

Analyst

David Coates 612 8224 2887

Authorisation

Stuart Howe 613 9235 1856

Nickel Mines Limited (NIC)

Growth path locked in

Recommendation
Buy (unchanged)
Price
\$0.28
Valuation
\$0.65 (previously \$0.55)
Risk
Speculative

GICS Sector

Materials

Expected Return

Capital growth	132.1%
Dividend yield	0.0%
Total expected return	132.1%

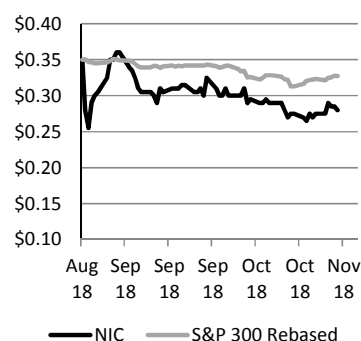
Company Data & Ratios

Enterprise value	\$298.0m
Market cap	\$388.6m
Issued capital	1,388m
Free float	52%
Avg. daily val. (52wk)	\$836,000
12 month price range	\$0.25-\$0.365

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	0.30		
Absolute (%)	-6.7		
Rel market (%)	-3.7		

Absolute Price



SOURCE: IRESS

New Collaboration Agreement covers additional production

NIC has executed a binding Collaboration Agreement (CA) with its partner Shanghai Decent Investment Group (SDI) to acquire up to an 80% equity interest in 2 additional RKEF lines currently under construction within the Indonesia Morowali Industrial Park (IMIP) in Central Sulawesi, Indonesia. The key terms of the CA provide for NIC to acquire its interest in three tranches, the first of which will be executed within 10 days:

1. The First Acquisition: NIC to acquire an initial interest of 16.67% at cost of US\$50m;
2. The Second Acquisition Option to increase its interest to between 51% and 60% before 31 December 2019 – potentially at a discounted rate of US\$280m (pro-rata);
3. The Third Acquisition Option (conditional on completion of the Second Acquisition Option) to increase its interest to up to 80% in the 2 additional RKEF lines within 18 months of the first batch of NPI being produced.

As with the initial 2 RKEF lines, SDI will be responsible for construction and operation.

Strategic, de-risking milestone

This is a very positive development and a clear milestone for NIC to secure production growth. Furthermore, the option to secure that growth is available at a cheaper rate than envisaged in the current MoU. NIC now has options to acquire exposure to up to ~29ktpa Ni in NPI production across 4 RKEF lines, which we view as a strategic advantage. As with the first 2 lines, offtake of all NPI production is guaranteed to be taken by SDI at a minimum payability of 90% of the LME nickel price.

Investment thesis – Speculative Buy, valuation \$0.65/sh

The 17% ownership of lines 3 and 4 lifts NIC's attributable production by 28%, driving NPAT upgrades of 19% and 20% in FY20 and FY21 respectively. This flows through to a 19% increase to our NPV-based valuation to \$0.65/sh. The deal is another key win for NIC and further de-risks its growth path. We reiterate our Speculative Buy rating.

Earnings Forecast

Year ending 30 June	2018a	2019e	2020e	2021e
Sales (US\$m)	14	21	191	243
EBITDA (US\$m)	(2)	4	87	113
Attributable NPAT (reported) (US\$m)	(3)	(5)	73	97
Attributable NPAT (adjusted) (US\$m)	(3)	(5)	73	97
EPS (adjusted) (Aeps)	(0.9)	(0.6)	7.0	9.3
EPS growth (%)	nm	nm	nm	32%
PER (x)	nm	nm	4.0	3.0
FCF Yield (%)	-60%	-54%	30%	37%
EV/EBITDA (x)	(138.8)	51.6	2.5	1.9
Dividend (Aeps)	-	-	-	-
Yield (%)	0%	0%	0%	0%
Franking (%)	0%	0%	0%	0%
ROE (%)	-8%	-3%	30%	30%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Growth path locked in

Fresh Collaboration Agreement for additional production

NIC has executed a binding Collaboration Agreement (CA) with its partner Shanghai Decent Investment Group (SDI) to acquire up to an 80% equity interest in 2 additional Rotary Kiln Electric Furnace (RKEF) lines currently under construction within the Indonesia Morowali Industrial Park (IMIP) in Central Sulawesi, Indonesia.

