

BidEnergy (BID)-Software as a Service

June Quarterly Report – FY19 30% revenue growth; AGR + 49%

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Summary

BidEnergy Limited (BID) is a software as a service (SaaS) technology company principally engaged in the provision of its cloud-based “Energy Accounting” and energy procurement platform for multi-site organizations.

BID now has 110 customer accounts worldwide (92 unique) with ~85,000 meters under contract (est.36,000 live at 1/7/19). Customers include Optus (>6,000 locations), BP (~600 petrol stations Aust + 306 UK) and Cushman & Wakefield (10,200 meters/ locations for 17 tier one customers).

BID’s US subsidiary also manages the outsourced process of enterprises claiming energy efficiency project rebates.

June Quarterly Report (Q4)

BID’s Q4 report demonstrated strong growth in all key areas:

1. Q4 Revenue \$1.3m (v \$1.0m pcp) +30%.
2. Implied FY19 Revenue \$5.3m (v \$4.1m) up 30%, slightly under our forecast of \$5.4m (and 34% growth).
3. 110 customers WW (v 53 pcp), up 13 in the quarter, and up 57 (+108%) for FY19. Unique customers 92 (v 53) +39 (+74%). This excludes 18 multi-country client overlaps.
4. 85,000 meters under contract (v 21,500), +296%. Estimated “live” meters 36,000 (v 20,500) +76% with > 49,000 to go live progressively through FY20. However many of these are “low rate” meters where BID earns a much lower revenue than on its “full service” offering.
5. Annualised group sales revenue (AGR) \$6.9m (v \$4.6m pcp) +49%. BID platform ASR \$4.6m (v \$2.53m) +82%.
6. Major Cushman & Wakefield contract has commenced generating revenue, with final on-boarding over next 3 months. Further similar deals expected in time.
7. Geographic Expansion - UK & USA now established and starting to scale up. Singapore & Malaysia have now commenced with 1 Cushman & Wakefield customer.
8. Partnership Strategy - Significant growth expected with six deals negotiated in FY19 which should benefit FY20 and beyond (Catalyst 4k meters, Optima 10-60k meters, LG Energy 3,400 meters, Simble/ UCR 10-60k meters, Apollo Edison USA and Correlate Inc- meters unknown).

Recommendation – 24mth Price Target \$1.60

We have slightly reduced our timing and growth assumptions and factored in a higher number of “low rate” meters than before. We are now assuming ~ 67% revenue growth in FY20 and 80% in FY21 (previously 78% & 80%).

Our 24-month price target is now \$1.60 per share (previously \$2.20). We believe the BID platform is now proven and de-risked with 110 enterprise customers in 4 countries and churn <4%. We think new client wins, market penetration and revenues are set to accelerate rapidly from here. The current market cap of \$60m looks undemanding for the global potential of the established SaaS business.

Recommendation

Buy

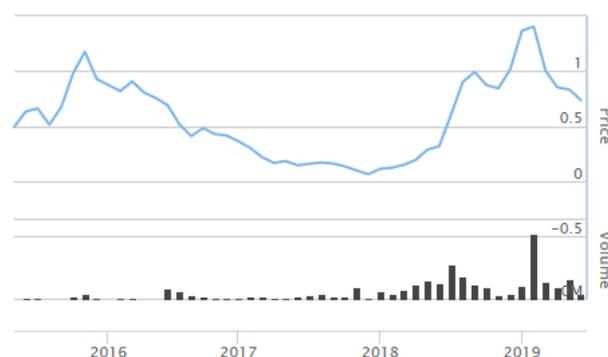
Risk Rating	High
24-mth Target Price (AUD)	\$1.60 (was \$2.20)
Share Price (AUD)	\$0.52
12-mth Price Range	\$0.46 - \$1.76
Forecast 12-mth Capital Growth	208%
Forecast 12-mth Dividend Yield	0.0%
012-mth Total Shareholder Return	208%
Market cap (\$m)	60.0
Net debt (net cash) (\$m)(Jun 19e)	(4.2)
Enterprise Value (\$m)	55.9
Gearing (Net Debt/ Equity)	N/a – Net Cash
Shares on Issue (m)	115.5
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	5.3	8.8	15.9
Sales growth	212%	55%	30%	67%	80%
EBITDA	-5.7	-2.8	-4.4	-2.7	3.2
NPAT (reported)	-7.2	-4.5	-5.1	-3.4	2.5
NPAT (adjusted)	-6.0	-3.4	-5.1	-3.4	2.5
EPS (adjusted)	-12.4	-3.4	-4.5	-2.9	2.1
EPS growth	79%	-73%	35%	-37%	large
DPS	0.0	0.0	0.0	0.0	0.0
P/E	-4.2	-15.5	-11.5	-18.1	24.8
EV / Ebitda	-10.0	-18.6	-12.9	-22.1	17.3
Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net debt / equity	net cash				

Source: Phillip Capital estimates

BID SHARE PRICE PERFORMANCE



June Quarterly Report & Cash Flow Report

BID has delivered a solid finish to FY19 – We highlight the key points below:

- Group revenue \$1.3m for the June quarter, up 30% on the pcp of \$1.0m, and up \$0.1m or +8% on the March qtr's \$1.2m.
- BID platform revenue \$0.8m up 33% on the pcp of \$0.6m, but flat on the March quarter (but the Cushman & Wakefield contract did not start until 1/7/19). We understand from discussions with management that the flat outcome is purely a timing lag between signing customers and getting them on-boarded and generating revenue. This seems reasonable to us given all the other positive evidence discussed below.
- USA rebate capture revenue \$0.5m up \$0.1m +25% on the pcp, and also up \$0.1m +25% on the March qtr.

Implied FY19 Full Year Results

- The quarterly data implies FY19 Group revenue was \$5.3m (V \$4.1m pcp) up 30%, slightly below our forecast of \$5.4m and 34% growth.
- FY19 cash receipts were \$5.4m (v \$4.1 m) up 32% so tracking in line with revenue.
- Cash expenses for FY19 were \$9.2m (v \$8.4m) up 9%, so revenue is rising 3 times faster than costs. We are forecasting operating expenses of \$10m including \$1.0m of non-cash share based remuneration. So we think our cost forecasts are reasonable.

Quarter Ended	BID ANZ Revenue per Commentary	RWW Revenue	Group Revenue	Receipts per App 4C	Payments per App 4C	Operating Cash Flow per App 4C
FY19 Growth	50.1%	11.9%	30.3%	31.8%	9.2%	-12.5%
Q4 V Q3 Growth	0.0%	25.0%	8.3%	4.1%	8.5%	13.1%
FY19	3.0	2.4	5.300	5.4	-9.2	-3.8
Jun-19	0.8	0.5	1.300	1.3	-2.7	-1.4
Mar-19	0.8	0.4	1.200	1.3	-2.5	-1.2
Dec-18	0.7	0.8	1.500	1.5	-1.9	-0.4
Sep-18	0.7	0.7	1.300	1.3	-2.1	-0.8
FY18	2.0	2.1	4.066	4.1	-8.4	-4.3
Jun-18	0.6	0.4	1.000	1.1	-1.2	-0.1
Mar-18	0.5	0.3	0.800	1.0	-1.9	-0.9
Dec-17	0.5	0.6	1.100	1.0	-2.7	-1.7
Sep-17	0.4	0.8	1.166	1.0	-2.6	-1.6
FY17	1.3	1.3	2.621	2.9	-8.4	-5.6
Jun-17	0.4	0.6	0.963	1.0	-2.1	-1.1
Mar-17	0.4	0.6	0.940	1.1	-2.7	-1.6
Dec-16	0.2	0.2	0.372	0.4	-1.8	-1.4
Sep-16	0.3	0.0	0.346	0.3	-1.8	-1.5

Source: Company reports. Dec 16 & Sep 16 are PhillipCapital estimates to reconcile to full year figures.

