

Analyst

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Afterpay Touch Group (APT)

Busy Few Months Ahead

Recommendation
Buy (unchanged)
Price
\$36.00
Target (12 months)
\$41.61 (previously \$38.41)

GICS Sector
Software and Services

Expected Return

Capital growth	15.6%
Dividend yield	0.0%
Total expected return	15.6%

Company Data & Ratios

Enterprise value	\$8.9bn
Market cap	\$9.1bn
Issued capital	252.6m
Free float	84%
Avg. daily val. (52wk)	\$51m
12 month price range	\$10.36-\$36.65

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	24.69	23.49	15.10
Absolute (%)	45.81	53.26	138.41
Rel market (%)	42.57	52.75	129.49

Absolute Price



SOURCE: IRESS

Reducing AUSTRAC Related Discount to Valuation

Following the release of the AUSTRAC interim report we have reduced our AUSTRAC discount to valuation from -15.0% to -7.5%. This is driven by a reconfirmation from APT that it hasn't found any money laundering or terrorism financing on its platform to date, following a review that our discount seemed excessive given we do not expect an outcome that would detract from the growth profile, by the fact there aren't any recommendations from the AUSTRAC interim report at this stage, nor any immediate action from AUSTRAC. We do, however, maintain some discount to valuation until the final report is due on 23 November, as we cannot assume that because there aren't any recommendations, that there won't be in the final report.

We reiterate our view that a fine, or a similar slap on the wrist would be a reasonable outcome for APT, whereas any recommendations that would lead to a change in APT's business model (which we don't expect), is of more concern. Stay tuned.

What's Next?

Some potential catalysts for APT that may occur before the end of the calendar year include: confirmation of any new markets, a transaction value and number of clients update, any clarification regarding the VISA collaboration and the AUSTRAC final report. At the very least, we expect an update on many of these matters on or around the AGM, which is due before the year is out (date has yet to be set).

Earnings Revisions

We have not made any changes to our underlying Cash EPS, or Customer Growth estimates. We note that our CLV valuation methodology prioritises customer growth, particularly where gross margin and retention rates are healthy. Following the reduction in our AUSTRAC related valuation discount, our revised Price Target is \$41.61 per share (previously \$38.41), with our Buy recommendation remaining unchanged.

Earnings Forecast

Year end June 30	2019	2020e	2021e	2022e
Sales revenue (\$m)	218.0	441.8	766.2	1166.8
EBTDA (Adjusted) (A\$m)	17.7	51.1	114.1	186.6
NPAT (reported) (A\$m)	-43.7	-2.6	38.3	85.0
NPAT (adjusted) (A\$m)	3.0	36.4	77.3	124.0
EPS (adjusted and fully diluted) (cps)	1.2	13.6	29.0	46.5
EPS growth (%)	Large	Large	112.4%	60.4%
Adjusted PER (x)	3018.1	264.0	124.3	77.5
Price/CF (x)	-36.4	-732.6	85.7	80.3
EV/EBITDA (x)	503.6	174.3	78.1	47.8
Dividend (eps)	0.0	0.0	0.0	0.0
Franking (%)	na	na	na	na
Yield (%)	0.0%	0.0%	0.0%	0.0%
ROE (%)	1%	6%	12%	17%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Increasing disclosure

Annual Transaction Value Target at mid-LTI range

APT's mid-term guidance/target for greater than A\$20 billion in Total Transaction Value processed by FY22 compares to the employee LTI incentive target range of between \$15 billion to \$25 billion. This compares to our FY22 estimate for \$29.1 billion, which remains unchanged since the FY19 result on 28 August.

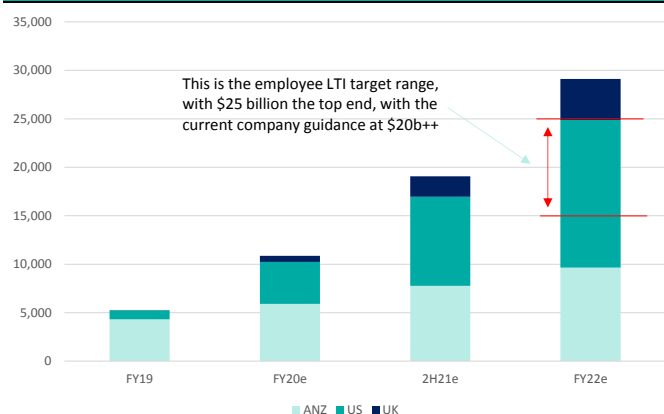
Increasing disclosure

Below (Figure 1) we have beefed up our disclosure table to include more key assumptions, with a similar increase in our disclosure in Figure 6 (interim estimates) and Table 1 (back page numbers).

