

Vodafone contract extension and expansion

Comms Group Ltd (ASX:CCG) has announced an extension of the Vodafone contract term to a minimum five-years together with an expansion in the range of services provided in delivering voice connectivity for Microsoft Teams, including the more advanced Operator Connect. The extended agreement also includes a minimum monthly payment to CCG of A\$30k beginning October 2023. While our Vodafone assumptions are unchanged, and our medium-term expectations for Vodafone well above the minimum monthly payment, the revised agreement improves visibility and demonstrates Vodafone's commitment to the relationship. Microsoft Teams now has more than 300m monthly active users, on a global basis, with only a fraction currently using its voice-calling plan, offering significant growth for Teams voice connectivity enablers such as CCG. Separately, CCG has provided guidance for FY23 and FY24 which is more or less in-line with current RaaS estimates. A strategic portfolio review has also been initiated to examine options to maximise shareholder value, the board believing the current share price does not reflect the sum of the parts. Our DCF valuation is unchanged at \$0.18/share and we have maintained our forecasts.

Business model

CCG operates three largely independent divisions, but all operate in the broad communications space. The Global division is a niche player in the corporate voice market, predominantly offering wholesale solutions for users of Microsoft Teams across the Asia Pacific. The SME Telco division is essentially a telco service provider to Australian corporates with under 500 employees, while the ICT Services division provides ICT managed services to mid-tier Australian corporates.

Vodafone/Teams partnership is a key growth avenue for CCG

Microsoft Teams is the world largest meetings provider with monthly active users now ~300m as at April 2023, with only a fraction (~20m at December 2022) using the phone system component. CCG provides voice connectivity for Teams to wholesale clients such as Vodafone which then sell a Teams UCaaS solution to their clients. The uptake of the Vodafone solution has been slow but Microsoft Operator Connect offers a simplified, customer-focused and enhanced voice-connectivity option for Teams. The extended and expanded CCG agreement with Vodafone incorporates Operator Connect and is likely to accelerate users onboarding to the Vodafone offering. This revenue stream is a key plank in our growth forecasts into FY27 for the Global division of CCG.

Valuation of \$0.18/share or \$70m market cap fully-diluted

Both a DCF and peer multiple valuation are suitable for CCG. From a peer multiple perspective, using FY23 estimates, CCG is trading at a 30% premium to the average listed (profitable) peers (4.9x EV/EBITDA) despite little Vodafone revenue but some associated start-up costs, and little restructuring benefits. The average peer multiple was ~6.4x just three-months ago, and now sits well below recent M&A multiples of ~8.1x EV/EBITDA. Our DCF remains \$0.18/share, underpinned by the recent cost reductions, Teams calling penetration and modest revenue growth/stable gross margins across the ICT/SME businesses. As a sense check, our DCF implies an FY25 PER of 15.4x and EV/EBITDA of 8.0x based on our estimates, while recent M&A multiples would imply a share price of \$0.091/share using FY23 estimates and \$0.14/share using FY24 estimates.

Historical earnings and RaaS estimates (in A\$ unless otherwise stated)

Year end	Revenue	EBITDA Adj.	NPATA Adj.	EPS Adj.	PER (x)	EV/EBITDA (x)	EV/EBIT (x)
06/22a	41.3	3.7	2.4	0.007	10.0	8.1	10.5
06/23f	51.9	4.9	2.3	0.006	11.6	6.5	8.5
06/24f	55.5	7.4	3.8	0.010	7.1	3.9	4.7
06/25f	58.7	8.2	4.6	0.012	6.0	3.1	3.6

Source: FY22 actual, RaaS estimates FY23f, FY24f and FY25f

IT Services & Software

22 June 2023

Share Details

ASX code	CCG
Share price (21-Jun)	\$0.07
Market capitalisation	\$26.2M
Shares on issue	379.0M
Net debt at 31-Dec-22	\$7.4M
Free float	39%

Share Performance (12 Months)



Upside Case

- Microsoft Teams and wholesale voice services uptake of voice telephony across APAC
- Additional product/services revenue across SME and ICT
- Complementary acquisitions

Downside Case

- Competition from new telephony products
- Loss of key SME/ICT contracts
- Integration of acquisitions

