

Corporate

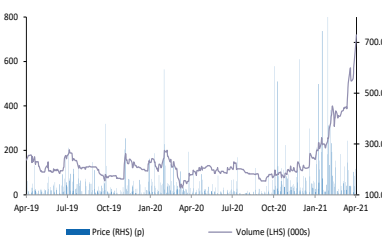
 Current price **700p**

 Sector **TMT**

 Code **BOOM.L**

 AIM **AIM**

Share Performance



	1m	3m	12m
BOOM.L	62.8%	167%	267%

Source: Thomson Reuters, Allenby Capital

Share Data

 Market Cap (£m) **109.71**

 Shares in issue (m) **15.7**

52 weeks (p) High Low

702 **154**

 Financial year end **31 December**

Source: Company Data, Allenby Capital

Key Shareholders

Nick Candy/Candy Ventures 14.47%

AAQUA BV 11.16%

One Nine Two Pte Ltd 8.93%

Herald IM 5.88%

Kingsley Duffy/Slovar Ltd 3.09%

Source: Company Data, Allenby Capital

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Audioboom Group plc (BOOM.L)

Record quarterly performance; maiden EBITDA profit

Positive Q1 trading update from Audioboom, one of the largest independent global podcasting companies, with record quarterly revenue and the important milestone of a maiden quarterly adj. EBITDA profit. BOOM continues to outpace the global podcasting market, itself the fastest growing digital audio market, and there was strong KPI performance (global downloads, brand count and eCPM). The company is pursuing its content focused expansion strategy with the launch of additional Audioboom Originals Network (AON) podcasts and new content partnerships and increasing its sales reach. The traditional seasonal Q1 drop off did not materialise and BOOM had signed advertising bookings, equivalent to >90% of our existing FY21 revenue forecasts, by quarter end. As a result, management expects to comfortably exceed these forecasts and we upgrade FY21 and introduce FY22 forecasts. We also increase our fair value per share to 850p (from 500p), equivalent to 4.9x FY21 EV/revenue, and 4.0x FY22.

- Q1 performance:** Record quarterly revenue of \$9.5m up 49% on Q1 FY20 and +12% on Q4 FY20, the previous record, coupled with ongoing cost control resulted in a maiden EBITDA profit of \$0.03m (Q1 FY20: \$0.5m loss). Strong KPI performance: average global monthly downloads 87.1m, +37% over Q1 FY20; average brand advertiser count of 301 (+12%); and an average eCPM of \$40.55 (+14%). It should be noted that all KPIs are now averages across the quarter. March downloads were 91.6m. Some working capital expansion around receipt/payment timing and the payment of recoupable advances resulted in cash reducing \$1.1m to \$2.2m but BOOM also has access to the \$3.3m non revolving loan facility.
- Operating highlights:** Further expansion of AON with the launch of *RELAX! with Colleen Ballinger and Erik Stocklin*, that reached no.1 on the Apple US podcast chart, and *Dark Air with Terry Carnation*, a show written by and starring Rainn Wilson from *The Office* (US). Expanded premium sales network with *Wafflin' with Joe Weller*, *Curbsiders*, and *Dark History with Bailey Sarian* and a three year renewal with *True Crime Obsessed*. New partnership with MAPP Media for monetisation services for BOOM's impression-based advertising inventory in the UK, Ideabrew Studios (India) and extended and expanded partnership with Australian Radio Network. Overall ranked fourth in Triton Digital's March 2021 ranker of the largest US podcast publishers by number of weekly users.
- Forecasts:** We upgrade FY21 revenue forecast by 6% to \$37.5m but assume some of this will be reinvested in operating costs and hence adj. EBITDA increases to \$50k from \$15k. FY22 forecasts assume 20% revenue growth and 5% operating cost increase, resulting in an adj. EBITDA of \$1.1m. Our new fair value of 850p/share (from 500p) is equivalent to an FY21 EV/revenue of 4.9x, falling to 4.0x in FY22.

