



CÜR Media, Inc. OTCQB: CURMD

February 19, 2016
Target Price: \$18.00
Recent Price: \$6.00

Market Data

Fiscal Year	December
Industry	Streaming Music
Market Cap	\$14.6M
Price/Earnings (ttm)	N/A
Price/Book (mrq)*	37.8x
Price/Sales (ttm)	N/A
Insider Ownership	36.9%
Shares Outstanding	2.4M
Equity Float	1.4M
Avg. Volume (3 mo.)	2,359

As of February 16, 2016

Income Statement Snapshot

TTM

Revenue	\$0.0M
Net Income	(\$7.9M)

Balance Sheet Snapshot

	MRQ
Cash*	\$2.1M
Debt*	\$2.2M

**Includes gross proceeds from convertible debt issuances between 10/20/15-1/14/16*

Company Website

www.curmusic.com

CÜR Commercial Launch Expected in the Near-Term

Months of beta testing prepares CÜR for commercial launch. CÜR Media began beta testing for its next-generation social music service, CÜR, in April and May 2015. This beta testing occurred across all major platforms (Apple iOS, Android, and web-based platforms). CÜR recently completed, in aggregate, convertible note financings of \$2.1 million, which was led by management and key music industry personnel. CURM has also hired additional executive personnel and entered into key strategic partnerships. We expect the Company to complete an additional, larger capital raise for the commercial launch of CÜR. We expect CÜR to commercially launch sometime during 1H16.

CURM has signed licensing deals with the big 3 music labels. The big 3 music labels are Warner Music Group, Universal Music Group, and Sony. These deals give CÜR access to a robust music library that the Company will need to be successful. At launch, CÜR plans to have 5-10 million songs available in its library (where in the range this falls is subject to completed deals with independent music labels). Post-launch, CÜR plans to have over 20 million songs available in its library.

CÜR will have multiple revenue streams and subscription tiers. CÜR plans to have multiple subscription tiers, along with targeted advertising streams and content sales (music, concert tickets, merchandise). These revenue streams are as follows:

CÜR's first subscription level will include tiers at \$1.99 per month and \$4.99 per month. This will include a service similar to that provided by free, ad-supported/interruptive services provided by free internet music streaming stations (CÜR will not be interrupted by ads). There will also be a limited on-demand offering, known as a user's CÜR8. This will allow users to have 8 songs on-demand in their online music profile, which can be swapped out each day. Social sharing services are also offered, including sharing photos and short personal videos in conjunction with personal playlists/songs. Users can also follow each other and listen to each other's CÜR8s. In our opinion, this subscription tier will receive the most interest from users and is where we believe CURM derives its competitive advantage. We believe the majority of revenue will be earned from this subscription level.

A third subscription tier will also be offered between \$9.99-\$12.99 per month. This will give users on-demand access to CÜR's entire music collection, along with lyrics and the ability to download and listen to music offline.

Additional revenue is expected to be earned from personalized advertising (designed not to interrupt a user's listening experience), and the sale of music, concert tickets, and merchandise. CURM plans to target ads and products to users based on their prior listening habits. We believe that these revenue streams could generate solid results, particularly as CURM aggregates more data over time.

On demand music services continue to add paid subscribers and users; valuations are significant. Spotify currently has at least 20 million paid subscribers (unofficial estimates are closer 25 million), and has approximately 75 million active monthly users. Spotify's most recent valuation was at approximately \$8.5 billion, or approximately \$425 per paid subscriber, off its most recent fundraising of \$526 million. Apple's recently released music

streaming service has over 10 million paying subscribers. French service Deezer has approximately 3.8 million paying subscribers and 16 million total users, and its recently planned IPO (which has been pushed to a later date) valued Deezer at approximately \$1.25 billion, or approximately \$330 per paid subscriber.

Australian music streaming company Guvera has reported that it is being valued at approximately \$1 billion on the back of a recent pre-IPO fundraising of A\$100 million (\$72.2 million). Guvera currently has 15 million users, with 6.5 million users in India (the vast majority of these users do not pay for the service).

The music streaming service industry is becoming increasingly competitive, as a result of the substantial market size. This is indicated by the strong valuations given to on-demand streaming music companies. We believe that CURM's social music sharing services (through its CUR8music profile), provide a strong differentiating factor, particularly when considering the significant popularity and user bases of other social media companies.