Board of Directors

John Mackay	Non-Executive Chair
Peter McGrath	Executive Director/CEO
Claire Bibby	Non-Executive Director
Benjamin Jennings	Non-Executive Director
Ryan O'Hare	Non-Executive Director

Comms Group Contact

Peter McGrath (CEO)
investors@commgroup.limited

RaaS Contacts

John Burgess	+61 410 439 723 john.burgess@raasgroup.com
Finola Burke	+61 414 354 712 finola.burke@raasgroup.com

Microsoft Teams And CCG

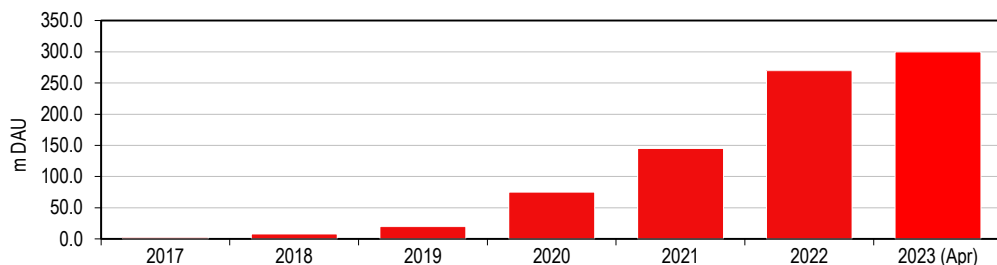
CCG has particular expertise in providing voice-telephony solutions as part of the Microsoft Teams UCaaS solution for PSTN users (Public Switched Telephone Network) in the APAC region.

According to Statista, Microsoft Teams was the most popular meeting provider for companies worldwide in 2022, with 55.4% of companies using the tool, just ahead of Zoom (52.3%), Microsoft Skype for Business (34.4%), and Cisco Webex Meetings (33.8%).

Daily usage of Microsoft Teams has grown exponentially in recent years, from just 2.0m daily users in 2017 to 300m in April 2023, taking share across every category from collaboration to chat to meetings to calling.

All 365 plans allow Teams users to make calls while 80% of enterprise customers use five or more 365 applications. More than 100 organisations have >100k users while >3,000 organisations have >10k users.

Exhibit 1: Number of daily active users of Microsoft Teams worldwide 2017-2022



Source: Statista & Microsoft

In recent earnings calls, Microsoft disclosed 12m PSTN (Public Switched Telephone Network) users at July 2022, which is likely to be closer to 20m in March 2023 following comments that PSTN users had nearly doubled from the pcp. In the Q1 FY23 call Microsoft noted PSTN users had grown by double digits for five quarters in a row.

CCG essentially provides the interface between Teams and the PSTN for its wholesale clients, and the low but growing penetration of Teams calling in a growing Teams ecosystem suggests significant growth ahead for Teams voice solution providers such as CCG. Accessing the PSTN for calls improves the quality and security of calls as they are routed over the carrier networks, not the internet, and calls are prioritised over data.

The next leg of Teams calling growth is likely to come from Operator Connect and Teams Phone Mobile (previously called Operator Connect Mobile).

Operator Connect allows participants in the Microsoft Operator Connect Program (of which Vodafone is one) to manage the provision of PSTN to Teams. Functions such as the assignment of numbers to Teams is orchestrated and from a state-of-the-art Session Border Controller as a Service (SBCaaS – another term to add to the glossary!). Selecting and changing providers is easier using Operator Connect.

Operator Connect is also seen as a gateway or enabler of a broader range of solutions that could be offered down the track.



Teams Phone Mobile allows the integration of mobile devices with Teams for easier calling and collaboration. Teams Phone Mobile enables anywhere access to Teams all via a single, business-provided number for both mobile and desktop devices.

Vodafone And CCG

Initially announced in March 2022, the Teams offering went live in October 2022 but has seen uptake due to the pending release of Microsoft Operator Connect, said to be bringing a more simplified, customer focused and enhanced environment at a more competitive price. Operator Connect allows Vodafone to manage the PSTN connection to Teams and bring true enterprise telephony to customers.

