



## LiveHire Ltd (LVH.ASX)

*Business continues to de-risk*

### Event:

- December quarterly; Company updates; Recommendation upgrade.

### Investment Highlights:

- LiveHire (LVH)** December quarterly was largely in-line with our expectations of high double-digit growth, with Talent Community Connections (TCCs) up 32% QoQ to 234k, and cash receipts up 75% to \$0.35M.
- Growth from existing clients as well as new customers.** LVH stated more than 50% of TCC growth came from existing clients expanding their Talent Communities, some of which expanded the rollout across their company e.g. Alfred Health, KPMG. We read this as a major positive, signalling these companies' satisfaction with the LiveHire product, especially in delivering savings and reducing time to hire.
- Achieving critical mass in healthcare vertical.** LVH recently signed leading aged care providers Japara Healthcare and Amana Living, adding to other major healthcare clients such as Bupa, Telstra Health, and Alfred Health. We believe this has a number of positive effects, including building awareness of the LiveHire, accelerating adoption of LiveHire by other healthcare providers, and spreading existing LiveHire profiles across more than one talent community.
- First major clients in education adds another vertical.** LVH has signed TAFE Queensland and Laureate Universities International to launch talent communities, its first major clients in the education sector.
- SAP SuccessFactors integration highlights LiveHire can be complementary to large HRMS applications.** LVH recently undertook a major integration of its platform with SAP's SuccessFactors for Alfred Health. LiveHire's real time Talent Community replaced the client's outdated upstream ATS, while integrating with SuccessFactors' downstream HR such as performance, payroll, and learning. We believe the integration has opened up opportunities for both SAP and LVH to examine together, the former extracting value from LVH's unique platform, while LVH would benefit from SAP's global reach.
- RPO opportunities progressing.** LVH's partner Randstad is scoping its next implementation which we believe will likely be in the USA. Additionally LVH has engaged with another four RPOs to examine client opportunities/tenders both domestically and internationally.

### Valuation and Earnings:

- We make only slight changes to earnings by increasing both our forecast TCCs and operating expenses, resulting in FY17e & FY18e NPAT of **-\$5.4M** and **-\$4.3M** (prior **-\$4.6M** & **-\$3.6M**).
- Our valuation of LVH increases to **\$0.60/share** from **\$0.43/share**, primarily due to unwinding some risk of the offshore market opportunity.

### Recommendation:

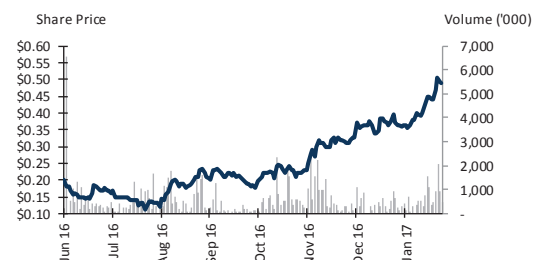
- We upgrade our recommendation to **Buy** from **Speculative Buy**, as we have increased our confidence in LVH, given the successful performance of the product in the market. We have upgraded our price target to **\$0.60/share** from **\$0.43/share**, in-line with our valuation. Catalysts include major client and RPO signings.

Recommendation	Buy
Previous	Speculative Buy
Risk	High
<b>Price Target</b>	<b>\$0.60</b>
Previous	\$ 0.43
<b>Share Price (A\$)</b>	<b>0.470</b>
ASX Code	LVH
52 week low - high (A\$)	0.10-0.54
Valuation	\$0.60/share
Methodology	Risked DCF
Capital structure	
Shares on Issue (M)	203.8
Options (M)	22.6
Performance rights	0.8
<b>Market Cap (A\$m)</b>	<b>95.8</b>
Net Cash (Debt) (A\$m)	7.3
<b>EV (A\$m)</b>	<b>88.5</b>
12mth Av Daily Volume ('000)	557

Y/e Jun Forecasts	2016a	2017e	2018e	2019e
Sales A\$m	0.3	0.9	2.2	5.1
Sales growth	205%	197%	134%	135%
EBITDA A\$m	-3.2	-5.5	-4.3	-1.5
<b>NPAT A\$m Adj.</b>	<b>-3.3</b>	<b>-5.4</b>	<b>-4.3</b>	<b>-1.5</b>
<b>EPS c</b>	<b>-2.9</b>	<b>-2.0</b>	<b>-1.6</b>	<b>-0.4</b>
PER X	nm	nm	nm	nm

Board	
Antonluigi Gozzi	Managing Director
Michael Haywood	Executive Director
Patrick Grant Galvin	Executive Director
Adam Zorzi	Non Executive Director
Geoff Morgan AM	Non Executive Chairman

### Share Price Graph



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 The analyst owns 50,000 LVH shares.

**Foster Stockbroking acted as Joint Lead Manager to the IPO of LVH in June 2016 in which 50M shares were offered at \$0.20 to raise \$10M. Foster Stockbroking received fees for this service.**