



19 October 2020

Aspermont (ASX: ASP)

Desk Note

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Ticker:	Current Price:
ASX: ASP	0.006

Market Data	
52-Week Range (AUD)	0.006 – 0.012
3mth Avg Vol ('000)	195.4
Market Cap (AUD Mil)	13.7
Shares Out. (Mil)	2,277.4
Cash (AUD Mil)	3.0
Enterprise Value (AUD Mil)	13.7
PS ratio	0.85

DRIVING PROFESSIONAL MEDIA WITH DATA. Aspermont has entered a growth phase leveraged to the strength of the mining and energy sectors. The growth curve is further inclined as the company leverages on its growing user data base to provide data-driven marketing solutions for clients.

Investment Highlights

20% YoY growth in subscription revenue for FY2021.

Aspermont is a market leader in providing media services to the mining sector and other niche markets. Coupling a strong global network and an ABM strategy to target the niche markets, Aspermont has achieved a 16% CAGR in Average Contract Value (ACV) in the past 4 years and a net retention rate of 100% as of Jun 2020. We expect stronger growth over FY2021 and FY2022 with rising metal prices and increased interest in the mining sector. A few examples are gold (26% YTD), copper (20.5% YTD), and nickel (10.2% YTD).

Monetization of data and business intelligence.

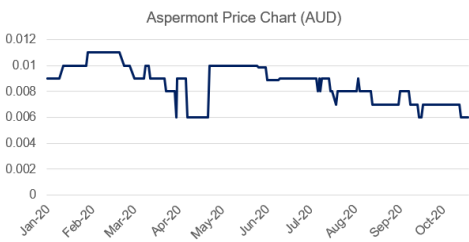
Aspermont moved up a gear in FY2019 by capitalizing on the user data from a growing user base. The company uses its in-house algorithms to analyze users' areas of interest and turns them into sales opportunities for its clients through content creation or lead generation. This unlocks the opportunity to tap into the US\$ 3.05Bn global digital marketing market which is expected to grow at a CAGR of 17.6% till 2025.

Scalable subscriber base with expanding geographical coverage.

Aspermont aims to publish content in more languages at relatively low marginal cost to expand the user base, and ultimately increase the subscription base and total revenue. Coverage in China and Russia which hold a 31% share of the mining market could easily quadruple Aspermont's user base.

Virtual events to outperform live events and command a better margin.

Aspermont will be rolling out virtual events for the mining sector in Q4 of 2020 with strong uptake for its first initiation. Riding on the new trend of virtual meetings with convenient time schedules, we expect virtual events to deliver a greater growth trajectory and improved margins for Aspermont moving forward.



Top 5 Shareholders

Drysdale Investments Limited	15.37%
Allandale Holdings Pty Ltd	13.13%
Mega Hills Limited	12.27%
Annis Trading Limited	7.55%
Blue Sea Investment Holdings Pty Ltd	3.85%

IS	2018		2019		2020F		2021F		2022F	
	Sep-18	Sep-19	Sep-20	Sep-21	Sep-22	Sep-23	Sep-24	Sep-25	Sep-26	Sep-27
AUD '000										
Revenue	14,031.0	16,379.0	15,987.4	20,210.0	26,114.2					
Gross Profit	7,576.0	8,918.0	8,788.8	11,330.6	14,918.6					
Profit/(Loss) before Tax	(868.0)	(7,466.0)	(1,395.1)	(1,080.5)	755.8					
Adj. EBITDA	176.0	461.0	606.7	1,291.8	2,139.3					
Net Profit/(Loss)	(943.0)	(7,452.0)	(1,434.7)	(1,111.2)	777.3					

Growth %					
Audience Revenues	27.66%	18.33%	4.10%	23.74%	23.24%
Client Services Revenues	15.94%	15.88%	-7.27%	28.71%	34.16%
Total Revenue	20.69%	16.93%	-2.34%	26.41%	29.21%

Margins %					
Gross Margin	53.99%	54.45%	54.97%	56.06%	57.13%
Operating Margin	-6.19%	-45.58%	-8.73%	-5.35%	2.89%
EBITDA Margin	1.25%	2.81%	3.80%	6.39%	8.19%
Net Margin	-6.72%	-45.50%	-8.97%	-5.50%	2.98%



Company Introduction

Aspermont is a leading “X”-as-a-Service (XaaS) based media services provider serving the global resource markets, mining, energy and agriculture. “X” can be anything but in Aspermont’s case, we categorize “X” to be Content. Listed in 2000, the company invested 20 years to build a commercial model for B2B media that provides high-value content to its global subscribers.

Aspermont brands have a rich history of over 100 years including its Mining Magazine, co-founded by Herbert Hoover, the 31st president of the U.S from 1929 to 1933. And Mining Journal, which has been published in London since 1835, with content benefiting from the most extensive and reliable sources of information, worldwide. The company has a global audience and a physical presence in Australia, the UK, Brazil, North America, Philippines, and Singapore.

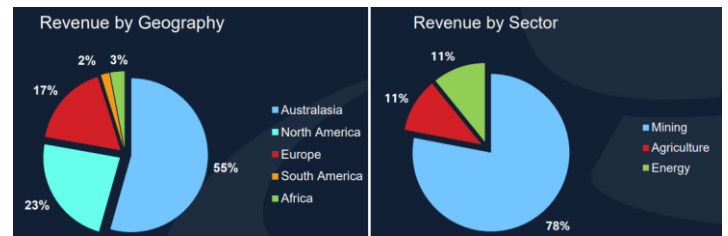
Aspermont was able to adopt technology disruptions by starting its online services after the Dot-com craze in 2001 and pivoting into a true ‘digital first’ organization in 2016 with the print magazines being a premium add-on product. As a result, the company rebounded in 2018 and remains relevant to date. Aspermont has a well-defined roadmap to achieve continuous growth in the rapidly changing environment. Aspermont has built a stronger base, adding new revenue streams such as Lead Generation and Content Agency in FY2019, leveraging on its data analytics technology.

