

# Bailador Technology Investments Ltd

## Strong gains made in FY21, well set up for FY22

Bailador Technology Investments (ASX:BTI) is a listed investment company specialising in investing in early stage tech companies that have advanced through the start-up phase and are looking for expansion capital. BTI typically invests \$5m-\$10m in its investee companies, taking a minority position and board seat. BTI listed on the ASX in November 2014 after raising \$25m at \$1.00 a share to give a market capitalisation at listing of \$62.46m. At that time, BTI had three investee companies in the portfolio, SiteMinder, Standard Media Index, and Viocorp. The company has subsequently raised \$79.9m in additional capital from three equity raisings: in April 2016, \$38.4m from an options exercise; in November 2018 \$17.45m at \$1.03/share from a share placement and security purchase plan (SPP); and in April 2021, \$24m at \$1.37/share from a share placement and SPP. BTI has also had partial and full realisation events with in the portfolio. During the course of FY21, BTI fully realised the investment in three companies, DocsCorp, Lendi and Viostream, all at values above their carrying value, and merged Stackla with an international peer, Nosto. There are currently eight investee companies in the group: SiteMinder, Instaclustr, SMI, Rezdy, InstantScripts, Brosa, Nosto, and Straker Translations (ASX:STG) with two, SiteMinder and Instaclustr potentially coming to IPO during the course of FY22.

### Business model

BTI is a listed investment firm specialising in investments in expansion capital in unlisted companies that have advanced through the start-up phase. Typically BTI invests \$5m-\$10m for a minority stake and takes a board position on the investee company. BTI generates returns for investors through the portfolio value increasing as the investee companies mature and, at the appropriate time, are sold, merged or listed, delivering a realisation event for investors. In FY21, the portfolio delivered an 89% return to shareholders.

### Significant uplift in portfolio value in FY21, FY22 a pivotal year

BTI gained \$52m on its portfolio value in FY21 and grew NTA per share, pre-tax, by 23.4% to \$1.53. BTI also announced a special dividend of 1.4cps. The group had three cash realisation events in FY21, DocsCorp, Lendi and Viostream, which it exited with a respective carrying value uplift of 53%, 21% and \$1.1m. The group also participated in two follow-on investment events in FY21: a \$3.8m convertible note in Instaclustr and \$5.2m invested via Straker's \$25m equity raising in June. Bailador expects FY22 to be a significant year for new investments and profitable realisations. With eight companies now in the portfolio and the prospect of potentially two realisation events with slated IPOs for Instaclustr and Siteminder, the group is aiming to maintain its portfolio size at 8-12 investments. The group kicked off its investment drive in July 2021, with a \$5.5m investment in digital health platform InstantScripts.

### Look to UK listed investment companies for peers

There are few listed companies in Australia that are comparable to BTI. The closest two are CVC Ltd (ASX:CVC) which does have some venture capital investments alongside its property finance and development and funds management arms, and Pacific Current Group (ASX:PAC) which invests in multiple boutique asset managers. In our view, BTI is more comparable to UK investment companies such as TMT Investments (LON:TMT), Augmentum Fintech (LON:AUGM), and Chrystalis Investments (LON:CHRY), which all trade at a premium to NTA.

#### Historical earnings and ratios

Year end	Gain/(loss) on Portfolio (A\$m)	Portfolio Value (A\$m)	NTA pre-tax (A\$)	NTA post-tax	NPAT (A\$m)	EPS (c)	PER (x)	Share price discount to NTA
06/18a	8.4	148.0	1.110	1.065	3.65	3.04	24.3	31%
06/19a	32.0	178.4	1.313	1.207	17.05	14.18	7.4	13%
06/20a	(1.6)	140.7	1.235	1.146	(4.12)	(3.41)	na	38%
06/21a	52.0	192.0	1.529	1.367	27.58	22.00	6.0	3%

Source: Company data, RaaS analysis

## Listed Investment Companies

10<sup>th</sup> September 2021

### Share details

ASX Code	BTI
Share price	\$1.44
Market Capitalisation	\$196.6M
Shares on issue	141.0M
Net cash at 30/06/2021	\$43.5M
Free float	80.2%

### Share performance (12 months)



### Upside Case

- Delivering investment exposure to high growth mostly unlisted tech opportunities
- Outperformed ASX's tech index by 49% in FY21
- Strong track record of generating returns

### Downside Case

- Unlisted nature of its investments makes it difficult to compare with other Australian LICs
- Australian investors have traded BTI below NTA
- LIC market overcrowded

### Catalysts/upcoming events

- Realisation events in SiteMinder/Instaclustr IPOs
- Adding new investee companies during FY22

### Comparable companies (Aust/NZ)

CVC Ltd (ASX:CVC), Pacific Current Group (ASX:PAC)

### Top 5 shareholders\*

Washington H Soul Pattinson	17.23%
David Kirk	6.94%
Paul Wilson	3.13%
Paul Lewis	1.42%
DDH Graham	1.42%

\*Source: Refinitiv Eikon

### Company contacts

Bevin Shields +61 2 9223 2344  
(Investment Director/  
Head of IR)  
Investorservices@bailador.com.au

### RaaS Advisory contacts

Finola Burke +61 414 354 712  
finola.burke@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**

**Effective Date: 6<sup>th</sup> May 2021**



### **About Us**

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- 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)

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

**What Financial Services are we authorised to provide?** RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
  - Securities
- deal on behalf of retail and wholesale clients in relation to
  - Securities

The distribution of this FSG by RaaS is authorized by BR.

### **Our general advice service**

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

### **Our dealing service**

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

### **How are we paid?**

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

### **Associations and Relationships**

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

### **Complaints**

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

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.

### **Professional Indemnity Insurance**

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

## DISCLAIMERS and DISCLOSURES

This report has been prepared and issued by RaaS Advisory Pty Ltd trading as Research as a Service (“RaaS”). This research is issued in Australia by RaaS and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment’s risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance. RaaS Advisory’s principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2021 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.