



Please find below our weekly update covering themes that we feel that are of interest to investors and participants in the small and mid-cap TMT sector as well as commentary on recent newsflow. The cost of Allenby Capital's research on individual clients is paid for by our research clients.

*For the purpose of MIFID II, the content of the following email qualifies as “non-substantive material or services consisting of short term market commentary on the latest economic statistics or company results” and so can be treated as ‘acceptable minor non-monetary benefits’ and not as ‘chargeable research’ per the European Commission’s Delegated Directive of 7.4.2016.*

## **Allenby Capital TMT Update 22.07.19 (BOOM.L, MIRA.L, BIRD.L, ATQT.L)**

### **Audioboom plc\* (BOOM.L, 277.5p/£38.9m)**

#### **Interims: H1 in line; strong performance against KPIs (18.07.19)**

#### **[Note published](#)**

**Allenby Capital comment:** Positive performance against its operational and financial KPIs in H1 results from Audioboom, a leading global podcast company, as it continues to take market share in a rapidly expanding market. H1 revenue increased 171% to \$9.8m and adj. EBITDA loss roughly halved to \$1.4m. With a growing number of brand advertisers and eCPM and sell through rates, Audioboom is investing for growth with increased spend on acquiring established podcasts, ensuring the retention of its current roster of talent and developing owned and operated co-produced content. This is being funded by H1’s placing and subscriptions as well as the new content \$4m funding facility for minimum revenue guarantees. Audioboom is a trusted partner for podcasters looking to expand their audience and drive monetisation, advertisers to reach an attractive demographic and consumers to access entertaining content. Forecasts remain unchanged and we introduce a fair value of 475p/share.

*\* Allenby Capital acts as Nomad and Joint Broker to Audioboom plc.*

### **Mirada plc\* (MIRA.L, 1.30p/£11.6m)**

#### **Netflix integration (17.07.19)**

- Integration of Netflix within Mirada's Iris multiscreen product and its first deployment into Izzi Telecom's pay TV platform in Mexico.
- Consequently, Mirada's customers that have an agreement with Netflix can provide their subscribers with access to Netflix via their set top boxes (STBs). Subscribers will also have access to the same Iris functionality e.g. moving viewing across different devices.
- The addition of Netflix should result in subscribers spending more time on the operator's platform, encouraging consumption of their own content and increasing engagement.
- Existing third party content provider integrations include Fox Play and HBO Go.
- No change to [forecasts](#).

**Allenby Capital comment:** The addition of third party content providers, such as Netflix, enriches the service that Pay TV can offer to their subscribers. This should encourage subscribers to spend more time on the service and counter the threat posed by the OTT services. Subscribers expect to be able to move seamlessly between different device types both traditional TVs with STBs but also tablets, smartphones, PCs and smart TVs. Mirada has become a critical supplier to its customers as they look to retain and maximise subscriber revenue in the face of increasing OTT competition.

*\* Allenby Capital acts as Nomad and Broker to Mirada plc.*

### **Blackbird plc\* (BIRD.L, 7.1p/£20.1m)**

#### **TownNews extends deployment (16.07.19)**

- TownNews has added a further 14 TV stations to its deployment of the Blackbird cloud video platform. This is the third such deployment within a year and a total of 39 stations in 24 states will be using Blackbird. The additional stations are owned by seven broadcast groups that provide premium local news content.
- Blackbird enables users to rapidly view, edit and publish video content irrespective of location. In June 2018, TownNews launched Blackbird in conjunction with its Field59 online video management system (VMS) into 17 Meredith Corp locations across 11 states and a further three networks owned by Block Communications in December.

**Allenby Capital comment:** The combined Blackbird/Field59 offering provides broadcast television customers with a fast, efficient, browser-based workflow for capturing, editing and distributing video content. The US local TV news network market represents a considerable growth opportunity with more than 350 stations producing c. six hours of news content per weekday each. There has been a shift in consumption with an increasing number of people accessing news from websites and social media and Blackbird addresses the need to get content into multiple digital channels. The longstanding partnership is part of Blackbird's OEM strategy.

*\* Allenby Capital acts as Nomad and Broker to Blackbird plc.*

### **Attraqt Group plc\* (ATQT.L, 35p/£63m)**

#### **Meeting with management: Cross-sell opportunity (18.07.19)**

- Meeting with management of the provider of a SaaS platform for online merchandising, onsite search and eCommerce personalisation on the back of the trading update earlier this month and May's acquisition of Early Birds SAS. Trading is in line with management's expectations with the integration of Early Birds on track and evidence that the enlarged product is attractive for both current and prospective clients.
- Churn has historically been an issue at Attraqt and the focus on multi-year contract renewals seems to be yielding results. 11 multi-year contracts were signed in H1 with a total renewal value of £3.9m, compared with four worth £0.3m in H1 2018.
- Early Birds provides an artificial intelligence powered SaaS platform that enables internet retailers to automate the personalisation of their offering to individual customers in real time across both online and offline channels. At acquisition, it had 69 customers trading in >28 countries generating 1.8bn API calls per months. Customers include The Kooples, Boulanger, Cdiscount, Fnac/Darty, La Fourchette and La Redoute.
- Early Birds' FY18 revenue was c. €2.3m and €3.6m of annual recurring revenue. This increased to €3.6m at Q1 and is targeted to be >€4.9m by year end. Attraqt paid £13.8m - £11.0m in cash and the balance in shares. There was an associated £17m raise. The two founders have joined the enlarged group.