With focus on being the premium information source for niche markets and targeting industry professionals, Aspermont establishes a competitive advantage over its peers within the publishing and media industry. Only a handful of media players address the mining sector and cannot compete globally with Aspermont.

Aspermont’s Brands



Revenue breakdown (FY2019)



Source: Aspermont FY2019 Investor presentation

Aspermont’s roadmap

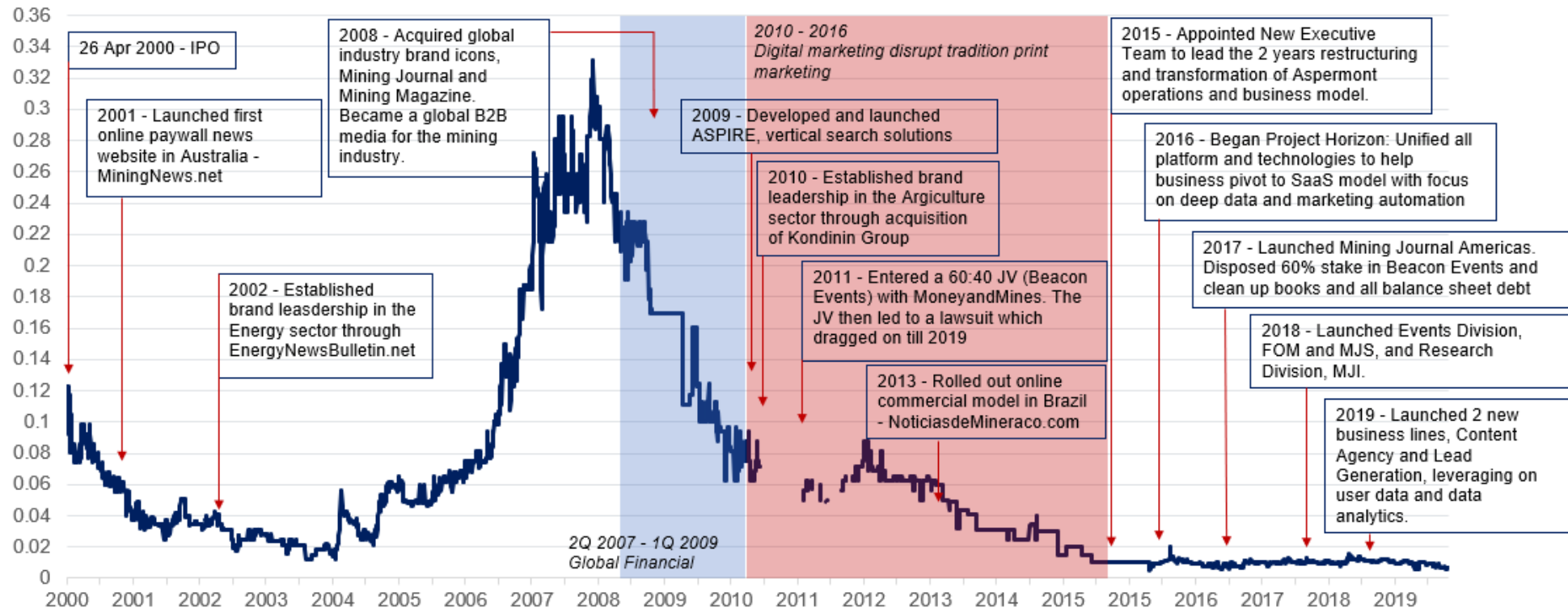


Source: Aspermont FY2019 Investor presentation



Timeline

Aspermont Timeline (AUD)





Company analysis

Aspermont measures its success on growth in SaaS metrics which confirm delivery of 16 quarters of consecutive growth to date. In the past 4 years, management has successfully achieved their goals and remain on track. We believe 3 SaaS metrics which highlight the growing demand for the company are.

1. A 14% CAGR in average revenue per unit (ARPU) from A\$623 in Jun 2016 to A\$1,046 in Jun 2020. The growth in ARPU confirms that clients value Aspermont's products and services and find it economically beneficial to subscribe to more products and services offered by the company. Growth in this metric also demonstrates that Aspermont holds certain pricing power for its products and services due to the benefits it provides. We believe an increasing ARPU confirms the stability of the client base and the probability they will continue as Aspermont's clients
2. A net retention rate of 100% at June 2020. A net retention rate above 100% means that growth from the existing customer base more than offsets losses from that customer base. Aspermont's current 100% net retention rate shows strong organic growth which offsets losses from the 16% churn rate. We believe the net retention rate will exceed 100% in the next couple of years as interest in mining and renewable energy picks up.
3. Web Traffic User shows growth at 33% CAGR to 3.4m users in the past 4 years. The growing user base shows increasing demand for Aspermont marketing and advertising space, but also determines the amount of data that can be collected. As Aspermont monetizes its data, having a larger user base will allow it to attract more clients, increase the hit rates of its services, and identify a wider range of audience requirements for targeted marketing, to command higher margins.

Attained positive operating cash flow (OCF) in FY2020. With the SaaS revenue model, many companies experience negative OCF during their growth phase due to high capital cost and marketing expenses. According to a study done by Tomasz Tunguz, it takes a median of 6 years for SaaS companies to reach positive OCF. Aspermont achieved positive OCF within 4 years and expects better profitability moving forward as the company works on expanding margins.

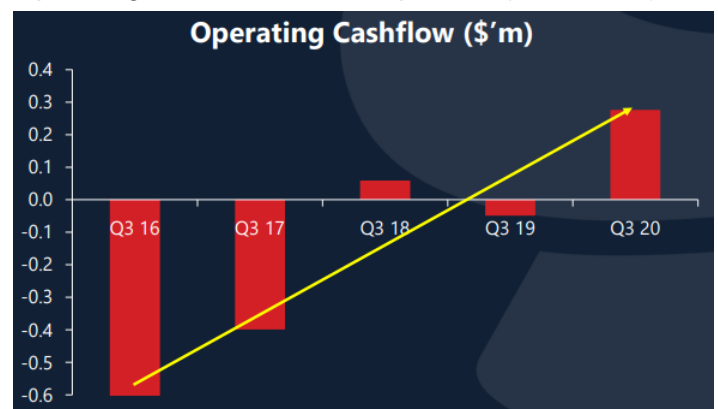
A Clean balance sheet with net cash of over A\$ 3.0M and zero debt as of the end of Sep 2020. The ability to grow its business through internal resources assures shareholders during times of high uncertainty such as today.

