

## BidEnergy (BID)-Software as a Service

UK SME deal to add 10,000 plus meters under management

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Wayne Sanderson  
wsanderson@phillipcapital.com.au  
+61 3 8633 9930

### Summary

BidEnergy Limited (BID) is a software as a service (SaaS) technology company principally engaged in the provision of its cloud-based Energy Spend Management (ESM) procurement platform for multi-site organizations.

The platform uses robotic process automation (RPA), a type of artificial intelligence (AI) to gather data on energy spend and usage, validate invoices against electronic meter data, schedule payments, update accounting systems and perform electronic tendering of customers' supply contracts. It also provides comprehensive analytics and reporting.

100 customer accounts worldwide (81 unique customers) and 39,500 meters under management. Customers include Optus (>6,000 locations), BP (~600 petrol stations Aust + 306 UK) and commencing 1/7/19 Cushman & Wakefield 10,500 meters/locations for 17 tier one customers.

BID also owns RealWinWin Inc (RWW) acqd Nov 2016 which manages the outsourced process of enterprises claiming rebates for the installation of energy efficient equipment. RWW is now profitable and has 100+ large multi-site customers for BID to cross sell its ESM services into.

### What has changed?

BID has signed a non-exclusive agreement with Simble Solutions Ltd (SIS, market cap \$6.2m) for SIS to white label the new "Bid Billy" service to SMEs via a new partnership with UCR Consultants (UCR), a leading third party intermediary energy broker in the UK (called a "TPI").

UCR has approximately 40,000 SME clients in the UK with 60,000 electricity and gas meters under management.

Revenue under the BID / SIS agreement is based on a minimum of 10,000 meters with an expectation of expanding this to 60,000 within 12 months. Estimated revenue to BID is A\$0.1m to \$0.6m per annum based on meter numbers.

- No change to our estimates at this stage as we have already factored in substantial revenue growth for FY20.
- Confirms that "Bid Billy" is ready to be commercialised in the SME segment, and that SIS & UCR believe the product has unique benefits and commercial potential for a large SME roll out.
- BID will continue to target large multi-site enterprises for direct sales, and via larger TPIs / energy brokers.
- The consumer version of BidBilly is still being developed. An MOU has been signed with a large "trusted brand" for a potential roll out here later in 2019.

### Recommendation – 24mth Price Target \$2.20

We reiterate our Buy (high risk) recommendation and 24-month price target of \$2.20 per share. We believe the BID platform is now proven and de-risked in A & NZ with 75 enterprise customers and churn <5%. We think new client wins and revenues are set to accelerate rapidly from here.

### Recommendation

### Buy

<b>Risk Rating</b>	<b>High</b>
<b>24-mth Target Price (AUD)</b>	<b>\$2.20</b>
Share Price (AUD)	\$0.79
12-mth Price Range	\$0.15 - \$1.76
Forecast 12-mth Capital Growth	178%
Forecast 12-mth Dividend Yield	0.0%
<b>12-mth Total Shareholder Return</b>	<b>178%</b>
Market cap (\$m)	87.5
Net debt (net cash) (\$m)(Jun 19e)	(3.6)
Enterprise Value (\$m)	83.9
Gearing (Net Debt/ Equity)	N/a – Net Cash
Shares on Issue (m)	110.7
Sector	Information Technology
Average Daily Value Traded (\$)	\$387,000
ASX 300 Weight	n/a

### Financial Forecasts & Valuation Metrics

Years ending June \$m	17(A)	18(A)	19(e)	20(e)	21(e)
Sales revenue	2.6	4.1	5.4	9.7	17.4
Sales growth	212%	55%	34%	78%	80%
EBITDA	-5.7	-2.8	-4.5	-1.5	5.1
NPAT (reported)	-7.2	-4.5	-4.8	-1.9	4.6
NPAT (adjusted)	-6.0	-3.4	-4.8	-1.9	4.6
EPS (adjusted)	-12.4	-3.4	-4.3	-1.6	3.6
EPS growth	79%	-73%	29%	-63%	large
DPS	0.0	0.0	0.0	0.0	0.0
P/E	-6.3	-23.5	-18.2	-48.9	21.7
EV / Ebitda	-14.9	-29.3	-18.7	-56.1	15.5
Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net debt / equity	net cash				

Source: Phillip Capital estimates

### BID SHARE PRICE PERFORMANCE



## Agreement with Simble Solutions Limited for UK

BID has announced a non-exclusive agreement with Simble Solutions Ltd (SIS, market cap \$6.2m) for SIS to white label the new "Bid Billy" service to SMEs via a new partnership with UCR Consultants (UCR), a leading third party intermediary energy broker in the UK (called a "TPI").

UCR has approximately 40,000 SME clients in the UK with 60,000 electricity and gas meters under management.

Revenue under the BID / SIS agreement is based on a minimum of 10,000 meters with an expectation of expanding this to 60,000 within 12 months.

Estimated revenue to BID is A\$0.1m to \$0.6m per annum based on the number of meters that BidBilly will manage. Incremental costs to BID are minor as the product is already developed and will be supported by existing staff.

We also spoke to the CEO of SIS, Mr Fadi Geha. Key points as follows:

- On-boarding of customers has commenced. SIS has approximately 10 staff in the UK (30 staff total in Aust, UK & Vietnam) and is working with UCR to get the first electricity and gas bills loaded and customer letters of authority in place.
- UCR is a 'mid-size' energy broker, based in Leicester, Leicestershire England (in the midlands).
- SIS is actively pursuing other energy brokers to potentially strike similar agreements. There are over 200 energy brokers in the UK, mostly based in particular geographic regions. The initial focus is on the UK because of the huge 53m smart meter roll out, but other European countries are also of interest.
- UCR is helping SIS by introducing SIS to other energy brokers in other regions (energy brokers often work in consortiums).
- SIS has known BidEnergy for approximately a year, and each company has done some due diligence on the other. SIS is not aware of a better competing system than BID.
- BID and SIS already have one joint customer in Australia, Banyule Council where the SIS system provides sustainability reporting/ carbon reporting, and the BID system provides the bill checking and validation. So the two companies work well together.
- The SIS system is an integrated hardware and real-time software solution that enables SME businesses to visualise, control and monetise their energy systems. The dashboard allows comparison of energy usage and dollar spend against budget (if loaded) or other company sites in a group; If sub-meter devices are deployed, the system can analyse usage into components such as lighting, air-conditioning, plant operations etc.
- We will meet with SIS later this week to learn more. But our initial view is that SIS and BID are nicely complementary systems to each other.

### *Our Conclusions*

- No change to our estimates at this stage as we have already factored in substantial revenue growth for FY20 and beyond. We have forecast revenue for BidBilly at \$0.2m in FY20, \$0.9m in FY21, \$1.8m in FY22 and \$3.7m in FY23.
- Confirms that "Bid Billy" is ready to be commercialised in the SME segment, and that SIS & UCR believe the product has unique benefits and commercial potential for a large SME roll out.
- BID will continue to target large multi-site enterprises for direct sales, and via larger TPIs / energy brokers.
- The consumer version of BidBilly is still being developed. An MOU has been signed with a large "trusted brand" for a potential roll out here in Australia later in 2019.

We repeat our detailed discussion of the new BidBilly product for Australia, from our initiation report on page 9 of this report.

## Valuation & Recommendation

BID is currently incurring losses, but appears to have a clear line of sight towards profitability. We are forecasting a net loss of \$4.8m in FY19, net loss of \$1.9m in FY20, and net profits of \$4.6m in FY21, \$12.9m in FY22 and \$17.9m in FY23.

Because BID is not yet profitable or cash flow positive, we assign a high risk rating to the stock. However we believe the business risk in the company has been reduced by the significant increase in customer numbers (diversification of the customer base), the proof of concept in overseas markets with several quality customers such as BP, JoAnn Stores Inc and Toll Group and Cotton On taking the product in new regions (providing further geographical diversification). And the RWW business (established in approximately 2002) returning to profitability and winning some useful new contracts from quality large enterprise customers.

### *DCF Valuation*

Our DCF valuation is \$2.22 excluding BidBilly, or \$2.69 per share including \$0.47 for BidBilly SME/ franchisee / residential product to launch later this year (BidBilly for Australia only).

As discussed in this detailed report, BID management is building out its matrix of opportunities:

- Energy products offered: electricity, gas, water & soon council rates.
- Target sectors: Large multi-site enterprise customers (existing full service product suite);
- Still to come: New self-service product (BidBilly) for SME/ franchisee / residential sectors; New wholesale SaaS products for Utilities / Energy brokers.
- Geographies: Aust, NZ, UK & US all now have an established bases. TBA: Japan, Malaysia, Singapore and possibly Europe.

Because there is so much happening at BID, and so much opportunity (eg. recent new alliances in the UK and USA could scale up dramatically), but timing dependent on launch dates and customer take up rates, we have considerable difficulty setting a 12-mth share price target. To do so would not do justice to the opportunity set. Potential investors in BID need to allow more time for the business to mature.

