



LiveHire Ltd (LVH.ASX)

Randstad's recruiting division adds new channel for LVH

Event:

- **Deployment of Talent Community by Randstad; June quarterly.**

Investment Highlights:

- **LiveHire (LVH)** recently announced that Randstad Singapore's Staffing Services division – its recruiting agency arm - is implementing LiveHire's Talent Community. The deployment adds another channel to the mix alongside RPOs and direct client sales. The Talent Community will initially target finance and accounting professionals in Singapore.
- **Randstad will act as gatekeeper to clients, and will be able to undertake business as usual, except that we expect it will provide candidates quicker and with less cost by using the Talent Community.**
- **The positive for LVH is that it indirectly accesses many new clients, with Randstad increasing the total addressable market by deploying a single Talent Community.**
- **On a broader scope the Singapore implementation opens up the potential for LVH to grow further into Asia in the future.** Randstad has reported double-digit growth in China, Malaysia, and Singapore, and we estimate just under €1.2b of Randstad's revenues derives from this region.
- **June quarter slightly better than expected.** LVH reported 362k TCCs end June, topping our forecast of 347k, while receipts were \$0.33M (our forecast \$0.31M). Monthly yield was \$0.33 per TCC, and operating cash outflows in-line, as was cash at end of the period of \$17.8M.
- **New contracts won recently include Reece, Barwon Health, and Queensland Health.** LVH's exposure to healthcare is attractive, with employment growth forecast to grow 16% over next five years. We estimate the company has exposure to employers accounting for ca. 8% of the Australian healthcare workforce.

Valuation and Earnings:

- **Given business is tracking mostly to our forecasts we have made negligible changes to our earnings forecasts.** We expect 20.5% QoQ growth during FY18e and forecast 762k TCCs at end FY18e. The Randstad deployment reinforces confidence in our growth forecasts.
- **Our valuation of LVH has increased to \$0.73/share from \$0.60/share.** This is due to mainly cutting our forward capex estimates to \$0.1M p.a vs \$0.6M p.a. Our development expenditure remains changed at \$1.5M p.a.

Recommendation:

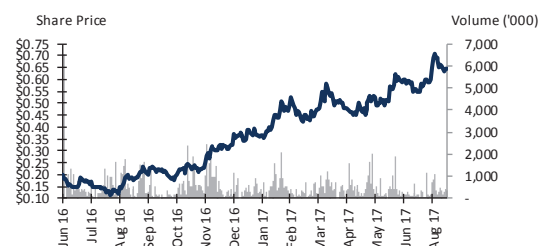
- **We maintain our Buy recommendation and our raise our 12-month price target to \$0.73/share from \$0.60/share, in-line with our revised valuation.**
- **Catalysts for the share price include:** Continuing increase in TCCs and sales; announcement of implementation for major new clients; expansion of talent communities for existing clients; and new technology and channel partner integrations.

Recommendation	Buy
Previous	Buy
Risk	High
Price Target	\$0.73
Previous	\$ 0.60
Share Price (A\$)	0.645
ASX Code	LVH
52 week low - high (A\$)	0.16-0.73
Valuation	\$0.73/share
Methodology	Risked DCF
Capital structure	
Shares on Issue (M)	232.0
Options (M)	26.1
Performance rights	0.8
Market Cap (A\$M)	149.6
Net Cash (Debt) (A\$M)	17.8
EV (A\$M)	131.8
12mth Av Daily Volume ('000)	489

Y/e Jun earnings A\$M	2016a	2017e	2018e	2019e
Sales	0.3	0.9	2.1	5.2
EBITDA	-3.6	-5.0	-5.5	-4.0
EBIT	-3.7	-5.3	-5.9	-4.7
NPAT rep.	-3.7	-5.1	-5.6	-4.4
NPAT adj.	-3.3	-5.2	-6.7	-4.4
EPS adj c	-3.3	-2.2	-2.2	-1.7
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
Christy Forest	Non Executive Director

Share Price Graph



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The analyst owns 50,000 LVH shares.

Foster Stockbroking acted as Co-Manager to the March 2017 placement of 28.5M shares at \$0.44/share to raise \$12.5M. Foster Stockbroking received fees for the service.