

Pureprofile Ltd

Q4 FY24 Results Analysis

Maiden positive NPAT, FY24 EBITDA in line with guidance

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 reported unaudited results for FY24 including a maiden net profit after tax (NPAT) of \$0.1m, a \$2.0m turnaround on FY23, and EBITDA of \$4.4m, which was down 4% on the previous corresponding period (pcp) but within its guidance range of \$4.1m to \$4.5m. EBITDA was ahead of our forecast for \$4.3m. Revenue for the year was \$48.1m, again within the company's guidance range of \$48m to \$49.1m ([1 May company release](#)), although a little below our forecast for \$49.0m. Platform revenue, which is higher margin and recurring, was \$9.0m in FY24, up 88% on the pcp. Australian and New Zealand (ANZ) revenue, which includes platform revenue, grew 2% yoy to \$27.5m while Rest of World (RoW) revenue, which also includes platform revenue, jumped 23% to \$20.6m for FY24. RoW accounted for 43% of total revenue in FY24, up from 38% of total revenue in FY23, with the company reporting in its [25 July](#) release that it was significantly bolstered by strong growth in the US, UK and India. We have provisionally incorporated the results into our model but will wait to make any further adjustments when the company reports its audited accounts in late August. Our base-case valuation remains unchanged at \$0.09/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.

Q4 EBITDA and margin ahead of RaaS' forecast

Pureprofile reported an 18% increase in Q4 revenue to \$13.1m, with ANZ revenue growing 7% to \$7.4m and RoW lifting 38% to \$5.7m. RoW as a share of total revenue was 44% in Q4, up from 37% a year before, while platform revenue, which is reported in both ANZ and RoW revenue, increased 59% to \$2.5m and made up 19% of total revenue, compared with 14% in Q4 FY23 and 7% in Q4 FY22. Q4 EBITDA was \$1.5m, up 13% on the pcp, while the margin was 12%, in line with the same period in FY23. EBITDA was ahead of our forecast for \$1.35m for the quarter and the margin was higher than our forecast for 9.6% for Q4. We have provisionally incorporated the Q4 result in our model but will wait for the full audited accounts before making any further adjustments.

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

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 13.6% (beta 1.5, terminal growth rate 2.2%). Our terminal value is \$0.048/share within our \$0.09/share valuation. On the current share count of 1,159m, our base-case valuation is \$0.103/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.

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)
06/22a	35.5	18.3	4.0	0.2	0.02	0.7	5.8	n.a
06/23a	43.7	23.0	4.3	0.7	0.06	0.6	5.8	36.1
06/24f	48.1	26.6	4.4	1.2	0.10	0.5	5.7	22.9
06/25f	58.8	31.3	5.3	2.2	0.19	0.4	4.6	12.3

Source: RaaS estimates for FY24f and FY25f; Company data for historical earnings; *Adjusted for one-time and non-cash items

Data Analytics

29 July 2024

Share Details

ASX code	PPL
Share price (26-July)	\$0.023
Market capitalisation	\$26.7M
Shares on issue	1,159M
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
- Senior 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 Interview

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

Board and Management

Michael Anderson	Non-Executive Ind. Chair
Adrian Gonzalez	Non-Executive Ind. Director
Liz Smith	Non-Executive Director
Mark Heeley	Non-Executive Director
Martin Filz	Managing Director/CEO
Melinda Sheppard	COO/CFO

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*The analyst owns shares

Q4 FY24 Result

Pureprofile has delivered a Q4 FY24 EBITDA and EBITDA margin result ahead of our forecasts. We had forecast Q4 EBITDA of \$1.35m and a margin of 9.7% on revenue of \$14.1m. Q4 EBITDA was \$1.5m for the quarter, an increase of 13%, and the margin was 12%, in line with the margin reported in the same quarter in FY23. While Q4 revenue was \$1.0m below our forecast, it was a record revenue quarter at \$13.1m. The company noted in its 25 July release that the growth was driven by regions outside Australia. ANZ reported revenue of \$7.4m for the quarter, up 7% on the pcp. RoW revenue was up 38% to \$5.7m while platform revenue across both divisions increased 59% to \$2.5m. The company also said the result highlights the robust growth experienced in the second half of the financial year, following softer growth in H1 FY24, particularly Q2 FY24.

