



Technology Sector – July Quarter 2015 Review

Our Preferred Picks: RFN, IVO, FLN, MIG, NEA and OMT.

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1PG: Foster Stockbroking acted as Joint Lead Manager to 1PG's \$8.5M placement and RTO at \$0.20 in October 2014, for which it received a fee for the service.

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OMT: Foster Stockbroking acted as Lead Manager for OMT in raising \$5m in July 2015, for which it received fees for the service. Foster Stockbroking Directors Stuart Foster and Chris Francis were Non-Executive Directors of OMT at that time.

RFN: Foster Stockbroking acted as Sole Lead Manager for the IPO of RFN for which it raised \$8M, and received fees for this service. Foster Stockbroking continues to assist RFN with capital markets advisory.

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Event:

- We review the tech sector for the July quarter. We highlight our key stock picks, as well as commentary on other noteworthy tech stocks.

Investment highlights:

- **Our six key picks – RFN, IVO, FLN, MIG, NEA, and OMT.** We particularly like **REFFIND's (RFN)** market opportunity with its employee engagement app, with strong endorsements since listing in July with the signing of multiple ASX 200 companies, including Qantas. We initiated research coverage on **Invigor (IVO, Buy, PT \$0.23)**, the company being unique in its data and analytics platform which allows retailers, brands, and consumers to benefit from its real-time analytics of the competitor landscape.
- **Freelancer (FLN, Buy, PT \$1.60, being reviewed)** achieved a strong interim result and we expect the momentum to continue in the 2nd half, especially with the addition of Escrow.com. We visited **Mig.Me (MIG)** in Singapore, and came away impressed with the company's strategy to monetise its social platform via the use of artists to attract users and generate revenues.
- **nearmap (NEA, Buy, PT \$1.28)** achieved first US sales to multiple customers, derisking its US expansion, and we upgraded our earnings and valuation. **Omni Market Tide's (OMT)** mobile voting app also has significant potential, the company recently being engaged by Telstra to provide it with its own shareholder engagement app.
- **Stocks to watch** – We provide commentary on 1-page (1PG); Activistic (ACU); BluGlass (BLG); Covata (CVT); NewZulu (NWZ); and xTV Networks (XTV).
- **Approximately A\$1.1BN raised by techs in the July quarter**, of which MYOB (MYO) accounted for \$833M via its IPO. Other large raisings were by SRF, MUA, and AHL.
- **The ASX tech sector is trading at FY16E PER of 25.7x vs the general market of 17.2x**, its 49% premium accounting for the network effects, scalable economies, offshore market opportunities, and low capital intensity that the sector offers. Average EV/sales and EV/EBITDA for techs are 4.7x and 15.9x.
- **Across our analysis of sub-sectors**, cloud stocks are enjoying the highest PE (66.0x) due to the migration of enterprises from on-premises IT to cloud being at the early stages. Cyber-security stocks have the highest EV/sales (8.8x) with recent notable hackings likely to drive corporates to increase attention and spending on security.

Preferred Picks:

- We reiterate our preferred picks to be RFN, IVO, FLN, MIG, NEA and OMT.



JULY QUARTER REVIEW

- We review the tech sector for the July quarter. The highlight is our key stock picks, as well as commentary on other noteworthy tech stocks. We also provide a summary of capital raising during the quarter, and our review of the ASX tech stocks' metrics classified by sub-sector.

OUR SIX KEY PICKS – RFN, IVO, FLN, MIG, NEA, and OMT

REFFIND LTD (RFN, \$0.415, diluted mkt cap \$46M)

Successful IPO completed, now seeking to expand into the US

- RFN has developed and commercialised a mobile employee engagement app targeted for use by medium-large corporations to facilitate more efficient communication with their employees. For instance, it allows employees to refer job candidates in their own networks in exchange for prizes and awards. Current Australian clients include AMP, Suncorp, Coca Cola Amatil, Coles, Qantas and Fuji Xerox. Prospects trialing the product include the likes of Santos, Nestle, Australia Post and NBNCo.
- RFN recently announced it had signed an additional three new clients, including two ASX 200 companies. We expect ongoing announcements concerning new client contracts together with further detail on the strategy to launch in the US in the near term. This is expected to be a further key catalyst for the share price.
- RFN listed on July 9 at A\$0.20 and traded at A\$0.36 within a week. The company raised A\$8M in the IPO. A substantial part of the proceeds raised will be used to expand in the US.
- We remain confident in RFN management successfully executing a global rollout of its engagement app to large enterprises, implying a large market opportunity.
- We remain 'restricted' on formal recommendation/price target given FSB's role in the recent IPO, however expect to release full research coverage in the near term.

