

BidEnergy (BID)-Software as a Service

Break-through contract with Origin Energy and FY19 Results

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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 in Australia).

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

Break-through contract with Origin Energy

BID has signed a 3-year agreement with Origin Energy (ORG, market cap \$13.3bn) to deploy the BID platform across ORG's Commercial & Industrial portfolio of 14,500 customers (28,000 electricity meters). Implied revenue is \$600k pa representing a 13% increase on FY19 group revenue.

This is BID's second major contract win after the Cushman & Wakefield contract in December (also ~\$600k pa). We regard this as an important validation of the capability of the BID platform by an industry leader. And it takes BID into the Energy retailer segment in a major way.

There are over 50 energy retailers in the UK, and over 1,000 in the USA, many with old-fashioned legacy billing and client facing systems. This looks to be a major opportunity for BID.

FY19 Results

- Platform revenue \$3.0m +50%.
- US rebate capture revenue \$2.4m +12%.
- Group revenue \$5.3m +30.4%.
- Underlying Ebitda loss \$4.7m (v \$3.9m).
- Ebitda loss \$6.1m (v \$2.8m pcp) and our estimate of a \$4.4m loss due to \$2.5m of share-based payments.
- NLoss \$6.6m (v NLoss \$4.5m pcp). Our est \$5.1m loss.
- Operating cash out-flow -\$2.7m (v -\$3.2m).
- Cash remaining \$4.9m should be sufficient for another ~12 mths.

Recommendation – 24mth Price Target \$1.90

We have slightly revised our assumptions and factored in a higher number of "low rate" meters than before. We are now assuming ~67% revenue growth in FY20 and FY21 (previously 67% & 80%). We also assume share-based payments continue at \$2.5m per annum which lowers our forecast Ebitda and NPAT, but no impact on cash flows.

Our 24-month price target is now \$1.90 per share (previously \$1.60). The current market cap of \$72m looks undemanding for the global potential of the established SaaS business and the demonstrated strong growth.

Recommendation

Buy

Risk Rating	High
24-mth Target Price (AUD)	\$1.90 (was \$1.60)
Share Price (AUD)	\$0.625
12-mth Price Range	\$0.45 - \$1.76
Forecast 12-mth Capital Growth	204%
Forecast 12-mth Dividend Yield	0.0%
012-mth Total Shareholder Return	204%
Market cap (\$m)	72.2
Net debt (net cash) (\$m)(Jun 19e)	(4.2)
Enterprise Value (\$m)	68.0
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	18(A)	19(A)	20(e)	21(e)	22(e)
Sales revenue	4.1	5.3	8.9	14.9	21.6
Sales growth	55%	30%	67%	68%	45%
EBITDA	-2.8	-6.1	-3.7	1.4	7.2
NPAT (reported)	-4.5	-6.6	-4.4	0.7	6.5
NPAT (adjusted)	-3.4	-6.6	-4.4	0.7	6.5
EPS (adjusted)	-3.4	-6.0	-3.8	0.6	5.0
EPS growth	73%	-78%	37%	large	large
DPS	0.0	0.0	0.0	0.0	2.0
P/E	-18.6	-10.4	-16.6	104.8	12.5
EV / Ebitda	-22.8	-11.2	-18.7	46.0	8.0
Yield	0.0%	0.0%	0.0%	0.0%	3.2%
Net debt / equity	net cash				

Source: Phillip Capital estimates

BID SHARE PRICE PERFORMANCE



Break-through contract with Origin Energy

BID has announced a new 3-year agreement with Origin Energy (ORG, market cap \$13.3 billion) to deploy its energy accounting platform to 14,500 customers (28,000 electricity meters) in ORG's Commercial & Industrial (C&I) division. We understand these customers are predominantly large electricity usage sites. BID's platform will be white-labelled and progressively rolled out to these customers between September and December 2019.

ORG is one of the top 2 energy retailers in Australia, with 3.8m customers (Source: FY19 Annual report p 32).

Benefits for ORG

By deploying the BID platform, ORG's C&I customers will have an easy access portal containing bills, meter data, customised reports and analytics, and on-line communication capability.

According to BID, ORG becomes one of the first energy retailers globally to adopt an "RPA enabled" (robotic process automation) customer facing solution which will help transform the customer experience and drive significant long value.

This should improve ORG's customer service levels, help reduce churn, reduce call centre volumes and therefore costs and improve customer loyalty.

Benefits to BID

We regard this as a major break-through contract for BID for a number of reasons.

