

ASX Announcement

28 August 2015

Strong FY15 Results Outperforming Prospectus Forecasts

Highlights

- Pro forma¹ FY15 revenues of \$21.7m exceed Prospectus forecast by \$1.1m
- Gross profit margin outperformed Prospectus forecasts at 50% vs. 47% forecast
- Integration of Sparc Media on track to realise significant synergies
- Agreement signed with ProductReview.com, opening up new profiling and media opportunities
- The FY16 forecast is not dependent on new income streams from recent alliances not synergies from Sparc Media, which seek to provide additional revenue and profit growth
- Positioned for continued growth following recent performance and successful IPO

Pureprofile Limited (ASX:PPL) (The '**Company**'), Australia's leading profile marketing and insight technology company is pleased to report the Company's full-year results for the year ending 30 June 2015. The financial results provided in this announcement are on a pro forma basis and include the Sparc businesses for the full year ended 30 June 2015.

In July 2015, Pureprofile listed on the Australian Stock Exchange and successfully raised \$12.1 million in an oversubscribed capital raise, which received strong retail and institutional support from a number of prominent funds. The offer facilitated the acquisition of leading programmatic advertising business Sparc Media upon listing, which enabled Pureprofile to extend the use of profiles via programmatic retargeting.

1. Financial Results

The full-year results reflect the Company's strong performance for the year, with pro forma revenue of \$21.7 million for FY15, which surpassed the Prospectus forecasts by more than \$1.1 million (5%).

Growth was driven by accelerating performance across all revenue lines in Q4, providing strong momentum moving into Q1 FY16. The final quarter was particularly strong for the media trading business, which exceeded Prospectus forecasts by \$0.9m and is showing good indications for further growth in FY16.



Pro forma Operating EBITDA ² was up 100% against Pro forma forecast to \$0.6 million for FY15. The increase reflects Pureprofile's high operating leverage and the improvement in Pro forma Gross Profits to 50% (vs. 47% forecast).

a. Online Research

The Online Research performed strongly with Pro forma revenue increasing to \$8.6m, up 18% on FY14.

Pureprofile intends to expand its market research business internationally and in Q2 2016 it will open its New Zealand operation, initially to support the publisher licensing agreement with AA Smartfuel (described below).

b. Media Trading

The integration of Sparc is proceeding well and its media trading business continues to grow with record results achieved in June and July 2015. FY15 Pro forma revenue increased to \$12.5m, up 39% on FY14.

Further product development is in progress with the development of a sell-side platform. In FY16, Pureprofile will increase its media revenues by incorporating profile data into managed programmatic and performance marketing campaigns offering clients more targeted and effective campaigns.

c. Platform Licensing

Publisher licensing is a relatively new business for Pureprofile that generated Pro forma revenue of \$0.6m in FY15. Publisher licensing agreements typically provide large publishers with access to Pureprofile's profiling platform, big data analytics and support services. Pureprofile typically receives a monthly license fee and a share of revenue generated from the platform.



d. Summary of Pro forma Results

| A\$ million | FY2015A | FY2015F | Actual v Prospectus Forecast % | FY14 | Change % |
|---|-------------|-------------|--------------------------------|--------------|-------------|
| Online Research | 8.6 | 8.5 | 1% | 7.3 | 18% |
| Media | 12.5 | 11.6 | 8% | 9.0 | 39% |
| Platform | 0.6 | 0.5 | 20% | 0.9 | (33%) |
| Revenue | 21.7 | 20.6 | 5% | 17.2 | 26% |
| Gross Profit | 10.8 | 9.7 | 11% | 9.1 | 19% |
| Operating EBITDA ² | 0.6 | 0.3 | 100% | (1.1) | 155% |
| Underlying Net Profit (Loss) after Tax ³ | 0.3 | (0.5) | 160% | (1.4) | 121% |
| Gross Profit Margin (%) | 50% | 47% | 3bp | 53% | (3bp) |
| Operating EBITDA Margin (%) | 3% | 1% | | (6%) | |

Notes:

1. The Pro Forma financial information has been derived from the audited financial accounts of Pureprofile Limited and the reviewed financial accounts of Sparc (comprised of Sparc Media Pty Ltd, Adsparc Pty Ltd, Future Students Pty Ltd, Funbox India Private Ltd and Sparc Media sp. z.o.o. (Collectively referred to as 'Sparc');
2. Operating EBITDA excludes interest, tax, depreciation, amortisation, and one-off non-recurring transaction costs associated with the IPO and Sparc Media acquisition totalling approx. \$2.0 million;
3. Underlying Net Profit (Loss) after Tax excludes one-off non-recurring transaction costs associated with the IPO and Sparc Media acquisition of \$1.7 million

Operating Performance

Pro forma Operating EBITDA exceeded Prospectus forecast by \$0.3 million, notwithstanding Pro forma Gross Profit exceeded Prospectus forecast by \$1.1 million. The Group had invested in key staff during Quarter 4 to facilitate its growth strategy for FY16. The FY15 Operating EBITDA therefore includes additional expenditure for FY16 expansion.

