
<i>Potential upside on current forecast (%)</i>	14	30	42
Current forecasts			
Total revenue	58	65	75
EBITDA	5	7	13
EBITDA margin (%)	9	11	17
NPAT	2	3	7
DCF valuation (\$)			0.09
With Platform revenue at 3x			
Total revenue	59	70	83
EBITDA	7	11	20
EBITDA margin (%)	11	16	24
NPAT	3	6	12
DCF valuation (\$)			0.14
Potential upside in percentage terms (%)			
<i>Total revenue</i>	3	7	11
<i>EBITDA</i>	25	51	57
<i>EBITDA margin</i>	22	42	42
<i>NPAT</i>	58	92	76
<i>DCF valuation</i>			53
Sources: RaaS forecasts			

Base-Case DCF Valuation Is \$0.09/Share Fully Diluted, Unchanged

We believe the discounted cash-flow methodology is the most appropriate method to value PPL, given the relatively early stage of the company's lifecycle. We apply a discount rate of 13.3% (beta 1.43, terminal growth rate of 2.2%). This derives a base-case valuation of \$0.09/share, fully diluted for all options and performance rights, regardless of whether they are in-the-money. On the current share count of 1,159.4m, the valuation is \$0.11/share. A +10%/-10% sensitivity analysis gives us a valuation range of \$0.06-\$0.12/share, fully diluted.

Exhibit 6: Base-case DCF valuation

	Parameters
Discount rate (WACC)	13.3%
Terminal growth rate	2.2%
Beta*	1.43
Present value of free cash flows (\$m)	56.8
Present value of terminal value (\$m)	66.7
Plus net cash at 30-June-2024	(2.3)
Equity value (\$m)	125.8
Shares on issue (m) including in-the-money options and performance shares	1,387
Equity value per share fully diluted	\$0.09
Equity value per share on current share count (1,159m)	\$0.11
Source: RaaS estimates; *LSEG observed beta is 1.25	

