

CORPORATE

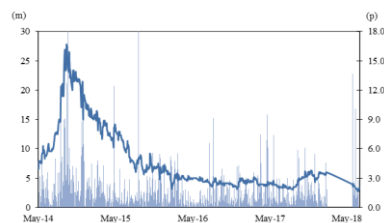
Current price 2.0p

Sector TMT

Code (BOOM.L)

Listing AIM

Share Performance



— BOOM.L -22% N/A -4.5%

Source: Thomson Reuters, Allenby Capital

Share Data

Market cap (£) 23.2

Shares in issue (m) 1,160

52 weeks High Low
3.80 1.65

Financial year end 30 November

Source: Company Data, Allenby Capital

Key Shareholders

N Candy 22.0%

Herald Investment Management 6.1%

Slovar 4.2%

R Sargent 4.1%

R Maddock 1.8%

Source: Company data; Allenby Capital

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AUDIOBOOM (BOOM.L)

Revenue and KPI growth; positive outlook

Interim results demonstrate further revenue and KPI growth for Audioboom, the provider of an end to end podcast and digital audio platform, but also the disruption of the aborted Triton Digital acquisition. This transaction absorbed management time, restricted investment into new podcasts and the H1 balance sheet was left stretched with negative net assets of £0.4m (FY17: £3.4m). The balance sheet has been strengthened with June's placing of up to £4.5m plus the £1.5m loan note conversion. Funds will be used to expand existing relationships with the likes of Spotify and Google; increase the volume of higher margin Audioboom Original Network (AON) content; acquire more third-party podcasts; and invest in its new buy-side media agency. No change to forecasts following June's [re-initiation](#).

- **Financial highlights** – Revenue increased 43% to £2.6m with adj. LBITDA reduced £0.4m to £2.2m and a further improvement expected in H2. Net cash as at 30th June was £2.6m (H1 FY18: net debt £1.2m) having cleared overdue trade payables and the costs of the aborted Triton transaction (£1.2m). The final £0.4m of the placing proceeds is conditional on HMRC approval of BOOM's VCT status.
- **KPIs** – Total H1 UFRs increased 14.5% to 372m, monthly unique users in May were 87m (+7.4%), H1 available ad impressions were 1,241m (+57.3%) and content partner channels increased 23.0% to 14,566. The latter has increased despite the introduction of charges for smaller podcasters – there were 1,577 paying podcasters at H1. Pricing is also improving with eCPM +33% sequentially to \$19.02 - significantly higher than the rates associated with other digital media – and the number of brand advertisers has more than doubled to 130 as more brands are drawn to the medium.
- **AON progress** – Good traction demonstrated with Audioboom's owned and operated content that offers higher margin returns compared to hosting established third party podcasts. AON shows continue to grow with listens up 33% to 2.13m to June 2018 and AON H1 revenue was \$0.2m.
- **Formula 1 podcast** – First episode of the recently launched *Beyond the Grid*, a co-production with Formula 1 and sponsored by Bose, peaked at number two in the UK podcast chart and has also charted in other countries.
- **Outlook** – Outlook remains positive with an increasing number of podcast listeners, more consumption per listener, a proliferation of content and a wider range of listening options. We expect a significant growth in H2 revenue with good visibility on Q3 and Q4 advertising campaigns and new AON content plus ongoing cost control.

EXHIBIT 1: FINANCIAL SUMMARY

Year End: November (000s)	2016A (£)	2017A (£)	2018E (\$)	2019E (\$)
REVENUE	1,312	4,728	13,630	21,614
ADJUSTED EBITDA	(4,568)	(4,395)	(3,111)	230
ADJUSTED PBT	(4,593)	(4,436)	(3,151)	200
ADJUSTED EPS (p)	(0.80)	(0.50)	(0.30)	0.02
NET CASH	687	717	2,486	2,436
PER (x)	NEG	NEG	NEG	NEG
EV/REVENUE (x)	17.2	4.8	2.0	1.2

Source: Audioboom plc; Allenby Capital.

