

## Global tasking ambitions

Airtasker (ASX:ART) was founded in 2012 and has grown to be Australia's leading online marketplace for "local services", often described as a horizontal offering with almost infinite service offerings. The Total Addressable Market (TAM), as a result, is large with the company estimating a global market size across the US, UK and Australia of \$600bn+ in FY21. The group has also established operations in the UK (2018), Ireland (2020), New Zealand (2021) and Singapore (2021). US entry began with the \$3.4m acquisition of local services marketplace Zaarly in May 2021. ART listed in March 2021 raising gross proceeds of \$83.7m at \$0.65/share, \$68.7m representing a sell-down by existing shareholders and \$15m in new funds to fund marketing, product development, working capital and offer costs. Since listing, ART has raised a further \$20.7m at \$1.00/share to fund both the Zaarly acquisition and accelerate further investment in offshore markets. The marketplace model involves charging both a service fee to the provider and booking fee to the customer. The service fee is on a sliding scale, rewarding regular providers with a lower commission rate. Market launches are planned for 1HFY22 in Kansas City, Dallas and Miami.

### Business model

ART is an online marketplace that matches service providers with customers via mobile and web applications. For this service ART charges a service fee to providers and a booking fee (introduced in 2019) to customers. The service fee moved to a sliding scale in 2019 based on customer ratings and provider earnings over the preceding 30-days. The rate ranges from 10% (\$4,800 in the last 30-days with excellent ratings) to 20% (\$800 in the last 30-days and fair ratings). ART prides itself on being a destination site with no reliance on ad searches for traffic.

### Exceeded prospectus forecasts in FY21

ART delivered total GMV of \$153m in FY21, exceeding prospectus forecasts by 7% and FY20 by 35%. There were 415k unique paying customers in the year to 30 June 2021, also above prospectus, while underlying pro forma EBITDA was breakeven. Net cash following the recent raising was \$45.9m, ready to invest into accelerating international expansion, with \$20m set to be invested into international over FY22 and FY23. Market launches are planned in the US cities of Kansas City, Dallas and Miami in 1HFY22.

### Peers are online marketplace operators

We see peers for ART as businesses operating "marketplaces" for services ideally, but goods as well if such goods are not owned/warehoused by the marketplace. Such marketplaces typically have no inventory, operate a "negative" working capital model, rely on ad-searches for new customer generation and derive revenue by charging a service fee on the gross transaction fee. Domestically this would include MyDeal (ASX:MYD), Mad Paws (ASX:MPA), HiPages (ASX:HPG), albeit subscription based, Freelancer (ASX:FLN) and Redbubble (ASX:RBL). ART is currently trading at a significant FY21 EV/revenue premium to this domestic peer group.

#### Historical earnings and ratios

Year end	GMV (A\$m)	Revenue (A\$m)	EBITDA Adj.* (A\$m)	NPAT Adj. (A\$m)	EPS Adj. (A\$m)	EV/Revenue (x)
06/19a	93.2	14.0	(26.2)	(27.2)	nm	nm
06/20a	113.2	19.3	(3.9)	(5.2)	(0.018)	2.3
06/21a	153.1	26.6	0.0	(2.3)	(0.007)	13.2

Source: Company data \*EBITDA, NPAT and EPS adj for one-time, non-cash items

## Online marketplaces

10<sup>th</sup> September 2021

### Share details

ASX Code	ART
Share price	\$0.94
Market Capitalisation	\$395.7M
Shares on issue	421.0M
Net cash at 30/06/2021	\$45.9M
Free float	~47.38%

### Share performance (since listing)



### Upside Case

- Successful penetration into new markets
- Lower ad-search costs as "word of mouth" grows
- Increase service/booking fee

### Downside Case

- Fails to gain traction in new markets
- Competition from more specialised players
- Peer revenue multiples decline, impacting valuation

### Catalysts/upcoming events

- Signs of US market penetration (Various)
- Interim results 1HFY22 (February 2022)

### Comparable companies (Aust/NZ)

MyDeal (ASX:MYD), Mad Paws (ASX:MPA), HiPages (ASX:HPG), Freelancer (ASX:FLN); Red Bubble (ASX:RBL)

### Top 5 shareholders\*

Exto Active Pty Ltd	14.3%
Morning Crest Capital	13.8%
Tim Fung	11.5%
Skyfield Capital Pty Ltd	6.0%
BridgeLane Capital Pty Ltd	2.3%

\*Sourced from Refinitiv Eikon

### Company contacts

Alex Beashel (IR) +61 466 308 667  
alex.beashel@airtasker.com

### RaaS Advisory contacts

John Burgess +61 410 439 723  
john.burgess@raasgroup.com



# FINANCIAL SERVICES GUIDE

**RaaS Advisory Pty Ltd**

**ABN 99 614 783 363**

**Corporate Authorised Representative, number 1248415**

**of**

**BR SECURITIES AUSTRALIA PTY LTD**

**ABN 92 168 734 530**

**AFSL 456663**

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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: [finola.burke@raasgroup.com](mailto:finola.burke@raasgroup.com)

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Website: [www.afca.org.au](http://www.afca.org.au); Email: [info@afca.org.au](mailto:info@afca.org.au); Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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