Invigor Group (IVO, \$0.092, dil. mkt cap \$32M) - BUY \$0.23 PT.

Monetising retail data & analytics

- **We initiated research coverage on IVO with a \$0.23/share price target.** IVO is a data and analytics technology company providing software platform products for retailers, brands, consumers, telcos, and government. The company has three key products, all of which have recently been launched - **Insights Retail**, **Shopping Ninja**, and **Insights Visitor**.
- **Insights Retail** is cloud-based data and analytics platform for brands and retailers, providing them with real-time analysis of competitor products including price changes in the market. The product covers the consumer electronics, whitegoods, and alcohol verticals. IVO has signed five customers to date, with revenue generated on a monthly subscription basis. We expect Insights to establish itself in the market due to its niche real-time focus on competitor analysis.



- **Shopping Ninja** is IVO's consumer product, a downloadable plug-in that works non-intrusively in providing consumers with alerts to the lowest available prices for products as they shop online. Unlike shopping comparison websites or other plug-ins, Shopping Ninja is unbiased and comprehensive, showing all available online retailers regardless of whether affiliated or not. Shopping Ninja is generating revenue for IVO on a commissioned click-per-sales. The company most recently announced it has achieved over 3,000 downloads.
- **Insights Visitor** is WiFi mobile analytics software platform that can be deployed at WiFi hotspot locations such as shopping centres and local government facilities. Visitor extracts deep data from WiFi users anonymously, not requiring them to disclose any personal information, unlike its competitors. First commercial arrangement has been entered into with Sunshine Coast Council, Qld.
- We believe IVO's strengths relative to competitors are the synergies between the three products, providing a wealth of market intelligence on businesses' products, consumers, and competitors. This is critical especially for retail as the mobile and online worlds continue transforming the retail industry, making accurate knowledge of, and marketing to, consumers more important than ever. Industry fundamentals are positive for IVO, with strong growth in WiFi use and in data and analytics expenditure.

Freelancer (FLN, \$1.535, diluted mkt cap \$704M). BUY \$1.60 PT – Currently being reviewed

Strong interim result - Escrow.com will add to momentum in 2nd half.

- Last week FLN reported a strong interim result, with revenue exceeding market expectations. Revenue growth was 40% YoY for the 2nd quarter, driven by higher take rate, increase in users to 16M (just after end June), and increase in project volumes, all underpinned by the organic drivers of increasing internet penetration in developing economies and trends to freelancing based work. The company also benefited from the weaker A\$, as most of its revenues are generated in US\$.
- The Escrow.com acquisition, which was announced in April, is expected to settle soon and this should contribute to FLN revenues and earnings in the 2H. We expect FLN management will add significant value to Escrow.com, lifting its historical revenue growth and profit margins. Escrow.com provides secure online payments and online transaction management for consumers and businesses and will enhance the ability of FLN's 16 million users to transact securely. The integration of Escrow.com into FLN's backbone will streamline the payment processes between freelancers and clients. Additionally, it will give FLN a stepping stone into the global payments market.
- FLN ended June with \$31M cash, of which US\$7.5M is payable upon settlement of the Escrow.com acquisition, which will still leave ample cash for product development and marketing.
- The company also completed a A\$10M placement, the proceeds of which will be used for bolt-on acquisitions and to accelerate organic growth. CEO Matt Barrie and original VC investor Simon Clausen sold down a combined A\$35M of their FLN holdings alongside the placement.



- Our research rating and price target for FLN are currently Buy and \$1.60/share. We are currently reviewing our earnings and valuation post the interim results.

nearmap (NEA, \$0.475, diluted mkt cap \$148M) - BUY \$1.28 PT***First revenues in the US derisks market penetration.***

- nearmap (NEA) announced in May that the company signed its first customers in the United States. Sales were made to a numbers of SMEs and local governments in several states.
- The company reaffirmed its target revenue run rate for the Australian activities of A\$30M to A\$50M by December 2015, and aspirational revenue run rate of A\$30M to A\$50M for the US by the end of 2017.
- **In June our research analyst upgraded FY16 and FY17 earnings based on forecast higher revenue growth both in Australia and the USA.** We expect catalysts for the stock to be evidence of continuing double digit revenue growth in Australia, as well as further updates on progress in the US market.
- Our valuation of \$1.28/share is based on the company reaching 44% and 10% market shares in Australia and the USA long-term, and no further geographic expansion.

