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Proxama

Media & technology

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A new chapter with Location Sciences

Proxama ended the year with £1.1m in net cash, the cost base has been halved and the new management team has put the foundations in place to start scaling the Location Sciences division. In a short space of time, it has built a large footprint in terms of audience reach and during 2018 it will be working towards the commercialisation of its new product sets.

2017 business transformation

Proxama underwent a wholesale restructuring during 2017. The payments division was divested in November, enabling the group to focus on the more scalable location data and intelligence division – Location Sciences. A new board of directors was established to drive the group's new strategy, Kelvin Harrison joined as chairman in February, Mark Slade took over as CEO in October 2017 and David Rae has today been appointed as CFO. The cost base has been aggressively streamlined, monthly opex decreased 50% over the course of the year and the £3.1m equity raise in July means the group ended the year with net cash of £1.1m.

A promising start

The resources released following the restructuring has enabled the new team to fully focus on Location Sciences. In a relatively short period of time, it has built its audience reach to over 7m customers and accumulated 14bn total data points, beating its year-end targets of 5m and 5bn respectively and positioning it with one of the largest trackable footprints in the UK. Importantly, during 2017 it overhauled its data infrastructure, products and team, which enabled it to start selling across its product range.

With the foundations in place, the year ahead will be more about scaling and developing its higher-value services: Audience Data and Verification, which provides analytics of a customer's behaviour; Out of Home, which links billboard advertising to store visits; and Online to Offline, which analyses the impact of mobile advertising on physical store visits.

Early-stage, emerging market

With its early-mover advantage, the company has the opportunity to participate in the growth of the emerging mobile location data industry in the UK. In addition to building a pipeline of customers, over the coming year, we would like to see it continue to widen and deepen its audience reach, in order to build a sustainable barrier to competition. Management may prioritise growth over profitability at this early stage and, despite the reduced cash burn and further planned cost savings, additional funding may be required to support investment and growth.

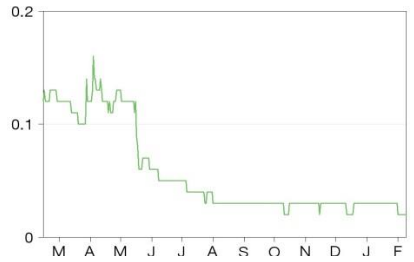
Historical financials

Year end	Continuing revenue* (£m)	Continuing EBITDA* (£m)	Continuing PBT* (£m)	EPS (p)	P/E (x)	EV/sales (x)
12/16	0.3	(2.6)	(4.3)	(0.39)	N/A	6.1
12/17	0.5	(0.1)	(1.4)	(0.08)	N/A	3.7

Source: Proxama report and accounts. Note: *Adjusted for the sale of the Payments division, SBPs and non-recurring costs.

Price	**0.02p**
Market cap	**£3m**

Share price graph



Share details

Code	PROX
Listing	AIM
Shares in issue	13.7bn

Business description

Proxama is a mobile location data intelligence business. Via its Location Sciences division, it is in the early stages of launching a suite of mobile location data and AI-powered audience attribution products. Unlike other less accurate sources of location data, its first-party data are ultra-precise and 'always on', providing a reliable picture of a device's position and movements. There are multiple uses for these data, including audience and media spend verification. It is headquartered in London and has c 23 employees.

Bull

- Location data are used across a range of industries: city and transport planning, financial services and mobile advertising where it is behind 38% of ad impressions (BIA/ Kelsey), and increasingly used in advertising attribution.
- Precise geolocation technology. Early-mover advantage.
- 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 regulations.
- Competes against larger groups, such as Foursquare and Cuebiq.

Analysts

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