The additional RKEF lines (to be referred to as the Ranger Nickel RKEF lines) will be owned under a replica structure to RKEF lines 1 and 2 (referred to as the Hengjaya Nickel RKEF lines).

The key terms of the CA provide for NIC to acquire its interest in three tranches, the first of which will be executed within 10 business days after the execution of this CA. NIC has sufficient funds available to complete the deal.

1. The First Acquisition: NIC to acquire an initial interest of 16.67% in the Ranger Nickel RKEF lines at cost of US\$50m, equivalent to US\$300m on a pro-rata basis;

2. The Second Acquisition Option: for NIC to increase its interest to between 51% and 60% before 31 December 2019, potentially at a discounted rate of US\$280m on a pro-rata basis. The lower acquisition cost will be payable if it is completed within 60 days of the first batch of nickel pig iron (NPI) being produced from the Ranger Nickel RKEF lines. If the Second Acquisition is completed more than 60 days after the first batch of NPI is produced, the additional percentage acquired will be calculated based on a pro-rata valuation of US\$300m; and

3. The Third Acquisition Option (conditional on completion of the Second Acquisition Option): for NIC to increase its interest to up to 80% in the Ranger Nickel RKEF lines within 18 months of the first batch of NPI being produced. This will be based on a pro-rata valuation of US\$300m.

As with the Hengjaya Nickel RKEF lines, SDI will be responsible for their construction and operation. Also, as with the Hengjaya Nickel RKEF lines, offtake of all NPI production is guaranteed to be taken by SDI at a minimum payability of 90% of the LME nickel price.

Strategic, de-risking milestone

This is a very positive development and a clear milestone for NIC to secure production growth. Furthermore, the option is available to secure that growth at a cheaper rate than envisaged in the current MoU, the terms of which were based upon a flat US\$300m valuation for the Ranger Nickel RKEF lines.

Including the existing Collaboration and Subscription Agreement (CSA) which covers the Hengjaya Nickel RKEF lines, NIC now has options in place to acquire exposure to up to ~29ktpa Ni in NPI production (assuming 16ktpa Ni in NPI production rates per two lines).

However, with this update we view it as more likely that rather than moving to 100% ownership of the Hengjaya Nickel RKEF lines (from the current 60% ownership), NIC will prioritise lifting its ownership of the Ranger Nickel RKEF lines to 60% and taking advantage of the discounted valuation period.

The timeframe of the acquisition options suggests to us that the Ranger Nickel RKEF lines, which are currently under construction, will be achieve first production in early 2H CY19 and we will see the Acquisition Options exercised shortly thereafter.

Changes to our forecasts

Following the announcement of the execution of the Collaboration Agreement for 2 additional RKEF lines, we make the following changes to our modelled assumptions:

- We now model the 4 RKEF lines as a single production unit, with NIC holding effective ownership of 38.5% of the combined operations. This lifts attributable Ni in NPI production ~28% from ~9.9ktpa to ~12.7ktpa, on a steady state basis;
- We include the payment of the US\$50m acquisition cost in the December 2018 quarter;
- We double our assumed sustaining capital costs (100% basis), reflecting the maintenance of 4 RKEF production lines as opposed to 2;
- We apply the standard 25% corporate income tax rate to profits from NPI production from the 2 additional RKEF lines. They are not currently subject to the tax holiday that was recently announced to apply to RKEF lines 1 and 2; and
- Leave our operating cost assumptions unchanged, while noting there is potential for fixed costs to be spread across 4 lines of production as opposed to 2, and that other synergies may be realised due to the increased scale of the operations.

