

Australian Equity Research

2 November 2015

BUY

unchanged

PRICE TARGET A\$2.17 ↑

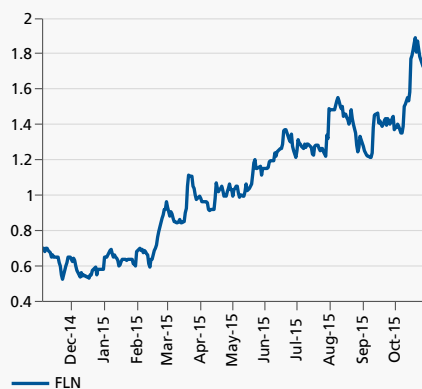
from A\$1.75

Price (8-Sep) A\$1.80

Ticker FLN-ASX

52-Week Range (A\$):	0.52 - 1.89
Market Cap (A\$M):	813
Dividend /Shr (AUC):	0.0
Dividend Yield (%):	0.0
Enterprise Value (A\$M):	792
Cash (A\$M):	20.21
Long-Term Debt (A\$):	0.0

FYE Dec	2014A	2015E	2016E	2017E
Sales (A\$M)	25.9	38.1↑	58.4↑	76.3↑
Previous	25.9	38.0	54.7	69.9
Gross Profit (A\$M)	22.5	32.5	45.9	60.8
EBITDA (A\$M)	(2.0)	(1.4)↓	0.2↑	0.8↑
Previous	(2.0)	(1.3)	(0.1)	0.0
Net Income Adj (A\$M)	(1.2)	(0.7)	0.5↑	1.1↑
Previous	(1.2)	(0.7)	0.3	0.5
EPS Adj&Dil (AUC)	(0.28)	(0.16)↓	0.12↑	0.25↑
Previous	(0.28)	(0.14)	0.07	0.12



Canaccord Genuity (Australia) Limited was a Joint Lead Manager to the Placement of ~7.14 million shares at \$1.40 per share to raise A \$10 million and was Joint Lead Manager to the Share Sale of ~25 million shares to raise A\$35 million in August 2015.

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Estimates Revised

Growth trumps all

FLN released a positive 3Q15 quarterly report which again exceeded our expectations. Cash receipts, a proxy for group revenues, increased to A\$9.7m (2Q15:\$8.8m, 3Q14:\$6.8m) and are largely driven through organic means. This strong growth rate has been consistently holding at ~40% throughout CY15. On a constant currency basis, we estimate cash receipts grew at ~35%.

FLN is in the process of building a highly scalable, disruptive crowdsourcing marketplace targeting a very large and inherently global target market (CGAu est. >US\$800b). Platform liquidity continues to improve, with registered users and cumulative projects posted increasing to 17.1m and 8.6m, respectively.

Earnings revisions: Our FY16 and FY17 revenue forecasts have increased by +7% and +9%, respectively. This is largely driven by a) higher expected revenue from escrow.com; and b) increasing the growth rate of FLN's core marketplace.

Key metrics reported at the 3Q15 result: 1) +39% increase in new project and contest listings in 3Q15; 2) +28% increase in freelancers and employers registered on its platform to 17m in 3Q15; 3) +45% increase in the number of contests entries and +33% increase in number of bids on projects; and 4) Cash balance of \$42.6m that will reduce to ~\$32.5m post settlement of escrow.com.

Escrow.com acquisition complete. While incrementally adding US\$5m to group revenues, escrow.com provides various synergistic benefits to FLN's core marketplace. We expect escrow.com to be extended across all the geographies where FLN operates (currently just USA), and accept the majority of currencies facilitated by FLN on its core marketplace (>20 currencies).

Notably, FLN is currently achieving >40% revenue growth on a negligible marketing budget (\$500k/mth). In our view, we see the potential for freelancer.com to experience an explosive acceleration in revenues as management adopts a customer acquisition growth model in the medium term. However while the platform is still in an investment phase, we expect free-to-invest FCF to be allocated to product improvements/enhancement over customer acquisition.

We estimate ~75% of FLN's cost base is currently allocated to product development, with the group reporting ~175 product/software engineers. Premised on our earnings forecasts, **we estimate FLN will invest ~\$130m in scaling/improving its platform over the next three years (FY16 to FY18).**

Revenue growth the ultimate predictor of long-term success. FLN's 3Q15 result illustrated a continuation of strong revenue growth that has been demonstrated since the company's inception in 2009. In our view, organic revenue growth is typically the precursor to the health/success of a company and a key determinant of value creation.

