

Jon Scholtz

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**Ziptel Limited (ZIP) - 3.0m installs achieved, User growth accelerates - Spec Buy**

**Hot** off the Press  
Industrials Research



**Ziptel Limited (ZIP)                      \$1.20**

**Recommendation: Spec Buy**

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### Event

- Ziptel Limited (ZIP) announced it has surpassed 3.0m installs of its ZipT App.
- Traction in downloads continues with the first 1 million installs achieved in 8 weeks; 2 million in 6 weeks; and now 3 million in 4 weeks.
- MAU's increased strongly to 2.36m, up 80% on August, while App usage continued to grow with over 9m calls places and 1m SMS's sent to date.
- The Company has c\$5.0m in cash on hand which is expected to be used for aggressive user acquisition and marketing (commencing in this quarter).

### Impact

- Another positive announcement for ZIP, which highlights the traction and growth in downloads of its ZipT App.
- ZIP has initially targeted 10.0m users within 18 months, which would require an average user acquisition of c18,250 users a day. Current metrics show ZIP currently adding c35,800 users a day and we highlight that this is before full marketing and customer acquisition initiatives. At this pace, ZIP would have 18.0m installs within the 18 months which far exceeds the initial target.
- We note a full marketing effort should increase the user acquisition further which would again increase the pace and number of installs. The Company has not yet pulled the trigger and used its cash holding which highlights the organic virality of the App to date.
- ZIP's metrics are now tracking in line with our initial bull case assumptions for a valuation of \$2.12/sh. We remain highly positive on the ZIP story and believe the Company can continue to outperform 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.***

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Analyst

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