Figure 1 - Key Afterpay Assumptions										
Active Customers (m)	1H18	2H18	1H19	2H19	1H20e	2H20e	1H21e	2H21e	1H22e	2H22e
ANZ	1.50	2.15	2.50	2.80	3.10	3.40	3.70	4.00	4.30	4.60
US	0.00	0.10	0.70	1.80	3.10	4.50	6.00	7.50	9.00	10.50
UK	0.00	0.00	0.00	0.03	0.63	1.33	2.13	3.03	3.93	4.83
Total	1.50	2.20	3.20	4.63	6.83	9.23	11.83	14.53	17.23	19.93
Margin (%)			1H19	2H19	1H20e	2H20e	1H21e	2H21e	1H22e	2H22e
Merchant Fee			3.7%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	4.0%
Net-Transaction Loss (NTL)			-0.6%	-0.3%	-0.5%	-0.4%	-0.5%	-0.4%	-0.5%	-0.4%
Processing and Financing			-1.1%	-1.2%	-1.3%	-1.3%	-1.3%	-1.3%	-1.4%	-1.4%
Net-Margin			2.1%	2.4%	2.1%	2.3%	2.1%	2.2%	2.0%	2.2%
Breakdown of NTL			1H19	2H19	1H20e	2H20e	1H21e	2H21e	1H22e	2H22e
Gross Loss			-1.2%	-1.1%	-1.2%	-1.1%	-1.2%	-1.1%	-1.2%	-1.1%
Late Fees			0.8%	0.9%	0.8%	0.9%	0.8%	0.9%	0.8%	0.9%
Other (inc. recovery cost)			-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
NTL			-0.6%	-0.3%	-0.5%	-0.4%	-0.5%	-0.4%	-0.5%	-0.4%
Transaction Value (A\$m)			1H19	2H19	1H20e	2H20e	1H21e	2H21e	1H22e	2H22e
ANZ			2,009	2,305	2,804	3,110	3,712	4,052	4,643	5,012
US			264	664	1,857	2,470	4,378	4,826	7,568	7,668
UK				6	165	470	865	1,238	1,914	2,313
Total			2,273	2,975	4,826	6,050	8,955	10,117	14,125	14,993
Average Spend Per Customer (A\$)			1H19	2H19	1H20e	2H20e	1H21e	2H21e	1H22e	2H22e
ANZ			864	870	950	957	1,046	1,053	1,119	1,126
US			659	531	758	650	834	715	917	787
UK				373	500	480	500	480	550	528
Total			1,523	1,774	2,209	2,087	2,379	2,248	2,586	2,441
Currency Estimates					1H20e	2H20e	1H21e	2H21e	1H22e	2H22e
AUD/USD					0.70	0.70	0.70	0.70	0.70	0.70
AUD/GBP					0.55	0.55	0.55	0.55	0.55	0.55

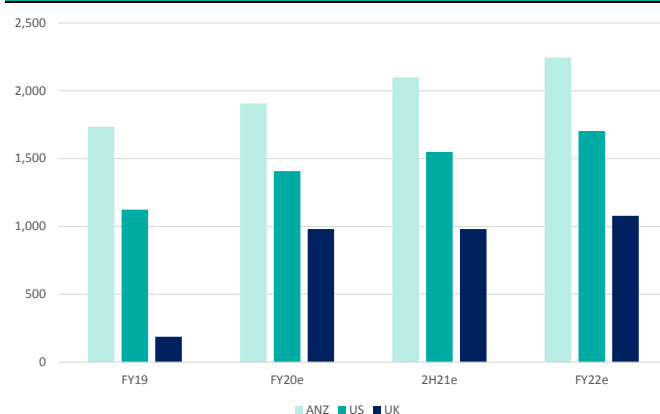
SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 2 – Annual Transaction Values (A\$m)



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 3 – Average Spend Per User Per Annum (A\$)



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Valuation and Changes

Valuation

We utilise a Sum-of-the-Parts Valuation, with the key Afterpay component relying on a Customer Lifetime Value (CLV) based methodology. The key assumptions in our valuation can be found in the table below. Our total APT valuation is \$41.61 per share (previously \$38.41), which forms the basis of our Price Target, and is supportive of our Buy recommendation on the stock.

