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ASX RELEASE

19 August 2020

FY20 RESULTS – NEARMAP SCALES FOR A GLOBAL MARKET OPPORTUNITY

Nearmap (NEA:ASX) is pleased to announce its financial results for the year ended 30 June 2020 (FY20).

- Group Annualised Contract Value (ACV) portfolio at 30 June 2020 of $106.4m (30 June 2019: $90.2m) with incremental ACV of $16.2m (30 June 2019: $24.0m). Incremental ACV of $9.8m in 2H20 (1H20: $6.4m) as the business showed strong resilience despite economic uncertainty related to COVID-19.
- Group cash balance at 30 June 2020 of $33.8m[1] (30 June 2019: $75.9m). In April 2020 Nearmap implemented a range of cash management initiatives in response to economic uncertainty related to COVID-19. These initiatives ensured the business was in a cash flow breakeven position as at 30 June 2020 and included a 10% permanent reduction to employment costs, a temporary 20% reduction to employee salaries (25% for Directors) and other operating and capital cost reductions.
- Statutory revenue of $96.7m increased 25% on the prior comparative period (pcp) (FY19: $77.6m).
- Statutory loss after tax of ($36.7m) (FY19: ($14.9m)) following a period of significant investment across all areas of the business in support of growth initiatives.
- Group EBITDA[2] of $9.1m (FY19: $15.5m).
- Group customer churn increased to 9.9% (FY19: 5.3%), with 1H20 impacted by a small number of large enterprise subscription churns in North America (NA). Normalised churn, excluding these events, was 5.4% demonstrating returns from ongoing investment in customer retention initiatives.
- Group sales team contribution ratio (STCR) of 54% (FY19: 106%). This was impacted by the large churned subscriptions and material downgrade of an enterprise subscription in NA in 1H20. Excluding these, Group STCR was 78%.
- Global subscriptions of 10,458 (FY19: 9,800), with Group Average Revenue Per Subscription (ARPS) increasing 11% to $10,178 (FY19: $9,208).
- $57.7m (54%) of the portfolio now relates to subscriptions incorporating premium content, a 122% increase on the pcp (FY19: $26.0m).
- 43% of the Group ACV portfolio is now on multi-year subscriptions (FY19: 40%).
- The Group continues to monitor the impact of COVID-19 on trading conditions. ACV portfolio growth has continued, with trading conditions seven weeks into FY21 consistent with growth in the same period in FY20.

Commenting on the result, Chief Executive Officer and Managing Director, Dr Rob Newman, said "In a period of significant economic uncertainty, our Company's unique value proposition was strengthened, as can be seen by an improvement in retention and continued growth in our Annualised Contract Value. The resilience of our business model and the value customers derived from our content as they adapted their business models to remote working has never been stronger. In FY20 we continued to add new content types and in June launched transformative Nearmap AI. This enabled us to extend our technology leadership and to further our penetration into our core growth verticals within the global location intelligence market. We achieved all of this while taking immediate action to adjust our cost base to preserve liquidity and maintain a strong balance sheet in light of the uncertain economic environment."

FY20 FINANCIAL AND OPERATIONAL OVERVIEW

NORTH AMERICA – 27% INCREASE IN ACV WITH STRONG MOMENTUM INTO FY21

- ACV portfolio at 30 June 2020 of US$28.8m (30 June 2019: US$22.7m), representing 27% portfolio growth on the pcp. Strong 2H20 performance from insurance, roofing and government industry verticals mitigated the unforeseen enterprise churn events in 1H20 (incremental ACV of US$3.8m in 2H20 vs US$2.3m in 1H20).
- STCR of 46% (FY19: 106%) and ACV churn of 16.9% (FY19: 4.4%) as a result of three enterprise churn/downgrade events in 1H20 totaling US$4.85m. Excluding these events, underlying STCR was 82% and churn was 4.5%, demonstrating the continuing scaling of the NA core business.
- Closing subscriptions of 1,856 (FY19: 1,425), growth of 30%, with ARPS of US$15,511 broadly consistent with the pcp (FY19: US$15,918).
- Pre-capitalisation gross margin of 32% (FY19: 20%), demonstrating the increasing operating leverage as the NA business scales.

AUSTRALIA & NEW ZEALAND – MARKET LEADERSHIP EXTENDED THROUGH CONTINUED GROWTH

- ACV portfolio at 30 June 2020 of $64.5m (30 June 2019: $57.9m), representing 11% portfolio growth on the pcp. Strong 2H20 performance with incremental ACV of $3.5m (1H20: $3.1m).
- STCR of 74% (FY19: 106%) and ACV churn of 5.9% (FY19: 5.6%) with a re-organised sales leadership team and expanded customer experience and retention team delivering an improved performance in the second half of FY20.
- Closing subscriptions of 8,602 (30 June 2019: 8,375) with ARPS increasing 8% to $7,497 (FY19: $6,913).
- Pre-capitalisation gross margin of 91% (FY19: 91%), consistent over several years.

Mr Andy Watt, Chief Financial Officer, commented that the Company's continued growth in FY20 reflected the strength of the underlying business model and the returns on investments made to scale the business for growth. "FY20 has seen Nearmap invest significantly in its operational foundations to create a highly scalable business that will support its future growth aspirations. The cash management initiatives announced in April allowed us to strengthen our Balance Sheet without impacting our key growth initiatives, and we will continue to run the business to cash flow breakeven over the course of FY21. Trading conditions seven weeks into FY21 are consistent with the growth seen in the same period in prior years, putting us in a strong position to continue our growth in FY21."

FY21 OUTLOOK

Commenting on the outlook for the business, Dr Newman said that Nearmap remains well positioned to continue its strong growth trajectory and remain focused on its customers and core growth verticals in FY21. "In FY21 we will continue to focus on our customers and elevating their experience with Nearmap. We will increase the alignment of our Product, Sales & Marketing teams to our core growth verticals especially where there is strongest interest in our expanded higher value product suite. We will also continue to innovate, bringing new and value-adding tools and functionality to our growing customer base, further enhancing our market and technology leadership.

"With our unique technology and subscription business model which no other aerial imagery company has been able to replicate at scale, Nearmap continues to focus on the global opportunity to become the world's leading provider of subscription-based location intelligence."

Authorised by:
Board of Nearmap Ltd

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Important Note

This announcement includes the following measures used by the Directors and management in assessing the ongoing performance and position of the Group: EBIT, ACV, ARPS, Churn and STCR. These measures are non-IFRS and have not been audited or reviewed. A reconciliation of statutory net loss after tax to EBITDA and EBIT is included in the Appendices of the accompanying Investor Presentation released to the ASX.

[1] Group cash balance excludes $2.3m on bank guarantees which have been classified as cash on the Balance Sheet

[2] EBITDA is net profit before interest, taxes, depreciation and amortisation

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NEARMAP.COM
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