Mig.Me (MIG, \$1.20, diluted mkt cap \$335M)***Singapore visit highlights potential; expansion into India; and 20M users.***

- Mig.Me (MIG) is a social media and e-commerce group focused on emerging markets, predominantly South East and South Asia, operating in Indonesia, Singapore, The Philippines, Malaysia, and India. Since the end of June, the company has exceeded 20M active users.
- The company's major websites and apps are migme, Sold, and Lovebyte. Leading SE Asian artists have more followers on MIG's social websites than Facebook's, highlighting important social and cultural differences between Asia and the West.
- MIG generates revenue from its social media platform from paying users who can buy virtual gifts, stickers and avatars. Part of the incentive for users to pay derives from actors, celebrities, and music artists on the platform, which is a win-win scenario for both the artist, music label and MIG. The artists can encourage interaction with, and following from, users by live chat, posting videos, images, music, and being involved in contests and campaigns. Most recently MIG has signed Sony Music India to access its artists.
- During the quarter, we took the opportunity to travel to Singapore to meet some of the artists who were enthusiastic about the opportunity to work with MIG, being an alternative source of revenue where MIG users can buy artists virtual gifts. MIG and the music label take a share of this revenue. In an age where recorded music sales are under threat from piracy and crimped digital margins, social is a welcome supplement of revenue.
- In June MIG signed seven high profile Indian artists, who will start building fan bases on MIG's social platform. This move marks MIG's initial foray into India, one of the world's largest markets



for social media, and the company has appointed a country manager. From our visit to Singapore, we met with Foxconn, MIG's major shareholder, and understood Foxconn is eager to establish a foothold with exposure to India and SE Asia via social media, diversifying outside of its traditional China mobile hardware business.

Omni Market Tide (OMT, \$0.075, diluted mkt cap \$19M)

Selected by Telstra to deliver its investor relations app.

- OMT (previously SWW) completed a A\$5M capital raise following the reverse takeover by SWW of GRT. OMT is a mobile voting app that allows for greater interconnectivity between companies and stakeholders. For instance, OMT enables shareholders to vote for company resolutions.
- Additionally, the app can be used to receive typical company information, such as reporting calendars, announcements, financial results and share prices.
- The company announced it had been engaged by Telstra to design its new investor relations app. We are anticipating further positive news flow on the back of new customer wins in the next few months.

STOCKS TO WATCH – 1PG, ACU, BLG, CVT, FLN, NWZ, and XTV

1-Page (1PG, \$2.22, diluted mkt cap \$337M)

Outlook implies annualized run rate >A\$70M by mid-2016.

- In the past few months 1PG has been able to reel in more big fish, including a Fortune 50 Telco company, a Fortune 200 Insurance company and a Fortune 100 Tech company. Signing of these new customers is significant in that it validates 1PG's Sourcing Platform for the Telco, Insurance and Technology sectors respectively. Additionally, six existing clients renewed contracts for 1PG's Talent Assessment Platform and Internal Innovation Platform. 1PG's database now comprises of more than 1.1bn profiles.
- In its most recent investor presentation (June 17, 2015), 1PG provided bullish outlook for the next twelve months which, by our calculations, implies an annualized revenue run rate by mid-2016 of more than A\$70M (at an AUD/USD FX of 0.75). The company forecast it would have 125 paying clients by the end of December 2015: 90+ of which will be on the Stage 1 \$25k for 3-months, and 30 on the \$300k p.a. Stage 2.
- By June 2016, 1PG expects 125 clients on Stage 2, which implies an annual run rate of A\$50M from its 'Sourcing' platform alone. Management have provided guidance that 'Sourcing' is expected to account for approximately 70% of group revenues, indicating an overall revenue run rate in excess of A\$70M.
- We consider this A\$71M an ambitious target that the market will need to see materialize if the stock is to rerate.

**Activistic (ACU, \$0.090, diluted mkt cap \$21M)*****Company on track for commercial launch in US***

- ACU achieved significant milestones during the quarter, ahead of its scheduled product launch in the USA. These include forming a US Board of Advisors; establishment of a New York office; completion of technical integration with Mobile Giving Foundation (MGF); and NDAs and MoUs for key partnerships.
- The company is on target for its launch of its Veterans Call App in the 3rd quarter, the app enabling donations to key charities supporting the needs of returning US Armed Forces personnel (veterans). Key catalysts will be signing up of major charities, as well as promoting the app to key distribution channels such as Fortune 500 companies and universities to encourage employees and students in donating using the app.
- ACU's technology facilitates low cost micro payments to charities by donors using their smartphones. Donors can make regular (micro) payments to charities through their mobile phone bill. ACU's revenue model is based on a 15% fee of each payment of which 6% to 9% are telco and aggregator fees. In the US, MGF will facilitate micro-donations with ACU's apps through direct billing with the donors' mobile provider. We expect Royal Flying Doctor Service will be ACU's launching customer in Australia.
- Key catalysts will be signing of first major charity for Veterans Call; first revenues; and appointment of a Managing Director.

