

Proxama

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Sale of Digital Payments division

Proxama has today announced the sale of its Digital Payments division for up to £2m, less working capital and fees. The proceeds will be used to provide working capital to the mobile location data intelligence division, which becomes the exclusive focus of the group. In light of this, management is proposing to rename the group Location Sciences, subject to shareholder approval. Mark Slade, currently MD of this division, has replaced John Kennedy as CEO.

Sale of the Digital Payments division

Proxama has announced the sale of its Digital Payment division to LHH2 APS, the holding company for global payments software company, Cryptomathic, for up to £2m less working capital of approximately £300k and fees. This comprises £1m cash on completion and a further £1m over the course of the next 18 months subject to the completion of certain conditions relating to the fulfilment of existing contracts. While the strategic review of this division, which was completed in May this year, did not result in a sale at the time, given the group's strategy to focus growth investment on the location data division, its ultimate divestment is a logical outcome.

Focus on Location Sciences

Following the sale, Proxama is focused exclusively on its Mobile Location Data and Intelligence division, where management sees an opportunity to rapidly scale. The proposed name change to Location Sciences reflects the new group structure. As with the £3.1m raised in July, the proceeds will be invested in engineering resources to improve platform and data science capabilities, as well as continuing to widen the group's audience reach, targeting a five million cumulative audience and five billion data points by the year end. Given the change in the group structure, John Kennedy has stepped down as CEO and from the board. He has been replaced by Mark Slade, the current managing director of Location Sciences.

Early-stage company

Proxama offers investors the opportunity to invest in an early-stage company in the large and dynamic addressable market for location data in the UK. The group is in an investment phase and is loss-making. However, it has a strong balance sheet and the sale of the Digital Payments division enables the group to dedicate its resources exclusively to accelerate the pace of platform development in Location Sciences, in order to offer a full suite of location data products early in 2018. We believe the news on this front, as well as additional audience and data partnerships, are the key developments for assessing progress.

Historical financials

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	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

Price 0.030p
Market cap £4m

Share price graph



Share details

Code	PROX
Listing	AIM
Shares in issue	13.7bn

Business description

Following the October 2017 sale of its Payments division, Proxama completes its transition to focus on the development of its mobile location data intelligence products. This division, Location Sciences, is developing a suite of high-quality mobile location data products and associated AI powered audience attribution products in the UK. It is headquartered in London and has c 22 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 geolocation and beacon technology differentiates from peers.
- Strategic value of mobile location intelligence groups increasingly recognised, eg acquisition of Placed by Snap.

Bear

- While Proxama has been in existence for some time, Location Sciences is effectively a start-up. It is loss-making and additional funding may be required if revenues do not build as expected.
- Potential risks around tightening data regulation, eg GDPR.
- Competes against much larger, well-funded groups such as Foursquare and Cuebiq; although we note that there are also opportunities to partner with these US groups.

Analysts

Bridie Barrett	+44 (0)20 3077 5757
Katherine Thompson	+44 (0)20 3077 5730

tech@edisongroup.com

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