- This is BID's second major contract award – the first was the Cushman & Wakefield contract announced in December 2018 (17 major tier one clients with an estimated 10,200 meters to manage) which went live on 1 July.
- Implied annual revenue is similar to the Cushman contract at approximately \$600k (a 12.8% increase on BID's last reported ASR figure of \$4.6m). Whilst this represents a fairly low price per meter (~\$21 per meter pa) it should be a highly profitable contract for BID as the system is already built and only requires some minor customisation.
- The contract win comes after around 8 months of discussions, and a paid pilot involving approximately 500 sites. These major contracts take considerable time and effort to secure.
- The electricity customers involved here are large usage electricity sites /customers (average 1.9 meters per site), so this is addressing a new segment for BID. BID's traditional focus has been on broad, multi-site customers such as Optus (6,000 metered sites) and Flight Centre (1,400 stores in Aust). So this should be totally complementary and incremental new business for BID, with minimal overlap.
- We believe that the fact that ORG is entrusting the BID platform for 14,500 of its large C&I customers is a strong endorsement of the quality and capability of the system from an industry leader. It therefore could be a hugely important reference customer for BID generally.
- The deployment period is relatively quick at 3-4 months (September to December) and BID will start earning revenue progressively from September.
- ORG is a very large company, and there may be other opportunities for BID to assist ORG. A simple example would be to also deploy the solution for gas customers.

- We understand from BID's recent quarterly report that BID also has similar paid pilots underway with two other large utility companies in two separate markets overseas. Whilst there is no guarantee that BID will be successful in converting these into firm contracts, it does demonstrate good interest abroad. Securing the ORG contract should be helpful with these prospects from a marketing perspective. We will watch this space with strong interest.
- BID had flagged in the June, March, and December quarterlies that it was progressing opportunities with local and global energy retailers, but the market has been ignoring this potential until now. Investors now have strong validation that management's commentary is not just marketing speak, but realistic.

Cushman & Wakefield update

We also understand that the Cushman roll out has now exceeded 8,000 meters, implying that about 80% of the expected 10,200 meters have now been deployed.

As we noted in our last report, one of the 17 major clients of Cushman has required that BID also offer its platform in Malaysia and Singapore. This is also underway which means that BID will need to integrate with local electricity and gas retailers' data feeds, on-board their pricing tariffs, billing formats, and also integrate with local meter data providers.

BID is also now talking to other existing Australian & NZ customers who have operations there. This expansion can be done from Australia, without needing to employ local sales teams (at least at this early stage).

Malaysia has an estimated 9.7m electricity meters and Singapore 2.3m meters (v Australia 11.5m and New Zealand 1.4m).

FY19 Full Year Results

BidEnergy Limited - Review of FY19 Results				Our			
Years ended June (A\$m)	FY17	FY18	FY19	Change	Estimates	Difference	Comments
Platform Rev - A & NZ	1.321	1.934	2.725	40.9%	2.7	3%	Strong revenue growth in original market, after 6 years
Platform Rev - UK	0.000	0.016	0.044	172.3%	0.1	-53%	UK revenue miniscule. BID needs to build on BP success
Platform Rev - USA	0.002	0.015	0.182	1074.6%	0.2	0%	US revenue a bit more established, but still small. Need to build on JoAnn success
Platform Rev - Worldwide	1.323	1.966	2.951	50.1%	2.9	1%	50% growth is excellent
RWW rebate revenue & other	1.298	2.101	2.353	12.0%	2.4	-1%	Double digit revenue growth in secondary business is encouraging
Total Revenue	2.621	4.067	5.304	30.4%	5.3	0%	30% growth is excellent
Revenue Growth	212%	55.1%	30.4%			30.5%	
Operating expenses							
Third party support costs	-0.5	-0.7	-1.3	79.4%	-1.2	5%	
Admin expense	-1.1	-0.9	-1.4	45.1%	-1.4	-4%	
Employee benefits expense	-6.2	-5.6	-6.5	16.5%	-6.7	-3%	
Marketing expense	-0.6	-0.2	-0.2	-1.9%	-0.2	2%	
Travel expense	-0.4	-0.1	-0.2	41.5%	-0.2	-6%	
Occupancy expense	-0.3	-0.4	-0.4	10.5%	-0.4	0%	
Total operating expenses	-9.0	-8.0	-10.0	25.1%	-10.1	-2%	Costs up \$2.0m or 25% but includes investing for growth
Underlying Ebitda	-6.4	-3.9	-4.7	19.5%	-4.8	-4%	Underlying Ebitda loss roughly in line with our expectations
Ebitda Margin	-244%	-95.9%	-87.9%			-87.9%	
Government grant income	0.3	0.3	0.1	-74.9%	0.4	-79%	Lower than expected government grants
Capitalised labor (software)	0.9	0.9	1.0	13.3%	1.0	2%	
Share based payments	-0.4	-0.3	-2.5	665.8%	-1.0	154%	\$1.5m higher than expected, but this is a non-cash item
FX gains (losses)	-0.1	0.2	0.0	-104.2%	0.0		
Reported Ebitda	-5.7	-2.8	-6.1	121.1%	-4.4	38%	\$1.7m worse than expected, due mainly to higher share-based payments.
Depreciation & amortisation	-0.5	-0.7	-0.5	-23.3%	-0.8	-32%	Lower than expected
EBIT	-6.2	-3.5	-6.7	91.7%	-5.2	27%	\$1.5m lower than expected, due to share-based payments
Interest income (expense)	0.1	0.1	0.1	-22.6%	0.1	-47%	
Profit before tax	-6.1	-3.4	-6.6	93.9%	-5.1	28%	
Tax credit (expense)	0.2	0.0	0.0	-100.0%	0.0		
NPAT (reported ex NRIs)	-6.0	-3.4	-6.6	94.5%	-5.1	28%	\$1.5m lower than expected, due to share-based payments
Non-recurring items (NRIs):							
IPO costs	-1.2						
Ameresco transaction costs & break fee	-0.7						
Reorganisation costs	-0.5						
NPAT (Reported)	-7.2	-4.5	-6.6	46.1%	-5.1	28%	
Add back: NRIs	1.2	1.1	0.0		0.0		
NPAT (Normalised)	-6.0	-3.4	-6.6	94.5%	-5.1	28%	
EPS (Norm) cents	-12.4	-3.4	-6.0	78.5%	-6.0	0.0	

