

## Snakk Media

**Media**
**29 February 2016**

### Second consecutive EBITDA positive quarter

Snakk Media has announced its second consecutive quarter of positive EBITDA for FY16 with Q3 EBITDA of NZ\$62,662, reducing the year to date net loss to NZ\$0.188m. The company also revealed that its Q3 revenues had increased 8% year-on-year to NZ\$2.86m, driven by a 244% increase in revenues from its South-East Asian operations, which now account for 15% of the total. On 25 February at a special meeting of shareholders, Snakk Media also secured approval to launch a share sale plan.

### Q3 revenue and EBITDA result

Snakk Media has reported an 8% increase in Q3 revenues y-o-y, driven by a 244% increase from its South-East Asian operations. South-East Asia accounted for 15% of sales in Q316, versus 5% y-o-y. Australian and New Zealand sales for the same period were flat y-o-y. For the nine months to 31 December 2015, revenues increased 11% y-o-y, while the company's net loss for the same period was NZ\$0.188m, down from a loss of NZ\$3.96m y-o-y. The company reported its second consecutive EBITDA-positive quarter, posting Q3 EBITDA of NZ\$62,662. As part of its commitment to releasing its key operating margins, Snakk Media recently reported that its Q3 gross margin was 69%. This implies a Q3 gross profit of NZ\$1.97m on revenue of NZ\$2.86m.

### Approval for share sale plan

Snakk Media secured approval from a special meeting of shareholders on 25 February to launch a share sale plan that will allow small shareholders, with 1,000 or fewer shares, to either sell or top up their shares in a cost-effective manner. The share sale plan will also enable shareholders with more than 1,000 shares to acquire more shares. Shareholders voted in favour of issuing up to 310,000 options to employees under the executive option scheme and 50,000 and 100,000 options to non-executive directors Martin Riegel and Rob Antulov, respectively. The company also secured approval to change its constitution to allow it to list on the NZX main board or the ASX without any need to alter its constitution.

### Valuation: Peer comparison implies steep discount

Even with its small size and early-stage development, at 0.8x EV/TTM (2015) sales, Snakk Media is at a ~60% discount to a broad global peer group of quoted mobile solutions and digital advertising companies. If the current median peer multiple of 2.0x EV/TTM sales were applied, its implied EV would be NZ\$19.6m or NZ\$1.49/share.

#### Historical financials

Year end	Revenue (NZ\$m)	EBITDA (NZ\$m)	PBT (NZ\$m)	EPS (c)	P/E (x)	EV/Sales (x)
03/12	2.0	(0.4)	(0.4)	(0.2)	N/A	4.1
03/13	3.7	(0.9)	(0.9)	(0.4)	N/A	2.2
03/14	7.1	(1.6)	(1.3)	(0.5)	N/A	1.2
03/15	9.9	(3.7)	(3.7)	(1.3)	N/A	0.8

Source: Snakk Media

**Price** NZ\$0.76  
**Market cap** NZ\$12m

#### Share price graph



#### Share details

Code SNK  
 Listing NXT  
 Shares in issue 15.7m

#### Business description

Mobile advertising technology company Snakk Media offers a full suite of mobile creative, content and technology services, empowering the world's leading brands and agencies to accurately reach and engage with consumers on their mobile devices.

#### Bull

- Strong management team and board.
- No legacy advertising systems.
- Targeting high-growth Asian markets.

#### Bear

- High currency exposure to the US dollar.
- Low barriers to entry.
- IP risk tied up with talent.

#### Analysts

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