Outlook Statement

- Annualised subscription revenue (ASR) for the BID platform business is now \$4.6m pa (v \$2.53m pcp) +82%, and up 18% on the March quarter run rate of \$3.88m. Growth achieved on this measure validates our fairly high growth expectations for FY20 and FY21.
- We note that the CEO's bonus entitlement for C2019 is partly based on achieving a threshold ASR in excess of \$10.8m at December 2019.
- Annualised USA rebate capture revenue was \$2.3m pa (v \$2.1m pcp) up 10%, and slightly better than the March quarter run rate of \$2.26m. So BID is getting some growth in this secondary business too.
- Annualised Group Revenue (AGR) was \$6.9m pa (v \$4.6m) +49%, and up 12% on the March quarter run rate of \$6.14m. This suggests that growth is accelerating.
- BID's outlook statement was positive and pointed to multiple growth drivers: "BidEnergy is making significant inroads with large customers in the broker, facility management and energy retailer channels, which represent the potential for hundreds of

thousands of meters under management....BidEnergy's pipeline is robust across all verticals in AUS, UK and US."

- We have slightly reduced our revenue growth forecasts in FY20 from 78% to 67% to allow for some timing slippage (see page 6). We still forecast 80% revenue growth in FY21. We need to see an acceleration of BID's customer wins and revenue growth from the +30% growth in FY19 for BID to achieve our forecasts. With initiatives and promising new alliances opening up opportunities for step changes in customer numbers and meters under management, we continue to see a very strong growth outlook.

Detailed Operational Comments

- **110 customers worldwide (v 53 pcp) up 13 in the quarter and up +57 (+108%) for FY19.**
- **92 unique customers worldwide (v 53) an increase of +39 (+74%).** This excludes 18 multi-country customer overlaps (eg BP, Cotton On & Toll in multiple countries).
- Meters under contract 85,182 (v 21,518 pcp) +296%, and up 116% on the March qtr level of 39,454. (NB. March 19 & June 19 figures both include Cushman & Wakefield contracted meters, but revenue generation under this contract did not commence until 1/7/19 for ~ 10,295 meters).
- **UK now 9 clients (was 6) with 3 new "TPI" deals.** Refer table below.
- **USA 8 clients (was 6) with one new TPI deal, and one in the Church & charitable sector.** We note that BID already has the Salvation Army in Australia (national account) and YMCA (separate VIC & SA accounts). The Church and charitable sector could be an ideal growth sector for BID that we hadn't considered in our initiation report.
- **Other "indirect channels" also developing rapidly:**

BID has helpfully named nearly every new customer which it has signed – excellent transparency (AfterPay does the same) though we expect this level of detail will eventually be discontinued. From this information, we have estimated the approximate breakdown in Q4 below:

BidEnergy - New Customers signed in Q4	PhillipCapital estimated no. of locations	Estimated Meters
# Customer		
Australia:		
1	Quest (CEMG)	Owner and manager of 30 apartment hotels across Australia
2	Nazareth Care	5 aged care facilities in Australia (plus 1 in NZ)
3	AMA Group	118 panel repair sites and ~11 other automotive business loca
4	Elders	Leading ASX listed agribusiness with > 400 locations
5	RACV	Estimated 40-50 locations
6	Downer EDI	Unknown
7	A large Aust university	Unknown
8	City of Whittlesea	Estimated 400 locations
UK:		
9	Optima Energy Systems	Agreement for 10,000 (min) to 60,000 meters
10	Simble / UCR Consultants	Agreement for 10,000 (min) to 60,000 meters
11	LG Energy Group	Initial portal service for an expected 3,423 meters.
USA:		
12	Catholic Charities of the Archdiocese of Chicago	Est > 50 sites
13	Correlate USA	Currently on-boarding 13 energy brokers
	Other (Balancing item)	510
Increase in meters under contract during quarter		45,728
Meters under contract per June quarterly		85,182
Estimated meters contracted, but not yet on-boarded (to be on-boarded progressively during the year) (Optima, Simble, LG, Correlate and assume ~ of Cushman)		- 49,000
Estimated "Live" meters on 1/7/19 (for revenue modelling purposes)		36,182

Source: BidEnergy totals; PhillipCapital estimated breakdown assuming 1.5 to 2 meters per location (for electricity + some gas)

"Live" meters under management

We estimate that BID currently has about 36,000 meters "live" and generating revenue, up from 21,518 at June 2017 (+~ 70%). The on-boarding of meters for Optima, Simble / UCR Consultants, Correlate USA and we assume ~ 50% of the 10,200 Cushman & Wakefield meters will occur progressively over FY19 (with Cushman over the next 3 months).

We expect BID's meters under contract/ management figure to increase from 85,000 to around 255,000 by June 2021, with large partner deals or FM contracts (Facilities Management customers) the key driver.

BID has highlighted that revenue will lag the growth in contracted meter numbers, because of the time taken to on-board some of these larger customers and their large number of meters.

Geographic Expansion

- The Cushman & Wakefield contract commenced on 1/7/19, although some (we assume half) of the 10,200 meters are still to commence over the next 3 months. BID is providing its ESM solution to 17 large tier 1 customers of Cushman. This is BID's largest account and a key break-through for the business.
- BID has also launched its service in Singapore & Malaysia to support one of the Cushman customers. There are approximately 13 energy providers in the Singapore market, and an addressable market of 2.3m meters, and 9.7m meters in Malaysia.

Alliance Partner deals

During the quarter, BID entered several new partner deals, which are expected to bring a significant number of new indirect customers and new meters under management.

