



1stAvailable (1ST.ASX)

Nascent Healthcare Opportunity, There for the Taking

Event:

- We initiate coverage on 1stAvailable (1ST), with a SPECULATIVE BUY recommendation & a valuation of c.\$0.14 cps.

Investment Highlights:

- 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.8,000 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.
- 1stAvailable has entered into strategic arrangements with ATMS and Australian Veterinarian Association** to market solutions into each member base. All agreements are in early stages & we expect to see benefits in FY17E.
- 1stAvailable has refocused its Corporate & Government (C&G) operations to target higher value transactions.** Today, C&G makes up c.50% of monthly recurring revenues. It relies on a direct sales force & has a strong sales pipeline that they are targeting.
- 1stAvailable are actively targeting acquisition candidates such as smaller competitors & complementary firms.** We would expect significant consolidation in the industry, in the next few years, as players look to capture market share. Recently, 1ST acquired OzDocsOnline to increase its market share & further extend its product suite.

Earnings and Valuation:

- Our risked valuation of 1ST is \$0.14/share.
- Being in start-up phase, 1stAvailable is incurring losses. Currently, the monthly burn rate is c.\$250k. With additional investment leading into December, we would expect the cash burn to increase to \$300k. We are expecting breakeven to occur in FY2018E. Net cash is \$6.6m.

Recommendation:

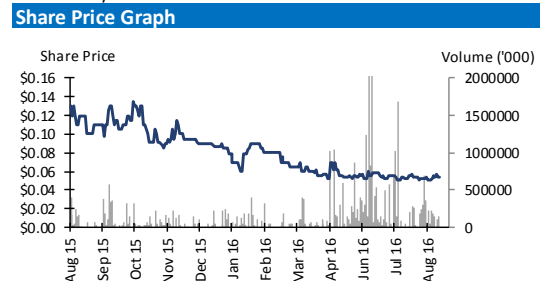
- We initiate on 1ST with a Speculative Buy recommendation and a valuation of \$0.14/share.
- Catalysts include:** adoption of online appointment booking system and ancillary products from industry partners, positive news flow of industry partner agreements (especially financial outcomes) & closure of C&G deals.

Rating	Speculative Buy
Previous	N/A
Price Target (\$)	\$0.14
Previous	N/A
Share Price (\$)	\$0.06
52 week low - high (\$)	\$0.05-0.14
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	11.8
	Diluted	12.8
Net cash/(debt) (A\$m)		6.6
EV (A\$m)	Undiluted	5.2
	Diluted	6.2
Av 12mth daily volume ('000)		142

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%



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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	2016e	2017e	2018e	Financial Metrics	2015a	2016e	2017e	2018e
Sales revenue	0.3	2.0	3.3	7.6	Sales growth %	-100%	592%	65%	131%
Operating Costs	2.8	4.8	5.9	6.2	EPS growth %	nm	nm	nm	nm
EBITDA	-2.5	-2.8	-2.6	1.4	EBITDA margin	nm	nm	nm	19%
D&A	0.4	1.1	1.6	1.7	EBIT margin	nm	nm	nm	nm
EBIT	-2.9	-3.9	-4.2	-0.3	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	-3.9	-4.2	-0.3	Average ROE %	nm	nm	nm	nm
Tax exp / (benefit)	0.2	0.4	0.2	0.0	Average ROA %	nm	nm	nm	nm
Rep. NPAT	-2.8	-3.6	-4.0	-0.3	Wtd ave shares (M)	104	207	207	207
Significant items	0.5	0.0	0.0	0.0	Wtd ave share diluted (M)	104	224	224	224
NPAT attributable reported	-3.3	-3.6	-4.0	-0.3					
EPS diluted (c)	-3.2	-1.6	-1.8	-0.1					
Cashflow A\$M	2015a	2016e	2017e	2018e	Valuation multiples	2015a	2016e	2017e	2018e
EBITDA	-2.5	-2.8	-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	5.5
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	8.6	3.1	2.7	1.0
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	-2.4	-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	-0.3	-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	3.1	-2.8	1.2	Discount Rate				20%
Balance Sheet A\$M	2015a	2016e	2017e	2018e	Years				15
Cash / (Debt)	3.4	6.6	3.8	5.0	NPV (\$m)				32.4
Current Assets (Excl Cash)	0.8	0.7	0.6	0.4	No of Shares (m)				223.8
PPE	0.1	0.1	0.1	0.1	Valuation (cents per share)				14
Intangibles	6.6	7.4	7.1	6.7					
Total Assets	10.8	14.8	11.5	12.2	Shares on issue				
Accounts payable	0.9	1.0	1.1	1.2	Ordinary shares				206.8
Other Liabilities	0.3	0.8	1.5	2.3	Options				17.0
Total Liabilities	1.2	1.8	2.5	3.4	Fully Diluted				223.8
Reserves and capital	18.0	25.0	25.0	25.0	Substantial shareholders				
Retained earnings	-8.5	-12.0	-16.0	-16.3	John Charles Plummer				27.9%
Total Equity	9.6	13.0	9.0	8.8	Gandel Family Office				13.9%
Total Equity & Liabilities	10.8	14.8	11.5	12.2	RJM Luu Pty Ltd				4.0%

Source: Foster Stockbroking estimates



BUSINESS OVERVIEW & BRIEF CORPORATE HISTORY

Today, only 2-3% of Australian Healthcare providers are using an online appointment booking system

"1stAvailable's vision is to build Australia's leading online health services community, through a platform that simplifies & facilitates interaction between all health services stakeholders and online services, enhancing consumer choices, access and outcomes."