FLN is a well-capitalised, fast growing disruptive stock that has the potential to be a major player in the outsourced services marketplace in future periods. We reiterate our BUY recommendation, however, following a) positive revisions to our escrow.com forecasts; b) upgrades to our medium-term growth assumptions; and c) roll-forward of our DCF valuation, results in our price target increasing to A\$2.17 from A\$1.75.

Freelancer (FLN)

Profit & Loss (\$m) - Dec YE	2013A	2014A	2015F	2016F	2017F
Payments	0.0	0.0	57.5	382.1	439.4
Marketplace	84.4	103.7	141.4	195.1	259.5
Gross Payment Volume	84.4	103.7	198.9	577.2	699.0
Sales Revenue	18.8	25.9	38.1	58.4	76.3
Gross Profit	16.4	22.5	32.5	45.9	60.8
EBITDA - Sustainable	12.0	16.4	24.3	34.5	46.7
Growth opex	10.5	18.4	25.7	34.3	45.9
EBITDA - Statutory	1.5	-2.0	-1.4	0.2	0.8
D & A	-0.2	-0.3	-0.2	-0.2	-0.2
EBIT	1.3	-2.4	-1.6	0.0	0.6
Net Interest Expense	0.1	0.2	0.4	0.8	0.9
NPBT	1.4	-2.2	-1.2	0.7	1.5
Tax expense	0.0	1.0	0.5	-0.2	-0.4
NPAT (Normalised)	1.4	-1.2	-0.7	0.5	1.1
Non-recurring	-0.9	-0.6	-1.0	-1.0	-1.0
NPAT (Reported)	0.5	-1.8	-1.7	-0.5	0.1
<i>Sustainable EBITDA Margin (%)</i>	<i>64.0%</i>	<i>63.3%</i>	<i>65.5%</i>	<i>67.5%</i>	<i>68.7%</i>
<i>Statutory EBITDA Margin (%)</i>	<i>8.0%</i>	<i>-7.8%</i>	<i>-3.7%</i>	<i>0.3%</i>	<i>1.0%</i>
<i>EBIT Margin (%)</i>	<i>7.0%</i>	<i>-9.1%</i>	<i>-4.2%</i>	<i>0.0%</i>	<i>0.7%</i>
<i>NPAT Margin (%)</i>	<i>7.4%</i>	<i>-4.7%</i>	<i>-1.9%</i>	<i>0.9%</i>	<i>1.5%</i>
<i>**December year end</i>					
Cash Flow (\$m) - Dec YE	2013A	2014A	2015F	2016F	2017F
Operating EBITDA	1.5	-2.0	-1.4	0.2	0.8
- Interest & Tax Paid	-1.3	-0.9	0.1	-0.4	-0.5
+/- change in Work. Cap.	0.0	2.9	5.9	7.0	9.9
- other	0.0	0.0	0.0	0.0	0.0
Operating Cashflow	0.2	-0.1	4.6	6.8	10.2
- Capex (PPE)	-0.3	-0.9	-0.5	-0.5	-0.5
- Capex (Intangibles)	-1.4	-0.4	0.0	0.0	0.0
- Aquisitions/divestments	0.0	-3.7	-10.0	0.0	0.0
Free Cashflow	-1.5	-5.1	-5.9	6.3	9.7
- Ord Dividends	0.0	0.0	0.0	0.0	0.0
- Equity/other	14.5	0.0	19.6	0.0	0.0
Net Cashflow	13.0	-5.1	13.6	6.3	9.7
Cash at beginning of period	9.7	24.4	20.2	34.8	41.1
+/- borrowings / other	1.7	0.9	1.0	0.0	0.0
Cash at end of period	24.4	20.2	34.8	41.1	50.8
Balance Sheet - Dec YE	2013A	2014A	2015F	2016F	2017F
Cash	24.4	20.2	34.8	41.1	50.8
Debtors	2.2	2.8	4.7	6.9	9.1
PPE	0.6	1.1	0.8	1.1	1.4
Intangibles	8.9	13.0	21.7	21.7	21.7
Other assets	1.4	3.2	4.4	4.4	4.4
Total Assets	37.4	40.2	66.4	75.2	87.4
Borrowings	0.0	0.0	0.0	0.0	0.0
Trade Creditors	18.3	21.8	29.6	38.8	50.9
Other Liabilities	0.7	1.6	1.8	1.8	1.8
Total Liabilities	19.0	23.4	31.5	40.7	52.8
NET ASSETS	18.4	16.8	35.0	34.5	34.6