Exhibit 1: Q4 FY24 versus Q4 FY23, FY22 and FY21 (in A\$m unless otherwise stated)

	Q4 FY21*	Q4 FY22*	Q4 FY23*	Q4 FY24
Sales revenue	7.7	9.7	11.1	13.1
EBITDA	1.0	0.9	1.3	1.5
EBITDA margin (%)	13	9	12	12
RoW as a % of sales revenue	31	36	37	44

Source: Company data; *Adjusted for discontinued business

Divisionally, Pureprofile's businesses outside Australia and New Zealand increased their share of the total business, contributing 44% to the total, versus 37% a year ago and 31% four years ago. RoW, of which the UK is the largest contributor, has grown at a three-year CAGR of 34%.

Exhibit 2: Sales revenue by division (in A\$m unless otherwise stated)

	Q4 FY21	Q4 FY22	Q4 FY23	Q4 FY24	% chg (Q4 FY24 over Q4 FY23)	Three-year CAGR (%)
ANZ	5.3	6.2	7.0	7.4	7	12
RoW	2.4	3.5	4.1	5.7	38	34
Total sales revenue	7.7	9.7	11.1	13.1	18	19
Platform revenue included in both ANZ/ROW	0.5	0.7	1.6	2.5	59	76
EBITDA (excluding significant items)	1.0	0.9	1.3	1.5	13	14

Source: Company data

FY24 Result

Pureprofile has delivered revenue of \$48.1m for FY24, an increase of 10% on the pcp and in line with the company's guidance for revenue from \$48m to \$49m ([company release 1 May 2024](#)). RoW has been the key driver of the growth, lifting revenue 23%, while ANZ grew 2%. Platform revenue across both divisions has been robust, growing 88% to \$9.0m for the period. FY24 EBITDA was \$4.4M, down 4% on the pcp after including cash short-term-incentive (STI) payments. Excluding the impact of the cash STIs, the company says FY24 EBITDA would have been up 8% on the pcp. The company ended the year with a cash balance of \$5.2m, up from \$4.2m at H1 FY24.

Exhibit 3: Sales revenue by division, EBITDA and margin (in A\$m unless otherwise stated)

	FY21	FY22	FY23	FY24	% chg (FY24 over FY23)	Three-year CAGR (%)	RaaS FY24 fct
ANZ	17.7	23.1	26.9	27.5	2	16	24.7
RoW	7.9	12.4	16.8	20.6	23	38	24.3
Total sales revenue	25.6	35.5	43.7	48.1	10	23	
Platform revenue included in both ANZ/ROW	1.1	3.5	4.8	9.0	88	102	9.3
EBITDA (excluding significant items)	3.0	3.6	4.6	4.4	(4)	14	4.3
EBITDA margin (%)	12	10	11	9	(13)	(8)	9

Source: Company data, RaaS forecast

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 13.6% (beta 1.5, 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 1,159.0m, the valuation is \$0.103/share.

Exhibit 4: Base-case DCF valuation	
	Parameters
Discount rate (WACC)	13.6%
Terminal growth rate	2.2%
Beta	1.5
Present value of free cash flows (\$m)	53.3
Present value of terminal value (\$m)	64.1
Plus net cash at 31-Dec-2023	(1.7)
Equity value (\$m)	119.1
Shares on issue (m) including in-the-money options and performance shares	1,360
Equity value per share fully diluted	\$0.09
Equity value per share on current share count (1,159.0m)	\$0.103