Founded in 2009, website launched in April 2012 & listed on the ASX on 4th June 2015, 1stAvailable's vision is to become the digital solutions provider of choice to the healthcare industry. With critical-mass adoption, 'Big Data' comes to the fore, with thematic mapping and other insights into healthcare use, by suburb/region, demographic or healthcare type.

Today, 1stAvailable provides a convenient, easy to use, online healthcare search and appointment booking service. According to Frost and Sullivan, only 2-3% of Australian Private Healthcare providers are using an online appointment booking system. Subscribing private healthcare providers are able to display their available appointments in real time. This enables patients to book their healthcare appointments with any participating private healthcare provider through 1stAvailable's service online, 24 x7. Online booking portals can reduce staff costs for healthcare practices, improve staff productivity and act as a marketing and promotional tool for services. The premise has been modelled on industries such as travel, accommodation and entertainment. Initially 1stAvailable has targeted GPs and Dentists, but today targets the broader healthcare market of 266k practitioners.

Prior to its ASX listing, 1stAvailable acquired GoBookings, Clinic Connect and DocAppointments

GoBookings: online appointment booking services for corporate and Government. Used by companies to book flu vaccinations & Govt agencies to provide Breast Screening Services. It had 134 clients, including Govt agencies, companies, universities, hospitals and pharmacy chains.

Clinic Connect: online healthcare and veterinarian booking service. Clinic Connect uses GoBooking platform. It had 600 active users in GP, psychology, optometry, specialist & veterinary markets.

DocAppointments: 600 active GPs across 77 GP clinics around Australia.

In August 2016, 1stAvailable entered into an agreement to acquire OzDocsOnline.com.au which is subject to due diligence for a purchase price of A\$150k in cash. OzDocsOnline has around 140 GP practices and 800 GPs on its platform and additional IP that will help extend 1stAvailable's solution and product range.

1STAVAILABLE'S BUSINESS MODEL: SUBSCRIPTION BASIS WITH UPLIFT FROM ADD-ON PRODUCTS

The sale of additional products beyond online appointments can provide a revenue uplift of 5-15x

1stAvailable has c.+8,000 appointment books, in over 4,000 sites around Australia (excluding the OzDocsOnline acquisition metrics). We understand that approximately 110k appointments are made through its product, each month. A key element of the business model is that 1stAvailable is currently & planning to sell additional products & services to practitioners (beyond appointment books), the derivation of which, is in the range of c.5-15x greater. Further, 1stAvailable looks to monetize consumer transactions / traffic that altogether improves practice profitability & efficiency, patient experience & value.

Through its 1stAvailable.com.au portal & SaaS product suite, revenue is derived from both subscription and variable monthly transaction fees from online appointment books and related traffic, and various add-on products, charged to private healthcare practices. The company has also started to drive additional revenue from advertising fees to organizations wishing to advertise to the 1stAvailable marketplace of users. Pricing is based on the number of healthcare providers in the practice, the type of practice & pricing is in the vicinity of c.\$50, per book, per month. The additional product add-ons have the potential to drive an additional 5-10x the revenue from appointment



books, excluding revenue from advertising. Its C&G product has similar pricing but not as broad a set of add on products to drive additional revenue at this stage. Overall, our estimate of potential revenue to 1stAvailable, for appointment books in isolation, is in the vicinity of c.\$25.5m (excludes non-healthcare opportunity in the C&G division & assumes 30% market share is captured).

It is important to highlight that 1stAvailable's revenue process is not dominated by online appointments, *per se*. While it may start with that process, roughly 19 out of 20 patients still use the phone to make appointment and an additional opportunity will emerge as this adoption rate migrates to 50-75% of appointments being made online vs via the phone. It is estimated that in the Private Practice market alone, there is currently around 47m appointments being made by telephone each month, and its converting these to online bookings that represents a significant opportunity for 1stAvailable. We estimate that the appointments book solution is only likely to be c.<10% of 1stAvailable's revenue in time; albeit a derivation of its GP installed base. We understand that churn rates are minimal.

