BidEnergy Limited (BID) (Software)

Break-through contract with JLL; Hungary & German market entry

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Wayne Sanderson – Head of Research
wayne.sanderson@sequoia.com.au
+61 3 8548 0214

Recommendation	**Buy (High Risk)**
Risk Rating	**High**
12-mth Target Price (AUD)	**$1.57 (was $1.40)**
Share Price (AUD)	$1.14
12-mth Price Range	$0.39 - $1.39
Forecast 12-mth Capital Growth	36%
Forecast 12-mth Dividend Yield	0.0%
12-mth Total Shareholder Return	**36%**
Market cap ($m)	153.4
Net debt (net cash) ($m)(Jun 20)	(7.9)
Enterprise Value ($m)	145.5
Gearing (Net Debt/ Equity)	N/a – Net Cash
Shares on Issue (m)	133.4
Options / Perf rights on Issue (m)	15.7
Sector	Software & Services
Average Daily Value Traded ($)	$314,000
ASX 300 Weight	n/a

Financial Forecasts & Valuation Metrics

Years ending June $m	18(A)	19(A)	20(e)	21(e)	22(e)	23(e)
Sales revenue	4.1	5.3	9.4	12.9	18.4	27.1
Sales growth	55%	30%	77%	37%	43%	47%
Operating costs	-7.2	-11.5	-15.3	-16.3	-14.4	-15.2
EBITDA	-2.8	-6.1	-5.9	-3.4	4.0	11.9
NPAT (reported)	-4.5	-6.6	-6.9	-4.4	2.9	9.7
NPAT (adjusted)	-3.4	-6.6	-6.9	-4.4	2.9	9.7
EPS (adjusted)	-3.4	-6.0	-5.5	-2.9	1.9	6.3
EPS growth	73%	-78%	8%	nm	nm	229%
DPS	0.0	0.0	0.0	0.0	0.0	1.9
OCF / share	-3.5	-2.8	-2.5	-0.6	4.3	9.5
Valuation						
P/E	-34.2	-19.2	-20.8	-39.4	59.8	18.2
P / OCF	-32.7	-40.4	-46.6	-207.1	26.9	12.1
EV / Sales	29.5	24.0	15.6	11.0	7.3	4.5
EV / Ebitda	-43.5	-20.8	-24.9	-41.8	33.9	10.2
Cash from Operations	-3.6	-3.1	-3.1	-0.8	6.5	14.6
Net Cash (Net Debt)	5.3	4.2	7.9	12.7	18.5	32.1
Enterprise Value	120.1	127.1	146.2	141.4	135.5	121.8

BID SHARE PRICE PERFORMANCE

Summary

BidEnergy Limited (BID) is a software as a service (SaaS) technology company principally engaged in the provision of its cloud-based “Energy Spend Management” (ESM) and energy procurement platform for electricity, gas and water for multi-site organizations in Australia, NZ, UK and the USA. BID’s US subsidiary also manages the outsourced process of enterprises claiming energy efficiency project rebates.

Jones Lang LaSalle (JLL) contract

BID has announced a 4-year global master services agreement with JLL (NYSE: JLL, Market cap US$5.6bn) to support 1 of their global banking clients across 37 countries including Hong Kong, Mexico and Canada (new countries for BID). The contract is with the Sustainability Department of JLL and BID will deploy its system to provide energy usage and waste production volume data to assist the client in its Sustainability / carbon footprint reporting obligations. In addition, BID will provide its traditional electricity/ gas / water bill checking, validation and reporting services in the USA and Canada only.

Data will be collected from 4,700 client sites initially (potential 7,000 sites including 2,000 UK sites). Estimated initial contract value is A$330-$350k pa. with potential to increase to ~$0.5m.

We regard this as a breakthrough contract for BID for many reasons discussed in this report, including the potential to do so much more with JLL. This could be the start of a quantum global leap for BID’s technology, which has excited us for 1.5 years since we initiated coverage (30/4/19 at $0.68/ share).

FY20 Result

Operating revenue $9.4m +77% was strong although 6% below our forecast (Covid impact); Receipts from Customers $9.9m +79%. AGR (Annualised Group Revenue) at 30/6/20 $12.6m (v $6.9m pcp) +83% signals another strong year in FY21.

128 customers (v 92 pcp) +36 (+39%) is encouraging. Meters under management 148k (v 85k) +63k (+74%).

Ebitda loss $5.9m (v $6.1m). Operating cash flow was a burn of $3.1m (unchanged).

Our revenue forecasts reduced 18% and 25% (refer page 5).

JLL / Cushman contracts potential game-changers

The JLL contract takes BID into a new adjacent area of Sustainability Reporting, expanding its addressable market opportunity globally. This follows another large contract with Cushman & Wakefield (10,500 meters for 17 tier 1 customers) announced December 2018. Large Facilities Management customers like JLL & Cushman are huge opportunities for BID’s Utility Bill Management (UBM) services globally.

Hungarian and German market entries also now underway.

Recommendation & Opinion

Our revised 12-mth price target is $1.57 (was $1.40) mainly due a roll-forward of our DCF valuation. We reiterate our Buy recommendation on this emerging global SaaS company.

What has changed? –

1. New 4-year Jones Lang LaSalle contract

29/9/20 – BID has announced a 4-year global master services agreement with JLL (NYSE: JLL, Market cap US$5.6bn) to support **one** of JLL's **global banking clients** across 37 countries including Hong Kong, Mexico and Canada (new countries for BID). The contract is with the Sustainability Department of JLL and BID will deploy its system to provide energy usage and waste production volume data to assist the client in its Sustainability / carbon footprint reporting obligations. In addition, BID will provide its traditional electricity/ gas / water bill checking, validation and reporting services in the USA and Canada only.

Data will be collected from 4,700 client sites initially (with potential to increase to 7,000 sites including 2,000 UK sites). Estimated initial contract value is A$330-$350k pa. with potential to increase to ~$0.5m pa.

We regard this as a breakthrough contract for BID for many reasons discussed below, including the potential to do so much more with JLL. This could be the start of a quantum global leap for BID's technology, which has excited us since we initiated coverage on BID 1.5 years ago (30/4/19 at $0.68 per share).

- JLL is a Fortune 500 company with CY19 Fee revenue US$7.1bn (v $6.5bn) and Ebitda (adjusted) of US$1.1bn (v $0.953bn).
- JLL has US$67.6bn of assets under management at 31/12/19 (5.0 billion square feet worldwide).
- During CY19 it completed 39,000 leasing transactions for landlord and tenant clients representing 900 million square feet of space.
- 93,000 staff (70% outside of the US) **serving clients in 80 countries**.
- **More than 300 corporate offices worldwide** (2018 figure).
- Its' PEERS (Portfolio Energy and Environmental Reporting system) and ESP (Energy and Sustainability Platform) measure, manage and improve environmental impacts for nearly 200,000 buildings on these platforms.
- JLL Technologies formed in 2019 to align and expand our technology capabilities for our clients and our company. Launched JLL Spark Global Venture funds with plans to invest up to US$100m in a number of "prop-tech" early stage companies, helping to drive innovation for JLL and its clients through cutting-edge products and improved service delivery and operations.
- Competitive Differentiators for JLL include: Leadership in leveraging technology, and Sustainability leadership (source: JLL CY19 Annual Report).

Opportunities for BID

- Opportunity to do more with this one global banking client - Eg1. Expand to cover their ~2,000 sites in the UK. Eg2: Expand to provide full utility meter validation and bill checking. (We guestimate the client might be HSBC which is UK-headquartered with 1,500 branches in the UK (2010 number); and 3,900 offices worldwide in 65 countries (2019 Annual Report); But it could be another name).
- Opportunity to demonstrate quality data and service to JLL to roll-out with JLL itself or other large customers of JLL (BID's contract with Cushman & Wakefield in Australia covers 17 very large tier 1 customers).
- Opportunity still remains for BID to expand internationally with existing Facilities Management (FM) customer Cushman & Wakefield (currently 17 tier 1 end customers and ~10,500 meters, mostly Australia only).

- Opportunity to win contracts with other global Facilities Management (FM) providers such as CBRE.K (Mkt cap US$16.3bn), Colliers (CIGI.TO, Mkt cap C$3.6bn) and ISS (ISS.CO, Mkt Cap DKK16.7bn).

2. BID's "Utility Bill Concierge" (nee BidBilly) available on Xero

7/9/20 – BID announced that it's "Utility Bill Concierge" (previously called BidBilly) service would become available on Xero Connect from 14 September. This creates an entry to the SMB (Small & Medium Business) segment with a recurring revenue model for BID, and a new value-add service for Xero (XRO, Market Cap $16.7bn) and its clients. It also creates a transparent new channel for electricity retailers.

XRO clients can load a PDF electricity bill, and have it analysed and bench-marked for savings opportunities by the BID platform. Each client then has the option to bid their bill into a weekly automated auction process, resulting in a new 12-mth contract at the best price available from participating retailers on the day. BID will then continue to monitor all their electricity bills via the platform to ensure ongoing bill validation. As the electricity contract nears completion, the BID platform will alert the client that the contract is due to go to auction again for renewal.

BID will collect a flat fee per bill for any successful transfer event, paid by the successful electricity retailer after they have acquired the new client through the auction. XRO has over 1.0 million clients in Australia and NZ.

- **Our comments –** We think XRO is an excellent partner to have, and following a positive pilot conducted by BID in the South Australian tourism sector in late 2018, and further development by BID, we expect it will be a popular value-add service. (We trialled it ourselves > 12 mths ago). We expect the XRO contract will be renewed beyond the initial 12-mths.
- We also note that XRO has operations in New Zealand, the UK, USA, Canada, Singapore, Hong Kong and South Africa offering international expansion potential for BID, assuming the relationship with XRO goes well.
- It will also put BID further "on the map" for energy retailers to take notice of BID's innovations and take-up by quality partners, further validating the technology.
- We expect that natural gas will be added to the service, once proven with electricity.
- We think there is a possibility for a household / consumer version of this product in time (elements of the BID platform are already being used by iSelect in the residential segment).