Aspermont's Key SaaS Metrics Performance

Key SaaS Metrics	As at June '16	As at Mar '20	As at Jun '20	Q on Q Growth	CAGR
Number of Subscriptions*	7,158	7,650	7,825	2%	2%
Average Revenue Per Unit (ARPU)	\$623	\$1,041	\$1,046	1%	14%
Annual Contract Value (ACV)	\$4.5m	\$8.0m	\$8.2m	3%	16%
Web Traffic (Sessions)	3.8m	5.7m	6.1m	7%	13%
Web Traffic (Users)	1.1m	3.1m	3.4m	10%	33%
Loyalty Index	41%	58%	59%	2%	10%
Renewal Rate	73%	83%	84%	1%	4%
Lifetime Years	3.7	6.0	6.2	3%	14%
Lifetime Value	\$16.5m	\$48.0m	50.6m	5%	32%

Source: Aspermont 3QFY20 Investor presentation

Operating Cashflow YoY comparison (June 2020)



Source: Aspermont 3QFY20 Investor presentation



Growth Potential

Established a strong B2B business model (ABM strategy) targeted towards niche markets. Aspermont has established a strong reputation for in-depth research, up-to-date, and reliable sources of information leveraged on many decades of experience in each sector and close relationships with industry experts. By adopting the ABM strategy and targeting niche markets, Aspermont attracts professionals and C-level executives in their respective fields into the subscriber base and can potentially upsell them. This can be seen from the strong 13.8% CAGR in average revenue per unit (ARPU) and the stable 2.3% CAGR in number of subscriptions for the period Jun 2016 to Jun 2020. We reckon that Aspermont's subscription revenue will grow at near 20% in FY2021 as the mining sector sees an increasing number of new businesses and capital inflow. Metal prices are expected to increase over the next 5 years due to global electrification and rising tension between China and the rest of the world.

Monetization of data and business intelligence.

Aspermont introduced 2 new revenue streams in FY 2019, Content Agency and Lead Generation. Using in-house algorithms, the company performed data analytics to study user behaviour patterns to identify willing buyers for the right sellers (targeted marketing). By leveraging a vast user database in the niche markets, Aspermont provides sales solutions to clients with a higher return on investment (ROI) and procurement solutions for users at no additional cost. Furthermore, this technology is scalable and can be replicated to satisfy any industry making it the core profit driver for the company's expansion plans. With increasing awareness of efficiency brought by data analytics, we believe these 2 business lines could command a CAGR of 100% - 300% for the next 2 years.

Scalable subscriber base with expanding geographical coverage.

One of Aspermont's goals is to roll out its content in more languages to increase the subscriber base and capture new audiences in more geographies. The company can leverage its content, hire minimal translators and writers for each language to extend its publications into the new countries. We expect subscriptions and users to double or quadruple through extended coverage in various countries including China and Russia, which holds a combined market share of 31% in terms of metals and minerals extracted in 2018.

Taking the lead for virtual events in the mining space.

Aspermont launched a new multi-media product series in 2H of 2020, building a virtual meeting place for stakeholders to connect with key regulatory bodies and entities and closed-door forums for industry professionals. Aspermont expects the event to be a disruptor in the media industry amid the partial lockdown conditions worldwide and saw strong uptake in its first initiation. People are more accepting of the concept of virtual meetings today, as you can attend a professional meeting at your own convenience. As such, we believe that there will be a consumer behavioural shift in the events industry as certain physical events gradually shift to a virtual format. We believe that Aspermont's virtual events will lead a turnaround for its Events business in line with a greater growth trajectory and better margins compared to the live events in the past.



Key Risks

Plunge in commodity prices threatening the survivability of businesses within the sector. Overall metal prices have been increasing in 2020 with demand rising as economies reopen post pandemic with potential supply deficits in critical metals. However, the supply deficit may be short lived considering the spike in activities in the mining sector and convergence towards a state of normal profits. In the energy sector, we assume that the alternative energy sector will pick up at a faster rate than the fall in the O&G sector. However, political pressure and economic uncertainty might affect these plans and result in O&G businesses shutting down at a faster rate.

Talent retention risk. To be a market leader in the media and publishing industry for Aspermont's target sectors, their reputation depends on how comprehensive and useful Aspermont content is to the readers. Reputation is correlated to the user base and the amount of data which can be analysed will determine revenue growth from monetizing its data. We believe Aspermont can retain its key talents and continue to deliver rich insights due to a strong network with over 7.5m board and senior management users across the mining and energy industries.

Competition risk. Only a few mining events companies, such as 121 Group and Mines and Money, compete with Aspermont in the global events space. These companies organize roadshows or events to connect C-level executives and management to funds and investors, which are gaining popularity across the APAC region. 121 Group also runs a mining media website named The Assay, which provides a platform for leading fund managers and analysts to share their investment outlook and market insights. Other companies in the mining media space include The Pick, Glacier Media Group, and The Market Herald, which owns the online forum HotCopper. These competitors might expand their products and services in the future and may impact Aspermont's growth trajectory.

Although these companies seek access to Aspermont's client base and users, we note that none of the peers offer a product suite as extensive as Aspermont. For example, The Market Herald focuses on covering updates of ASX-listed companies for retail investors to track specific companies. However, these articles do not cover the macroeconomic aspects, global developments and in-depth analysis of the sector which Aspermont offers. Similarly, The Assay mostly covers listed companies' update with limited editorial guidance.

Currently, the content provided by peers is free-to-read and geared towards a B2C approach whereas Aspermont adopts a B2B model and delivers a more comprehensive coverage for a fee. Despite charging a fee when there is plenty of free content available, Aspermont delivered 16 quarters of consecutive growth in SaaS metrics. As such, we believe that Aspermont's content is seen as more informative and valuable, which merits a premium rating.



