

Immotion Group

14:31 30 Jul 2019

VR group Immotion flags strategy shift as it focuses on long-term partnerships

Virtual reality specialist Immotion Group PLC (LON:IMMO) has cautioned a shift in business strategy will affect its numbers in the current year.

In future, the focus will be on revenue sharing partnerships to roll-out its virtual reality pods into high footfall locations rather than direct sales.

This will help build a recurring revenue stream and help the group reach break even on an underlying basis faster, but there will be some short-term disruption.

Alongside the strategy update, Immotion also announced a £2mIn fund rise via a placing at 6.75p per share plus up to a further £500,000 through a broker option.

Immotion 's decision had been influenced by the good numbers being generated from its seven aquarium and sea life partners.

Its roll-out will now be expanded to other high footfall "edutainment" destinations such as zoos, science centres and museums.

Average total gross revenue per headset (pod) per month from the 'aquarias' is about £2,100.

Based on that level of revenue, Immotion estimates it needs 410 headsets to break even on an underlying/EBITDA basis.

A further 34 new headsets are due to be installed in the coming weeks and added to 118 agreed, subject to contract, would take the total to 389 installed headsets.

At the current growth rate, break-even is predicted for the first quarter of 2020 with 1,000 headsets expected to be installed by the end of that year.

The short-term impact of the focus on the Partnership Model, however, will be lower than expected revenue for the 2019 financial year, as the forecast "one-off" revenue from direct sales are exchanged for recurring revenues with Partners.

As there will also be higher overhead costs, underlying losses [EBITDA] will be in line with 2018.

Price: 6.65

Market Cap: £18.99 m

1 Year Share Price Graph



December 2018 June 2019 December 2019

Share Information

Code: IMMO

Listing: AIM

52 week High Low
11.7 4.5

Sector: Tech

Website: immotion.co.uk

Company Synopsis:

Immotion Group aims to become a market leader in the western market sector of the "Out of Home" virtual reality market, through its "Create, Publish and Distribute" model, with the objective of creating recurring revenues from a large installed base of Virtual Reality ("VR") Motion Platforms.

action@proactiveinvestors.com

Martin Higginson, chief executive, said: "Demand from high-quality aquaria partners is very strong and we are beginning to see demand from other verticals.

"As we move closer to EBITDA breakeven, this tipping-point business is poised for substantial growth.

"As the number of Partners increases, and the volume of recurring revenues increases, the revenue and profit potential for future years will not only increase substantially but will also be much more predictable."

Shares were trading down 16.5% at 6.55p.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Immotion Group named herein, including the promotion by the Company of Immotion Group in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).