Vodafone is an example of a wholesale UCaaS client, meaning the CCG provides the interface for Teams as part of Vodafone's customised Teams offering to its own customers.

CCG will provide advanced orchestration and automation capabilities to automate many processes, with solutions including Microsoft Teams calling (direct-routing), SIP trunking, and value-added services (including call recording, call reporting, contact centre and Teams-to-text messaging).

Key terms to the revised contract include:

- Five-year minimum commitment period, after which the service will be provided on a month-to-month basis and may be terminated by either party with a minimum notice period of 12-months;
- Services will be provided to Vodafone's Business Enterprise team which services Multinational Corporations as well as Vodafone UK and Germany;
- Revenue for CCG will be based on the number of users onboarded; and
- Vodafone will pay CCG a minimum A\$30k/month beginning October 2023.

In its H1 FY23 result presentation the Vodafone Business division revealed:

- >6m customers worldwide with 150m+ connections;
- Business represents 28% group revenue;
- For unified solutions the group has 140k customers and 5.7m users; and
- A perceived competitive advantage across network infrastructure, product development, scalable platforms, and access to partners.

Our revenue assumptions for FY25 include \$3.2m from Vodafone (against the minimum \$360k), which implies ~150k users or ~2.5% of Vodafone's total unified customers globally by our estimates.

FY23 And FY24 Guidance And Strategic Review

CCG has provided detailed guidance for FY23 and EBITDA guidance for FY24.

FY23 Guidance

Revenues in excess of \$51m (at least +23% in FY22) against a RaaS estimate of \$51.8m.

Gross profit of around \$24m against a RaaS estimate of \$24.4m, implying a **gross margin** of 47%, ~10bps above FY22.

Underlying EBITDA of between \$4.8m and \$5.0m against FY22 EBITDA of \$3.6m and a prior RaaS estimate of \$5.07m. The shortfall relative to RaaS estimates is the timing of cost synergies.

FY24 Guidance

Underlying EBITDA of ~\$7.0m, which implies growth of 40%-45% on FY23 and compares to RaaS estimates of \$7.7m, now revised down to \$7.4m. The June 2023 EBITDA run-rate is said to be between \$5.5m-\$6.5m.

Strategic Review

Separately the Board has commenced a Strategic Review of the groups portfolio to consider all options available to maximise shareholder value, believing the sum of the parts is worth more than the group's current market valuation.

By definition, the RaaS DCF valuation of \$0.18/share also suggests this, with much of the upside forecast in the Global division.

The divisional run-rate EBITDA in June 2023 (including most cost reductions) is said to be:

- SME \$4.5m-\$5.0m;
- ICT \$2.0m-\$2.5m;
- Global \$1.0m;
- Head Office/Corporate -\$2.0m;
- Group \$5.5m-\$6.5m.

Value could be extracted by selling one or more of the divisions well above the current group multiple.

Peer Comparisons

Exhibit 2 below summarises some key financial variables for the selected peer group with a mixture of FY22 and FY23 financial years.

Exhibit 2: Peer group FY23f financial comparison (in A\$m unless otherwise stated)

Company Name	Ticker	Share price (A\$/share)	Mkt. cap.	Net debt (cash) @ Dec-22	Adj. EBITDA	Revenue	FY22 Working capital/sales (%)	FY22 GP margin (%)	Capex/sales (%)	EV/EBITDA (x)
Symbio	SYM	1.90	161	-38.1	26.6	203	7	0.47	3	4.6
Dubber	DUB	0.18	55	-56.7	-40.0	42	(12)	0.07	12	0.0
Field Solutions	FSG	0.05	36	-5.3	4.6	60	(5)	0.53	27	6.7
Pentenet	5GG	0.07	21	-5.7	-3.3	23	(16)	0.44	56	-4.6
Spirit Technology	ST1	0.04	24	9.4	9.0	128	(1)	0.50	2	3.7
Activeport	ATV	0.11	32	0.2	-4.0	17	(11)	0.41	0	-8.0
Cirrus Networks	CNW	0.03	29	-9.5	3.5	110	(5)	0.32	0	5.5
Vonex	VN8	0.03	11	19.0	7.5	42	(18)	0.49	0	4.0
AVERAGE							(8)	0.41	13	4.9
Comms Group	CCG	0.07	26	5.6	4.9	51.9	3	0.47	0	6.5

