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Pureprofile 

Acquisition of Cohort &
Capital Raising



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The Board



Andrew Edwards
Non-Executive Chairman



Clifford Rosenberg
Non-Executive Director



Paul Chan
Managing Director, CEO



Geoffrey Nesbitt
Executive Director, CFO

Acquisition of Cohort



Pureprofile to acquire Cohort

- Pureprofile Limited (ASX:PPL) to acquire 100% ownership of Cohort Group (Cohort)
- Cohort:
 - established in 2008 and now one of Australia's leading online lead generation marketing businesses serving brands and advertisers
 - creates leads via large publisher alliances including Foxtel and Ticketmaster in Australia
 - current ownership - 50% founders and 50% Oceania Capital Partners (ASX:OCP)
 - FY16 Revenue of \$27m & EBITDA of \$3.7m
 - approximately 160 clients - mix of large corporate and emerging ecommerce businesses across multiple industries
 - no client cross-over
 - over 2.5 million registered consumers who have provided their details and ongoing consent to be contacted
 - 47 staff across Sydney (Head Office), London and New York
 - founders to join Pureprofile and become part of the senior leadership team
- Strong strategic fit with Pureprofile – combines PPL's data insights and profiling capabilities with Cohort's lead generation and marketing expertise
- Purchase price of \$15m cash and \$3m PPL shares (escrowed for 18 month) plus two-tranche earn-out based on FY17 performance - funded by placement and new debt facility from CBA

Overview of Cohort

About Cohort

- Cohort is a leading digital marketing business that provides innovative lead generation for both brands and advertisers using proprietary technology
- Creates leads via large publisher alliances including Foxtel and Ticketmaster in Australia
- Cohort delivers customers, helping brands to connect with consenting consumers in a transparent, privacy compliant manner
- Established leader in Australia, growing international presence in the UK and US
- Fast growing and profitable:
 - revenue has grown organically from \$11m in FY14 to \$27m in FY16 (CAGR 54%)
 - EBITDA grown from \$1.1m in FY14 to \$3.7m in FY16
- Client base extends across multiple verticals including education, financial services, FMCG/CPG, household, market research, medical, retail, subscription and travel
- Long term client and alliance partner relationships including:



Woolworths



ticketmaster®



Insuranceline

FLIGHT CENTRE
Unbeatable



FOXTEL

What Cohort Does



Lead Generation

Delivering qualified leads

High yielding leads driven daily from real time transaction data that identifies in-market customers

Leads are harvested from millions of online transactions and interactions

100% consenting consumers



Email Marketing

Delivering targeted communications

Branded content delivered with targeted precision by accessing rich data profiles

Email marketing delivers immediate results, enhanced by proven test and learn methodology to maximise yield



Database Accelerator

Delivering rapid data growth

Leveraging existing assets combined with methodologies creating vast databases of consented customers at a fraction of the cost of a traditional data build



Audience Monetising

Delivering incremental revenue

New income streams delivered through monetisation of digital assets

Derive value from existing online transactions, email data and social media

Often paired with Database Accelerator where the newfound revenue stream fuels ongoing database growth

Sources of Revenue



Lead Generation



Email Marketing



Database Accelerator



Audience Monetising

88%
of revenue

Sold on a price per lead basis
Approx. 650k leads sold per month

5%
of revenue

Various revenue models - cost per thousand sent (CPM), cost per click (CPC), cost per acquisition (CPA)

