

Collaborate Corporation Ltd



Leveraging Strategic Partnerships

Overview: Collaborate Corporation Limited (“Collaborate”, “the Company”) is an Australian technology company operating in the sharing economy enabling the peer-to-peer rental of assets. The Company’s primary asset is Intellectual Property surrounding a peer-to-peer sharing and identity verification platform, which can be utilised for multiple industry verticals. Collaborate’s most advanced asset is DriveMyCar, a peer-to-peer marketplace which allows car owners to rent vehicles to third parties. Since our last update in May 2017, the Company posted a record result in the June quarter, launched the first of its products under the strategic relationship with RACV, expanded its relationship with Subaru and increased revenue from the collaboration with Uber. A new online marketplace for assets, Mobilise.com, is expected to launch in October 2017. We initiated coverage with a [‘spec buy’ recommendation on 6 April 2017](#) at a price of \$0.024.

CONCEPT

COMMERCIAL TRIALS

SALES

Catalysts: Collaborate has built a strong foundation to leverage its strategic partnerships and tactically deploy its cash reserves to drive further revenue growth and scale its technology. The DriveMyCar unit is tracking towards a cash flow break-even position supported by a strong balance sheet and expansion into new markets through commercially proven campaigns with high profile channel partners. The launch of Mobilise, in collaboration with strategic partner Aon, could add a new high-growth unit to the business, while key management hires, being attracted from CommBank, Expedia and Saatchi & Saatchi, allow the Company to pursue its growth strategy in a more targeted and effective manner.

Hurdles: Depending on how it chooses to deploy its capital, Collaborate does not require short-term funding, but its reliance on external funds may not entirely be eliminated. There is no guarantee that a self-funding position will be achieved and there is a risk that growth across its platforms may slow down, which may impact the Company’s financial performance. Whilst we see potential for the new Mobilise business to add significant value to the business, the commercial merit of this investment remains to be validated.

Investment View: Collaborate offers speculative exposure to demand for peer-to-peer sharing. We are attracted to the pipeline of opportunities, management’s ability to successfully leverage strategic partnerships, strong funding position and proven prudence and effective use of capital. Primary hurdles include the Company’s need to deliver ongoing growth in order to reach a self-funding position. Resources have been scaled up and as partnership campaigns gather pace, Collaborate is well positioned to accelerate business momentum across all of its platforms and attract further institutional interest. Supported by a strong balance sheet, increased operating efficiency and lean corporate structure, management is pursuing a sustainable and scalable growth strategy, validated by a strategic investment at premium to market by RACV and consecutive delivery of record results. We reiterate our ‘spec buy’ advice and valuation of 6 cents/share, which represents a ~71% premium to recent trade.

19 October 2017

Price: \$0.035

Spec Buy

Valuation: \$0.06

DISCLOSURES

REPORT COMMISSIONED BY	Collaborate Corp
AUTHOR OWNS THIS SECURITY	No
COMPANY OWNS THIS SECURITY	No

CORPORATE SUMMARY

TICKER	CL8.ASX
INDUSTRY	Technology
SHARES ON ISSUE	619.1m
OTHER SECURITIES	34.6m Options 2c – 5c, Nov ‘18 – Nov ‘20
MARKET CAP	\$22.3m
CASH	\$3.64m
ISSUED CAPITAL ¹	~\$11.4m

1. Pro forma since DriveMyCar acquisition

FINANCIAL OVERVIEW FY17

REVENUE	\$0.9m
NPAT	-
GROWTH vs FY16	~50%
NTA / SHARE (JUN 2017)	\$0.052
DIVIDEND YIELD	-

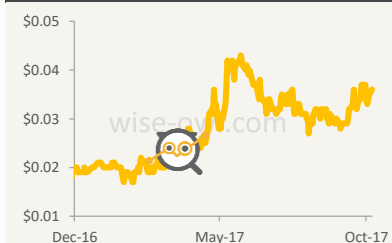
BOARD OF DIRECTORS

CEO & EXEC DIRECTOR	Chris Noone
NON-EXEC DIRECTOR	Adrian Bunter
NON-EXEC DIRECTOR	Jim Landau

SHAREHOLDERS

MANAGEMENT	1%
HISHENK PTY LTD	15.9%
RACV INVESTMENT HOLDINGS	5.4%
TOP 20	46.5%

SHARE PRICE



19 October 2017

THE BULLS AND THE BEARS



THE BULLS SAY

- Collaborate has built a strong foundation to leverage its strategic partnerships and tactically deploy its cash reserves.
- The DriveMyCar unit is tracking towards a cash flow break-even position supported by a strong balance sheet and expansion into new markets.
- The Company has established high quality channel partnerships and expanded marketing campaigns following successful trials
- The launch of Mobilise, which will be launched in collaboration with strategic partner Aon, could add a new high-growth unit to the business.
- Key management hires, being attracted from CommBank, Expedia and Saatchi & Saatchi, allow the Company to pursue its growth strategy in a more targeted and effective manner.
- Our valuation of 6 cents/share represents a 71% premium to recent trade, thus providing investors an opportunity to add exposure.



THE BEARS SAY

- The Company is contingent on further growth in order to reach a self funding position and there is a risk that growth may slow down, which may impact its financial performance
- Depending on how it chooses to deploy its capital, Collaborate does not require short-term funding, but its reliance on external funds may not entirely be eliminated.
- There is no guarantee that the investment in Mobilise will yield a return on shareholder funds as the commercial merit of this investment remains to be validated.
- The valuation is contingent on a significant degree of inventory and transaction growth, which is not assured

19 October 2017

GLOSSARY

Initiating Coverage	Beginning analyst coverage of a particular business. Our view is neutral and we add this stock to our watchlist.
Buy	Increasing value of established business operations is likely to yield share price appreciation
Spec Buy	Increasing value of a new or developing business operation is likely to yield share price appreciation.
Hold	There exists an even balance of risks.
Sell	There is elevated risk of share price depreciation.
Stop	Our recommended, pre determined sell price, to be executed if the share price fails to appreciate
Concept	An early stage of technological development characterised by design, controlled tests and prototyping
Commercial Trials	An intermediate stage of technological development characterised by testing with end users and prospective customers
Sales	An advanced stage of technological development where regulatory approvals have been secured and a commercial rollout has commenced

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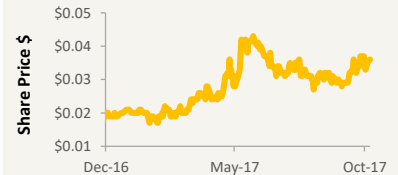
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ARCHIVES

Collaborate Corp (CL8.ASX)

Apr-17 **Initiating Coverage – Spec Buy**

May-17 **Update**



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