

2 March 2018

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buyMyplace.com.au Ltd

Strong revenue and gross profit growth in H118

buyMyplace.com.au Ltd (formerly Killara Resources) was relisted on March 15 2016 after raising just over \$4m at \$0.20/share. The company has been operating since 2009, tapping into an anticipated trend in property vending towards commission-free sales. More than 4,500 vendors have successfully sold their properties through buyMyplace.com.au, saving themselves at least \$19,000 in agent commissions per property. In November 2017, the company announced the appointment of Colin Keating as CEO, completed a \$1m working capital facility with KM Custodians and completed a \$500,000 placement at \$0.16/share. BMP has reported H118 revenue growth of 50.6% to \$1.53m and a 49.7% rise in gross profit to \$1.0m.

Business Model and strategy

buyMyplace.com.au began in anticipation that Australia's 600,000+ property vendors per year would follow international trends and seek commission-free selling services. In Canada, an estimated 23% of property sales are commission free, while in UK and US, an estimated 12% and 9% respectively of sales are commission free. In Australia, less than 2% of the ~420,000 properties sold each year are commission free, despite CoreLogic's estimates that 30% of vendors had poor or disastrous experiences with agents. BMP offers vendors a range of packages from basic at \$595 to the ultimate package at \$1,995. This compares with the average commission fee of \$19,000 charged by real estate agents on the average home value of \$605,000.

Interim result

BMP reported H118 sales revenue of \$1.53m, up 50.6% on pcp, while gross profit was \$1.0m, up 49.7% on pcp. GP margin increased slightly to 67%. The company noted that excluding businesses acquired during the year, core revenue and gross profit increased respectively by 35.5% and 43.7%. The company reported a \$2.8m net loss, up from 60% year-on-year. The loss, excluding share based payments was \$1.89m. Operating cash losses were \$1.9m versus a \$1.0m loss a year ago.

Valuation: Trading close to IPO price

BMP is now trading at an 8% discount to its issue price of \$0.20/share but a 15% premium to its last placement. The current price implies a trailing twelve months (TTM) EV/Sales multiple of 5.3x. In comparison, Rent.com.au is trading on TTM EV/Sales of 5.9x and REA on 15.5x.

Earnings history and Consensus Estimates (A\$m unless otherwise stated)

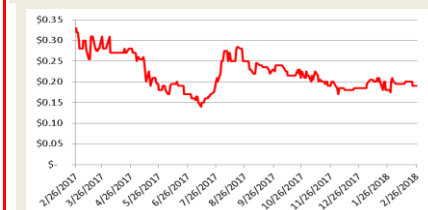
YE June	Revenue	EBITDA	NPAT	Op CF (cents)	EPS (cents)
2016	1.1	-2.17	-4.63	-3.43	-4.47
2017	2.2	-3.75	-3.82	-4.2	-6.39
2018e	4.2	n/a	-1.50	n/a	-1.40
2019e	6.5	n/a	-0.50	n/a	-0.40

Source: Company data and Thomson Reuters for consensus

Share details

Code	BMP
Share Price	\$0.19
Market Capitalisation	\$12.5M
Number of shares	67.5M
Enterprise Value	\$11.7M
Sector	Real estate services
Free Float	45.4%
Net cash 31 Dec 2017	\$0.8M

Share price performance (12-months)



RaaS RAP 5-point score* = 2/5

Revenue increasing (1) EPS increasing (1), Return on Capital Employed [ROCE] (0); EBIT interest cover >3x (0) Gross Operating cash flow/EBITDA >90%(0)

Upside Case

- A disruptive play following international trends
- Potential to benefit from property downturn as vendors look to minimise their losses/costs
- Proven business model

Downside Case

- No barriers to entry, US giant Purple Bricks has entered the market
- Reliant on third party software
- Potential dilution from 14.63m performance rights expiring June 2019 and 14.63m options expiring Feb 2021

Catalysts

- Delivering positive cashflows

Comparative companies (Australia & NZ)

REA, RNT, DHG, TME.NZ

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