



LiveHire Ltd (LVH.ASX)

Strong TCC and receipts growth for 2QFY18, mostly in-line.

Event:

- Release of December quarterly and cashflows.

Investment Highlights:

- LiveHire Ltd (LVH) reported Talent Community Connections (TCCs) of 538k at end December 2017, which was in-line with our estimate of 537k.** This was equivalent to 20% QoQ growth.
- Receipts for the quarter were \$0.54M, higher than our forecast of \$0.49M.** This implied an average monthly yield of \$0.37 per TCC for the quarter, which was above our estimate of \$0.33.
- LVH stated the better-than-expected receipts reflected improvement licensing and hosting fees, set-up payments, and improved contract terms, all of which likely enhanced yield.** We believe this also included a trend to charging full pricing on day one of customer implementation, and less of ramp-up period in than in the past.
- Gross payments ex-capex were \$2.5M, which were slightly above our estimate of \$2.2M, and an increase over the previous quarter of \$2.1M.** LVH expects costs to ramp up gradually over the next quarters. We expect this is mostly attributable to increasing head count as the company bolsters its pursuit of rolling out the LiveHire platform to RPOs and larger clients, including in international markets, especially Asia.
- Cash at end of December 2017 was \$33.6M vs our expectation of \$34.8M.** The major difference was between timing of R&D grant which we had forecast to be received in the December quarter but now have pushed back to the March 2018 quarter.

Valuation and Earnings:

- We have decreased our forecast adjusted NPAT for FY18e to -\$7.7M (prior - \$5.2M) on higher forecast operating costs.** Our FY19e earnings remain unchanged.
- Our valuation remains at \$1.17/share, with a six-month roll forward of our DCF offsetting higher costs.**

Recommendation:

- We maintain our Hold recommendation and 12-month price of \$1.17/share.**
- Share price catalysts** include increase in TCCs and revenues; winning new large enterprise clients; partnering with new RPOs; and update of the Singapore pilot trial with RPO partner Randstad.

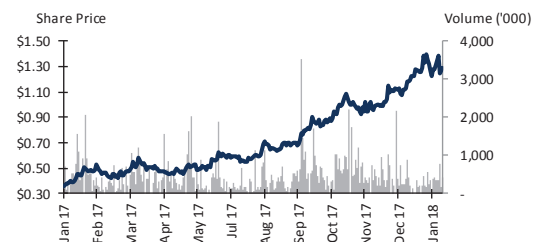
Recommendation	Hold
Previous	Hold
Risk	High
Price Target	\$1.17
Previous	\$ 1.17
Share Price (A\$)	1.29
ASX Code	LVH
52 week low - high (A\$)	0.345-1.50
Valuation	\$1.17/share
Methodology	Risked DCF

Capital structure	
Shares on Issue (M)	288.2
Options (M)	25.6
Performance rights	1.5
Market Cap (A\$M)	371.8
Net Cash (Debt) (A\$M)	33.6
EV (A\$M)	261.4
12mth Av Daily Volume ('000)	481

Y/e Jun earnings A\$M	2017a	2018e	2019e	2020e
Sales	0.8	2.3	5.7	10.5
EBITDA adj.	-4.8	-7.7	-5.1	-1.4
EBIT adj.	-5.4	-8.2	-5.8	-2.1
NPAT adj.	-5.1	-7.7	-5.2	-1.6
NPAT rep.	-4.7	-7.1	-5.2	-1.6
EPS adj c	-2.2	-2.8	-1.8	-0.5
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 and associated entities (excluding Cranport Pty Ltd) own 50,000 LVH shares and 2,000,000 LVH options with \$0.25 exercise price expiring June 2020. Cranport Pty Ltd does not own LVH securities.

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.