- Two major UK deals with Simble/ UCR consultants and Optima Energy Systems representing a combined 20,000 meters (10,000 meters minimum each), with potential to move to 120,000 meters over time (60,000 meters each).
- We have met with Simble Solutions Ltd (ASX code: SIS) management to confirm the potential of getting to 60,000 meters in the coming years. Our model assumes 10,000 meters in FY20. Simble will deploy BidBilly and an interesting IoT (internet of things) sub-meter device that enables customers to analyse their electricity usage right down to circuit level (eg to see usage data for lighting, air-conditioning, major pieces of equipment, and different areas of the factory or premises). BidBilly enables Simble to offer a more comprehensive energy spend management solution to clients of its UK partner UCR Consultants.
- The new agreement with Optima Energy Systems is for bill parsing only (extracting key data fields from a bill). The agreement is for up to 60,000 electricity and gas accounts with a minimum of 10,000. We have assumed a roll out of 20,000 accounts (meters) in FY20. We treat this as a "low value meter" account. We note that Optima manages 360,000 client meters overall, so there appears to be scope to expand the penetration with this customer over time.
- New paid "pilot" agreements with 3 tier one energy retailers in 3 countries. We understand these pilots involve a sample of 400 to 2,000 enterprise customers each, and BID will be paid on a per meter basis. Details are vague at this stage, but this could be an exciting new "wholesale product" for BID with excellent revenue potential.
- LG Energy Group (a UK TPI) – initial "portal" service for accessing bill, spend and meter data for an initial sample of 3,400 customer meters (previously announced, but agreement formalised in June).
- New MOU with Envizi, one of the world's leading energy, sustainability and building optimisation software providers. We understand the BID system is highly complementary to Envizi's sustainability reporting product suite, so if consummated, this could be another exciting partnership. Envizi has 150 enterprise clients with 90,000 locations in 112 countries, and is well established in Australia (GPT Group is a named client on their website), the US and developing in the UK.
- ApolloEdison – BID completed major energy procurement programs for two enterprise customers in the USA with new partner Apollo Edison (partnership previously announced). So this new partnership appears to be progressing.

- Correlate USA — In the process of on-boarding 13 energy brokers (was 12)(Alliance previously announced). The estimated number of underlying customers or meters is unknown.

What's Missing?

- There was no mention of in the quarterly of the proposed launch of BidBilly to SME's, franchisees, and potentially retail customers. We understand that discussions are continuing with multiple parties. Timing unknown.
- There were no new "large banner" customer signings in the last two quarters, the last one being Cushman & Wakefield announced in December 2018, and now live. So this large customer has taken 7-10 months to on-board. We think investors need to be patient, and give the management team time to bring in more large deals, and get them up and running.

US rebate capture business

- 2 new USA rebate capture customers – Citizen's Bank (headquartered in Rhode Island State, 1,100 branches in 11 states and 2,900 ATMs) and Karcher USA (headquartered in Denver, Colorado, employs over 1,150 people in 8 locations including 4 manufacturing sites).

Balance Sheet

- Cash on hand was \$4.2m at end-June. This included \$1.7m net from the BIDO listed options exercise at 68 cents, with a further \$0.7m received post 30/6/19 from the underwritten shortfall.
- Cash burn for FY19 was \$3.8m so BID has sufficient cash for approximately one year at the current burn rate. However on our revised forecasts, we expect BID will have net cash of only \$1.8m by June 2020, so a \$5-10m capital raising may be necessary during FY20 to keep the business plan on track.

Management Changes

- BID has appointed a 3rd non-executive director, Mr Geoffrey Kleeman to fill the vacancy following the resignation of James Baillieu in February. Mr Kleeman has held senior finance management roles with well known Australian businesses including CFO for Crown Limited, Publishing and Broadcasting Limited (9 years) and Woolworths Limited. He commenced his career at Deloitte where he spent nearly 20 years in various roles. He is also a non-executive director at Domain Holdings Australia Limited (DHG), Investa Office Fund (IOF) and was a director of Broadspectrum Ltd (Transfield Services TSE).
- BID has hired a Chief Commercial Officer – Darren Knihnicki – a newly created position to support the expected growth of the business. Mr Knihnicki has extensive CFO and COO experience with technology sales companies such as eNett International Pty Ltd, Assembly Payments Pty Ltd and Tependium Pty Ltd, and ten years at Sensis (Telstra). Mr Knihnicki is a Chartered Accountant and has a Bachelor of Economics (Commerce) from Monash University.
- BID has also appointed Simon Hinsley in a part-time investor relations role.

Phillip Capital Forecasts

The key forecasting item for BID is the number of electricity, water and gas meters “under management”, as generally BID’s contracts with major enterprise customers have revenue calculated on a per meter basis. The BID system is a platform with a number of different modules which customers can choose to meet their needs. For example 70% of BID’s Australian customers choose to take the procurement module to get BID to do their electricity and gas procurement.

We estimate that BID had an average of ~25,850 meters “live” and generating revenue in FY19. This resulted in an estimated \$116 revenue per meter, or \$37k per customer. The BID system is quite an inexpensive product compared to the administration savings and potential cost benefits of reducing or eliminating billing errors, inaccurate meters, and improved management and procurement from adopting the system.

Analysis of est. Revenue per live meter under management in FY19	Estimated Live Meters 30-06-18	Estimated Live Meters 30-60-19	Average Live Meters FY19e	Estimated Revenue per Meter	Estimated Revenue \$m FY19e
Contracted Meters per June quarterly reports	21,518	85,182			
Estimated meters contracted but not yet on-boarded (Cushman 10k, Optima, LG, Simble & Correlate)	-1000	-54000			
Estimated "live" meters	20,518	31,182	25,850	\$ 116.05	3.0
Analysis of est. Revenue per customer	Customers 30-06-18	Customers 30-60-19	Average FY20e	Est Rev per Customer	Rev FY19e
Customers per June quarterly reports	55	110			
Estimated customers contracted but not yet on-boarded (Cushman, Optima, LG, Simble & Correlate)	0	-5			
Estimated "live" customers during year	55	105	80	\$ 37,500	3.0

Source: PhillipCapital estimates

Whilst the growth in meters under contract from 21,500 (June 2018) to 85,000 (June 2019) appears spectacular (+296%), we caution investors that many of these meters are not yet live, and also many are “low rate” meters under management where BID is only providing elements of its full service offering, and so receives a lower revenue on a per meter basis. For example, revenue to BID from the Simble/ UCR Consultants deal is only around A\$1.00 per meter per month (A\$12 pa). Such deals are still incrementally positive to BID even at these low rates, and in many cases there is an opportunity for the customer to upgrade to BID’s full service offering down the track.

Changes in Estimates

We have made a number of adjustments to our detailed model, including factoring in a lower number of “full rate” meters, but a higher number of “low rate” meters. We are now forecasting revenue growth of around 70% for FY20 and FY21 (previously around 80%). This is still very strong, and we continue to regard BID as a high growth SaaS stock with significant global potential as evidenced by ongoing new customer wins, customer renewals, and an accelerating alliance partner strategy.