7%
of revenue

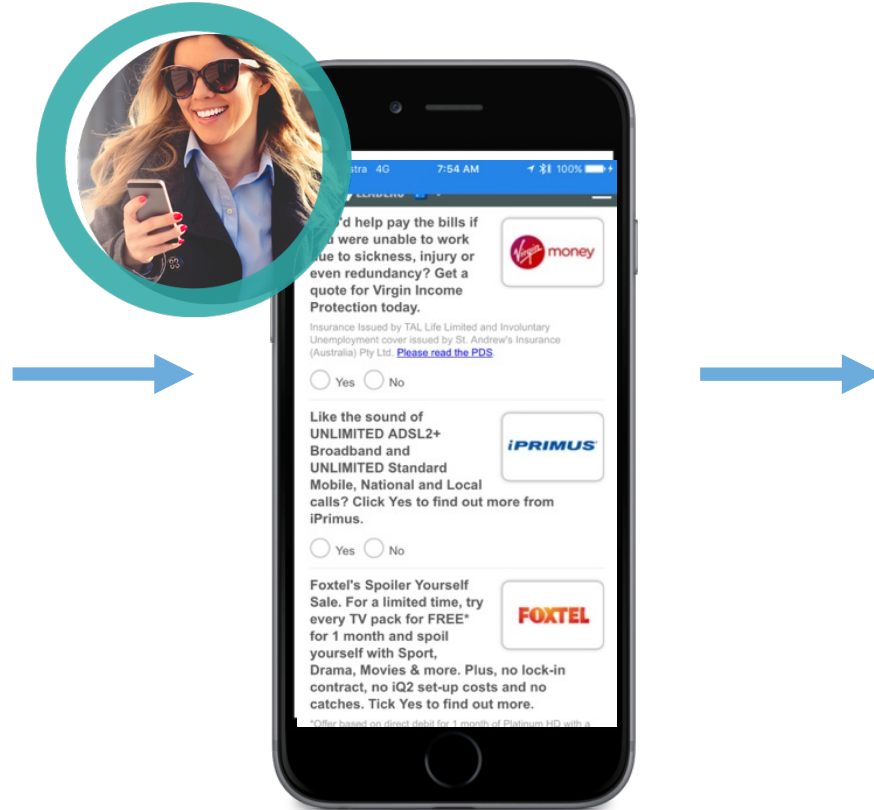
Uses client-owned assets to launch campaigns
Revenue share with client
Cohort Personas – help clients profile, segment and target their data

Cohort Business & Revenue Model

Established lead acquisition channels + revenue share partners



Create targeted leads via surveys matched to personas



Brands pay per lead



User

- 📍 2.5m registered consumer profiles - 150,000 profiles added per month
- 📍 Users create a profile with ongoing consent via Cohort and partner micro-sites. This provides an opportunity to win competitions
- 📍 Proprietary personas are then created to assist matching offers to the right audience
- 📍 Approx. 650,000 new leads sold to clients each month

- Pureprofile will immediately benefit from existing and new Cohort registrations
- Enhanced consumer experience delivered via the Pureprofile platform

Clients

- 📍 Mix of large corporate and emerging ecommerce businesses
- 📍 Approx. 160 clients billed each month - no cross-over with Pureprofile
- 📍 The majority of Cohort's largest clients have tenure of 4+ years
- 📍 Verticals include education, financial services, FMCG/CPG, household, market research, medical, retail, subscription travel and telecommunications

- Significant opportunity for cross-sell and up-sell
- Integration with Pureprofile self service platform will deliver significant client appeal