Share Price \$ 1.80

Valuation ratios	2013A	2014A	2015F	2016F	2017F
EPS (cps)	0.3	-0.3	-0.2	0.1	0.2
EPS Growth (%)	nmf	nmf	nmf	nmf	nmf
P/E (x)	564.6	-645.7	-1141.5	1480.0	727.5
P/E (x) - Sustainable	88.5	64.6	42.3	28.9	21.5
Enterprise Value (\$m)	762.1	766.3	751.7	745.4	786.5
EV/GPV	9.0	7.4	3.8	1.3	1.1
EV/Revenue	41.8	30.4	20.6	13.5	10.3
EV/Gross Profit	47.8	34.9	24.2	17.1	12.9
EV / Sustainable EBITDA (x)	63.4	46.7	30.1	18.9	15.0
EV / Statutory EBITDA (x)	505.0	-377.7	-535.1	4258.9	1021.2
EV / EBIT (x)	576.0	-323.7	-468.4	-29844.7	1379.4
DPS (cps)	0.0	0.0	0.0	0.0	0.0

Balance Sheet ratios	2013A	2014A	2015F	2016F	2017F
Net Debt (cash)	-24.4	-20.2	-34.8	-41.1	-50.8
NTA per share (\$)	0.02	0.01	0.03	0.03	0.03
Price / NTA (x)	82.6	203.8	61.1	63.3	62.7
EFPOWA (m)	436.0	436.9	451.4	451.4	451.4

Interim Analysis	2H13A	1H14A	2H14A	1H15A	2H15E
Revenues	10.3	11.8	14.1	16.7	21.3
Gross Profit	9.0	10.4	12.2	14.6	17.9
EBIT	0.3	-1.0	-1.4	-1.0	-0.6
EBIT margin (%)	2.6%	-8.5%	-9.7%	-5.7%	-3.0%
DPS	0.0	0.0	0.0	0.0	0.0

Assumptions	2013A	2014A	2015F	2016F	2017F
GPV Growth	66%	23%	92%	190%	21%
GP Margins	87%	87%	85%	79%	80%
Operating Expenses growth	75%	65%	38%	35%	31%
Take-rate	22.3%	25.0%	26.2%	26.2%	26.2%

Assumptions	2013A	2014A	2015F	2016F	2017F
Payments	-	-	1.1	7.3	8.3
FLN Marketplace	18.8	25.9	37.0	51.1	68.0
Revenue	18.8	25.9	38.1	58.4	76.3

Payments	0.0	0.0	0.3	1.5	1.7
FLN Marketplace	-1.2	-2.0	-1.7	-1.3	-0.9
EBITDA	-1.2	-2.0	-1.4	0.2	0.8

Board of Directors / Substantial Shareholders

Board of Directors	Shareholding	%
Matt Barrie - CEO & Chairman	191.4	42.4%
Simon Clausen - Non Executive director	156.1	34.6%
Darren Williams - CTO	11.1	2.5%

Description

Freelancer is the world's largest freelancing, outsourced services and crowdsourcing marketplace. Freelancer connects small business, consumers, startups and entrepreneurs who need things done with a global workforce of skilled online freelancers who are looking for jobs. Founded in 2009 it now was over 16m users from over 180 countries.

Source: Company reports, Canaccord Genuity estimates

The following extract is from our “9.7x FY17 underlying PER, not that expensive” report dated 16 March 2015.