Industry analysis

The traditional print publishing and media industry was hit hard over the past 10 years as online advertising shook the market. Traditional print companies surrendered market share to internet giants such as Facebook (NASDAQ:FB) and Google (NASDAQ:GOOGL) forcing them to adapt or shut down. Aspermont was one of only a few traditional print media publishers to successfully restructure its business and transform into a 'digital first' organization in 2016.

The age of the internet enables information flow at greater speed and quantity 24/7 around the clock, and from very many sources. This extensive momentum tends to overwhelm individuals trying to stay abreast of the latest information and seeking to use information effectively. Many large companies have built their wealth by providing a one-stop solution for individuals. They consolidate and filter information to keep abreast in their area of interest and make better use of information. Aspermont is one of the companies doing this within the mining, energy, and agriculture sectors.

The mining sector has seen a spike in interest in 2020 as commodity prices rise in times of market uncertainty. The Covid-19 pandemic has disrupted the supply chain of all physical goods, including ores and processed metals crucial to the development of all countries. As such, metal prices have recovered from March lows despite uncertainty around the global economic recovery. To make things worse, the tension between China and the rest of the world exacerbates supply chain instability and further drives prices up. Many countries are trying to secure their own trusted supply chain of critical metals to avoid suffering a deep supply deficit and jeopardizing their nation's development. All these factors draw attention to the mining sector, propping up new exploration and mining companies, and attracting massive capital inflows.

It is known that exploration and project development require heavy capital expenditure and years of time invested. Companies are likely to closely follow the progress of their peers and the macroeconomic environment to make informed decisions. We believe Aspermont will benefit from the increased activity and new players within the mining sector across all its business lines, from advertising to numbers of subscriptions.

Sector performance YTD

Sector (No. of Securities)	YTD Performance	3M Perf	1Y % Perf
Investable Universe (60988)	-3.1%	1.3%	-1.7%
Mining (2748)	22.8%	18.6%	13.2%
Alternative Energy (345)	9.1%	10.0%	12.6%
Pharmaceuticals & Biotechnology (2539)	6.1%	0.0%	10.2%
Software & Computer Services (3020)	4.9%	3.8%	6.4%
Nonequity Investment Instruments (566)	0.9%	0.5%	1.0%
Chemicals (2091)	0.0%	5.7%	1.5%
Food Producers (2638)	0.0%	1.8%	0.0%
Health Care Equipment & Services (1479)	0.0%	0.5%	1.6%
Food & Drug Retailers (529)	0.0%	1.2%	0.0%
Fixed Line Telecommunications (226)	0.0%	0.0%	0.0%
Real Estate Investment Trusts (89)	0.0%	0.0%	-0.5%
NA (2615)	0.0%	0.0%	0.0%
Technology Hardware & Equipment (1878)	-0.4%	1.0%	4.5%
General Industrials (830)	-0.8%	2.3%	0.0%
Household Goods & Home Construction (1169)	-0.9%	2.7%	0.0%
Gas, Water & Multiutilities (451)	-1.4%	0.0%	-0.1%
Nonlife Insurance (695)	-1.6%	2.2%	0.0%
Equity Investment Instruments (242)	-1.7%	4.0%	0.0%
Electricity (843)	-1.8%	3.0%	0.0%
Electronic & Electrical Equipment (2403)	-1.9%	3.3%	0.2%
Forestry & Paper (396)	-2.7%	0.9%	-1.6%
Mobile Telecommunications (237)	-2.7%	-0.1%	-1.3%
Leisure Goods (725)	-3.2%	0.3%	0.0%
Financial Services (4758)	-3.3%	0.0%	-4.5%
Industrial Metals & Mining (1520)	-3.5%	4.7%	-2.8%
Construction & Materials (3464)	-3.5%	2.8%	-1.0%
Beverages (620)	-3.9%	0.0%	-4.0%
Support Services (2109)	-4.7%	2.1%	-2.9%
Industrial Engineering (2524)	-4.8%	4.0%	-2.4%
Personal Goods (2191)	-5.5%	0.2%	-6.2%
General Retailers (2199)	-5.8%	0.6%	-3.4%
Automobiles & Parts (1126)	-7.2%	4.4%	-4.9%
Industrial Transportation (1325)	-7.5%	0.9%	-6.4%
Real Estate Investment & Services (2153)	-9.6%	0.0%	-6.9%
Media (1485)	-10.9%	0.0%	-11.1%
Aerospace & Defense (287)	-12.2%	1.6%	-12.1%
Life Insurance (183)	-12.7%	2.5%	-6.7%
Travel & Leisure (2001)	-17.6%	0.0%	-17.3%
Banks (2537)	-18.1%	-1.1%	-14.9%
Tobacco (156)	-20.7%	-6.9%	-30.2%
Oil & Gas Producers (1128)	-28.2%	-3.2%	-29.5%
Oil Equipment, Services & Distribution (468)	-36.1%	-5.7%	-33.4%

Source Bloomberg, 25 Sep 2020

Mining is the top-performing sector for the year 2020 with a 22.8% YTD followed by alternative energy with 9.1% return.

Left: New businesses proxy – No. of IPOs in the mining sector YoY less RTOs. Right: Capital inflow to the mining sector YoY.

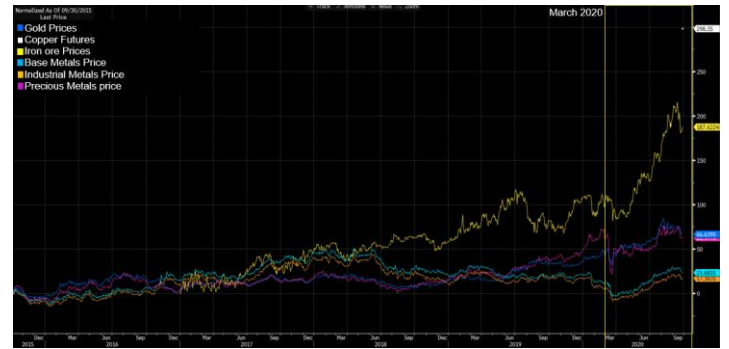


Source: Bloomberg, 25 Sep 2020



Similarly, within the energy space, we expect accelerated progress in renewables as more countries commit to achieving a net-zero carbon goal. In the latest public speech by China's President Xi Jinping on 22 Sep 2020, President Xi pledged that China would accelerate its timetable for reducing carbon emissions before the previously agreed year of 2030 and to reach carbon neutrality by 2060. As the O&G sector suffers a blow due to the worldwide lockdowns, the market embraces the rise of the future of energy – renewables. Aspermont has 25 years of experience in covering the energy sector, especially in overseeing the development of renewables. We believe the decline in revenue from the O&G sector will be offset by the increasing demand in the renewables sector.

