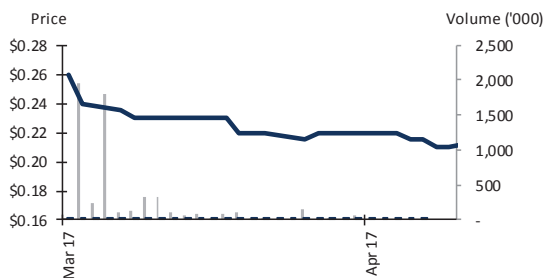




## Bigtincan Holdings Limited (BTH.ASX) – Buy

Enterprise SaaS making good progress

<b>Recommendation</b>	<b>BUY</b>
Previous	N/A
Risk	High
<b>Price Target</b>	<b>N/A</b>
Previous Price Target	N/A
<b>Share Price (A\$)</b>	<b>\$ 0.22</b>
ASX Code	BTH
52 week low - high (A\$)	0.21-0.26
<b>Capital structure</b>	
Shares on Issue (M)	176
<b>Market Cap (A\$M)</b>	<b>39</b>
Net Cash/(Debt) (A\$M)	14
<b>EV (A\$m)</b>	<b>25</b>
Options (M)	20
Warrants (M)	5
12mth Av Daily Volume ('000)	211
<b>Board</b>	
Tom Amos	Non-Executive Chairman
Wayne Stevenson	Non-Executive Director
John Scull	Non-Executive Director
David Keane	Chief Executive Officer
Geoff Cohen	Commercial Director / CFO
<b>Major Shareholders</b>	
Southern Cross IIF Trusco	17.3%
Lai Sun Keane	14.5%
Jensen/Cohen Holdings	10.2%
Regal Funds Management	9.0%
Acorn Capital	5.6%
<b>Price Graph</b>	



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The analyst owns no BTH shares.

**Foster Stockbroking acted as Co-Manager to the A\$12M IPO of 46.154M BTH shares at A\$0.26 in March 2017. Foster Stockbroking received fees as consideration for these services.**

**Talking Point** mostly discusses stocks for which Foster Stockbroking does not provide formal research coverage. It combines both the dealing desk's market view and basic research analysis. The aim is to offer clients additional investment ideas that lie outside the firm's universe of formally covered stocks. Occasionally, some stocks under formal research coverage will also be discussed in Talking Point.

### Event:

- Bigtincan Holdings Limited (BTH) release of March quarterly report (3Q17). ASX debut on 22 March 2017; BTH successfully raised \$12M in an IPO of 46.154M shares at \$0.26 per share.

### Analysis:

- BTH is a software-as-a-service (SaaS) company with a focus on enterprise mobility software to facilitate sales enablement and salesforce productivity. BTH owns its core intellectual property.
- The company's software product is the Bigtincan Hub which allows businesses to access an integrated mobile sales and service enablement platform with the ability to deliver content automatically to salesforces.
- Bigtincan Hub allows salesforces to access, collaborate, and edit content across a wide range of mobile devices, without the need for online connectivity. The product is also embedded with machine learning and AI to automate sales administration tasks, allowing sales personnel to focus on 'selling', offering businesses improved sales and productivity gains.
- The company has a large addressable market with scalable opportunity, backed by a working product, with demonstrated improvements to clients' salesforce productivity. The product generates a healthy gross profit margin of ~85%.
- Beyond the start-up stage, BTH earned CY16 revenue of ~\$8M. BTH has more than 300+ paying customers including AT&T, Merck, Guess, Palo Alto, and Telefonica. BTH also has the backing of premium channel partners Apple and SingTel Optus. With a stable of existing premium clients, BTH is a reduced-risk proposition in its peer group.
- The company has demonstrated impressive revenue growth to date growing at an average rate of 61% p.a. over the last three years. The company intends to execute a 'land and expand' strategy in existing clients, and ramps up its marketing into new clients, as it targets ~50% revenue growth for FY18.
- 3Q17 receipts from customers were \$3.3M compared with \$4.4M in receipts for the whole of the previous sequential half (1H17). Operating cash for 3Q was -\$0.5M, as BTH stated it remains on target for cash flow breakeven by CY17 end. Strong balance sheet: cash at 3Q end was \$14.4M, with no debt.
- BTH will use the IPO proceeds to ramp up sales expansion in existing markets (\$3.8M) and new markets (\$0.9M), as well as marketing expansion (\$1.2M). Technology/product expansion will receive a \$0.5M allocation, while \$4.4M will be devoted to working capital and general corporate purposes.

### Recommendation:

- We rate BTH a Buy, as the company positions itself to for further sales expansion to monetise its Bigtincan Hub product.
- Catalysts for the share price include: 1) increased client numbers, 2) increased seat numbers within existing clients ('land and expand'); 3) new seat numbers from new clients; 4) achieving cash flow and profit breakeven.