Source: Company reports; Phillip Capital forecasts

Revenue

Group revenue was in line with expectations following the June quarterly, at \$5.3m (v \$4.1m) up 30.4% for the year.

Importantly, the BID platform business had revenue growth of 50% to \$3.0m (v \$2.0m). Annualised subscription revenue (ASR) for the BID platform business was \$4.6m pa at end June (v \$2.53m pcp) +82%, so growth appears to be accelerating. This ASR number assumes that the contracted roll-outs are achieved as planned (Cushman 5k meters, Optima 20k, Simple/ UCR Consultants 10k, LG Energy 4k, Correlate estimated 10k).

The Origin Energy contract takes platform ASR to an estimated \$5.2m.

Geographic revenue

- Australia & NZ revenue was up by an impressive +41% to \$2.7m. BID has now been operating in Australia for over 6 years. It now has 93 enterprise customers (counting Cushman & Wakefield as 1, rather than 17), up from 47 so this works out to be just \$29k average revenue per customer.
- UK revenue was up 172% but it still miniscule at only \$44k (GBP 24k). BID has 9 customers in the UK after approximately 2 years. This comprises just 3 enterprise customers (BP, Toll and Walkers Toffees) which we think is a bit disappointing. It possibly reflects the fact that most corporates (~84% of multi-site corporations) are already aligned with an energy broker or TPI. The UK is a very sophisticated and competitive marketplace with over 50 different electricity providers. BID also has 3 deals with Energy brokers / TPI's (third party independents) (Simple/ UCR Consultants, Optima Energy Systems and LG Energy) where BID hopes to leverage those companies' customer bases. Finally, BID has 3 Facilities Management customers (Carbon Numbers, Catalyst Commercial, and Bell Rock) where again BID hopes to leverage those companies' existing and future

customer bases. These 6 partner deals were all signed in FY19 so we are yet to see much revenue. FY20 should see a large step up in revenues as these deals start to kick in.

- USA platform revenue was up 11 fold to \$182k (v \$15k) which is also miniscule. BID has 8 customers in the US at June 2019 after 2.5 years of owning the RWW business. The first BID platform customer was JoAnn stores announced 9 months ago (Nov 2018), which was the first cross sale into the RWW customer base. It was also significant because it required BID to get set up to read and validate bills from 1,000 different electricity providers. BID has 7 enterprise customers, plus 1 energy broker deal. It seems to be getting more traction here with corporate / enterprise customers than it has in the UK. The cross-selling opportunity with the RWW current and historical customer base of over 100 customers doesn't

Costs

Operating costs (excluding depreciation & amortisation) were \$10.0m up 25%. This included new sales people in Australia, UK and the US, and a new COO in Australia in the second half.

In addition there was share-based payments expense of \$2.5m (v \$0.3m pcp) which BID has broken out separately. This is a non-cash item and unfortunately very material to the P&L. We were allowing for \$1.0m for this expense item previously. The share and option grants were made when the share prices were approximately 78c, 85c and \$1.58 at value date, all figures well in excess of the current share price. Costs were in line with our expectations apart from this.