BluGlass (BLG, \$0.080, diluted mkt cap \$27M)***On the verge of commercialisation***

- BLG is an Australian company active in the semiconductor equipment market. The company is developing a new process called Remote Plasma Chemical Vapour Deposition (RPCVD) to grow semiconductor materials such as gallium nitride (GaN) and indium gallium nitride (InGaN) on substrates for the production of high efficiency devices such as light emitting diodes (LEDs), power electronics (used a.o. in electrical circuitry in cars) and concentrated solar cells.
- One of the main benefits of RPCVD compared with the existing manufacturing processes for LEDs and solar cells (called Metal-Organic CVD) is the substantially lower temperature required to process the various gasses and grow the semiconductor structures. This in turn leads to higher production yields and improved product quality, e.g. improved brightness of LEDs.
- The current market for LED manufacturing equipment is dominated by US-based semiconductor equipment company Veeco (NASDAQ:VECO, market cap. US\$ 1.2bn) with an approximate 60% market share and German company Aixtron (XETRA: AIXA, market cap EUR 620m), which holds an approximate market share of 30%. BLG's RPCVD module can be retrofitted onto both Veeco's and Aixtron's MOCVD systems currently in the field. For this reason and because of the clear production and yield benefits of BLG's system, Veeco is currently evaluating BLG's system solution and production yields.
- If Veeco decides to move ahead with BLG's system, we believe the most likely scenario will be a licensing deal comprising of a one-off license payment and ongoing royalty payments based on



volumes sold by Veeco to end customers. A different, less likely, scenario would be for BLG to set up its own production facilities to manufacture the equipment itself.

- In any case, green light from Veeco will mean a major boost for BLG with very substantial upside from the current share price, in our view.

Covata (CVT, \$0.275, diluted mkt cap \$126M)

Platform for protecting data

- Covata (CVT) provides cloud based security for enterprises in a climate where high profile breaches of security have increased attention in this area. The company is partnering with T-Systems Deutsche Telekom and Cisco to deliver its security products such as Safe Share.
- CVT is engaged in discussions with large telcos across the globe in order to broaden its channel distribution.

NewZulu (NWZ, \$0.063, diluted mkt cap \$39M)

Multiple content syndication deals signed

- In July NWZ signed three breakthrough deals with major Australian media organisations. Significantly the deals were for the provision of the entire suite of NWZ software including NewZulu's crowd sourced news platform and its world leading NewZulu Live software and reporter kits. Following the initial trial periods the contracts represent material revenue for the company, with each deal potentially worth circa \$2M in annual revenues. Although the customer names have not been disclosed, it is our feeling that the deals are with the leading media companies in Australia and that more contracts of a similar nature will follow.
- NWZ also recently signed a non-exclusive agreement with UK-based Videoplugger to distribute NWZ's existing crowd-sourced video archive to Videoplugger's international client base, which is expected to bring a significant revenue boost to NWZ's editorial business. Also in July, NWZ was a revenue sharing agreement with Ooyala, an online video technology company with over 500 media and broadcasting customers globally, and a wholly owned subsidiary of Telstra.
- NWZ already signed syndication deals with Alamy, Wikono, Shami Media and DDP, while prior to that, in May, a strategic partnership was signed with Tribune Content Agency (Chicago Tribune, Los Angeles Times. All these deals pertain to syndication of video, news, live feeds etc and should drive NWZ's revenue growth going forward.
- In April, the company raised A\$2.6M to expand international operations and launch NewZulu Live mobile video streaming.

**xTV Networks (XTV, \$0.016, diluted mkt cap \$32M)*****Agreement with Intel vindicating technology***

- XTV delivered a positive quarterly result with significant increase receipts of US\$0.273M. The company provides its cloud-stored online TV networks for corporates, institutions, and governments that can be delivered across multiple devices such as outdoor or indoor digital signage, TV screens, PCs, tablets, and mobile. The company has minimized its customer acquisition costs by partnering with UST Global, and a major US telco carrier.
- The company recently signed a deal with Intel combining xTV Cloud TV technology with Intel's Compute Stick, allowing customers, such as retailers, to transform existing HDMI-ready TVs and screens into digital signage. In May xTV signed an MoU with Pacific Magazines, a subsidiary of Seven West Media, to roll out online TV networks for Pacific Magazines' 20+ publications, which includes titles such as Better Homes and Gardens, Marie Claire and Men's Health.
- The company is in the early stages of rolling out its products and key catalysts will be evidence of increasing revenues and major contracts. We believe the company is well positioned to take advantage of the large and high growth digital signage market (US\$15b), needing only modest market penetration for material revenues.