The resulting changes to our forecasts and valuation are summarised in the table below:

Table 1 - Changes to our FY forecasts									
Year end 30 June	Previous			New			Change		
	Jun-19	Jun-20	Jun-21	Jun-19	Jun-20	Jun-21	Jun-19	Jun-20	Jun-21
Prices & currency									
Nickel price (US\$/lb)	6.55	7.15	7.45	6.55	7.15	7.45	0%	0%	0%
Nickel price (US\$/t)	14,450	15,763	16,424	14,450	15,763	16,424	0%	0%	0%
US\$/A\$	0.73	0.75	0.75	0.73	0.75	0.75	0%	0%	0%
Production & costs									
Ore mined (Mt)	607,771	1,277,711	1,564,545	607,771	1,277,711	1,564,545	0%	0%	0%
Nickel in ore	7,052	14,489	17,742	7,052	14,489	17,742	0%	0%	0%
Nickel in ore (attributable)	5,641	10,142	11,177	5,641	10,142	11,177	0%	0%	0%
RKEF NPI production	5,000	122,500	150,000	10,000	245,000	300,000	100%	100%	100%
Contained nickel	550	13,475	16,500	1,100	26,950	33,000	100%	100%	100%
Contained nickel (attributable)	330	8,085	9,900	424	10,376	12,705	28%	28%	28%
Cash costs (US\$/t Ni)	-	8,101	8,225	-	7,921	8,073	na	-2%	-2%
AISC (US\$/t Ni)	-	8,161	8,273	-	7,980	8,122	na	-2%	-2%
Earnings									
Revenue (attributable, US\$m)	17	150	191	18	191	243	8%	28%	28%
EBITDA (attributable, US\$m)	3	67	88	4	87	113	41%	29%	28%
NPAT (reported, attributable, US\$m)	(5)	61	81	(5)	73	97	na	19%	20%
EPS (reported, Acps)	(1)	6	8	(1)	7	9	na	19%	20%
PER (x)	(46.9)	4.7	3.6	(50.0)	4.0	3.0	(3.1)	(0.8)	(0.6)
EPS growth (%)	nm	nm	32%	nm	nm	32%	nm	nm	0%
DPS (Acps)	-	-	-	-	-	-	na	na	na
Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
NPV (A\$/sh)	0.45	0.55	0.71	0.55	0.65	0.82	21%	19%	15%
Price Target (A\$/sh)		0.55			0.65			18%	

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

The 17% ownership of lines 3 and 4 lifts NIC's attributable production by 28%, driving NPAT upgrades of 19% and 20% in FY20 and FY21 respectively. This flows through to a 19% increase to our NPV-based valuation to \$0.65/sh.

Upcoming catalysts

Upcoming catalysts for NIC include:

- Updates on the progress of construction of the Hengjaya Nickel RKEF lines in which NIC has a 60% interest and the Ranger Nickel RKEF lines, in which NIC is about to acquire a 16.67% interest;
- The December quarter production and cost report due in January 2019; and
- Commissioning of both RKEF lines, which scheduled to commence around the end of the June 2019 quarter and which will be a key milestone for the company.

Nickel Mines Limited (NIC)

Company description: high grade, steady state producer

Nickel Mines Limited ('Nickel Mines' or 'NIC') is a newly listed ASX company, formed in 2007. Its operations are focused in Central Sulawesi, Indonesia, where it holds a 60% interest two Rotary Kiln Electric Furnace (RKEF) lines with Shanghai Decent Investments (SDI) a subsidiary of Tsingshan Group, the world's largest stainless steel producer. The RKEF lines are located in an existing, fully integrated stainless steel production facility, the Indonesian Morowali Industrial Park (IMIP), in Central Sulawesi, Indonesia. Construction of the NIC's two RKEF lines is advanced and commissioning on track for the end of the June quarter 2019, after which production is planned to ramp up to a targeted run-rate of 16ktpa nickel in NPI (100% basis).

NIC also holds an 80% interest in Hengjaya Mine ('HM'), a high-grade, long-life nickel laterite deposit, also in Central Sulawesi in close proximity to the IMIP. The balance of the asset is owned by NIC's local Indonesian partner. The HM produces Direct Shipping Ore (DSO), the bulk of which is sold into the IMIP facility for the production of Nickel Pig Iron (NPI), a key input into stainless steel production.

