



## Updater Inc. (UPD)

*New year, new objectives*

### Event:

- Announcement of strategy update and business objectives for CY2017.

### Details:

- Updater Inc. (UPD)** is a US based technology company that has produced a software platform to improve the relocation process.
- UPD has announced its **business objectives and key performance metrics for CY2017**. The objectives are as follows:
  - Achieve **15% Estimated Market Penetration of Monthly Moves** processed in any month prior to December 2017.
  - Sign **two new Pilot Programs in distinct verticals by 30 June 2017** (in addition to the three existing Pilots in three separate verticals).
  - Ensure **all five Pilot Programs are fully operational before December 2017**.
  - Announce **Pilot Results for two distinct business verticals** with the first due by **30 June 2017**, and the second by **December 2017**.
  - Announce **initial vertical(s) for deployment and sales of Business Products by December 2017**. Sales goals will also be released at this time.
- The company also recently released a quarterly update for Q4CY16 to market. The company demonstrated **continued market share growth** and a strong balance sheet after its recent placement in September 2016, and announced significant **personnel additions** to bolster the team in a crucial year for UPD.

### Earnings and Valuation:

- Our valuation of UPD remains \$0.90/CDI. We maintain a risk factor of 45% as the company diligently works towards proving the value of its Business Products through its three existing pilot programs. Our valuation is based on a high growth P/E multiple of 25x of earnings from only the insurance vertical.

### Recommendation:

- We maintain our **Speculative Buy recommendation and 12 month price target of \$0.90/CDI**. Positive results from the Pilots and the initial deployment of Business Products will be the critical catalysts for the business in the coming twelve months, while the market will look for continued growth in market share throughout the year.

Recommendation	Speculative BUY
Previous	Speculative Buy
Risk	Very High
<b>Price Target</b>	<b>\$ 0.90</b>
Previous Target	\$ 0.90
<b>CDI Price (A\$)</b>	<b>\$ 0.425</b>
ASX Code	UPD
52 week low - high (A\$)	0.17-0.61
Valuation Methodology	PE multiple
<b>Capital structure</b>	
CDIs on Issue (M)	489
<b>Market Cap (A\$M)</b>	<b>208</b>
Net Cash/(Debt) (A\$M)	46
<b>EV (A\$m)</b>	<b>162</b>
Options (M)	103
Warrants (M)	6
12mth Av Daily Volume ('000)	514
<b>Board</b>	
David Greenberg	Executive Chairman
Ryan Hubbard	Executive Director
Grant Schaffer	Non-Executive Director
Antony Catalano	Non-Executive Director
<b>Major Shareholders</b>	
David Greenberg	28.5%
Ryan Hubbard	10.2%
Grant Schaffer	7.3%
Thorney Investment Group	5.7%
<b>Price Graph</b>	



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 The analyst owns no UPD CDIs.

**Foster Stockbroking acted as Sole Lead Manager to the A\$30M placement of 60M UPD CDIs at A\$0.50 in September 2016. Foster Stockbroking received fees for the service.**