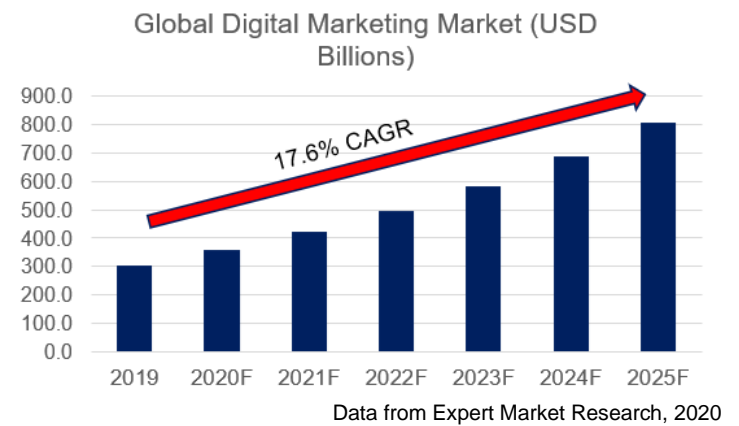
Basic Mining Commodities Price



Source: Bloomberg, 28 Sep 2020

In view of Aspermont's latest business lines, there are reasons to believe that data-driven marketing will be the new norm for marketing. According to a report by Asia-focused Analytic, Data, Advertising (ADA), by using relevant data to decide on marketing actions, marketers can build their brands, tap into consumers' emotions which could affect purchasing decisions, and capitalize on economic challenges and uncertainties. As such, data-driven marketing or new age digital marketing brings better efficiency in customer conversion rates by as much as 200% and increases ROI for businesses by up to 800%. This shows why the advertising giant, Facebook consistently grew its advertising revenue at a CAGR of 18.8% from US\$ 39.9Bn in 2017 to US\$ 94.7Bn (projected) in 2021.

Global Digital Marketing Forecast



According to Expert Market Research, global digital marketing is forecast to grow at a CAGR of 17.6% to reach around US\$807Bn by 2025. The growth is fuelled by the increased penetration of personal electronic devices and social media. As countries move towards a 'smart' society, the penetration of personal and family electronic devices will increase further giving more reasons for businesses to migrate towards data-driven marketing to improve their ROI, especially in the niche markets where serious buyers are not readily found and in close communities.

Data-driven marketing statistics

WHAT IS DATA-DRIVEN MARKETING? AT A GLANCE

5x to 8x higher ROI when using personalisation

State of marketing & sales data quality

- Marketing, sales & finance data exists in one data warehouse: 8%
- All marketing data is accounted for & well formatted in a data warehouse: 20%
- Our core sources live within their own systems but are normalised and clean: 23%
- Challenging - starting to clean & reformat it: 40%
- Staid and messy -unuseful: 9%

Data-driven marketing leads to increased conversion and customer acquisition according to 78% of organisations

Benefits of centralising data into a single platform:

- Access all critical information
- Access other data, to provide greater context.

THE BENEFITS OF USING BIG DATA IN MARKETING

2 out of 3 of leading marketers admit that data-based decisions beat gut instinct

74% of customers feel frustrated by seeing irrelevant content from brands.

79% of them won't consider an offer unless a brand personalises it to their previous interactions

81% of marketers consider implementing data-driven marketing strategies somewhat to extremely complicated. *The struggle is real.*

THE MOST COMMON DATA-DRIVEN MARKETING CHALLENGES

42% of marketers can run basic performance reports only

only 8% of companies store all their data in one place - a data warehouse

COMPETITIVE ADVANTAGES DUE TO DATA-DRIVEN MARKETING

- Customer loyalty: 48%
- New customers: 43%
- Customer satisfaction: 42%
- Customer retention: 41%
- Profitability: 31%
- Customer connection: 27%
- Revenue sources: 25%
- Brand loyalty: 23%
- New revenue sources: 23%

By improving the ad copy to target price-sensitive customers, conversions have been found to increase by as much as 200%.

Source: adverity company's website, Sep 2020.