Changes in Estimates	FY18		FY19e			FY20e			FY21e		
Years ending June \$m		Old	New	Change	Old	New	Change	Old	New	Change	
Contracted meters at yr end	21,518	45,500	85,182	87.2%							
less: meters yet to be onboarded	-1,000		-49,000								
Est "live" meters under mgt at yr end	20,518	45,500	36,182	-20.5%	112,000	150,000	33.9%	235,500	255,800	8.6%	
Sales revenue	4.1	5.4	5.3	-1.7%	9.7	8.8	-8.8%	17.4	15.9	-8.5%	
Sales growth	55%	34%	30%		78%	67%		80%	80%		
EBITDA	-2.8	-4.5	-4.4	3.0%	-1.5	-2.7	-78.1%	5.1	3.2	-36.7%	
NPAT (reported)	-4.5	-4.8	-5.1	-5.5%	-1.9	-3.4	-77.4%	4.6	2.5	-45.0%	
NPAT (norm)	-3.4	-4.8	-5.1	-5.5%	-1.9	-3.4	-77.4%	4.6	2.5	-45.0%	
EPS (norm)	-3.4	-4.3	-4.5	-5.5%	-1.6	-2.9	-79.9%	3.6	2.1	-41.7%	
DPS	0.0	0.0	0.0	n/a	0.0	0.0	n/a	0.0	0.0	n/a	
Balance Sheet:											
Net cash (debt)	5.3	3.6	4.2	16.1%	4.3	1.4	-67.8%	8.8	4.9	-44.0%	
DCF valuation (ex BidBilly Aust)					\$ 2.22	\$ 1.61	-27.4%				
DCF valuation (incl. BidBilly Aust)					\$ 2.69	\$ 2.07	-23.0%				

Source: Phillip Capital estimates

Valuation & Recommendation

BID is currently incurring losses, but appears to have a clear line of sight towards profitability as revenues are growing at 3 times the rate of growth of costs. We are forecasting a net loss of \$5.1m in FY19, a net loss of \$3.4m in FY20, and moving to a net profit of \$2.5m in FY21, \$9.4m in FY22 and \$14.4m in FY23.

Because BID is not yet profitable or cash flow positive, we use a discounted cash flow valuation to try to capture the large long-term growth opportunity (discussed further on page 8).

We maintain our high risk rating on 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 revised DCF valuation of the company is \$187m or \$1.61 per share (excluding BidBilly), or \$239m / \$2.07 per share including \$0.46 for BidBilly SME/ franchisee / residential product to launch later this year (BidBilly for Australia only). (Previously \$2.22 & \$2.69 respectively).

As discussed in this 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);
- New self-service product (BidBilly) for SME/ franchisee / and potentially residential sectors; New wholesale SaaS products for Utilities / Energy brokers.
- Geographies: Aust, NZ, UK & US all now have an established bases. Singapore and Malaysia have just commenced (1 customer). We also think success in the UK should logically lead BID to 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 have reduced our 24 month price target to \$1.60 (previously \$2.20) with upside to \$2.00 (previously \$2.70) if BidBilly is launched and succeeds in Australia.

We think the current market cap of \$60m does not recognise the significant global market opportunity open for BID's Energy Accounting and Procurement services and SaaS model. Its market penetration in terms of meters under management is still in its infancy. And we think profitability is only approximately 12 months away. We continue to believe that BID can become a ~\$200m market cap company in the next couple of years if it continues to execute well.

We maintain our Buy recommendation.

Valuation Comparisons

We show below consensus estimates and valuation measures for other Australian software and IT stocks, based on data from Refinitiv (new name for Thomson Reuters).

Refinitiv Code	Company	Market Cap \$m	Price A\$	Revenue \$m		Ebitda Margin		Revenue Growth		EV/Sales		EV/Ebitda		P/E	
				FY1	FY2	FY1	FY2	FY1	FY2	FY1	FY2	FY1	FY2	FY1	FY2
BID.AX	BidEnergy Limited	60.0	0.520	5.3	8.8	-82.2%	-30.2%	30.0%	66.7%	10.5x	6.6x	-12.7x	-21.9x	-11.3x	-17.9x
Comps															
ada.ax	Adacel Technologies Ltd	35	0.460	42.0	44.1	12.5%	14.5%	-1.0%	5.0%	0.8x	0.7x	6.2x	5.1x	9.6x	7.8x
apt.ax	Afterpay Touch Group Ltd	6,148	24.270	241.6	434.2	6.7%	15.1%	69.1%	79.7%	26.0x	14.4x	390.2x	95.5x	NaN	184.5x
alu.ax	Altium Ltd	4,406	33.670	213.1	261.4	39.8%	41.1%	23.4%	22.6%	13.7x	11.2x	34.5x	27.2x	47.6x	38.1x
apx.ax	Appen Ltd	2,974	24.520	534.7	663.2	16.6%	18.1%	46.8%	24.0%	5.6x	4.5x	33.6x	24.9x	52.8x	39.9x
bth.ax	Bigtincan Holdings Ltd	114	0.435	21.1	27.2	-19.2%	-3.7%	60.2%	29.2%	4.8x	3.7x	NaN	NaN	NaN	NaN
bvs.ax	Bravura Solutions Ltd	1,085	4.450	255.8	277.3	18.5%	19.4%	15.5%	8.4%	4.2x	3.9x	22.5x	19.8x	30.1x	28.5x
elo.ax	ELMO Software Ltd	435	6.860	55.2	72.4	0.2%	7.5%	37.9%	31.1%	7.6x	5.8x	3906.7x	76.6x	NaN	NaN
eml.ax	EML Payments Ltd	758	3.000	93.6	116.0	29.7%	33.0%	31.8%	24.0%	7.6x	6.1x	25.4x	18.5x	63.8x	37.6x
evs.ax	Envirosuite Ltd	50	0.135	7.8	11.1	-47.9%	-21.3%	97.0%	42.7%	5.3x	7.7x	NaN	NaN	NaN	NaN
gbt.ax	GBST Holdings Ltd	261	3.840	100.8	106.4	20.8%	23.1%	6.9%	5.6%	2.4x	2.3x	11.6x	9.9x	23.6x	20.2x
gtk.ax	Gentrack Group Ltd	516	5.230	113.5	126.8	25.7%	26.7%	8.7%	11.6%	4.8x	4.3x	18.5x	15.9x	37.7x	30.9x
hsn.ax	Hansen Technologies Ltd	787	3.970	229.5	307.8	24.4%	25.0%	-0.6%	34.1%	3.4x	2.6x	14.0x	10.2x	23.4x	18.9x
ifm.ax	Infomedia Ltd	575	1.835	93.9	105.1	45.5%	46.4%	10.9%	12.0%	6.0x	5.3x	13.1x	11.5x	30.6x	25.3x
iri.ax	Integrated Research Ltd	441	2.560	101.2	108.3	39.0%	40.2%	11.0%	7.0%	4.3x	4.0x	10.9x	9.9x	20.3x	18.3x
isx.ax	iSignthis Ltd	1,109	1.015	19.5	29.0	NaN	NaN	309.5%	148.7%	55.4x	37.3x	NaN	NaN	NaN	NaN
lvh.ax	LiveHire Ltd	76	0.260	2.7	6.0	-470.4%	-213.3%	27.6%	122.2%	19.2x	8.6x	NaN	NaN	NaN	NaN
lvt.ax	Livetiles Ltd	301	0.455	17.9	45.2	-163.4%	-35.9%	215.4%	151.8%	15.5x	6.2x	NaN	NaN	NaN	NaN
mp1.ax	Megaport Ltd	1,046	7.740	35.3	55.1	-72.0%	-34.3%	78.7%	56.2%	28.5x	18.2x	NaN	NaN	NaN	NaN
mpw.ax	MSL Solutions Ltd	19	0.074	32.7	35.4	-1.9%	9.9%	-2.7%	8.4%	0.6x	0.5x	NaN	5.2x	NaN	9.9x
pps.ax	Praemium Ltd	207	0.510	49.4	54.2	26.1%	28.1%	11.8%	9.7%	3.9x	3.6x	15.0x	12.7x	36.4x	28.8x
pph.ax	Pushpay Holdings Ltd	808	2.950	124.4	144.8	15.7%	19.4%	29.7%	16.4%	4.3x	3.7x	27.4x	19.0x	43.8x	28.5x
sko.ax	Serko Ltd	320	4.050	33.0	42.0	11.7%	15.6%	41.3%	27.3%	9.7x	7.6x	83.3x	48.9x	156.9x	140.9x
tne.ax	TechnologyOne Ltd	2,301	7.220	298.9	331.9	26.3%	28.3%	0.6%	11.0%	7.4x	6.7x	28.3x	23.7x	41.5x	36.4x
vlt.ax	Vault Intelligence Ltd	29	0.285	5.8	9.2	-31.0%	4.3%	89.9%	58.6%	4.4x	2.7x	NaN	63.1x	NaN	142.5x
vgl.ax	Vista Group International Ltd	866	5.200	158.2	197.0	22.4%	23.2%	21.1%	24.5%	5.7x	4.6x	25.4x	19.7x	44.6x	34.0x
wtc.ax	WiseTech Global Ltd	8,703	27.280	338.0	453.0	31.6%	32.4%	52.5%	34.0%	25.6x	19.1x	81.3x	59.1x	151.6x	108.3x
xro.ax	Xero Ltd	8,784	62.000	725.5	916.0	20.0%	23.5%	31.2%	26.3%	12.7x	10.1x	63.7x	42.9x	425.8x	133.0x
Mean Average						-14.3%	7.2%	49.0%	38.2%	10.7x	7.5x	253.2x	29.5x	73.0x	55.6x
Median						17.6%	19.4%	31.2%	26.3%	6.0x	5.3x	27.4x	19.8x	43.8x	35.2x