\$1.1BN RAISED BY TECHNOLOGY COMPANIES DURING JULY QUARTER

- During the quarter \$1.1b was raised by the tech sector, of which MYOB's (MYO) IPO accounted for \$833M. The other largest raisings were undertaken by Surfstitch (SRF) for \$43M, Mitula (MUA) for \$26M via its IPO, and AHA life (AHL) for \$20M in its RTO.
- We expect further momentum to continue in the current quarter, with recent raisings completed in August by Dicker Data (DDR) for \$40M and FLN for \$10M.

Figure 1: Capital raisings in the July 2015 quarter by tech companies

Company	Code	Sub-sector	Raising \$M	Month	Type
MYOB	MYO	Financials, regulatory, & admin	833.0	May	IPO
Surfstitch	SRF	Retail & Marketplace	42.5	May/June	Placement & SPP
Mitula Group	MUA	Classifieds & ads	26.4	July	IPO
AHALife	AHL	Retail & Marketplace	20.4	July	RTO
iCar Asia	ICQ	Classifieds & ads	15.0	July	Placement & rights
Netccentric	NCL	Socials	12.5	July	IPO
Pure Profile	PPL	Classifieds & ads	12.0	July	IPO
Hansen	HSN	Payments	12.0	June	SPP
Reffind	RFN	Education & Recruitment	8.0	July	IPO
Tech Mpire	TMP	Classifieds & ads	6.0	June	RTO
Activistic	ACU	Payments	6.0	May	RTO
Smarttrans	SMA	Payments	5.5	June	Placement
1st Available	1ST	Financials, regulatory, & admin	5.3	June	IPO
Enzumo	ENZ	Financials, regulatory, & admin	5.3	May	RTO
Omni Market Tide	OMT	Financials, regulatory, & admin	5.0	July	RTO
Rent.com.au	RNT	Classifieds & ads	5.0	May	RTO
Tomizone	TOM	Data & analytics	5.0	May	RTO
Montech	MOQ	Clouds	4.0	May	Placement
Mint Payments	MNW	Payments	4.0	July	Placement
Digital BTC	DCC	Payments	3.5	May	Placement
Animoca Brands	AB1	Socials	3.1	July	Placement
xTV Networks	XTV	Streaming/Media	3.0	April	Placement
Asia Pacific Digital	DIG	Classifieds & ads	2.8	May	Rights issue
Skyfii	SKF	Data & analytics	2.8	May	Placement
Prophecy	PRO	Financials, regulatory, & admin	2.5	July	Placement
BluGlass	BLG	Semiconductor equipment	2.5	July	SPP
iWebGate	IWG	Security	2.0	June	Placement
YPB	YPB	Security	1.3	April	Placement
KNeoMedia	KNM	Education & Recruitment	1.3	June	Placement
Primary Opinion	POP	Financials, regulatory, & admin	0.7	April	Placement
Collaborate	CL8	Retail & Marketplace	0.4	June	Placement
Total			1,059		

Source: Foster Stockbroking estimates; IRESS.

**ASX TECHNOLOGY SECTOR – PREMIUM MULTIPLE TO THE MARKET**

- In Figure 2 we show our sub-sector breakdown of the ASX universe of technology stocks, with consensus estimates for sales and earnings for June end 2016 (FY16e). Where Foster Stockbroking estimates exist for our research stocks, we have used those.
- Overall, the sector is trading an average of PER of 25.7x – a 49% premium to the 17.2x for the ASX market as a whole (source: *Thomson*) for FY16e. We believe the premium is warranted given that many tech stocks continue offer leverage to significant future earnings growth, driven by changes in technology, network effects, marked economies of scale, offshore market opportunities, and low intensity of capital.
- Figure 2 also shows the average EV/sales for the ASX technology sector is of 4.7x, and EV/EBITDA of 15.9x, for FY16e.
- Comparing the sub-sectors, we note the cloud stocks are commanding highest PE (average 66.0x), given the strong migration of corporates from traditional on-premise IT services to subscription cloud based delivery that is only at the early stage of its growth lifecycle.
- Security stocks and classified/advertising stocks command the highest EV/sales (average 8.8x and 8.3x). We believe the increasing prominence hacking incidences such as those experienced by Sony, eBay, Fiat Chrysler, and Ashley Maddison is driving an expectation of enterprises to address and improve their security going forward.
- For online classified and advertising stocks, the migration of advertising dollars from the offline world to online shows no sign of abating, and no doubt boosting the outlook for the those leveraged to the latter.