Ebitda

- Underlying Ebitda was a \$4.7m loss (v \$3.9m loss in the pcp) in line with our forecast.
- Reported Ebitda was a \$6.1m loss (v \$2.8m loss) which was \$1.7m worse than we expected due to the share-based payments (\$1.5m) and lower R&D grants.
- NLoss was \$6.6m (v NLoss \$3.4m pcp). This was \$1.7m worse than we expected due to the share-based payments (\$1.5m) and lower R&D grants.

Cash Flow Statement

- Operating cash outflow was \$2.7m (v \$3.2m outflow in the pcp).
- Investing activities included \$1.0m payment for intangibles (capitalised development costs) (v \$0.9m in the pcp) in line with our expectations.
- BID received \$2.7m proceeds from exercise of options during FY19, with a further \$0.7m received from options underwriting in July (post balance sheet).
- BID finished the year with net cash of \$4.2m (v \$5.3m pcp) and \$0.7m for the underwritten options in July makes \$4.9m. At the current rate of cash burn of \$308k per month (\$2.7m per the cash flow plus another \$1.0m for capitalised development costs = \$3.7m) BID has sufficient cash for approximately 16 months.
- There is a possibility that BID might need to raise some further equity during FY20, but this is also dependent on how quickly revenues grow and when BID achieves cash flow positive position. If BID can win some more large high margin contracts like the ORG deal, it may be able to avoid further capital raisings.

Outlook Statement

BID stated the following (the highlights are ours): "...The company chose to invest this year (FY19) in its salesforce, product development and operations to enable it to execute and deliver on **growing opportunities domestically and overseas**. The company has made significant investment in its solution for facilities management, energy brokers, and energy retailer portals. **The company is well advanced on-boarding several channel opportunities that will make growing contributions in FY20**. The company has a **strong sales pipeline** on which to execute and the **investment made in advancing the company's technology provides a strong platform for growth** in FY20."

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 from the 30% growth rate in FY19. The Origin Energy contract takes AGR to \$7.5m.

BID – New customer wins in FY19

BID had a very high rate of new customer wins in Australia in FY19, and some early progress in the UK and USA. Progress in the UK has largely been in signing new alliance deals with energy brokers (called TPI's) rather than direct corporates.

We have highlighted in blue the customers or alliance deals which could potentially lead to large indirect client bases (one sale to many).

BidEnergy - New platform customers signed in FY19 (excluding US rebate capture customers)		
Aust & NZ	UK	USA
September Quarter FY19		
Funlab (Strike Bowling and associated brands) The Smart Group Latitude Air RSEA Safety Australia Particleboard manufacturer (> 50 sites) Australian operations of a Fortune 500 company Qube (for their initial Victorian sites) Peter Stephens Motorcycles Greencross (Petbarn) Hyatt Place Radiology SA BidBilly pilot with SA Tourism Industry Council	Toll Group (existing Aust customer)	
December Quarter FY19		
Cushman & Wakefield (16 indirect clients) Kestrel Coal QMS Media (Aust & NZ) Specsavers (for an initial 25 sites) Global supermarket (a state based trial) Greenshill Farming NRMA Insurance Consortium Clemenger Billcap.com.au	Walkers non-such Toffee Carbon Numbers (Energy & BMS consultants) Catalyst Commercial (TPI) Bellrock (FM customer)	JoAnn stores (retailer, 850 stores in 49 states) Toll (existing Aust & UK customer) Cotton On (existing Aust customer)
March Quarter FY19		
(BP extends for a further 3 years from July 19) Pacific Smiles Hurley Hotel Group Banyule Council (Vic) Sodexho (Aust) ISS Facility Services Australia Pacific National A large Aust global packaging company	(BP extends for a further 3 years from July 19)	Aqua America (US water utility in 8 US states) Country Meadows Apollo Edison (Energy Consultants)
June Quarter FY19		
Quest (CEMG) Nazareth Care AMA Group Elders RACV Downer EDI A large Aust university City of Whittlesea New alliance - Envizi (international carbon reporting/sustainability software)	Optima Energy Systems (ESM) Simble / UCR (a TPI) LG Energy Group (a TPI)	Correlate Inc (Energy Consultants) Catholic Charities of the Archdiocese of Chicago
FY20		
Origin Energy (ORG) - C&I Division		

Source: BID quarterly reports; "One sale to many" customers highlighted in blue

Changes in Estimates

We have made a number of changes to our assumptions:

- We have factored in a higher number of “half rate” and “low rate” meters than before.
- We assume that BID is awarded a similar ORG type contract overseas for an initial 40,000 meters during FY20 (We understand that 2 paid pilots are currently underway).
- We exclude BidBilly Australian launch from our forecasts, although the company continues to hold discussions with possible launch partners. Previously we estimated this product could be worth approximately \$0.46 per share with the right partners.
- We now assume that share-based payments continue at current levels of around \$2.5m per annum (previously we had \$1.0m pa). This reduces our forecast Ebitda and reported profit forecasts, but has no impact on cash flows.
- Our DCF valuation assumes full dilution for all existing share options, plus dilution for a further 2.5m options which we allow for in our forecasts for FY20. Our DCF valuation increases from \$1.62 to \$1.92 per share because of the roll forward of our model, and higher long term growth assumptions.