Source: Phillip Capital estimates for BID; Refinitiv consensus estimates for all other stocks; FY1 means forecast year 1 (FY19 in most cases); FY2 means forecast year 2

At the current share price, BID trades on an Enterprise Value to Revenue multiple of 10.5x FY19 and 6.6x FY20 on our estimates. This does not look unreasonable compared to some of the other high growth companies in the table, and the mean EV/ Revenue multiples of 10.7x FY1 (ie FY19 in most cases) and 7.5x FY2 (FY20 in most cases). However, many of these are much larger and more established companies than BID. BID has been established for 6-7 years, but is still in its infancy in terms of market penetration.

Because BID is still incurring Ebitda and NPAT losses, we are unable to compare the valuation on the traditional EV/ Ebitda and P/E measures, at this stage. So our DCF valuation is our preferred methodology for valuing the company.

Significant Global Opportunity

With a market cap of just \$60m, we think BID is inexpensive in absolute terms given that it has now proven its core SaaS business model, is now established with a quality and growing customer base in four countries, and has significant global addressable market. We think BID would be a very interesting company for private equity buyers to consider.

We highlight that the company's market penetration is still less than 1% in each of its current markets. Further, BID has 93 customers in Australia after six plus years, up from 47 a year ago. The UK and USA are still in their infancy with 8-9 customers each.

BID - Initial Target Markets	Enterprise Customers at 30/6/19	BID Est. "Live" Meters under Mgt at 1/7/19	BID Contracted Meters under Mgt at 30/6/19	Market No. of Elec Meters (m)	BID Penetration	Status
Australia & NZ	93	29,000	34,000	12.9	0.264%	Launched FY13; KPMG channel partner Nov 16; Cushman Dec 18
UK	9	5,000	39,000	46.3	0.084%	1st client BP live Jan 18
USA	8	2,000	12,000	150.0	0.008%	RWW acq'd Nov 16. 1st ESM cust Mar 17, 1st cross-sell Nov 18 (JoAnn)
Eliminations	-18	-	-	-	-	-
Current (June 2019)	92	36,000	85,000	209.2	0.041%	-
Proposed new markets:	-	-	-	-	-	-
Japan	0	-	-	80.0	-	Considering a launch in next 3-6 mths (per 30/1/19 quarterly)
Malaysia	0	-	-	9.7	-	Launching now with 1 Cushman customer
Singapore	0	-	-	2.3	-	Launching now with 1 Cushman customer
Total	92	39,500	85,000	301.2	0.028%	-

Source: Company data; Phillip Capital estimates

Share Price 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 (potential “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).
- Progress with new product launches including BidBilly UK SME launch now underway with Simble / UCR, and Australia still to come.
- New country roll-outs (eg Singapore, Malaysia, Japan. Europe another possibility).
- Becoming cash flow positive (guidance is for this by Q4CY2019).
- Becoming NPAT positive (we expect in FY21).

Growth Drivers

We identified 7 growth drivers for BID in our 25/6/19 report, which we repeat below:

1. Large multi-site customers (BID's existing business and core focus)
2. Faster expansion via Facilities Management strategy
3. Faster growth via Partnership strategy with independent energy brokers (called TPI's in the UK)
4. Geographic expansion strategy
5. New Products strategy (eg water, council rates bills)
6. New Wholesale Products strategy
7. BidBilly – strategy for SME's, franchisees and potentially residential

US energy rebate capture business

We also see potential for double digit profit growth for this business. Drivers include:

8. Energy rebate schemes expected to continue in various US States, as making better use of existing infrastructure to meet increasing demand is considered cheaper than expanding networks.
9. RWW's sales team now have 3 products to sell, not one: a) Traditional outsourced advice and rebate capture; b) BID energy spend management (ESM) solutions; and c) new wholesale products and services to US Utilities and energy brokers.

Growth Driver #1 – Large multi-site customers

Currently BID has 75 large direct multi-site customers in Australia, 13 in NZ, 6 in the UK and 6 in the USA making 100 accounts worldwide. Allowing for overlapping customers in multiple markets (another good sign), the customer base is 81 unique customers worldwide. Please note that this counts Cushman & Wakefield as 1 customer (not the 17 indirect customers). Indirect customers obtained via contracts with FM customers or partnerships with energy brokers will be an increasing feature of BID's quarterly reports in future.

Recent news: BID signed 9 new customers in the March quarter so appears to have good momentum going into the current quarter:

- New Australian customers in Q3: Pacific Smiles, Hurley Hotel Group, Banyule Council, Sodexo, ISS Facility Services Australia, Pacific National and a large Australian global packaging company;
- New US customers in Q3: Aqua America & Country Meadows.

We see particularly strong upside potential for the UK and US businesses given they are both coming off a low base, and both now have a few quality reference customers established to demonstrate proof of concept to potential new customers (eg. BP's 300+ sites in the UK; JoAnn Stores' 1,000 sites in the USA). In addition, new customers can be brought on quickly, as BID has already done the necessary "establishment work" of loading tariff pricing and discount schedules for the major electricity, gas and water providers, trained its computer "bots" how to read the format of the various providers' bills, resolved local GST / VAT issues, so is ready and waiting to go.

