

Jon Scholtz

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Ziptel Limited (ZIP) - Launch of iOS version and marketing activity increase - Spec Buy

Hot off the Press
Industrials Research



Ziptel Limited (ZIP) \$1.38

12mth Rating: Spec Buy

Associate Analyst: Jon Scholtz

Tel: +61 8 9225 2836

Event

- Ziptel Limited (ZIP) has launched its iOS (Apple) version of the ZipT App today, which coincides with the release of the new iPhone 6S.
- This marks a significant milestone and market opportunity for ZIP, with Android and iOS platforms accounting for over 96% of smartphone shipments in Q2 2015.
- Recently the Company also announced 2.0m downloads, which occurred in 3 months from launch. The App has also generated cA\$0.4m to date.
- ZIP has stated it will increase its marketing activity to drive user acquisition and has re-iterated that it is well on track to achieve its target of 10m users within 18 months from launch.

Impact

- A positive milestone for ZIP as it increases its total addressable market and given the large base of iOS users in Australia; allows additional local shareholders to use the App first hand.
- iOS historically generates a higher Average Revenue Per User (ARPU), and thus should be beneficial in the monetization of the App.
- The ZipT App is currently being downloaded an average of 21,000 times a day, which is above the 18,500 downloads a day needed to achieve 10.0m users in 18 months. With the iOS launch and a large portion of ZIP's \$6.0m in cash set to be deployed for marketing, we estimate an increase in download numbers and ZIP achieving its targeted 10.0m users well before 18 months.
- While ZIP is trading at our Base Case valuation, we believe the key metrics are tracking closer to our Bull Case scenario for a valuation of \$2.12/sh. We remain positive on the ZIP story and maintain our Speculative 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.

Jon Scholtz
Associate Analyst

D: +61 8 9225 2836 | E: jscholtz@psl.com.au | W: www.psl.com.au
Patersons Securities Limited AFSL No. 239 052
Level 23, Exchange Tower, 2 The Esplanade PERTH WA 6000
GPO Box W2024, Perth, WA 6846





1300 582 256

patersons@psl.com.au

www.psl.com.au

Research

Rob Brierley - Head of Research	Phone: (+61 8) 9263 1611	Email: rbrierley@psl.com.au
Jon Scholtz - Associate Analyst	Phone: (+61 8) 9225 2836	Email: jscholtz@psl.com.au
Jakinta Martin - Research Assistant / Associate Analyst	Phone: (+61 8) 9263 1607	Email: jmartin@psl.com.au
Melanie Voong - Research Assistant	Phone: (+61 3) 9242 4138	Email: mvoong@psl.com.au

Strategy & Economics

Tony Farnham - Economist	Phone: (+61 2) 9258 8973	Email: tfarnham@psl.com.au
Andrew Quin - Research Strategy Coordinator	Phone: (+61 8) 9263 1152	Email: aquin@psl.com.au
Kien Trinh - Senior Quantitative Analyst	Phone: (+61 3) 9242 4027	Email: ktrinh@psl.com.au

Metals, Mining & Energy

Jason Chesters - Analyst	Phone: (+61 8) 9263 1144	Email: jchesters@psl.com.au
Simon Tonkin - Senior Analyst	Phone: (+61 8) 9225 2816	Email: stonkin@psl.com.au
Matthew Trivett - Analyst	Phone: (+61 7) 3737 8053	Email: mtrivett@psl.com.au

Industrials

Martyn Jacobs - Analyst	Phone: (+61 3) 9242 4172	Email: mjacobs@psl.com.au
Ben Kakoschke - Analyst	Phone: (+61 3) 9242 4181	Email: bkakoschke@psl.com.au
Conor O'Prey - Analyst	Phone: (+61 2) 8238 6214	Email: coprey@psl.com.au
Ben Rowe - Analyst	Phone: (+61 8) 9263 1616	Email: browe@psl.com.au

Institutional Dealing

Dan Bahen	Phone: (+61 8) 9263 1274	Email: dbahen@psl.com.au
Michael Brindal	Phone: (+61 8) 9263 1186	Email: mbrindal@psl.com.au
Artie Damaa	Phone: (+61 2) 8238 6215	Email: adamaa@psl.com.au
Paul Doherty	Phone: (+61 3) 8803 0108	Email: pdoherty@psl.com.au
Peter Graham	Phone: (+61 3) 9242 4129	Email: pgraham@psl.com.au
Chris Kelly	Phone: (+61 3) 9242 4078	Email: ckelly@psl.com.au
Stuart Murray	Phone: (+61 2) 8238 6210	Email: smurray@psl.com.au
Jeremy Nugara	Phone: (+61 3) 8803 0166	Email: jnugara@psl.com.au
George Ogilvie	Phone: (+61 8) 9263 1627	Email: gogilvie@psl.com.au
Phil Schofield	Phone: (+61 2) 8238 6223	Email: pschofield@psl.com.au
Josh Welch	Phone: (+61 8) 9263 1668	Email: jwelch@psl.com.au
Sandy Wylie	Phone: (+61 8) 9263 1232	Email: swylie@psl.com.au

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