3. Appointment of David Hancock as NED

27/8/20 – BID announced the appointment of David Hancock as NED. David was most recently Executive Director and Group Head of Afterpay (APT) from April 2016 to present.

- FinClear, Sydney, Chairman, Sep 2017 to current, 3 yrs 1 month.
- Afterpay, NED 30/3/17 to 5/7/17; Executive Director and Group Head 5/7/17 to 30/6/19, 2 years; NED 30/6/19 to 8/10/19. 2 years 5 months as a director.
- Tower Insurance, Auckland, Board member Sep 2012 to Aug 2016, 4 yrs.
- Tower Insurance, Auckland, CEO / Advisor Jun 2013 to Nov 2015, 2 yrs 6 months.
- Insurance Council of NZ, Mar 2013 to Sep 2015, 2 yrs 7 months.
- Commonwealth Bank, Executive General Manager, Dec 2007 to Mar 2012, 4 yrs 4 months.
- Shinsei Bank, Tokyo, MD, Nov 2005 nto Dec 2007, 2 yrs 2 months.
- JP Morgan Chase, Sydney, Hong Kong, & Tokyo, Head of Asian Equities & Derivatives, Head of Australian Equities, member of Global Management Committee Equities, Jan 2000 to Oct 2005, 5 yrs 10 months.
- Citi, Sydney, MD and Co-Head Investment Banking, Dec 1988 to Sep 1998, 9 yrs 10 months. (Sources: LinkedIn; Afterpay ASX releases).

In addition to joining the board, David will subscribe for a placement of $500k (574,713 shares at $0.87 per share being the 30-day VWAP prior to his appointment (subject to approval at the coming AGM). David will also be entitled to 225,000 Director incentive options with an exercise price of $1.46 and an expiry of 1/9/24.

4. FY20 Results

We review the results in detail on page 6. Summary points below:

Revenue was up $4.1m or +77% to $9.4m (6% below our forecast). Operating expenses increased by $4.3m (43%) to $14.3m with expansion of the UK sales team and further investment in capability. Reported Ebitda was a loss of $5.9m (v -$6.1m). This was $1.4m better than we forecast – due to slightly lower costs.

Reported Net Profit (Loss) was a loss of ($6.9m) V ($6.6m), little changed on the pcp. This was $0.9m better than we were forecasting, mainly due to lower costs than we forecast (revenue also slightly lower than forecast).

Operating cash-flow was an outflow of $3.1m, unchanged on the pcp.

5. June Quarterly Report

We review the quarterly report in detail on pages 8,9 & 10. Summary points below:

Customer receipts for the 12-mths of $10.0m (v $5.4m) **up 84%** was excellent, and shows that BID is finally achieving scale.

Annualised Subscription Revenue (ASR) for the UBM (Utility Bill Management) platform business was **$8.2m up 78% on June 2019 pcp.**

Annualised Group Revenue (AGR) was $12.6m, up 83% on June 2019 pcp.

Meters under management (mostly electricity meters) was 147,900 at June 30, **up 74% on June 2019 pcp.** We estimate that perhaps 40,000 of these are contracted, but not yet "live" or contributing revenue.

Unique customers were 128 at June 30 **up 36 (+39%) on June 2019.** (BID has several customers in more than one market eg. BP, Toll and Cotton On).

6. Hungarian and German market entries

BID has entered the Hungarian SMB market (small & medium businesses) following an approach from a credible partner – Core Energy Services, a leading European energy services consultancy group operating in several countries. We review the opportunity on page 13. Hungarian population is 9.8m people (2019).

BID has also announced a planned market entry with an existing customer into Germany, which we regard as a much bigger strategic opportunity. Population 83m. We review this opportunity on pages 14-15.

We prophesise that this would be an existing UK customer, which would suggest that this (un-named) customer was very satisfied with BID's performance in the UK. We had been disappointed with BID's low amount of revenue in the UK to date (just A$226k in FY20), mainly due to a large part of the market being controlled by third party intermediaries (TPI's), so BID has to split its revenue opportunity with the TPIs in most cases. But if BID's perseverance in the UK leads to a pan-European roll-out with quality partners or customers, BID's patience may be handsomely rewarded.

7. Changes in Estimates

We have made a number of changes and refinements to our modelling since our 8 April 2020 report.

Changes in Estimates Years ending June $m	FY19A	FY20A	FY21e Old	 New	 Change	FY22e Old	 New	 Change
Contracted meters at yr end	85,182	**147,900**	**325,605**	**220,728**	-32.2%	**520,968**	**350,733**	-32.7%
less: meters yet to be onboarded	-49,000	-40,000	-40,495	-22,073		-30,556	-35,073	
	(Our est)	(Our est)		(Assume 10%)			(Assume 10%)	
Est "live" meters under mgt at yr end	**36,182**	**107,900**	**285,110**	**198,655**	-30.3%	**490,413**	**315,660**	-35.6%
Contracted meters at yr end - Growth %	296%	74%	75%	49%	-25.8%	60%	59%	-1.1%
Live meters under mgt - Growth %	76%	198%	113%	84%	-28.9%	72%	59%	-13.1%
Platform revenue	3.0	5.0	10.1	8.2	-18.7%	17.9	12.9	-28.3%
Rebate capture revenue	2.4	4.4	5.6	4.6	-17.2%	6.7	5.6	-17.2%
Group revenue	**5.3**	**9.4**	**15.7**	**12.9**	**-18.1%**	**24.7**	**18.4**	**-25.3%**
Revenue growth %	30%	77%	58%	37%	-20.5%	57%	43%	-13.6%
Ebitda before share based payments	**-3.6**	**-3.7**	**-0.2**	**-0.9**	**382.1%**	**7.6**	**6.5**	**-14.3%**
Share-based payments	-2.5	-2.2	-2.5	-2.5	0.0%	-2.5	-2.5	0.0%
EBITDA	**-6.1**	**-5.9**	**-2.7**	**-3.4**	**26.0%**	**5.1**	**4.0**	**-21.3%**
NPAT (reported)	**-6.6**	**-6.9**	**-3.3**	**-4.4**	**33.4%**	**4.4**	**2.9**	**-32.8%**
NPAT (norm)	-6.6	-6.9	-3.3	-4.4	33.4%	4.4	2.9	-32.8%
EPS (norm)	**-6.0**	**-5.5**	**-2.2**	**-2.9**	**30.4%**	**2.9**	**1.9**	**-34.1%**
DPS	0.0	0.0	0.0	0.0	n/a	1.2	0.0	n/a
Balance Sheet:								
Net cash (debt)	4.2	7.9	14.7	12.7	-13.9%	21.9	18.5	-15.5%
Cash Flow:								
Cash from operations	-3.1	-3.1	-0.1	-0.8	n/a	7.7	6.5	-15.0%
Shares on issue at year end (m)	113.8	130.7	146.7	144.3	-1.6%	151.2	147.9	-2.2%
Shares on issue at year end (m)(F/D)				150.1			154.1	
Valuation:								
DCF valuation (F/D)			$ 1.40	$ 1.79	28%			
12-mth Price Target			$ 1.40	$ 1.57	12%			

Source: Sequoia estimates

Key Assumptions

- FY20 revenue was 6% below our forecast, and year-end meters under management was 20% below our forecast, possibly due to COVID impacts in Q4. We have therefore pushed back our medium-term target of 1.0 million meters under management by a further year, from June 2024 to June 2025.
- Our detailed modelling is based on growth assumptions for meters under management, split by country (shown below) and also by 3 levels of pricing /service (not shown – being "Full rate" meters where BID provides a full range of services and typically earns ~$120 revenue per meter pa; "half rate" meters where BID's services are deployed with large partners such as FM companies, and "low-rate" meters where BID only performs some basic processes).
- We are now forecasting revenue growth of 37% in FY21 (allowing for some continuing COVID impact) and 43% in FY22.
- We assume 66% in growth in meters under management in FY21 and 56% in FY22.

BidEnergy (BID) Revenue model /Meters under management Years ended June	Meters under Management (No.) FY19	 FY20	 FY21e	 FY22e	 FY23e	 FY24e	 FY25e	Rate (Revenue per meter, per annum) FY20 $	 FY21e $	 FY22e $	 FY23e $	 FY24e $	 FY25e $	Revenue FY20 $m	 FY21e $m	 FY22e $m	 FY23e $m	 FY24e $m	 FY25e $m
Australia & NZ	36,254	74,900	92,920	107,248	125,333	155,774	198,923							4.397	6.3	7.7	9.3	11.3	13.8
UK / Europe	35,520	50,000	81,742	146,302	277,794	358,160	504,616							0.226	0.7	2.2	5.5	9.4	14.2
USA	13,418	23,000	46,067	97,183	160,638	228,130	300,869							0.344	1.2	2.9	5.7	8.7	12.0
Grand Total ESM	**85,192**	**147,900**	**220,728**	**350,733**	**563,765**	**742,064**	**1,004,408**	**$42.6**	**$37.3**	**$36.7**	**$36.2**	**$39.6**	**$39.8**	**4.967**	**8.2**	**12.9**	**20.4**	**29.4**	**40.0**
UBM platform Growth %		74%	49%	59%	61%	32%	35%							68%	66%	56%	59%	44%	36%
US rebate capture commissions														4.421	4.6	5.6	6.7	7.7	8.8
Group Revenue														**9.388**	**12.9**	**18.4**	**27.1**	**37.1**	**48.8**
Revenue growth %														77%	37%	43%	47%	37%	32%

Source: Sequoia estimates (incl Country splits)

FY20 Results and Milestones

- FY20 was a strong year for BID, with revenue up $4.1m or 77% to $9.4m.
- Operating expenses increased by $4.3m (43%) to $14.3m with expansion of the UK sales team and further investment in capability.
- Underlying Ebitda loss was approximately unchanged at -$4.9m (v -$4.7m).
- Reported Ebitda (which includes government grant income, share-based payments (non-cash) less R&D capitalised was a loss of $5.9m (v -$6.1m). This was $1.4m better than we forecast – due to slightly lower costs and revenue.
- ANZ revenue was up $1.7m (+61%), UK up $182k (+411% but still tiny, and nowhere near covering UK costs of $0.9m), the USA +$162k (+89%, and also small, but better than the UK), Worldwide platform revenue was up $2.0m (+68%) to $5.0m (v $3.0m). In terms of revenue and market potential (there are billions of meters worldwide generating trillions of utility bills), we think the platform business is still in its infancy (established just 7 years).
- The US rebate capture revenue was up $2.1m (+88%) to $4.4m (v $2.4m).
- The US operations recorded an underlying profit of $0.9m (v $0.1m loss pcp).

