

18th October 2017

Jimmy Crow Limited

Creating a tourism and property pure-play

Jimmy Crow Limited has been 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 11th September 2017 and has subsequently announced that it has identified three potential projects for commercially-zoned land that it owns in Airlie Beach, including a car parking operation for up to 200 vehicles, a water and active sports facility, and an apartment and hotel development above its existing Magnum Hotel backpackers' facility. The company raised \$202,000 ahead of its NSX listing at \$0.20 a share, just above the minimum subscription it set for a \$2m offer.

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 and NSW. The bulk of JCC's revenue comes from the backpacker operation, which in March 2017 was damaged by Cyclone Debbie. JCC has announced that it has now received \$1,123,635.43, excluding the \$100,000 excess, from its insurance claim against the damage and losses caused by the cyclone. On October 11, Jimmy Crow announced Magnums had received a number of awards including the Whitsundays Tourism Awards' Backpacker section for the 6th time and its second Hall of Fame award. Magnums is also a finalist in the Golden Backpack Awards and the only Whitsundays property listed in the influential Hostelworld's Top 26 Australian Backpackers list. JCC noted that Magnums is operating at 80% capacity.

Site development

In its supplemental prospectus, the company detailed three potential developments for the Magnums site and adjacent undeveloped property that it owns at Airlie Beach. Management estimates that a 200-vehicle, toll-charging car park could be developed for \$600,000 and that a water and active sports facility connected to the backpackers could be developed for \$500,000. The company believes this could help drive new revenue streams as well as make the backpackers' facility more attractive to patrons. A third development proposed would see apartments and hotel rooms built above the existing hotel. The company's net debt position is neutral and its \$4.85m in property, plant and equipment is unencumbered and could be used as collateral for borrowings. Management has cautioned that the second two projects were still the subject of further feasibility studies and not guaranteed to proceed.

Earnings outlook

The directors have noted that while the company has incurred losses over the past three years, there was a reasonable basis to believe that the company would not incur operating losses post the offer. Subsequent to this statement, the offer closed, raising just above the minimum amount of \$0.2m.

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 [^]	2.57	(0.76)	(0.78)	(1.60)	(2.30)

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

Shares Summary

Share Code	JCC
Share Price	\$0.17
Market Capitalisation	\$5.8M
Number of Shares	34.1M
Net Cash (Debt) at 17 Aug 2017	(\$0.09M)
Share Registry	Boardoom Ltd

5-Point Score = 1

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 Chair	Elizabeth Hackett
Director	Michael Hackett
Director	Kerry Daly
Director	Nathan Leman

Catalysts

- Shift to operational profitability in FY18

Comparative Companies

SKB.AX; ATL.AX; THL.NZ

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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: 11th May 2017

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

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

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