Changes in Estimates	FY18A	FY19A			FY20e			FY21e		
Years ending June \$m		Old	New	Change	Old	New	Change	Old	New	Change
Contracted meters at yr end	21,518	85,182	85,182	0.0%						
less: meters yet to be onboarded	-1,000	-49,000	-49,000							
Est "live" meters under mgt at yr end	20,518	36,182	36,182	0.0%	150,000	160,700	7.1%	255,800	305,110	19.3%
Live meters under mgt - Growth %			76%			344%			90%	
Sales revenue	4.1	5.3	5.3	0.0%	8.8	8.9	0.3%	15.9	14.9	-6.2%
Sales growth %	55%	30%	30%		67%	67%		80%	68%	
Ebitda before share based payments	-2.4	-3.4	-3.6	-6.1%	-1.7	-1.2	25.7%	4.2	3.9	-6.9%
Share-based payments	-0.3	-1.0	-2.5	-154.0%	-1.0	-2.5	-150.0%	-1.0	-2.5	-150.0%
EBITDA	-2.8	-4.4	-6.1	-40.0%	-2.7	-3.7	-40.1%	3.2	1.4	-55.4%
NPAT (reported)	-4.5	-5.1	-6.6	-29.7%	-3.4	-4.4	-31.7%	2.5	0.7	-70.8%
NPAT (norm)	-3.4	-5.1	-6.6	-29.7%	-3.4	-4.4	-31.7%	2.5	0.7	-70.8%
EPS (norm)	-3.4	-4.5	-6.0	-32.1%	-2.9	-3.8	-30.8%	2.1	0.6	-71.6%
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	4.2	4.2	0.5%	1.4	2.9	112.7%	4.9	7.4	49.1%
Valuation:										
DCF valuation (F/D, ex BidBilly Aust)					\$ 1.62	\$ 1.92	18.7%			

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 faster than costs. We are forecasting positive Ebitda of \$1.4m in FY21 (or \$3.9m before share-based payments), and positive NPAT of \$0.7m in that year.

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.

We maintain our high risk rating on the stock.

DCF Valuation

Our revised DCF valuation of the company is \$243m or \$1.92 per share (previously \$1.62).

This is based on 126.8m fully diluted share count (115.5m current, plus 8.8m existing options/potential shares, plus a further 2.5m options we forecast management will issue in FY20).

As discussed in previous reports, BID management is building out its matrix of opportunities:

- Products offered: Energy accounting for electricity, gas, water & now council rates.
- Procurement services for electricity and gas.
- Target sectors: Large multi-site enterprise customers (existing full service product suite).
- New wholesale SaaS products for Utilities / Energy brokers (eg energy billing and meter data portals).
- New self-service product (BidBilly) for SME/ franchisee / and potentially residential sectors (currently being launched in the UK with Simble Solutions & UCR Consultants). Successful trial in South Australia, but still in discussions with possible launch partners.
- 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 revised our 24 month price target to \$1.90 (previously \$1.60) with further upside if BidBilly is launched and succeeds in Australia.