BidEnergy Limited - Review of FY20 Results									Change	Our	Difference	
Years ended June (A$m)	**FY17**	**FY18**	**1H19**	**2H19**	**FY19**	**1H20a**	**2H20**	**FY20**	**%**	**Estimates**	**%**	**Comments**
Platform Rev - A & NZ	1.321	1.934	1.267	1.457	2.725	1.851	2.547	4.397	61%	4.171	5%	61% revenue growth in original market, after 6 years
Platform Rev - UK	0.000	0.016	0.023	0.021	0.044	0.104	0.122	0.226	411%	0.532	-58%	UK revenue miniscule. BID needs to build on BP success
Platform Rev - USA	0.002	0.015	0.084	0.098	0.182	0.123	0.221	0.344	89%	0.608	-44%	US revenue a bit more established, but still small.
Platform Rev - Worldwide	**1.323**	**1.966**	**1.375**	**1.576**	**2.951**	**2.077**	**2.889**	**4.967**	**68%**	**5.311**	**-6%**	**68% growth is excellent**
USA rebate revenue & other	1.298	2.101	1.406	0.947	2.353	2.162	2.259	4.421	88%	4.670	-5%	88% revenue growth is excellent; 5% below our est (Covid in Q4)
Total Revenue	**2.621**	**4.067**	**2.780**	**2.524**	**5.304**	**4.240**	**5.148**	**9.388**	**77%**	**9.980**	**-6%**	**131% growth is excellent, but 6% below our est. due to Covid**
Revenue Growth	212%	55%	24%	39%	30%	52%	104%	77%		88%	-11%	
Operating expenses												
Third party support costs	-0.5	-0.7	-0.6	-0.7	-1.3	-1.1	-1.2	-2.2	78%	-1.5	45%	78% increase here, but in line with revenue. Includes India.
Admin expense	-1.1	-0.9	-0.7	-0.7	-1.4	-0.8	-0.9	-1.7	24%	-6.0	-72%	
Employee benefits expense	-6.2	-5.6	-3.0	-3.5	-6.5	-3.9	-5.2	-9.1	40%	-7.4	23%	40% increase here, as BID expands its capability
Marketing expense	-0.6	-0.2	-0.1	-0.2	-0.2	-0.2	-0.1	-0.4	54%	-0.3	44%	54% increase here, as BID expands its capability
Travel expense	-0.4	-0.1	-0.1	-0.1	-0.2	-0.2	-0.1	-0.2	0%	-0.2	-6%	
Occupancy expense	-0.3	-0.4	-0.2	-0.2	-0.4	-0.3	-0.3	-0.6	62%	-0.4	48%	62% increase here, as BID expands its capability
Total operating expenses	**-9.0**	**-8.0**	**-4.6**	**-5.4**	**-10.0**	**-6.5**	**-7.8**	**-14.3**	**43%**	**-15.9**	**-10%**	**Costs up $4.3m or 43%, but $1.6m lower than we expected**
Underlying Ebitda	**-6.4**	**-3.9**	**-1.8**	**-2.9**	**-4.7**	**-2.3**	**-2.6**	**-4.9**	**5%**	**-5.9**	**-18%**	**Underlying Ebitda loss $1.1m better than our expectations**
Ebitda Margin	-244%	-95.9%	-64.5%	-113.6%	-87.9%	-53.1%	-51.0%	-51.9%		-87.9%		Still in negative margin / loss making phase
Government grant income	0.3	0.3	0.1	0.0	0.1	0.0	0.1	0.050	-40%	0.100	-50%	Lower than expected government grants
Capitalised labor (software)	0.9	0.9	0.5	0.5	1.0	0.0	1.2	1.163	14%	1.000	16%	Capitalised costs 16% higher than forecast
Share based payments	-0.4	-0.3	-0.9	-1.7	-2.5	-1.4	-0.7	-2.167	-15%	-2.500	-13%	$1.5m higher than expected, but this is a non-cash item
FX gains (losses)	-0.1	0.2	0.0	0.0	0.0	0.0	0.0	-0.039	290%	0.000		
Reported Ebitda	**-5.7**	**-2.8**	**-2.1**	**-4.0**	**-6.1**	**-3.7**	**-2.2**	**-5.9**	**-4%**	**-7.3**	**-20%**	$1.4m better than expected, due to lower costs & SBPs than f/cast.
Depreciation & amortisation	-0.5	-0.7	-0.2	-0.3	-0.5	-0.5	-0.6	-1.1	95%	-0.6	77%	Amortisation up $0.6m or 95%
EBIT	**-6.2**	**-3.5**	**-2.3**	**-4.3**	**-6.7**	**-4.2**	**-2.8**	**-6.9**	4%	**-7.9**	-12%	$1.5m lower than expected, due to share-based payments
Interest income (expense)	0.1	0.1	0.0	0.0	0.1	0.0	0.0	0.0	-33%	0.1	-65%	
Profit before tax	**-6.1**	**-3.4**	**-2.3**	**-4.3**	**-6.6**	**-4.2**	**-2.7**	**-6.9**	4%	**-7.8**	-12%	
Tax credit (expense)	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0		
NPAT (reported ex NRIs)	**-6.0**	**-3.4**	**-2.3**	**-4.3**	**-6.6**	**-4.2**	**-2.7**	**-6.9**	**4%**	**-7.8**	**-12%**	**$0.9m lower than expected, due to costs & SBPs**
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**	**-2.3**	**-4.3**	**-6.6**	**-4.2**	**-2.7**	**-6.9**	**4%**	**-7.8**	-12%	
Add back: NRIs	1.2	1.1	0.0	0.0	0.0	0.0	0.0	0.0		0.0		
NPAT (Normalised)	**-6.0**	**-3.4**	**-2.3**	**-4.3**	**-6.6**	**-4.2**	**-2.7**	**-6.9**	**4%**	**-7.8**	-12%	
EPS (Norm) cents	**-12.4**	**-3.4**			**-6.0**	**-3.4**	**-2.1**	**-5.5**	**-8%**	**-6.1**	-10%	
Share count (Wavge)	47.8	101.0	109.0		109.5	121.4		125.2	14%	127.3	-2%	Share count up 14-15% for the year
Share count (Year-end)	48.5	108.9	108.9		113.8	127.8		130.7	15%	131.8	-1%	Share count up 14-15% for the year
Cash Flow												
Cash receipts	3.2	4.2	2.9	2.7	5.5	4.5	5.3	9.9	79%	10.0	-1%	Receipts from customers up $4.4m or +79%
Operating cash flow	**-5.2**	**-3.6**	**-1.0**	**-2.1**	**-3.1**	**-2.5**	**-0.6**	**-3.1**	-1%	**-4.6**	-33%	$3.1m cash burn was $1.6m better than we expected
Investing cash flow	6.1	-0.9	-0.2	-0.5	-0.7	-0.5	-0.7	-1.2	90%	-1.0	21%	$1.2m R&D capitalised; No offsetting tax credit this year
Financing cash flow	-0.1	6.2	0.0	0.0	2.7	6.9	0.0	8.4	214%	8.2	3%	$8.7m new equity issued
Change in cash	0.8	1.7	-1.2	0.1	-1.1	3.9	0.2	4.1	-478%	2.6	58%	
OCF per share (cents)	**-10.8**	**-3.5**	**-0.9**	**-1.9**	**-2.8**	**-2.0**	**-0.4**	**-2.5**	-13%	**-3.6**	-32%	
Balance Sheet												
Net Cash (Debt)	3.6	5.3	4.1	0.0	4.2	8.0	0.0	7.9	88%	6.8	16%	$7.9m cash, enough for >2 yrs at current burn rate
Receivables	0.1	0.2	0.3	0.0	0.3	0.5	0.0	0.5	63%	0.5	-13%	Debtors up 63%, as Sales +77%
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0		
Payables	-0.6	-0.4	-0.6	0.0	-0.7	-0.8	0.0	-1.1	51%	-1.1	2%	Creditors up 51%, as Sales +77%
Working capital	**-0.4**	**-0.2**	**-0.3**	**0.0**	**-0.5**	**-0.2**	**0.0**	**-0.7**	43%	**-0.6**	16%	
Intangibles	2.2	2.0	2.0	0.0	2.2	2.3	0.0	2.5	12%	2.6	-5%	Capitalised R&D $1.4m, Goodwill $0.7m, Other $0.5m
Total Shareholders' Equity	**4.5**	**6.5**	**5.2**	**0.0**	**6.0**	**9.5**	**0.0**	**8.9**	48%	**8.9**	0%	

Source: Company results; Sequoia estimates

Reported Net Profit (Loss) was a loss of ($6.9m) V ($6.6m), little changed on the pcp. This was $0.9m better than we were forecasting, mainly due to lower costs than we forecast.

Cash Flow Statement

- Receipts from customers was $9.9m (+79%) and was slightly better than accounting revenue of $9.4m.
- Operating cash-flow was an outflow of $3.1m, unchanged on the pcp.
- Investing cash flow included $1.2m capitalised R&D (v $1.0m pcp).

Balance Sheet

- Equity was boosted by $8.7m new capital raised (gross) during the year (including the exercise of options). This funded the on-going losses. The share count increased by 15% over the year.
- BID finished the year with net cash of $7.9m which should be enough to cover approximately two more years of operations at the current burn rate.