Growth Driver #2 - Faster expansion via Facilities Management strategy

The Cushman & Wakefield customers (comprising ~10,500 meters) have been on-boarded, historical comparison data loaded, meter data provision secured, and system tested ready for a 1st July start. The Cushman & Wakefield contract currently comprises 17 large underlying tier 1 customers including ASX top 20, top 50 and also major government customers. Details are confidential.

Satisfactory performance on this key large FM account by BID could lead to further expansion opportunities. We note that Cushman & Wakefield operate from 250 offices in 60 countries, so could potentially take BID to many other countries and / or customers.

BID has also signed with two important UK FM customers – Bellrock Group and Carbon Numbers Limited, which could also lead to a multiplier effect in the UK. For example, one customer on the Bellrock website is Manchester City Council which has 12,500 diverse sites from housing, to offices, amenities, libraries and schools. Most if not all of these sites would have electricity, gas and water bills to manage, where the BID system would be ideally suited. (Please note: This is not necessarily a BID customer, we are just trying to show the potential). BID says it is working with Bellrock across their portfolio and will later integrate with Bellrock’s “Concerto” facilities management system.

BID does not yet have an FM customer in the USA, so this is an opportunity.

Growth Driver #3 - Faster growth via Partnership strategy with independent energy brokers (called TPI’s in the UK)

BID has signed partnership agreements with two UK and two US independent energy brokers, which could see the BID system deployed into those company’s existing and future customer bases. In addition, the BidBilly self-service product is now being deployed with UK TPI UCR Consultants (refer Driver #7 on page 6 following).

- Catalyst Commercial, UK – announced Jan & June 2019 ~ 4,500 meters across its customer base.
- LG Energy, UK – announced June 2019 – portal service initially, and potentially the full ESM service to be taken in 2020.
- Correlate Inc (announced April 19) – Correlate is an energy optimisation company. BID will provide a white label service to Correlate’s existing and new customers, and a special joint team will be established to target US SMEs, and also retail energy partners and utilities with new wholesale products / services.
- Apollo Edison (announced April 19) – Apollo Edison is an outsourced energy management firm. The agreement is for auction platform solutions (procurement) commencing in May, with immediate cross-selling opportunities for the full ESM suite and rebate capture services.

We like this “one sale to many” strategy. Whilst it is early days, we expect to see further progress over the balance of 2019 and beyond.

Growth Driver #4 - Geographic expansion strategy

Currently operating in just 4 countries (Aust, NZ, UK and USA), there is clear potential for BID to expand to new countries with its existing customers and / or FM customers or other alliance partners.

We highlight some of the potential opportunities:

- Cushman & Wakefield – 5 year contract to manage 10,200 meters for 17 tier 1 customers in Australia was announced 17th December for an expected 1st July 2019 start date. Cushman & Wakefield is a US listed company (NYSE: CWK, market cap US\$4.0bn). Cushman has 250 offices worldwide in 60 countries.
- BP – an existing BID customer in Aust & NZ (> 600 petrol station sites) and UK (>300 locations), recently renewed for a further 3 years from July 2019. BP has 18,700 petrol stations in 78 countries worldwide. This includes 4,000 in the USA.
- Cotton On – existing BID customer in Australia and USA. Cotton On has ~1,400 stores in 18 countries.
- Toll Group – existing BID customer in Aust, UK and USA. Toll Group was acquired by Japan Post for A\$6.5bn in 2015. There are approximately 24,000 post offices in Japan, plus depots and other facilities that the BID system could be well suited to. Obviously the BID system would need to be translated to function in Japanese.
- Nando's – existing BID customer in Australia. Nando's has over 1,000 stores in 35 countries.

BID has already flagged that it is reviewing the opportunities to commence operations in Japan, Malaysia and Singapore (Malaysia & Singapore have just started with one of the 17 Cushman & Wakefield customers).

We think expansion to other English language countries makes the most sense.

Growth Driver #5 - New Products strategy

BID commenced operations in Australia in 2012 managing electricity and gas meters. In 2018 it expanded this capability to include managing water bills. And in 2019, one of the Cushman & Wakefield customers also required BID to manage its council rates bills on a multi-site basis, under the contract commencing 1 July 2019.

So water bills and council rates bills are still products in their infancy for BID. We note that water & council rates are not normally markets open to competition – there is usually just one monopoly service provider. But clearly there is a need by multi-site operators to have these bills (and associated costs) managed more efficiently and professionally.

There may be other services which are billed in a similar fashion that the BID system could also handle.

Growth Driver #6 - New Wholesale Products strategy

Currently BID offers its Energy Spend Management (ESM) system to large multi-site customers (eg Optus with 6,000 sites).

BID has flagged the potential to offer parts of its system to non-traditional wholesale customers, including Utility companies themselves, on a software as a service (SaaS) basis.

BID says there are over 3,500 Utilities in the US, with customer bases ranging from 30,000 meters to millions of meters, which could benefit from accessing parts of the BID system to solve some existing problems they have. This could include bill validating prior to issuance to avoid billing errors. The UK and other countries offer similar opportunities.

We like the sound of this, because the revenue potential for assisting large utilities could easily be US\$100k to \$1.0m plus per annum, because of the scale of some of these entities. Further, there should be minimal additional work required by BID, if these new applications merely leverage BID's existing intellectual property and system capabilities.

Examples are starting to unfold:

- Value added portals – Agreement announced in June with LG Energy Group, a leading TPI in the UK to provide an initial “portal service for bill and half-hourly meter data” for an expected 3,400 customer meters.
- Bill parsing service - Agreement announced in June with Optima Energy Systems of the UK for 10,000 to 60,000 electricity and gas account customers with up to 360,000 meters, to eliminate the need for manual entry PDF and paper based bills.
- Bill validation and management services.

It is hard to explain until we see more examples, but BID said in the March quarterly that it “is currently in numerous discussions with major energy retailers and energy brokers in three continents” and “is getting significant traction in the “As a Service” channel”.

And interestingly, BID says it has no difficulty getting meetings with small, medium and even very large Utilities, despite being only an ~A\$80m market cap company with just A\$5.4m of expected FY19 revenue.

BID appears confident it has cost effective solutions that can help solve a number of immediate problems these entities have.

Relevant here is that Chairman Andrew Dyer has lived and worked for and with US utilities including Florida Power & Light (now part of NextEra Energy Inc, NYSE: NEE, market cap US\$99bn) and with IBM and McKinsey & Company which also service the Utilities sector.

Growth Driver #7 – BidBilly strategy for SME's & franchisees

BidBilly is BID's new self-service product aimed at SME's and franchisees. It is a simplified and slimmed-down version of BID's full service ESM (Energy Spend Management) platform which is designed for large multi-site customers.

UK Launch of BidBilly already underway

On 4th June, 2019 BID announced a non-exclusive agreement with Simble Solutions Ltd (SIS, market cap \$5.2m) 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. It is a 'mid-size' energy broker, based in Leicester, Leicestershire England (in the midlands). UCR will also introduce BidBilly to other similar organisations that it works with (There are over 200 energy brokers in the UK). 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. On-boarding of customers has commenced.