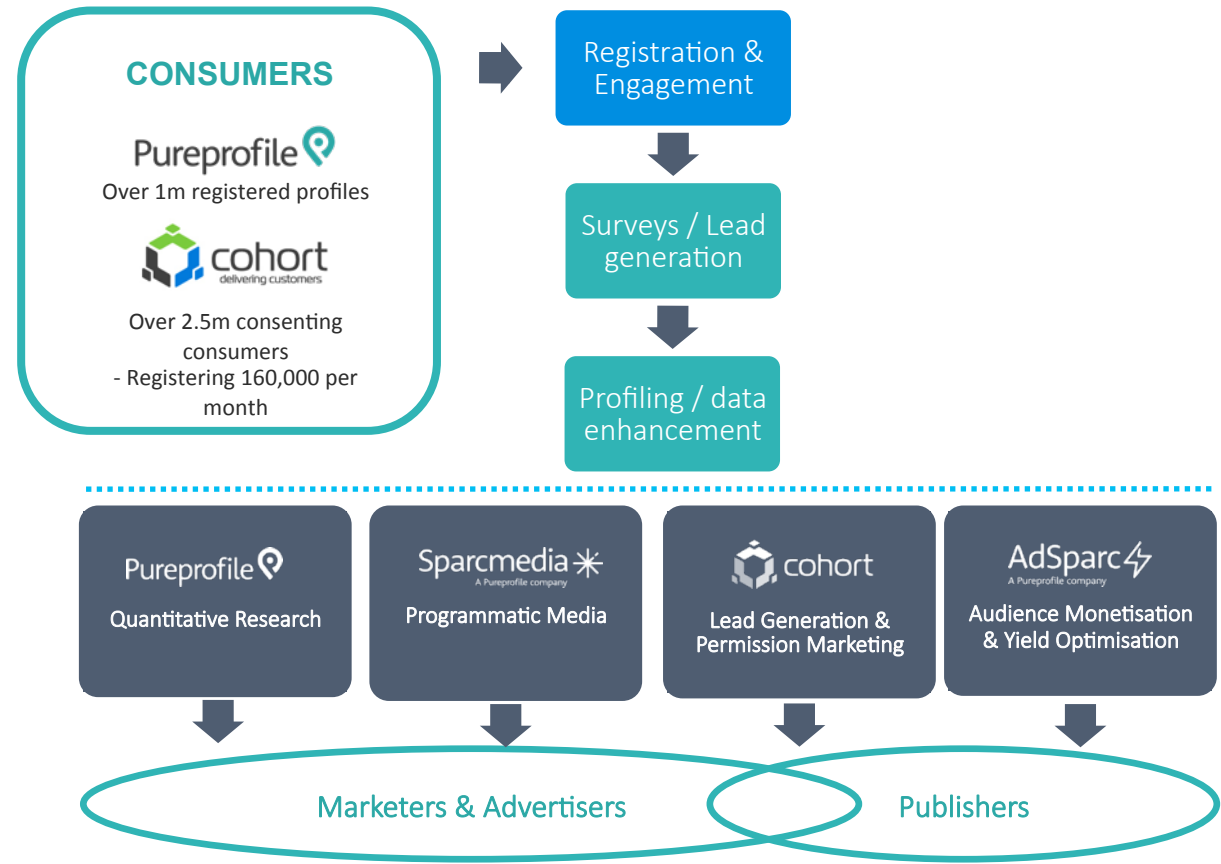
Pureprofile + Cohort

Strategic Rationale

- Natural extension and accelerator of Pureprofile's and Cohort's core business
- Enhanced service offering - ability to leverage Pureprofile's data insights and programmatic trading capabilities in Cohort
- Leverages Pureprofile technology platform for greater future scale and monetisation
- Cross-sell and up-sell opportunities – both existing and new clients of Pureprofile and Cohort
- Stronger competitive position – bigger member base and increased appeal to alliances and brands

Increased technology and operating leverage = increased EBITDA margin and free cash flow

Enhanced Offering via Pureprofile Technology Platform



Monetisation

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Pureprofile's Technology Platform Increases ARPU



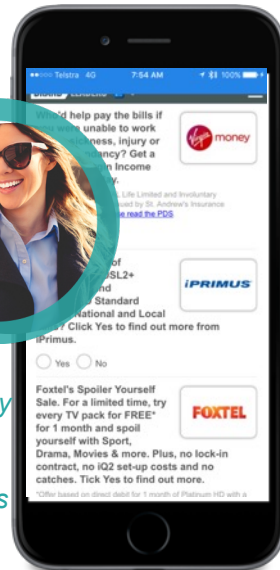
Combine publisher + alliances + accelerate with programmatic media