We set a 24 month price target at \$2.20 with upside to \$2.70 if BidBilly succeeds in Australia.

### Catalysts

- Quarterly cash flow and operations reports demonstrating continued growth in customer numbers, meters under management and revenues.
- Major new customer wins, especially Facilities Management companies or Energy Brokers (one sale to many underlying customers).
- New channel partnerships (eg the Correlate Inc deal for California and the west coast and Texas; Full energy procurement services launched with new partner Apollo Edison).
- New product launches including BidBilly expected in 2HCY2019, and announcement of go-to-market trusted consumer brand partner (BID has entered into an MOU).
- New country roll-outs (eg Japan, Malaysia, Singapore already flagged; Europe another possibility).
- Exercise of 3.054m BIDO options (\$0.68 exercise price, expiry 30/6/19) which would potentially raise \$2.1m of new capital. With the current share price at \$0.80, these are 18% in the money, so are likely to be exercised.
- Becoming cash flow positive (guidance if for this by Q4CY2019).
- Becoming NPAT positive (we expect in FY21).

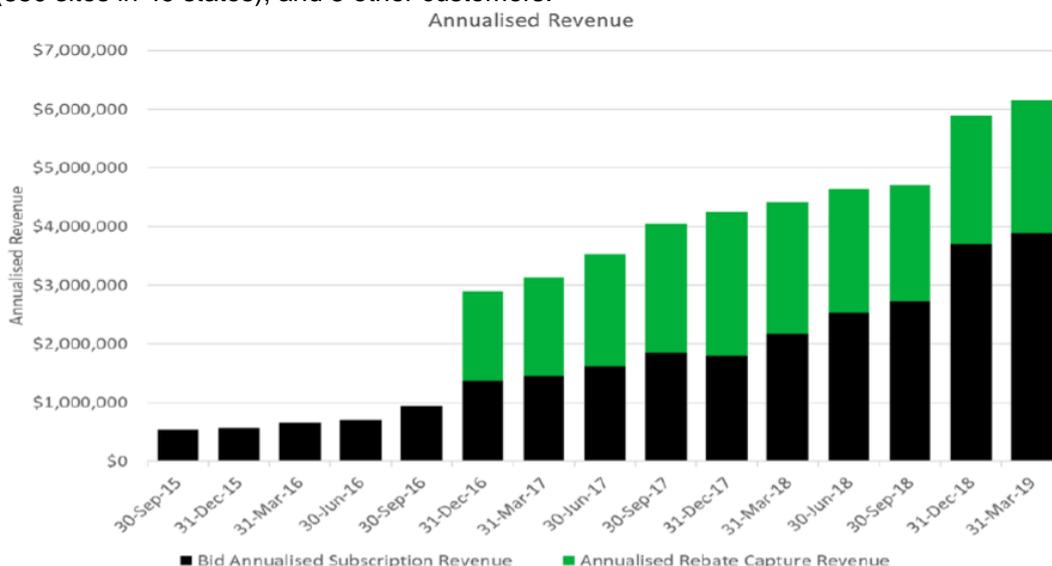
## Positive Factors / Reasons to Buy (from our 30/4/19 initiation)

**1. First mover advantage with Robotic Processing Automation (RPA) for energy spend management (ESM)** – Lots of acronyms, but BID appears to have a genuine first mover advantage and competitive advantage with its energy spend management platform, as evidenced by the signing of 81 unique enterprise customers to date, including prominent multi-site companies such as BP Australia, Optus and Flight Centre in Australia. We take further endorsement from clients renewing their Australian contracts and extending them into the UK (BP and Toll Group) and to the USA (Cotton On). We also heard favourable customer testimonials at BID’s strategy day in February from users at Nando’s, Toll Group and The Salvation Army. Benefits to customers include:

- Automated checking & validation of invoices for thousands of sites with artificial intelligence overlays (eg identifying billing errors and inconsistencies, faulty meters, incorrect rates, dates, discounts etc).
- Saves time and cost in the accounting department, freeing up staff to do more value added work.
- Accumulation of large amounts of historical data traceable down to individual PDF bills for each meter. Assists management of costs, allocation to cost centres, auditing, budgeting, and future procurement negotiations and decisions.
- Comprehensive reporting and analytics suite
- Data stored in the cloud, so available to users anytime, anywhere
- Live auction platform – BID does energy procurement for approximately 70% of its Australian customers.
- Scalable system, and also now available in UK and USA. Other markets to come.

**2. Business model now proven in 4 countries, and de-risked. Annualised revenue value now \$6.1m up +40% on March 18 pcp (\$4.4m). High growth phase now underway.** We believe the 6 year establishment / loss-making phase is now largely complete. Annualised revenue value was \$6.1m at end-March comprising \$3.88m for the BID platform business and \$2.26m for RWW.

The next 5 years promise strong growth in traditional markets (Australia & New Zealand) and especially in the newly established positions in the UK and USA where BID has already secured some major customers and proof of concept. BID now has a high profile, quality reference customer in the UK with BP covering 306 company owned sites, plus 5 other customers. In the USA BID now has a large diversified reference customer with Jo-Ann Stores (850 sites in 49 states), and 5 other customers.



**3. Cushman & Wakefield - Largest ever client win - BID to manage 10,500 utility accounts for 17 major Cushman clients. On-boarding now for contract commencement 1 July** – In December BID announced a new 5 year agreement with international property and Facilities Management company Cushman & Wakefield (NYSE: CWK, market cap US\$4.0bn) to manage energy, gas, water (and for one client council rates) for 16 major enterprise clients of Cushman. Commencing 1/7/19 BID will manage approximately 10,500 meters representing a 47% increase in the number of meters under management. We understand the Cushman client list includes a number of ASX Top 20, Top 50 and also government customers. Cushman

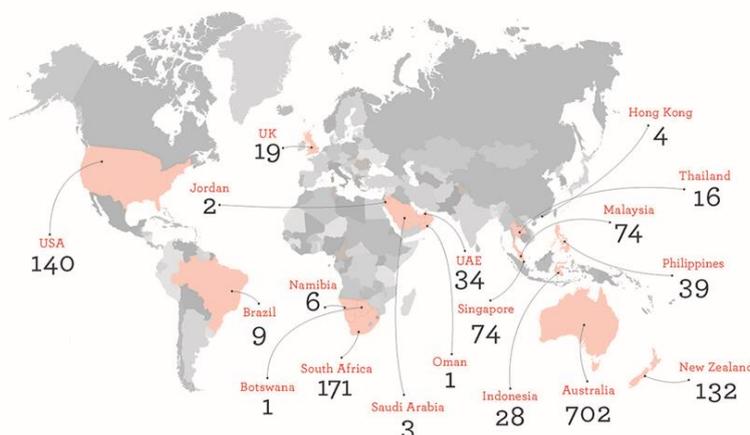
will become BID’s largest single customer representing approximately 18% of annualised contracted revenue value (ACV), at an estimated \$600k revenue pa. We think this large contract marks an inflection point in BID’s historical development, and will accelerate the path to EBITDA and NPAT profitability. In addition to being a major boost to revenue, the reputational benefit should also help BID win further customers, especially once proven in the next 6-12 months. We also consider a medium term opportunity to work for Cushman clients in the USA and Europe where FM contracts are much larger and more prevalent. Potentially BID could do similar deals with other major Facilities Management (FM) companies such as CBRE (NYSE: CBRE, market cap US\$17.5bn), Jones Lang LaSalle (NYSE: JLL, market cap US\$7.1bn) or Colliers (CIGI, market cap US\$2.6bn).

- 4. Significant cross selling opportunity available at RWW -** The RealWinWin (RWW) acquisition in November 2016 is now profitable in its own right, and is highly complementary, providing BID with potential access to over 100 current and previous large US enterprise clients of RWW collectively with over 100,000 potential sites. The RWW customer list is impressive and includes existing relationships with major FM companies - CBRE, Cushman & Wakefield and Jones Lang LaSalle.
- 5. Asian expansion -** BID is sufficiently confident that it is now exploring potential new country launches in Asia in the next 3 to 6 months. Japan is the biggest opportunity which BID estimates has 80 million electricity meters. We note that existing customer Toll Group re-signed in August 2018 and extended its agreement into NZ, UK and USA from September 2018. Toll was acquired by Japan Post Co in 2015 so there is clear potential there.