We think the current market cap of \$72m 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 (high risk) 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	72.2	0.625	8.9	14.9	-42.2%	9.6%	67.2%	68.3%	7.9x	4.4x	-18.7x	46.0x	-16.6x	104.8x
Comps															
ada.ax	Adacel Technologies Ltd	40	0.525	42.0	44.1	12.5%	14.5%	-1.0%	5.0%	0.9x	0.8x	7.1x	5.9x	10.9x	8.9x
apt.ax	Afterpay Touch Group Ltd	8,518	33.880	473.5	786.7	11.1%	17.5%	79.3%	66.1%	17.7x	10.7x	158.7x	61.0x	411.5x	117.6x
alu.ax	Altium Ltd	4,851	37.040	211.1	259.3	38.7%	39.4%	22.2%	22.8%	15.4x	12.5x	39.7x	31.7x	54.6x	44.7x
apx.ax	Appen Ltd	3,145	26.120	531.9	663.9	17.1%	18.4%	46.0%	24.8%	5.9x	4.7x	34.3x	25.6x	55.5x	41.5x
bth.ax	Bigtincan Holdings Ltd	133	0.510	27.4	34.5	-0.5%	9.3%	27.1%	25.7%	4.4x	3.5x	NaN	37.6x	NaN	191.7x
bvs.ax	Bravura Solutions Ltd	1,179	4.850	285.1	308.6	19.7%	20.6%	10.4%	8.2%	3.4x	3.2x	17.5x	15.5x	29.6x	25.9x
elo.ax	ELMO Software Ltd	434	6.900	54.6	72.9	-3.9%	4.2%	36.4%	33.4%	7.7x	5.8x	NaN	136.7x	NaN	NaN
eml.ax	EML Payments Ltd	960	3.830	119.9	139.7	33.9%	37.0%	23.3%	16.5%	7.9x	6.8x	23.3x	18.3x	43.4x	31.8x
evs.ax	Envirosuite Ltd	48	0.130	10.6	16.1	-32.7%	2.6%	176.1%	52.6%	3.7x	2.4x	NaN	94.0x	NaN	NaN
gbt.ax	GBST Holdings Ltd	261	3.840	101.7	107.8	21.6%	23.3%	7.9%	6.1%	2.4x	2.3x	11.1x	9.7x	20.7x	18.5x
gtk.ax	Gentrack Group Ltd	533	5.240	113.5	126.8	25.7%	26.7%	8.7%	11.6%	5.0x	4.5x	19.5x	16.8x	38.3x	31.3x
hsn.ax	Hansen Technologies Ltd	672	3.400	306.9	317.9	24.1%	24.9%	32.7%	3.6%	2.7x	2.6x	11.1x	10.3x	17.4x	15.8x
ifm.ax	Infomedia Ltd	706	2.220	95.3	106.3	46.5%	48.0%	12.7%	11.5%	7.2x	6.5x	15.6x	13.5x	37.0x	30.7x
iri.ax	Integrated Research Ltd	512	2.980	107.9	116.7	39.7%	40.2%	7.0%	8.2%	4.7x	4.3x	11.7x	10.7x	22.2x	20.1x
isx.ax	iSignthis Ltd	1,490	1.370	19.5	29.0	NaN	NaN	309.5%	148.7%	75.3x	50.6x	230.1x	48.0x	137.0x	45.7x
lvh.ax	LiveHire Ltd	97	0.335	6.0	13.2	-213.3%	-65.2%	125.1%	120.0%	10.7x	4.9x	NaN	NaN	NaN	NaN
mp1.ax	Megaport Ltd	1,273	9.360	56.4	84.1	-36.2%	-9.6%	60.9%	49.0%	21.4x	14.3x	NaN	NaN	NaN	NaN
mpw.ax	MSL Solutions Ltd	25	0.100	32.2	36.3	7.8%	13.2%	NaN	12.7%	0.8x	0.7x	9.9x	5.2x	5.0x	5.0x
pps.ax	Praemium Ltd	184	0.455	49.4	54.2	26.1%	28.1%	11.8%	9.7%	3.5x	3.1x	13.2x	11.2x	32.5x	25.7x
pph.ax	Pushpay Holdings Ltd	856	3.100	124.4	144.8	15.7%	21.4%	29.7%	16.4%	4.6x	4.0x	29.4x	18.5x	46.6x	27.6x
sko.ax	Serko Ltd	348	4.310	33.0	42.0	11.7%	15.6%	41.3%	27.3%	10.9x	8.5x	93.0x	54.6x	169.0x	151.8x
tne.ax	TechnologyOne Ltd	2,466	7.760	298.9	331.9	26.3%	28.3%	0.6%	11.0%	8.0x	7.2x	30.5x	25.6x	44.6x	39.1x
vit.ax	Vault Intelligence Ltd	28	0.270	9.2	11.6	4.3%	13.8%	NaN	26.1%	2.6x	2.0x	59.2x	14.8x	135.0x	30.0x
vgl.ax	Vista Group International Ltd	658	3.950	144.2	170.9	20.5%	21.2%	10.3%	18.5%	4.8x	4.1x	23.6x	19.3x	48.0x	35.8x
wtc.ax	WiseTech Global Ltd	12,061	38.090	470.5	588.3	32.5%	35.0%	35.1%	25.0%	25.1x	20.1x	77.2x	57.3x	141.3x	103.4x
xro.ax	Xero Ltd	9,356	66.500	725.5	916.0	20.0%	23.5%	31.2%	26.3%	13.8x	11.0x	69.3x	46.7x	462.3x	144.4x
Mean Average						6.8%	18.1%	47.7%	30.3%	10.4x	7.7x	46.9x	32.9x	93.5x	54.0x
Median						19.7%	21.2%	30.5%	23.8%	6.6x	4.8x	29.4x	22.4x	46.6x	33.8x

Source: Phillip Capital estimates for BID; Refinitiv consensus estimates for all other stocks; FY1 means forecast year 1 (FY20 in most cases); FY2 means forecast year 2 (FY21 mostly)

At the current share price, BID trades on an Enterprise Value to Revenue multiple of 7.9x FY20 and 4.4x FY21 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 10.4x FY1 (ie FY20 in most cases) and 7.7x FY2 (FY21 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 \$72m, 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 acqd 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 30/11/19 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 or Utilities (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 (previous guidance was 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 and Flight Centre with 1,400 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. (A new contract with Origin Energy has just been announced).

