

ASX Announcement

28 February 2019

H1FY2019 Results and Business Update

Key Points

- H1FY2019 revenue of \$23.8m. Gross profit of \$11.0m.
- Revenue was 16.1% down on prior comparable period, and decline was primarily attributable to the Performance business unit, which is due to be sold on 1 March 2019.
- Core Data & Insights business grew 16% (H1FY2019: \$9.5m) with higher gross margins (62%) compared to other business units.
- EBITDA up 583% on prior comparable period, due to positive impact of Company's cost restructuring initiatives.
- Further annualised savings to reach approximately \$4.2m in FY2020 following business restructure initiatives.
- Key focus to invest and allocate existing resources to core Data & Insights strategy, which is expected to positively impact top and bottom line.
- Extension to term of existing \$10m loan facility to February 2020.
- Secured additional \$3m corporate line of credit for additional working capital and investment.
- Initiative taken to rationalise the board, to align with the Company's revised focus.

Pureprofile Limited (ASX: **PPL** or the **Company**) is pleased to present its H1FY2019 results along with further updates to its existing operations.



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H1FY2019 Results

Revenue

Pureprofile made revenues of \$23.8m, which was 16.1% down on prior comparable period (pcp) (H1FY2018: \$28.3m).

The decline was primarily attributable to the Performance business unit, which continued to face external challenges (H1FY2019: \$5.9m; H1FY2018: \$11.1m). The ANZ Performance business unit is being sold to Unity4 (as announced to the ASX on 12 February 2019).

The Media business unit saw a slight decline on pcp (H1FY2019: \$8.4m; H1FY2018: \$9.1m). The media trading arm of the Media business has shown a longer-term decline and with further declines anticipated, was sold in November 2018 (and announced to the ASX on 4 October 2018).

Pleasingly, the Company's remaining Data & Insights business unit grew 16% on pcp (H1FY2019: \$9.5m; H1FY2018: \$8.2m). The continued growth of this business unit is the key focus for the Company.

Gross profit and margin

Gross profit was down on pcp, due to decline in revenues (H1FY2019: \$11.0m; H1FY2018: \$12.5m) from non-continued operations. However, gross margin (%) was up from 44% to 46% and this was due to the greater mix of revenues from Data & Insights, which has traditionally recorded higher margins.

With the focus on the growing Data & Insights business and the sale of the ANZ Performance and media trading businesses, it is expected that there will continue to be an increasing mix of revenues generated by Data & Insights, which will have a positive impact on gross profit and gross margin growth.

EBITDA

Pureprofile's cost restructuring initiatives, which commenced in H2FY2018, started to have a significant, positive impact on the Company's EBITDA, which was up 583% on pcp (H1FY2019: \$0.27m; H1FY2018: \$0.04m).

Further cost-savings identified

Complementing the cost savings from the sale of Cohort Australia (see below), other corporate costs and overhead have been identified as areas for additional savings.



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The implementation of these savings initiatives (including from the sale of Cohort Australia) - to be fully realised in FY2020 - is expected to generate further annualised cost savings of approximately \$4.2m.

Sale of Cohort Australia

As disclosed to the ASX on 12 February 2019, the Company entered into an agreement with Unity4 for the sale of its ANZ Performance business. Completion is on track for 1 March 2019. Following completion of the sale, new and existing investments will be allocated to growing and improving the remaining business units, which have performed more strongly.

Revised terms of loan facility and additional \$3m funding

The Company has also agreed new terms on its existing loan facility with Lucerne Finance Pty Ltd (Lender). Under the revised terms, the maturity date of the existing \$10m loan facility has been extended to February 2020.

Additionally, under the same facility, a \$3m corporate line of credit has been secured (Tranche B Facility), with an initial drawdown of \$2.5m and the remaining \$0.5m to be drawn at the discretion of the Lender. The Tranche B Facility matures on 30 June 2020.

Material terms of the facility were disclosed to the ASX on 2 November 2017. New or revised key terms of the facility include:

- introduction of a repayment schedule on the Tranche B Facility;
- in the event that an acquisition, recapitalisation or other control-taking event is agreed between the Company and a third-party (Control Transaction) the balance of the total facility will become due and payable; and
- If a Control Transaction occurs, the Lender will be entitled to a 'Repayment Fee', which will be calculated on the amount of consideration under that transaction that is in excess of the Company's corporate debt (Excess Consideration) as follows:

Excess Consideration	Repayment Fee
\$0 - \$4,999,999	(Excess Consideration - \$1m) x 0.975
\$5,000,000 - \$9,999,999	(Excess Consideration - \$1m) x 0.950
\$10,000,000 - \$14,999,999	(Excess Consideration - \$1m) x 0.900
\$15,000,000 or greater	(Excess Consideration - \$1m) x 0.850



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Board Changes

With the Company undergoing key changes and with a renewed focus on expanding the higher-growth, higher-margin businesses, the Board has been considering making changes to its composition.

As part of this initiative, it was announced on 12 February 2019 that Mr Marcelo Ulvert had resigned following the announcement of the sale of the Cohort Australia business.

As further part of this rationalisation, following the release of the half-year results, Mr Clifford Rosenberg will also resign with immediate effect. Mr Rosenberg has been a director since June 2015 and the Board thanks him for his contribution.

CEO Commentary

Pureprofile CEO and Managing Director, Nic Jones, said: 'It has continued to be a challenging year for Pureprofile as we've entered FY2019. In the past, the business has tried to do too many things and we need to focus on doing less things really well. Through the sale of the media trading and Cohort ANZ businesses, the Company can now focus on its core Data & Insights strategy and invest in an area that has continued to grow and generate higher margins.

'A great example of this is the evolution of our technology solutions. These have enabled us to expand on partnership opportunities with companies like Raiz Invest, who today announced the completion of our technology integration. This will enable their members to participate in surveys directly in their own personalised feed within the Raiz app.

'Our lender, Lucerne, has continued to be supportive of our business and initiatives like the one with Raiz. The additional funding will assist to make further investment in our remaining businesses.

'As we become a simpler business, it also made sense to have a smaller Board with more specialised skills that can assist with our Data & Insights strategy. Both Marcelo and Cliff's contributions have been invaluable and I thank them for their guidance and advice since I started as CEO.

'I would also like to thank our staff who have gone through what has been a difficult time, given the many changes. Their resilience and perseverance gives me great confidence that we have some of the most dedicated and talented individuals to guide this Company through its next phase. There is still much work to do to deliver value to our shareholders and, to this end, we have made significant changes to the business, which will deliver stability and growth in the long-term.'

- ENDS -



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About Pureprofile

Pureprofile Limited (ASX: PPL) connects brands with empowered customers across the world by finding, understanding and engaging them through direct-to-consumer technology platforms. The Pureprofile group is a global leader in data and insights, programmatic media and performance media. Pureprofile delivers next-generation marketing solutions for more than 700 brands, publishers and research groups worldwide.



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