BID - Initial Target Markets	Enterprise Customers at 31/3/19	BID Meters under Mgt	Market No. of Elec Meters (m)	BID Penetration	Status
Australia & NZ	75	30,500	12.9	0.236%	Launched FY13; KPMG channel partner Nov 16; Cushman & W Dec 18
UK	6	5,000	46.3	0.011%	1st client BP live Jan 18; 4C Associates channel deal Mar 17
USA	6	4,000	150.0	0.003%	1st broker client GEE May 17; 1st cross-sell to an RWW cust Nov 18 (JoAnn)
Eliminations	-6				
<b>Current (Mar 2019)</b>	<b>81</b>	<b>39,500</b>	<b>209.2</b>	<b>0.019%</b>	
<b>Proposed new markets:</b>					
Japan	0	-	80.0		Considering a launch in next 3-6 mths (per 30/1/19 quarterly)
Malaysia	0	-	9.7		Considering a launch in next 3-6 mths (per 30/1/19 quarterly)
Singapore	0	-	2.3		Considering a launch in next 3-6 mths (per 30/1/19 quarterly)
<b>Total</b>	<b>81</b>	<b>39,500</b>	<b>301.2</b>	<b>0.013%</b>	

Source: Company data; Phillip Capital estimates

**6. Global Opportunity - Existing clients can take BID worldwide –** In addition to the Asian expansion now being planned, there is general potential for many of BID’s existing customers to take BID worldwide. BP has 18,700 retail sites in 78 countries including 4,000 in the USA. Cotton On has ~1,400 stores in 18 countries (see diagram below). Toll Group is now owned by Japan Post. Nando’s has over 1,000 stores in 35 countries. Cushman & Wakefield operates globally.



7 brands, 18 countries, 1,400+ stores. And counting.

Source: www.cottonongroup.com.au

## 7. Australian sectors – Many areas still largely untapped

We asked BID whether it had any existing customers in various industry sectors below. For most sectors, the answer was nil. In time, we believe many of these sectors could be fairly easily penetrated by approaching the leading companies or industry bodies. The main point is that BID's market penetration in Australia is still tiny, with plenty of upside.

Multi-site Industries Est no. of Australian sites	Market Opportunity	BID Penetration
Major Banks	3,900	Some
Supermarkets & Grocery	1,966	Nil
Newsagents	4,470	Nil
Pharmacies	3,892	Nil
Betting shops	9,000	Nil
Pubs & clubs	6,500	2 small clients only
Schools	9,400	Nil
Libraries	5,400	Nil
Railway stations	7,800	Some
Dentist businesses	15,600	Nil

Source: Annual reports, Google, IBIS World

**8. Expansion into Gas, Water and Council rates = 4 products** - The vast majority of BID's platform revenues and meters under management are from the Electricity segment. This is because Australia has a very competitive retail electricity market, currently with 26 providers (not in all areas), and in recent years there has been very high increases in electricity costs prompting a lot of customers (both corporates and consumers) to shop around for a better deal and potentially switch providers. The natural gas market is also competitive with multiple providers, but the number of metered customers is believed to be significantly lower than the number of electricity meters, as not every business uses gas. In late 2018 BID also commenced doing water meters, so this represents a new growth area. BID says there are no reliable estimates of the number of water meters, but thinks it could be similar to electricity. A number of BID's customers are extending their contracts to include gas and water. BID charges extra for these platform modules and associated services. One of the Cushman & Wakefield customers also requires Council rates notices to be checked and analysed robotically, so this is a fourth product now being offered.

**9. "BidBilly – exciting new SME / Consumer product tested successfully and preparing to launch later this year – BidBilly was tested late last year with members of the South Australian Tourism Industry Council (SATIC) with apparently positive results. BID is currently negotiating and planning a formal launch later this year with a major trusted consumer brand.** Versions of this will be products specifically aimed at SME's, franchisees and residential consumers. To date BID has focussed on large multi-site enterprise customers. We have analysed and modelled different scenarios for the revenue potential of this product just for Australia. We think BidBilly (or whatever name BID and its launch partner give to the service) will be a popular product, with several benefits over current comparison websites with hidden commissions. BidBilly will be truly independent and transparent, and involve no commissions from the energy providers. Our base case is **142,000 households or SMEs** will pay a once only switching fee/ subscription to move to a better provider based on BidBilly's analysis and suggestions. Once established by Year 3 (FY23), we think this product could generate **\$3.7m in annual high margin revenues to BID, representing 10% of group revenue.** If moderately successful here, **BidBilly should have significant potential in other geographic markets.**

**10. New wholesale SaaS products targeting Utilities and Energy Brokers** - BID has noted "significant traction" and "numerous discussions ...in three continents" for BID to provide bill validation and management services (including automation) to Utility companies and brokers as a new wholesale product(s). BID appears to be making considerable progress already with new alliances signed with Correlate Inc and Apollo Edison in the USA, and the UK TPI channel (third party independent energy brokers) looks set to escalate in coming months based on strong company feedback and commentary.

**11. Global smart meter roll-outs** – According to the UK Smart Energy website, the USA, Canada, Italy, Australia, and New Zealand are among the countries already benefiting from smart meters, and most other EU countries are currently rolling them out. BID's platform works with traditional "dumb" meters, but delivers its full potential when smart meters are available. The UK is part way through a GBP 11 billion roll-out of an expected 53 million smart meters to be fitted in over 30m premises by end 2020. This is one of the biggest national infrastructure projects in UK history and will enable a more energy efficient system for the UK. The objectives are:

- UK can better match supply and demand
- UK can be more efficient, greener and waste less energy
- Help energy to be more secure and reliable
- unexpected power outages can be tackled faster
- UK can plan for the number of power stations that will be needed in future with greater accuracy
- the smart meter grid will be much better at integrating green technologies from electric cars to home rooftop solar panels and heat pumps
- smart meters should open the door to flexible pricing, that means customers can use solar and wind energy when it is plentiful.

**12. Attractive business model – Operating leverage, low capex, low start-up costs - There is a lot to like:**

- Low value, high volume, contracted (2-3 year contracts), subscription-based revenues.
- Diversified and high quality enterprise customer base.
- Customers are requesting BID to move into new territories with them.
- Low customer churn (< 5% pa) / high customer retention and renewal rates. High net promoter scores.
- Low capex & low start-up costs for new markets.
- High margins – we forecast Ebitda margins to rise from the current negative figure, to around 28% in FY21 and 50% in FY22 and 61% in FY23. Establishment costs in new markets might bring this back somewhat, but the direction is clear.
- Highly scalable at low incremental costs. The marginal cost of adding a new customer is close to nil.
- Operating leverage now coming through (1H19 revenue up 24%, operating costs up 5%).
- Product is already operating successfully in 4 countries, and appears to have global potential.

**13. Consistent director buying** - Since the Annual Report was released on 30 August 2018, the Chairman has bought a total of 86,000 shares, the CEO 64,000 and the non-exec director 22,000. Not huge, but encouraging none-the-less.

## Risks & Negative Factors (from our 30/4/19 initiation report)

1. **Revenue still small** – BID's latest Q3 quarterly report stated that annualised contracted revenue was \$6.1m comprising \$3.9m in subscriptions in the energy spend management (ESM) platform business, and \$2.2m in the RealWinWin US rebate capture business. This is pretty low compared to the current market cap of ~\$75m, so quite a lot of expected growth is already priced into the share price. However, BID now has 100 country based customer contracts (81 unique customers) for the platform business, and RWW also has 100 high quality current and historical customers, so there is now an excellent base for growth.
2. **Quarterly revenue, costs and customer announcements** - can also be a little lumpy and volatile. The stock appears to have been sold off in recent days and yesterday possibly because the March quarterly report had underlying group revenue of \$1.2m up 50% on the pcp (\$0.8m), but down -20% on the December quarter (\$1.5m). This was primarily due to the March quarter being the seasonally low quarter for RWW, and the timing of new customers commencing to generate revenue (eg Cushman & Wakefield revenue commences 1/7/19 but work is already underway on-boarding the 10,500 meter sites). RWW rebate capture revenue was \$0.4m up 33% on the pcp (\$0.3m), but down 50% on the Dec quarter (\$0.8m). We prefer to focus on the 9-month YTD figures which showed group revenue of \$4.0m (Vs \$3.0m) up 31% on the pcp. We think this weakness provides a buying opportunity as we expect the next several quarters to be considerably stronger.
3. **RealWinWin (RWW) revenue growth modest in 1H19 at +4% in A\$ terms, flat in USD terms** – However we note that RWW recently won a new 2+1+1 year contract with a major national retailer in the US, which is expected to add US\$350k pa to annual revenues once fully operational. This business had US\$1.6m of revenue in FY18 so this is a material 22% increase on FY18. And yesterday BID announced that RWW had won 4 new quality enterprise customers including O'Reilly Auto Parts (Nasdaq: ORLY, market cap US\$29.0bn; 5,200 stores in 47 states), Ulta Beauty (Nasdaq ULTA, market cap US\$20.6bn, 1174 stores across 50 states), CarMax Inc (NYSE: KMX, market cap US\$12.9bn, 195 locations) and Sonesta International Hotels (70 properties in 8 countries). We do not know the size of the initial RWW work for these companies and we surmise it is small as no separate ASX announcement was warranted. But these appear to be good calibre customers, and more importantly, excellent prospects for cross selling the BID platform.
4. **Customer concentration risk** – Not previously an issue, but the new 5 year Cushman & Wakefield contract is expected to account for 18% of annualised contracted revenues. Given the calibre of this global client, and the fact that there are 16 major "tier 1" underlying clients, we think this is a nice problem to have. Further customer wins in Australia and overseas should gradually reduce this key customer risk.
5. **Barriers to Entry** – On the surface the barriers to entry for the BID platform business would appear fairly low. However the level of sophistication in the model, as evidenced by 70% of the Australian customer base opting to utilise the procurement module, and the ability for the platform to be adapted for multiple applications (full service model for large multi-site enterprises; self-service model for SMEs, franchisees and residential; and new Saas products aimed at Utilities and Energy brokers) mean that BID is quietly building its own moat in this very specialised area. Combined with an apparent first mover advantage, we think the barriers to entry are actually reasonably high, and rising.
6. **New BidBilly consumer & SME product has strong existing competition from comparison services** and on-line websites such as iSelect.com.au, Comparethemarket.com.au, Electricityandgas.com.au, SumoBilly.com.au and probably others. There is also competition from energy providers themselves, especially the challenger brands such as Lumo, Dodo and ERM Power. However, in our opinion, none of these businesses are truly independent, and none have the ability to be continuously watching the market for better offers for the benefit of the customer (the "concierge" feature). The comparison websites have embedded commissions and do not necessarily access all available providers. We think that BidBilly should have a strong and unique competitive advantage, if it can get its message across effectively to consumers and SMEs.
7. **RWW business is probably limited to just the US** – This business appears to have been reinvigorated and is now performing well. But we think the LED lighting conversion phase has probably already peaked, so RWW needs an on-going supply of other energy rebate programs to be self-sustaining.
8. **\$3.9m Cash** – BID had negative operating cash flow of -\$3.2m in FY18 and -\$1.0m in 1H19 and -\$1.3m in 3Q19, so the current cash balance is a little tight. However, we expect a further \$2.1m cash to come in from the BIDO options (exercise price \$0.68, exercise date 30/6/19). We expect BID to become cash flow positive in FY20, and then strongly cash flow positive thereafter. So we think BID can avoid further capital raisings, unless another complementary acquisition opportunity like RWW arises.

