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Ziptel Limited (ZIP) - Surpasses 1.0m installs - Spec Buy

Hot off the Press
Industrials Research



Ziptel Limited (ZIP) \$1.175

12mth Rating: Spec Buy

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Event

- Ziptel Limited (ZIP) announced it has surpassed 1.0m installs of its ZipT App within the first 8 weeks of global launch.
- ZIP also reported Monthly Active Users (MAUs) of 882,200 for August, up 82% on the July MAU figures. Revenue to date is also ahead of expectations at A\$265,000.
- The iOS (Apple) version of the App is set to be launch globally on the 14 September, and will coincide with the commencement of full marketing and customer acquisition activities.
- As at 30 June 2015, ZIP had cash of \$6.3m with a majority being earmarked for marketing and customer acquisition.

Impact

- A positive announcement, that highlights the strong early uptake of the app, high user retention and early monetization.
- ZIP has targeted 10.0m users in 18 months, which would require an average user acquisition of c18,250 users a day. Current metrics show ZIP currently adding c19,000 users a day, and we highlight that this is before full marketing and customer acquisition initiatives. ZIP seem well on track to achieve its 10.0m user target well before 18 months.
- Early monetization hints at an Average Revenue per User (ARPU) of cA\$2.50pa which is above our \$2.00 long term estimates. We note that monetization on iOS is historically 3 times higher than on Android and thus ZIP monetization may increase with the launch of the iOS App on 14 September.
- ZIP's metrics are currently tracking ahead of our base case assumptions (\$1.26/sh) and just below our bull case assumptions (\$2.15/sh). We remain positive on ZIP, given these strong metrics and the possibility to atleast match our bull case assumptions with the iOS launch and commencement of marketing and user acquisition. We re-iterate our SPEC BUY rating.

Disclosure: Patersons Securities acted as Lead Manager to the Offer that raised \$5.0 million at \$0.20 per share in May 2014 and the Share Placement that raised \$5.0 million at \$0.42 per share in November 2014 for Ziptel. It was paid fees for these services.

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