

BikeExchange Ltd

Accelerating out of the pandemic

BikeExchange Ltd is an online marketplace and electronic commerce company dedicated to cycling. The platform enables customers to find, research and buy cycling-related products through the site which supports and connects retail bike stores and brands with end-customers via physical and e-commerce solutions. BEX was founded in 2007 and operates through four geographic hubs in eight countries with more than 1,600 retailers and 1,500 brands listed. In FY21, BEX recorded 28.2m user sessions and enabled 33,473 transactions with a Total Transaction Value of \$25.3m. BEX listed on the ASX in February 2021 at \$0.26/share, raising \$20m to fund future growth. Since listing BEX has moved forward with business re-organisation into functional cross-geography teams and added expertise in key management areas. In FY21 there was a 26% increase in look-through revenue (BEX owns 50% of the Colombian business), a 60% rise in transaction volumes with Q4 momentum growing versus previous quarters.

Business model

BikeExchange operates in Australia, North America, Europe, and Colombia – eight countries in total. The platform allows a fragmented bicycle retail sector to benefit from access to a large customer group through e-commerce, click and collect and relationship and lead building for and from sales in-store. BEX derives revenues from commission from consumer e-commerce transactions on the BEX platform, retailer subscription fees, advertising revenues and on-line services. Worldwide, governments and municipal authorities are accelerating construction of cycling infrastructure as a means of reducing traffic, managing increasing population density, reducing pollution, and improving community health and amenity. The COVID pandemic has served to increase consumer demand for cycling, accelerating trends which were already in place.

FY21 delivers record order and sales volumes

All top line measures showed increasing momentum with commission revenue up +276% on pcp and average order value up +46%. Total look-through revenue rose 26% to \$4.9m. BEX continues to invest in the business, focusing on converting strong enquiry volumes into e-commerce sales. Post-IPO the company appointed four new executives to build retailer sales, increase on-site transactions and platform scalability, and raise the North American focus. Pandemic related impacts have seen ANZ revenues up 2% on pcp, but European revenues jumped strongly (+165%) to \$2.3m..

BEX is in a high growth phase of development

BEX has no substantial direct competitors in the cycling industry yet. Similar platforms and retailers such as ASX listed Kogan, Temple & Webster, My Deal and Redbubble provide a roadmap for the company's growth path within its chosen "vertical".

Historical earnings and ratios (A\$m)

Year end	Revenue	EBITDA Adj.*	NPAT Adj.*	NPAT Rep.	EPS Adj.*(c)	EPS Rep.	EV/Sales
06/20a	3.8	(1.9)	(2.6)	(2.6)	(1.80)	(1.80)	8.9
06//21a	4.6	(10.6)	(11.0)	(11.0)	(5.30)	(5.30)	7.3

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

Software & IT Services

10th September 2021

Share details

ASX Code	BEX
Share price	\$0.17
Market Capitalisation	\$49.8M
Shares on issue	293.0M
Net cash at 30/06/2021	\$16.2M
Free float	37.3%

Share performance (since listing)



Upside Case

- Strong growth in TTV continues
- Geographical expansion adds volumes
- Conversion of enquiries to commission improves

Downside Case

- Cycling popularity wanes
- Slower platform acceptance in North America
- Increased competition from non-specialist retailers.

Catalysts/upcoming events

AGM Est November 2021

Interim results FY22 February 2022

Comparable companies (Aust/NZ)

Kogan (ASX:KOG), Temple & Webster (ASX:TPW)
Redbubble (ASX:RBL), MyDeal (ASX:MYD)

Top 5 shareholders

GTR Ventures	16.47%
Emerson Ryan	12.35%
HSBC Custody Nom	11.57%
Mirabooka Investments	4.19%
Sandhurst Trustees	3.35%

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FINANCIAL SERVICES GUIDE

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