

28 November 2023

Pureprofile Ltd

FY24 revenue and EBITDA margin guidance in line

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. At the company's AGM yesterday, management provided guidance for FY24 revenue and EBITDA margin. The revenue guidance range is for \$46m to \$51m while the EBITDA margin guidance range is from 7% to 9%, including the impact of cash-based short-term performance incentives for key executives and personnel. This equates to an EBITDA range of \$3.2m to \$4.6m, using the low end of the margin range on the low end of the revenue range and the same for the high end. Our forecast for FY24 is for revenue of \$49.9m and underlying EBITDA of \$4.3m, which equates to an EBITDA margin of 8.6%, putting us well within the guidance range. We have made no change to our forecasts and our base-case DCF valuation remains unchanged at \$0.095/share fully diluted.

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.

Revenue guidance range suggests 5-17% growth on pcp

The company has provided a new guidance range for revenue of \$46m-\$51m for FY24. This suggests a growth range of 5.3% to 16.7% on FY23's revenue of \$43.7m. We are forecasting 14.2% growth to \$49.9m. Pureprofile has also provided a new guidance range for EBITDA margin, incorporating the cash-based short-term incentives to key management. This range is 7% to 9%, which translates into a range of \$3.2m to \$4.6m, using the low and high revenue range. We are forecasting underlying EBITDA of \$4.3m, which would be flat on FY23, and equates to a margin of 8.6%. Given the strength in the Q1 EBITDA margin, which was 12%, and the growth in revenue in Q1, which was up 16%, and the fact that Q2 is seasonally the strongest quarter for the group, we remain comfortable with our forecasts for FY24.

Base-case DCF valuation of \$0.095/share, fully diluted

We use the discounted cash-flow methodology to value PPL and arrive at a fully diluted DCF of \$0.095/share, based on a WACC of 13.6% (beta 1.5, terminal growth rate 2.2%). Our terminal value is \$0.048/share within our \$0.095/share valuation. On the current share count of 1,107.0m, our base-case valuation is \$0.109/share. 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.

Historical earnings and RaaS Advisory estimates (in A\$m unless otherwise stated)

Year end	Revenue*	Gross profit	EBITDA*	NPAT*	EPS (c)*	EV/Sales (x)	EV/EBITDA (x)	PER (x)
06/22a	35.5	18.3	4.0	0.2	0.02	0.8	6.9	n.a
06/23a	43.7	23.0	4.3	0.7	0.07	0.6	6.6	41.4
06/24f	49.9	25.6	4.3	1.0	0.09	0.6	6.4	29.8
06/25f	56.8	29.4	6.4	3.0	0.27	0.5	4.1	10.0

Source: Company data, RaaS Advisory Estimates for FY24f and FY25f *Adjusted for one-time items and discontinued operations

Share Details

ASX code	PPL
Share price (27-Nov)	\$0.027
Market capitalisation	\$29.9M
Shares on issue	1,107M
Net cash at June 30	\$1.7M
Free float	~72%

Share Price Performance (12-months)



Upside Case

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

Downside Case

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

Catalysts

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

Company Interview

[Pureprofile \(ASX:PPL\) RaaS Interview 7 Sept 2023](#)

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FINANCIAL SERVICES GUIDE

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Effective Date: 6th May 2021

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