

Corporate

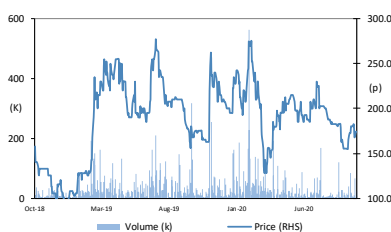
 Current price **174p**

 Sector **TMT**

 Code **BOOM.L**

 AIM **AIM**

Share Performance



	1m	3m	12m
BOOM.L	12.3%	-13.0%	1.0%

Source: Thomson Reuters, Allenby Capital

Share Data

 Market Cap (£m)* **24.5**

 Shares in issue (m)* **14.1**

52 weeks	High	Low
	275p	127p

 Financial year end **December 31**

 Source: Thomson Reuter, Allenby Capital.
 * pre-subscription

Key Shareholders

N Candy/Candy Ventures	26.8%
Herald IM	6.6%
Slovar Limited	3.5%
R Maddock	2.4%
R Sargent	1.8%

 Source: Company Data, Allenby Capital.
 * pre-subscription

David Johnson

0203 394 2977

d.johnson@allenbycapital.com

www.allenbycapital.com

Audioboom plc (BOOM.L)

Record quarter, end of FSP and new subscription

Audioboom plc, the leading global podcast company, has announced record Q3 revenue, the conclusion of the formal sales process (FSP) and a £3.15m subscription from a new investor at a significant premium. The company continues to gain market share in a sector that is already enjoying strong growth levels as audiences expand and brands invest in a medium that offers high levels of audience engagement. Good performance against KPIs (brand count, eCPM and available ad inventory) and Audioboom is managing its cost base and cash resources with Q3 adj. EBITDA loss down 59% to \$0.4m and available funds of \$3.8m (pre-subscription). Management engaged with several interested parties during the FSP but none of the proposed transactions reflected BOOM's growth potential, particularly around Audioboom Originals Network (AON). We reintroduce FY20 forecasts that reflect the dip in trading in Q2 and the strong Q3 recovery that we anticipate will continue into Q4, and the new subscription funds.

- Revenue growth:** Q3 revenue of c. \$6.5m up 15% on Q3 FY19 and 19% on Q2 FY20 demonstrating a bounce back in growth since the start of COVID-19. Nine-month revenue of \$18.3m is up 18% and is comfortably outpacing recent forecasts for the US podcasting advertising market (+10.4% in 2020). Good recovery in KPIs: brand advertiser count of 252 as at quarter end (+3% on Q3 FY19 and +8% on Q2 FY20); and eCPM for September at \$32.69 (+19% on September 2019 and +29% on June 2020). During Q3, AON podcasts achieved an eCPM of \$35.85 – a core focus as AON offers enhanced gross margins and IP value. Total nine-month available premium advertising impressions +8% to 1.2bn.
- Reduced losses:** Adj. Q3 EBITDA loss reduced 59% to \$0.4m and by 32% over the nine months to \$1.6m reflecting revenue growth and cost control. BOOM had access to capital of \$3.8m as at Q3 comprising \$0.5m in cash and \$3.3m undrawn of the \$4m SPV loan facility announced in February. BOOM also has access to \$3m of the SPV content funding guarantee facility (June 2019). The subscription for a 10% stake by Singapore-based One Nine Two Pte at 225p/share represents a 30% premium. The £3.2m will provide further growth capital for investment, principally in original content.
- Commercial developments:** BOOM has continued to invest in AON with the launch of *Truth vs Hollywood*, *Baby Mamas No Dramas*, *Huddled Masses* and *Because Mom Said So*. It has also added established podcasts to its premium sales network, signed a commercial partnership with Rogers Sports & Media to monetise inventory in Canada and significantly improved the performance of Ad Network, BOOM's programmatic advertising service, with Q3 revenue +292% over Q1. The company continues to chart well in the Triton Digital Podcast Reports for the US and Australia.