Exhibit 7: Financial Summary

Pureprofile						Share price 5 November 2024)						A\$	0.029				
Profit and Loss (A\$m)						Interim (A\$m)						H124A	H224A	H125F	H225F	H126F	H226F
Y/E 30 June						Revenue						24.0	24.1	27.6	30.2	31.8	33.5
FY22A	FY23A	FY24A	FY25F	FY26F	FY26F	EBITDA						2.4	2.0	2.4	3.0	3.4	4.0
Sales Revenue	35.5	43.7	48.1	57.8	65.3	EBIT						1.0	0.7	1.2	1.6	2.0	2.5
Gross Profit	18.3	23.0	26.0	30.8	35.5	NPAT (normalised)						0.8	0.5	0.9	1.3	1.2	1.6
EBITDA underlying	4.0	4.6	4.4	5.4	7.4	Minorities						-	-	-	-	-	-
Depn	(0.6)	(0.5)	(0.5)	(0.3)	(0.3)	NPAT (reported)						0.0	0.1	0.8	1.2	1.2	1.5
Amort	(2.7)	(2.5)	(2.2)	(2.3)	(2.5)	EPS (normalised)						0.07	0.04	0.08	0.11	0.11	0.14
EBIT underlying	0.8	1.6	1.7	2.8	4.5	EPS (reported)						0.00	0.01	0.07	0.11	0.10	0.13
Interest	(0.5)	(0.5)	(0.4)	(0.4)	(0.4)	Dividend (cps)						-	-	-	-	-	-
Tax	(0.1)	(0.1)	(0.0)	(0.2)	(1.2)	Imputation						30.0	30.0	30.0	30.0	30.0	30.0
Minorities	0.0	0.0	0.0	0.0	0.0	Operating cash flow						1.2	2.3	2.2	2.7	2.5	2.8
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Free Cash flow						2.3	3.5	3.5	4.0	3.8	4.1
NPAT pre significant items*	0.2	0.9	1.3	2.2	2.9	Divisions						H124A	H224A	H125F	H225F	H126F	H226F
Significant items	(2.3)	(3.1)	(1.2)	(0.1)	(0.2)	Australia and NZ						14.0	10.4	13.8	14.0	14.1	14.2
NPAT (reported)	(2.2)	(2.2)	0.1	2.1	2.7	Rest of world						10.0	13.7	13.8	16.1	17.7	19.3
Cash flow (A\$m)						Sales revenue						24.0	24.1	27.6	30.2	31.8	33.5
Y/E 30 June						Platform revenue inc in abov						4.4	4.5	5.2	6.0	6.7	7.6
EBITDA underlying (Stat)						COGS						(11.0)	(11.1)	(12.9)	(14.0)	(14.6)	(15.2)
Interest						Employment						(8.4)	(8.9)	(10.0)	(10.7)	(11.2)	(11.8)
Tax						Technology, licence fees						(1.2)	(1.2)	(1.3)	(1.4)	(1.4)	(1.5)
Working capital changes						Other costs						(1.1)	(0.9)	(1.0)	(1.0)	(1.1)	(1.1)
Operating cash flow						EBITDA (adjusted)						2.4	2.0	2.4	3.0	3.4	4.0
Mlce capex						Margins, Leverage, Returns						FY22A	FY23A	FY24A	FY25F	FY26F	
Free cash flow						EBITDA						11.3%	10.5%	9.2%	9.3%	11.3%	
Growth capex						EBIT						2.1%	3.7%	3.6%	4.9%	6.9%	
Acquisitions/Disposals						NPAT pre significant items						0.5%	2.1%	2.6%	3.8%	4.4%	
Other						Net Debt (Cash)						2.3	1.7	2.3	3.5	6.3	
Cash flow pre financing						Net debt/EBITDA (x)						(x)	0.6	0.4	0.5	0.7	
Equity						ND/ND+Equity (%)						(%)	(111.4%)	(64.3%)	(71.9%)	(85.4%)	(157.7%)
Debt						EBIT interest cover (x)						(x)	0.7	0.3	0.3	0.2	0.1
Dividends paid						ROA						4.1%	7.5%	7.2%	10.1%	14.0%	
Net cash flow for year						ROE						(53.4%)	(49.2%)	1.9%	31.6%	30.1%	
Balance sheet (A\$m)						ROIC						5.2%	39.1%	42.7%	60.0%	70.2%	
Y/E 30 June						Working capital						(1.9)	(1.2)	(0.4)	(0.8)	(0.5)	
Cash						WC/Sales (%)						(5.3%)	(2.6%)	(0.9%)	(1.3%)	(0.8%)	
Accounts receivable						Revenue growth						18.5%	22.9%	10.0%	20.2%	13.1%	
Inventory						EBIT growth pa						(225.3%)	114%	6.3%	63%	60%	
Other current assets						Pricing						FY22A	FY23A	FY24A	FY25F	FY26F	
Total current assets						No of shares (y/e)						(m)	1,107	1,133	1,159	1,159	1,159
PPE						Weighted Av Dil Shares						(m)	1,089	1,119	1,212	1,159	1,159
Intangibles and Goodwill						EPS Reported						cps	(0.20)	(0.18)	0.01	0.17	0.22
Investments						EPS Normalised/Diluted						cps	0.02	0.08	0.11	0.19	0.25
Deferred tax asset						EPS growth (norm/dil)							(96.4%)	441.3%	34%	71%	30%
Other non current assets						DPS						cps	-	-	-	-	-
Total non current assets						DPS Growth							n/a	n/a	n/a	n/a	n/a
Total Assets						Dividend yield							0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable						Dividend imputation							30	30	30	30	30
Accounts receivable						PE (x)							-	-	282.0	17.5	13.5
Short term debt						PE market							26.6	26.6	26.6	26.6	26.6
Tax payable						Premium/(discount)							n/a	n/a	n/a	(34.2%)	(49.3%)
Other current liabilities						EV/EBITDA							7.4	6.8	7.1	5.6	3.7
Total current liabilities						FCF/Share						cps	0.4	0.2	0.3	0.5	0.5
Long term debt						Price/FCF share							8.1	12.1	9.4	6.2	5.7
Other non current liabs						Free Cash flow Yield							12.3%	8.3%	10.6%	16.0%	17.4%
Total long term liabilities																	
Total Liabilities																	
Net Assets																	
Share capital																	
Accumulated profits/losses																	
Reserves																	
Minorities																	
Total Shareholder funds																	

* ex cludes non-cash share-based payments

Source: RaaS estimates; Company data for actuals

FINANCIAL SERVICES GUIDE

RaaS Research Group Pty Ltd

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Corporate Authorised Representative, number 1248415, of

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