Valuing Freelancer – An arduous task

- High growth companies defy common wisdom on profits, cash flows and ultimately valuation multiples.
 - Early stage technology companies often require large investments that are typically expensed through the income statement rather than capitalized on the balance sheet.
 - In this ‘new world’, the accumulation of losses replaces growth in the balance sheet that is traditionally seen with industrial companies.
 - High revenue growth and accounting losses make traditional discount cash flow analysis challenging, with most investors shying away from the sector as valuations are considered subjective and “too hard” to justify.
 - Alternative valuation methodologies, such as price-earnings or revenue multiples generate imprecise results (as earnings are volatile) and cannot be used when earnings are negative. This type of multiple analysis provides little insight to the drivers of businesses valuations and shorthand methods do not account for the uniqueness of each company in a fast changing environment.
 - **Finance theory teaches us that value creation stems from only two sources, organic revenue growth and return on invested capital.** In early stage software companies, one matters more than the other. As reported by McKinsey Group, businesses that report revenue growth deliver twice as much value creation than improvements in EBITDA margins. Also, according to McKinsey Group, high-growth companies offer a return to shareholders five times greater than medium-growth companies over the long term. [This does not imply that companies meeting this criteria will perform as they have in the past. *The McKinsey Group report is based on a data set that is drawn from the McKinsey Corporate Performance Center and includes around 3,000 companies active between 1980 and 2012 in the Internet, application, gaming, and systems sectors; it excludes network providers and hardware/device companies.*]
 - FLN is expected to deliver a +40% revenue CAGR over the next 5 years, while sustaining gross profit margins of 87%. Every \$1 increase in FLN revenues is ~4x more value accretive than traditional industrial companies who report gross profit margins in the range of 20-30%.
 - The gross profit margin illustrates the scalability and leverage within FLN’s business model as the cost of servicing its revenue remains very low.
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Breaking down FLN’s P&L into growth and sustaining opex

- We estimate 75% of FLN’s FY14 operating expenses (opex) were assigned to growth initiatives (marketing expense, product engineers, customer acquisition costs etc.) with the residual 25% allocated to maintaining the platform on an ongoing basis (support staff, call centre, fixed overheads etc.).
- Extrapolating on this assumption and splitting FLN’s EBITDA into *sustainable* and *statutory* line items (by dividing its opex into growth and maintenance sub-groups) allows us to derive a look-through valuation for FLN and compare the stock to traditional industrial companies.
- **As illustrated in Figure 1, we estimate FLN currently trades on a 15.2x FY17 EV/EBIT multiple that reduces to 6.1x in FY20.** We estimate FLN trades on a slight PER premium to the ASX Industrials index despite currently having significantly stronger revenue growth profile and a higher marginal ROIC over the coming years (the two defining metrics of value creation).

- As tabulated below, if FLN can maintain this high reinvestment ROIC, we expect the company to experience a +30% CAGR in its sustainable EBITDA over the next five years

Figure 1: DCF valuation methodology

Valuation			FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Terminal Value
Look-through valuation											
Sustainable EBITDA	A\$m		24.3	34.5	46.7	62.5	82.4	104.9	131.5	164.4	173.4
Capex	A\$m		-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0
Look-through EBITDA	A\$m		23.3	33.5	45.7	61.5	81.4	103.9	130.5	163.4	2872.8
Discount factor	x		0.97	0.87	0.77	0.69	0.62	0.55	0.49	0.44	0.44
Valuation	A\$m	1636.5	22.6	29.1	35.4	42.5	50.3	57.3	64.3	71.9	1,263.2
Growth opex valuation											
Growth cost	A\$m		-25.9	-35.8	-47.6	-44.4	-55.9	-68.8	-84.6	-104.0	-735.2
Discount factor	x		0.97	0.87	0.77	0.69	0.62	0.55	0.49	0.44	0.44
Valuation	A\$m	-607.0	-25.2	-31.1	-36.9	-30.7	-34.5	-37.9	-41.7	-45.7	-323.3
Tax, Interest Exp. & ΔW.C.			6.8	7.6	10.5	-6.9	2.2	1.1	0.9	0.8	-468.6
Discount factor	x		0.97	0.87	0.77	0.69	0.62	0.55	0.49	0.44	0.44
Valuation	A\$m	-186.8	6.6	6.6	8.1	-4.8	1.3	0.6	0.5	0.3	-206.1
Total Value	A\$m	842.7									
Escrow.com	A\$m	10.0									
Net debt	A\$m	20.2									
Enterprise Value	A\$m	872.9	873	978	1,095	1,226	1,374	1,538	1,723	1,930	
EFPOWA	#	451.4									
Valuation (per share)	\$ps	1.93	1.93	2.17	2.43	2.72	3.04	3.41	3.82	4.27	
Target price (12mths forward)	\$ps	2.17									
Discount rate	%	12%									
Terminal growth rate	%	6%									
Multiple analysis			FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	
EV (pro-forma)	A\$m		750.0	743.7	734.0	722.1	692.4	653.8	604.2	541.2	
EV/EBIT: Sustainable	x		30.8	20.7	15.2	11.2	8.2	6.1	4.5	3.2	
EV/EBIT - Statutory	x		533.9	4,249.2	953.0	35.6	23.8	16.7	12.1	8.5	
PER: Sustainable	x (@ 25% tax rate)		42.3	28.9	21.5	16.0	12.3	9.7	7.7	6.2	