June Quarterly Report & Performance metrics

BID: Analysis of Quarterly Cash Flow Reports	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	Growth QonQ (June qtr Vs Mar)	Growth Vs pcp (Jun qtr Vs pcp)	12 mths FY19	12 mths FY20	Change
1. Receipts from customers	**1.3**	**1.5**	**1.3**	**1.3**	**2.2**	**2.4**	**3.0**	**2.5**	**-17%**	**86%**	**5.4**	**10.0**	**84%**
2. Cash Payments													
Staff costs	(1.1)	(1.2)	(1.3)	(1.5)	(1.7)	(1.8)	(2.1)	(1.7)	-18%	20%	-5.1	-7.4	44%
R&D costs	(0.3)	(0.3)	(0.4)	(0.4)	(0.5)	(0.4)	(0.5)	(0.5)	0%	23%	-1.4	-2.0	39%
Admin & other	(0.7)	(0.7)	(0.7)	(0.7)	(1.4)	(1.5)	(0.9)	(1.0)	18%	38%	-3.0	-4.7	58%
Advertising & marketing	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-5%	-44%	-0.2	-0.3	62%
Government grants & interest		0.5					0.0	(0.1)			0.5	0.1	-89%
Cash expenses	**(2.1)**	**(1.9)**	**(2.5)**	**(2.7)**	**(3.7)**	**(3.8)**	**(3.6)**	**(3.4)**	**-3%**	**26%**	**-9.2**	**-14.3**	**56%**
3. Operating Cash flow	**(0.8)**	**(0.4)**	**(1.2)**	**(1.4)**	**(1.5)**	**(1.4)**	**(0.6)**	**(1.0)**	**63%**	**-31%**	**-3.8**	**-4.4**	**16%**
4. Investing Cash Flow	0.0	0.0	0.1	(0.0)	(0.1)	0.0	0.2	0.0			0.0	0.0	-8%
5. Cash from Financing (Share Issues & options conversion)	0.0	0.0	1.0	1.7	0.6	6.3	1.3	0.4			2.7	8.6	219%
6. FX movement on cash held							0.2	(0.3)			0.0	-0.1	
7. Net increase (decrease) in cash	(0.8)	(0.4)	(0.2)	0.3	(1.0)	4.9	1.0	(0.8)	-180%	-419%	-1.1	4.1	-468%
8.Cash at Start of period				3.9				9.1			5.3	4.2	
9. Cash at end of period	**4.6**	**4.2**	**3.9**	**4.2**	**3.2**	**8.1**	**9.1**	**8.3**	-9%	98%	**4.2**	**8.3**	**98%**
Cash Receipts - Annualised	5.4	5.9	5.1	5.3	8.6	9.5	11.9	9.9	-17%	86%			
Cash Payments - Annualised	(8.4)	(7.4)	(10.0)	(10.9)	(14.7)	(15.2)	(14.2)	(13.8)	-3%	26%			
Operating Cash Flow (annualised)	**(3.0)**	**(1.6)**	**(4.9)**	**(5.6)**	**(6.1)**	**(5.8)**	**(2.4)**	**(3.9)**	63%	-31%			

Source: Company quarterly reports; Annual Reports; Sequoia annualisation calculations

Key points

- Customer receipts for Q4 of $2.5m (v $1.3m) up 86% continued the strong growth path, although this was 17% lower than the record March quarter figure of $3.0m.
- Customer receipts for the 12-mths of $10.0m (v $5.4m) up 84% was excellent, and shows that BID is finally achieving scale.
- Cash expenses for Q4 were $3.4m (v $2.7m pcp) up 26%, although down 3% on March suggesting that the big increase in operating costs is now leveling out.
- Cash expenses for the 12-mths were $14.3m (v $9.2m pcp) up 56%. Government grants were just $50k (v $474k) so a reduced offset to costs. So with Cash Receipts growing at 84% (surrogate for revenue) and costs growing at 56%, the path towards becoming cash flow positive and profitable is intact.
- Operating cash outflow for the quarter of -$1.0m (v -$1.4m) was an improvement on the pcp but still an outflow reflecting further investment in R&D and capability.
- Operating cash outflow for the 12-mths of -$4.4m (v -$3.8m) was still an outflow reflecting further investment in R&D and capability.
- Financing cash flow was $8.6m including $6.7m equity raised ($6.2m net of costs), and $2.0m from the exercise of options.
- We note there were 9.8m listed BIDO options outstanding at 30/6/20 (potential to raise a further $7.4m at $0.75 exercise price, expiring 8/11/20). And a further 9.3m unlisted options (various exercise prices). The BIDO options are currently 53% in the money ($1.15 V $0.75 exercise price) so that should mean no further capital raisings should be required in the foreseeable future, on our forecasts.

June Quarter Operations Report

BID: Analysis of Quarterly Operational Reports	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	Growth QonQ	Growth Vs pcp
1. Unaudited Revenue (Quarterly)										
Energy Spend Mgt (ESM) platform	0.65	0.7	0.8	0.8	1.0	1.13	1.44	1.46	1%	82%
US Rebate Capture business	0.65	0.8	0.4	0.5	1.0	1.15	1.53	0.74	-52%	48%
Total Revenue	**1.3**	**1.5**	**1.2**	**1.3**	**2.0**	**2.28**	**2.97**	**2.20**	**-26%**	**69%**
2. Annualised Revenue										
ESM subscription revenue (ASR)	2.7	3.7	3.9	4.6	5.4	6.5	7.2	8.2	14%	78%
US Rebate Capture business	2.0	2.2	2.3	2.3	2.7	3.1	4.2	4.4	5%	91%
Total Annualised Group Revenue (AGR)	**4.7**	**5.9**	**6.1**	**6.9**	**8.1**	**9.6**	**11.4**	**12.6**	**11%**	**83%**
3. Operating Statistics										
Meters under management per company	22,260	37,880	39,454	85,182	115,000	132,900	139,300	147,900	6%	74%
less: our estimate of meters contracted but not yet live	(1,000)	(10,500)	(10,500)	(49,000)	(64,750)	(61,900)	(50,000)	(40,000)		
Estimated "Live" meters earning revenue	21,260	27,380	28,954	36,182	50,250	71,000	89,300	107,900	21%	198%
Estimated revenue per "Live" meter pa	$ 122	$ 102	$ 111	$ 88	$ 80	$ 64	$ 65	$ 54		
Estimated revenue per "Live" meter per month	$ 10.19	$ 8.52	$ 9.21	$ 7.37	$ 6.63	$ 5.31	$ 5.38	$ 4.51		
4. Customer Numbers	(Sequoia estimated geo splits)				(Sequoia estimated geo splits)					
Australia	61	69	75	79	84	87	88	96	8	17
New Zealand	10	11	13	14	14	15	15	15	0	1
United Kingdom	2	6	6	9	9	16	17	18	1	9
Europe (Poland from June 2020)								1	1	1
USA	4	5	6	8	10	14	17	19	2	11
Customers (gross)	**77**	**91**	**100**	**110**	**117**	**132**	**137**	**149**	**12**	**39**
eliminations	(14)	(16)	(19)	(18)	(18)	(21)	(21)	(21)	0	(3)
Unique customers (net) per company	**63**	**75**	**81**	**92**	**99**	**111**	**116**	**128**	**12**	**36**

Source: Company reports; 1Q19 & 2Q20 customer numbers split is estimated as details not provided

Key points

1. Software platform revenue (unaudited) was $1.46m for Q4, up 1% on the March quarter, despite some Covid impact, and up an excellent +82% on the pcp.
2. The US Rebate capture business had unaudited revenue of $0.7m, down 52% on the March quarter due to COVID delays in rebate payments from US energy retailers. However this was still +48% higher than the pcp, evidencing that this business appears to have moved to a sustainable higher level.
3. **Annualised Subscription Revenue (ASR)** for the platform business was $8.2m, up 12% on March 31, and up 78% on June 2019 pcp.
4. **Annualised Group Revenue (AGR)** was $12.6m, up 11% on March 31, and up 83% on June 2019 pcp.
5. **Meters under management** (mostly electricity meters) was 147,900 at June 30, up 6% on March 31, and up 74% on June 2019 pcp. (Our estimate was 186k meters). We estimate that perhaps 40,000 of these are contracted, but not yet "live" or contributing revenue providing further growth into FY21.
6. **BID added 16 new customers in Q4 (12 net of churn)** being Aust / NZ +12, US +2, UK +1 and Europe (Hungary) we count as 1 client. The USA continues to edge forward which is pleasing. However we continue to be disappointed with the low customer numbers and tiny revenue in the UK despite BID operating there 3+ years. But Rome wasn't built in a day, and with opportunities opening up in Europe, we think BID is right to persevere in the UK and build its commercial reputation. BID management remains confident that the UK opportunity is worth pursuing.
7. **Unique customers** were 128 at June 30 up 12 (+10%) on March 31, and up 36 (+39%) on June 2019. The focus continues to be on large multi-site customers which can derive significant cost and efficiency benefits from BID's robotic software solution.
8. **Churn** was 4 customers for Q4 (3.4% by number) which we consider modest and under control. Management advises this was all small, immaterial accounts by value. No large / material customers lost which is pleasing.

New Client Highlights

Momentum Energy

BID signed an agreement with Momentum Energy (100% owned by Hydro Tasmania, Australia's largest generator of renewable energy). This was for a "Portal solution" for its Commercial & Industrial (C&I) client base. This solution facilitates a more efficient way for C&I customers to access their bills which in this case, are 100% verified utilising BID's Robotic Process Automation (RPA) platform.

This follows a similar solution for Origin Energy announced August 2019 (**14,500 C&I customers** and 28,000 electricity meters) (our emphasis added).

BID says the agreement demonstrates the replicability of BID's energy portal solution with **further paid pilots** underway, **globally** (our emphasis added).

We note that this agreement did not warrant a separate ASX announcement as Origin Energy did (ORG estimated revenue $0.6m pa), so we estimate the revenue is probably only ~$200k pa. However, we understand that some of the Utilities BID is talking to overseas are at least as large as Origin.

Total Gas & Power

Total Gas & Power is a wholly-owned subsidiary of French Oil super-major Total SA (TOTF.PA, Market cap € 75.1bn). It is the largest industrial and commercial natural gas supplier in the UK with more than 200,000 business sites (refer: www.gas-power.total.co.uk/business-gas-electricity/businesses).