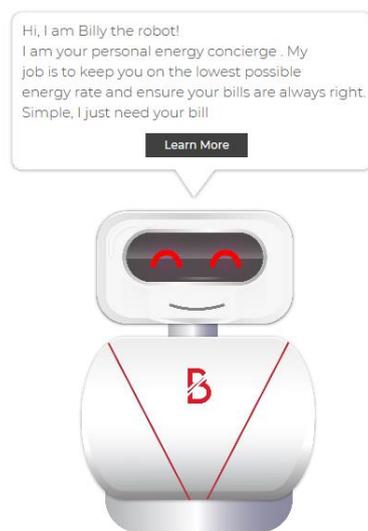
## Appendix: BidBilly– An exciting new opportunity

We repeat our discussion on BidBilly from our initiation report dated 30 April 2019, below.

BidBilly is an exciting new product aimed at single bill customers such as franchisees, small business operators and associations and the residential market. It has already been tested in South Australia from September 2018 via an alliance with the South Australian Tourism Industry Council (SATIC) and a number of tourism and hospitality businesses.

BidBilly is a self-serve product that operates from a stand-alone website [www.bidbilly.com](http://www.bidbilly.com). Consumers can load a PDF electricity bill from their provider to get an immediate bill health check and rate comparison across various energy retailers. Consumers can use Billy for free until a better rate is located. BID calls this the “concierge feature” whereby every month or quarter, the bills will be automatically checked by the Billy robot and Billy will advise when a better rate is available. We tested BidBilly ourselves and can clearly see the potential.

A “trial” subscription fee was set at \$49 per annum for the SA pilot only, payable only if the customer decides to switch providers. BID is yet to set a permanent pricing model for the further rollout. Billy is retailer agnostic and works for the customer. There are no commissions. We show below a description from BID’s 12/7/18 quarterly report.



BID Billy is coming. BID’s enterprise platform is coming to the high street and will launch in August with an initial focus on franchisees, small businesses and associations, with robotic capabilities and learnings used by our 74 enterprise robots, rebirthed and trained towards the single bill consumer.

Australians need a robot working for them not just a one-off comparison. Billy is retailer agnostic and works for you - there are no commissions.

Billy will be accessible through its own website, where consumers can manage their bills and get an immediate bill health check and rate comparison across the various energy retailers. Consumers can utilise Billy for free until a better rate is located - every month or quarter the bills will be checked and Billy will keep an eye open for a better rate.

Once Billy finds a better rate for your usage and location, an alert will be posted and savings identified. Consumers can then choose to take up the rate and join the monthly Billy subscription, whereupon the full Billy capabilities are delivered. Billy will keep an eye on each and every bill, troubleshoot directly with the energy retailers if rate errors or estimate billing is found, remind you when to pay and ensure your energy retailer maintains their promised discounts and rates. Billy will receive your energy bills directly from your energy provider each and every time so you no longer have to manage your own bills, providing you paperless bill management. Overtime Billy, through machine learning and with access to smart meter data will also help you lower your energy spend by highlighting saving opportunities and suggesting energy use alternatives.

Billy will also help the energy retailers by providing a sales channel that requires no commissions, that properly represents their rates and offers, and supporting consumers to pay their bills on time.

BidBilly will be officially launched in August, whereupon final pricing and next stage residential rollout plans will be presented. The Company is approaching major residential & SME consumer brands with a view to promoting and marketing Billy to the Australian marketplace.

### *South Australian Trial Results*

- 65% of registrations had benchmarked savings. One customer had a 50% saving.
- 7 energy retailers participated.
- Positive feedback and testimonials were received.

BID has further developed the product, and in the 29/10/18 quarterly report, outlined completion dates by December 2018 for the following new products:

1. A franchisee solution
2. A partner SME solution open to all SMEs across Australia
3. An Employee Residential solution, and
4. A Partner Consumer Residential solution.

Re item 1, we note that there were 70,700 “business format franchised units” and 8,300 company owned units operating in Australia in 2016 making **79,000 in total**. (Source: Franchising Australia 2016, Franchise Council of Australia / Griffith University report). We think that a product aimed at saving energy costs for franchisees would be very popular, particularly one with no commissions, just a flat fee, and that rapid penetration should be possible with the co-operation and introductions from the franchisors. Following recent adverse publicity in franchising sector, we think that many franchisor groups would be looking to restore their tarnished image by offering something valuable and new to help their franchisees save on their utility bills.

Re item 2, There were **2.1m small businesses** (defined as 0-19 employees) in Australia, according to the 2016 Small Business Counts report by the Australian Small Business and Family Enterprise Ombudsman (see table below). With 1.0m of these sole trader businesses, possibly operated part time, and from home, BID suggested to us the target SME market is somewhere between 1.0m to 2.0m. Still a very useful size.

**Table 1: Business size measured by employment**

Business Size	Count	%
Small (0-19 employees)	2,086,523	97.4
Medium (20-199 employees)	50,995	2.4
Large (200+ employees)	3,717	0.2
<b>Total</b>	<b>2,121,235</b>	<b>100</b>

Source: ABS Counts of Australian Business 8185.0, Feb 2016 and ASBFEO calculations (excludes nano businesses with no GST role)

Regarding item 3, we are intrigued by the notion of an employee model. Would this be offered by large employers to their staff? We note there are **3,700 large employer groups** (> 200 staff) in Australia in 2016 according to the above table.

Regarding item 4, we note that Australia has **9.7m households**, so this a very large potential market. BID has stated in its 30/1/19 quarterly report that it has been working closely with “a **significant Australian third-party consumer brand** over the last three months to launch Billy into the residential marketplace.”

We met with BID last week and understand these plans are still progressing, with a view to a launch in the second half of this calendar year.

### *So who might be the significant consumer brand?*

As an educated guess, we show below a table of the most popular and the most recommended loyalty programs in Australia, according to two different sources.

Most Popular Australian Loyalty Plans Per InternetRetailing.com.au		Members per Annual reports	Household Penetration	Most Recommended Loyalty Programs Per Australian Marketing Institute	
1	Coles Flybuys	8.0	82%	1	Coles Flybuys
2	Woolworths Rewards	10.9	112%	2	Woolworths Rewards
3	Myer One	5.0	52%	3	Qantas Frequent Flyer
4	Priceline Sister Club	6.4	66%	4	Virgin Velocity Frequent Flyer
5	Qantas Frequent Flyer	12.3	127%	5	Myer One
6	Spotlight VIP Club	5.0	52%	6	Commonwealth Bank
7	Virgin Velocity Frequent Flyer	9.1	94%	7	Priceline
8	My Dan Murphy's			8	Accor
9	Ikea Family			9	American Express
10	Event Cinemas Cinebuzz Rewards	2.0	21%	10	IGA
Other possibilities :				NB. TPG (TPM) is 1.9m subs	
Telstra: No. of Fixed voice & bundled Subs		8.0	82%		
iSelect : No. of leads per annum (all products)		4.2	43%		
Average of the above		7.1			
No. of Households in Australia per ABS			9.7		

Source: Internetretailing.com.au 20/6/17; Members per Annual reports; Marketingmag.com.au 2014; iSelect FY18 Annual report

Qantas, Woolworths and Virgin Velocity were the largest loyalty plans on the data that we found. Any of these organisations shown in the table would make excellent partners for BID – some more than others.