Year End: December 31

(\$'000)	2018A*	2019A	2020A	2021E	2022E
REVENUE	11,656	22,310	26,782	37,521	45,139
ADJ. EBITDA	(5,642)	(2,970)	(1,720)	51	1,095
ADJ. PBT	(5,772)	(3,067)	(1,930)	(49)	995
ADJ. EPS (p)	(52.51)	(21.26)	(13.52)	(0.31)	6.34
NET CASH (£m)	1,581	1,992	3,257	1,675	1,889
EV/REVENUE (x)	12.8	6.7	5.5	4.0	3.3
EV/EBITDA (x)	NEG	NEG	NEG	>100	>100

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

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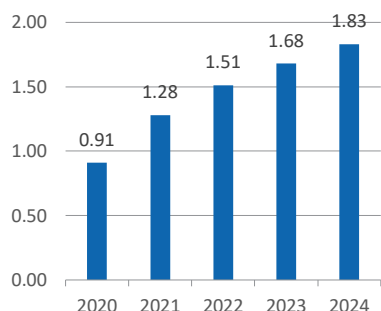
Investment summary

Record quarterly performance from Audioboom plc, one of the largest independent global podcast companies, following on from the strong FY20 announced in March (note available [here](#)) and the company continues to outpace the global podcasting market. The traditional seasonal drop-off in Q1 advertising demand did not materialise and Q1 exceeded Q4 FY20, itself a record quarter, by \$1m in revenue to \$9.5m. Good ongoing cost control resulted in the company achieving a maiden adj. EBITDA profit, ahead of our expectations.

Audioboom’s demonstrated growth across all revenue lines – premium advertising sales, automated ad tech network (up >300%), Audioboom Originals Networks, third party representation (Sonic IM) and subscriptions - and the company exited Q1 with more than 90% of our existing forecast (\$35.4m) covered by signed advertising bookings. As a result, we have upgraded our FY21 forecasts by 6% to \$37.5m and management reports bookings covering >85% of the upgraded forecast. As Q3 inventory for the Top 20 shows was only released on March 31st and Q4 inventory will not be released until June, the new FY21 forecast is heavily underpinned. Some of the increase in the revenue forecast will be reinvested in the business and hence we increase adj. EBITDA to \$50k from \$15k.

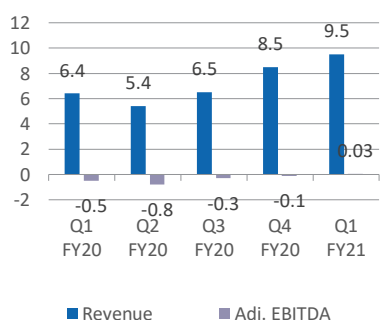
We also introduce FY22 forecasts that assume 20% revenue growth (slightly ahead of the 18% forecast for the US podcast advertising market by eMarketers (Exhibit 1)), flat gross margin (22.5%) and a 5% increase in operating costs. This translates into an adj. EBITDA of \$1.1m.

Exhibit 1: US Podcast Ad Spending (\$bn)



Source: eMarketer

Exhibit 2: Revenue & Adj. EBITDA (\$m)



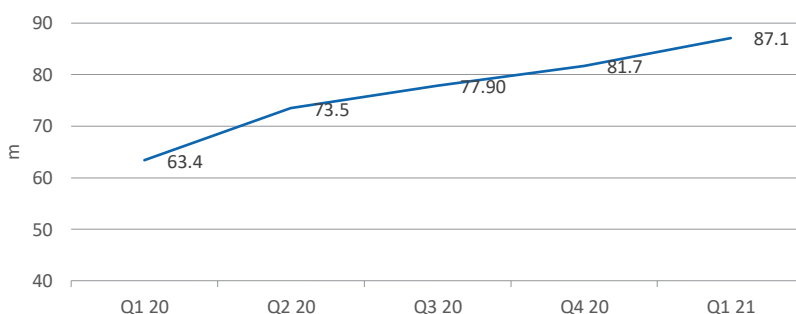
Source: Company; Allenby Capital

The growth and attractions of the global podcasting industry have driven considerable consolidation activity with acquisition multiples, where disclosed, in the range of 4.5x to 7.0x historic revenue with content IP commanding a premium. The momentum demonstrated by Audioboom and the scope for further growth justifies an EV/revenue multiple in this range and hence we increase our fair value to 850p/share (from 500p), equivalent to an FY21 EV/revenue of 4.9x and 4.0x FY22.