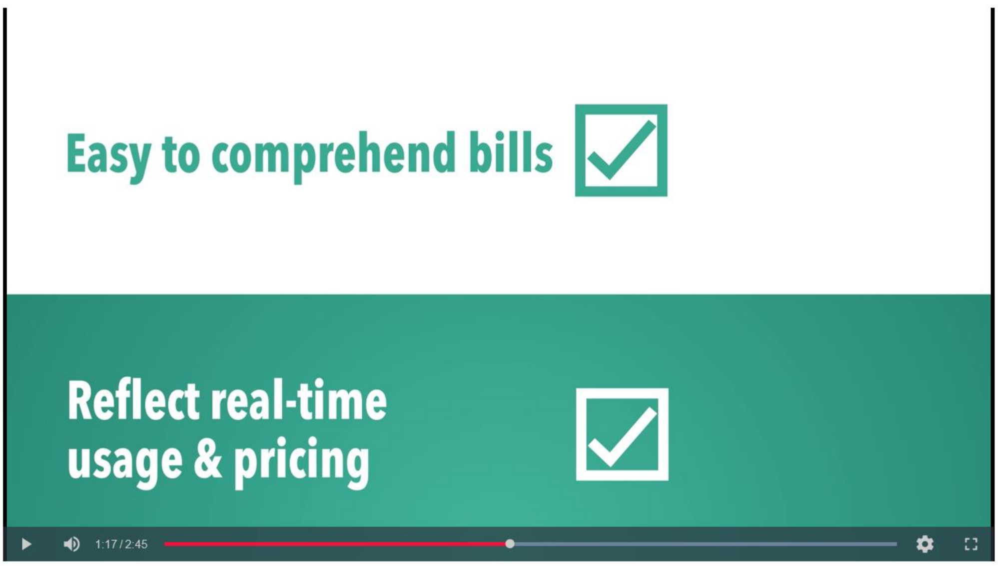
BID has launched an on-line "customer acquisition tool" with Total G&P to create an online pricing solution for small businesses of which the first phase has been deployed and is now live in the UK market. The tool allows potential new SME customers to upload their existing retailer bill online, receive immediate matching competitive tariff offers and be able to complete a new contract and billing set up in a complete online process.

BID intends to pursue this opportunity in other geographies as part of its Energy retailer strategy.

More about Total Gas & Power (UK business)

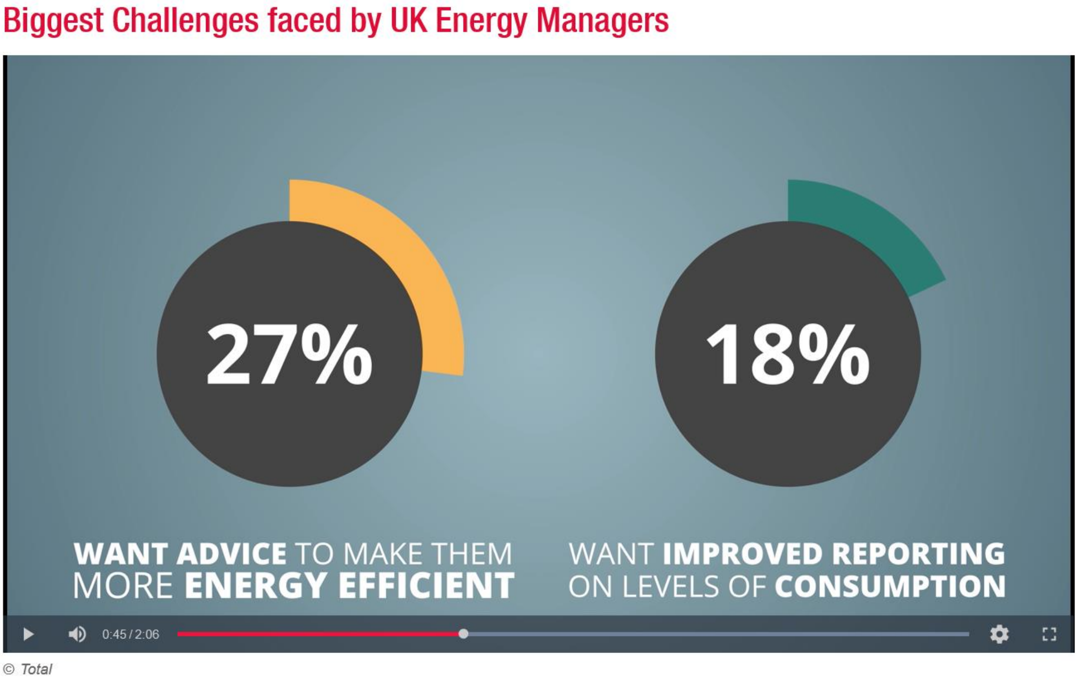
We highlight two slides of interest on the Total G&P website. Total is trying to help its business customers reduce their energy usage, and also to bring improved transparency of its billing and charges:

Total - Bringing transparency to UK business energy customers



© Total

According to a PwC survey commissioned by Total G&P:



Source: Videos on www.gas-power.total.co.uk/business-gas-electricity/large-businesses.

About Total SE (TOTF.PA, Market Cap €75.1bn)

- Total SE was created through two successive mergers – Total merged firstly with Belgian oil company Petrofina, and the second merger with Elf Aquitaine. In 2003 the Group re-branded as Total SE, uniting the three brands.
- CY19 Revenue €176.2bn.
- Operations in 130 countries.
- Operating from 800 industrial sites.
- Global #2 in LNG (est. 10% market share in 2020).
- 104,000 employees.
- 14,000 service stations serving 8 million customers per day.

Source: www.total.com/infographics/key-figures

UK – New Pilot

Large global energy company (unnamed) – 12-mth e-billing paid pilot in UK

BID will perform a 12-mth paid pilot for an e-billing solution for a large global energy company to cover their electricity retailing rollout in the UK. This appears to be aimed at the 2.5 million meters in the C&I segment (Commercial & Industrial). A formal rollout is expected in 2021.

BID will collate energy consumption data from multiple sources, daily, to create electronic PDF bills that C&I customers will be able to access through a dedicated online portal. The bills will be fully validated back to meter data before being posted to the portal. The portal will also deliver advanced RPA capabilities (Robotic Process Automation).

The portal can be branded (white-labelled) and made available electronically for end clients.

Our comments:

- There was no separate ASX announcement for this agreement, which implies to us that the pilot was not material in dollar terms (not surprising as just a pilot).
- However, as it is for a **large global** energy company, and BID will effectively be providing the billing engine, and validation, and the UK is generally 3x larger than the Australian market, we think this has the potential to become a material contract once in full rollout phase in a years' time. We show a table below of the major and up and coming energy retailers in the UK (there are some very interesting names there).
- It also partly validates BID's perseverance in the UK market (BID annual revenues for UK just A$226k after 3 years in that market, including having BP as a foundation customer). This could become BID's first large value UK customer.
- This is the first time we can recall BID providing the full billing solution in the UK. So, it represents a potentially important new increment to BID's offering.

UK Energy Suppliers (& ownership)	UK Customers Est. (m)
The "Big 6" energy suppliers	
British Gas (Centrica plc, CNA.L, Mkt Cap £ 2.4bn)	5.13
Scottish Power (Iberdrola SA, IBE.MC, Mkt Cap € 68bn)	2.70
Npower (E.ON SE, EONGe.DE, Mkt Cap € 26bn)	2.16
E.ON (nee Powergen)(E.ON SE, German listed, Mkt Cap € 26bn)	3.24
EDF Energy (largely owned by the French government)	2.97
SSE plc (SSE.L, Mkt Cap £ 13bn)	3.51
Sub-total	**19.71**
The "New" gas and electricity suppliers	
Ovo Energy (private; launched 2009; acqd SSE's retail arm Jan 2020)	1.35
Shell Energy (Royal Dutch Shell, RDSa.AS; Mkt Cap € 80bn)(acqd First Utility 2018)	0.81
Octopus Energy (Octopus Investments; launched 2016)	0.54
Bulb Energy (private)(launched 2013)	1.08
Sub-total	**3.78**
Others	
Co-Operative Energy (Co-op; commenced 2010)	0.27
Green Energy	0.01
Green Star Energy	0.27
Pure Planet	0.10
So Energy	0.17
Telecom Utility Warehouse	0.54
Tonik	0.13
Utilita Energy	0.54
66 Others listed	n/a
Total: 84	

Source: www.theEnergyShop.com/energy-suppliers

Hungary

BID launch into Hungary – with Core Energy Services Kft

In the March quarterly report, BID announced an agreement with Core Energy Services, a leading European energy services consultancy group operating in several countries, to launch in Hungary in June 2020 for "up to an initial" 1,000 sites over 12 months.

- We understand this was an opportunistic move by BID after receiving an approach from Core Energy Services, which seems to be a credible partner. We review and translate their website below.
- Hungary: Population 9.8 million (2019):

Refer: coreenergy.hu/ (in Hungarian)

Core Energy Services Kft (Limited Liability Company) – Independent energy procurement, management and advice for both business and industrial consumers.

Is an independent energy procurement consulting company, its founders have more than 20 years of experience in the international energy market. Core Energy greatly improves the energy procurement processes and profitability of businesses and large companies. Many energy buyers across Europe have taken advantage of core energy management's experience over the past 20 years. Core Energy provides a number of solutions for both business and industrial consumers that can significantly reduce your energy costs. We will first assess your individual needs, then work out the strategy that best suits your business; we have no template solutions.

Why choose us?

Core Energy offers innovative solutions tailored to the needs of its customers in many areas of energy cost reduction, from small and medium-sized businesses to large industrial consumers. What we are good at: Developing creative, innovative and sustainable solutions in an ever-changing market environment.