Further revenue streams are generated from additional product sales such as:

- 1) Self check-in: c.\$7m potential revenue, across all practice areas, adjusted by an average of 3 practitioners, per practice;
- 2) Patient clipboard: c.\$7m potential revenue, across all practice areas, adjusted by an average of 3 practitioners, per practice;
- 3) Telehealth: revenues are applicable to GP's \$48.8m, Specialists \$40.7m & Psychologists \$2.1m, based on our estimates. Key assumptions are: 20% of 1stAvailable's bookings use the service @ \$10.70 fee;
- 4) eScripts: \$75.6m opportunity to 1stAvailable. This assumes 288m scripts x 17.5% adoption rate x \$5 fee x 30% market share;
- 5) Online advertising directed at subscribers & patients;
- 6) New products such as easyMedical Certificates, easyRecall, easyFeedback and 1stInsights;
- 7) In the future, payments solution & the 'holy grail', namely Big Data Analytics.

Today, one-off revenue sources are generated from set-up & installation fees, along with customization & development fees, principally for larger clients.

1stAvailable's product roadmap is detailed in Figure 1:

Figure 1: Product Strategy Roadmap

Available Today	Q1FY17	Underdevelopment	Future Plans
Appointment Bookings	easyRECALLS	easyPRESCRIPTIONS	Payments
Custom Branded App	easyFEEDBACK	easyTELEHEALTH (Mental)	Big Data
Call Centre DashBoard	easyMEDCERT		
27 PMS Integrations	1ST Insights (BI)		
Self Check-In App			
Self Check-In Kiosk			
Patient ClipBoard			
Advertising Assets			

Source: Foster Stockbroking estimates & 1stAvailable

**BUSINESS STRATEGY: FIRING ON ALL FRONTS****Expand in the Private Practice Segment (Including Non-GP Market):**

Outside of GP's a focus is on optical, dentists, vets and pharmaceutical segments

The Private Practice market requires a certain level of volume of appointment books to move to profitability & fortunately encompasses a broader set of participants than GPs. It is useful to understand the rough dynamics of the GP market, which is only 10% of the Private Practice market opportunity. It is important, since GP's effectively address 100% of the population & are the first point of contact for the patient. Interestingly, within the GP category, 67% of practices do not take on material new numbers of patients & as consumers we tend to go to one of our preferred two GPs (so 33% of practices focus on new patients). We understand that 1stAvailable has a c.40-60% conversion rate in the GP category & its focus is on the referral of quality patients that have a greater longer term financial value to the practice. In many ways, the key focus today is to enable patients to book online & spread the word, through a positive experience (such as book at 3am, instead of all patients calling at 8am when practice opens).

Today, the GP segment has the highest penetration in the online appointment market, with 25-30% (and Healthengine has signed 3x the number of GP's, than any other competitor). 1stAvailable, Appointuit & Hotdocs are in the 2nd tranche, with Ozdocs (being acquired by 1stAvailable), DocBook, Healthsite & PMS vendor, Medical Director, the next level. Not surprisingly, we would expect consolidation in the market, over the next few years.

Outside the market for GPs, the penetration level is low (if not non-existent). Four categories that 1stAvailable is targeting are: 1) Optical, 2) Dentists, 3) Vets, and 4) Pharmacies.

The Optical category provides access to c.50% of the population (GPs 100%) & patients visit their optometrists, on average, every 2-years. The market revenue potential is lower than GP's, but we view it as an important category to drive 1stAvailable's profile in the market place. Overall the market encompasses 2,200 stores, 4,500 optometrists & 1-1.5m appointments per mth. Excluding 40% of the market related to corporates, the immediate addressable market is c.2,700 optometrists. 1stAvailable is strategically positioned to capitalize on its move into the Optical market and has secured some key corporate players early. In time, as 1stAvailable dominates the optical sector, it is possible that OPSM & SpecSavers would look to utilize its portal solution.

The Dental category is 5% of the private practice market, by practitioners & has the 2nd highest adoption in the market. Recently, 1stAvailable signed the dental operation of Primary Healthcare (c.200 dentists at 55 sites). Today, 1stAvailable has c.600 dental clients. We are optimistic that 1stAvailable can leverage its Primary Healthcare relationship to generate additional revenue opportunities.

1stAvailable's TeleHealth product is underdevelopment, with its focus on medical certificates & eScripts. Details are commercially sensitive, at this time.

In Private Practice Expand Distribution Agreements To Market Through Partnerships:

Anticipate uplift in sales from distribution agreements with AVA and ATMS leading into December

In the private practice segment, distribution partners are in process of being leveraged to grow 1stAvailable's installed base. To expand 1stAvailable's presence rapidly, 1stAvailable continues to look for partners with complimentary businesses that are likely to drive adoption, by both consumers & patients, such as industry associations, content partners and JV's.

Current primary distribution agreements are with: 1) ATMS, & the 2) Australian Veterinarian Association.

- **Australian Traditional Medicine Society (ATMS):** Recently, 1stAvailable signed an exclusive 3-year distribution partnership with ATMS (11k members across 27 different modalities). ATMS is in its early stages. This agreement co-,marketing ramps-up in July/August 2016.



Once information is sent, 1stAvailable will follow-up through telesales, if they do not receive a response. 1stAvailable would like to have 1,000 subscribers leading into Christmas. A unique challenge in this market is that it is not as financially lucrative to the owner, compared to the profitability of GP's, Specialists or Vets, for example.