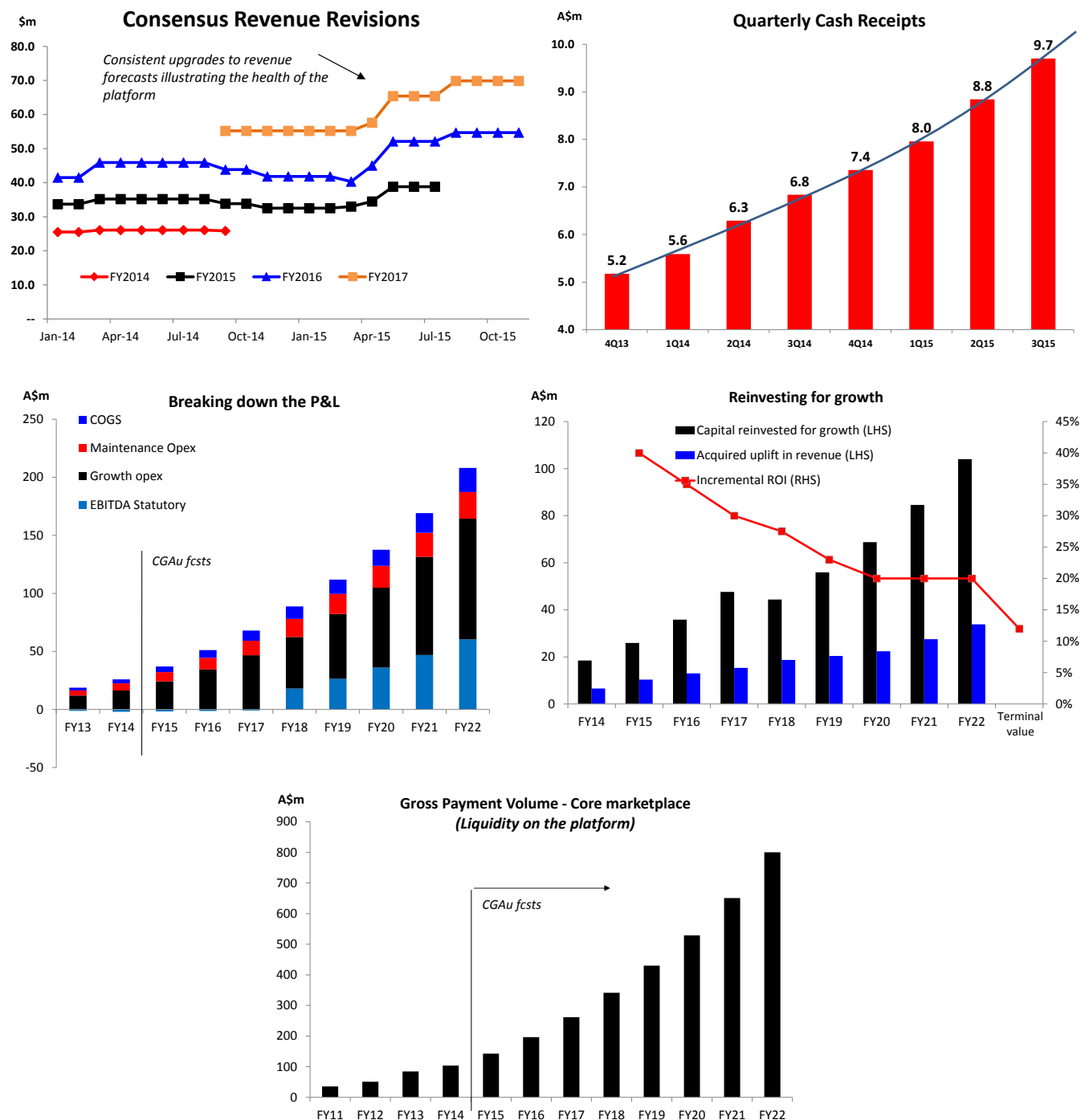
Source: Company data, Canaccord Genuity estimates