Year End: December 31

(\$'000)	2017A	2018A*	2019A	2020E
REVENUE	6,056	11,656	22,310	25,462
ADJ. EBITDA	(5,629)	(4,685)	(2,860)	(1,905)
ADJ. PBT	(5,682)	(4,809)	(2,957)	(2,205)
ADJ. EPS (cents)	(64.67)	(43.32)	(19.53)	(15.74)
CASH	968	1,581	1,992	3,544
EV/REVENUE (x)	3.9	2.6	1.3	1.2
EV/EBITDA (x)	NEG	NEG	NEG	NEG

Allenby Capital acts as Nomad & Broker to Audioboom plc (BOOM.L). * 13 month period

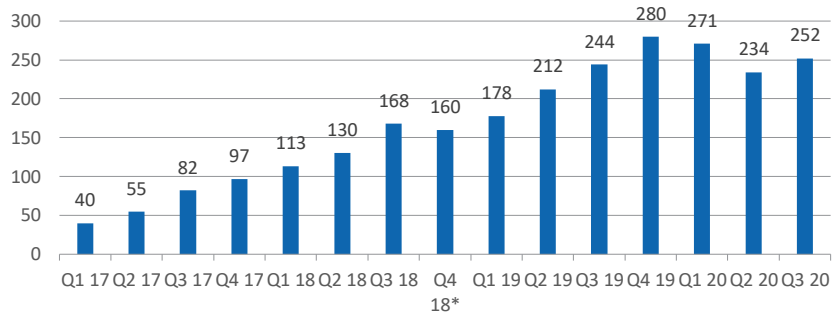
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Strong Q3 performance; positive outlook

Audioboom’s Q3 trading update demonstrates a return to growth across all KPIs at the leading global podcast company following the dip in global digital advertising spend in Q2 on the back of COVID-19. The podcasting industry as a whole has bounced back and Audioboom continues to outpace the industry with revenue growth in the first nine months of 18% to \$18.3m compared with the US market that is forecast to grow at 10.4% in 2020 (Source: eMarketers). The new subscription from One Nine Two Pty provides the company with resources to invest further in its Audioboom Originals Network (AON).

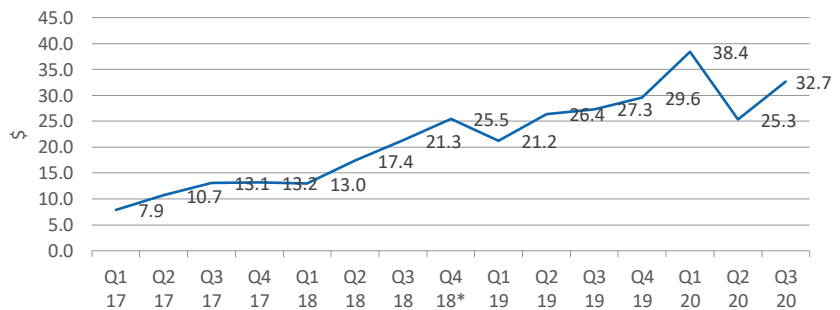
Q3 saw growth in the number of active brand advertisers during the quarter to 252 and the eCPM rate, the revenue BOOM is able to generate per 1,000 downloads, recovered following the Q2 dip to \$32.69, up 19% on September 2019 and +29% on June 2020. There was a marked drop in all forms of digital advertising spend during Q2 as brands adjusted to the impact of COVID-19 but podcasting has recovered much faster than many other forms of digital audio advertising spend, accelerating existing trends. Audioboom’s total available premium advertising impressions for the nine months increased 8% to 1.2bn.

Exhibit 1: Audioboom brand advertiser count (active in the quarter)



Source: Company; Allenby Capital. * 4-month period.

Exhibit 2: Audioboom eCPM (revenue per 1,000 downloads)



Source: Company; Allenby Capital* 4-month period.

