



1st Available Ltd (1ST)

September Quarterly Update – In-Line with Expectations

Event:

- September Quarterly Update. Estimates and Valuation Re-Confirmed By Performance. No change to earnings or recommendation.

Investment Highlights:

- Q1 2017A was in-line with expectations, with Group monthly recurring revenue \$193k & cash burn \$900k.** In Q2 2017E, we would expect costs to be c.\$250k higher, leading to a similar cash burn, depending on an anticipated uplift in cash receipts. Many initiatives recently signed by clients have 'go live' dates in January (Q3 2017E). C&G pipeline remains robust.
- Revenue growth in FY17E will be supported by new product launches** such as easyRECALLS, Self-Check-In Apps, Kiosks, Patient ClipBoard, easyFeedback apps, as well as contribution from the closure of new contracts. Recently 1ST has 'gone live' with easyRECALLS, with additional product and transactional product releases in November/December. Management are optimistic on its easyRECALLS product and forecasting revenues is challenging at this early stage.
- The optometry and dental market expansion is demonstrating encouraging early signs.** The company secured 150 new Optical stores in the quarter and we expect further strong development in this segment in Q2 and beyond. In addition 1ST added another large dental corporate in the quarter adding to existing dental customer Pacific Smiles and Primary Dental. This points to developing momentum in these segments.
- What Does 1stAvailable Do?** 1stAvailable's vision is to build Australia's leading online health services community, through a platform that simplifies and facilitates interaction between all health services stakeholders and online services, enhancing consumer choices, access and outcomes. Today, 1stAvailable has c.9,000 appointment books, in +4,000 sites around Australia.
- A focus on increasing the adoption rate:** Today, only 2-3% of Australian Healthcare providers are utilizing an online appointment booking system. 1stAvailable and other providers are tasked with increasing the online booking penetration rate closer to c.60%. The nascent market is there for the taking. Based on our estimates, additional revenue streams for 1stAvailable are c.+10x the online booking appointment market.
- Our estimate of the market opportunity for 1stAvailable, assuming 30% market share, is c.+\$305m.** The online booking market opportunity is c.+\$25.5m in revenues, with c+\$280m in ancillary products & services, including TeleHealth & eScripts. A key focus for 1stAvailable in the near-term, outside of GP's are: optometrists, dentists, vets & pharmacies.

Earnings, Valuation & Recommendation:

- Being in start-up phase, 1stAvailable is incurring losses.** Currently, the monthly burn rate is c.\$300k. With additional investment leading into December, we would expect the cash burn to increase slightly. We are expecting breakeven to occur in FY2018E. Net cash is \$5.7m.
- Our risked valuation of 1ST is \$0.14/share. Our recommendation remains Speculative BUY.** Catalysts include: adoption of online appointment booking system and ancillary products sales to customers, including transactional products & closure of C&G deals.

Rating	Speculative Buy
Previous	Speculative Buy
Price Target (\$)	\$0.14
Previous	\$0.14
Share Price (\$)	\$0.05
52 week low - high (\$)	\$0.05-0.10
Valuation (\$/share)	\$0.14
Risk	High

Capital Structure		
Shares on issue (m)	Shares on issue	206.8
	Options	17.0
	Total	223.8
Market Cap (\$m)	Undiluted	10.8
	Diluted	11.6
Net cash/(debt) (A\$m)		5.7
EV (A\$m)	Undiluted	5.1
	Diluted	5.9
Av 12mth daily volume ('000)		155

Y/e Jun	FY15A	FY16A	FY17E	FY18E
Sales \$M	0.3	1.9	3.3	7.6
EBITDA \$M	-2.5	-3.1	-2.6	1.4
NPAT Adj. \$M	-2.8	-4.2	-3.9	-0.2
EPS adj c	-2.7	-1.9	-1.7	-0.1

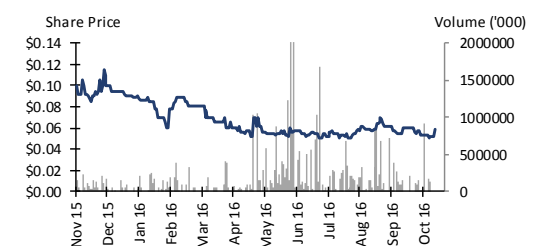
Board

Trevor Mathews	Non-Executive Chairman & Director
Klaus Bartosch	Director & CEO
Richard Arnold	Non Executive Director
Amanda Hagan	Non Executive Director

Substantial Shareholders

John Charles Plummer	27.9%
Gandel Family Office	13.9%
RJM Luu Pty Ltd	4.0%

Share Price Graph



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Foster Stockbroking is engaged by 1ST to provide corporate services for which it has earned fees and continues to do so. Foster Stockbroking advised 1ST on its 1-for-1 entitlement offer at \$0.055 announced May 2016 for which it has earned fees.



