



## StationDigital Corporation (OTCQB: SDIG)

**March 30, 2015**  
**Recent Price: \$0.51**

### Market Data

|                             |             |
|-----------------------------|-------------|
| Fiscal Year                 | December 31 |
| Industry                    | Technology  |
| Market Cap                  | \$42.6M     |
| Price/Earnings (ttm)        | N/A         |
| Price/Book (mrq)            | N/A         |
| Price/Sales (ttm)           | N/A         |
| Insider Ownership           | 52.8%       |
| Shares Outstanding          | 83.5M       |
| Float                       | 39.4M       |
| Avg. Daily Vol. (3 mos.)    | 5,618       |
| <i>As of March 30, 2015</i> |             |

### Income Snapshot

|          | TTM       |
|----------|-----------|
| Revenue  | \$0.1M    |
| Net Loss | (\$12.1M) |

### Balance Sheet Snapshot

|      | MRQ     |
|------|---------|
| Cash | \$0.03M |
| Debt | \$0.3M  |

## Company Overview

StationDigital Corporation is a multimedia digital broadcast company that offers free music streaming of over 30 million songs globally. StationDigital Corporation features both genre-based and artist-based music discovery stations to suit an endless variety of musical tastes, and a personal recommendation service to its more than three million users - all available both online and through its iOS and Android mobile apps. StationDigital Corporation's users can customize their listening experience by selecting playlists and stations based on themes, interests and location, as well as favorite artists, songs or genre, and by providing feedback on the music they hear. StationDigital Corporation also offers the industry's first Listener Rewards program in which users earn points for listening, sharing and inviting friends on social media to enjoy StationDigital Corporation. Listener Rewards points are redeemable in the StationDigital Corporation online store to purchase music, merchandise and additional discounts. StationDigital Corporation is headquartered in St. Louis.

## Value Proposition

StationDigital's digital media broadcast platform is entering the market at the perfect time. The platform has been created when customer acquisition costs are still low and music streaming services are expected to grow from \$5 billion in revenue this year to \$46 billion in revenue by 2018 (source: ABI Research). The Company is not encumbered by an outdated legacy system, enabling it to write and implement code faster than competitors. This advantage leads to new features like the industry's first rewards program, which is expected to drive users to the platform and increase user retention rate. Current valuations are robust, with competitors such as Pandora trading at \$45 per active monthly user and Netflix trading at \$445 per active monthly user. Additionally, management is projecting revenue of \$51.1 million in 2016, or average revenue per user of \$1.51.

## Investment Highlights

### **Rapid growth in user base**

- Management is projecting approximately 2.4 million monthly active users (MAUs) by year-end 2015, and 4.9 million MAUs by year-end 2016

### **Superior user experience with more metadata surrounding content than other providers**

- Highly curated playlists and recommendation and merchandising systems

### **Released Stationdigital.com version 2 upgrade on March 20, 2015**

### **SD Rewards Program increases stickiness among users**

- Gartner predicts a \$1.9 trillion eCommerce market by 2020

### **Consumption via music streaming services is increasing at a faster rate than the speed at which digital downloads are decreasing (digital sales first declined beginning in 2013)**

### **Competitive ad publishing and bidding platform for increased ad publishing CPM rates**

- Interactive advertising worth much more than non-interactive legacy systems
- Stickiness of platform increases attractiveness to advertisers

### **NiFTy TV technology is designed to enable 'Television Style' broadcasting on the Internet**

- NiFTy TV has produced over three thousand live broadcasts with over one million total viewing sessions

### **New features, including co-shopping with friends, listen while you shop, and social sharing/recommendations**