Q1 financial performance

Q1 revenue was a record \$9.5m up 49% on Q1 FY20 and by 12% on Q4 FY20, the previous record. Combined with good operating cost control, there was a small maiden adj. EBITDA profit. There was strong performances across the company’s KPIs. The average global monthly downloads in Q1 were 87.1m, up 37% over Q1 FY20 and downloads in March were 91.6m. The average monthly brand advertiser count was 301, up 12% on Q1 FY20 and in line with Q4 FY20. And the average eCPM (the revenue derived from every 1,000 downloads) increased 14% to \$40.55, another record. Exhibits 3, 5 and 6 demonstrate the progress made.

Exhibit 3: Average monthly global downloads



Source: Company; Allenby Capital

The key growth drivers for this downloads KPI have been acquiring new independent shows and launching new Audioboom Original Network shows; the organic market growth of podcast consumers; and the marketing and promotion of podcasts to acquire new audience. Audioboom ranked fourth in Triton Digital’s March 2021 ranker of the largest US podcast publishers by number of average weekly users.

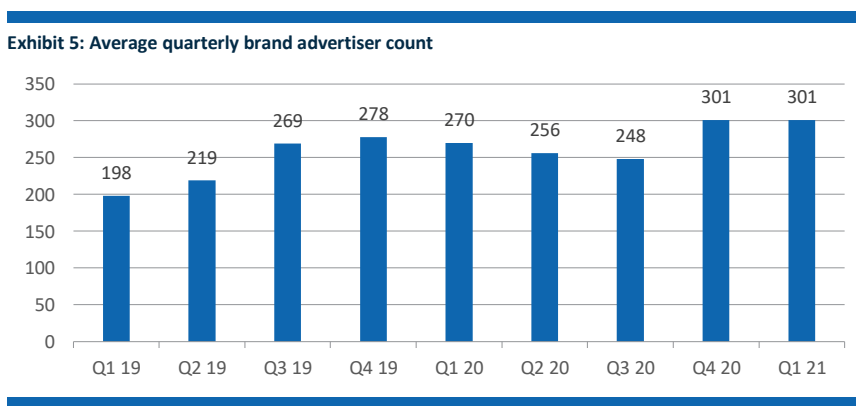
Exhibit 4: US Podcast Report: Top 15 Networks (February 2021)

Rank	Podcast Network	# of Active Podcasts	Average weekly users (m)
1	NPR	54	11.2
2	Stitcher Media	800	9.4
3	Entercom/Cadence13/Pineapple Studios	500	5.2
4	Audioboom	267	3.8
5	AdLarge/cabana	136	3.3
6	Cumulus Media/Westwood One	292	3.1
7	Wondery	96	3.0
8	NBC News	42	2.6
9	Kast Media	94	1.8
10	WarnerMedia	105	1.6
11	All Things Comedy	48	0.8
12	FOX News Podcasts	40	0.8
13	Salem Communications	645	0.4
14	CBC/Radio-Canada	208	0.2
15	Bonneville International	248	0.2

Source: Triton Digital

As flagged in the recent finals, Global Downloads is an industry standard metric and replaces Audioboom’s proprietary Premium Advertising Impression KPI. This new KPI is measured by the Interactive Advertising Bureau’s Podcast Measurement Standard V2 and is verified by Triton Digital. It better resonates with brands and agencies.

The metric represents the average monthly downloads over the quarter and Audioboom has moved its other metrics (brand advertiser count and eCPM) to a monthly average to ensure greater consistency. Previously, these latter KPIs recorded the final month of each quarter. This results in some minor changes to historic KPI numbers.



Source: Company; Allenby Capital

As discussed, there was no seasonal drop off in demand in Q1 and a function of Audioboom adding new genres to widen its brand appeal; the general growth of brands advertising in podcasts; and the good performance of campaigns with major agencies resulting in more of their clients advertising in podcasts.