Figure 4 - Valuation

Sum-of-Parts Valuation

Afterpay Customer Lifetime Value based methodology	
Discount rate (%)	10.1%
Retention rate estimate (%)	85%
Weighted three year customer numbers*	7,725,000
Customer annual spend (\$0.00)	1,580
Gross margin (%)	2.21%
Afterpay CLV based valuation (\$m)	13,110
Net-cash (\$m)	231
Pay Now valuation	123
Corporate	-769
Total APT value (\$m)	12,695
Fully diluted share count (m)	267
Valuation per share pre US&UK staff ownership dilution (\$0.00)	47.60
US&UK equity ownership dilution (in subsidiaries)	-2.42
Valuation per share pre AUSTRAC dilution (\$0.00)	45.18
AUSTRAC Audit -7.5% Discount	-3.57
Adjusted APT Valuation per share (\$0.00)	41.61

* (50% weighting to Year 0, 35% to Y1e, and 15% to Y2e)

SOURCE: BELL POTTER SECURITIES ESTIMATES

Customer numbers and earnings revisions

We have not made any changes to our underlying Cash EPS, or Customer Growth estimates.

Figure 5 - Earnings revisions

Earnings Revisions	FY20e (new)	FY20e (previous)	Change (%)	FY21e (new)	FY21e (previous)	Change (%)	FY22e (new)	FY22e (previous)	Change (%)
Customer numbers	9,230,000	9,230,000	0.0%	14,530,000	14,530,000	0.0%	19,930,000	19,930,000	0.0%
EPS (Cash) (cps)	13.6	13.6	0.0%	29.0	29.0	0.0%	46.5	46.5	0.0%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Interim earnings