Germany

BID to launch with an existing partner into Germany

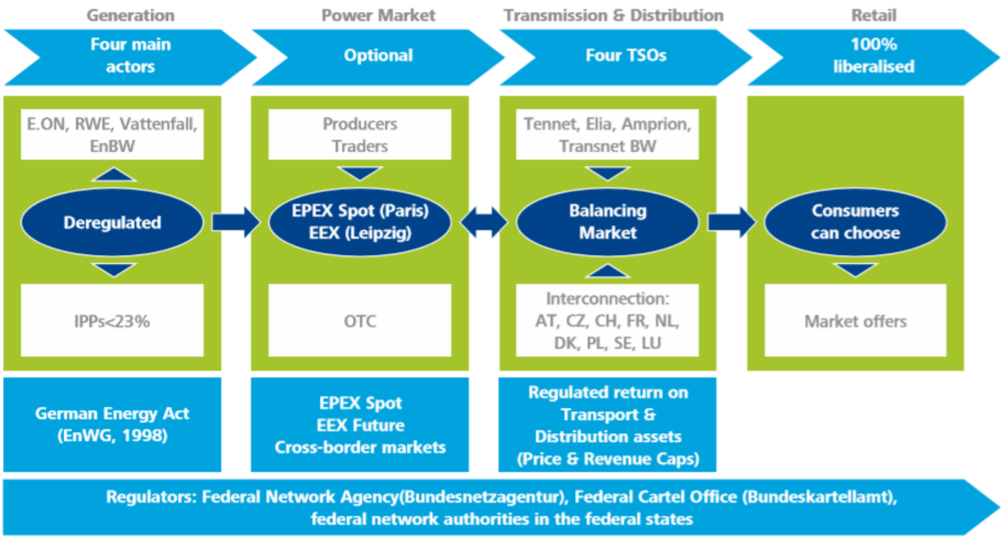
In the June quarterly, BID has announced that it is working with **an existing partner** to progressively rollout services in the German market. BID's RPA (Robotic Process Automation) platform and "bots" have been trained to read different languages on utility bills, allowing BID to entertain new non-English geographic expansion.

In addition, BID has added the ability to read scanned paper bills to its RPA platform, which solves the manual workflow issue associated with countries like the USA and within parts of Europe where many retailers still issue paper based utility bills.

In Germany, there were more than 900 distribution systems operators (DSOs) according to a 2015 Deloitte report (a separate survey / report by Statista in 2014 covered 1,057 electricity suppliers, so > 1,000 suppliers).

The Verbraucherzentrale (consumer association) says that customers could save money by routinely comparing prices and changing their contracts accordingly. German customers can choose from at least 20 different providers that cover the entire country, and from more than 50 providers that cater to 85 percent of all households, according to the BDEW (German Association of Energy and Water Industries).

Figure 8. Market mechanism



Source: Deloitte, European energy market reform – Country profile – Germany, 2015, p4.

The largest electricity providers in Germany are as follows:

German Energy Suppliers	Sales (2018) €. (m)
The Top 5 energy suppliers	
Uniper SE (UN01.DE, Market Cap €10.8bn)	25.5
E.ON AG (EONGn.DE, Market Cap € 25.6bn)	22.1
Energie Baden Wuerttemberg AG (EnbW)(EBKG.DE, Market Cap € 15.2bn)	20.6
Innogy SE (since Sept 2019 a subsidiary of Eon AG. see above)	20.4
RWE AG (RWEG.DE, Market Cap € 22.6bn)	13.4
Sub-total	**102.0**

www.strom-magazin.de/info/top-10-stromversorger/

Statista Survey of German retail customers

We were unable to find a volume or value-based list of the > 1,000 electricity providers in Germany. However, we did find another source of some further names.

The following illustration also shows the 40 regional winners from a Statista consumer survey (5,934 consumers) regarding various "tariff factors". Clearly there is plenty of competition in Germany (and probably associated complexity in choosing the best provider). We think the German market represents an excellent growth opportunity for BID with a large number of separate regions, large complexity and > 1,000 electricity providers.

Source: Statista, Electricity Customers & Providers, 2015. Tariff survey, 40 Regional champions, p17. N= 5,934 customers surveyed on various tariff factors (price, flexibility, price guarantees, price alternatives and price transparency); NB. Naturstrom performed best overall but did not rank first in any region. Survey conducted September/ October 2014; 1,057 electricity suppliers.

Potential Share Price Catalysts

1. Quarterly cash flow and operations reports demonstrating continued growth in customer numbers, meters under management and revenues.
2. AGM in November.
3. **Major new direct customer wins**.
4. **Progress with major Facilities Management companies** (potential "one sale to many" underlying customers).
   ● Eg1: Cushman & Wakefield signed Dec 2018 (Aust only, 17 tier 1 customers);
   ● Eg2: JLL – 1 global client signed Oct 20.
5. **Progress with major Utilities** (potential "one sale to many" underlying customers).
   ● Eg1: Origin Energy – Aust C&I energy portal announced Aug 19.
   ● Eg2: Total Gas & Power – UK SMB pilot announced July 20.
   ● Eg3: Large un-named global energy coy – UK C&I pilot announced July 20.
6. **Progress with new product launches**.
   ● Eg1: Concierge (nee Bid Billy) launched with Xero (XRO) in Aust Sept 20;
7. **New country roll-outs.**
   ● Eg1: Hungary roll out with 1 partner announced April 20;
   ● Eg2: German launch announced July 20.
   ● We also think that JLL's global banking client brings a soft, manageable entry by BID into 37 mostly new countries (we think the client's banking offices are likely to be in the major cities and towns only).
8. **Customer Size** - We would also like to see a gradual increase in the size of new customer wins in the UK and USA as BID build its capability to handle potentially very large accounts.
9. **Becoming cash flow positive** (we expect in FY22).
10. **Becoming Ebitda and NPAT positive** (we expect in FY22).

Growth Drivers

We have identified 7 key growth drivers for BID:

1. Large multi-site customers in Australia, Small /Medium accounts in UK & USA or region specific accounts as BID gradually builds its international capability, trains its robots / systems, and increases the level of automation in each market.
2. Faster expansion via Facilities Management (FM) strategy (e.g. More FM customers like Cushman & Wakefield and developing the new JLL relationship).
3. Faster growth via Partnership strategy with independent energy brokers (called TPI's in the UK). BID now has 9 of these organisations as customers / partners (Carbon Numbers, Catalyst Commercial, Optima Energy Systems, UCR, LG Energy Group, ESS, Power Solutions, National Energy Hub, and Axiom).
4. Geographic expansion strategy (BID was founded in Aust 2013; acqd the US Rebate business Nov 16 and commenced the US platform business from scratch soon thereafter; The UK commenced with BP as a foundation customer in Jan 18; Hungary commenced via a partner June 20; Germany commenced July 20 with a major UK customer.
5. New Products strategy (e.g. water bills, council rates bills, bill payment services).
6. New Wholesale Products strategy (e.g. energy billing portal for Origin Energy, electricity bill parsing facility for I-Select, and similar for an un-named UK energy retailer).
7. Concierge (nee BidBilly) – strategy for SME's, franchisees and potentially residential users. An Australian launch with Xero (XRO), a "trusted consumer brand" commenced Sep 20. Elements of BidBilly have already been deployed with customers such as iSelect here and Simble / UCR in the UK.

Valuation and Recommendation

Our Discounted cash flow valuation is $1.79 per share (previously $1.40), based on BID achieving approximately 1 million meters under management by June 2025.

However the timing of our medium term meter number target is uncertain, and could come faster or slower than we are forecasting depending on the take-up by large Facilities Management clients like Cushman & Wakefield and JLL, and penetration into large Utility Companies such as Origin Energy (Aust), Total Power & Gas (UK) and Aqua America (US water company).

We have decided to add a second valuation measure, being the year3 EV/ Sales multiple for BID's tech sector peers.

Our composite of "blended" valuation is $1.57 per share, calculated as follows:

BID - Composite Valuation	$m		Per Share
DCF valuation (19%, tax rate; 11.0% WACC, 4.0% terminal growth rate)	269.4	$	1.79
EV/ Sales (All Tech sector median FY3 EV/ Sales multiple)(4.7x)	127.4		
Projected net cash at end FY3	32.1		
Enterprise value	**159.5**	$	1.05
Blended Average (70% DCF, 30% EV/ Sales)		**$**	**1.57**

Source: Sequoia estimates

12-mth Price Target and Recommendation

We set our 12-month price target at $1.57 per share (was $1.40).

BID is still an early stage, and modest-loss making company in Australia but with a lot of opportunity still to be realised globally. The recent award of a 4 year contract for one of JLL's global customers (4,700 sites/ meters) looks to be a major break-through, although it is just one customer at this stage.

But given BID's December 2018 contract award by Cushman & Wakefield (17 underlying "tier 1" customers in Australia, with 10,500 meters/ sites) **we can see clear significant growth potential if these two FMs decide to adopt BID's platform more widely.**

The JLL contract is for "Sustainability Reporting" which is a new, although adjacent area for BID's Utility Bill Management (UBM) platform. So the JLL contract win potentially opens up a whole new adjacent segment for BID to pursue globally. Carbon reporting / Sustainability reporting is a major new growth segment, and is driven largely by regulation. It makes sense to us that business customers should get their utility bills and meters checked and validated and managed by the same provider who can also capture the data for sustainability reporting. We think BID is very nicely positioned, and the JLL customer could be an effective beach-head into this new segment.

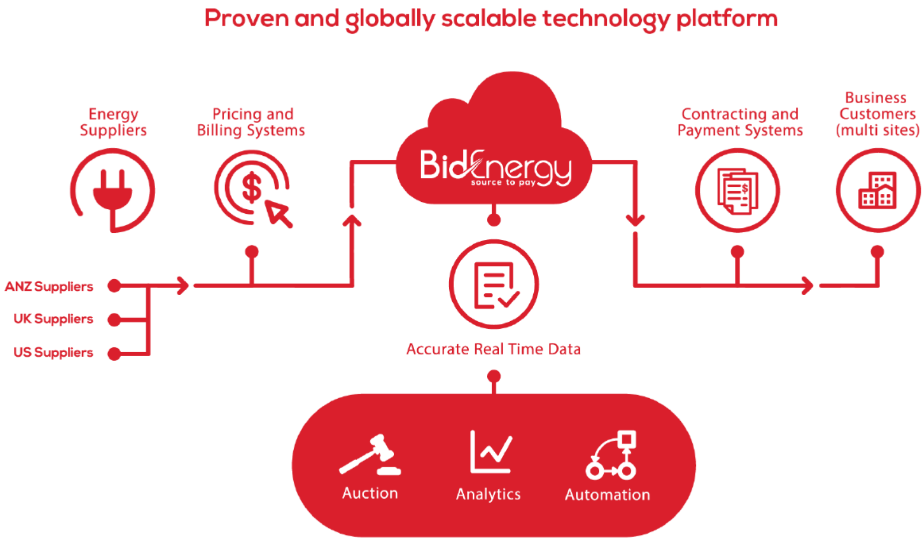
We re-iterate our Buy recommendation.