FIGURE 2: ASX TECHNOLOGY SECTORS METRICS SUMMARY

Sub-Sector/Company	Code	Shareprice	Mkt Cap* diluted \$M	Sales FY16 \$M	EPS FY16 \$	EBITDA FY16 \$M	Sales growth FY16 YoY%	EV/Sales FY16 x	EV/EBITDA FY16 x	PER FY16 x
Smart										
Altium	ALU	\$4.28	534	123	0.22	41	13%	3.8	11.7	19.5
Netcomm Wireless	NTC	\$0.89	115	104	0.05	14	43%	1.1	8.4	17.1
BluGlass	BLG	\$0.08	27	nm	nm	nm	nm	nm	nm	nm
Average:							28%	2.5	10.0	18.3
Clouds										
Aconex	ACX	\$4.23	755	102	0.04	12	27%	7.2	61.2	105.8
NextDc	NXT	\$2.54	504	83	0.02	24	39%	6.4	22.0	127.0
Urbanise	UBN	\$1.53	423	22	0.02	8	122%	18.9	53.6	76.5
Vista Group	VGI	\$5.10	408	72	0.14	17	30%	5.3	22.2	35.3
Rhipe	RHP	\$1.68	239	165	0.06	11	45%	1.4	21.4	27.5
Montech	MOQ	\$0.04	39	nm	nm	nm	nm	nm	nm	nm
Bulletproof	BPF	\$0.26	36	35	0.01	5	32%	1.0	6.6	23.6
Enverro	ERR	\$0.40	4	1	nm	nm	nm	nm	nm	nm
Average:							49%	6.7	31.2	66.0
Traditional Tech										
Technology One	TNE	\$3.91	1,238	230	0.13	54	11%	5.2	21.8	30.8
CSG	CSV	\$1.67	493	251	0.08	37	12%	1.9	12.8	20.6
Integrated Research	IRI	\$2.24	385	75	0.09	28	16%	4.9	13.3	24.9
UXC	UXC	\$1.05	359	726	0.07	42	5%	0.5	8.8	15.4
Dicker Data	DDR	\$2.02	321	1170	0.18	50	9%	0.4	9.2	11.4
Vita Group	VTG	\$2.05	310	605	0.13	42	5%	0.5	7.4	15.3
SMS Management	SMX	\$3.65	251	360	0.27	30	3%	0.7	8.8	13.7
ASG	ASZ	\$1.04	225	191	0.07	27	12%	1.2	8.5	14.8
Melbourne IT	MLB	\$1.94	183	167	0.11	23	20%	1.1	8.1	17.7
Objective Corporation	OCL	\$1.92	178	62	0.10	11	17%	2.5	13.8	19.0
Data#3	DTL	\$0.97	149	983	0.06	17	9%	0.0	1.7	15.1
DWS	DWS	\$0.98	129	95	0.08	16	2%	1.3	7.8	11.8
Prophecy	PRO	\$1.75	112	7	0.02	nm	3%	nm	nm	nm
Empired	EPD	\$0.80	93	160	0.09	19	28%	0.7	5.7	9.4
RXP Services	RXP	\$0.48	66	84	0.05	11	7%	0.7	5.3	9.2
Inabox	IAB	\$1.05	21	83	nm	nm	3%	nm	nm	nm
CPT global	CGO	\$0.39	14	38	0.06	nm	9%	nm	nm	nm
Average:							10%	1.5	9.5	16.4
Payments										
Ozforex	OFX	\$2.54	610	113	0.12	41	19%	4.2	11.7	20.4
Hansen	HSN	\$2.96	537	119	0.12	35	18%	4.6	15.4	24.3
Touchcorp	TCH	\$1.85	343	46	0.09	15	nm	7.0	20.8	20.4
99 Wuxian	NNW	\$0.22	235	63	0.01	15	nm	3.6	15.6	21.0
Emerchants	EML	\$0.71	144	28	0.03	9	82%	5.0	15.3	24.5
TTG Fintech	TUP	\$0.22	137	nm	nm	nm	nm	nm	nm	nm
Gentrack	GTK	\$1.80	131	42	0.13	15	9%	3.0	8.5	14.2
Mobile embrace	MBE	\$0.28	117	42	0.02	8	34%	2.6	13.7	16.5
eServ	ESV	\$0.30	83	33	0.07	5	6%	2.5	17.1	4.2
Smartrans	SMA	\$0.03	71	9	0.18	4	107%	7.0	16.7	0.2
BPS	BPS	\$0.73	43	51	0.12	10	5%	0.8	3.9	6.0
Smartpay Holdings	SMP	\$0.16	40	nm	nm	nm	37%	nm	nm	nm
Mint Payments	MNW	\$0.06	35	8	nm	nm	129%	4.8	nm	nm
Digital CC	DCC	\$0.16	33	5	0.01	2	nm	5.6	13.6	31.0
Activistic	ACU	\$0.09	21	nm	nm	nm	nm	nm	nm	nm
iSentric	ICU	\$0.09	12	nm	nm	nm	nm	nm	nm	nm
Average:							45%	4.2	13.8	16.6
Retail & marketplace										
Freelancer	FLN	\$1.54	699	42	nm	nm	36%	15.7	nm	nm
Surfstitch	SRF	\$1.96	477	280	0.03	17	40%	1.5	25.4	65.2
Webjet	WEB	\$4.10	349	131	0.28	33	13%	2.5	9.8	14.6
eCargo	ECG	\$0.23	123	nm	nm	nm	nm	nm	nm	nm
Ensogo	E88	\$0.12	90	117	nm	nm	49%	0.4	nm	nm
AHALife	AHL	\$0.42	80	nm	nm	nm	nm	nm	nm	nm
Rewardle	RXH	\$0.27	47	3	nm	nm	nm	15.5	nm	nm
Crowd mobile	CM8	\$0.30	30	47	0.02	14	24%	0.6	2.0	15.0
Yatango	LCD	\$0.09	24	nm	nm	nm	nm	nm	nm	nm
Disruptive Investment Group	DVI	\$0.02	14	nm	nm	nm	nm	nm	nm	nm
Collaborate Corp	CL8	\$0.02	13	nm	nm	nm	nm	nm	nm	nm
Shoply	SHP	\$0.01	9	18	nm	nm	nm	nm	nm	nm
Whole New home	MGB	\$0.23	8	nm	nm	nm	nm	nm	nm	nm
World.net	WNS	\$0.01	1	nm	nm	nm	nm	nm	nm	nm
Average:							32%	6.0	12.4	31.6
Data & analytics										
Invigor Group	IVO	\$0.09	32	11	nm	1	210%	3.4	nm	nm
OtherLevels	OLV	\$0.15	26	6	nm	nm	133%	3.7	nm	nm
Skyfii	SKF	\$0.19	22	3	nm	nm	nm	6.8	nm	nm
Tomizone	TOM	\$0.16	21	9	nm	nm	85%	2.3	nm	nm
Average:							143%	4.0	nm	nm