Peer Comparison

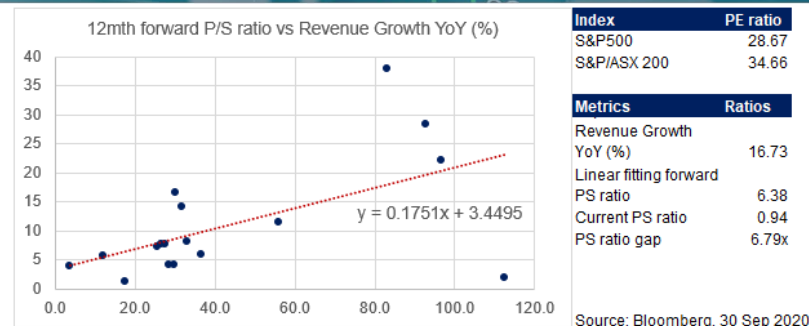
Ticker	Name	Mkt Cap (A\$m)	Revenue Growth YoY (%)	3Yr Avg Revenue Growth (%)	P/S	12mth forward		Gross Margin (%)	Operating Margin (%)	ROE (%)	Business Segment	Model	12mth forward PS (Group Comparison)			
						P/S	P/S						Business	Model	Model	Exchange
PS US Equity	PLURALSIGHT INC - A	3,500.1	36.58	34.07	5.00	5.94	77.48	-47.07	-68.53	Education	CaaS	Media	SaaS	CaaS	ASX Listed	
BTH AU Equity	BIGTINCAN HOLDINGS LTD	507.0	55.95	49.87	13.10	11.47	84.61	-42.07	-23.27	Marketing	CaaS					
HUBS US Equity	HUBSPOT	19,185.6	31.56	35.58	16.98	14.05	80.74	-6.82	-9.04	Marketing	CaaS					
SPOT US Equity	SPOTIFY TECHNOLOGY SA	63,259.8	28.62	31.92	5.19	4.09	25.46	-0.68	-17.75	Music	CaaS					
NFLX US Equity	NETFLIX INC	305,663.3	27.62	31.70	9.58	7.68	38.28	12.92	39.12	Shows	CaaS					
FB US Equity	FACEBOOK INC-CLASS A	1,047,460.0	26.61	37.02	9.93	7.82	81.94	41.00	23.61	Media	XaaS					
DDOG US Equity	DATADOG INC - CLASS A	38,734.9	83.15		40.94	38.01	75.48	-5.36		Business Intelligence	DaaS					
XRO AU Equity	XERO LTD	14,390.5	29.92	34.51	21.75	16.60	85.16	4.75	1.13	Accounting	SaaS					
IFM AU Equity	INFOMEDIA LTD	606.6	11.84	10.44	5.58	5.77		29.21	20.08	Automotive	SaaS					
CARG US Equity	CARGURUS INC	3,457.5	29.69	44.31	4.36	4.08	93.84	5.92	18.35	Cars Marketplace	SaaS					
PPH NZ Equity	PUSHPAY HOLDINGS LTD	2,253.8	32.91	57.98	12.58	8.18		14.96	34.14	Comms	SaaS					
WSP AU Equity	WHISPIR LTD	365.8	25.51	22.27	9.30	7.21	62.22	-24.48	-41.58	Comms	SaaS					
SIS AU Equity	SIMBLE SOLUTIONS LTD	5.7	-16.37		1.90		63.83	-438.57		Energy Management	SaaS					
APT AU Equity	AFTERPAY LTD	22,740.2	96.56	234.52	40.05	22.08	74.13	0.68	-1.75	Payment	SaaS					
PYG AU Equity	PAYGROUPT LTD	43.0	112.47	34.45	3.29	2.03		-24.42	-23.92	Payroll	SaaS					
CRWD US Equity	CROWDSTRIKE HOLDINGS INC - A	42,025.1	92.70	109.41	43.99	28.47	70.58	-30.67	-15.02	Security	SaaS					
NYT US Equity	NEW YORK TIMES CO-A	9,832.0	3.64	5.24	3.92	3.87	61.02	10.36	13.32	Media	Subscription					
NEC AU Equity	NINE ENTERTAINMENT CO HOLDIN	2,975.9	17.45	21.46	1.37	1.33		-19.07	-22.83	Media	Subscription					
TMH AU Equity	THE MARKET HERALD LTD	53,134.7	183.04	75.41	4.42		100.00	8.36	12.34	Media	Subscription					
AVERAGE			36.06	51.19	9.97	11.10	71.65	-26.90					2.60	12.23	8.64	7.40
ASP AU Equity	ASPERMONT LTD	15.9	16.73	6.97	0.94		54.45	-8.32	-58.52	Media	CaaS					

Source: Bloomberg, 30 Sep 2020

Most of Aspermont's peers, as mentioned under competition risk earlier, focus on the investment aspect of the industry they cover. Their articles mainly convey news about listed companies, whereas Aspermont provides a more comprehensive coverage of the industry, including market analysis and political impacts. Some of the companies are viewed as competitors in the event space but note that events are presently only a fraction of Aspermont's revenue with the core being its CaaS business. In addition, only a handful peers are listed companies and no direct peer can match Aspermont's product suite and business model. Therefore, we prefer to compare Aspermont with CaaS companies due to the similarity of their business model. We note that Aspermont is trading at a steep discount of -90.6% to the peer average PS ratio of 9.97. This can be attributed to the lack of awareness of Aspermont's new business model and achievements. Aspermont is inappropriately rated as if a bricks and mortar media company, with a very small Market Capitalisation and lower revenue growth of 16.73% as compared to its peer average of 36.06%.



A correlation of the forward PS ratio and revenue growth YoY shows that the market gives a higher valuation to companies that grow more aggressively. The PS ratio to revenue growth correlation is one way to view where Aspermont stands among its SaaS peers. By linear fitting Aspermont's 16.73% revenue growth YoY and omitting the possible valuation difference between Exchanges (S&P500 and S&P/ASX200), the forward PS ratio is 6.38 suggesting a **Market Capitalisation of A\$92.8M**, or 6.79x the current A\$13.7M. capitalisation. We expect Aspermont to attain a higher valuation as the market starts to price in the CaaS model and the data-driven business lines moving forward.



Financials

Assumptions

Assumptions	2018 Sep-18	2019 Sep-19	2020F Sep-20	2021F Sep-21	2022F Sep-22	2023F Sep-23
Growth %						
Audience Revenues	27.66%	18.33%	4.10%	23.74%	23.24%	18.81%
Client Services Revenues	15.94%	15.88%	-7.27%	28.71%	34.16%	31.74%
Total Revenue	20.69%	16.93%	-2.34%	26.41%	29.21%	26.16%
% of Revenue						
COGS	-46.01%	-45.55%	-45.03%	-43.94%	-42.87%	-41.83%
Distribution expenses	-3.27%	-3.79%	-3.53%	-3.06%	-2.85%	-2.54%
Marketing expenses	-27.32%	-31.56%	-29.44%	-29.44%	-26.76%	-26.06%
Occupancy expenses	-6.12%	-3.12%	-2.56%	-2.02%	-1.57%	-1.24%
Corporate and administration	-19.51%	-25.39%	-22.45%	-22.45%	-19.76%	-18.20%
Finance costs	-0.17%	-0.63%	-0.21%	0.00%	0.00%	0.00%
Share based payments	-0.78%	-1.01%	-1.38%	-1.20%	-1.09%	-0.96%
Other expenses	-8.50%	-7.30%	-6.27%	-5.38%	-4.62%	-3.97%
Other income	1.33%	2.96%	2.14%	2.14%	2.41%	2.23%
Tax rate	8.64%	-0.19%	2.84%	2.84%	2.84%	2.84%
Margins %						
Gross Margin	53.99%	54.45%	54.97%	56.06%	57.13%	58.17%
Operating Margin	-6.19%	-45.58%	-8.73%	-5.35%	2.89%	7.43%
EBITDA Margin	1.25%	2.81%	3.80%	6.39%	8.19%	11.71%
Net Margin	-6.72%	-45.50%	-8.97%	-5.50%	2.98%	7.64%