Investment thesis – Speculative Buy, valuation \$0.65/sh

The 17% ownership of lines 3 and 4 lifts NIC's attributable production by 28%, driving NPAT upgrades of 19% and 20% in FY20 and FY21 respectively. This flows through to a 19% increase to our NPV-based valuation to \$0.65/sh. The deal is another key win for NIC and further de-risks its growth path. We reiterate our Speculative Buy rating.

Valuation: \$0.65/sh

Our 12-month forward NIC valuation incorporates DCF models of its attributable interests in the Hengjaya laterite nickel ore mine (HM), a 60% interest in the two Hengjaya Nickel RKEF lines and a 16.67% interest in the two Ranger Nickel RKEF lines. We have constructed a discounted cash flow (DCF) model for NIC's attributable interest in these RKEF lines that are under construction at Tsingshan's IMIP facility and a DCF calculation for NIC's current 80% interest (declining to 49% from FY2023) in the Hengjaya laterite nickel ore mine. We also include a notional value for exploration and development projects, an estimate of corporate overhead costs and NIC's last reported net debt position. Our valuation is calculated on a fully diluted basis. Following the latest update, our valuation stands at \$0.65/sh.

Risks

Key risks to our investment case include (but are not limited to):

- **Funding and capital management risks:** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments and managing debt repayments. Exploration and development companies with no sales revenues are reliant on access to equity markets and debt financing to fund the advancement and development of their projects.
- **Operating and development risks:** Mining companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single mine company. Development of mining assets may be subject to receiving permits, approvals timelines or weather events, causing delays to commissioning and commercial production.

- **Operating and capital cost fluctuations:** The cost and availability of exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour costs as well as access to, and availability of, technical skills, operating equipment and consumables.
- **Commodity price and exchange rate fluctuations:** The future earnings and valuations of exploration, development and producing Resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Resource growth and mine life extensions:** The viability of future operations and the earnings forecasts and valuations reliant upon them may depend upon resource and reserve growth to extend mine lives, which is in turn dependent upon exploration success, of which there are no guarantees.
- **Regulatory changes risks:** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies. NIC's assets are located in Sulawesi, Indonesia, which has in the past implemented regulatory changes related to mining project ownership, fiscal terms and mineral export requirements.
- **Sovereign risks:** Mining companies' assets are subject to the sovereign risks of the jurisdiction within which they are operating. NIC's assets are in Indonesia, a G20 country with one of the largest economies in SE Asia. Its sovereign debt is rated investment grade by the major ratings agencies.
- **Corporate/M&A risks:** Risks associated with M&A activity including differences between the entity's and the market's perception of value associated with completed transactions. NIC is the junior partner co-investing in production assets with a large, privately owned Chinese company. The strength and cohesiveness of this relationship over the long term has the potential to both add and reduce value to the partnership. One of the key mitigating factors in this respect has been the investment of a combined US\$50m by SDI and Wanlu Investments (US\$26m and US\$24m respectively) into NIC equity.

