

CORPORATE

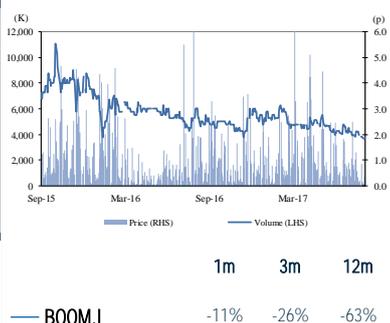
Current price 2.375p

Sector Media

Code (BOOM.L)

Listing AIM

SHARE PERFORMANCE



Source: Fidessa, Allenby Capital

SHARE DATA

Market cap (£) £22.1

Shares in issue (m) 930.6

52 weeks High 3.1p Low 1.8p

Financial year end November

Source: Company Data, Allenby Capital

LARGEST SHAREHOLDERS

N Candy 16.4%

Herald Investment Management 6.4%

Slovart Ltd 5.2%

Dragon Holdings International 2.8%

Source: Company Data, Allenby Capital

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AUDIOBOOM (BOOM.L)

Q3 Update – Continued substantial growth

Record Q3 revenue coupled with record forward bookings for Q4 and growth across its KPIs leaves AudioBoom, the podcasting company, well placed to achieve our FY17 forecasts. Q3 revenue increased 329% over last year and 32% on Q2 to £1.49m. There was also good growth in AudioBoom's KPIs and the successful launch of several podcasts during the quarter. Our FY17 revenue forecast of £5.4m implies Q4 revenue of £2.1m - a 39% increase over Q3 and c. 290% increase over Q4 FY16. As discussed in our July note, the global podcasting market continues to expand and evolve with more agencies and marketers embracing the format that provides access to high quality content and an attractive demographic. AudioBoom has built a large network of third party content creators and developed several of its own successful properties that generate higher margin revenue. It can offer podcasters a comprehensive service (create, edit, upload, store, syndicate, broadcast, cross-promote and monetise). We maintain a fair value of 7.5p/share.

- Q3 performance:** Q3 revenue of £1.49m represents a 329% increase over Q3 FY16 and 32% over Q2 FY17. There was growth in Q3 KPIs over Q2 with monthly unique users +11% to 90m in August; Q3 available advertising impressions +24% to 602m and Q3 UFRs increased 3% to 181m.
- Content channel management:** The total number of content channels reduced 4% to 11,424 following Audioboom's introduction of a nominal subscription fee for the smaller content partners. The subscription fee represents a small incremental revenue stream but more importantly frees up resources to focus on the larger and more profitable podcasters.
- Apple Podcasts overhaul:** Apple Podcasts, the most popular front-end app, has been consistently criticised for a lack of detail on podcast consumption inhibiting brand advertising adoption. From iOS 11, scheduled next week, creators will be able to track aggregated data about when users start, stop and skip within in an episode. This represents a significant step forward.
- Growth in podcasting advertising market:** Podcast advertising revenue is forecast to grow 85% to c. \$220m in 2017 (Source: IAB). Although this still represents a very small proportion of the total digital advertising market, it is attracting more companies to the format. Q3 has also seen increased investment in podcasting companies with Gimlet Media, ART19 and Dgital Media all securing additional funding.

Year End: 30 November

(£'000)	2015A	2016A	2017E	2018E	2019E
REVENUE	192	1,312	5,445	15,012	22,814
EBITDA	(5,663)	(4,568)	(4,531)	(968)	1,451
PBT (NORMALISED)	(5,640)	(4,593)	(4,564)	(1,008)	1,421
EPS (NORMALISED)	(1.03)	(0.80)	(0.49)	(0.11)	0.14
NET CASH	3,125	687	1,508	1,685	4,408
PER	NA	NA	NA	NA	13.2
EV/REVENUE	93.5	15.5	3.6	1.3	0.6

Allenby Capital acts as Nomad and broker to AudioBoom

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RESEARCH RECOMMENDATION DISCLOSURE

David Johnson is the author of this research recommendation. David Johnson is employed by Allenby Capital Limited as an Equity Analyst.

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Unless otherwise stated the share prices used in this publication are taken at the close of business for the day prior to the date of publication.

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