Other possibilities would be one of the major banks – again they would be keen to be seen to be doing something to help consumers save on costs. But post Royal Commission, we don't think these are “trusted brands” that BID is ideally looking for.

Telstra, TPG Telecommunications or Optus would be interesting possibilities, as would Australia Post.

The RACV / NRMA / RACQ would be interesting and they have a track record of offering special promotions to their members. But BID would need to negotiate with each organisation on a state by state basis. The RACV has 2.1m members, NRMA 2.6m and RACQ 1.7m, so 6.4m combined for just three states.

One of the large Utility companies is another possibility (eg. Orogen, AGL or Energy Australia), but we rule that out as BidBilly aims to be retailer agnostic.

Finally, the existing comparison web sites such as iSelect or Compare the Market would be a strong possibility. However, they do receive commissions from the utility companies, and in many ways BidBilly will be a competitor to them.

Whilst we await the announcement from BID, we think it is very likely that high quality brand with a significant member database will be chosen. And we think the BidBilly product looks an exciting value add product for them too.

#### *How big could BidBilly be?*

We have studied the data from iSelect's (ISU) annual report and results presentation. In FY18 iSelect received 4.2m leads by phone or through its website, with 2.2m of those being for Energy & Telecoms. ISU's conversion rate was 11.1% for all products and 12.8% for Energy & Telecoms ie customers agreed to switch providers, and ISU earned a commission from the new provider on 285,000 energy & telecomm transactions. Commissions of \$55m in revenue, or \$226 per Energy & Telecom switch that it transacted.

BID's \$49 once only fee per switch for the South Australian trial looks pretty reasonable, if not quite cheap compared to this data (noting that BID has not set its final pricing model yet).

iSelect - FY18 Summary					
	Health Insurance	Life & General Insurance	Energy & Telecomms	Other	Consolidated Total
Leads	1,036,000	806,000	2,235,000	129,000	4,206,000
Sales (units)	99,100	79,200	285,500	1,200	465,000
Conversion ratio	9.6%	9.8%	12.8%		11.1%
Revenue per sale (\$)	1,037	331	226		425
Operating Revenue (\$m)	89.1	29.3	54.8	8.3	181.4
Ebitda (\$m)	12.4	6.9	1.0	-13.4	6.9
Ebitda Margin	13.9%	23.4%	1.9%		3.8%

Source: ISU FY18 Annual Report & results presentation

## Scenario Analysis

To estimate the revenue potential of BidBilly, we have prepared the matrix below, modelling different penetration scenarios, and using key data points from our earlier discussion above.

### BidEnergy (BID) - Phillip Capital "BidBilly" forecast matrix - Australia only

A	Assumed target partner's existing scheme members (million)	7.1 (NB Australia has 9.7m households per the ABS)					
B	Assumed enquiry rate from joint promotions	5.0%	10.0%	20.0%	30.0%	40.0%	50.0%
		Scenario	Scenario	Scenario	Scenario	Scenario	Scenario
C	Number of customers reached	355,000	710,000	1,420,000	2,130,000	2,840,000	3,550,000
D	Assumed conversion rates						
	1.0%	3,550	7,100	14,200	21,300	28,400	35,500
	2.0%	7,100	14,200	28,400	42,600	56,800	71,000
	4.0%	14,200	28,400	56,800	85,200	113,600	142,000
	6.0%	21,300	42,600	85,200	127,800	170,400	213,000
	8.0%	28,400	56,800	113,600	170,400	227,200	284,000
	10.0%	35,500	71,000	142,000	213,000	284,000	355,000
	12.0%	42,600	85,200	170,400	255,600	340,800	426,000
	14.0%	49,700	99,400	198,800	298,200	397,600	497,000
	18.0%	63,900	127,800	255,600	383,400	511,200	639,000
	20.0%	71,000	142,000	284,000	426,000	568,000	710,000
E	Potential revenue to BID, assuming retain 60% of \$49 once only fee (less GST)						
	1.0%	\$ 93,933	\$ 187,866	\$ 375,732	\$ 563,598	\$ 751,464	\$ 939,330
	2.0%	\$ 187,866	\$ 375,732	\$ 751,464	\$ 1,127,196	\$ 1,502,928	\$ 1,878,660
	4.0%	\$ 375,732	\$ 751,464	\$ 1,502,928	\$ 2,254,392	\$ 3,005,856	\$ 3,757,320
	6.0%	\$ 563,598	\$ 1,127,196	\$ 2,254,392	\$ 3,381,588	\$ 4,508,784	\$ 5,635,980
	8.0%	\$ 751,464	\$ 1,502,928	\$ 3,005,856	\$ 4,508,784	\$ 6,011,712	\$ 7,514,640
F	10.0%	\$ 939,330	\$ 1,878,660	\$ 3,757,320	\$ 5,635,980	\$ 7,514,640	\$ 9,393,300
	12.0%	\$ 1,127,196	\$ 2,254,392	\$ 4,508,784	\$ 6,763,176	\$ 9,017,568	\$ 11,271,960
	14.0%	\$ 1,315,062	\$ 2,630,124	\$ 5,260,248	\$ 7,890,372	\$ 10,520,496	\$ 13,150,620
	18.0%	\$ 1,690,794	\$ 3,381,588	\$ 6,763,176	\$ 10,144,764	\$ 13,526,352	\$ 16,907,940
	20.0%	\$ 1,878,660	\$ 3,757,320	\$ 7,514,640	\$ 11,271,960	\$ 15,029,280	\$ 18,786,600
	Household penetration rate of Base case = F (based on 9.7m households)	0.4%	0.7%	1.5%	2.2%	2.9%	3.7%

Source: Phillip Capital estimates

### Explanation

In row A, we assume BID does a deal with a major Australian consumer brand, which has around 7.1 million members (approx. average of Top 10 loyalty plans plus TLS & iSelect leads).

In row B we assume a marketing penetration rate of 5% to 50% of these members, to derive the number of potential customers reached at Row C.

Item D assumes various conversion rates from 1.0% to 20%, noting that iSelect achieves a 12.8% conversion rate on Energy & Telecoms, and 11.1% across all its products.

Row E shows the potential annual revenue to BID, assuming the South Australian trial fee of \$49 continues, but is split 60% BID /40 % with a trusted big-brand partner. And we assume the \$49 one off fee includes 10% GST, so we net that out too.

#### *Our Base Case – \$49 & 20% x 10% scenario - \$3.7m pa revenue (upside to \$9.4m)*

Our base case is shaded in blue. That is that BidBilly achieves a 20% inquiry rate which drives 1.4 million consumers to the website each year (117,000 per month). Then we assume that a conservative 10% of these people decide to transact by taking up Billy's best deal and paying a \$49 once-only switch fee / 12-mth subscription. **We estimate 142,000 transactions and \$3.757m annual revenue to BID, once established.**

iSelect (ISU) did 288,500 Energy & Telecom transactions in FY18, so if we assume 50% was Energy (144,250) our BID assumptions produce a similar result of 142,000. ISU earns commissions from energy retailers for customers making a switch (\$54.8m in FY18 for energy & telco; say 50% is energy or \$27.4m). BidBilly will charge a one-off fee to the customer, but its quotes will be truly independent with no embedded commissions. So we think the BidBilly model will have a marketing advantage of being independent and transparent. Our \$3.7m revenue estimate for BidBilly looks conservative compared to ISU's \$27.4m.

Another energy comparison website we came across, [www.electricityandgas.com.au](http://www.electricityandgas.com.au) claims an enquiry rate of almost 40,000 per month:

You get access to no-mark up policies from energy providers across Australia, making it easy to find the best deals in your area. This service makes comparison shopping for energy easy, and best of all it's totally cost and obligation free.

Just last month almost 40,000 people chose [ElectricityandGas.com.au](http://ElectricityandGas.com.au) to help them compare, switch and save. **Cheaper bills are only a few clicks away. Why not join them?**

Source: [www.electricityandgas.com.au](http://www.electricityandgas.com.au)

Costs to BID should be low, as the system is already built, BID already has the data, and the service will be provided robotically on a self-service basis (ie. No call centre costs). Also by using the trusted partner's database the advertising and marketing spend should be low. We have allowed \$200k pa of additional marketing costs from FY20 onwards for this product.

Significantly higher revenues are possible if we use higher penetration and conversion rates, as shown above. **There is upside to \$7.5m pa if the conversion rate is 20%. Or to \$9.4m if the marketing enquiry rate is 50% not 20%.**

Significantly higher revenues are also possible if BID charges a higher conversion fee, or if it negotiates a better revenue share with the Go-to-Market partner.