Exhibit 6: Average quarterly eCPM



Source: Company; Allenby Capital

Drivers for the further increase in the eCPM was increasing advertising fill rates across the Audioboom premium network of shows (97% fill rate of the top 15 shows in Q1); increasing advertising CPMs (i.e. advertising rates); and the use of the second sales window (archive and back catalogue shows) through Ad Tech sales (up >300% on Q1 FY20).

Profit and cash

Ongoing cost control and the revenue growth resulted in a maiden adj. EBITDA profit of \$0.03m (Q1 FY20: \$0.5m loss). Cash reduced \$1.1m to \$2.2m in Q1 reflecting some expansion in working capital around debtor/creditor payment timing plus the payment of recoupable advances and we would expect this to unwind during the year. As well as the internal cash resource, Audioboom also has access to a further \$3.3m of the non-revolving loan facility from SPV Investments.

Operational highlights

Audioboom is pursuing its content focused expansion strategy with the launch of additional Audioboom Originals Network (AON) podcasts ('make content') and premium sales network partnerships ('acquire content') as well as increasing its advertising monetising services through sales partnership agreements and securing additional brands for Sonic IM ('access content').

AON launches so far this year include *RELAX! with Colleen Ballinger and Erik Stocklin* – that reached number one on the Apple US podcast chart – and *Dark Air with Terry Carnation* – a show written by and starring Rainn Wilson, who starred as Dwight Schrute in the US version of *The Office*. *Dark Air* premiered on 1st April, reaching number eleven in the Apple US comedy podcast chart and has also received considerable press coverage.

Premium sales network

Audioboom has expanded and extended its partnership with leading podcast True Crime Obsessed, including a development deal to launch new podcasts under the Obsessed Network brand. True Crime Obsessed has been downloaded more than 70m since partnering with Audioboom in 2017. The new distribution and exclusive monetisation deal extends the partnership until 2024.

Audioboom will support the development of a new slate of podcasts for the Obsessed Network. Existing network shows include *Obsessed With: Disappeared, Strange & Unexplained with Daisy Egan*, and *Crimes of the Centuries*. Audioboom and the True Crime Obsessed team will develop and launch additional podcasts under the network banner over the coming three years.

The Morning Toast, a popular daily podcast, has also renewed its partnership with Audioboom until 2022. The lifestyle and pop culture podcast has been downloaded >90m times since joining Audioboom's premium network in 2018.

Exhibit 7: Dark Air with Terry Carnation



Source: Company

New commercial partnerships with leading podcasts include *Wafflin' with Joe Weller*, *Curbsiders*, and *Dark History with Bailey Sarian*.

Advertising sales partnerships

Audioboom has signed new advertising sales partnerships with MAPP Media in the UK and Ideabrew Studios in India as well as extending and expanding its commercial partnership with the Australian Radio Network (ARN) in Australia. These provide the company with a low cost route to accessing revenue opportunities in additional geographic markets. Finally, Rogers Media sold the first Audioboom ad campaigns for the week of April 5th in Canada.

MAPP Media - UK

MAPP Media will provide dynamic ad insertion sales across Audioboom's portfolio of >8,000 podcasts that are downloaded >12m times in the UK each month through a second window sales model. Audioboom's in-house team will continue to focus on the premium model of embedded, host read ads. By offering more revenue opportunities to independent producers and key talent, Audioboom should be able to expand/retain its roster of UK-based podcasts.

Australian Radio Network - Australia

The agreement with ARN has been extended to 2023 and also expanded to cover the monetisation of both premium and programmatic inventory through Australia-based agencies and brands. Audioboom is the leading international podcast publisher in Triton Digital's Australian podcast ranker with >5m monthly downloads and has the most downloaded podcast in Australia, *Casefile True Crime*.

Ideabrew Studios - India and Middle East

The sales partnership with Ideabrew Studios covers India and the Middle East and Ideabrew will provide advertising sales representation in a region where Audioboom's podcasts are downloaded >4m times a month but revenue to date has been limited.

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