Figure 2: Valuation drivers

P & L Breakdown		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Terminal Value
Freelancer Payments (escrow.com)												
Gross Payment Volume	A\$m			57.5	382.1	439.4	505.3	555.9	611.5	672.6	706.2	
Take rate	%			1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
Revenue	A\$m			1.1	7.3	8.3	9.6	10.6	11.6	12.8	13.4	14.1
Payments EBITDA	A\$m			0.3	1.5	1.7	2.2	2.6	2.9	3.2	3.4	3.5
Revenue growth	%			7%	10%	15%	15%	10%	10%	10%	5%	5%
EBITDA margin	%			25%	20%	20%	23%	25%	25%	25%	25%	25%
Freelancer Marketplace												
Gross Payment Volume	A\$m	84.4	103.7	141.4	195.1	259.5	338.7	426.8	524.9	645.6	794.1	841.8
Effective Take rate	%	22.3%	25.0%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%
Revenue	A\$m	18.8	25.9	37.0	51.1	68.0	88.7	111.8	137.5	169.2	208.1	220.5
Gross Profit Margin	%	87%	87%	87%	87%	87%	88%	89%	90%	90%	90%	90%
Gross Profit	A\$m	(1)	16.4	32.2	44.5	59.2	78.1	99.5	123.8	152.2	187.3	198.5
Maintenance opex	A\$m	(2)	4.4	8.0	10.0	12.5	15.6	17.2	18.9	20.8	22.8	25.1
Growth	%		39%	30%	25%	25%	25%	10%	10%	10%	10%	10%
EBITDA (ex growth opex)	A\$m	(1)-(2)	12.0	24.3	34.5	46.7	62.5	82.4	104.9	131.5	164.4	173.4
<i>Sustainable EBITDA margins</i>	%	64.0%	63.3%	65.5%	67.5%	68.7%	70.4%	73.7%	76.3%	77.7%	79.0%	78.6%
Growth Opex	A\$m	(3)	13.3	25.9	35.8	47.6	44.4	55.9	68.8	84.6	104.0	44.1
Proportion opex - growth	%	75%	75%	76%	78%	79%	74%	77%	78%	80%	82%	
Proportion of rev. reinvested	%	70%	71%	70%	70%	70%	50%	50%	50%	50%	50%	20%
Reinvestment ROI	%		35%	40%	35%	30%	28%	23%	20%	20%	20%	12%
Organic revenue growth	%		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
<i>Reinvestment revenue growth</i>	<i>A\$m</i>		6.5	10.4	13.0	15.3	18.7	20.4	22.4	27.5	33.8	
<i>Organic revenue growth</i>	<i>A\$m</i>		0.6	0.8	1.1	1.5	2.0	2.7	3.4	4.1	5.1	
Total revenue uplift	A\$m		7.1	11.1	14.1	16.9	20.7	23.1	25.7	31.6	38.9	
Marketplace EBITDA	A\$m	(1)-(2)-(3)	-1.2	-1.7	-1.3	-0.9	18.1	26.4	36.1	46.9	60.4	129.3
Group												
Freelancer Payments (escrow.com)				1.1	7.3	8.3	9.6	10.6	11.6	12.8	13.4	14.1
Freelancer Marketplace				37.0	51.1	68.0	88.7	111.8	137.5	169.2	208.1	220.5
Total Revenue				38.1	58.4	76.3	98.3	122.4	149.1	181.9	221.5	234.6
Freelancer Payments (escrow.com)				0.3	1.5	1.7	2.2	2.6	2.9	3.2	3.4	3.5
Freelancer Marketplace				-1.7	-1.3	-0.9	18.1	26.4	36.1	46.9	60.4	129.3
Total EBITDA				-1.4	0.2	0.8	20.3	29.1	39.0	50.1	63.7	132.8
<i>EBITDA Sustainable</i>				<i>24.5</i>	<i>36.0</i>	<i>48.4</i>	<i>64.6</i>	<i>85.0</i>	<i>107.8</i>	<i>134.7</i>	<i>167.8</i>	<i>176.9</i>
Multiple analysis		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	
EV (pro-forma)	A\$m			750.0	743.7	734.0	722.1	692.4	653.8	604.2	541.2	
EV/EBIT: Sustainable	x			30.8	20.7	15.2	11.2	8.2	6.1	4.5	3.2	
<i>EV/EBIT - Statutory</i>	<i>x</i>			<i>533.9</i>	<i>4,249.2</i>	<i>953.0</i>	<i>35.6</i>	<i>23.8</i>	<i>16.7</i>	<i>12.1</i>	<i>8.5</i>	
PER: Sustainable	x	(@ 25% tax rate)		42.3	28.9	21.5	16.0	12.3	9.7	7.7	6.2	