Valuing CURM at \$18.00 per share, based on a 2Q17 user base of 1 million and a value per subscriber of \$165. We are valuing CURM per paid subscriber. We are projecting CURM to have 1 million paid subscribers by 2Q17. Given that the majority of the projected subscribers are coming in at a cheaper price point than Spotify and Deezer's monthly subscription price, we are valuing CURM at \$165 per paid subscriber. We then apply a discount rate of 25% to this figure over 1.25 years, reflecting that this subscriber base is projected to be achieved by 2Q17. Applying this figure to CURM's projected 1 million subscribers and dividing by projected 2Q17 shares outstanding of 6.9 million gives a target price of \$18.00.

We believe the current lack of a social music service and the strong valuations given to streaming music companies provide a huge opportunity for CUR Media. Other social media companies command significant valuations, including Facebook (\$297 billion market cap), Twitter (\$12.5 billion market cap), Instagram (valued at \$35 billion by Citigroup analysts, acquired by Facebook for \$1 billion in 2012), Pinterest (\$11 billion private valuation), and Snapchat (\$12-\$16 billion private valuation).

	1Q14	2Q14	3Q14	4Q14	9M14	FY14	1Q15	2Q15	3Q15	4Q15E	FY15E	1Q16E	2Q16E	3Q16E	4Q16E	FY16E	1Q17E	2Q17E	3Q17E	4Q17E	FY17E	
Total Users													30,000	250,000	500,000		750,000	1,000,000	1,250,000	1,500,000		
Subscription (\$1.99)													161,190	1,343,250	2,686,500	4,190,940	4,029,750	5,373,000	6,716,250	8,059,500		
Subscription (\$4.99)													35,928	299,400	598,800	934,128	898,200	1,197,600	1,497,000	1,796,400		
Subscription (\$9.99)													17,982	149,850	299,700	467,532	449,550	599,400	749,250	899,100		
Advertising & in-app purchases													19,359	161,325	322,650	503,334	483,975	645,300	806,625	967,950		
Total Revenue	0	0	0	0	0	0	0	0	0	0	0	0	234,459	1,953,825	3,907,650	6,095,934	5,861,475	7,815,300	9,769,125	11,722,950	35,168,850	
COGS	0	0	0	0	0	0	0	0	0	0	0	0	164,121	1,367,678	2,735,355	4,267,154	4,103,033	5,470,710	6,838,388	8,206,065	24,618,195	
Gross Profit	0	0	0	0	0	0	0	0	0	0	0	0	70,338	586,148	1,172,295	1,828,780	1,758,443	2,344,590	2,930,738	3,516,885	10,550,655	
Operating expenses :																						
Research and Development	662,331	955,112	1,115,554	1,222,023	2,732,997	3,955,020	1,409,971	2,156,198	1,902,871	1,902,871	7,371,911	1,902,871	2,093,158	2,302,474	2,417,598	8,716,101	2,538,477	2,665,401	2,798,671	2,938,605	10,941,155	
General and administrative	124,484	308,852	530,972	215,928	964,307	1,180,235	369,070	454,953	570,379	576,083	1,970,485	581,844	599,299	617,278	629,623	2,428,044	642,216	655,060	668,161	681,525	2,646,962	
Sales and Marketing	0	0	0	0	0	0	0	0	0	0	0	0	500,000	2,000,000	2,500,000	5,000,000	3,000,000	3,500,000	4,000,000	4,500,000	15,000,000	
Stock based Compensation	1,436,781	76,512	107,443	157,487	1,620,736	1,778,223	13,226	160,579	(7,536)	165,361	331,630	13,887	168,608	0	173,629	356,125	14,582	177,038	0	182,311	373,931	
Impairment of Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Depreciation and amortization	1,229	6,263	9,220	9,730	16,712	26,442	10,090	6,970	5,172	5,672	27,904	6,172	6,672	7,172	7,672	27,688	8,172	8,672	9,172	9,672	35,688	