Within the overall eCPM, the rate achieved at Audioboom Originals Network (AON) of \$35.85 in Q3 is particularly encouraging as AON content offers much higher gross margin to Audioboom and also represents valuable content IP that Audioboom owns. The nascent stage of Audioboom’s original content and production operation was highlighted during the FSP and AON is at the core of Audioboom’s growth strategy with five new podcasts due to premier in Q4. Additional investment in Audioboom’s production operation during 2021 will provide an enhanced level of original content, IP and network performance.

The Q3 KPIs indicate that Audioboom is successfully attracting brands to its content and also increasing spend in each episode (higher ad rates and/or better advertising fill rates). There was also a significantly improved performance from Audioboom’s Ad Network, its programmatic advertising, with Q3 revenue up 292% over Q1, albeit from a low base. There is scope to grow this revenue stream as a complement to host-read advertising particularly for back catalogue shows. Meanwhile the company’s relationships with Voxnest and AdsWizz means it is better able to target advertising and Audioboom has also renewed its partnership with Nielsen for the provision of qualitative data for Audioboom’s sales operation.

Audioboom Originals Network (AON)

During Q3, Audioboom expanded AON with the launch of *Truth Vs Hollywood*, *Baby Mamas No Dramas*, *Huddled Masses*, and *Because Mom Said So*. Audioboom has also added to its premium sales network through new commercial partnerships with the likes of *Rotten Mango* and *Ari Shaffir’s Skeptic Tank*. The company was well represented at the recent IAB UK Podcast Upfronts 2020 event with Heston Blumenthal (*Journey to the Centre of Food*); the addition of *Dope Black Dads* to the network; the new *Huddled Masses* from Alex Hannaford, the creator as *Dead Man Talking*; *The Good, The Bad and The Rugby* with James Haskell, Mike Tindall and Alex Payne; the new podcasts from Dion Dublin (*Dion’s Gaffer Tapes*) and Gaby Roslin (*That Gaby Roslin Podcast*); and further series from Sue Perkins (*An hour or so with...*).

Audioboom continues to perform well in the Triton Digital Podcast Reports (the US, Australia and Latin America) and has maintained its position as the sixth largest US podcast publisher and the largest international publisher in Australia. These reports that include many of the largest podcast networks are used by advertisers when determining where to direct spend. Audioboom also signed a new commercial agreement with Rogers Sports & Media to monetise its advertising inventory in Canada, Audioboom’s fourth largest market. This follows a similar agreement signed with Australian Radio Network in H1.

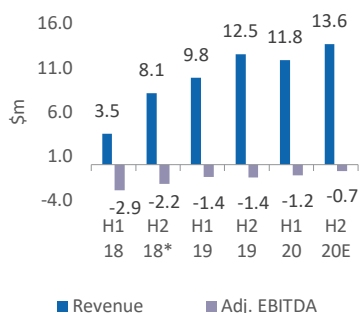
End of strategic review and Formal Sales Process (FSP)

Audioboom has concluded the strategic review and formal sales process that was announced in February 2020. The company engaged with several interested parties during the process and a number of potential deal structures and outline valuations were proposed and considered but the board concluded that none of these reflected the current business and Audioboom’s growth potential. As the FSP has concluded, Audioboom has terminated the engagement with Raine Advisors Limited. There have been no transaction fees paid or are payable to Raine.

Subscription

Audioboom was recently approached by One Nine Two Pte Ltd, a Singaporean company established to take advantage of high-tech growth opportunities, with an interest in subscribing for a 10% stake in the company. This will take place at 225p/share, representing a c. 30% premium to the latest closing price. Whilst the company had access to sufficient funding to take it through to its cash breakeven position, the new funds will provide further growth capital for investment, principally in original content, aimed at driving additional medium-term growth. Admission for the shares is expected on November 5th.

Exhibit 3: Revenue & adj. EBITDA progression



Source: Company; Allenby Capital. * 4-month period

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Allenby Capital, 5 St Helen’s Place London EC3A 6AB, +44 (0)20 3328 5656, www.allenbycapital.com