

27 January 2021

## ASPERMONT MANAGING DIRECTOR INTERVIEW

Aspermont's Managing Director Alex Kent was recently interviewed by news.financial, a German investor news service. To read this interview please follow this [link](#) or see below for a full transcript.

### Interview with Aspermont Limited

#### ASPERMONT SHOWS THE SUCCESS OF DIGITALIZATION - ALEX KENT HAS AN AGENDA

Alex Kent is the Managing Director of Aspermont Limited, a public Mediatech company, which is listed in Australia and Germany. Aspermont owns a variety of media assets and user bases and is the leading media services provider to the global resource industries with a long history serving the mining industry. During Covid-19, the management was forced to reinvent the business model of the company.

We are pleased to hear from Managing Director, Alex Kent, on how Aspermont met the COVID-19 challenge.

(Interview by Mario Hose on 27<sup>th</sup> January 2021)

Hello Alex. 2020 was a tough year for many industries around the globe. How did you meet the challenges as a media company?

*"Like all other businesses we had a tough year. Our live events and conferences business which had been growing nicely, was shut down and global marketing spends were cut back which slowed down our advertising revenues. But our business model proved resilient and kept on delivering growth across all revenue classes except events, especially subscriptions which have grown for 17 consecutive quarters in audience size, net retention rates and in ARPU (average revenue per unit).*

*We finished the year in good shape and not many media companies can say that. This was because our flexible business model enabled us to adjust and compensate for revenue disruption. Fortunately, we have no debt and our bottom-line growth continued with positive earnings and free cashflow.*

*We face a bright future as we have completed a 5-year business turnaround. Going forward, our positive free cashflow can be invested back into the business to deliver organic growth."*

Aspermont owns assets with a long history, like Mining Journal. Can you tell us more about the Aspermont portfolio?

*"Aspermont owns Mining Journal and Mining Magazine which have been continuously published for 186 and 112 years respectively and are the most respected content suppliers to the global mining industry. But Aspermont owns 10 other principal brands and a further 20 sub-brands with an aggregate combined brand heritage of 560 years.*

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*People recognize our iconic titles and think we are still a print publisher, but 95% of our content is digitally distributed as we are a global B2B services provider for the mining and energy industries and are increasingly serving agricultural product businesses across the world.*

*Our titles, like Mining Journal and Mining Magazine, played a critical role in supporting the growth of the mining sector in Europe, Africa, the Americas and Australia and they gave us the foundation for building a global digital subscriber base. But, in fact, all our brands are subscriber based across a variety of paid content including news, research, data and live or virtual events. We are also expanding our subscriber base by entering new content arenas such as E-learning and the technology sector and we are considering publication in other languages."*

Aspermont has offices in different places around the globe. Can you please tell us more about the management and your operations?

*"We are a global publisher with a Head Office in London, a regional office in Australia and representative offices in North America, Brazil, Singapore, Malaysia and the Philippines. We have a strong management team and all of us worked at global media and technology blue-chip companies before deciding to join Aspermont. All key management are incentivized via equity based Long Term Investment Plans to align our interests with shareholders.*

*We also engage contractors such as in India to access the production and technological development support needed to upscale content distribution."*

You say you have collected more than 7 million contacts. How can you monetize this huge number of relationships?

*"We have accumulated a network with over 7 million board, senior management, and key decision maker contacts in our 3 primary industries – mining, energy and agriculture. This enables us to curate marketing campaigns for clients and to target specific audiences – the right people at the right companies in their target regions. This enables us to charge our clients on a cost per lead model and everybody is happy."*

Your client base looks interesting. How much do you know about your target audiences?

*"Well, a large proportion of our client base are in effect Fortune 500 companies. Unlike other digital publishers and media houses, we do not use programmatic advertising networks, so our client relationships are direct and not via 3<sup>rd</sup> party platforms or agencies. Over the last few years, we have increasingly focused on a solution-based approach for clients rather than on transaction selling. This new approach builds long term client relationships as we get to understand their business model and needs, their annual budgets and their objectives. Our ARPC (average revenue per client) has seen double digit annual growth for the last three years and we expect this growth to continue."*

But if only 2% of your contacts are attached to a specific paid subscription, don't you face a challenge to build subscription revenues?

*"Our subscribers are nearly all big corporates who distribute our products across their management structure which is the best distribution model for our target industries, as our audience growth comes from a wider penetration of existing customer accounts.*

*We use an approach called ABM (account-based-marketing) to increase audience penetration and this has delivered consistent growth which is ongoing. Our content models offer new business opportunities which can be addressed by direct investment in new content. We were somewhat restricted in recent years as our business turnaround required all our working capital, but we are investing now that the business is generating organic cash flow. Our investments in new content will prove value accretive as we supply more customers in new countries, in more languages – and eventually in more sectors."*

How do you monetize the many different clients in your database?