Sources: Company financials, Refinitiv Eikon; Prices as of 11 April 2023; # SYM, FSG, ST1, CNW, VN8, BCC

Looking at CCG relative to the peer group we would highlight the following:

- Five of the eight are profitable;
- The majority have a net cash position, with only VN8, ST1, and CCG having net debt supported by positive adjusted EBITDA;
- The capital intensity (as measured by FY22 capex/sales) varies significantly between peers, with 5GG and FSG relatively high as they are building physical networks, while the balance of peers (and CCG) is very low as they utilise third-party networks, with the cost in the COGS line;
- Based on FY23 estimates CCG is trading at a 17% premium to the estimated 4.9x adjusted peer EBITDA multiple (of those with positive-adjusted EBITDA).
- The average share price of the peer group has declined 23% over the last 3-months against a 4% increase for CCG; and
- The average peer FY23 EV/EBITDA multiple has declined from 6.4x to 4.9x over the last 3-months.

Investment Case Revisited

CCG has established a solid earnings base from which to expand organically and via acquisition. Consider the following:

- Management has forecast pro-forma FY23 revenue at \$50m+ and EBITDA of \$4.8m-\$5.0m despite some start-up costs associated with Vodafone and synergy timing delays.
- Excess resourcing and office capacity should see gross cost savings of \$2.4m over FY24 returning underlying EBITDA to previously guided levels of ~\$7.0m.
- Significant growth is expected in the Global division, with management divisional valuation assumptions in FY22 assuming at least 8% medium-term revenue growth. This growth is driven by UCaaS wholesale deals for Microsoft Teams into the likes of Vodafone and KDDI, and other CPaaS deals, with FY24 likely to be the first material year with the introduction of Microsoft Operator Connect.
- CCG is piggy-backing Microsoft Teams in the Asia Pacific, the most popular meetings tool worldwide with ~300m monthly users in Q3 FY23 according to Microsoft, up from just 2m active daily users in 2017. With only ~20m Teams calling users currently and the recent introduction of Teams Phone Mobile and Operator Connect there is ample growth for UCaaS Teams voice solution providers like CCG.
- The SME Telco and ICT Services divisions offer more modest growth but recurring revenue of ~95% under three-year+ contracts provide some revenue/earnings security. There is upside from cross-selling, an extension of services offered, and strengthening regional positions in the key states of NSW, VIC and QLD.
- While CCG is trading at a 17% premium to the (profitable) peer average using FY23 EV/EBITDA multiples-based consensus estimates, this multiple has contracted 150bps over the last 3-months. Recent M&A multiples (8.1x EBITDA) imply a share price closer to \$0.091/share.
- Our DCF valuation is \$0.18/share.
- Key management is incentivised by both tenure and the share price reaching and maintaining levels between \$0.125/share and \$0.20/share medium term. This implies a minimum of 95% share price upside should performance hurdles be met.