Australia – formal launch still to come

BidBilly.com is currently in a soft launch with SME's following the successful pilot in South Australia with South Australia Tourism Industry Council (SATIC) customers late last year.

In the March quarterly, BID also stated that it had been running a number of franchise opportunities through the platform with great success, but no specifics were given.

We look forward to a formal launch, possibly along the lines of the UK launch with Simble (SIS) and UCR Consultants discussed above.

In the March quarterly report (page 5) BID also stated that it has entered into a memorandum of understanding (MOU) with a major Australian brand to explore the possibility to white label the BidBilly self-service solution for both residential and small business customers.

We await further developments with interest.

Conclusion

A review of recent announcements clearly indicates that BID is progressing well with its various strategies in the 4 current countries (plus Singapore & Malaysia just started). The sales force is being expanded, there are more reference customers, and there appears to be high levels of interest from potential new customers, including Utilities – a new type of wholesale customer for BID.

The UK in particular seems very promising, partly because the country is in the middle of a major government backed roll-out of smart meters to 53 million residential and business premises (due by end 2020). BID appears to be in the right place at the right time.

The FM partnerships and TPI energy broker partnership strategies have the potential to generate significant growth in BID's revenues.

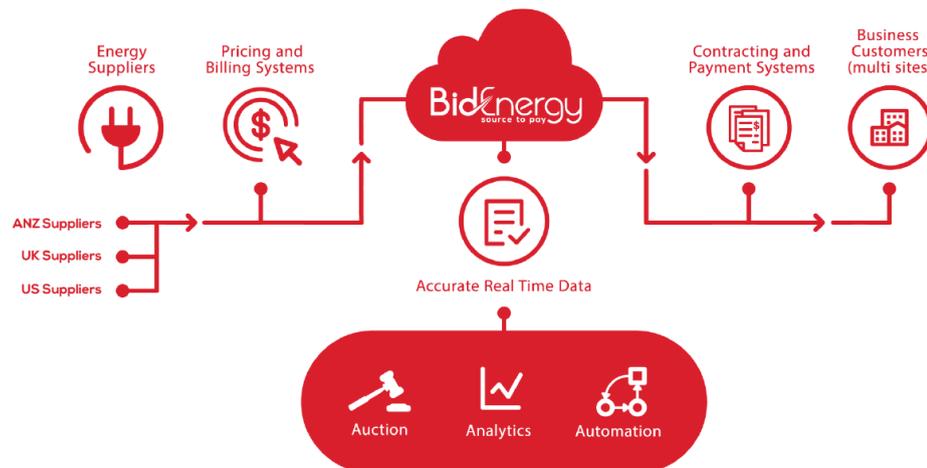
The BidBilly launch self-service SME product has tested positively in South Australia, but in our opinion, is not yet proven as a business model. We will watch the UK SME launch with great interest. Meanwhile the official Australian launch for SMEs, franchisees and residential consumers is still in the planning/ pre-launch phase. BidBilly looks very promising because it will address large potential markets (in terms of meter numbers and associated revenues), and it will leverage BID's existing IP at a low incremental cost.

There is a lot happening at BID. We think the outlook is extremely positive, with multiple growth drivers to increase revenues and eventually drive profits.

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 - 79 enterprise customers (NB Cushman counted as a single client).
- New Zealand - 14 enterprise customers.
- UK - 9 customers – including 1st 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 - 8 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), Aqua America (water utility serving 3m people), and 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 10,200 meters on behalf of 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 85,000 meters under contract (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).

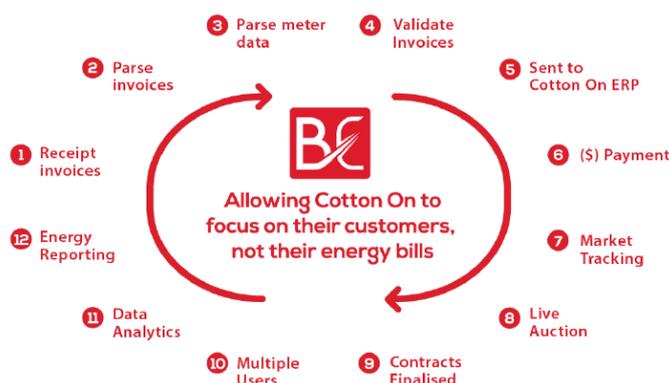
BID - Initial Target Markets	Enterprise Customers at 31/3/19	BID Meters under Mgt	Market No. of Elec Meters (m)	BID Penetration	Status
Australia & NZ	75	30,500	12.9	0.236%	Launched FY13; KPMG channel partner Nov 16; Cushman & W Dec 18
UK	6	5,000	46.3	0.011%	1st client BP live Jan 18; 4C Associates channel 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				
Current (Mar 2019)	81	39,500	209.2	0.019%	
Proposed new markets:					
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)
Total	81	39,500	301.2	0.013%	

Source: Company data; Phillip Capital estimates

Revenue per meter managed appears to be around A\$120 per annum (\$10 per month per meter). 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 49 people:

- Australia 35 staff
- UK 2 (going to 5)
- USA 12
- Worldwide 49

BID is currently loss-making and cash flow negative, but is growing rapidly. It is consistently signing new enterprise customers every quarter (8 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.

Competitors

Energetics – Sydney based energy consulting firm. Provides strategy, policy and financial advice, renewables & energy efficiency advice, energy accounting (including bill validation, budgeting and forecasting), procurement and contracting structures, carbon reporting, compliance and program audit services. www.energetics.com.au

International Competitors:

Schneider Electric (Refinitiv code: SCHN.PA) - large french headquartered multinational, a specialist in energy management equipment and automation.

Accenture plc (Refinitiv: ACN.N) – multi-national provider of consulting and technology services. In 2015, bought EnergyQuote JHA, a pan-European energy management and procurement services provider founded in 1992. 279 staff across Europe and India. Provides energy risk management, energy contract management, portfolio management and utility bill validation. www.accenture.com

Inspired Energy plc (Refinitiv: INSEI.L, Market cap GBP 92.6m, FY18 revenue GBP 32.7m, Net income GBP 9.9m) – leading utilities TPI (third party intermediary) in the UK, and the first TPI to list. Provides energy purchasing and energy consultancy services to corporate and SME energy users. Acquired SystemsLink in 2018 for GBP 3.9m, a supplier of energy management software to public and private sector energy users, energy consultancies and TPI's. www.inspiredplc.co.uk/

Optima Energy Systems – North Yorkshire UK based ESM provider - advanced software for managing and analysing energy data for over 22,000 organisations and 380,000 sites. Established for over 30 years. Energy management reporting for electricity, gas and water. Optima is now a BID customer to parse a portion of its bills which are in PDF format rather than in EDI (~ 60,000 meters). www.optimaenergy.net

Teamenergy – UK based supplier of carbon and energy management software, energy bureau services and energy consultancy. Tenant billing software to apportion utility costs between tenants, cost centres or departments. Customers include Lancashire County Council, Arriva (472 Northern Rail stations), Lidl, NHS Lanarkshire, Humber NHS Trust, London Borough of Hackney & Haringey, Torfaen County Borough. Established over 30 years. www.teamenergy.com