FIGURE 2: ASX TECHNOLOGY SECTORS SUMMARY - CONTINUED

Sub-Sector/Company	Code	Shareprice	Mkt Cap* diluted \$M	Sales FY16 \$M	EPS FY16 \$	EBITDA FY16 \$M	Sales growth FY16 YoY%	EV/Sales FY16 x	EV/EBITDA FY16 x	PER FY16 x
Classifieds & advertising										
Realestate.com.au	REA	\$43.30	5,703	621	1.78	354	17%	9.0	15.8	24.4
SEEK	SEEK	\$15.04	5,279	999	0.66	367	17%	5.7	15.6	22.9
Carsales	CAR	\$10.83	2,625	347	0.49	176	11%	8.1	16.0	21.9
iProperty Group	IPP	\$2.96	556	39	0.04	9	40%	14.0	62.8	81.1
Infomedia	IFM	\$1.07	333	68	0.06	31	12%	4.8	10.6	19.5
Mitula	MUA	\$0.90	200	nm	nm	nm	nm	nm	nm	nm
iCarAsia	ICQ	\$0.74	174	10	nm	nm	108%	15.3	nm	nm
Adslot	ADJ	\$0.09	96	nm	nm	nm	nm	nm	nm	nm
Latam autos	LAA	\$0.29	71	8	nm	nm	nm	8.5	nm	nm
Tech Empire	TMP	\$0.57	49	nm	nm	nm	nm	nm	nm	nm
Asia Pacific Digital	DIG	\$0.38	40	62	nm	nm	15%	0.7	nm	nm
Pure Profile	PPL	\$0.48	29	nm	nm	nm	nm	nm	nm	nm
rent.com.au	RNT	\$0.17	13	nm	nm	nm	nm	nm	nm	nm
Average:							31%	8.3	24.1	34.0
Socials										
MigMe	MIG	\$1.20	335	35	nm	nm	197%	9.8	nm	nm
Moko Social Media	MKB	\$0.13	106	14	nm	nm	61%	6.9	nm	nm
MNC Media	MIH	\$3.60	89	nm	nm	nm	nm	nm	nm	nm
Netccentric	NCL	\$0.21	55	nm	nm	nm	nm	nm	nm	nm
Animoca Brands	AB1	\$0.20	33	8	nm	nm	117%	4.4	nm	nm
Manalto	MTL	\$0.14	15	nm	nm	nm	nm	nm	nm	nm
Thred	PRA	\$0.01	7	nm	nm	nm	nm	nm	nm	nm
Average:							125%	7.0	nm	nm
Video & other media										
NewZulu	NWZ	\$0.06	36	12	nm	nm	619%	2.9	nm	nm
xTV Networks	XTV	\$0.02	32	nm	nm	nm	nm	nm	nm	nm
XTD	XTD	\$0.17	26	nm	nm	nm	nm	nm	nm	nm
Big Un	BIG	\$0.20	13	nm	nm	nm	nm	nm	nm	nm
Quickflix	QFX	\$0.00	2	26	nm	nm	25%	0.0	nm	nm
Average:							322%	1.4	nm	nm
Geo & Location										
nearmap	NEA	\$0.48	184	35	0.02	9	41%	4.8	18.3	26.4
Spookfish	SFI	\$0.07	52	nm	nm	nm	nm	nm	nm	nm
Smart Parking	SPZ	\$0.15	44	29	0.00	3	32%	0.9	8.1	37.5
Connexion	CXZ	\$0.20	34	nm	nm	nm	nm	nm	nm	nm
DTI Group	DTI	\$0.30	27	29	0.04	6	18%	0.9	4.6	7.1