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\$72m market cap company with just A\$9m of expected FY20 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).

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

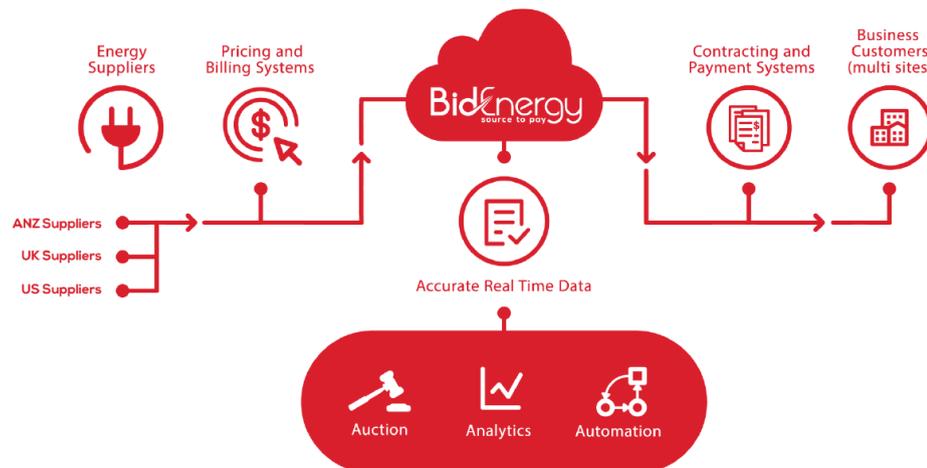
The BidBilly launch self-service SME product has tested positively in South Australia, but in our opinion, is not yet proven as a business model. We will watch the UK SME launch with great interest. Meanwhile the official Australian launch for SMEs, franchisees and residential consumers is still in the 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

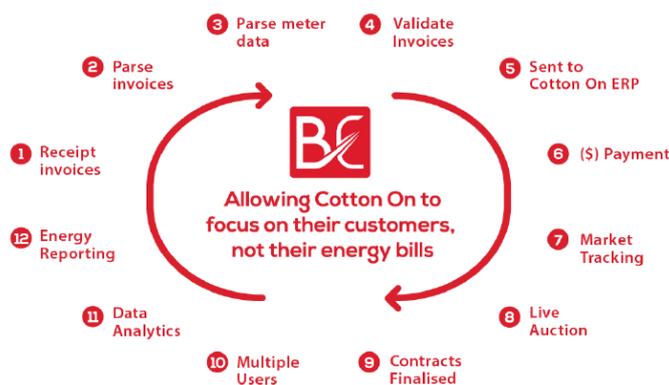
penetration of less than 1%. Other markets are estimated at the following - NZ 1.4 million meters, the UK 46 million and the USA approximately 150 million meters.

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).

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)

\$ 0.625

Profit & Loss

Year end June	FY18	FY19	FY20e	FY21e
	A\$m	A\$m	A\$m	A\$m
Op. Revenue	4.1	5.3	8.9	14.9
Cost of Goods Sold	0.0	0.0	0.0	0.0
Gross Profit	4.1	5.3	8.9	14.9
Gross Profit Margin	100.0%	100.0%	100.0%	100.0%
Other Income	0.3	0.1	0.1	0.1
Cash Operating Expenses	(7.2)	(11.5)	(12.7)	(13.6)
EBITDA	-2.8	-6.1	-3.7	1.4
Ebitda Margin	-68.0%	-115.2%	-42.2%	9.6%
Depreciation & Amort	(0.7)	(0.5)	(0.8)	(0.8)
EBIT	-3.5	-6.7	-4.5	0.6
Ebit Margin	-85.3%	-125.4%	-51.2%	4.3%
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	(6.6)	(4.4)	0.7
Income Tax Credit (Expense)	0.0	0.0	0.0	0.0
Tax Rate	-0.3%	-0.5%	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	-6.6	-4.4	0.7
Adjustments (Abnormals)	2.2	0.0	0.0	0.0
NPAT (normalised)	-3.4	-6.6	-4.4	0.7
Balance Sheet				
Cash	5.3	4.2	2.9	7.4
Receivables	0.2	0.3	0.5	0.8
Inventories	0.0	0.0	0.0	0.0
Other	0.1	0.7	0.7	0.7
Total current assets	5.6	5.2	4.1	8.9
PP&E	0.0	0.0	0.0	0.0
Investments	0.0	0.0	0.0	0.0
Intangibles	2.0	2.2	2.2	2.2
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	2.3	2.3	2.3
Total Assets	7.7	7.5	6.4	11.2
Payables	-0.4	-0.7	-1.3	-2.1
Interest bearing liabilities - Current	0.0	0.0	0.0	0.0
Provisions	-0.2	-0.3	-0.3	-0.3
Other	-0.4	-0.2	-0.2	-0.2
Total Current Liabilities	-0.9	-1.2	-1.8	-2.6
Interest-bearing liabilities - Non-curr	0.0	0.0	0.0	0.0
Provisions	0.0	-0.1	-0.1	-0.1
Other	-0.2	-0.2	-0.5	-0.2
Total Non-current Liabilities	-0.2	-0.3	-0.6	-0.3
Total Liabilities	-1.5	-1.5	-2.3	-2.9
Total Shareholders' Equity	6.5	6.0	4.1	8.3

