

Proxama

Leveraging its unique mobile location data

The launch of the Location Sciences division marks Proxama's strategic shift from proximity marketing to the more scalable location data products. This first-party data is very high quality and can be used for customer targeting and advertising attribution. Management is focused on rapidly growing audience reach and data revenues to bring the group to break-even. While early in its transition, progress is encouraging; the National Rail partnership announced in July increases its audience to over c 4m.

Not all location data is created equal

Using geo-location and beacon technology, the recently renamed Location Sciences division delivers precise location data to a market that otherwise may be reliant on considerably less accurate information derived from third-party data such as bid requests for ad exchanges. Data can be used multiple times across a wide range of industries; for instance, to improve customer targeting or demonstrate the effectiveness of a marketing campaign. Importantly, the attribution services can link online and offline behaviour and can track the impact of an ad campaign all the way to the shop floor.

Early in transition; audience reach encouraging

Growing audience reach is key to ensuring that its data offers sufficient scale as well as quality. While early in its transition, the group has made a good start on this front. Key partners include Mapway and The Rail Delivery Group, which extended Proxama's cumulative audience to over 4m and data points to over 2bn, and led management to increase its year-end targets to 5m and 5bn, respectively. With this reach, Location Sciences is positioned competitively among UK peers such as Foursquare. Four customer contracts have been announced this year and while revenues are nascent (H117 data revenues £50k of £1.0m total), they are high margin and the H2 customer pipeline is developing well.

Funding and future milestones

The annualised cost base has been reduced c 40% to £4m and the payments division, while non-strategic, now generates a relatively stable £0.3m annualised cash flow. Together with the £3.1m fund-raising in July, management expects this to support the group to break-even. Location data is increasingly fundamental to how companies interact with users. It powers 38% of mobile ad impressions, a market worth approximately £4bn in the UK and successful companies are hotly contested; Snap's \$135m acquisition of Placed is a notable example. While early stage, Proxama's market capitalisation is unassuming. In the absence of forecasts in the market, tracking new partner announcements, customer wins and data growth is key to assessing progress.

Historical financials

Year end	Revenue (£m)	EBITDA (£m)	PBT (p)	EPS (p)	P/E (x)	EV/sales (x)
12/15	2.5	(5.0)	(6.1)	(0.52)	N/A	0.9
12/16	1.8	(3.6)	(5.8)	(0.39)	N/A	1.3

Source: Proxama report and accounts

Media & technology

18 September 2017

Price 0.031p
Market cap £4m

Share price graph



Share details

Code	PROX
Listing	AIM
Shares in issue	13.7bn

Business description

Proxama is a mobile location data intelligence and payments software business. The Payments division (Proxama) offers EMV enablement and management software to banks and card issuers. The Data division (Location Sciences) offers high-quality mobile location data and associated AI powered audience attribution products. While Payments represents the larger share of revenues, since June 2017, it is the data products that are the strategic focus of the group. Its headquarters are in London and it has approximately 35 employees.

Bull

- Location data is used across a wide and growing range of industries: city and transport planning, financial services and in mobile advertising where it is already behind 38% of ad impressions (BIA/Kelsey), and increasingly used in advertising attribution.
- Combination of very precise geo location and beacon technology differentiates from peers.
- Strategic value of mobile location intelligence groups increasingly recognised eg acquisition of Placed by Snap.

Bear

- Early stage, loss making. May require funding if revenue momentum does not build as expected.
- Potential risks around tightening data regulation eg GDPR.
- The payments business is small relative to the competition.

Analysts

Bridie Barrett	+44 (0)20 3077 57 57
Katherine Thompson	+44 (0)20 3077 57 30

tech@edisongroup.com

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