BidEnergy Limited (BID)

\$ 0.520

Profit & Loss

Year end June	FY18	FY19e	FY20e	FY21e
	A\$m	A\$m	A\$m	A\$m
Op. Revenue	4.1	5.3	8.8	15.9
Cost of Goods Sold	0.0	0.0	0.0	0.0
Gross Profit	4.1	5.3	8.8	15.9
Gross Profit Margin	100.0%	100.0%	100.0%	100.0%
Other Income	0.3	0.5	0.1	0.1
Cash Operating Expenses	(7.2)	(10.1)	(11.6)	(12.8)
EBITDA	-2.8	-4.4	-2.7	3.2
Ebitda Margin	-68.0%	-82.2%	-30.2%	20.3%
Depreciation & Amort	(0.7)	(0.8)	(0.8)	(0.8)
EBIT	-3.5	-5.2	-3.5	2.4
Ebit Margin	-85.3%	-97.3%	-39.2%	15.3%
Net Interest Income (Expense)	0.1	0.1	0.1	0.1
Share of Assoc NPAT	0.0	0.0	0.0	0.0
Pre-tax profit	-3.4	(5.1)	(3.4)	2.5
Income Tax Credit (Expense)	0.0	0.0	0.0	0.0
Tax Rate	-0.3%	0.0%	0.0%	0.0%
Minorities (share of loss)	0.0	0.0	0.0	0.0
Abnormals	-1.1	0.0	0.0	0.0
NPAT (reported)	-4.5	-5.1	-3.4	2.5
Adjustments (Abnormals)	1.1	0.0	0.0	0.0
NPAT (normalised)	-3.4	-5.1	-3.4	2.5

Balance Sheet

Cash	5.3	4.2	1.4	4.9
Receivables	0.2	0.3	0.6	1.0
Inventories	0.0	0.0	0.0	0.0
Other	0.1	0.2	0.2	0.2
Total current assets	5.6	4.7	2.2	6.2
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
Total non-current assets	2.1	1.5	1.5	1.5
Total Assets	7.7	6.2	3.6	7.6
Payables	-0.4	-0.6	-1.0	-1.8
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
Total Current Liabilities	-0.9	-1.2	-1.6	-2.4
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	-0.8	-0.5	-0.2
Total Non-current Liabilities	-0.2	-0.8	-0.5	-0.2
Total Liabilities	-1.5	-2.0	-2.2	-2.7
Total Shareholders' Equity	6.5	4.1	1.5	5.0

Interims

Year end June	1H18	2H18	1H19A	2H19e
Sales	2.2	1.8	2.8	2.5
Sales Growth (g)			23.8%	38.7%
EBITDA	-1.6	-1.1	-2.1	-2.3
EBITDA Margin	-72.0%	-63.0%	-75.4%	-89.8%
EBIT	-1.9	-1.6	-2.3	-2.9
Equity Share of Assocs NPAT	0.0	0.0	0.0	0.0
NPAT (Reported)	-2.9	-1.6	-2.3	-2.8
NPAT (Adjusted)	-1.9	-1.5	-2.3	-2.8
EPS (adjusted)(cents)	-2.0	-1.4	-2.1	-2.5
EPS Growth			3.4%	82.0%
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)	101.0	111.6	117.1	120.5
Shares on Issue - at year-end	108.9	115.5	117.1	120.5
Reported EPS (cents)	(4.5)	(4.5)	(2.9)	2.1
Growth	-70.2%	1.5%	-36.6%	-172.9%
P/E ratio (x)	-11.6x	-11.5x	-18.1x	24.8x
EPS (normalised)(cents)	(3.4)	(4.5)	(2.9)	2.1
Growth	-73.0%	35.1%	-36.6%	-172.9%
P/E ratio (x)	-15.5x	-11.5x	-18.1x	24.8x
DPS (cents)	0.0	0.0	0.0	0.0
Franking	0%	0%	0%	0%
Yield	0.0%	0.0%	0.0%	0.0%
OCF per share (cents)	-3.1	-3.4	-2.0	3.1
Price/OCF (x)	-16.7x	-15.2x	-25.5x	17.0x
Enterprise Value \$m	51.5	56.1	59.1	55.9
EV/ Sales	12.7x	10.6x	6.7x	3.5x
EV/EBITDA	-18.6x	-12.9x	-22.1x	17.3x
EV/EBIT	-14.8x	-10.9x	-17.0x	23.0x
Liquidity & Leverage				
Net Cash (Debt) \$m	5.3	4.2	1.4	4.9
Net Debt / Equity %	-82%	-101%	-95%	-100%
Net Debt / EBITDA	1.9x	1.0x	0.5x	n/a
ROA (EBIT / T.Assets) %	-45.2%	-83.6%	-96.0%	31.9%
ROE (NPAT / T.Equity) %	-52.1%	-122.5%	-230.5%	51.1%
Interest Cover (EBIT)	51.1x	51.6x	34.7x	-24.3x
Dividend Payout % (of adj EPS)	n/a	n/a	n/a	n/a

Cash Flow

EBITDA	-2.8	-4.4	-2.7	3.2
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	0.4	0.0	0.0
Operating cash flows	-3.2	-3.8	-2.4	3.7
Capex	-0.5	0.0	-0.1	-0.1
Acqns & Investments	0.0	-0.1	0.0	0.0
Government Grants received	0.0	0.5	0.0	0.0
Other (Capitalised R&D)	-0.9	-1.0	-1.0	-1.0
Net investing cash flows	-1.3	-0.6	-1.1	-1.1
Equity raised (bought back)	6.2	2.7	0.7	1.0
Dividends paid	0.0	0.0	0.0	0.0
Change in Debt	0.0	0.0	0.0	0.0
Other	0.0	0.6	0.0	0.0
Financing cash flow	6.2	3.3	0.7	1.0
Change in Cash	1.7	-1.1	-2.8	3.5

Revenue by Sector

BID platform - Australia & NZ	2.0	2.7	3.1	4.3
BidBilly - Australia	0.0	0.1	0.2	0.9
BID platform - UK	0.0	0.1	0.9	1.9
BID platform - USA	0.0	0.2	1.8	5.6
BID platform - Asia (to come)				
Platform - Total	2.0	3.0	6.0	12.6
RWW rebate revenue - USA	2.1	2.4	2.9	3.3
Total Revenue	4.1	5.4	8.8	15.9
Revenue Growth	55%	33%	64%	80%

Major Shareholders

	Shares (m)	% of coy
Blue Lagoon Intl Corp (British Virgin Islands)	7.760	6.7%
Thorney / TIGA Trading Pty Ltd	6.442	5.6%
Merrivee Pty Ltd	6.250	5.4%
Auction Design Pty Ltd (Du Preeze Family A/c)	5.071	4.4%
Carolyn Palmer (co-founder family)	2.887	2.5%
Allinson Trauts Pty Ltd (co-founder)	2.887	2.5%

Source: Refinitiv

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>20%	10% – 20%	0% – 10%	0% to -10%	>-10%

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