Profitable member acquisition for Pureprofile

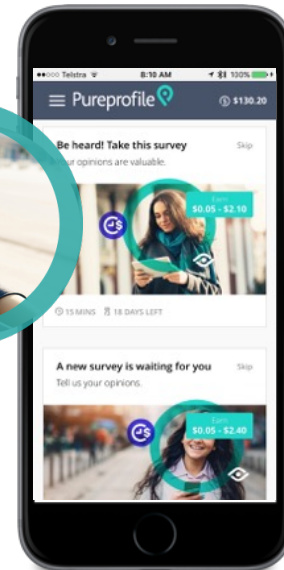
Lower member Acquisition costs and higher ARPU



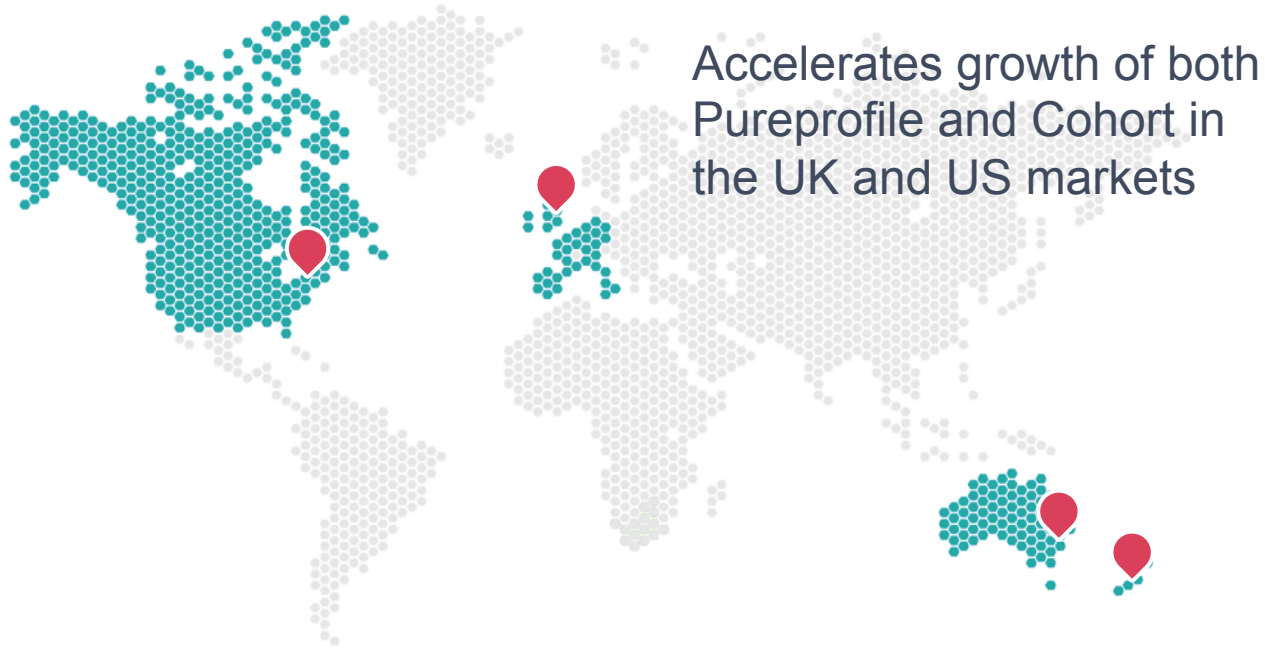
Leveraging the Pureprofile technology platform to enhance data collection and improve client insights



Leveraging the Pureprofile technology platform to increase engagement and monetisation opportunities



Global Presence & Depth in Key Markets



Pureprofile 

 cohort
delivering customers

Transaction Overview

Acquisition Benefits



- ◉ **Increased scale** - significant increase in revenue and profitability – combined pro forma FY16* revenue \$55.8 million and EBITDA \$6.3 million
- ◉ **Earnings accretive** - the acquisition is expected to be EPS accretive in FY17 excluding acquisition and integration costs
- ◉ **Improved liquidity** - shares on issue will increase by approximately 60% with new institutional investors and will create a more liquid secondary market