- Attract has also appointed David Newberry as Chief Customer Officer and Jon Stephens as Director of Customer Experience.
- Interim results are scheduled for 18th September.

**Allenby Capital comment:** The acquisition of Early Birds, coupled with Fredhopper in 2017, has created a substantial customer base with recurring revenue, broadened its technology offering and provided a presence in Europe. Integration and successful cross-selling and upselling is always a challenge/opportunity but with Luke McKeever, formerly of OB10, Portrait Software and Alterian, who joined in May 2018, there is an experienced CEO in place and it has been building out the team. Consensus estimates suggest an EV/Sales of 3.2x FY19 falling to 2.6x in FY20 with a small EBITDA forecast.

=====

### **Allenby Capital "paid for" research services**

*The changes initiated by MiFID II have had far reaching implications on both the quantity and continued availability of research on smaller cap companies, including those within the TMT sector. We would therefore remind interested companies that Allenby Capital can offer a "paid for" research service for those corporates that wish to retain an alternative and authoritative source of research that can be accessed freely by the entire investment community. If you would like further information on this service please contact [d.johnson@allenbycapital.com](mailto:d.johnson@allenbycapital.com).*

=====

#### **DISCLAIMER**

Allenby Capital Limited ("Allenby") is incorporated in England no. 6706681; is authorised and regulated by the Financial Conduct Authority ("FCA") (FRN: 489795) and is a member of the London Stock Exchange. This communication is for information only it should not be regarded as an offer or solicitation to buy the securities or other instruments mentioned in it. It is a marketing communication and non-independent research, and has not been prepared in accordance with the legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The cost of Allenby research product on independent companies is paid for by research clients.

This communication is for the use of intended recipients only and only for distribution to investment professionals as that term is defined in article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Its contents are not directed at, may not be suitable for and should not be relied upon by anyone who is not an investment professional including retail clients. Any such persons should seek professional advice before investing. For the purposes of this communication Allenby is not acting for you, will not treat you as a client, will not be responsible for providing you with the protections afforded to clients, and is not advising you on the relevant transaction or stock. This communication or any part of it do not form the basis of and should not be relied upon in connection with any contract.

Allenby uses reasonable efforts to obtain information from sources which it believes to be reliable. The communication has been prepared without any substantive analysis undertaken into the companies concerned or their securities, and it has not been independently verified. No representation or warranty, express or implied is made, or responsibility of any kind accepted by Allenby its directors or employees as to the accuracy or completeness of any information in this communication. Opinions expressed are our current opinions as of the date appearing on this material only and are subject to change without notice. There is no regular update series for research issued by Allenby.

No recommendation is being made to you; the securities referred to may not be suitable for you and this communication should not be relied upon in substitution for the exercise of independent judgement. Neither past performance or forecasts are a reliable indication of future performance and investors may realise losses on any investment. Allenby shall not be liable for any direct or indirect damages including lost profits arising from the information contained in this communication.

Allenby and any company or persons connected with it, including its officers, directors and employees may have a position or holding in any investment mentioned in this document or a related investment and may from time to time dispose of any such security or instrument. Allenby may have been a manager in the underwriting or placement of securities in this communication within the last 12 months, or have received compensation for investment services from such companies within the last 12 months, or expect to receive or may intend to seek compensation for investment services from such companies within the next 3 months. Accordingly, recipients should not rely on this communication as being impartial and information may be known to Allenby or persons connected with it which is not reflected in this communication. Allenby has a policy in relation to management of conflicts of interest which is available upon request.

This communication is supplied to you solely for your information and may not be reproduced or redistributed to any other person or published in whole or part for any purpose. It is not intended for distribution or use outside the European Economic Area except in circumstances mentioned below in relation to the United States. This communication is not directed to you if Allenby is prohibited or restricted by any legislation or registration in any jurisdiction from making it available to you and persons into whose possession this communication comes should inform themselves and observe any such restrictions.

Allenby may distribute research in reliance on Rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are major US institutional investors, however, transactions in any securities must be effected through a US registered broker-dealer. Any failure to comply with this restriction may constitute a violation of the relevant country's laws for which Allenby does not accept liability.

By accepting this communication, you agree that you have read the above disclaimer and to be bound by the foregoing limitations and restrictions.

**Research recommendation disclosure**

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

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. Information on research methodologies, definitions of research recommendations, and disclosure in relation to interests or conflicts of interests can be found at [www.allenbycapital.com](http://www.allenbycapital.com).

**Allenby Capital**

**5 St Helen's Place London EC3A 6AB**

**+44 (0)20 3328 5656**

[www.allenbycapital.com](http://www.allenbycapital.com)

---