

# ASX Announcement

30 November 2018

## 2018 Annual General Meeting - Chairman's Address

Good morning ladies and gentlemen. My name is Andrew Edwards; I am the Chairman of Pureprofile Ltd. On behalf of the Board, it is my pleasure to welcome you to the 2018 Annual General Meeting.

It is now 11.00am and there being a quorum present, I declare the meeting open for business. I confirm that the meeting has been properly constituted.

In opening the 2018 AGM I would like to introduce the board and management team of Pureprofile Ltd.

Nic Jones, CEO, who you will be hearing from in a minute and celebrating one year in the job.

We have two new board members.

Sue Klose joins us as a Non-Executive Director. Sue has a wealth of board experience but more importantly has relevant experience in the digital marketing space and specifically has a background in business strategy and marketing.

Marcelo Ulvert also joins as a Non-Executive Director. Marcelo is a sales and marketing expert and this, coupled with his knowledge of our business, makes him a valuable addition to the Board.

Unfortunately our other Non-Executive Director, Cliff Rosenberg, was not able to attend today's Meeting and we have received an apology.

We also have our Company Secretary, Kohei Katagiri. Whilst recently appointed to this role, he is one of Pureprofile's longest serving members of staff.

There are also other key people here with me today, new to Pureprofile and that many of you would not have met.

Nic mentioned in one of his first communications that there was a need to develop a stronger leadership team and that's exactly what he has done.

## Our New Leadership Team

- Melinda Sheppard - Chief Financial Officer
- Loucas Gatzoulis - Chief Technology Officer
- Ben Sharp - Head of Revenue & Operations (AU/NZ)
- Matt Chaplin - Managing Director (UK/EU)
- Elyssa Guren - Head of Marketing & Communications
- Shai Ishaq - Head of Talent & Culture

And finally we have representatives of the company's new Auditors, Grant Thornton, Simon Coulton.

## **Financial Year 2018**

Financial year 2018 was a year where the focus was squarely placed on restructuring the company's cost base whilst employing the right calibre of leaders to drive the business forward, many of whom I've just mentioned.

Whilst we all wish that the effects of change could be felt immediately on financial performance, this is not realistic. What we have done over the last 12 months has placed the company in a position to capitalise on the undoubted market potential of our core offering.

Financial overview for FY2018 was:

- Total revenue was \$52.1m, down 2% compared to FY2017;
- Gross Margin was 47%, down from 49% in FY2017;
- Normalised EBITDA was \$1.2m, down from \$3.3m in FY2017; and
- Average monthly cost base of \$1.95m (\$23.5m annualised).

However, as the year progressed, the effects of the changes started to flow through to the bottom line, with the second half delivering:

- Gross Margin of 49%;
- Normalised EBITDA of \$1.0m; and
- Average monthly cost base of \$1.78m (\$21.0m annualised).

Whilst the effects of this positive change have been felt in many areas of the business, the Lead Generation business (Cohort) continues to struggle. And whilst we have focussed on the turnaround of this business, external factors have continued to hamper our efforts. For example, the commencement of GDPR stalled client appetite for leads in the UK while in Australia, the Royal Commission into Banking resulted in projects immediately ceasing by our financial and insurance based clients. If these trends continue, we foresee this business unit negatively impacting our overall EBITDA.

Moving forward we must focus on supporting the areas of the business that are key to our core beliefs, are growing, and that positively contribute to shareholder value. We must focus our key resources on capitalising on these offerings and improving their already impressive growth performance.

We have already kick-started this process with the recent sale of our Media Trading Division. This followed a review by the Board and Management, which concluded that the business unit was no longer aligned with Pureprofile's core business in the long term - the performance of the division was dilutive to margin and the revenues were continuing to decline in an already mature marketplace. This sale would also reduce the volatility of cash flows associated with this business, which was working capital intensive and had a significant higher risk profile than the other business units.

We will continue to make such necessary changes to enable our core business to flourish.

## **FY2019 First Quarter Snapshot**

The first quarter of FY2019 was solid with another three months of positive EBITDA. With the Data and Insights business accelerating its already impressive revenue growth on prior comparable period by 29% and the Media Business Growing 19%. Our UK office also grew by 13.4% on prior comparable period.



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## **Prepared for the future**

2018 shone a spotlight on online privacy and data protection. Controversies, such as those of Cambridge Analytica and the Australian government's My Health records received wide media coverage. We also saw the implementation of regulatory responses in the form of mandatory data breach reporting laws in Australia, the Consumer Privacy Act in California, and of course the General Data Protection Regulations in the European Union.

Greater awareness of issues relating to online privacy and data protection and the introduction of further regulations will no doubt continue. As a result, the digital landscape will continue to change and evolve, leading to greater compliance costs for organisations; greater protections for online consumers; and, ultimately, empowerment of the individual as they are given greater control over their personal information.

We welcome these changes.

At its core, Pureprofile's mission has always been about empowering consumers. We have always recognised that an individual's information is their asset, which they should control. As attitudes and regulations now shift towards our philosophy, Pureprofile is well placed to meet the challenges and opportunities this presents. Pureprofile's value proposition - to empower consumers - has never been more relevant.

In closing, I'd like to thank Nic Jones for his focus, tenacity and resolve as he has set in motion the rebuilding of our company. As always, I thank our shareholders for their continued patience and support, and to the Board and staff of Pureprofile for their hard work.

I'd now like to hand over to Nic for his report.



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