Figure 6 - Interim earnings													
INTERIM INCOME STATEMENT													
Y/e June 30 (\$m)	2018	1H19	2H19	2019	1H20e	2H20e	2020e	1H21e	2H21e	2021e	1H22e	2H22e	2022e
Afterpay													
Transaction Values	2,165	2,273	2,975	5,247	4,826	6,050	10,877	8,955	10,117	19,072	14,125	14,993	29,117
Revenue (Merchant Fee)	88.3	85.2	115.7	200.9	188.2	236.6	424.8	351.0	397.6	748.6	556.5	592.2	1,148.7
Processing Fee	11.5	20.2	28.1	48.3	49.7	63.5	113.2	95.8	110.3	206.1	156.8	169.4	326.2
Finance Expense	6.1	4.7	6.3	11.0	10.6	13.9	24.5	21.5	25.3	46.8	36.7	39.0	75.7
Gross Profit	70.7	60.3	81.3	141.6	127.9	159.1	287.0	233.7	262.0	495.7	363.0	383.8	746.8
Net Transaction Loss ^{^(see below for split)}	9.1	13.6	8.6	22.2	25.6	21.2	46.8	47.5	35.4	82.9	74.9	52.5	127.3
Operating Expenses	20.5	29.1	42.4	71.5	53.7	63.6	117.4	84.1	94.3	178.5	116.2	126.7	242.8
Afterpay EBITDA	41.0	17.6	30.3	47.9	48.6	74.3	122.9	102.1	132.3	234.4	172.0	204.7	376.7
add back interest for Afterpay EBITDA	6.1	4.7	6.3	11.0	10.6	13.9	24.5	21.5	25.3	46.8	36.7	39.0	75.7
Afterpay EBITDA	47.2	22.3	36.6	58.9	59.2	88.2	147.4	123.6	157.6	281.2	208.7	243.7	452.4
Pay Now													
Revenue	25.6	8.9	8.2	17.1	8.4	8.6	17.0	8.7	8.9	17.6	9.0	9.1	18.1
Cost of sales	10.6	4.1	2.6	6.7	2.6	2.7	5.3	2.7	2.8	5.5	2.8	2.8	5.6
Gross Profit	15.0	4.8	5.6	10.4	5.7	5.9	11.7	6.0	6.1	12.1	6.2	6.3	12.5
Pay Now EBITDA	7.2	2.5	2.4	4.9	2.5	2.7	5.2	2.7	2.7	5.4	2.8	2.8	5.6
Corporate EBITDA	-14.5	-16.3	-18.9	-35.1	-32.0	-44.9	-76.9	-56.2	-69.6	-125.7	-89.0	-106.6	-195.6
Group Summary													
Group Revenue	113.9	94.1	123.9	218.0	196.6	245.2	441.8	359.7	406.5	766.2	565.5	601.3	1,166.8
Gross Profit	85.7	65.1	86.9	152.0	133.6	165.1	298.7	239.7	268.1	507.9	369.2	390.1	759.3
Group EBITDA	40.0	8.5	20.2	28.7	29.7	45.9	75.7	70.1	90.7	160.9	122.4	139.9	262.3
Interest Expense	6.1	4.7	6.3	11.0	10.6	13.9	24.5	21.5	25.3	46.8	36.7	39.0	75.7
Adjusted EBITDA	27.7	3.8	13.9	17.7	19.1	32.0	51.1	48.6	65.4	114.1	85.7	100.9	186.6
Depreciation	1.8	0.9	1.1	2.0	0.9	0.9	1.7	0.9	0.9	1.7	0.9	0.9	1.7
Amortisation (ex.acq. related)	9.0	5.9	5.9	11.7	6.5	6.5	13.0	7.0	7.0	14.0	7.5	7.5	15.0
EBT	16.8	-2.9	6.9	4.0	11.8	24.6	36.4	40.8	57.6	98.3	77.3	92.5	169.9
Operating income tax expense	1.4	0.7	0.3	1.0	0.0	0.0	0.0	5.5	15.5	21.0	20.9	25.0	45.9
Underlying NPAT	15.5	-3.6	6.6	3.0	11.8	24.6	36.4	35.3	42.0	77.3	56.5	67.5	124.0
Share based payments	-22.9	-18.1	-12.4	-30.5	-15.0	-15.0	-30.0	-15.0	-15.0	-30.0	-15.0	-15.0	-30.0
Acquisition related amortisation	0.0	0.0	-8.7	-8.7	-4.5	-4.5	-9.0	-4.5	-4.5	-9.0	-4.5	-4.5	-9.0
Significant items (after tax)	-1.0	-0.5	-15.6	-16.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported profit (A\$m)	-9.0	-22.2	-21.5	-43.7	-7.7	5.1	-2.6	15.8	22.5	38.3	37.0	48.0	85.0
Loan Receivables													
Y/e June 30 (\$m)	2018	1H19	2H19	2019	1H20e	2H20e	2020e	1H21e	2H21e	2021e	1H22e	2H22e	2022e
Net customer loan receivables	259	352	453	453	808	1,029	1,029	1,567	1,821	1,821	2,542	2,699	2,699
^Afterpay Net Transaction Loss Split													
Y/e June 30 (\$m)	2018	1H19	2H19	2019	1H20e	2H20e	2020e	1H21e	2H21e	2021e	1H22e	2H22e	2022e
Gross Loss	-32.5	-27.3	-31.4	-58.7	-55.5	-66.6	-122.1	-103.0	-111.3	-214.3	-162.4	-164.9	-327.4
Late Fees	28.5	18.2	27.9	46.1	39.1	56.3	95.4	72.5	94.1	166.6	114.4	139.4	253.8
Other including cost of recovery	-5.1	-4.5	-5.1	-9.6	-9.2	-10.9	-20.1	-17.0	-18.2	-35.2	-26.8	-27.0	-53.8
Net Transaction Loss	-9.1	-13.6	-8.6	-22.2	-25.6	-21.2	-46.8	-47.5	-35.4	-82.9	-74.9	-52.5	-127.3

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Company description

Afterpay Touch Group (APT) is an emerging financial technology company that enables retail merchants to offer customers the ability to buy goods and services on a simple instalment plan with an easy and non-invasive application process, and at no additional cost to the end-customer. It is the combined entity of Afterpay (AFY), which was founded in February 2014 by Anthony Eisen and Nicholas Molnar. And Touchcorp (TCH) the company that developed the payment technology.

Risks to investment thesis

Key risks for the stock include although are not limited to:

- **Merger/Integration risk** - Following the completion of the AFY/TCH merger, the combined group may fail to achieve the anticipated benefits, or may incur unforeseen costs in connection with the integration of both businesses which may have a material impact on the group's earnings;
- **Credit risk** – APT extends credit to end-customers via its receivables book for which the merchants pay a fee. While this is not a traditional lending model, the company is still exposed to the risk of default or a loss of principle. Therefore, the ability of APT's technology to adequately prevent and recover bad debt is crucial to the company's ongoing viability;
- **Funding risk** – APT currently funds its loan book through a combination of equity and debt, having now secured a debt financing agreement. APT's growth may be limited if it is unable to expand its receivables book through securing further increases in debt financing facilities or raise additional equity;
- **Key person risk** – Similar to other small capitalised stocks, the loss of any key personnel may be detrimental to APT;
- **Competition risk** – APT has first mover advantage offering reverse lay-by within Australia, however there is significant risk of new entrants and increased competition, particularly from established foreign companies;
- **Technology risk** – APTs algorithms assess an end-clients repayment capabilities and the risk of fraud automatically and in real-time. APT relies on its technology to process transactions and store client data. Any failure or breach of the technology could result in an interruption of service, or the loss/theft of private data and information;
- **Regulation & licensing risk** – While APT does not currently require an Australian Credit Licence (ACL), it is still subject to a range of legal and regulatory requirements. Any changes to regulations, policies, or laws could adversely impact the efficacy of AFY's business model;
- **Fraud risk** – APT guarantees payment to merchants and is therefore exposed to the risk of fraudulent end-customers. Failures in APT's algorithms to prevent fraud would adversely affect APT's performance;
- **Market risk** – A prolonged recession, economic crisis/shock, or other factors that may lead to a sustained weak market environment have the ability to increase the levels of defaults and adversely affect the earnings potential of the company. In addition, being a listed stock, the share price may be subject to volatility and fluctuations in price; and
- **Operational risk** – The operation APT relies on internal policies and technologies in relation to lending practices and anti-fraud. Any failure in internal controls could be harmful to AFY's performance.

Afterpay Touch Group

as at 25 September 2019

Recommendation

Buy

Price

\$36.00

Target (12 months)

