



## LiveHire Ltd (LVH.ASX)

*Equity raise to accelerate market penetration*

### Event:

- **Company update; equity raising; and partner integrations.**

### Investment Highlights:

- **LiveHire (LVH)** issued 28.5m shares at \$0.44/share in March raising \$12.5M. As the company is still burning cash, the purpose was to bolster its cash chest in order to maintain momentum in sales and marketing, including adding new partners and clients and accelerate market penetration. The company's cash post raising is \$18.1M. Additionally we expect \$3M in R&D rebates in CY2017.
- **The company has announced two significant partner integrations with CEB Australia and Indeed.** Indeed is the world's leading job site with >200M monthly active users. The integration with LVH now makes it seamless and easier for both the employer and candidate, with the latter applying for an advertised job and joining the employer's talent community by a "one-click application".
- **LVH partnered with CEB to create a Women in Tech initiative to attract 100k women to the Australian tech sector.** Candidates can express interest in various employers by joining their Talent Communities. (<http://www.livehire.com/ceb-women-in-tech>). Major employers participating include Amazon Web Services, Dropbox, Salesforce, Commonwealth Bank, Australia Post, and Uber. These are new client opportunities to accelerate TCC growth. If successful, we envisage further initiatives with CEB including to expand with companies in Australia and globally.
- **BUPA expands rollout.** BUPA, one of LVH's major clients, has expanded rollout of LiveHire to its IT division, adding to its Clinical, Aged Care, and Digital segments that have already employed it. We estimate its Talent Communities now account for ca. 20% of job roles within BUPA.
- **Discussions continue with ASX25 companies and RPOs.** LVH continues to progress opportunities with a number of RPOs, including Randstad, in Australia, Asia, and the USA, and is also engaging with ASX25 companies. We expect an implementation with at least one RPO and one ASX25 client by end FY17e.

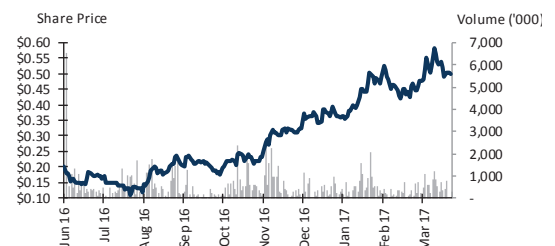
### Valuation and Earnings:

- **We make only slight changes to earnings.** We reduce our forecast FY17e NPAT to -\$5.8M from -\$5.4M due to higher amortisation expense and lower TCC yield. Our FY18e NPAT has increased to -\$2.9M from -\$4.3M mostly due to assuming a \$3.0M R&D rebate, partially offset by increased marketing and sales costs.
- **Our valuation of LVH is unchanged at \$0.60/share.** The roll forward of our DCF by six months and inclusion of the R&D rebate has been offset by increase in operating expense and greater dilutive equity raise than we had expected (previous forecast \$5M at \$0.42/share).

### Recommendation:

- **We maintain our Buy recommendation and our 12-month price target of \$0.60/share, in-line with our valuation.**
- **Catalysts for the share price include:** Continuing increase in TCCs and sales; announcement of implementation for major new clients; expansion of talent communities for existing clients; and new technology and channel partner integrations.

Recommendation	Buy			
Previous	Buy			
Risk	High			
Price Target	\$0.60			
Previous	\$ 0.60			
Share Price (A\$)	0.515			
ASX Code	LVH			
52 week low - high (A\$)	0.10-0.59			
Valuation	\$0.60/share			
Methodology	Risked DCF			
Capital structure				
Shares on Issue (M)	232.0			
Options (M)	22.6			
Performance rights	0.8			
Market Cap (A\$m)	119.5			
Net Cash (Debt) (A\$m)	18.1			
EV (A\$m)	101.4			
12mth Av Daily Volume ('000)	521			
Y/e Jun Forecasts	2016a	2017e	2018e	2019e
Sales A\$m	0.3	0.9	2.2	5.1
Sales growth	205%	184%	146%	135%
EBITDA A\$m	-3.2	-5.6	-2.4	-3.9
NPAT A\$m Adj.	-3.3	-5.8	-2.9	-5.6
EPS c	-2.9	-2.5	-1.1	-2.2
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, and as Co-Manager to the March 2017 placement at \$0.44/share to raise \$12.5M. In both instances Foster Stockbroking received fees for the service.**