

# Catapult Group International

## Guidance for 21-30% proforma revenue growth in FY17

Catapult Group International (CAT) is a pioneer in sports analytics, combining wearable hardware with sophisticated analytical and tracking software. The company, founded in 2006, listed on the ASX in December 2014, raising \$12m. In July 2016, the company raised \$100m through a fully underwritten placement and entitlement offer priced at \$3.00/share to fund two company changing acquisitions, XOS Digital and Playertek, and provide working capital. On May 2, CAT announced a \$17m equity raising, primarily for two strategic acquisitions.

## Background

Catapult provides scientifically-validated sports analytics products to sporting teams and organisations around the world, using cloud technology to deliver detailed, real time data and analytics to monitor and measure an athlete's fitness and skill levels, response to training techniques, tactical performance and injury risk. Catapult works with over 1,500 elite teams worldwide to innovate how information shapes athletic performance. In 2016, the company acquired Boston-based XOS Digital, a market leader in video-based technology for elite sporting teams, for US\$60m (A\$80.1m), and Ireland-based PlayerTek, a GPS tracking technology engineered for amateur athletes, for €2.4m (A\$3.6m).

## Business model and 1HFY17 results

The company generates revenues from subscriptions and one-off sales of products to elite sports teams. The company also partners with professional sporting leagues to pursue data monetisation opportunities, and is also targeting growth by extending its product offering to the sub-elite or 'prosumer' market. Subscription revenues are the group's fastest growing source of income with more than 11,125 users subscribing to its services. Wearable analytics contributed \$10.7m in revenue to 1HFY17 while video analytics, which the company acquired through XOS, generated 1HFY17 revenues of \$14.1m. CAT reported a gross margin of 80% on sales of \$24.9m for 1HFY17.

## FY17 Revenue guidance and consensus

Catapult has provided and reaffirmed its guidance for a revenue range of \$61m-\$65.5m in FY17. On a proforma basis, this implies year-on-year growth of 21-30%. Broker consensus for \$62.2m is at the lower end of this range. Covering analysts expect the company to deliver a maiden profit in FY18 with consensus currently at \$3.6m or 2.4c/share.

### Historical earnings and Consensus estimates

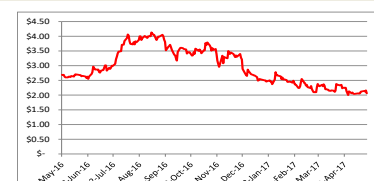
Year end	Revenue (\$m)	EBIT (\$m)	NPAT (\$m)	EPS (c)	P/E (x)
06/15	11.3	(5.7)	(4.3)	(3.26)	N/A
06/16	17.4	(8.6)	(5.9)	(4.85)	N/A
06/17e	62.1	N/A	(1.0)	(0.63)	N/A
06/18e	84.9	N/A	3.6	2.40	84.2

Source: CAT data, Consensus forecasts as from Thomson Reuters as at 30 April 2017

### Share details

ASX Code	CAT
Share price (at 3 May 17)	\$2.02
Market Capitalisation	\$304m
Net cash at 31 Dec 2016	\$13.9m

### Share performance (12 months)



### Potential market size

Research house CCS Insights is forecasting that the wearable technologies market will grow to US\$34b by 2020.

### Upside Case

- An extensive client base with leading elite sporting teams in North America, Europe and Australia
- Cloud based services that increases client retention and provides opportunity for scale
- Upsizing of its addressable market through successful penetration of the 'prosumer' market

### Downside Case

- Competitors could develop superior technology with greater commercial appeal
- Exchange rate risk given more than 70% of revenues are generated in USD
- Company is relying on further developing its athlete tracking technology for future upside

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