2. Strategic alliances

• **News Limited**

In line with Pureprofile's strategic goals to accelerate media revenues, the business is making further investment in growing new alliances. In FY15, the Company signed an agreement with News Limited to license Pureprofile's SaaS technology platform and services. The agreement will see News Limited's readers and members' incentivised to build their profile in return for free subscriptions and benefits. Under this agreement Pureprofile has also partnered with News Limited to launch its new "News Connect" service, which was launched on the 31 July 2015.



- **News.com.au**

Pureprofile is excited to further expand its relationship with News Limited to incorporate news.com.au, Australia's largest news website. Using Pureprofile's scalable SaaS platform, the alliance will provide significant advantages to the insights and media components of the business.

- **ProductReview.com.au**

As announced to the ASX on 26 August 2015, the Company signed a revenue-sharing agreement with ProductReview.com.au, Australia's leading consumer opinions site to open up new profiling and media opportunities. ProductReview.com.au has more than 4 million monthly visitors and 9 million monthly pageviews, gathering comprehensive intent data and reviews across high-value consumer segments – including automotive, insurance, electronics, appliances and telecommunications.

- **AA Smartfuel**

Pureprofile signed an agreement with AA Smartfuel Limited to recruit AA Smartfuel members to its website and establish its online market research and marketing products in the New Zealand market. This is on track to launch in Q2 FY16.

3. Sparc Media acquisition

Pureprofile's integration with Sparc Media is progressing well with strong momentum in the media trading business accelerating through Q4 FY15 into FY16. The Company will continue to develop innovative ways to create and utilise valuable first-party data through Pureprofile account holders. This will offer clients more targeted and effective marketing campaigns and offers a competitive advantage in the programmatic space.

4. Further licensing and acquisition opportunities

In addition to the publisher alliance agreement with News Limited, there is an opportunity for Pureprofile to license its SaaS platform to other large publishers. It is currently in a number of discussions with several content publishers and membership-based rewards organisations.

The Company also intends to increase the quantity and quality of its Profiles through acquisitions of databases, sources and channels and by offering further rewards and initiatives. Any acquisition will be in line with Pureprofile's strategic growth initiatives and focus as a marketing technology company.

5. Growth initiatives & outlook

The Company continues to move forward with its stated growth initiatives. \$4 million of funds earmarked for these initiatives will be deployed across the business in line with Pureprofile's four key growth drivers:



- extending its publisher alliances;
- continued investment in enhancing its products and technology;
- international expansion; and
- incorporating further Profile data into managed campaigns.

The current FY16 forecast is not dependent on these new income streams, which seek to provide additional revenue growth.

Strategic acquisitions will also be considered where they help Pureprofile enter new markets or add scale and capabilities.

The Board has reconfirmed its guidance for FY16 of \$28.1m revenue and \$2.5m EBITDA

Paul Chan, CEO, Pureprofile commented:

"We are extremely pleased to exceed our forecasted results due to accelerating momentum in the final quarter of FY15.

"As a 15-year-old company, we're in the strongest position we've ever been in and will continue to execute our strategic initiatives and leverage our innovative, proprietary profiling technologies.

"As a listed company, and through the strong support of our investors, we are well funded to execute on our growth plans and scale our operations in new and existing markets. Both the News Limited and AA Smartfuel partnerships are expected to provide significant benefits and positively impact our growth rate in FY16.

"The fact we finished strongly gives us excitement about the opportunities for further growth as we continue to capitalise on our strengths and competitive advantages through pioneering products that deliver sustainable revenues.

"We're delighted that revenues are ahead of Prospectus forecasts and based on this performance we're confident to achieve or better our Prospectus forecasts in FY16."

ENDS

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About Pureprofile (ASX:PPL)

Pureprofile is an established marketing, insights and technology company that provides a platform for consumers to share personal, preference and intent information in exchange for rewards. Since 2002, Pureprofile has enabled individuals worldwide to create, manage and enrich their online profiles via simple web and mobile apps, and has helped them monetise this information by connecting them to global brands, publishers and advertisers.

Pureprofile listed on the ASX in July 2015 after acquiring programmatic media trading company Sparc Media to further accelerate its consumer profiling and retargeting capabilities.