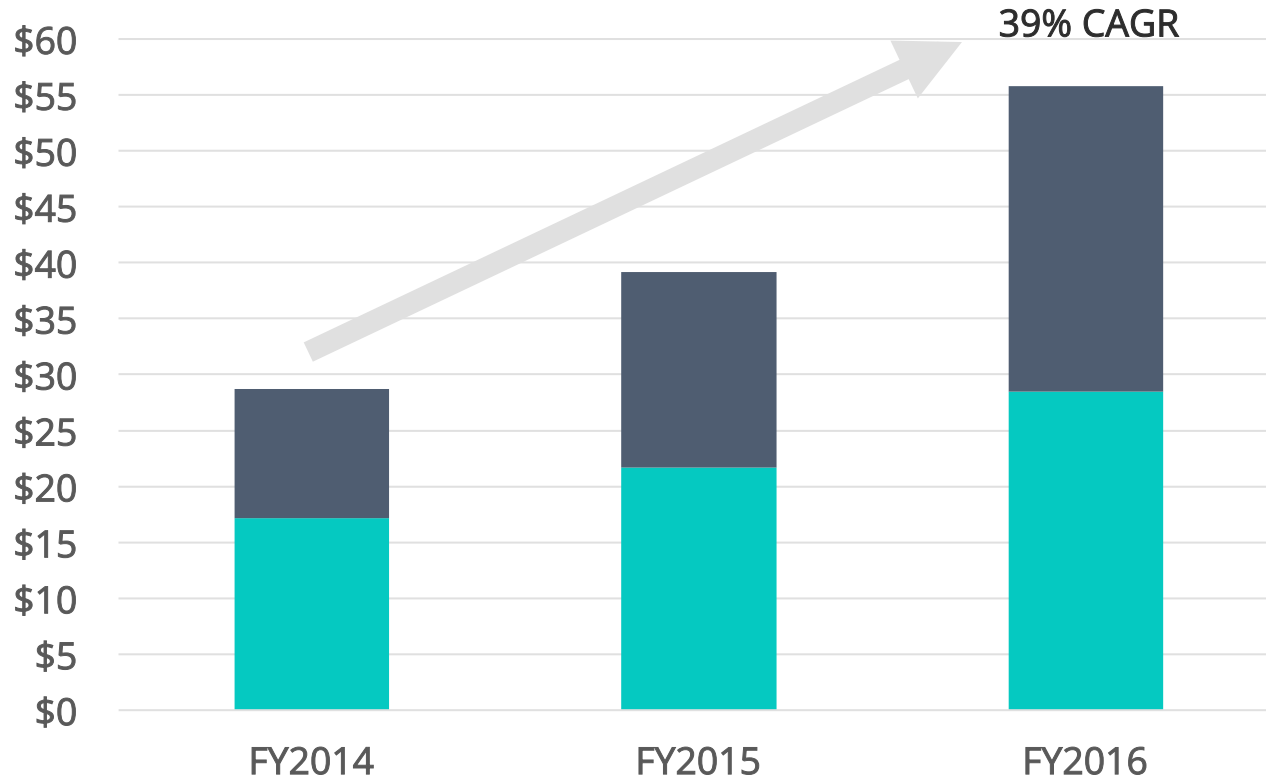
* PPL FY16 ended 30 June 2016; Cohort's FY16 ended 31 March 2016

Pro Forma Financial Information: P&L

\$m	FY14	FY15	FY16	CAGR
PPL	17.2	21.7	28.5	29%
Cohort	11.5	17.5	27.3	54%
Total Revenue	28.7	39.2	55.8	39%
Gross Profit	14.1	17.8	26.2	36%
Margin (%)	49%	45%	47%	
Operating EBITDA*	0.0	2.1	6.3	
Margin (%)	N/A	5%	11%	

* Operating EBITDA excludes costs of IPO, Sparc acquisition, termination of centralised staff costs, closure of Sparc India and Poland sales