Source: Company data, Canaccord Genuity estimates

Figure 3: Revenue revisions and quarterly cash receipts profile



Source: Company data, Canaccord Genuity estimates

Figure 4: P&L breakdown

P&L Breakdown		2012	2013	1H14	2H14	2014	1H15	2H15	2015	1H16	2H16	2016	1H17	2H17	2017
Payments GPV (Escrow.com)							0	57.5	57.5	187.2	194.9	382.1	215.3	224.1	439.4
Marketplace GPV		50.8	84.4	49.5	54.2	103.7	64.1	77.3	141.4	90.7	104.4	195.1	119.4	140.2	259.5
Total GPV	\$m	50.8	84.4	49.5	54.2	103.7	64.1	134.8	198.9	278.0	299.3	577.2	334.7	364.3	699.0
Growth	%	43%	66%	6.5%	9.5%	23%	29%	149%	92%			190%			21%
Payments take-rate	%							1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
Marketplace take-rate	%	20.9%	22.3%	23.8%	26.1%	25.0%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%
Payments Revenue								1.1	1.1	3.6	3.7	7.3	4.1	4.3	8.3
Marketplace revenue		10.6	18.8	11.8	14.1	25.9	16.7	20.3	37.0	23.8	27.4	51.1	31.3	36.7	68.0
Revenues	\$m	10.6	18.8	11.8	14.1	25.9	16.7	21.3	38.1	27.3	31.1	58.4	35.4	41.0	76.3
Growth	%	64%	77%	14%	20%	38%			47%			53%			31%
Payments Gross Profit	\$m							0.3	0.3	0.7	0.7	1.5	0.8	0.9	1.7
Marketplace Gross Profit	\$m	9.3	16.4	10.4	12.2	22.5	14.6	17.6	32.2	20.7	23.8	44.5	27.2	32.0	59.2
Gross Profit	\$m	9.3	16.4	10.4	12.2	22.5	14.6	17.9	32.5	21.4	24.5	45.9	28.0	32.8	60.8
GP Margin		87%	87%	88%	86%	87%	88%	85%	85%	79%	79%	79%	80%	80%	80%
Operating Expenses	\$m	-8.5	-14.9	-11.2	-13.4	-24.6	-15.4	-18.5	-33.9	-21.5	-24.3	-45.8	-28.2	-31.8	-60.1
EBITDA (normal)	\$m	0.7	1.5	-0.8	-1.2	-2.0	-0.8	-0.7	-1.4	-0.1	0.3	0.2	-0.2	1.0	0.8
D&A	\$m	-0.1	-0.2	-0.2	-0.1	-0.3	-0.2	0.005	-0.2	-0.1	-0.1	-0.2	-0.1	-0.1	-0.2
EBIT	\$m	0.6	1.3	-1.0	-1.4	-2.4	-1.0	-0.6	-1.6	-0.2	0.2	0.0	-0.3	0.9	0.6
Interest	\$m	0.0	0.1	0.1	0.0	0.2	0.1	0.3	0.4	0.4	0.4	0.8	0.4	0.5	0.9
NPBT	\$m	0.6	1.4	-0.9	-1.3	-2.2	-0.9	-0.3	-1.2	0.2	0.6	0.7	0.1	1.4	1.5
Tax (@25%)	\$m	0.1	0.0	0.3	0.6	1.0	0.4	0.1	0.5	0.0	-0.1	-0.2	0.0	-0.3	-0.4
NPAT (normalised)	\$m	0.7	1.4	-0.6	-0.6	-1.2	-0.5	-0.2	-0.7	0.1	0.4	0.5	0.1	1.0	1.1
Non-recurring	\$m	0.0	-0.9	-0.2	-0.4	-0.6	-0.8	-0.191	-1	-0.5	-0.5	-1	-0.5	-0.5	-1
NPAT (reported)	\$m	0.7	0.5	-0.8	-1.0	-1.8	-1.3	-0.4	-1.7	-0.4	-0.1	-0.5	-0.4	0.5	0.1
Valuation		2012	2013	1H14	2H14	2014	1H15	2H15	2015	1H16	2H16	2016	1H17	2H17	2017
EFPOWA	m	400.9	436	436	436	437	447	451	451	451	451	451	451	451	451
EPS	cps	0.2	0.3	-0.1	-0.1	-0.3	-0.1	-0.1	-0.2	0.0	0.1	0.1	0.0	0.2	0.2
Mkt cap/GPV	x		9.0	7.7	7.1	7.4	5.9	2.8	3.8	1.3	1.2	1.3	1.1	1.0	1.1
EV/Revenue	x		40.4	32.5	27.0	29.5	22.6	17.6	19.7	13.7	12.0	12.7	10.4	9.0	9.6
EV/Gross Profit	x		46.2	36.8	31.5	33.9	25.7	21.0	23.1	17.5	15.1	16.2	13.2	11.2	12.1
EV/EBITDA	x		503.9	-478.188	-311.1	-376.8	-499.8	-576.3	-533.9	-3359.7	1299.3	4249.2	-1880.8	379.7	953.0
Net Debt/(cash)	\$m		-24	-19.7	-20	-20	-31	-35	-35	-38	-41	-41	-46	-51	-51
Mkt Cap	\$m		785	785	785	785	785	785	785	785	785	785	785	785	785
Enterprise Value	\$m		760	765.1	765	765	754	750	750	747	744	744	739	734	734

