Flash Comment

20th July 2021

Pureprofile Ltd

FY21 EBITDA beats guidance and our forecasts

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. The company has reported FY21 EBITDA of $3.1m, up 121% on FY20 and ahead of the company's guidance range of $2.5m-$3.0m and our forecast for $3.0m. Q4 EBITDA was $1.0m, up 87% on the previous corresponding period, with margin expansion to 12%. Pleasingly, Pureprofile ended the quarter with $3.62m in cash in hand, after generating positive operating cashflow of $0.92m for the quarter. Net cash is $0.62m following significant restructuring earlier in the financial year. We have not adjusted our forecasts, preferring to wait for the final full year accounts but note that the company is trading on just over 1x revenue and at a significant discount to its peer group.

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.

Q4 FY21 highlights, FY21 guidance beaten

Pureprofile has reported Q4 FY21 cash receipts of $8.5m and a positive operating cashflow of $0.92m. PPL generated $8.4m in revenue in Q4 FY21, a 58% increase on the previous corresponding period, with Data and Insights APAC contributing $5.0m, an increase of 66% on Q4 FY20, and Data & Insights UK/EU growing 71% to $2.2m. The SaaS platform generated $0.5m in revenue, up 225% on pcp. Revenues from media and performance grew 20% in the quarter to $0.6m. SaaS now accounts for 20% of revenues while 85% of revenue is from repeat business. The Q4 result delivered on Pureprofile's guidance for $30m in revenues, with continued cost containment allowing the company to beat its FY21 guidance range of $2.5m-$3.0m to deliver EBITDA of $3.1m. This, too, beat our forecast for $3.0m EBITDA. We will wait for the final full year accounts to adjust our forecasts.

Base case valuation is $0.053/share, PPL is trading on 1x 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 $56m or $0.053/share. If we include in the money options (105.4m) the valuation is $0.049/share. As a sense check, our $56m valuation implies an FY21 EV/Sales multiple of 1.7x, still well below the 2.9x EV/sales median of a group of comparable ANZ peers that we benchmark PPL against. At the current share price, PPL is trading on just over 1x revenue.

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

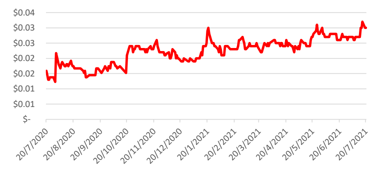
Year end	Revenue*	Gross Profit	EBITDA^	NPAT*	EPS (c) *	EV/Sales (x)	EV/EBITDA (x)
06/20a	24.2	13.7	1.6	(6.8)	(0.2)	1.08	16.08
06/21e	30.0^	16.4	3.1^	(2.7)	(1.1)	1.04	10.07
06/22e	35.9	20.2	5.2	2.3	0.2	0.81	5.59
06/23e	40.8	23.2	7.2	3.7	0.4	0.63	3.53

Source: Company data, RaaS Advisory Estimates for FY21e, and FY22e *Revenue NPAT and EPS adjusted for one-time items and discontinued operations ^as reported in Q4 Quarterly announcement

Share details

ASX Code	PPL
Share Price (intraday)	$0.03
Market Capitalisation	$31.7M
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
- 85% 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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