Exhibit 3: CCG Financial Summary

Comms Group Limited (ASX:CCG)						Share price (21 June 2023)						A\$	0.070							
Profit and Loss (A\$m)						Interim (A\$m)						H122A	H222A	H123A	H223F	H124F	H224F			
Y/E 30 Jun	FY21A	FY22A	FY23F	FY24F	FY25F	Revenue	17.4	24.0	26.1	25.8	27.4	28.1	Revenue	17.4	24.0	26.1	25.8	27.4	28.1	
Revenue	25.2	41.3	51.9	55.5	58.7	EBITDA	1.9	1.7	2.3	2.6	3.4	4.0	EBITDA	1.9	1.7	2.3	2.6	3.4	4.0	
Gross profit	11.5	19.4	24.4	26.1	27.6	EBIT	1.0	0.3	0.8	1.1	1.8	2.5	EBIT	1.0	0.3	0.8	1.1	1.8	2.5	
GP margin %	45.5%	46.9%	47.1%	47.1%	47.1%	NPATA (normalised)	1.5	1.0	1.0	1.2	1.7	2.1	NPATA (normalised)	1.5	1.0	1.0	1.2	1.7	2.1	
EBITDA	2.7	3.7	4.9	7.4	8.2	Adjustments	(0.9)	(0.6)	0.7	0.0	0.0	0.0	Adjustments	(0.9)	(0.6)	0.7	0.0	0.0	0.0	
Depn	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)	NPAT (reported)	(0.4)	(0.6)	0.8	0.3	0.7	1.3	NPAT (reported)	(0.4)	(0.6)	0.8	0.3	0.7	1.3	
RoU	(0.3)	(0.8)	(1.0)	(1.0)	(1.0)	EPS (adjusted)	0.004	0.003	0.003	0.003	0.004	0.006	EPS (adjusted)	0.004	0.003	0.003	0.003	0.004	0.006	
Amortisation	(0.8)	(1.6)	(1.9)	(1.8)	(1.7)	Dividend (cps)	0.000	0.000	0.000	0.000	0.000	0.000	Dividend (cps)	0.000	0.000	0.000	0.000	0.000	0.000	
EBIT	1.6	1.3	1.9	4.4	5.3	Imputation	0.0	0.0	0.0	0.0	0.0	0.0	Imputation	0.0	0.0	0.0	0.0	0.0	0.0	
Interest expense	(0.1)	(0.5)	(1.1)	(0.8)	(0.5)	Operating cash flow	na	na	na	na	na	na	Operating cash flow	na	na	na	na	na	na	
Tax	(0.1)	0.1	(0.4)	(1.6)	(2.0)	Free Cash flow	na	na	na	na	na	na	Free Cash flow	na	na	na	na	na	na	
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Divisonals	H122A	H222A	H123A	H223F	H124F	H224F	Divisonals	H122A	H222A	H123A	H223F	H124F	H224F	
NPATA normalised	2.2	2.4	2.3	3.8	4.6	Revenue	17.4	24.0	26.1	25.8	27.4	28.1	Revenue	17.4	24.0	26.1	25.8	27.4	28.1	
Adjustments	(0.8)	(1.6)	0.0	0.0	0.0	Global	5.2	4.8	5.6	5.2	6.0	6.4	Global	5.2	4.8	5.6	5.2	6.0	6.4	
NPAT (reported)	0.6	(0.7)	0.4	2.0	2.8	SME	12.1	12.3	12.2	12.4	12.6	12.8	SME	12.1	12.3	12.2	12.4	12.6	12.8	
Cash flow (A\$m)						ICT	-	6.7	8.3	8.1	8.5	8.7	ICT	-	6.7	8.3	8.1	8.5	8.7	
Y/E 30 Jun	FY21A	FY22A	FY23F	FY24F	FY25F	Other	0.1	0.2	0.1	0.1	0.2	0.2	Other	0.1	0.2	0.1	0.1	0.2	0.2	
Adj EBITDA (after rent)	2.3	2.9	3.9	6.4	7.2	Gross profit	8.0	11.4	12.3	12.1	12.9	13.2	Gross profit	8.0	11.4	12.3	12.1	12.9	13.2	
Interest	(0.1)	(0.2)	(1.1)	(0.8)	(0.5)	Gross Profit Margin %	45.9%	47.6%	47.1%	47.1%	47.1%	47.1%	Gross Profit Margin %	45.9%	47.6%	47.1%	47.1%	47.1%	47.1%	
Tax	(0.0)	0.0	0.0	(1.6)	(2.0)	Employees	4.3	6.8	7.3	6.8	6.8	6.3	Employees	4.3	6.8	7.3	6.8	6.8	6.3	