Income Statement

IS	2018 Sep-18	2019 Sep-19	2020F Sep-20	2021F Sep-21	2022F Sep-22	2023F Sep-23
AUD '000						
Revenue	14,031.0	16,379.0	15,987.4	20,210.0	26,114.2	32,944.5
COGS	(6,455.0)	(7,461.0)	(7,198.6)	(8,879.5)	(11,195.6)	(13,781.7)
Gross Profit	7,576.0	8,918.0	8,788.8	11,330.6	14,918.6	19,162.8
SG&A	(7,139.0)	(10,115.0)	(9,081.7)	(11,347.5)	(13,177.4)	(15,734.3)
D&A	(188.0)	(1,061.0)	(1,189.7)	(1,130.2)	(1,098.1)	(1,093.9)
Occupancy expenses	(859.0)	(511.0)	(408.8)	(408.8)	(408.8)	(408.8)
Other operating income/(expenses)	(1,006.0)	(711.0)	(659.1)	(654.8)	(576.6)	(572.0)
Interest expense	(24.0)	(103.0)	(34.4)	0.0	0.0	0.0
Other non-operating expense	584.0	(4,944.0)	0.0	0.0	0.0	0.0
Profit/(Loss) before Tax	(868.0)	(7,466.0)	(1,395.1)	(1,080.5)	755.8	2,447.7
Adj. EBITDA	176.0	461.0	606.7	1,291.8	2,139.3	3,858.1
Income Tax expense	(75.0)	14.0	(39.6)	(30.7)	21.5	69.5
Net Profit/(Loss)	(943.0)	(7,452.0)	(1,434.7)	(1,111.2)	777.3	2,517.2
EPS	(0.05)	(0.36)	(0.06)	(0.05)	0.03	0.11
Shares Outstanding (Mil)	1,886.0	2,070.0	2,277.3	2,277.3	2,277.3	2,277.3



Balance Sheet

BS AUD '000	2018 Sep-18	2019 Sep-19	2020F Sep-20	2021F Sep-21	2022F Sep-22	2023F Sep-23
Current Assets						
Cash & CE	2,059.0	727.0	3,051.6	3,848.0	7,852.1	13,734.8
Trade & other receivables	1,858.0	1,379.0	1,095.0	1,384.2	1,788.6	2,256.5
Total Current Assets	3,917.0	2,106.0	4,146.6	5,232.2	9,640.7	15,991.3
Non-current Assets						
Other receivables	5,480.0	0.0	0.0	0.0	0.0	0.0
Financial assets	74.0	71.0	71.0	71.0	71.0	71.0
PPE	124.0	1,445.0	1,350.0	1,282.4	1,246.0	1,241.2
Deferred Tax Assets	2,272.0	1,519.0	1,519.0	1,519.0	1,519.0	1,519.0
Intangible assets and goodwill	8,842.0	8,827.0	8,246.4	7,833.6	7,611.5	7,581.8
Total Non-current Assets	16,792.0	11,862.0	11,186.3	10,706.0	10,447.5	10,413.0
Total Assets	20,709.0	13,968.0	15,333.0	15,938.2	20,088.2	26,404.2
Current Liabilities						
Trade & other payables	4,502.0	3,553.0	4,321.4	5,087.2	6,414.1	7,895.8
Income in advance	4,193.0	4,702.0	5,555.0	6,287.8	8,124.8	10,249.9
Borrowings	(5.0)	43.0	0.0	0.0	0.0	0.0
Lease Liabilities	0.0	541.0	541.0	541.0	541.0	541.0
Income tax payable						
Provisions						
Total Current Liabilities	8,690.0	8,839.0	10,417.4	11,916.0	15,079.9	18,686.6
Non-current Liabilities						
Borrowings	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities	2,272.0	1,519.0	1,519.0	1,519.0	1,519.0	1,519.0
Lease liabilities	0.0	882.0	456.0	30.0	0.0	0.0
Provisions	76.0	94.0	94.0	94.0	94.0	94.0
Other Liabilities						
Total non-current liabilities	2,348.0	2,495.0	2,069.0	1,643.0	1,613.0	1,613.0
Total Liabilities	11,038.0	11,334.0	12,486.4	13,559.0	16,692.9	20,299.6
Net Assets	9,671.0	2,634.0	2,846.6	2,379.1	3,395.3	6,104.6
Equity						
Issued Capital	67,744.0	7,441.0	8,552.7	8,552.7	8,552.7	8,552.7
Reserves	(11,882.0)	(1,826.0)	(1,290.5)	(646.7)	(407.8)	(215.7)
Accumulated losses	(46,191.0)	(2,981.0)	(4,415.7)	(5,526.9)	(4,749.6)	(2,232.5)
Total Equity	9,671.0	2,634.0	2,846.6	2,379.1	3,395.3	6,104.6
Balance Check	OK	OK	OK	OK	OK	OK