Our price target implies 36.5% upside from the current $1.15 share price.

Appendix 1 – 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.



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 (e.g. modules taken). Additional value-add modules are being introduced progressively (e.g. Procurement, water, council rates, advanced analytics).

BID's clients include Origin Energy (28,000 meters for 14,500 C&I customers), 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 128 unique customers including ~21 (our est.) in multiple countries making 149 agreements overall (Vs 53 unique customers at June 30, 2018):

- Australia ~96 enterprise customers (NB Cushman & Wakefield counted as a single client).
- New Zealand ~15 enterprise customers (Specsavers just expanded with BID to NZ).
- UK ~18 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 ~19 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; Toll Group; Cotton On (now 150 stores), Aqua America (water utility serving 3m people), Correlate Inc. and Apollo Edison USA (outsourced specialist energy consultants), Parkers (petrol & convenience stores) and Savers (apparel retailer).

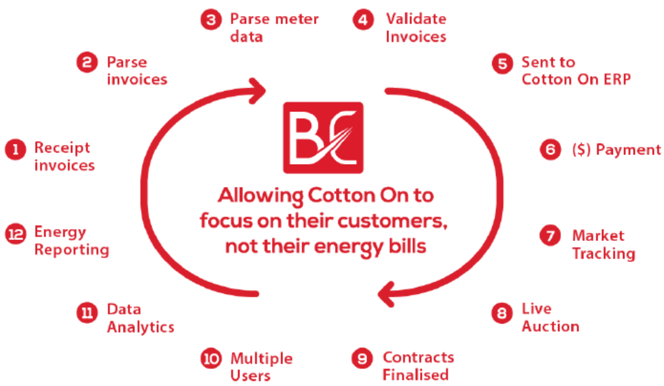
In December 2018 BID announced a major new contract with Cushman & Wakefield, a major international property and facilities management company. Commencing 1 July 2019 BID will manage approximately 10,200 meters on behalf of 17 major Australian clients of Cushman. We understand this includes a number 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 147,000 meters under contract (at June 2020, 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, Germany 58 million and the USA approximately 150 million meters.

BID is also exploring opportunities to enter new markets in Asia including Japan, Malaysia and Singapore. 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$60 per annum ($5-10 per month per meter). The addressable market of 300 million meters at the Australian revenue rate implies a breath-taking A$18 billion market opportunity for these markets alone. BID appears to be the first mover. A 5% market share could see annual revenues of around $900m.

BidEnergy solves the problem for Cotton On



Rebate Capture business, USA

BID acquired Real Win Win (RWW), a 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 now achieving success cross-selling the BID UBM 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 5
- USA 12
- Worldwide 52
- + India (Bangalore) 50-70 IT contractors as required

BID is currently loss-making and cash flow negative, but is growing rapidly. It is consistently signing new enterprise customers every quarter (5 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 around 1-2 years away.

BidEnergy Limited (BID) $ 1.150

Profit & Loss

Year end June ($m)	FY19	FY20	FY21e	FY22e	FY23e
Op. Revenue	5.3	9.4	12.9	18.4	27.1
Revenue growth	30.4%	77.0%	37.2%	43.2%	47.0%
Cost of Goods Sold	0.0	0.0	0.0	0.0	0.0
Gross Profit	**5.3**	**9.4**	**12.9**	**18.4**	**27.1**
Gross Profit Margin	100.0%	100.0%	100.0%	100.0%	100.0%
Other Income	0.1	0.1	0.0	0.0	0.0
Cash Operating Expenses	(9.0)	(13.1)	(13.8)	(14.4)	(15.2)
Share based payments (non ca	(2.5)	(2.2)	(2.5)	(2.5)	(2.5)
EBITDA	**-6.1**	**-5.9**	**-3.4**	**4.0**	**11.9**
Ebitda Margin	-115.2%	-62.5%	-26.2%	21.7%	44.0%
Depreciation & Amort	(0.5)	(1.1)	(1.1)	(1.2)	(1.2)
EBIT	**-6.7**	**-6.9**	**-4.5**	**2.8**	**10.7**
Ebit Margin	-125.4%	-73.8%	-34.8%	15.4%	39.6%
Net Interest Income (Expense)	0.1	0.0	0.1	0.1	0.1
Share of Assoc NPAT	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	**(6.6)**	**(6.9)**	**(4.4)**	**2.9**	**10.8**
Income Tax Credit (Expense)	0.0	(0.0)	0.0	0.0	(1.1)
Tax Rate	-0.5%	0.3%	0.0%	0.0%	-10.0%
Minorities (share of loss)	0.0	0.0	0.0	0.0	0.0
Abnormals	0.0	0.0	0.0	0.0	0.0
NPAT (reported)	**-6.6**	**-6.9**	**-4.4**	**2.9**	**9.7**
Adjustments (Abnormals)	0.0	0.0	0.0	0.0	0.0
NPAT (normalised)	**-6.6**	**-6.9**	**-4.4**	**2.9**	**9.7**

Balance Sheet

	FY19	FY20	FY21e	FY22e	FY23e
Cash	4.2	8.3	13.1	18.9	32.5
Receivables	0.3	0.5	0.6	0.9	1.4
Inventories	0.0	0.0	0.0	0.0	0.0
Other	0.7	0.2	0.7	0.7	0.7
Total current assets	**5.2**	**9.0**	**14.4**	**20.5**	**34.5**
Property, plant & equipment	0.0	0.0	0.0	0.0	0.0
Investments	0.0	0.0	0.0	0.0	0.0
Intangibles	2.2	2.5	2.5	2.5	2.3
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.0	0.0	0.0	0.0
Total non-current assets	**2.3**	**2.5**	**2.6**	**2.6**	**2.4**
Total Assets	**7.5**	**11.5**	**17.0**	**23.1**	**36.9**
Payables	-0.7	-1.1	-1.2	-1.5	-1.8
Interest bearing liabilities - Curr	0.0	-0.1	-0.1	-0.1	-0.1
Provisions	-0.3	-0.5	-0.5	-0.5	-0.5
Other	-0.2	-0.4	-0.4	0.5	0.5
Total Current Liabilities	**-1.2**	**-2.2**	**-2.3**	**-1.6**	**-1.9**
Interest-bearing liabilities - Non	0.0	-0.2	-0.2	-0.2	-0.2
Provisions	-0.1	-0.1	-0.1	-0.1	-0.1
Other	-0.2	-0.1	-0.1	-0.6	-3.3
Total Non-current Liabilities	**-0.3**	**-0.5**	**-0.5**	**-1.0**	**-3.6**
Total Liabilities	**-1.5**	**-2.7**	**-2.8**	**-2.6**	**-5.6**
Total Shareholders' Equity	**6.0**	**8.9**	**14.2**	**20.5**	**31.3**

Interims

Year end June	1H19e	1H20e	2H20e	1H21e	2H21e
Sales	**2.8**	**4.2**	**5.1**	**5.8**	**7.1**
Sales Growth (g)	23.8%	52.5%	103.9%	36.7%	37.6%
EBITDA	**-2.1**	**-3.7**	**-2.2**	**-2.5**	**-0.8**
EBITDA Margin	-75.4%	-86.7%	-42.6%	-43.7%	-11.9%
EBIT	-2.3	-4.2	-2.8	-3.1	-1.4
Equity Share of Assocs NPAT	0.0	0.0	0.0	0.0	0.0
NPAT (Reported)	-2.3	-4.2	-2.8	-3.1	-1.3
NPAT (Adjusted)	**-2.3**	**-4.2**	**-2.8**	**-3.1**	**-1.3**
EPS (adjusted)(cents)	**-2.1**	**-3.4**	**-2.1**	**-2.1**	**-0.9**
EPS Growth	4.2%	65.3%	-46.6%	-40.0%	-58.9%
DPS (cents)	0.0	0.0	0.0	0.0	0.0

Source: Sequoia estimates

Per share & Ratio data

Year end June	FY19	FY20	FY21e	FY22e	FY23e
Shares on Issue - Wavge (f/d)	109.5	125.2	150.1	153.1	154.1
Shares on Issue - at year-end	113.8	130.7	144.3	147.0	147.9
Reported EPS (cents)	(6.0)	(5.5)	(2.9)	1.9	6.3
Growth	34.1%	-7.9%	-47.1%	-165.9%	229.0%
P/E ratio (x)	-19.2x	-20.8x	-39.4x	59.8x	18.2x
EPS (normalised)(cents)	**(6.0)**	**(5.5)**	**(2.9)**	**1.9**	**6.3**
Growth	78.5%	-7.9%	-47.1%	-165.9%	229.0%
P/E ratio (x)	-19.2x	-20.8x	-39.4x	59.8x	18.2x
DPS (cents)	0.0	0.0	0.0	0.0	1.9
Franking	0%	0%	0%	100%	100%
Yield	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**1.6%**
OCF per share (cents)	-2.8	-2.5	-0.6	4.3	9.5
Price/OCF (x)	-40.4x	-46.6x	-207.1x	26.9x	12.1x
Enterprise Value $m	127.1	146.2	141.4	135.5	121.8
EV/ Sales	24.0x	15.6x	11.0x	7.3x	4.5x
EV/EBITDA	**-20.8x**	**-24.9x**	**-41.8x**	**33.9x**	**10.2x**
EV/EBIT	-19.1x	-21.1x	-31.6x	47.7x	11.4x
Liquidity & Leverage					
Net Cash (Debt) $m	4.2	7.9	12.7	18.5	32.1
Net Debt / Equity %	-70%	-89%	-92%	-94%	-101%
Net Debt / EBITDA	0.7x	1.3x	3.7x	n/a	n/a
ROA (EBIT / T.Assets) %	-88.7%	-60.0%	-26.3%	12.3%	29.1%
ROE (NPAT / T.Equity) %	-109.6%	-77.9%	-31.9%	15.0%	30.6%
Interest Cover (EBIT)	126.6x	197.9x	44.8x	-28.4x	-107.2x
Dividend Payout % (of adj EPS)	n/a	n/a	n/a	n/a	n/a