Pro Forma Revenue Growth – FY14-FY16



Pro Forma Balance Sheet

As at 30 June 2016 \$m	PPL Historical Statutory	Cohort pro forma (unaudited)	Impact of the offer	Pro forma Balance Sheet
Cash	\$1.8	\$0.9	\$4.0	\$6.7
Net working capital	(\$2.3)	\$1.1	\$0.0	(\$1.2)
Other assets	\$4.3	\$0.0	\$0.0	\$4.3
Fixed Assets	\$0.3	\$0.1	\$0.0	\$0.4
Intangibles	\$11.1	\$0.0	\$16.8	\$27.9
Total Assets	\$15.2	\$2.1	\$20.8	\$38.1
Total Liabilities & provisions	\$4.1	\$0.9	\$4.0	\$9.0
Net Assets	\$11.1	\$1.2	\$16.8	\$29.1

- Solid cash position at Completion of \$6.7m (Net cash \$2.7m)
- Cash net of estimated \$2m transaction costs
- Includes Cohort unaudited 30 June 2016 Balance Sheet
- Cohort acquired with NWC of \$1.1m and cash/debt free
- Intangibles include Goodwill, capitalisation of platform development and Cohort acquisition of \$18m less NWC acquired of \$1.1m
- Assumes SPP of \$3m fully subscribed
- Excludes any contingent liabilities relating to earn-out
- \$4m CBA debt – fully drawn at Completion
- \$3m CBA overdraft undrawn at Completion

Transaction Details

- Pureprofile will acquire 100% ownership of the holding company of Cohort
- The purchase price comprises \$18m paid in cash and PPL shares on completion plus a conditional two-tranche earn out based upon Cohort FY17 EBITDA* (to 30 June 2017) and growth targets (Cohort will be acquired with \$1.1m working capital and zero net debt)

	Purchase Price	Earn-out tranche 1	Earn-out tranche 2
Value	\$18m	\$4m	Maximum cap of \$15m
Consideration	\$15m cash and \$3m PPL shares - escrowed for 18 months	PPL shares - escrowed for 6 months	PPL shares or cash – up to \$10m at sellers election; any amount above \$10m at PPL's election
Timing of payment	Completion	Q2FY18	Q2FY18
Financial Hurdles / Calculation	None	Cohort FY17 EBITDA of \$4m	Based upon Cohort FY17 EBITDA greater than \$4m; If FY17 EBITDA is greater than \$4m and up to \$5.9m, 5x FY17 EBITDA less \$4m, or If FY17 EBITDA is greater than \$5.9m, 6x FY17 EBITDA less \$4m up to cap.
Other Hurdles	None	None	Subject to achievement of targets for revenue growth, gross margin, EBITDA and lead quality
Issue price of PPL shares	Price used for placement and SPP	Price used for placement and SPP	For the first \$10m, the higher of \$0.50 and the 30-day VWAP prior to issue. For amount above \$10m up to \$15m, 30 day VWAP prior to issue

* Pureprofile is an existing Cohort customer and has committed to spend a minimum of \$0.5m acquiring leads and data from Cohort in FY17. The amount spent by Pureprofile will be included in the calculation of Cohort's FY17 EBITDA.

Transaction Details (continued)

📍 **Examples** (assuming targets for revenue growth, gross margin and lead quality are achieved):

	FY17 EBITDA	Purchase Price	Earn-out tranche 1	Earn-out tranche 2	Total
Example 1	\$4m	\$18m	\$4m	n/a	\$22m
Example 2	\$5.9m	\$18m	\$4m	\$9.5m	\$31.5m
Example 3	\$6.5m	\$18m	\$4m	\$15m	\$37m

Capital Raising Overview & Indicative Timetable

Funding Overview

The acquisition of Cohort and additional growth capital for Pureprofile will be financed via an institutional share placement, new debt facility and a Share Purchase Plan (“SPP”)