Aeris	AER	\$0.15	10	nm	nm	nm	nm	nm	nm	nm
Takor	BNE	\$0.01	9	nm	nm	nm	nm	nm	nm	nm
Average:							31%	2.2	10.4	23.7
Security										
Senetas	SEN	\$0.19	205	18	0.01	7	20%	11.0	27.5	32.5
iWebGate	IWG	\$0.26	158	12	0.00	0	nm	13.3	nm	nm
iSignthis	ISX	\$0.15	139	nm	nm	nm	nm	nm	nm	nm
Covata	CVT	\$0.28	126	10	nm	nm	203%	12.3	nm	nm
TZ	TZL	\$0.10	46	25	nm	1	40%	1.6	45.0	nm
YPB Group	YPB	\$0.23	37	6	nm	nm	115%	5.9	nm	nm
Nemex	NXR	\$0.11	28	nm	nm	nm	nm	nm	nm	nm
Average:							95%	8.8	36.2	32.5
Education & Recruitment										
1-Page	1PG	\$2.22	337	15	nm	nm	nm	nm	nm	nm
3P Learning	3PL	\$2.19	295	53	0.11	23	21%	5.3	12.0	20.5
Appen	APX	\$0.80	77	71	0.06	9	nm	1.0	7.9	14.2
Reffind	RFN	\$0.42	46	nm	nm	nm	nm	nm	nm	nm
icollege	ICT	\$0.14	16	nm	0.03	nm	nm	nm	nm	5.5
MGM wireless	MWR	\$1.82	16	nm	nm	nm	nm	nm	nm	nm
Kneomedia	KNM	\$0.03	6	nm	nm	nm	nm	nm	nm	nm
Average:							21%	3.1	9.9	13.4
Financials, regulatory & admin										
Xero	XRO	\$15.50	2130	213	nm	nm	63%	9.0	nm	nm
MYOB	MYO	\$3.48	2034	338	0.15	160	nm	4.9	10.4	22.5
GBST Holdings	GBT	\$5.45	374	118	0.29	27	7%	3.1	13.6	18.9
Reckon	RKN	\$2.05	230	108	0.16	41	5%	2.5	6.6	13.0
Praemium	PPS	\$0.34	134	30	0.01	6	31%	4.2	21.3	30.5
Rubik Financial	RFL	\$0.15	55	45	0.01	6	11%	1.2	9.2	13.6
Spring FG	SFL	\$0.38	44	nm	nm	nm	nm	nm	nm	nm
Stream Group	SGO	\$0.09	19	nm	nm	nm	nm	nm	nm	nm
Decimal	DSX	\$0.10	19	nm	nm	nm	nm	nm	nm	nm
Omni Market Tide	OMT	\$0.08	19	nm	nm	nm	nm	nm	nm	nm
Enzumo	ENZ	\$0.33	19	4	0.01	1	26%	4.2	23.5	36.1
1st Available	1ST	\$0.16	15	nm	nm	nm	nm	nm	nm	nm
Jcurve solutions	JCS	\$0.02	7	nm	nm	nm	nm	nm	nm	nm
Primary Opinion	POP	\$0.02	2	nm	nm	nm	nm	nm	nm	nm
Average:							24%	4.2	14.1	22.4
Source: Companies; Thomson Consensus; Foster Stockbroking estimates.							Universe Average:	50%	4.7	15.9
* Diluted mkt cap includes restricted securities, options, & performance shares.										25.7



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