Source: RaaS estimates

Exhibit 5: Financial Summary

Pureprofile						Share price (26 July 2024)						A\$	0.023				
Profit and Loss (A\$m)						Interim (A\$m)						H123A	H223F	H124A	H224F	H125F	H225F
Y/E 30 June	FY21A	FY22A	FY23A	FY24F	FY25F	Revenue	22.3	21.5	24.0	24.0	28.3	30.5					
Sales Revenue	30.0	35.5	43.7	48.1	58.8	EBITDA	2.3	2.1	2.4	1.9	2.3	3.0					
Gross Profit	16.8	18.3	23.0	26.6	31.3	EBIT	0.8	0.7	1.0	0.7	1.1	1.7					
EBITDA underlying	3.1	4.0	4.3	4.4	5.3	NPAT (normalised)	0.5	0.2	0.8	0.4	0.8	1.3					
Depn	(0.8)	(0.6)	(0.5)	(0.4)	(0.3)	Minorities	-	-	-	-	-	-					
Amort	(3.0)	(2.7)	(2.5)	(2.3)	(2.3)	NPAT (reported)	(0.5)	(1.7)	0.0	0.1	0.3	0.8					
EBIT underlying	(0.6)	0.8	1.3	1.7	2.8	EPS (normalised)	0.04	0.02	0.07	0.03	0.07	0.12					
Interest	(2.7)	(0.5)	(0.5)	(0.5)	(0.4)	EPS (reported)	(0.05)	(0.15)	0.00	0.01	0.03	0.07					
Tax	(0.0)	(0.1)	(0.1)	(0.0)	(0.2)	Dividend (cps)	-	-	-	-	-	-					
Minorities	0.0	0.0	0.0	0.0	0.0	Imputation	30.0	30.0	30.0	30.0	30.0	30.0					
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Operating cash flow	0.4	2.2	1.2	1.5	1.6	2.4					
NPAT pre significant items*	(3.4)	0.2	0.7	1.2	2.2	Free Cash flow	1.7	3.4	2.3	2.7	2.9	3.7					
Significant items	6.2	(2.3)	(2.9)	(1.1)	(1.0)	Divisions	H123A	H223F	H124A	H224F	H125F	H225F					
NPAT (reported)	2.8	(2.2)	(2.2)	0.1	1.2	Australia and NZ	14.0	12.9	14.0	10.7	14.6	14.6					
Cash flow (A\$m)						Rest of world	8.3	8.5	10.0	13.4	13.7	16.0					
Y/E 30 June	FY21A	FY22A	FY23A	FY24F	FY25F	Sales revenue	22.3	21.5	24.0	24.1	28.3	30.5					
EBITDA underlying (Stat)	3.1	4.0	4.3	4.4	5.3	Platform revenue inc in adv	2.2	2.6	4.4	4.6	5.2	6.0					
Interest	(0.2)	(0.3)	(0.3)	(0.5)	(0.4)	COGS	(10.9)	(9.8)	(11.0)	(10.5)	(13.3)	(14.2)					
Tax	(0.0)	(0.1)	(0.1)	(0.1)	(0.2)	Employment	(7.4)	(7.6)	(8.4)	(8.8)	(9.8)	(10.3)					
Working capital changes	(0.6)	0.2	(1.4)	(1.1)	(0.6)	Technology, licence fees	(0.8)	(1.3)	(1.2)	(1.6)	(1.7)	(1.8)					
Operating cash flow	2.4	3.9	2.6	2.6	4.1	Other costs	(1.0)	(0.7)	(1.1)	(1.2)	(1.2)	(1.3)					
Mtce capex	(0.0)	(0.1)	(0.1)	(0.2)	(0.4)	EBITDA (adjusted)	2.3	2.1	2.4	1.9	2.3	3.0					
Free cash flow	2.3	3.8	2.4	2.4	3.7	Margins, Leverage, Returns		FY21A	FY22A	FY23A	FY24F	FY25F					
Growth capex	(2.0)	(2.2)	(2.4)	(2.1)	(2.1)	EBITDA		10.4%	11.3%	9.8%	9.1%	9.1%					
Acquisitions/Disposals	0.0	0.0	(0.1)	0.0	(1.3)	EBIT		(2.0%)	2.1%	3.1%	3.5%	4.8%					
Other	0.0	0.0	0.0	0.0	0.0	NPAT pre significant items		(11.2%)	0.5%	1.7%	2.4%	3.7%					
Cash flow pre financing	0.3	1.6	(0.1)	0.2	0.3	Net Debt (Cash)		0.6	2.3	1.7	2.2	2.0					
Equity	13.4	0.5	0.0	0.0	0.0	Net debt/EBITDA (x)	(x)	0.2	0.6	0.4	0.5	0.4					
Debt	(10.8)	0.0	(0.5)	(0.3)	0.0	ND/ND+Equity (%)	(%)	(19.9%)	(111.4%)	(64.3%)	(118.4%)	(74.4%)					