Working capital/other	(1.7)	(1.7)	(0.8)	(0.1)	(0.1)	Administration	0.6	0.6	0.6	0.6	0.6	0.6	Administration	0.6	0.6	0.6	0.6	0.6	0.6	
Operating cash flow	0.5	1.0	2.1	3.9	4.6	Other	1.2	2.3	2.0	2.2	2.1	2.2	Other	1.2	2.3	2.0	2.2	2.1	2.2	
Mtce capex	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)	Total costs (ex SBP/1-off)	6.1	9.7	10.0	9.5	9.5	9.2	Total costs (ex SBP/1-off)	6.1	9.7	10.0	9.5	9.5	9.2	
Capitalised Software	(0.5)	(0.7)	(0.4)	(0.4)	(0.3)	EBITDA	1.9	1.7	2.3	2.6	3.4	4.0	EBITDA	1.9	1.7	2.3	2.6	3.4	4.0	
Free cashflow	(0.1)	0.1	1.5	3.3	4.1	EBITDA margin %	11.0%	7.3%	8.9%	10.1%	12.2%	14.4%	EBITDA margin %	11.0%	7.3%	8.9%	10.1%	12.2%	14.4%	
Acquisitions/Disposals	(2.7)	(10.7)	(1.9)	0.0	0.0	Margins, Leverage, Returns		FY21A	FY22A	FY23F	FY24F	FY25F	Margins, Leverage, Returns		FY21A	FY22A	FY23F	FY24F	FY25F	
Other	0.0	(0.2)	0.0	0.0	0.0	EBITDA margin %		10.7%	8.8%	9.5%	13.3%	14.0%	EBITDA margin %		10.7%	8.8%	9.5%	13.3%	14.0%	
Cash flow pre financing	(2.8)	(10.8)	(0.4)	3.3	4.1	EBIT margin %		6.2%	3.0%	3.6%	7.9%	9.0%	EBIT margin %		6.2%	3.0%	3.6%	7.9%	9.0%	
Equity	5.9	0.0	0.0	0.0	0.0	NPAT margin (pre significant items)		8.6%	5.9%	4.4%	6.8%	7.8%	NPAT margin (pre significant items)		8.6%	5.9%	4.4%	6.8%	7.8%	
Borrowings	0.0	8.1	0.6	(1.0)	(1.0)	Net Debt (Cash)	-	5.50	5.18	5.59	2.33	1.79	Net Debt (Cash)	-	5.50	5.18	5.59	2.33	1.79	
Net Dividends paid	0.0	(0.1)	0.0	0.0	0.0	Net debt/EBITDA (x)	(x)	-2.0	1.4	1.1	0.3	-0.2	Net debt/EBITDA (x)	(x)	-2.0	1.4	1.1	0.3	-0.2	
Change in cash	3.1	(2.7)	0.1	2.3	3.1	ND/ND+Equity (%)	(%)	(21.2%)	16.5%	17.2%	6.9%	(5.0%)	ND/ND+Equity (%)	(%)	(21.2%)	16.5%	17.2%	6.9%	(5.0%)	
Balance sheet (A\$m)						EBITDA interest cover (x)	(x)	47.4	7.6	4.6	9.2	16.4	EBITDA interest cover (x)	(x)	47.4	7.6	4.6	9.2	16.4	
Y/E 30 Jun	FY21A	FY22A	FY23F	FY24F	FY25F	ROA		nm	nm	3.1%	7.5%	8.8%	ROA		nm	nm	3.1%	7.5%	8.8%	
Cash	5.5	2.9	3.1	5.3	8.5	ROE		nm	nm	1.3%	5.9%	7.8%	ROE		nm	nm	1.3%	5.9%	7.8%	
Accounts receivable	4.1	4.9	4.9	5.3	5.6	NTA (per share)		0.02	-0.05	-0.04	-0.02	-0.01	NTA (per share)		0.02	-0.05	-0.04	-0.02	-0.01	
Other receivables	0.0	0.0	0.0	0.0	0.0	Working capital		2.1	1.9	1.9	2.0	2.1	Working capital		2.1	1.9	1.9	2.0	2.1	
Other current assets	0.8	1.9	1.9	1.9	1.9	WC/Sales (%)		8.5%	4.5%	3.6%	3.6%	3.6%	WC/Sales (%)		8.5%	4.5%	3.6%	3.6%	3.6%	
Total current assets	10.4	9.8	10.0	12.6	16.0	Revenue growth			63.9%	25.4%	7.0%	5.7%	Revenue growth			63.9%	25.4%	7.0%	5.7%	
PPE	0.1	0.2	0.2	0.2	0.3	EBIT growth pa		3.7%	(20.0%)	49.0%	133.5%	20.6%	EBIT growth pa		3.7%	(20.0%)	49.0%	133.5%	20.6%	