Total Operating Expenses	2,224,825	1,346,739	1,763,189	1,605,168	5,334,752	6,939,920	1,802,357	2,778,700	2,470,886	2,649,987	9,701,930	2,504,774	3,367,737	4,926,924	5,728,522	16,527,957	6,203,447	7,006,172	7,476,005	8,312,113	28,997,736	
Operating income	(2,224,825)	(1,346,739)	(1,763,189)	(1,605,168)	(5,334,752)	(6,939,920)	(1,802,357)	(2,778,700)	(2,470,886)	(2,649,987)	(9,701,930)	(2,504,774)	(3,297,399)	(4,340,776)	(4,556,227)	(14,699,177)	(4,445,005)	(4,661,582)	(4,545,267)	(4,795,228)	(18,447,081)	
Other income :																						
Interest Expense	(4,338)	(496)	(448)	(409)	(5,282)	(5,691)	(400)	(1,490)	(329)	(50,000)	(52,219)	(65,000)	(35,000)	(249)	(249)	(100,498)	(249)	(249)	(249)	(249)	(996)	
Interest Income	1,114	1,440	3,000	3,493	5,554	9,047	2,187	2,657	887	2,200	7,931	850	8,250	14,300	9,900	33,300	5,500	22,000	17,050	12,100	56,650	
Extinguishment of derivative liabilities	0	0	0	0	0	0	0	(464,686)	0	0	(464,686)	0	0	0	0	0	0	0	0	0	0	
Change in fair value of derivative liabilities	0	439,963	9,196	229,738	491,096	720,834	2,346,151	(611,577)	136,306	0	1,870,880	0	0	0	0	0	0	0	0	0	0	
Other Income	41,937	0	18,274	1	18,274	18,275	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Other Income	38,713	440,907	30,022	232,823	509,842	742,465	2,347,938	(1,075,096)	136,864	(47,800)	1,361,906	(64,150)	(26,750)	14,051	9,651	(67,198)	5,251	21,751	16,801	11,851	55,654	
Net Loss	(2,186,112)	(905,832)	(1,733,167)	(1,372,345)	(4,825,110)	(6,197,455)	545,581	(3,853,796)	(2,334,022)	(2,697,787)	(8,340,024)	(2,568,924)	(3,324,149)	(4,326,725)	(4,546,576)	(14,766,375)	(4,439,754)	(4,639,831)	(4,528,466)	(4,783,377)	(18,391,427)	
Basic net loss per share	(1.63)	(0.47)	(0.91)	(0.71)	(2.80)	(3.49)	0.28	(1.59)	(0.95)	(1.10)	(3.59)	(1.05)	(0.90)	(0.88)	(0.92)	(3.69)	(0.90)	(0.67)	(0.65)	(0.69)	(2.86)	
Diluted net loss per share	(1.63)	(0.47)	(0.91)	(0.71)	(2.80)	(3.49)	0.27	(1.59)	(0.95)	(1.10)	(3.56)	(1.05)	(0.90)	(0.88)	(0.92)	(3.69)	(0.90)	(0.67)	(0.65)	(0.69)	(2.86)	
Weighted average no of share outstanding - basic	1,341,693	1,907,934	1,908,299	1,934,066	1,722,779	1,775,601	1,939,537	2,430,031	2,461,649	2,450,834	2,320,513	2,440,019	3,690,019	4,940,019	4,940,019	4,002,519	4,940,019	6,940,019	6,940,019	6,940,019	6,440,019	
Weighted average no of share outstanding - diluted	1,341,693	1,907,934	1,908,299	1,934,066	1,722,779	1,775,601	2,031,527	2,430,031	2,461,649	2,450,834	2,343,510	2,440,019	3,690,019	4,940,019	4,940,019	4,002,519	4,940,019	6,940,019	6,940,019	6,940,019	6,440,019	
Gross Margin													30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	
R&D as % of rev													892.8%	117.8%	61.9%	143.0%	43.3%	34.1%	28.6%	25.1%	31.1%	
G&A as % of rev													255.6%	31.6%	16.1%	39.8%	11.0%	8.4%	6.8%	5.8%	7.5%	
S&M as % of rev													213.3%	102.4%	64.0%	82.0%	51.2%	44.8%	40.9%	38.4%	42.7%	
Operating Margin													-1406.4%	-222.2%	-116.6%	-241.1%	-75.8%	-59.6%	-46.5%	-40.9%	-52.5%	

Additional Information

Legal: CKR Law LLP

Auditor: Friedman, LLP

Transfer Agent: VStock Transfer, LLC

[Company Website](#)

[Company Information](#)

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