Source: Company data, Canaccord Genuity estimates

Appendix: Important Disclosures

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	980*	100.0%	

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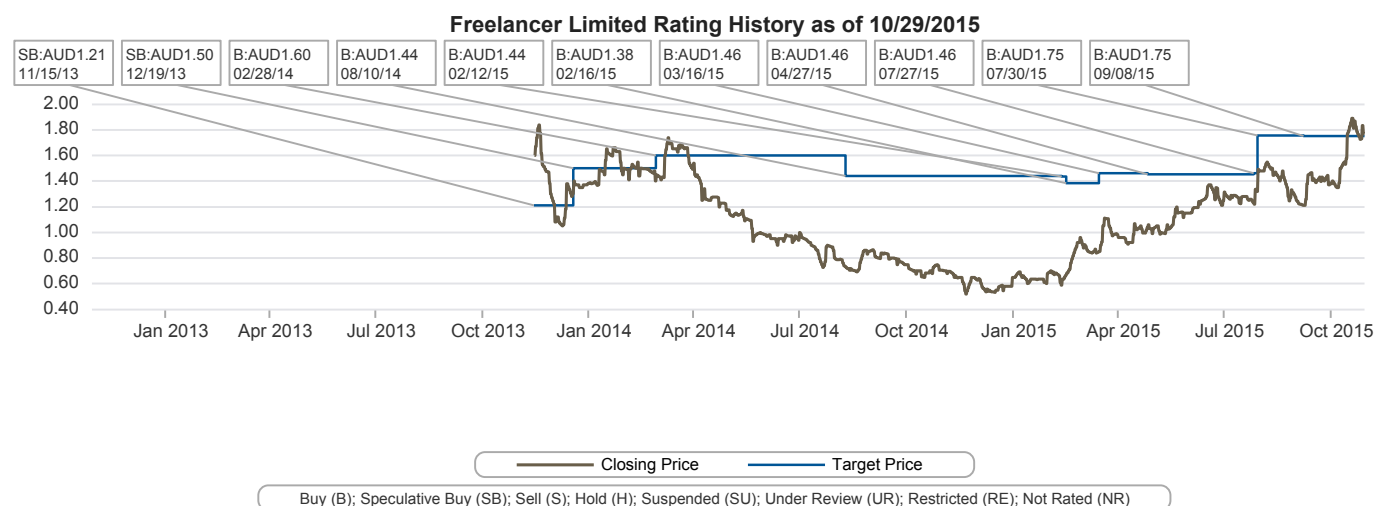
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