- **Australian Veterinarian Association (AVA):** Recently, 1stAvailable signed the Australian Veterinarian Association, as a distribution channel. It is an exclusive arrangement for 3-years. Circa 95% of vet owners are members (+9,300) & 1stAvailable has partnerships with the 4 major Practice Management Systems. 1stAvailable corporate clients include: #1 market leader Greencross & #3 National Vet Care. We understand the sales pipeline is robust. Co-marketing will commence in Q1 FY17E.
- **Currently, 1stAvailable is in discussions with additional industry partners, to broaden its Australian footprint.**

Expand Corporate & Government Markets: Focus on Sizeable Strategic Deals of High Value:

C&G segment is targeting higher value sales & has a robust sales pipeline of significant leads

Upon 1stAvailable's listing, it acquired GO Bookings a sophisticated SaaS solution that can be rapidly deployed at customer sites. The product suite and go-to-market strategy is quite different to 1stAvailable's private practice solution, namely direct sales vs telesales. The sales cycle is around 6 weeks to 6 months & 1stAvailable has c.+200 customers. Today the focus in the C&G segment is on high value transactions, eliminating its historical focus on some smaller transaction values.

The largest proportion of customers are in the healthcare vertical, with a further focus on the non-healthcare market (particularly finance, insurance, retail & Government). This segment is targeting the corporate healthcare groups in radiology, pathology, pharmacy chains, hospitals, State & Federal Government, along with Government Agencies (i.e. Universities). For example, in WA the Government is utilizing the software for its breast screening service.

Previously, the C&G segment has only sold an appointment book & professional services. The sale range is c.\$1k-20k per mth (average \$3k-5k per mth). The product takes approximately 2-weeks to install and pricing is based on the number of appointment books. Effectively, it is similar pricing to private practice on a per book basis (c.\$50 per mth), remembering add on products provide an uplift of c.10x.

The C&G segment has a direct sales team (2 people, including pre-sales) & are looking to double this in the near-future. We understand that the sales pipeline is significant & historically 1stAvailable's conversion rate is c.80%, with most losses occur due to the client no longer proceeding with the deployment at all or they are adopting an in-house solution.

COMPETITION: A LEADER IN THE BROADER ONLINE BOOKINGS MARKET

1stAvailable is a leader in its field, in the broader online appointments market

With the rapidly increasing uptake of online appointment software, many practice managers who have not yet added this functionality are beginning to look at it. The argument for efficiency gains are strong, with consumers having the ability to select a time 24 x 7, rather than waiting to call the practice, at the start of its opening hours the next day.

Online appointment solutions fall into two categories: 1) practice centric – most suitable for practices that have built a solid patient base, and 2) marketplace – consumer centric providing available appointments in a given area/location. This model assists in attracting new patients so it is appropriate for those practices looking to build up a patient base.

Not surprisingly, a number of practice management software vendors have attempted to develop online booking capabilities as part of their product, effectively enabling bookings on a practice's own



website through a booking widget, but these do not offer a central portal experience for patients across a number of services or consumer mobile apps.

Of note, 1stAvailable integrates with many of the Practice Management Software (PMS) vendors in the market, so it is useful to understand its structure. The PMS vendor market in Australia is c.130 providers (1,500 in USA), with development of software solutions, largely created by healthcare practitioners, for their unique practice. Within Australia c.30 PMS vendors own the majority of the market (80/20 rule). It is important to recognize that each modality has +4 vendors operating in its market segment.

Today, many of the 130 solutions above operate on servers in a practice, whilst SaaS based solutions remain in their infancy. Some SaaS players today include: Coreplus, Healthkit, Cliniko and Nookal. Some of these SaaS based solutions offer online appointments and 1stAvailable integrates with the majority of them. Of the 30 PMS vendors, that control the market, around 10 have appointment solutions, but these solutions are not to be confused with the 1stAvailable marketplace portal solution and broad product suite, as these PMS vendor solutions do not compete in the portal/marketplace space. We understand that 1stAvailable integrates with c.22 of the top 30 players in the market place and we consider this to be a competitive advantage (integrates with 29 in total).

Excluding GP's, other healthcare providers represent c.90% of the market. We believe that 1stAvailable is the leader in the market, when analyzed in the context of the broader market structure is well-placed to remain a leader in the market.