1stAvailable (1ST)

Full Year Ended, 30th June

Profit and Loss A\$M	2015a	2016a	2017e	2018e	Financial Metrics	2015a	2016a	2017e	2018e
Sales revenue	0.3	1.9	3.3	7.6	Sales growth %	-100%	573%	71%	130%
Operating Costs	2.8	5.0	5.9	6.2	EPS growth %	nm	nm	nm	nm
EBITDA	-2.5	-3.1	-2.6	1.4	EBITDA margin	nm	nm	nm	18%
D&A	0.4	1.3	1.4	1.5	EBIT margin	nm	nm	nm	nm
EBIT	-2.9	-4.4	-4.1	-0.2	Gearing (ND/ND+E)	nm	nm	nm	nm
Net Interest exp / (income)	0.1	0.0	0.0	0.0	Interest Cover (EBIT/net int)	nm	nm	nm	nm
Profit before tax	-3.0	-4.4	-4.1	-0.2	Average ROE %	nm	nm	nm	nm
Tax exp / (benefit)	0.2	0.2	0.2	0.0	Average ROA %	nm	nm	nm	nm
Adj. NPAT	-2.8	-4.2	-3.9	-0.2	Wtd ave shares (M)	104	207	207	207
Significant items	0.5	0.9	0.1	0.1	Wtd ave share diluted (M)	104	224	224	224
NPAT attributable reported	-3.3	-5.0	-4.0	-0.3					
EPS diluted (c)	-2.7	-1.9	-1.7	-0.1					
Cashflow A\$M	2015a	2016a	2017e	2018e	Valuation multiples	2015a	2016a	2017e	2018e
EBITDA	-2.5	-3.1	-2.6	1.4	P/E x	nm	nm	nm	nm
Change in WC	0.6	0.0	0.0	0.0	EV/EBITDA x	nm	nm	nm	4.9
Tax paid	0.6	0.4	0.2	0.0	EV/EBIT x	nm	nm	nm	nm
Share-based expense	0.0	0.0	0.0	0.0	EV/sales x	6.8	2.7	2.4	0.9
Other	-0.6	0.0	0.0	0.0	Dividend yield %	0%	0%	0%	0%
Net interest	0.0	0.0	0.0	0.0					
Operating Cashflow	-1.9	-2.7	-2.4	1.4	Valuation				
Purchase of PP&E	0.0	0.0	-0.1	-0.1	Revenue Market Opportunity (\$m)				1026
Payments Intangibles	-0.6	-1.3	-0.1	-0.1	1stAvailable Market Share				30%
Payments For Acquisitions	-1.5	-0.2	-0.2	-0.1	1stAvailable Revenue Opportunity (\$m)				308
Investing Cashflow	-2.1	-1.5	-0.4	-0.3	EBITDA Margin				18%
Equity proceeds	7.1	7.0	0.0	0.0	EBITDA (\$m)				55.4
Proceeds from borrowings	0.0	0.0	0.0	0.0	NPAT (\$m)				33.2
Repayment of borrowings	0.0	0.0	0.0	0.0	PER (x)				15
Financing Cashflow	7.1	7.0	0.0	0.0	Valuation (\$m)				498.4
Net Cashflow	3.0	2.8	-2.8	1.1	Discount Rate				20%
Balance Sheet A\$M	2015a	2016a	2017e	2018e	Years				15
Cash / (Debt)	3.4	6.4	3.8	4.9	NPV (\$m)				32.4
Current Assets (Excl Cash)	0.8	0.8	0.6	0.5	No of Shares (m)				223.8
PPE	0.1	0.1	0.1	0.1	Valuation (cents per share)				14
Intangibles	6.6	6.2	5.9	5.5					
Total Assets	10.8	13.5	10.4	11.0	Shares on issue				
Accounts payable	0.9	0.5	1.0	1.1	Ordinary shares				206.8
Other Liabilities	0.3	0.9	1.3	2.1	Options				17.0
Total Liabilities	1.2	1.3	2.3	3.2	Fully Diluted				223.8
Reserves and capital	18.0	25.5	25.5	25.5	Substantial shareholders				
Retained earnings	-8.5	-13.3	-17.4	-17.7	John Charles Plummer				27.9%
Total Equity	9.6	12.1	8.1	7.8	Gandel Family Office				13.9%
Total Equity & Liabilities	10.8	13.5	10.4	11.0	RJM Luu Pty Ltd				4.0%

Source: Foster Stockbroking estimates



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