Cash Flow

	FY19	FY20	FY21e	FY22e	FY23e
EBITDA	-6.1	-5.9	-3.4	4.0	11.9
Chge in Working Capital	0.3	0.2	-0.1	-0.1	0.1
Interest Received (Paid)	0.1	0.0	0.1	0.1	0.1
Income taxes paid	0.0	0.0	0.0	0.0	0.0
Other (share based payments)	2.6	2.6	2.5	2.5	2.5
Operating cash flows	**-3.1**	**-3.1**	**-0.8**	**6.5**	**14.6**
Capex	0.0	-0.1	0.0	0.0	0.0
Acqns & Investments	0.0	0.0	0.0	0.0	0.0
Government Grants received	0.4	0.0	0.0	0.0	0.0
Other (Capitalised R&D)	-1.0	-1.2	-1.2	-1.2	-1.0
Net investing cash flows	**-0.7**	**-1.2**	**-1.2**	**-1.2**	**-1.0**
Equity raised (bought back)	2.7	8.2	6.8	0.4	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Change in Debt	0.0	0.2	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Financing cash flow	**2.7**	**8.4**	**6.8**	**0.4**	**0.0**
Change in Cash	**-1.1**	**4.1**	**4.8**	**5.8**	**13.6**

Revenue by Sector

	FY19	FY20	FY21e	FY22e	FY23e
BID platform - Australia & NZ	2.7	4.4	6.3	7.7	9.3
BID platform - UK	0.0	0.2	0.7	2.2	5.5
BID platform - USA	0.2	0.3	1.2	2.9	5.7
ESM Platform - Total	**3.0**	**5.0**	**8.2**	**12.9**	**20.4**
Rebate capture revenue - USA	2.4	4.4	4.6	5.6	6.7
Total Revenue	**5.3**	**9.4**	**12.9**	**18.4**	**27.1**

Directors Shareholdings		**Shares (m)**	**% of coy**	**Options (m**
Geoff Kleeman, Non-exec Chairman		0.202	0.2%	0.260
Guy Maine, MD		0.189	0.1%	2.686
Leanne Graham, NED		0.218	0.2%	0.814
David Hancock, NED	Proposed:	0.645	0.5%	0.225
Major Shareholders		**Shares (m)**	**% of coy**	
Thorney Investment Group		8.974	6.7%	
Blue Lagoon International Corporation (British Virgin Is		8.622	6.5%	
Merriwee Pty Ltd		6.250	4.7%	
Auction Design Pty Ltd (Anthony Du Preez - Co-founde		5.500	4.1%	
HSBC Custody Noms		4.218	3.2%	
Carolyn Palmer (Co-founder family)		2.787	2.1%	

Source: Refinitiv, Annual report

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Our team of diverse experts provide provides strategic and tailored investment advice to our clients. We specialise in advising our clients on portfolio management, SMSFs, direct shares, superannuation, structured products, option trading, personal insurance, margin lending, cash solutions and much more.

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Over the years we have developed numerous investments opportunities that give investors access to both local and foreign shares and indices that offer income and capital growth potential.

SSI can also offer a variety of solutions for professional advisers where we can provide white-label solutions for groups that want to retain their own branding.

• **Bourse Data –** is one of Australia's most trusted and leading suppliers of stock market analysis software and financial market data for private and professional investors and traders.

• **Finance News Network** (FNN) is an independent news organisation, specialising in the production and distribution of online finance news, digital communications and productions services for ASX-listed companies and managed funds. Annually FNN produces over 3,000 video news items and it's one of the largest suppliers of wholesale online finance video in Australia.

• **Morrison Securities** - provides seamless and cost effective third party stock broking execution solutions to AFSL holders such as financial planners, financial advisors, banks, building societies and trading educators.

Morrison Securities has been providing white labelled trading solutions to Broker Dealers (Shadow Broker) since 2007. We assist broker dealer groups in providing a superior product to their clients by offering a wholesale broking solution and a comprehensive range of white-label products.

CONTACT INFORMATION

CEO					
Garry Crole	+61 3 9209 9777	garrycrole@sequoia.com.au			
Compliance & Risk					
Michael Butler	+61 3 9209 9782	michael.butler@interprac.com.au	Te Okeroa	+61 2 8114 2297	teokeroa@sequoia.com.au
Shane Miller	+61 3 9209 9783	shane.miller@interprac.com.au	Rebecca McPherson	+61 3 9209 9743	rebecca.mcpherson@interprac.com.au
Peter Ho	+61 2 8114 2222	peterho@sequoia.com.au	Steve Kallona	+61 3 9209 9790	steven.kallona@interprac.com.au
Research					
Wayne Sanderson	+61 400-434-548	wayne.sanderson@sequoia.com.au			
Corporate Finance					
Alex Fabbri	+61 3 8548 3320	alexfabbri@sequoia.com.au	Richard Rouse	+61 417-485-663	richardrouse@sequoia.com.au
Chris Eldridge	+61 3 8548 3321	chriseldridge@sequoia.com.au			
Institutional Sales					
Enzo Salvatore	+61 3 8548 3376	esalvatore@sequoia.com.au	Chris Walker	+61 3 8548 3373	cwalker@sequoia.com.au
Wealth Management					
Hamish McCathie	+61 2 8114 2291	hmccathie@sequoia.com.au	Lachlan Owen	+61 3 8548 3372	lowen@sequoia.com.au
Alan Crute	+61 3 8548 3309	alancrute@sequoia.com.au	Luke Robinson	+61 3 8548 3310	lukerobinson@sequoia.com.au
Chris Walker	+61 3 8548 3373	cwalker@sequoia.com.au	Mark Wiseman	+61 3 8548 3379	mwiseman@sequoia.com.au
Chris Forte	+61 3 8548 3371	cforte@sequoia.com.au	Nick Katiforis	+61 3 8548 3380	nkatiforis@sequoia.com.au
Daniel McFarlane	+61 3 8548 3374	dmcfarlane@sequoia.com.au	Patricia Harrison	+61 2 8114 2263	pharrison@sequoia.com.au
David Dwyer	+61 2 8114 2261	ddwyer@sequoia.com.au	Patrick Trindade	+61 3 8548 3381	ptrindade@sequoia.com.au
David Thang	+61 3 8548 3375	dthang@sequoia.com.au	Peter Day	+61 3 8548 3312	peterday@sequoia.com.au
Dinesh Magesan	+61 7 3517 0841	dmagesan@sequoia.com.au	Prasanna Wickramatunge	+61 3 8548 3382	pwickramatunge@sequoia.com.au
Eason Tan	+61 3 8543 3313	easontan@sequoia.com.au	Rob Hughes	+61 3 8548 3383	rhughes@sequoia.com.au
Enzo Salvatore	+61 3 8548 3376	esalvatore@sequoia.com.au	Rowland Jiang	+61 2 8114 2264	rjiang@sequoia.com.au
Howard Elton	+61 3 8548 3377	helton@sequoia.com.au	Shane Langham	+61 7 3517 0842	slangham@sequoia.com.au
Jim Yong	+61 7 3517 0843	jyong@sequoia.com.au	Sue McDonald	+61 3 8548 3384	smcdonald@sequoia.com.au
Kate Hanrahan	+61 3 8548 3378	khanrahan@sequoia.com.au	Xiaoming Huang	+61 3 8548 3385	xhuang@sequoia.com.au
InterPrac Financial Planning					
Garry Crole	+61 3 9209 9777	garrycrole@interprac.com.au	Mark Ryan	+61 3 9209 9763	mark.ryan@interprac.com.au
Jason Hayes	+61 422 465 110	jason.hayes@interprac.com.au	Samantha Amos	+61 3 9209 9684	samantha.amos@interprac.au
Glenn Loadsman	+61 2 8114 2222	glenn.loadsman@interprac.com.au	Sharon Walker	+61 421 214 299	sharon.walker@interprac.com
Insurance					
John Plim	+61 1800 086 666	john.plim@interprac.com.au	Matthew Plim	+61 1800 086 666	matthew.plim@interprac.com.au
Marissa Lemmings	+61 1800 086 666	marissa.lemmings@interprac.com.au	Skye Hutchinson	+61 1800 086 666	skye.hutchinson@interprac.com.au
Self-Managed Superannuation Administration					
Mark Phillips	+61 3 9209 9777	mark.phillips@smsfengine.com.au	Linda Phillips	+61 3 9209 9777	linda.phillips@smsfengine.com.au
Morrison Securities					
William Slack	+61 2 8114 2299	williamslack@sequoia.com.au	Jodie Nair	+61 2 8114 2218	jodienair@morrisonsecurities.com.au
Alex Szabo	+61 2 8114 2253	alexanderszabo@sequoia.com.au			
Legal Documents					
Haley Craig	+61 3 9202 9744	haley.craig@ntaacorporate.com.au	Shahina Dangol	+61 3 9209 9775	info@ntaacorporate.com.au
Runy Devine	+61 3 9209 9729	info@ntaacorporate.com.au	Eimear Hester	+61 3 9209 9727	info@ntaacorporate.com.au
Financial News Network (FNN)					
Clive Tomkins	+61 2 8294 4302	clive@finnewsnetwork.com.au	Matt Wilson	+61 3 9209 9775	matthewwilson@sequoia.com.au

Recommendation Criteria

Investment View

The Sequoia Wealth Management (SWM) Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield.

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

A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view.

Risk Rating

SWM has a four tier Risk Rating System consisting of: Very High, High, Medium and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

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