#### *Our Estimates*

We have decided to use row F for our forecasts. We assume \$0.2m revenue in FY20 (start up year), \$0.9m of revenue for FY21 (5% marketing penetration rate), \$1.8m in FY22 (10% penetration rate), \$3.7m in FY23 (20% penetration rate), and \$5.6m in FY24 (30% penetration). We will refine our forecasts as more information becomes available. Or DCF valuation for BidBilly for Australia only is about \$51m or \$0.47 per share.

#### *International Potential*

We have modelled a base case annual revenue to BID of \$3.7m for Australia alone, on a \$49 & 20% x 10% scenario.

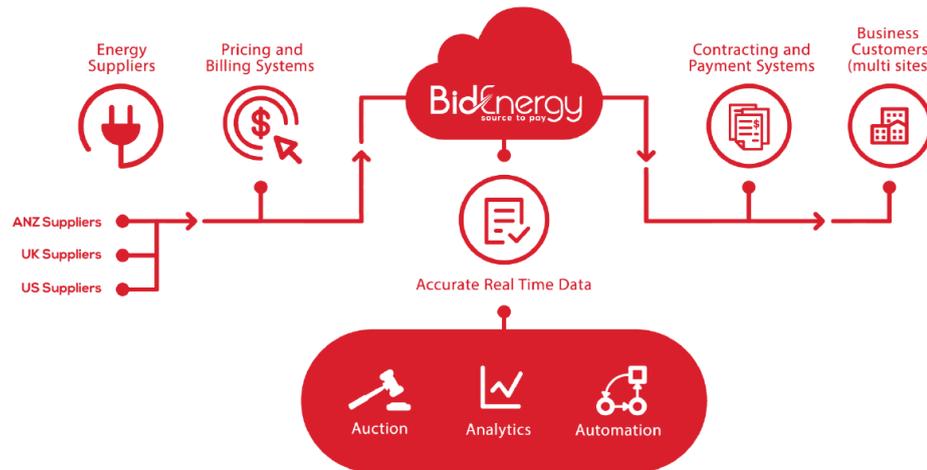
Unless BidBilly is a total failure in Australia, we think there is also significant potential for BidBilly in the UK and USA where BID is also now getting established and winning some quality customers, such as BP and JoAnn Stores. Other European markets and Asia are also distinct possibilities.

These markets are significantly larger than Australia.

## Company Description

BidEnergy Limited (BID) is a software as a service (SAAS) technology company principally engaged in the provision of its cloud-based Energy Spend Management (ESM) procurement system. It is a cloud-based platform used by multi-site organizations to manage their energy category, using robotic process automation (RPA) to gather data on energy spend and usage. By automatically capturing and validating invoices against electronic meter data, its customers can update their accounting and payments processes, go to market at short notice to optimize their supply contracts and reduce on-bill charges using comprehensive analytics and reporting.

### Proven and globally scalable technology platform



It offers various solutions, such as data management and analytics, payment and budgeting, and procurement and contract management. The integrated platform offers sourcing, contract management, spend analysis, budgeting, forecasting, payment automation, accounting, and supplier risk and performance management. The solution has an in-built interface to integrate with existing enterprise computer systems such as SAP.

The majority of clients use BID's platform for electricity bill management, with gas and water also now offered. Clients typically sign up for annual contracts (although larger customers such as BP, Optus and Cushman & Wakefield are 3-5 years) and are charged on a monthly or annual subscription basis. The subscription amount reflects the number of bills processed (most are monthly with a separate bill for each meter), the number of sites, the energy dollar spend, and the level of service provided (eg modules taken). Additional value-add modules are being introduced progressively (eg. Procurement, water, council rates, advanced analytics).

BID's clients include Singtel Optus (> 6,000 sites including stores, mobile phone towers, offices etc), BP Australia and New Zealand (> 600 petrol station sites), and Cotton On (> 400 retail store sites). BID now has over 81 unique customers including 19 in multiple countries making 100 agreements overall (Vs 53 unique customers at June 30, 2018):

- Australia - 75 enterprise customers (NB Cushman counted as a single client).
- New Zealand - 13 enterprise customers. (NB. A & NZ combined – 75 unique customers as 100% overlap).
- UK - 6 customers – including 1<sup>st</sup> client BP UK (all of BP UK's 306 company-owned service stations plus refineries, depots and other related properties) and Toll Group (Aussie client).
- USA - 6 customers : Jo-Ann Stores Inc (~850 fabric and craft stores, requiring BID to manage and analyse bills from approximately 1,000 energy retailers in 49 states); XSport Fitness; AN Other; Toll Group; Cotton On (now 140 stores) and Aqua America (water utility serving 3m people). BID also has alliances with Correlate Inc and Apollo Edison USA (outsourced specialist energy consultants).

In December BID announced a major new contract with Cushman & Wakefield, a major international property and facilities management company. Commencing 1 July 2019 BID will manage approximately 10,500 meters on behalf of 16 (now 17) major Australian clients of Cushman. We understand this includes a number of ASX Top 20, Top 50 and government customers though client names remain confidential. Cushman will become BID's largest client accounting for approximately 18% of annualised contracted revenue value (ACV).

BID now has over 39,000 meters under management (mostly electricity) including the Cushman contract. Australia has in excess of 11.5 million electricity meters, so this represents a market

penetration of less than 1%. Other markets are estimated at the following - NZ 1.4 million meters, the UK 46 million and the USA approximately 150 million meters.

BID is also exploring opportunities to enter new markets in Asia commencing with Japan, Malaysia and Singapore in the next three to six months. BID estimates the addressable market for these initial launch markets to be over 300 million meters (not including gas or water).

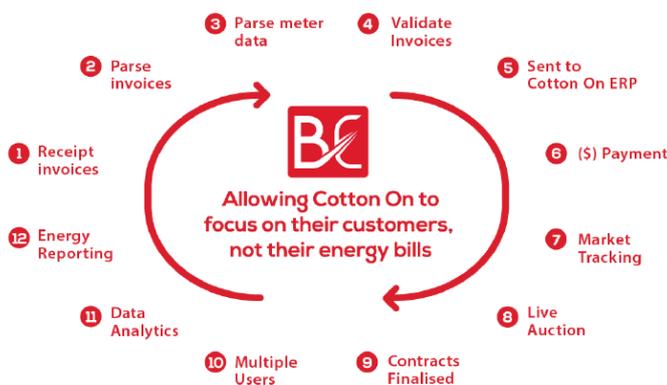
BID - Initial Target Markets	Enterprise Customers at 31/3/19	BID Meters under Mgt	Market No. of Elec Meters (m)	BID Penetration	Status
Australia & NZ	75	30,500	12.9	0.236%	Launched FY13; KPMG channel partner Nov 16; Cushman & W Dec 18 1st client BP live Jan 18; 4C Associates channel deal Mar 17
UK	6	5,000	46.3	0.011%	
USA	6	4,000	150.0	0.003%	1st broker client GEE May 17; 1st cross-sell to an RWW cust Nov 18 (JoAnn)
Eliminations	-6				
<b>Current (Mar 2019)</b>	<b>81</b>	<b>39,500</b>	<b>209.2</b>	<b>0.019%</b>	
<b>Proposed new markets:</b>					
Japan	0	-	80.0		Considering a launch in next 3-6 mths (per 30/1/19 quarterly)
Malaysia	0	-	9.7		Considering a launch in next 3-6 mths (per 30/1/19 quarterly)
Singapore	0	-	2.3		Considering a launch in next 3-6 mths (per 30/1/19 quarterly)
<b>Total</b>	<b>81</b>	<b>39,500</b>	<b>301.2</b>	<b>0.013%</b>	

Source: Company data; Phillip Capital estimates

Revenue per meter managed appears to be around A\$120 per annum (\$10 per month). The addressable market of 300 million meters at the Australian revenue rate implies a breath-taking A\$36 billion market opportunity for these markets alone. BID appears to be the first mover.

An example of the BID system for one of BID's earliest customers, clothing retailer Cotton On was provided in BID's IPO presentation (16/5/16). BID was processing electricity bills for 447 sites at the time. Cotton On had at the time approximately 1,200 stores in 12 countries (now 1,400 in 18 countries). BID is now processing a further >99 sites for Cotton On in the USA.

### BidEnergy solves the problem for Cotton On



### RWW Division, USA

BID also owns Real Win Win (RWW), a government rebate capture business based in Philadelphia, Pennsylvania that manages the process of claiming rebates from Energy retailers for the adoption of energy efficient products including LED lighting change-outs, on a fee for service basis (most US states have these schemes). RWW has approximately 50 current and 50 past large enterprise customers (many are Fortune 500 companies) and in March 2017 won a new 2+2 year contract for a large "Fortune 50" US national retailer with >2,000 sites. The business was founded in approximately 2002.