Dividends paid	0.0	0.0	0.0	0.0	0.0	EBIT interest cover (x)	(x)	n/a	0.7	0.4	0.3	0.2					
Net cash flow for year	2.9	2.2	(0.6)	(0.1)	0.3	ROA		(3.4%)	3.8%	6.1%	8.0%	13.5%					
Balance sheet (A\$m)						ROE		(37.4%)	(53.4%)	(49.2%)	1.6%	27.2%					
Y/E 30 June	FY21A	FY22A	FY23A	FY24F	FY25F	ROIC		3.2%	34.7%	105.1%	nm	nm					
Cash	3.6	5.3	4.7	5.2	5.0	Working capital		(1.5)	(1.9)	(1.2)	(0.1)	(0.5)					
Accounts receivable	5.7	7.0	7.5	6.0	7.4	WC/Sales (%)		(4.9%)	(5.3%)	(2.6%)	(0.3%)	(0.9%)					
Inventory	0.0	0.0	0.0	0.0	0.0	Revenue growth		23.8%	18.5%	22.9%	10.0%	22.3%					
Other current assets	1.7	1.8	2.6	0.6	0.6	EBIT growth pa		n/a	(225.3%)	76%	24.6%	68%					
Total current assets	11.1	14.1	14.8	11.8	13.0	Pricing		FY21A	FY22A	FY23A	FY24F	FY25F					
PPE	0.1	0.1	0.1	0.1	0.3	No of shares (y/e)	(m)	1,100	1,107	1,159	1,159	1,159					
Intangibles and Goodwill	6.2	5.8	5.6	5.5	6.6	Weighted Av Dil Shares	(m)	1,058	1,089	1,133	1,159	1,159					
Investments	0.0	0.0	0.0	0.0	0.0	EPS Reported	cps	0.42	(0.20)	(0.19)	0.01	0.10					
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	EPS Normalised/Diluted	cps	(0.31)	0.02	0.06	0.10	0.19					
Other non current assets	1.9	1.1	2.0	1.8	2.3	EPS growth (norm/dil)		n/a	(105.0%)	316.4%	58%	86%					
Total non current assets	8.3	7.0	7.7	7.5	9.2	DPS	cps	-	-	-	-	-					
Total Assets	19.4	21.0	22.5	19.3	22.2	DPS Growth		n/a	n/a	n/a	n/a	n/a					
Accounts payable	7.2	8.9	8.7	6.1	7.9	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%					
Short term debt	0.0	0.0	3.0	0.2	0.2	Dividend imputation		30	30	30	30	30					
Tax payable	0.1	0.1	0.1	0.0	0.0	PE (x)		5.5	-	-	399.9	22.8					
Other current liabilities	3.5	3.6	4.5	4.4	4.9	PE market		18.0	18.0	18.0	18.0	18.0					
Total current liabilities	10.8	12.5	16.2	10.8	13.0	Premium/(discount)		(69.6%)	(100.0%)	(100.0%)	2121.8%	26.5%					
Long term debt	3.0	3.0	0.0	2.8	2.8	EV/EBITDA		7.9	5.8	5.8	5.7	0.0					
Other non current liabs	1.9	1.1	1.9	1.8	1.8	FCF/Share	cps	0.2	0.4	0.2	0.2	0.4					
Total long term liabilities	4.9	4.1	1.9	4.6	4.6	Price/FCF share		10.6	6.5	9.8	9.3	5.9					
Total Liabilities	15.7	16.7	18.1	15.3	17.6	Free Cash flow Yield		9.5%	15.5%	10.2%	10.7%	16.9%					
Net Assets	3.7	4.4	4.4	4.0	4.6												
Share capital	59.9	60.4	61.8	62.8	62.8												
Accumulated profits/losses	(57.6)	(59.8)	(60.6)	(60.6)	(59.4)												
Reserves	1.5	3.7	3.3	1.8	1.2												
Minorities	0.0	0.0	0.0	0.0	0.0												
Total Shareholder funds	3.7	4.4	4.4	4.0	4.6												

* excludes non-cash share-based payments

Source: RaaS estimates; Company data for actuals

FINANCIAL SERVICES GUIDE

RaaS Research Group Pty Ltd

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