- \$14 million institutional placement, which was oversubscribed, at an issue price of \$0.45 per share;
- Up to \$3m to be raised through a Share Purchase Plan (SPP) for existing PPL shareholders as at 21st September 2016
- Pureprofile has agreed to enter into a new debt facility of up to \$7.5m subject to the satisfaction of condition precedents with the Commonwealth Bank of Australia (“CBA”):
 - facility maturity 3 years from the date of agreement (September, 2019)
 - the facility provides \$4m to fund the acquisition, a \$3m overdraft and \$0.5m bank guarantee

Source of Funds		Use of Funds	
Institutional share placement	\$14m	Cohort cash consideration	\$15m
Debt funding	\$4m*	Additional growth capital for UK and US expansion	\$1m
		Estimated transaction costs	\$2m
Total Source of Funds	\$18m	Total Use of Funds	\$18m
Share Purchase Plan	Up to \$3m	Additional growth capital	Up to \$3m

*Assumes completion of the capital raising as a condition precedent for the receipt of the Debt Facility

Institutional Placement & SPP Overview

Key Offer Terms

Offer Size	<ul style="list-style-type: none">• An institutional share placement of approximately 31 million shares (“New Shares”) raising up to approximately \$14 million• New Shares to be issued at an issue price of \$0.45 /share
Offer Pricing	<ul style="list-style-type: none">• Fixed price offering• Offer pricing represents the following discounts:<ul style="list-style-type: none">✓ 13.5% discount to the close price on 19 September,2016 of \$0.52/share✓ 14.9% discount to the 5-day VWAP to close of trade on 19 September,2016 of \$0.529/share✓ 15.6% discount to the 15-day VWAP to close of trade on 19 September,2016 of \$0.533/ share
New Share Ranking	<ul style="list-style-type: none">• New shares rank pari passu with existing ordinary shares at the time of issue
Share Purchase Plan	<ul style="list-style-type: none">• The SPP allows each existing Pureprofile shareholder to acquire up to \$15,000 of new shares at the institutional placement issue price• Further details on the SPP will be provided in due course

Indicative Timetable

Event	Anticipated Date* (2016)
Trading halt commences in respect of PPL shares	Tuesday 20 September
Placements (tranches 1 and 2) open	Tuesday 20 September
Record date for share purchase plan offer (SPP Offer)	Wednesday 21 September
Placements (tranches 1 and 2) close	Thursday 22 September (pre-open)
Announcement to ASX of: <ul style="list-style-type: none"> proposed acquisition of Cohort Global (Proposed Acquisition) Placements SPP Offer 	Thursday 22 September
Trading halt in respect of PPL shares lifted	
SPP Offer opens - SPP Offer Documents dispatched to eligible PPL shareholders and released on ASX	Thursday 22 September
Notice of Annual General Meeting (AGM) dispatched to PPL shareholders	Tuesday 27 September
Issue of shares subscribed for under Tranche 1 Placement	Wednesday 28 September
Tranche 1 Placement Shares commence trading on ASX	Friday 30 September
SPP Offer closes	Tuesday 11 October - 5:00pm (AEDT)
Pureprofile AGM	Monday 31 October - 11:00am (AEDT)
Completion of Proposed Acquisition (subject to receiving the requisite shareholders approvals at the AGM) (Completion Date)	No later than Tuesday, 8 November
Issue of shares subscribed for under Tranche 2 Placement and SPP Offer and issue of completion consideration shares to sellers	Completion Date
Tranche 2 Placement and SPP Shares and completion consideration shares commence trading on ASX	Completion Date

* These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the above dates, either generally or in particular cases. Any extension of the Completion Date will have a consequential effect on the date of issue of New Shares. Following the announcement of the Proposed Acquisition, any material changes to the above timetable will be announced by the Company on its ASX announcements platform, which is accessible from ASX's website at www.asx.com.au under the code "PPL".

Key Risks

Key Risks

There are a number of risks inherent in the acquisition of Cohort that could affect the future operational and financial performance of Pureprofile (including the operational and financial performance of Cohort) and the value of Pureprofile's shares. The following is a summary of some of the key risks. This is not an exhaustive list of the relevant risks. If any of the following risks materialise, Pureprofile's business, financial condition and operating results are likely to be adversely impacted. Before investing in Pureprofile, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Pureprofile, carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision. Additional risks and uncertainties that Pureprofile is unaware of, or that it currently considers to be immaterial, may, if they arise or become material, also become important factors that materially and adversely affect Pureprofile's operating and financial performance and the value of Pureprofile's shares.