Nickel Mines Limited

as at 9 November 2018

Recommendation

Buy, Speculative

Price

\$0.28

Valuation

\$0.65

Table 2 - Financial summary

PROFIT AND LOSS						FINANCIAL RATIOS							
Year ending 30 June	Unit	2017a	2018a	2019e	2020e	2021e	Year ending 30 June	Unit	2017a	2018a	2019e	2020e	2021e
Revenue	US\$m	8.6	13.6	21.3	191.0	243.4	VALUATION						
Expense	US\$m	(11.9)	(15.1)	(17.1)	(104.5)	(130.6)	Attributable NPAT	US\$m	(3.8)	(3.3)	(4.5)	73.0	96.8
EBITDA	US\$m	(3.3)	(1.6)	4.2	86.5	112.8	Attributable NPAT	A\$m	(5.1)	(4.4)	(6.1)	97.4	129.0
Depreciation	US\$m	(0.1)	(0.1)	(1.1)	(4.8)	(5.8)	Reported EPS	Ac/sh	(1.6)	(0.9)	(0.6)	7.0	9.3
EBIT	US\$m	(3.4)	(1.6)	3.1	81.8	106.9	Adjusted EPS	Ac/sh	(1.6)	(0.9)	(0.6)	7.0	9.3
Net interest expense	US\$m	(0.5)	(0.7)	0.0	0.4	2.7	EPS growth	%	nm	nm	nm	nm	32%
Unrealised gains (Impairments)	US\$m	-	-	-	-	-	PER	x	nm	nm	nm	4.0x	3.0x
Other	US\$m	-	-	(7.3)	-	-	DPS	Ac/sh	-	-	-	-	-
PBT	US\$m	(3.9)	(2.3)	(4.2)	82.2	109.6	Franking	%	0%	0%	0%	0%	0%
Tax expense	US\$m	0.2	(0.7)	-	(6.7)	(8.8)	Yield	%	0%	0%	0%	0%	0%
Comprehensive loss for the year	US\$m	(3.7)	(2.9)	(4.2)	75.5	100.8	FCF/share	Ac/sh	(0.0)	(16.9)	(15.1)	8.5	10.2
Non-Controlling Interest	US\$m	0.1	0.4	(0.3)	(2.5)	(4.0)	FCF yield	%	0%	-60%	-54%	30%	37%
Attributable NPAT (reported)	US\$m	(3.8)	(3.3)	(4.5)	73.0	96.8	P/FCFPS	x	-2510.6x	-1.7x	-1.9x	3.3x	2.7x
NPAT (underlying)	US\$m	(3.8)	(3.3)	(4.5)	73.0	96.8	EV/EBITDA	x	-64.9x	-138.8x	51.6x	2.5x	1.9x
							EBITDA margin	%	nm	nm	20%	45%	46%
							EBIT margin	%	nm	nm	14%	43%	44%
							Return on assets	%	-27%	-5%	-3%	27%	26%
							Return on equity	%	2029%	-8%	-3%	30%	30%
							LIQUIDITY & LEVERAGE						
							Net debt (cash)	\$m	-	-	(17)	(106)	(213)
							ND / E	%	0%	0%	-8%	-37%	-55%
							ND / (ND + E)	%	0%	0%	-9%	-58%	-124%
							EBITDA / Interest	x	-6.1x	-2.4x	nm	nm	nm
							ATTRIBUTABLE DATA - NICKEL MINES LTD						
							Year ending 30 June	Unit	2017a	2018a	2019e	2020e	2021e
							Revenues	US\$m	6.9	10.8	18.3	180.4	226.7
							EBITDA	US\$m	(2.7)	(1.2)	3.6	82.7	106.5
							NPAT	US\$m	(3.8)	(3.3)	(4.5)	73.0	96.8
							Net distributable cash flow	US\$m	0.1	0.0	15.0	79.7	96.0
							EV/EBITDA	x	nm	nm	59.9	2.6	2.0
							PER	x	nm	nm	nm	4.0	3.0
							P/FCF	x	nm	nm	nm	3.7	3.0
							ORE RESERVE AND MINERAL RESOURCE						
							Hengjaya Nickel Mine (HM)				Mdmt	% Ni	kt Ni
							Mineral Resources						
							Measured				0.700	1.80%	12,600
							Indicated				15,000	1.90%	285,000
							Inferred				22,000	1.80%	396,000
							Total				38,000	1.80%	678,000
							ASSUMPTIONS - Prices						
							Year ending 30 June avg	Unit	2017a	2018a	2019e	2020e	2021e
							Nickel	US\$/lb	\$4.60	\$5.65	\$6.55	\$7.15	\$7.45
							Nickel	US\$/t	\$10,141	\$12,456	\$14,450	\$15,763	\$16,424
							Currency						
							AUD:USD		0.75	0.78	0.73	0.75	0.75
							ASSUMPTIONS - Production & costs						
							Year ending 30 June	Unit	2017a	2018a	2019e	2020e	2021e
							Hengjaya Mine						
							Ore mined	wmt	303,597	391,362	607,771	1,277,711	1,564,545
							Ore grade	% Ni	2.1%	2.1%	1.9%	1.8%	1.8%
							Nickel in ore	t Ni	6,254	8,062	7,052	14,489	17,742
							Nickel in ore (attributable)	t Ni	5,003	6,450	5,641	10,142	11,177
							RKEF (IMIP)						
							NPI production	t	-	-	10,000	245,000	300,000
							Contained nickel	t Ni	-	-	1,100	26,950	33,000
							Contained nickel (attributable)	t Ni	-	-	424	10,376	12,705
							Costs						
							Cash costs	US\$/t Ni	-	-	-	\$7.921	\$8.073
							All-in-Sustaining-Costs (AISC)	US\$/t Ni	-	-	-	\$7.980	\$8.122
							VALUATION						
							Ordinary shares (m)						1,388.0
							Options in the money (m)						-
							Total shares diluted (m)						1,388.0
							Share price	A\$/sh	0.280				
							Market capitalisation	A\$m	388.6				
							Net cash	A\$m	90.6				
							Enterprise value (undiluted)	A\$m	298.0				
							Options outstanding (m)	m	0.0				
							Options (in the money)	m	0.0				
							Issued shares (diluted for options)	m	1,388.0				
							Market capitalisation (diluted)	A\$m	388.6				
							Net cash + options	A\$m	90.6				
							Enterprise value (diluted)	A\$m	298.0				
							MAJOR SHAREHOLDERS						
							Shareholder	%					m
							Directors and Management	13.7%					189.8
							Shanghai Decent (SDI)	11.6%					161.7
							Shanghai Wanlu	10.8%					149.3
							BlackRock Investment Management	9.9%					137.9
							Regal FM	5.1%					71.0