BID is beginning its plan to cross sell the BID ESM platform to these existing and past RWW customers (first cross sell achieved with JoAnn Stores in November 2018).

### Group Locations

BID has offices in Melbourne, London and Philadelphia and employs approximately 48 people:

- Australia 34 staff
- UK 2 (going to 5)
- USA 12
- Worldwide 48

BID is currently loss-making and cash flow negative, but is growing rapidly. It is consistently signing new enterprise customers every quarter (6 in Australia last quarter), is expanding its product portfolio and geographic coverage with the UK and USA still in early launch phase. We think that profitability and positive cash flows are in clear sight.

BidEnergy Limited (BID)

\$ 0.790

**Profit & Loss**

Year end June	FY18	FY19e	FY20e	FY21e
	A\$m	A\$m	A\$m	A\$m
Op. Revenue	4.1	5.4	9.7	17.4
Cost of Goods Sold	0.0	0.0	0.0	0.0
<b>Gross Profit</b>	<b>4.1</b>	<b>5.4</b>	<b>9.7</b>	<b>17.4</b>
<b>Gross Profit Margin</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other Income	0.3	0.1	0.1	0.1
Cash Operating Expenses	(7.2)	(10.0)	(11.3)	(12.4)
<b>EBITDA</b>	<b>-2.8</b>	<b>-4.5</b>	<b>-1.5</b>	<b>5.1</b>
<b>Ebitda Margin</b>	<b>-68.0%</b>	<b>-82.8%</b>	<b>-15.4%</b>	<b>29.4%</b>
Depreciation & Amort	(0.7)	(0.4)	(0.5)	(0.6)
<b>EBIT</b>	<b>-3.5</b>	<b>-4.9</b>	<b>-2.0</b>	<b>4.5</b>
<b>Ebit Margin</b>	<b>-85.3%</b>	<b>-90.2%</b>	<b>-20.6%</b>	<b>26.0%</b>
Net Interest Income (Expense)	0.1	0.1	0.1	0.1
Share of Assoc NPAT	0.0	0.0	0.0	0.0
<b>Pre-tax profit</b>	<b>-3.4</b>	<b>(4.8)</b>	<b>(1.9)</b>	<b>4.6</b>
Income Tax Credit (Expense)	0.0	0.0	0.0	0.0
<b>Tax Rate</b>	<b>-0.3%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Minorities (share of loss)	0.0	0.0	0.0	0.0
Abnormals	-1.1	0.0	0.0	0.0
<b>NPAT (reported)</b>	<b>-4.5</b>	<b>-4.8</b>	<b>-1.9</b>	<b>4.6</b>
Adjustments (Abnormals)	1.1	0.0	0.0	0.0
<b>NPAT (normalised)</b>	<b>-3.4</b>	<b>-4.8</b>	<b>-1.9</b>	<b>4.6</b>

**Balance Sheet**

Cash	5.3	3.6	4.3	8.8
Receivables	0.2	0.3	0.6	1.1
Inventories	0.0	0.0	0.0	0.0
Other	0.1	0.2	0.2	0.2
<b>Total current assets</b>	<b>5.6</b>	<b>4.1</b>	<b>5.1</b>	<b>10.1</b>
PP&E	0.0	0.0	0.0	0.0
Investments	0.0	0.1	0.1	0.1
Intangibles	2.0	1.3	1.3	1.3
Deferred tax assets	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.1	0.1
<b>Total non-current assets</b>	<b>2.1</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
<b>Total Assets</b>	<b>7.7</b>	<b>5.6</b>	<b>6.5</b>	<b>11.5</b>
Payables	-0.4	-0.6	-1.1	-2.0
Interest bearing liabilities - Current	0.0	0.0	0.0	0.0
Provisions	-0.2	-0.2	-0.2	-0.2
Other	-0.4	-0.4	-0.4	-0.4
<b>Total Current Liabilities</b>	<b>-0.9</b>	<b>-1.2</b>	<b>-1.7</b>	<b>-2.6</b>
Interest-bearing liabilities - Non-curr	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0
Other	-0.2	-0.2	0.4	0.9
<b>Total Non-current Liabilities</b>	<b>-0.2</b>	<b>-0.2</b>	<b>0.4</b>	<b>0.9</b>
<b>Total Liabilities</b>	<b>-1.5</b>	<b>-1.5</b>	<b>-1.3</b>	<b>-1.7</b>
<b>Total Shareholders' Equity</b>	<b>6.5</b>	<b>4.1</b>	<b>5.2</b>	<b>9.8</b>

**Interims**

Year end June	1H18	2H18	1H19A	2H19e
<b>Sales</b>	<b>2.2</b>	<b>1.8</b>	<b>2.8</b>	<b>2.7</b>
<b>Sales Growth (g)</b>			<b>23.8%</b>	<b>45.7%</b>
<b>EBITDA</b>	<b>-1.6</b>	<b>-1.1</b>	<b>-2.1</b>	<b>-2.4</b>
<b>EBITDA Margin</b>	<b>-72.0%</b>	<b>-63.0%</b>	<b>-75.4%</b>	<b>-90.7%</b>
EBIT	-1.9	-1.6	-2.3	-2.6
Equity Share of Assocs NPAT	0.0	0.0	0.0	0.0
NPAT (Reported)	-2.9	-1.6	-2.3	-2.5
<b>NPAT (Adjusted)</b>	<b>-1.9</b>	<b>-1.5</b>	<b>-2.3</b>	<b>-2.5</b>
<b>EPS (adjusted)(cents)</b>	<b>-2.0</b>	<b>-1.4</b>	<b>-2.1</b>	<b>-2.3</b>
<b>EPS Growth</b>			<b>3.4%</b>	<b>67.1%</b>
DPS (cents)	0.0	0.0	0.0	0.0

Source: Phillip Capital estimates

**Per share & Ratio data**

Year end June	FY18	FY19e	FY20e	FY21e
Shares on Issue - Wavge (f/d)	0.0	110.7	117.2	127.4
Shares on Issue - at year-end	108.9	113.8	116.7	117.8
Reported EPS (cents)	(4.5)	(4.3)	(1.6)	3.6
<b>Growth</b>	<b>-70.2%</b>	<b>-3.0%</b>	<b>-62.7%</b>	<b>-325.0%</b>
P/E ratio (x)	-17.7x	-18.2x	-48.9x	21.7x
<b>EPS (normalised)(cents)</b>	<b>(3.4)</b>	<b>(4.3)</b>	<b>(1.6)</b>	<b>3.6</b>
<b>Growth</b>	<b>-73.0%</b>	<b>29.1%</b>	<b>-62.7%</b>	<b>-325.0%</b>
P/E ratio (x)	-23.5x	-18.2x	-48.9x	21.7x
DPS (cents)	0.0	0.0	0.0	0.0
Franking	0%	0%	0%	0%
<b>Yield</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
OCF per share (cents)	-3.1	-3.0	-1.0	4.4
Price/OCF (x)	-25.3x	-26.0x	-78.3x	17.9x
Enterprise Value \$m	80.9	84.2	83.7	79.6
EV/ Sales	19.9x	15.5x	8.6x	4.6x
<b>EV/EBITDA</b>	<b>-29.3x</b>	<b>-18.7x</b>	<b>-56.1x</b>	<b>15.5x</b>
EV/EBIT	-23.3x	-17.2x	-42.0x	17.6x
<b>Liquidity &amp; Leverage</b>				
Net Cash (Debt) \$m	5.3	3.6	4.3	8.8
Net Debt / Equity %	-82%	-87%	-82%	-89%
Net Debt / EBITDA	1.9x	0.8x	2.8x	n/a
ROA (EBIT / T.Assets) %	-45.2%	-88.0%	-30.6%	39.3%
ROE (NPAT / T.Equity) %	-52.1%	-116.9%	-36.6%	47.2%
Interest Cover (EBIT)	51.1x	49.0x	19.9x	-45.3x
Dividend Payout % (of adj EPS)	n/a	n/a	n/a	n/a

**Cash Flow**

EBITDA	-2.8	-4.5	-1.5	5.1
Chge in Working Capital	-0.3	0.1	0.2	0.4
Interest Received (Paid)	0.1	0.1	0.1	0.1
Income taxes paid	0.0	0.0	0.0	0.0
Other	-0.2	1.0	0.0	0.0
<b>Operating cash flows</b>	<b>-3.2</b>	<b>-3.4</b>	<b>-1.2</b>	<b>5.6</b>
Capex	-0.5	-0.1	-0.1	-0.1
Acqns & Investments	0.0	-0.1	0.0	0.0
Government Grants received	0.0	0.4	0.0	0.0
Other (Capitalised R&D)	-0.9	-1.0	-1.0	-1.0
<b>Net investing cash flows</b>	<b>-1.3</b>	<b>-0.8</b>	<b>-1.1</b>	<b>-1.1</b>
Equity raised (bought back)	6.2	2.4	3.0	0.0
Dividends paid	0.0	0.0	0.0	0.0
Change in Debt	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
<b>Financing cash flow</b>	<b>6.2</b>	<b>2.4</b>	<b>3.0</b>	<b>0.0</b>
<b>Change in Cash</b>	<b>1.7</b>	<b>-1.7</b>	<b>0.7</b>	<b>4.5</b>