\$41.61

Table 1 - Financial summary

Afterpay Touch Group (APT)	Price Target (A\$)	41.61	Share Price (A\$)	36.00	
	Recommendation:	Buy	Market Cap (A\$m)	9,094.9	
INCOME STATEMENT					
Y/e June 30 (\$m)	2018	2019	2020e	2021e	2022e
Group Revenue	113.9	218.0	441.8	766.2	1,166.8
Gross Profit	85.7	152.0	298.7	507.9	759.3
Group EBITDA	40.0	28.7	75.7	160.9	262.3
Interest Expense	6.1	11.0	24.5	46.8	75.7
Adjusted EBITDA	27.7	17.7	51.1	114.1	186.6
Depreciation	1.8	2.0	1.7	1.7	1.7
Amortisation (ex acq. related)	9.0	11.7	13.0	14.0	15.0
EBT	16.8	4.0	36.4	98.3	169.9
Operating income tax expense	1.4	1.0	0.0	21.0	45.9
Underlying NPAT	15.5	3.0	36.4	77.3	124.0
Share based payments	-22.9	-30.5	-30.0	-30.0	-30.0
Acquisition related amortisation	0.0	-8.7	-9.0	-9.0	-9.0
Significant items (after tax)	-1.0	-16.2	0.0	0.0	0.0
Reported profit (A\$m)	-9.0	-43.7	-2.6	38.3	85.0
CASHFLOW					
Y/e June 30 (\$m)	2018	2019	2020e	2021e	2022e
EBITDA	27.7	17.7	51.1	114.1	186.6
Change in provisions	4.4	4.6	-2.0	5.5	6.7
Working capital changes	-121.7	-233.8	-61.5	10.8	-29.6
Interest earned	0.0	0.3	0.0	0.0	0.0
Tax paid	0.1	-0.3	0.0	-21.0	-45.9
Associated company dividends	0.0	0.0	0.0	0.0	0.0
Other operating items	-23.5	-21.8	0.0	0.0	0.0
Operating cash flow	-113.1	-233.3	-12.4	109.4	117.9
Stay in business capex	-2.5	-1.7	-1.7	-1.7	-1.7
Growth capex & acquisitions	-15.8	-15.7	-13.0	-14.0	-15.0
Disposals	-5.1	0.7	0.0	0.0	0.0
Investing cash flow	-23.3	-16.7	-14.7	-15.7	-16.7
Dividends	0.0	0.0	0.0	0.0	0.0
Other investing items	0.0	4.0	-30.0	-30.0	-30.0
Share issues/(buy backs)	1.6	461.5	0.0	0.0	0.0
Other	142.6	96.9	0.0	0.0	0.0
Financing cash flow	144.2	562.4	-30.0	-30.0	-30.0
Increase in cash/(debt)	7.8	312.4	-57.2	63.7	71.1
Cash at end of period	25.5	231.5	176.3	230.9	293.1
BALANCE SHEET					
Y/e June 30 (\$m)	2018	2019	2020e	2021e	2022e
Cash	25.5	231.5	176.3	230.9	293.1
Loan receivables	239.1	452.7	1089.0	1922.2	2848.6
Other receivables	17.3	3.0	5.9	9.9	60.1
PPE	4.0	4.2	4.2	4.2	4.2
Intangibles	48.9	49.3	49.3	49.3	49.3
Other	57.5	70.7	131.2	171.9	220.6
Total assets	392.2	820.5	1465.0	2397.5	3485.0
Payables	42.9	110.0	111.9	167.3	236.8
Funding facilities	161.6	50.2	686.5	1519.7	2446.1
Interest bearing liabilities ex SPV	0.0	0.6	0.6	0.6	0.6
Provisions	2.3	3.5	8.4	14.0	20.7
Other	1.9	6.4	6.4	6.4	6.4
Total liabilities	208.7	172.0	815.1	1709.3	2711.8
Contributed equity	192.6	677.7	681.7	681.7	681.7
Total shareholders funds	183.6	648.5	649.9	688.2	773.2
W/A shares on issue	208.2	236.0	252.8	260.5	263.0
VALUATION DATA					
Y/e June 30 (\$m)	2018	2019	2020e	2021e	2022e
Adjusted NPAT (\$m)	15.5	3.0	36.4	77.3	124.0
Adjusted EPS (fully diluted) (c)	6.9	1.2	13.6	29.0	46.5
EPS growth (%)	large	large	large	112%	60%
Diluted adjusted P/E ratio (x)	523.2	3018.1	264.0	124.3	77.5
CFPS (c)	-54.3	-98.8	-4.9	42.0	44.8
Price/CF (x)	-66.3	-36.4	-732.6	85.7	80.3
DPS (c)	0.0	0.0	0.0	0.0	0.0
Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Franking (%)	na	na	na	na	na
EV/EBITDA (x)	322.3	503.6	174.3	78.1	47.8
Price/book (x)	44.1	14.0	14.8	14.0	12.4
NTA/share (\$)	0.82	2.58	2.44	2.58	2.90
PROFITABILITY RATIOS					
Y/e June 30 (\$m)	2018	2019	2020e	2021e	2022e
EBIT/sales (%)	14.8%	1.8%	8.2%	12.8%	14.6%
Return on assets (%)	4.9%	0.5%	3.2%	4.0%	4.2%
Return on equity (%)	9.0%	0.7%	5.6%	11.6%	17.0%
Dividend cover (x)	na	na	na	na	na
Effective tax rate (%)	8.3%	25.0%	0.0%	21.4%	27.0%
LIQUIDITY AND LEVERAGE RATIOS					
Y/e June 30 (\$m)	2018	2019	2020e	2021e	2022e
Net debt/(cash) (\$m)	136.1	-181.2	510.3	1,288.8	2,153.1
Net debt/(cash) (ex SPV)*	-25.5	-230.9	-175.7	-230.4	-292.5
Net debt/equity (%)	74.1%	-27.9%	78.5%	187.3%	278.5%
Current ratio (x)	259.0	575.9	1,213.8	2,086.0	3,098.2
Segments					
Y/e June 30 (\$m)	2018	2019	2020e	2021e	2022e
Afterpay					
Revenue (Merchant Fee)	88.3	200.9	424.8	748.6	1,148.7
Processing Fee	11.5	48.3	113.2	206.1	326.2
Finance Expense	6.1	11.0	24.5	46.8	75.7
Gross Profit	70.7	141.6	287.0	495.7	746.8
Net Transaction Loss	9.1	22.2	46.8	82.9	127.3
Operating Expenses	20.5	71.5	117.4	178.5	242.8
Afterpay EBITDA	41.0	47.9	122.9	234.4	376.7
add back interest for Afterpay EBITDA	6.1	11.0	24.5	46.8	75.7
Afterpay EBITDA	47.2	58.9	147.4	281.2	452.4
Pay Now					
Revenue	25.6	17.1	17.0	17.6	18.1
Cost of sales	10.6	6.7	5.3	5.5	5.6
Gross Profit	15.0	10.4	11.7	12.1	12.5
Total Expenses	7.8	5.5	6.5	6.7	6.9
Pay Now EBITDA	7.2	4.9	5.2	5.4	5.6
Corporate EBITDA	-14.5	-35.1	-76.9	-125.7	-195.6

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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