We have no plans to run through the entire detail of competitors here, but touch on key players in the appointment booking market. Competitors include:

- **Healthengine:** With a market share of c.+20% (1.8k GPs practices – 8k practitioners, 3k including Dentists – 10k practitioners) & claim they facilitate 400k appointments per month. For the GP appointment market of c.130m, approx. 7-10% are consultations to new practices. Referrals are 60% of Healthengine revenues (\$8 blended rate), with the remainder generated from leads & engagement. Lead revenues, for example, involve selling a potential health insurance customer to iSelect (c.\$12). Healthengine is the largest player in the GP category, with the highest level of consumer traffic.
- Hotdocs.com.au - 15% market share;
- Appointuit.com.au - 15% market share & is listed in the ASX (JHL);

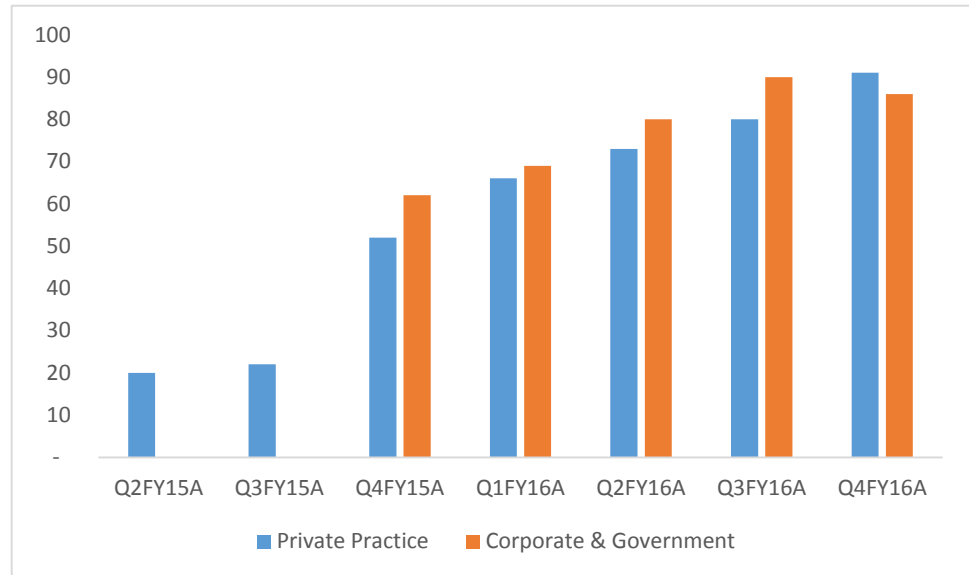
Within the corporate & Government markets, a number of competitors (mentioned below) target the SME market, with a lower price point.

- Clklik.com.au;
- Appointmentsonline.com.au;
- Virtual Industries: A NZ based company focused on providing bookings for schools;
- Bookingbug.com, a US based provide;
- Bookitlive.net.

FINANCIAL INFORMATION: BREAKEVEN IN FY2018E

Being in start-up phase, 1stAvailable is incurring losses. Currently the monthly burn-rate is c.\$250k. With additional investment leading into December, we would expect the cash burn to increase to \$300k. We are anticipating breakeven to occur FY2018E. Net cash today is \$6.6m.

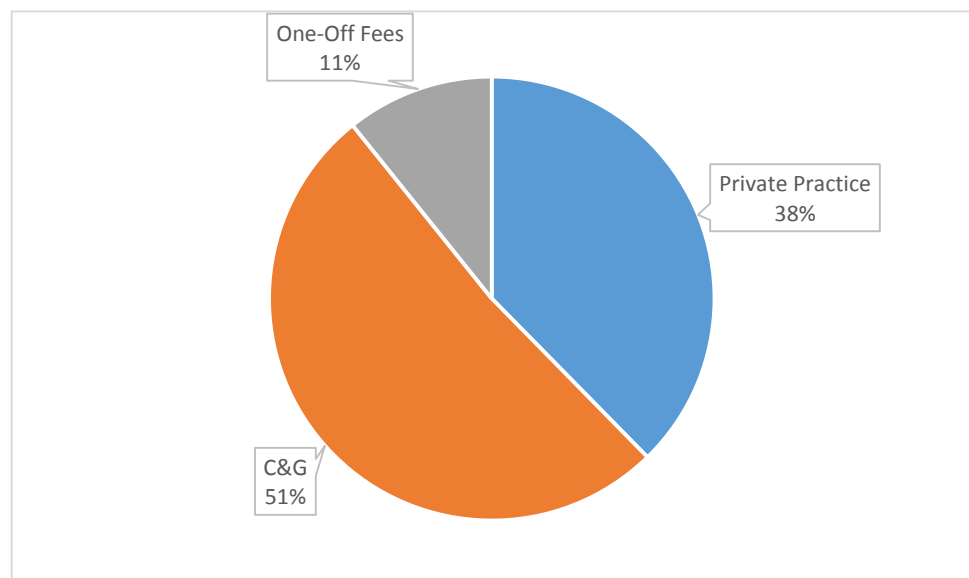
Figure 2: Monthly Recurring Revenue (A\$000's)