**Revenue by Sector**

BID platform - Australia & NZ	2.0	2.6	4.0	5.8
BidBilly - Australia	0.0	0.0	0.2	0.9
BID platform - UK	0.0	0.1	0.8	2.0
BID platform - USA	0.0	0.2	1.4	4.8
BID platform - Asia (to come)				
<b>Platform - Total</b>	<b>2.0</b>	<b>2.9</b>	<b>6.5</b>	<b>13.6</b>
RWW rebate revenue - USA	2.1	2.5	3.2	3.9
<b>Total Revenue</b>	<b>4.1</b>	<b>5.4</b>	<b>9.7</b>	<b>17.4</b>
Revenue Growth	55%	34%	78%	80%

**Major Shareholders**

Blue Lagoon Intl Corp (British Virgin Islands)	7.760	7.0%
Merrivee Pty Ltd	6.250	5.6%
Auction Design Pty Ltd (Du Preeze Family A/c)	5.071	4.6%
Carolyn Palmer (co-founder family)	2.887	2.6%
Allinson Trauts Pty Ltd (co-founder)	2.887	2.6%

Source: Thomson Reuters

## CONTACT INFORMATION

CEO					
John Miles	+61 3 8633 9838	jmiles@phillipcapital.com.au			
Research					
Wayne Sanderson	+61 3 8633 9930	wsanderson@phillipcapital.com.au			
Corporate Finance					
Sharon Cardy	+61 2 9233 9611	scardy@phillipcapital.com.au			
Institutional Sales					
Enzo Salvatore	+61 3 8633 9924	esalvatore@phillipcapital.com.au	Chris Walker	+61 3 8633 9928	cwalker@phillipcapital.com.au
Institutional Execution					
Craig Stephens	+61 3 8633 9881	cstephens@phillipcapital.com.au			
Private Wealth					
Enzo Salvatore	+61 3 8633 9924	esalvatore@phillipcapital.com.au	Luke Pitrone	+61 3 9618 8236	lpitrone@phillipcapital.com.au
Ben Roper	+61 7 3338 3835	broper@phillipcapital.com.au	Mark Wiseman	+61 3 9618 8228	mwiseman@phillipcapital.com.au
Bo Xin	+61 7 3338 3840	bxin@phillipcapital.com.au	Michael Cori	+61 2 9233 9648	mcori@phillipcapital.com.au
Chris Forte	+61 3 8633 9841	cforte@phillipcapital.com.au	Nick Katiforis	+61 3 8633 9847	nkatiforis@phillipcapital.com.au
Chris Walker	+61 3 8633 9928	cwalker@phillipcapital.com.au	Nigel Ormiston	+61 7 3149 8630	normiston@phillipcapital.com.au
Daniel McFarlane	+61 3 8633 9917	dmcfarlane@phillipcapital.com.au	Patricia Harrison	+61 2 9994 5505	pharrison@phillipcapital.com.au
Dinesh Magesan	+61 7 3338 3831	dmagesan@phillipcapital.com.au	Patrick Trindade	+61 3 8633 9926	ptrindade@phillipcapital.com.au
David Dwyer	+61 2 9233 9643	ddwyer@phillipcapital.com.au	Prasanna Wickramatunge	+61 3 9618 8270	pwickramatunge@phillipcapital.com.au
David Thang	+61 3 8633 9923	dthang@phillipcapital.com.au	Reg Keene	+61 2 9233 9603	rkeene@phillipcapital.com.au
Howard Elton	+61 3 9618 8233	helton@phillipcapital.com.au	Rob Hughes	+61 3 8633 9846	rhughes@phillipcapital.com.au
Jim Yong	+61 7 3338 3839	jyong@phillipcapital.com.au	Sam Sheffield	+61 7 3338 3837	ssheffield@phillipcapital.com.au
Joel Christie	+61 7 3338 3834	jchristie@phillipcapital.com.au	Shane Langham	+61 7 3338 3838	slangham@phillipcapital.com.au
Josh Graham	+61 3 92339645	jgraham@phillipcapital.com.au	Sue McDonald	+61 3 9618 8211	smcdonald@phillipcapital.com.au
Kate Hanrahan	+61 3 8633 9909	khanrahan@phillipcapital.com.au	Xiaoming Huang	+61 3 8633 9912	xhuang@phillipcapital.com.au
Lachlan Owen	+61 3 8633 9842	lowen@phillipcapital.com.au			
Funds Management					
Glenn Tan	+61 3 8633 9905	gtan@phillipcapital.com.au	Monica (Mengnu) Yu	+61 3 8633 9810	my@phillipcapital.com.au
Jessica Bell	+61 3 8633 9998	jbell@phillipcapital.com.au	Zane (Zheng) Song	+61 2 9233 9640	zsong@phillipcapital.com.au
Michael Laletas	+61 3 8633 9925	milaletas@phillipcapital.com.au			

## CONTACT INFORMATION (Regional Member Companies)

### SINGAPORE

#### Phillip Securities Pte Ltd

Raffles City Tower  
250, North Bridge Road #06-00  
Singapore 179101

Tel +65 6533 6001

Fax +65 6535 6631

[www.phillip.com.sg](http://www.phillip.com.sg)

### HONG KONG

#### Phillip Securities (HK) Ltd

11/F United Centre 95 Queensway  
Hong Kong

Tel +852 2277 6600

Fax +852 2868 5307

[www.phillip.com.hk](http://www.phillip.com.hk)

### INDONESIA

#### PT Phillip Securities Indonesia

ANZ Tower Level 23B,  
JI Jend Sudirman Kav 33A  
Jakarta 10220 – Indonesia

Tel +62-21 5790 0800

Fax +62-21 5790 0809

[www.phillip.co.id](http://www.phillip.co.id)

### THAILAND

#### Phillip Securities (Thailand) Public Co. Ltd

15th Floor, Vorawat Building,  
849 Silom Road, Silom, Bangrak,  
Bangkok 10500 Thailand

Tel +66-2 6351700 / 22680999

Fax +66-2 22680921

[www.phillip.co.th](http://www.phillip.co.th)

### UNITED KINGDOM

#### King & Shaxson Capital Limited

6th Floor, Candlewick House,  
120 Cannon Street,  
London, EC4N 6AS

Tel +44-20 7426 5950

Fax +44-20 7626 1757

[www.kingandshaxson.com](http://www.kingandshaxson.com)

### MALAYSIA

#### Phillip Capital Management Sdn Bhd

B-3-6 Block B Level 3 Megan Avenue II,  
No. 12, Jalan Yap Kwan Seng, 50450  
Kuala Lumpur

Tel +603 2162 8841

Fax +603 2166 5099

[www.poems.com.my](http://www.poems.com.my)

### JAPAN

#### Phillip Securities Japan, Ltd.

4-2 Nihonbashi Kabuto-cho Chuo-ku,  
Tokyo 103-0026

Tel +81-3 3666 2101

Fax +81-3 3666 6090

[www.phillip.co.jp](http://www.phillip.co.jp)

### CHINA

#### Phillip Financial Advisory (Shanghai) Co. Ltd

No 550 Yan An East Road,  
Ocean Tower Unit 2318,  
Postal code 200001

Tel +86-21 5169 9200

Fax +86-21 6351 2940

[www.phillip.com.cn](http://www.phillip.com.cn)

### FRANCE

#### King & Shaxson Capital Limited

3rd Floor, 35 Rue de la Bienfaisance 75008  
Paris France

Tel +33-1 45633100

Fax +33-1 45636017

[www.kingandshaxson.com](http://www.kingandshaxson.com)

### UNITED STATES

#### Phillip Futures Inc

141 W Jackson Blvd Ste 3050  
The Chicago Board of Trade Building  
Chicago, IL 60604 USA

Tel +1-312 356 9000

Fax +1-312 356 9005

### INDIA

#### PhillipCapital (India) Private Limited

No. 1, C - Block, 2nd Floor, Modern Center,  
Jacob Circle, K. K. Marg, Mahalaxmi  
Mumbai 400011

Tel: (9122) 2300 2999

Fax: (9122) 6667 9955

[www.phillipcapital.in](http://www.phillipcapital.in)

### TURKEY

#### PhillipCapital Menkul Degerler

Dr. Cemil Bengü Cad. Hak Is Merkezi  
No. 2 Kat. 6A Caglayan  
34403 Istanbul, Turkey

Tel: 0212 296 84 84

Fax: 0212 233 69 29

[www.phillipcapital.com.tr](http://www.phillipcapital.com.tr)

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Buy	Accumulate	Hold	Reduce	Sell
>20%	10% – 20%	0% – 10%	0% to -10%	>-10%

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