Capitalised Software	8.1	25.1	22.8	20.6	18.6	Pricing		FY21A	FY22A	FY23F	FY24F	FY25F	Pricing		FY21A	FY22A	FY23F	FY24F	FY25F	
Goodwill	15.6	20.6	21.7	21.7	21.7	No of shares (y/e)	(m)	340	361	379	386	393	No of shares (y/e)	(m)	340	361	379	386	393	
Right of Use Asset	1.5	3.2	2.2	1.2	0.2	Weighted Av Dil Shares	(m)	258	348	375	383	390	Weighted Av Dil Shares	(m)	258	348	375	383	390	
Other non current assets	2.0	2.5	1.0	2.8	4.4	EPS Reported	A\$ cps	0.0022	(0.0019)	0.0011	0.0051	0.0073	EPS Reported	A\$ cps	0.0022	(0.0019)	0.0011	0.0051	0.0073	
Total non current assets	27.3	51.6	48.0	46.6	45.2	EPS Normalised/Diluted	A\$ cps	0.0084	0.0070	0.0060	0.0099	0.0117	EPS Normalised/Diluted	A\$ cps	0.0084	0.0070	0.0060	0.0099	0.0117	
Total Assets	37.7	61.4	58.0	59.1	61.2	EPS growth (norm/dil)			-17%	-14%	65%	18%	EPS growth (norm/dil)			-17%	-14%	65%	18%	
Trade payables	2.0	3.1	3.1	3.3	3.5	DPS	cps	0.000	0.000	0.000	0.000	0.000	DPS	cps	0.000	0.000	0.000	0.000	0.000	
Deferred revenue	1.0	0.8	0.8	0.8	0.9	DPS Growth		n/a	n/a	na	na	na	DPS Growth		n/a	n/a	na	na	na	
Borrowings	0.0	0.8	1.0	1.0	1.0	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%	
Other	2.8	9.6	4.3	4.2	4.2	Dividend imputation		0	0	0	0	0	Dividend imputation		0	0	0	0	0	
Total current liabilities	5.8	14.2	9.1	9.3	9.5	PE (x)		8.3	10.0	11.6	7.1	6.0	PE (x)		8.3	10.0	11.6	7.1	6.0	
Borrowings	0.0	7.4	7.7	6.7	5.7	PE market		15.0	15.0	15.0	15.0	15.0	PE market		15.0	15.0	15.0	15.0	15.0	
Deferred tax	2.4	7.0	7.0	7.0	7.0	Premium/(discount)		(44.4%)	(33.4%)	(22.5%)	(53.0%)	(60.1%)	Premium/(discount)		(44.4%)	(33.4%)	(22.5%)	(53.0%)	(60.1%)	
Other	1.5	2.8	2.8	2.8	2.8	EV/EBITDA (x)		6.7	6.7	5.3	3.6	3.1	EV/EBITDA (x)		6.7	6.7	5.3	3.6	3.1	
Total long term liabilities	3.9	17.2	17.5	16.5	15.5	FCF/Share	A cps	(0.011)	(0.031)	(0.001)	0.009	0.011	FCF/Share	A cps	(0.011)	(0.031)	(0.001)	0.009	0.011	
Total Liabilities	9.7	31.4	26.6	25.8	25.1	Price/FCF share		(6.5)	(2.3)	(64.7)	8.2	6.6	Price/FCF share		(6.5)	(2.3)	(64.7)	8.2	6.6	
Net Assets	28.0	30.0	31.4	33.3	36.2	Free Cash flow Yield		(10.6%)	(41.1%)	(1.5%)	12.4%	15.7%	Free Cash flow Yield		(10.6%)	(41.1%)	(1.5%)	12.4%	15.7%	
Share capital	45.6	47.8	48.8	48.8	48.8															
Reserves	0.4	1.0	1.0	1.0	1.0															
Accumulated losses	(18.1)	(18.7)	(18.3)	(16.4)	(13.6)															
Total Shareholder funds	28.0	30.0	31.4	33.4	36.2															

Source: Company data for actuals, RaaS estimates

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

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