Source: 1stAvailable

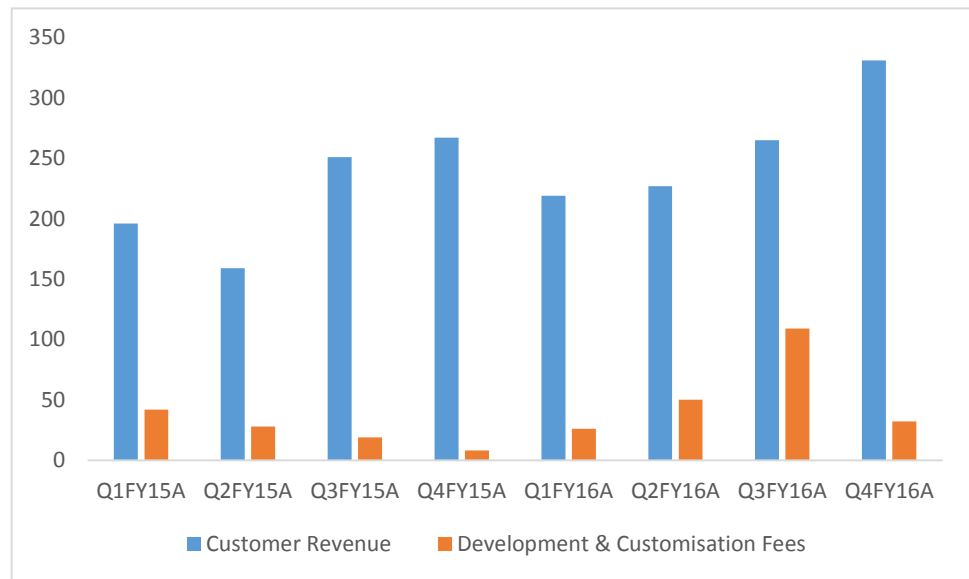
In figure 2, whilst private practice revenues have grown 13.8% q-o-q in Q416A, C&G declined 4.4% due to two existing customers switching to pay-per-use models as there roll-out of online bookings is delayed. We would expect C&G to return to normal quarterly growth patterns in Q117E.

Figure 3: 1stAvailable Revenue Breakdown



Source: Foster Stockbroking estimates

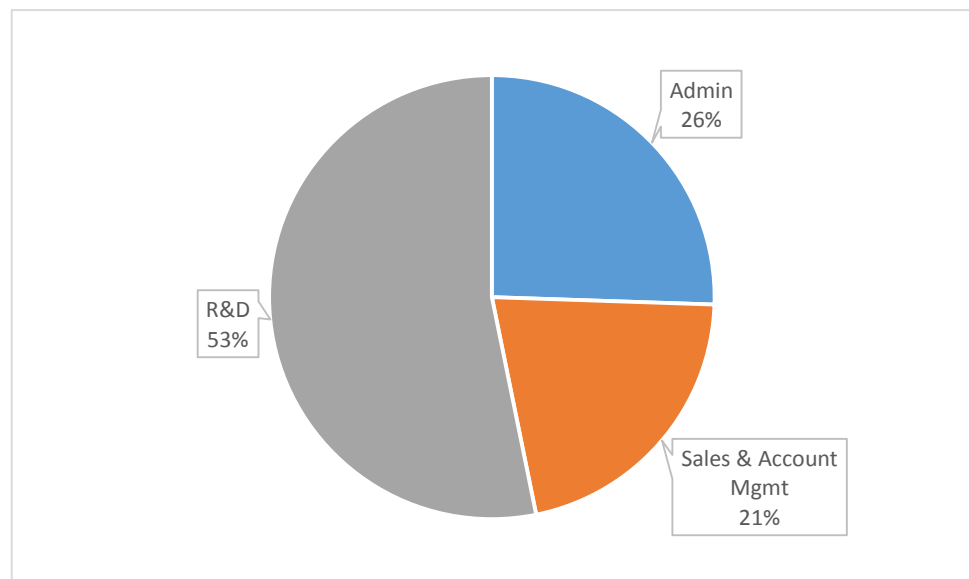
Figure 4: Corporate & Government Segment Performance (A\$000's)



Source: 1stAvailable

1stAvailable has 23 full time employees and 1 part time employee. We are expecting 1stAvailable to hire 4 additional staff in the next 12-months, with a focus on sales. Figure 5 highlights 1stAvailable's employee breakdown today.

Figure 5: Breakdown of Employees, By Area



Source: Foster Stockbroking estimates



We value 1stAvailable at 14 cps, based on a revenue market opportunity of \$308m.

VALUATION: SIGNIFICANT UPSIDE TO SHARE PRICE, 14 CPS

We value 1stAvailable at 14 cps (*currently 5.2 cps*), when looking at the broader addressable market opportunity of the Australian healthcare vertical. Our assumptions are detailed in Figure 6.

Figure 6: Valuation of 1stAvailable's Market Opportunity

Revenue Market Opportunity (\$m)	1025.6
1stAvailable Market Share	30%
1stAvailable Revenue Opportunity (\$m)	307.7
EBITDA Margin	18%
EBITDA (\$m)	55.4
NPAT (\$m)	33.2
PER (x)	15
Valuation (\$m)	498.4
Discount Rate	20%
Years	15
NPV (\$m)	32.4
No of Shares (m)	223.8
Valuation (cents per share)	14

Source: Foster Stockbroking estimates

Figure 7, breaks down the total gross addressable market, by segment with 266k practitioners & 560m bookings (2014).

