

# Jimmy Crow Limited

## Strong revenue growth in H118

Jimmy Crow Limited was created following the demerger of tourism and property assets from Trustees Australia Ltd (TAU.AX). The company listed on the National Stock Exchange of Australia on 11<sup>th</sup> September 2017 and has subsequently announced that it has identified several potential projects for the commercially-zoned land that it owns in Airlie Beach, including the Whitsundays Skyway with a restaurant and adrenalin sports facility, a car parking operation for up to 200 vehicles, and an apartment and hotel development above its existing Magnum Hotel backpackers' facility. The company reported H118 revenues of \$1.53m up 24% on the previous corresponding period (pcp). JCC reported a net loss of \$0.17m, adjusted for one-time impairment charges and profit from discontinued operations, compared with a net loss of \$0.014m in H117.

### Business model

Jimmy Crow owns the multi-award-winning Magnum Backpackers operation in Airlie Beach, North Queensland and adjacent undeveloped, commercial-zoned property. The company also owns 7.7% of Australian Dairy Farms Ltd (AHF.AX), a listed dairy group with operations in Victoria. The majority of the company's revenue comes from the backpacker operation, which the company has noted has now recovered from the damage inflicted by Cyclone Debbie in March 2017. The company highlighted in its H118 results report that trading at Magnums continues to be positive with tourism operations in Australia generally benefitting from the lower Australian dollar and that the backpacker segment had regained much of the momentum seen in past years.

### Site development

In October 2017, Jimmy Crow's board announced it was actively pursuing the Whitsundays Skyway development, a cablecar project that it scoped prior to the GFC, and one which is receiving strong support at both Local Authority and State levels. The company noted that design of the cableway and the path it would follow had previously been completed and that part of Magnums Backpackers would form the base of the cableway station. Jimmy Crow also noted that while there was strong support, there were numerous regulatory hurdles to overcome and that the project should be viewed as speculative at this point.

### H118 result and outlook

JCC reported an interim net loss, unadjusted, of \$0.224m, up 1% on the net loss reported in H117. Adjusted for a \$968 net profit on the demerger from Trustees Australia and a \$0.15m impairment charge on financial assets, the net loss was \$0.17m. The directors noted that if the company is successful in clearing the regulatory hurdles and approvals required to build the Whitsundays Skyway development, the project is considered by directors to have strong potential to be financially and environmentally successful.

#### Shares Summary

Share Code	JCC
Share Price	\$0.10
Market Capitalisation	\$3.4M
Number of Shares	34.1M
Net Cash (Debt) at 31 Dec 2017	\$0.67M
Share Registry	Boardroom Ltd

#### RaaS 5-Point Score\* = 1/5

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

#### Upside Case

- Creates a pure-play of tourism and property assets
- Potential new revenue sources from car parking, tourism and property developments
- Board and management highly experienced in tourism and property sectors

#### Downside Case

- Exposed to North Queensland's extreme weather conditions
- Board controls 61.3% of shares on issue
- Majority of current revenue comes from backpackers

#### Board of Directors

Executive Chairman	Elizabeth Hackett
Director	Michael Hackett
Non-executive Director	Kerry Daly
Director	Nathan Leman

#### Catalysts

- Shift to operational profitability in FY18

#### Comparative Companies

EXP; EVT, ATL; THL.NZ

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#### Earnings history (A\$m)

Year ended	Revenue	EBITDA*	NPAT reported	NPAT Adjusted*	EPS (c)
Jun-15	2.26	(0.57)	(0.23)	(0.23)	(0.67)
Jun-16	2.34	(0.36)	(0.20)	(0.20)	(0.59)
Jun-17 <sup>^</sup>	2.57	(0.76)	(0.78)	(1.60)	(2.30)

Source: Company data: \*Adjusted for restructuring charges; ^Information came from TAU.AX annual report

\* The RaaS 5-Point score is based on the company's performance in its last reported full year. Past performance is not a reflection of future performance.

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## FINANCIAL SERVICES GUIDE

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