Risks specific to the acquisition

- ♦ Completion risk – There is a risk that the Cohort transaction may not complete due to a failure to satisfy any of the conditions precedent to Completion (for example, a failure to obtain the required Pureprofile shareholder approvals).
- ♦ Integration risk – There are risks that any integration between the businesses of Pureprofile and Cohort may be more complex than expected. A failure to fully integrate the operations of Cohort or a delay in the integration process, could impose unexpected costs that may adversely affect the financial performance and position of Pureprofile.
- ♦ Funding risk – It is very likely that Pureprofile will have to raise additional capital by Q2FY2018 to fund the cash component of any earn-out. If required Pureprofile intends to raise further capital using either debt or equity via the issue of additional shares. There is a risk that Pureprofile may not be able to raise additional funding on terms that it considers satisfactory or at all. Investors will be diluted by any future equity funding, except to the extent that they participate.

The Board and the Pureprofile management team's experience in acquisitions means that a substantial amount of confidence can be gained from its acquisition planning, due diligence and integration systems.

Key Risks

Risks which could have a material adverse impact on Cohort's and Pureprofile's future earnings:

Operational Risks

- Consumer complaints / poor compliance – reputational and regulatory risk
- Loss of major clients / reduction in spend
- Reliance on key personnel
- Loss of key staff / reduced focus from founders
- Unreliable technology or inability to scale
- PPL management distracted causing negative impact on the rest of Pureprofile's businesses

Financial Risks

- Currency risk – UK and US businesses forecast to contribute 15% of revenue in FY17
- Unforeseen capital expenditure required

Market Risks

- Negative reaction to acquisition – impact on Pureprofile's short term valuation
- If growth slows, PPL could be re-rated downwards

Appendices

Strategic Fit – Cross-Sell & Up-Sell Opportunities












Products / Services

Benefit

Registrations	Cohort members to become PPL members	↔	Increased consumer engagement & satisfaction through Pureprofile technology and increase ARPU
Surveys	PPL members opt-in to Cohort campaigns	↔	Improve survey technology and expertise
Profiling	Increase size and diversity of PPL's profile pool	↔	Create valuable profiles from consumer records
Insights	Cohort data used to enhance market insights	↔	PPL's insights improve conversion rates and lead values
Quantitative Research	Cohort data used for quantitative research	↔	Improved persona methodologies and validation
Programmatic	Cohort data used in Sparc's campaigns	↔	Increase traffic to Cohort sites, lower acquisition costs Offer to Cohort's advertisers (using 1 st & 3 rd party data)
Lead Generation	Further monetise PPL member base Increase effectiveness of Future Students' campaigns	↔	PPL's tech and expertise improves lead quality and conversion rates
Personas	Adopt personas; incorporate into Sparc campaigns and research	↔	Ongoing enhancement of personas by PPL
Database Acceleration	Sell database acceleration to Sparc's advertisers	↔	PPL helps publishers / advertisers build profile database
Audience Monetisation	Cohort co-registration by Adsparc publishers	↔	Adsparc services available to Cohort publishers
Yield Optimisation	Cohort data used as retargeting groups	↔	Adsparc improves yield of owned and publisher sites

Online Advertising & Lead Generation Market

- Only three main competitors in the Lead Generation and Smart Data space with significant scale and revenue
- Cohort has positioned itself away from EDM/list rental sales which is a focus for the majority of the market
- Cohort has focused on volume of diversified traffic, data and segmentation sources ensuring use of Smart Data and a scalable platform to deliver new customers to their clients

	EDM / List Sales			Lead Generation / Smart Data		
High scale						
						
						
Low scale						
						

Offer Restrictions

Offer Restrictions

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- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
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