Figure 7: Breakdown of Practitioners and Bookings, By Practice Segment

Practice Area	Practitioners		Est Bookings p.a. (m)	
	2014A	2018E	2014A	2018E
GPs	32,401	38,198	126.8	149.5
Specialists	57,400	64,737	105.6	119.1
Dentists	17,587	21,622	40.4	49.7
Radiologists	7,395	8,541	16.9	19.5
Psychologists	13,712	19,284	5.4	7.7
Podiatrists	3,062	4,181	18.9	25.8
Physiotherapists	10,642	13,640	25.2	32.3
Optometrists	4,548	5,179	8.1	9.2
Occupational Therapists	6,163	8,200	11.0	14.6
Chiropractors	4,724	5,570	8.4	9.9
Osteopaths	1,772	2,195	3.2	3.9
Chinese Medical Practitioners	4,061	4,925	7.2	8.8
Massage Therapists	39,040	47,452	69.4	84.4
Natural Medicine Practitioners	55,292	67,208	98.3	119.5
Vets	8,348	10,031	15.4	18.5
Total	266,147	320,963	560.3	672.4

Source: Frost & Sullivan

For our valuation metrics revenues are generated from appointment books, self-check-in, patient clipboard, TeleHelath, eScripts & online advertising.



Figure 8: Breakdown of Revenue Opportunity by Practice Segment

Practice Area	Practitioner	Monthly Fee \$s			Annual Subscription Revenue \$m			Total
		Access	Check-In	ClipBoard	Access	Check-In	ClipBoard	
GPs	5,832	50	37.5	37.5	3.5	0.9	0.9	5.2
Specialists	10,332	50	37.5	37.5	6.2	1.5	1.5	9.3
Dentists	3,166	50	37.5	37.5	1.9	0.5	0.5	2.8
Radiologists	1,331	50	37.5	37.5	0.9	0.2	0.2	1.3
Psychologists	2,468	50	37.5	37.5	1.5	0.4	0.4	2.2
Podiatrists	551	50	37.5	37.5	0.3	0.1	0.1	0.5
Physiotherapists	1,916	50	37.5	37.5	1.1	0.3	0.3	1.7
Optometrists	682	50	37.5	37.5	0.4	0.1	0.1	0.6
Occ. Therapists	1,109	35	37.5	37.5	0.5	0.2	0.2	0.8
Chiropractors	850	50	37.5	37.5	0.5	0.1	0.1	0.8
Osteopaths	319	50	37.5	37.5	0.2	0.0	0.0	0.3
Chinese Medical	731	50	37.5	37.5	0.4	0.1	0.1	0.7
Massage Therapists	7,027	35	37.5	37.5	3.0	1.1	1.1	5.1
Natural Medicine	9,953	35	37.5	37.5	4.2	1.5	1.5	7.2
Vets	1,503	50	37.5	37.5	0.9	0.2	0.2	1.4
Total	47,770				25.5	7.2	7.2	39.8
Advertising Revenue								100.6
TeleHealth Revenue								91.6
eScripts								75.6
Total Revenue								307.7

Source: Foster Stockbroking estimates

Of note, some key assumptions for the analysis in Figure 8 are: 1) addressable practitioner & booking market is 60%, 2) self-check-in & patient clipboard occur as one sale to a practice & a practice has on average 3 practitioners, 3) 1stAvailable has 30% market share, 4) portal bookings are reduced by another 50% compared to practitioner booking numbers (impacts advertising revenue), 5) telehealth is c.20% adoption for GP's, Specialist and Psychologists only, 6) eScripts are based on 288m x 17.5% penetration x fee \$5 x 30% market share.

RECOMMENDATION – BUY; PRICE TARGET \$0.14/SHARE

We initiate coverage of 1ST with a SPECULATIVE BUY recommendation and 12-month share price target of \$0.14/share, based on our valuation. Given the early stage of the company's lifecycle, we rate the investment as very high risk.

CATALYSTS

Catalysts for the stock includes: 1) adoption of online appointment booking system and ancillary products from industry partners, positive news flow of industry partner agreements (especially financial outcomes) & closure of C&G deals.



BOARD OF DIRECTORS

Trevor Matthews – Non-Executive Chairman: Trevor has extensive financial services experience in Australia, Canada, Japan and the UK. He was previously with Aviva, most recently as Executive Director and Chairman, Developed Markets and prior to that chief executive officer of Aviva UK. Trevor has also held the position of chief executive officer with Friends Provident and Standard Life Assurance, both based in the UK, as well as Manulife Financial in Japan. He has also filled senior roles at National Australia Bank and Legal & General in Australia.

Trevor has served as Commissioner for the UK Commission for Employment and Skills, Chairman of the Financial Services Skills Council in the United Kingdom, and has been a member of the boards of the Life Insurance Association of Japan, the Life Office Management Association in the United States, and the Life Investment and Superannuation Association in Australia. He was President of the Chartered Insurance Institute and the Institute of Actuaries of Australia.

