

Xurpas revenues increase 49% YoY, faces challenges in mobile advertising

Tech firm Xurpas Inc. (PSE:X) posted an increase in total revenues to ₱1.68 billion in the first nine months of 2017, an increase of 49% compared to the ₱1.13 billion achieved in the comparable period of 2016. The increase was driven by the Mobile Consumer Services segment, which comprised 67% of revenues at ₱1.13 billion, an increase of ₱551.63 million from the same period of the previous year. Enterprise Services marginally decreased by 2% YoY to ₱479.32 million from ₱486.86 million in the first 9 months of 2016. Other Services (Storm Technologies) surged 43% to ₱63.53 million, already surpassing the ₱54.07 million achieved for the entirety of FY2016.

Art of Click's business weakened in the third quarter of 2017, against a backdrop of challenges faced by the mobile advertising industry in the region. Xurpas is implementing a recovery plan to improve Art of Click's client mix and return to profitability.

In the first nine months of the year, the Xurpas Group continued to develop various products, services, and platforms. While some of these initiatives have been successfully launched, Xurpas Group's earnings were adversely affected in the third quarter. Earnings were impacted by non-recurring expenses amounting to ₱48.1 million related to the consolidation of Art of Click Pte Ltd., as well as the ongoing ramp-up of manpower and resources across Xurpas and its subsidiaries. Total gross profit of Xurpas Group for 9M2017 was at ₱544.61 million, a 1% decrease from the previous year, while income before income tax was at ₱172.77 million, a 38% decrease from the previous year. Net income declined 27% to ₱140.10 million from ₱192.91 million in 9M2016. While profitability slid in the third quarter of the year, Xurpas continues to develop new mobile products and platforms that are key to long term sustained growth. Part of the incremental expenses of the quarter were new hiring, as well as employee certifications and skills training.

“Of the four platforms that we have developed, one has been successfully launched in the Philippine market with the other three set to go live in the next few months. While we continue to expand our portfolio of mobile games, we see the future remains in becoming a platform company.” said Nix Nollodo, Chairman and Chief Executive Officer of Xurpas Inc. “Despite some headwinds, this is still our long term vision for Xurpas, and we will continue to work towards this goal across all our companies,” concluded Nollodo.