

CORPORATE
Current price 2.35p

Sector TMT

Code BOOM.L

Listing AIM

Share Performance


	1m	3m	12m
—BOOM.L	+1.1%	+96%	-1.1%

Source: Thomson Reuters, Allenby Capital

Share Data*
Market cap (£) 30.3m

Shares in issue (m) 1,288.7

52 weeks	High	Low
	3.6p	0.9p

Financial year end 31 December

Source: Company Data, Allenby Capital. * pre placing

Key Shareholders*

N Candy/Candy Ventures 23.8%

Herald IM 7.9%

Slovar 3.8%

R Sargent 3.7%

Ganesh Holdings 2.8%

R Maddock 2.2%

Source: Argus Vickers. * pre placing

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AUDIOBOOM (BOOM.L)*
Proposed funding – Accelerate content acquisition

Audioboom, the leading global podcast company, has conditionally raised £2.8m at 2.5p/share that will be used to accelerate the acquisition of established podcast content through advanced payments and minimum revenue guarantees, the further development of co-production content partnerships and grow its slate of Audioboom Original Network (AON) content. Audioboom is also in negotiations for the provision of a guarantee facility to complement this funding. Co-productions and AON offer higher gross margins that will help to offset the lower gross margin associated with Audioboom's podcast media buying agency. FY19 has started well and Audioboom is now >80% sold out across its top ten podcasts for 2019. With growing eCPMs, sell through rates and active advertisers, the company is now focused on accelerating the acquisition of established third party tier 1 podcasts, as well as the retention of its current roster of third-party talent. Summary forecasts have been prepared that assume the placing funds are deployed in short order.

— **Q1 performance** – Audioboom released positive Q1 metrics earlier this month with revenue +180% to c. \$4.6m; the brand advertiser count +55% to 178 (up 11% sequentially); US eCPM +67% to \$23.77 and total available premium advertising impressions up 28% to 305m per month. Cash at Q1 of \$1.7m (FY18: \$1.6m). This included February's £1.5m subscription that has been used partly to secure existing and new podcasting talent and shows. A number of new shows have also been signed across multiple genres. Q1 is seasonally a quieter quarter as some podcasters take broadcasting breaks and advertisers throttle back on spend post Xmas. The growth in the number of brand advertisers demonstrates that more companies are being drawn to the podcasting medium in general and Audioboom's roster of titles in particular. The interest in the sector has also been evidenced by the recent M&A activity with Spotify purchasing three companies so far in 2019 (Gimlet, Anchor and Parcast).

— **Forecasts** – With the additional funding, FY19 revenue gets a partial benefit from the acquired assets with a full contribution in FY20. We expect further growth in advertising revenue around current content (third party, co-productions and AON) and the podcast media buying agency. Podcast media buying offers lower gross margin (12% to 15%) and this pushes down gross margin in 2019 but this is partly reversed in FY20 with more AON and co-production revenue. FY19 will see the benefit of the FY18 cost reduction programme but this will be more than offset by the growth in sales commissions on higher advertising sales. There is a further increase in the cost base in FY20 with the investment in sales and podcast production resource and general cost inflation.

SUMMARY OF FINANCIALS

Year End: December (\$m)	2018E†	2019E	2020E
REVENUE	11.7	21.5	30.0
GROSS MARGIN (%)	27%	22%	25%
GROSS PROFIT	3.1	4.8	7.4
OPERATING COSTS	(8.3)	(9.2)	(9.7)
ADJUSTED EBITDA*	(5.2)	(3.8)	(1.8)

Source: Allenby Capital. † 13 month period

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

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RESEARCH RECOMMENDATION DISCLOSURE

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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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