Trevor is a director of AMP Limited, CoverMore Limited, the Bupa Australia and New Zealand group, FNZ Australia and New Zealand and is an adviser to Tokio Marine.

Trevor has an MA in Actuarial Studies from Macquarie University and is a Fellow of the Institute of Actuaries in both the UK and Australia.

Klaus Bartosch – Managing Director and Chief Executive Officer: Klaus is an experienced company executive in both publicly listed and private companies and brings extensive expertise in the development and operation of large consumer focused online search and appointment booking engines, websites and aggregators.

Klaus has been instrumental in the development of the Company's strategy and the formation of the Board and executive team. Klaus was the Executive Chairman of the Company from 16 December 2011 until 20 September 2013, at which time he accepted the appointment as Managing Director.

He was a founding executive and founding shareholder in CloudTech Group and Virtual Ark, where he led a global team in marketing cloud based services to enterprise consumers, and which was recognised in 2011 as a Gartner Cool Vendor.

Klaus was formerly Sales and Marketing Director for the then publically listed Hostworks Limited that was acquired by Broadcast Australia (then a part of the Macquarie Group) in 2007. During his tenure at Hostworks, the company was responsible for the management of the online systems for many leading online brands including wotif.com, seek.com, carsales.com.au, realestate.com.au, graysonline.com, ficketek.com, SBS.com.au, ninemsn.com.au, and ten.com.au.

In previous roles, Klaus has served as chief executive officer and has held various senior executive roles for major multi-national companies in the information technology industry.

Klaus holds an AD in Civil Engineering obtained from the South East Queensland University. Klaus is a Member of the Australian Institute of Company Directors.

Richard Arnold – Non-Executive Director: Richard was the former Chief Financial Officer, and Vice President of Strategy and Corporate Development at CrowdFlower Inc., a leading enterprise crowd sourcing company, based in San Francisco, California. Richard was appointed to the Board of the Company on 2 February 2012, and accepted the Chairmanship of the Company on 20 September 2013. Richard resigned as Chairman on 24 February 2015.

Prior to joining CrowdFlower, Richard served from 2006 to March 2010 as Chief Operating Officer and Chief Financial Officer of Phoenix Technologies Ltd (NASDAQ: PTEC), the world's leading provider of core system software to the computer industry. He previously served as a member of



the Board of Directors and Chairman of the Audit Committee of Intellisync Corporation (NASDAQ: SYNC) from 2004 to 2006 and as a member of the board of Directors and Chairman of the Audit Committee of Saint Bernard Software, Inc. (NASDAQ: SBSW) from 2006 to 2007.

From 2001 to 2006, Richard served as a founding partner of Committed Capital Proprietary Limited, a private equity investment company based in Sydney, Australia. From 1999 to 2001, he served as Executive Director of Consolidated Press Holdings Limited, the Packer family's private investment company based in Sydney.

Richard has also previously served as Managing Director of TD Waterhouse Australia, a securities dealer; as Chief Executive Officer of Integrated Decisions and Systems, Inc., an application software company; as Managing Director of Eagleroo Proprietary Limited, a corporate advisory company; and in various senior management capacities including as chief financial officer with Charles Schwab Corporation (NASDAQ: SCHW), a large securities brokerage and financial services company.

Richard holds a Bachelor of Science degree in Psychology from Stanford University and has completed the Executive Program in Finance at Stanford's Graduate School of Business.

Amanda Hagan – Non-Executive Director: Amanda joined the board in August 2016. Ms Hagan has almost 20 years' experience and significant expertise in healthcare, technological change and innovation. Amanda is Group Executive Digital & CEO Healthcare at Australian Unity, one of Australia's top health insurers and provider of healthcare services.

Australian Unity has a significant culture of innovation having developed the Remedy Healthcare business, a leading provider of integrated telephonic, online and in-home healthcare services. In her role, she is responsible for overseeing retail and corporate private health insurance funds, a dental business and a preventative health business as well as establishing Australian Unity's Digital Transformation Centre to lead digital across the group.

RISKS

Management risk. The loss of key executives from 1ST such as but not limited to the founders, could cause the performance of the business to deteriorate and a loss of investor confidence.

Execution risk. 1ST is at an early stage, its business model yet to be proven on a large economic scale. Its product may not work to expectations, which may negatively impact earnings.

Technology risk. Changes in technology may cause 1ST product and platform to become obsolescent or less attractive than those of its competitors, causing it to lose customers.

Competition risk. Competition is intense in the healthcare software market. Existing or new competitors may offer more attractive products, which may erode 1STs earnings.

Economic risk. Any downturn in the Australian economies may cause less spending on 1ST products, impeding growth and earnings.

Security risk: Cyber hacking of 1ST platform may infringe on the privacy and confidentiality of its users information, which could damage the brand and business.

Funding risk. 1ST may require further funds to establish and grow its business. Any aversion to providing funds to early stage business may make it difficult for 9SP to access funds.

Dilution risk. Any further funding to grow the business may result in 1ST issuing equity on a dilutive basis, negatively impacting shareholders.



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