*Adjusted EBITDA, PBT and EPS exclude share based payments and one-off charges

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PROFIT AND LOSS

EXHIBIT 2: PROFIT AND LOSS FORECASTS				
Y/E November	£000 FY 2016A	£000 FY 2017A	\$000 FY 2018E	\$000 FY 2019E
Revenue	1,312	4,728	13,630	21,614
YoY Growth	583.3%	258.2%	NA	58.6%
Cost of sales	(1,046)	(3,257)	(9,541)	(15,346)
Gross profit	266	1,450	4,089	6,268
Gross margin	20.3%	30.7%	30.0%	29.0%
Administrative expenses	(5,140)	(6,453)	(9,240)	(6,468)
YoY growth	-28.1%	25.5%	NA	-30.0%
Adj. EBITDA	(4,568)	(4,395)	(3,111)	230
Adj. EBITDA margin	NEG	NEG	NEG	1.1%
Depreciation & amortisation	(306)	(490)	(440)	(430)
Depreciation of PPE	(30)	(42)	(40)	(30)
Amortisation of intangibles	-	(327)	(400)	(400)
Share based payments	(276)	(121)	-	-
One-off charges	-	(118)	(1,600)	-
EBIT	(4,874)	(5,003)	(5,151)	(200)
EBIT margin	NEG	NEG	NEG	NEG
Net interest	5	1	(0)	(0)
Profit before tax (normalised)	(4,593)	(4,436)	(3,151)	200
PBT margin	NEG	NEG	NEG	0.9%
Profit before tax (reported)	(4,869)	(5,002)	(5,151)	(200)
Tax	97	208	-	-
Profit after tax (normalised)	(4,496)	(4,228)	(3,151)	200
PAT margin	NEG	NEG	NEG	0.9%
Shares in issue (basic)	563,351	930,650	1,043,150	1,155,650
Shares in issue (diluted)	563,351	930,650	1,043,150	1,155,650
Earnings per share (basic) (p)	(0.85)	(0.57)	(0.49)	(0.02)
Earnings per share (adj. and diluted) (p)	(0.80)	(0.50)	(0.30)	0.02

Source: Company; Allenby Capital.

BALANCE SHEET

EXHIBIT 16: BALANCE SHEET FORECASTS				
	£000	£000	\$000	\$000
Y/E November	FY 2016A	FY 2017A	FY 2018E	FY 2019E
ASSETS				
Non-current assets				
Goodwill	0	2,356	3,702	3,302
Property, plant and equipment	54	91	201	271
Deferred tax assets	0	0	0	0
Other receivables	0	0	0	0
Non-current assets	54	2,447	3,903	3,573
Current assets				
Trade and other receivables	1,532	2,453	4,360	6,020
Cash at bank	687	717	2,486	2,436
Current assets	2,219	3,170	6,845	8,457
TOTAL ASSETS	2,273	5,617	10,748	12,029
LIABILITIES				
Creditors beyond one year	-	-	-	-
Creditors within one year				
Bank borrowings	-	-	-	-
Trade and other payables	(943)	(1,981)	(3,374)	(5,095)
Deferred taxation	-	(284)	-	-
Creditors within one year	(943)	(2,265)	(3,374)	(5,095)
TOTAL LIABILITIES	(943)	(2,265)	(3,374)	(5,095)
NET ASSETS	1,330	3,352	7,374	6,934

Source: Company; Allenby Capital.

CASH FLOW

EXHIBIT 17: CASH FLOW FORECASTS				
	£000	£000	\$000	\$000
Y/E November	FY 2016A	FY 2017A	FY 2018E	FY 2019E
Profit before tax	(4,772)	(4,794)	(5,151)	(200)
Adjustments for:				
Depreciation charges	28	42	40	30
Amortisation of intangible assets	-	327	400	400
Share based payments	276	121	-	-
Net finance costs	(5)	(1)	0	0
Taxation	(97)	(208)	-	-
Operating profit before movements in working capital	(4,570)	(4,513)	(4,711)	230
Decrease / (increase) in trade and other receivables	(818)	(921)	(1,401)	(1,611)
Increase / (decrease) in trade and other payables	690	543	583	1,531
Foreign exchange loss/(gain)	-	72	-	-
Taxation received	98			
Cash generated from operating activities	(4,600)	(4,819)	(5,529)	150
(Purchase) of intangible assets	-	(426)	(200)	(100)
(Purchase) of PPE	(27)	(96)	(120)	(100)
Other	7	14	-	-
Net cash flow from investing activities	20	(508)	(320)	(200)
Proceeds (net) from issue of shares	2,389	5,341	7,382	-
Other	(239)	-	-	-
Net cash flow from financing activities	2,150	5,341	7,382	-
Net increase / (decrease) in cash and cash equivalents	(2,470)	14	1,532	(50)
Cash and cash equivalents at beginning of period	3,125	687	954	2,486
Effect of exchange rate changes	32	16	-	-
Cash and cash equivalents at end of period	687	717	2,486	2,436
Net cash	687	717	2,486	2,436

Source: Company; Allenby Capital.

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