*"Our lead generation services, which we described earlier, are delivering long term growth and our growing audiences help generate new revenues for us in Advertising, Events, Content Marketing and Investor Relations services as we increasingly become a one stop shop for customers in our key areas."*

How have you achieved subscription growth in the past few challenging years?

*"We have had 5 years of high double digit compound annual growth rates (CAGR) in ACV (annual contract value) and ARPU (average revenues per unit). We achieve deeper penetration in existing accounts by adding more paid members per company to existing corporate subscriptions each year. I will give you an example. Four years ago, a blue-chip client would pay EU 500 per year for each subscription package for 3 members but the same corporate is now happy to pay EU34,000 for a company wide access subscription.*

*We have also been increasing our content in both quality and quantity to build premium service offerings and our clients are taking more and higher value subscriptions. We are consistently driving pricing lifts through upselling. For example, a few years ago, we established our Mining Journal Intelligence division to supply high value in depth research content to justify new premium subscription levels. Following the successes in Mining Journal we have built similar research divisions for all our leading brands to follow the same premium subscription model.*

*The other key growth driver comes from cross selling. Deep intelligence and regular customer surveys enable us to launch new products to meet an identified demand and customers frequently elect to add these new products to their corporate subscription, whereby we get another pricing uplift.*

*We are now starting to develop high value unique Data content and we see this as the next catalyst for deeper account penetration and higher subscription pricing.*

*It is important to note that over the last 5 years of rising prices we have seen a significant reduction in churn, and this shows us that our client value the products we are creating."*

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Online brokers are very popular currently with share prices going through the roof. You provide high quality information to a global customer base, which must include investors. Do you have plans to tap into the brokerage and investment arena as well? You could become a big player overnight.

*"Thanks for the flattery.*

*We like to keep our options open and we do indeed capture the attention of premium investor audiences for mining, energy and increasingly agriculture. So, we are well placed to consider many new opportunities. Capital raising platforms are of interest to us. Who knows what the near future might bring?"*

What will Aspermont's major growth opportunities be for the next three years?

*"Our core businesses, subscriptions, services, and data are set for at least several years of organic growth, through serving the mining, energy, and agriculture industries. Growth comes as we develop and extend our range of products, like a series of building blocks delivering growth on growth.*

*We are working quietly to consider future products and both online trading platforms, blockchain solutions and E-learning are serious contenders. We intend to adapt our business model to enter new sectors and share symbiotic growth with our customers. As the audience grows so do our opportunities.*

*I am not going to give guidance on what happens next or in which order, but when we next catch up, I am confident that Aspermont will be a bigger and better company.*

*Near term we will develop and extend more products and services through our existing brands and in the future, we will expand our business model into further sectors. As our audience expands geographically, far larger opportunities present themselves as with Asia and South America."*

Well, you have more than 8,000 thousand subscribers which must be a good foundation for growth. But what are the risks?

*"Well, I do not know of a risk-free media business in the world but at Aspermont we benefit from having very long-established titles. When we sold our stake in a live events business a few years ago, we were able to build our own live and virtual events business within 3 years, which is proof of our agility and resilience. Brands like Mining Journal that have been around for almost 200 years stand for our history and give us confidence for our future."*

In the last two weeks Aspermont saw quite high trading volumes, yet the market capitalization of Aspermont is still below A\$50 million. Could 2021 be a year where your valuation is transformed?

*"I do not want to feed speculation, but I personally think that Aspermont has been overlooked as Australian investors have not really investigated our value proposition. Our last results enabled me to provide guidance*

*that our turnaround had been completed and that we were generating free cash flow. Spark Plus out of Singapore, recently published an independent research report with a target market capitalization of A\$92M which came before our positive FY20 results. New investors are buying to share in our upside. Maybe we should compare notes later this year to see how we have done."*

For further information please contact:

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#### **About Aspermont**

Aspermont is ASX listed with offices in Australia, UK, Brazil, North America, and the Philippines. Aspermont targets global media leadership in the Mining, Agriculture, Energy and Technology sectors.

Aspermont has invested heavily over 20 years to build a commercial model for B2B digital media distribution to provide high value content to a global subscriber base. Aspermont's B2B model is scalable as to new countries, new commodity sectors and in new languages.

Aspermont has increasingly become the dominant player in B2B media for the resources sector.

For more information please see: [www.aspermont.com](http://www.aspermont.com)