



Updater Inc. (UPD)

Business Products launch

Event:

- **CY18 Objectives for Business Products; product development overview.**

Analysis:

- **UPD has announced its CY18 objectives for the business.** UPD has also announced vertical specific goals for the Insurance and Full Service Moving.
- **The company is aiming to sell Business Products in five distinct verticals by CY18e end:** in addition to the previously announced Full Service Moving and Insurance verticals, UPD will target three additional verticals. We believe the most likely candidates are TV/Internet, DIY moving, or financial services, given UPD have run pilots in those verticals.
- Businesses that purchase Business Products on the UPD Platform will allow Users to receive personalised content and access advanced functions to complete transactions. UPD will charge businesses access fees.
- **The company is aiming to secure 15 Paid Programs (Business Product Sales) running on the UPD platform in the Insurance vertical by CY18e end.** UPD has begun pre selling Business Products in Q4 CY17 for the Insurance Division's core products, including retention products and acquisition products. The Insurance Division will offer ancillary products during 2018, including lease and security deposit insurance products, and moving insurance products.
- **UPD also aims to secure 150 Paid Programs on the UPD MoveHQ platform by CY18e end.** Integration of the MoveHQ acquisition continues to track well.
- UPD expect initial revenue excluding Real Estate Products to be received in Q4 2017. The company also expect **QoQ revenue growth through CY18e.**
- UPD plans to continue investing in building out the UPD platform to enable users to access personalised content, deliver a user experience to satisfy all users and to drive scalable growth over the long term.
- **Strong track record in delivering on promises:** although the latest announcement of the new year's objectives sets ambitious goals for the company, we remain confident of management's ability to progress the business given its impressive track record on over-delivering on targets.

Earnings and Valuation:

- We maintain a **valuation range of to A\$1.70/CDI to A\$3.14/CDI**, which already considers the revenue opportunity from only the insurance vertical.
- UPD ultimately aims to engage in **15+ distinct verticals** including movers, banking, insurance, cable, internet, utilities, big box retail, and pharmaceuticals. The ultimate valuation has the potential to be a multiple of our valuation range.
- We have maintained a risk factor of 40%. We view **critical major opportunities to derisk the business are revenue growth from Business Products ramp up and Paid Program announcements in CY18e.**

Recommendation:

- We maintain a **Buy recommendation and a price target range of A\$1.70-3.14/CDI.** We keenly anticipate Business Products ramp up in coming quarters.
- Near term catalysts include: **1) Business Products ramp up; 2) contracts with numerous business partners in the near term.**

Recommendation	Buy
Previous	Buy
Risk	High
Price Target Range	\$1.70 - \$3.14
Previous Target Range	\$1.70 - \$3.14
CDI Price (A\$)	\$ 1.175
ASX Code	UPD
52 week low - high (A\$)	0.38-1.445
Valuation Methodology	PE multiple
Capital structure	
CDIs on Issue (M)	539
Market Cap (A\$M)	633
Net Cash/(Debt) (A\$M) est.	64
EV (A\$M)	570
Options (M)	115
Warrants (M)	6
12mth Av Daily Volume ('000)	475

Board	
David Greenberg	Executive Chairman
Ryan Hubbard	Executive Director
Grant Schaffer	Non-Executive Director
Antony Catalano	Non-Executive Director

Major Shareholders	
David Greenberg	22.5%
Ryan Hubbard	8.1%
Grant Schaffer	5.8%
Thorney Investment Group	4.8%



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The analyst owns no UPD CDIs.

Foster Stockbroking acted as Co-Manager to the A\$50M placement of 40M UPD CDIs at A\$1.25 in September 2017.
Foster Stockbroking received fees as consideration for these services.