Cash Flow Statement

CFS AUD '000	2018 Sep-18	2019 Sep-19	2020F Sep-20	2021F Sep-21	2022F Sep-22	2023F Sep-23
Cash flows from operating activities						
Net Earnings	(868.0)	(7,466.0)	(1,395.1)	(1,080.5)	755.8	2,447.7
D&A	188.0	1,061.0	1,189.7	1,130.2	1,098.1	1,093.9
Change in WC	489.0	6,876.0	1,905.4	1,209.4	2,759.5	3,138.9
Other Operating Cash flow	(245.0)	(864.0)	221.0	242.1	285.3	316.6
Net cash from operating activities	(436.0)	(393.0)	1,921.0	1,501.2	4,898.8	6,997.0
Cash flow from investing activities						
Payments for plant and equipment	(74.0)	(36.0)	(72.3)	(91.4)	(118.1)	(149.0)
Payment for intangible assets	(651.0)	(502.0)	(441.7)	(558.4)	(721.6)	(910.3)
Interest on lease liabilities	0.0	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)
Net cash from investing activities	(725.0)	(593.0)	(569.1)	(704.8)	(894.7)	(1,114.3)
Cash flows from financing activities						
Proceeds from issue of shares	2,044.0	0.0	1,111.7	0.0	0.0	0.0
Share issue transaction costs	(169.0)	(6.0)	(53.1)	0.0	0.0	0.0
Repayment of lease liabilities	0.0	(346.0)	(43.0)	0.0	0.0	0.0
Proceeds from borrowings	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of borrowings	0.0	0.0	(43.0)	0.0	0.0	0.0
Net cash from financing activities	1,875.0	(352.0)	972.6	0.0	0.0	0.0
Net change in Cash held	714.0	(1,338.0)	2,324.6	796.3	4,004.1	5,882.7
Cash at begin	1,342.0	2,059.0	727.0	3,051.6	3,848.0	7,852.1
Effects of FX	3.0	6.0	0.0			
Cash at end	2,059.0	727.0	3,051.6	3,848.0	7,852.1	13,734.8



Conclusion

Aspermont has transformed from a traditional print media company into a CaaS focused company over the past 4 years. Aspermont performance as measured by SaaS metrics demonstrated 16 quarters of consecutive growth. The success of the company hinges on its ABM strategy in targeting niche markets such as the mining and energy sectors. Increasing coverage of renewables, increasing metal prices, and potential supply deficits in critical metals used in every countries' development have resulted in a huge inflow of capital and a greater focus on the mining industry in 2020. We believe that Aspermont is still at its early stage of growth and will benefit from rising demand in the mining sector and the geographical scalability of its business.

In FY2019, Aspermont rolled out 2 new business lines, Content Agency and Lead Generation, which leverage on the behavioural data of a growing user base to accelerate growth. These services, content marketing, provide the best ROI for the businesses to date and will be the new norm of marketing in the future. Being in the niche markets with few competitors, we believe Aspermont could potentially replicate the success of Google or Facebook in content marketing within the mining and energy industries.

The market has overlooked Aspermont's business transformation as the company trades at a steep discount of - 90.6% to its peers. The correlation study on PS ratio and revenue growth YoY of the SaaS peers suggest a direct relationship is appropriate. By linear fitting Aspermont's YoY revenue growth of 16.73%, we obtain a forward PS ratio of 6.38 which **suggests a Market Capitalisation of A\$92.8M**, some 6.79x the current A\$13.7M capitalisation. We expect Aspermont to achieve a higher valuation as the market increasingly understands the CaaS model and the data-driven business lines moving forward.

Appendix

Management Team

Alex Kent, Managing Director

Mr. Alex Kent joined Aspermont in 2007 and was appointed managing director in 2016. Having previously graduated through Microsoft's Executive Academy and with a double honours' degree in Economics, Accounting and Business Law, Mr. Alex Kent brings relevant expertise to the Aspermont board and operations as the Group continues its digital evolution.

Ajit Patel, COO

Mr. Ajit Patel has more than 30 years of experience in the media industry, working across print and digital media, events and market research. Before joining Aspermont in 2013, he worked for Incisive Media in London, where he was responsible globally for infrastructure, software development, online strategy, vendor management and large scale systems implementation and prior to that he was the CTO for VNU (now Nielsen).

Nishil Khimasia, CFO

Mr. Khimasia has significant and relevant experience in financial management, business development and transformation in growing companies in the global B2B sector. Over the past 8 years, Mr. Khimasia held CFO and General Management positions at Equifax UK & Ireland, part of Equifax Inc., one of the world's largest information solutions providers, with responsibility for developing UK & Ireland business.

Matt Smith, CCO

Mr. Smith has over 20 years of experience in global media sales. His previous role was as President at International Data Group (IDG), the world largest technology media organisation, where he directly managed and led the global demand generation business and data strategy.



Leah Thorne, Group People Director

Leah joined Aspermont in 2018 and has over 18 years of experience in HR, gained internationally across a range of industries including media, technology, and retail. She also headed up European Talent Development at Activision Blizzard, leading European initiatives with a focus on leadership development and the digital transition.

Board of Directors

Andrew Kent, Non-Executive Chairman

Mr. Andrew Kent is an experienced Business Manager and Corporate Advisor with over 40 years' experience in international equities and media. Mr Kent was the CEO of Aspermont from 2000 to 2005 and is also a member of the Australian Institute of Company Directors.

Geoff Donohue, Lead Independent Director

Mr. Geoff Donohue has over 30 years' experience at both board and senior management level within public companies and the securities industry.

Christian West, Non-Executive Director

Christian West has over 16 years' experience in advising public companies on portfolio structure and in deal origination, development, and financing for private companies. He is currently a Director of RDP Limited, a venture capital group specialist in the natural resources sector.

Clayton Witter, Non-Executive Director

Clayton Witter has over 20 years' experience in advising large and medium size organisations on implementation of new technologies to transform business processes. He was previously Managing Director at Beko Plc, the UK home appliance manufacturer; under his management, Beko became market leader across multiple product categories.

Disclosure of Interests:

Aspermont Limited currently are, or in the past 12 months have been, a client Spark Plus Pte Ltd. During this period, Spark Plus Pte Ltd provided corporate advisory services. In the past 12 months, Spark Plus Pte Ltd have received compensation corporate advisory services from the company. Spark Plus Pte Ltd intends to seek or expect to receive compensation for corporate advisory services from the Company in the next three months.

Spark Plus directors, consultants and advisers currently hold less than 1% of issued shares in Aspermont Limited and may buy or sell the shares from time to time.

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