Interims

Year end June	1H18	2H18	1H19A	2H19e
Sales	2.2	1.8	2.8	2.5
Sales Growth (g)			23.8%	38.6%
EBITDA	-1.6	-1.2	-2.1	-4.0
EBITDA Margin	-71.4%	-63.7%	-75.4%	-159.0%
EBIT	-1.9	-1.6	-2.3	-4.3
Equity Share of Assocs NPAT	0.0	0.0	0.0	0.0
NPAT (Reported)	-2.9	-1.6	-2.3	-4.3
NPAT (Adjusted)	-1.9	-1.5	-2.3	-4.3
EPS (adjusted)(cents)	-2.0	-1.4	-2.1	-3.9
EPS Growth			4.2%	186.2%
DPS (cents)	0.0	0.0	0.0	0.0

Source: Phillip Capital estimates

Per share & Ratio data

Year end June	FY18	FY19	FY20e	FY21e
Shares on Issue - Wavge (f/d)	101.0	109.5	117.9	123.9
Shares on Issue - at year-end	108.9	113.8	117.9	123.9
Reported EPS (cents)	(4.5)	(6.0)	(3.8)	0.6
Growth	-70.2%	34.1%	-37.2%	-115.8%
P/E ratio (x)	-14.0x	-10.4x	-16.6x	104.8x
EPS (normalised)(cents)	(3.4)	(6.0)	(3.8)	0.6
Growth	-73.0%	78.5%	-37.2%	-115.8%
P/E ratio (x)	-18.6x	-10.4x	-16.6x	104.8x
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	-2.5	-0.7	3.7
Price/OCF (x)	-20.0x	-25.1x	-88.6x	17.0x
Enterprise Value \$m	63.0	68.4	70.0	66.1
EV/ Sales	15.5x	12.9x	7.9x	4.4x
EV/EBITDA	-22.8x	-11.2x	-18.7x	46.0x
EV/EBIT	-18.1x	-10.3x	-15.4x	103.5x
Liquidity & Leverage				
Net Cash (Debt) \$m	5.3	4.2	2.9	7.4
Net Debt / Equity %	-82%	-70%	-131%	-186%
Net Debt / EBITDA	1.9x	0.7x	0.8x	n/a
ROA (EBIT / T.Assets) %	-45.2%	-88.7%	-70.5%	5.7%
ROE (NPAT / T.Equity) %	-52.1%	-109.6%	-197.4%	18.7%
Interest Cover (EBIT)	51.1x	126.6x	45.4x	-6.4x
Dividend Payout % (of adj EPS)	n/a	n/a	n/a	n/a

Cash Flow

EBITDA	-2.8	-6.1	-3.7	1.4
Chge in Working Capital	-0.3	0.3	0.3	0.5
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	3.0	2.5	2.5
Operating cash flows	-3.2	-2.7	-0.8	4.6
Capex	-0.5	0.0	-0.1	-0.1
Acqns & Investments	0.0	0.0	0.0	0.0
Government Grants received	0.0	0.0	0.0	0.0
Other (Capitalised R&D)	-0.9	-1.0	-1.0	-1.0
Net investing cash flows	-1.3	-1.0	-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	-0.5	-1.3	4.4

Revenue by Sector

BID platform - Australia & NZ	1.9	2.7	4.2	6.5
BidBilly - Australia	0.0	0.0	0.0	0.0
BID platform - UK	0.0	0.0	0.6	1.5
BID platform - USA	0.0	0.2	1.2	3.6
BID platform - Asia (to come)				
Platform - Total	2.0	3.0	6.0	11.6
RWW rebate revenue - USA	2.1	2.4	2.9	3.4
Total Revenue	4.1	5.3	8.9	14.9
Revenue Growth	55%	30%	67%	68%

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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