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

Research Team

Staff Member	Title/Sector	Phone	@bellpotter.com.au
TS Lim	Head of Research	612 8224 2810	tslim
Industrials			
Sam Haddad	Industrials	612 8224 2819	shaddad
Chris Savage	Industrials	612 8224 2835	csavage
Jonathan Snape	Industrials	613 9235 1601	jsnape
Tim Piper	Industrials	612 8224 2825	tpiper
John Hester	Healthcare	612 8224 2871	jhester
Tanushree Jain	Healthcare/Biotech	612 8224 2849	tnjain
Financials			
TS Lim	Banks/Regionals	612 8224 2810	tslim
Lafitani Sotiriou	Diversified Financials/Fintech	613 9235 1668	lsotiriou
Resources			
Peter Arden	Resources	613 9235 1833	parden
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9235 1856	showe
Analysts			
James Filius	Analyst	613 9235 1612	jfilius
Alexander McLean	Analyst	612 8224 2886	amclean
Damien Williamson	Analyst	613 9235 1958	dwilliamson

Bell Potter Securities Limited

ACN 25 006 390 7721

Level 38, Aurora Place
88 Phillip Street, Sydney 2000

Telephone +61 2 9255 7200

www.bellpotter.com.au

The following may affect your legal rights. Important Disclaimer:

This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of Bell Potter Securities Limited. In the USA and the UK this research is only for institutional investors. It is not for release, publication or distribution in whole or in part to any persons in the two specified countries. In Hong Kong this research is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. This is general investment advice only and does not constitute personal advice to any person. Because this document has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited investment adviser (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this document.

While this document is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in the document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views opinions, or recommendations contained in this document or for correcting any error or omission which may become apparent after the document has been issued.

Except insofar as liability under any statute cannot be excluded. Bell Potter Securities Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this document or any other person.

Disclosure of interest:

Bell Potter Securities Limited, its employees, consultants and its associates within the meaning of Chapter 7 of the Corporations Law may receive commissions, underwriting and management fees from transactions involving securities referred to in this document (which its representatives may directly share) and may from time to time hold interests in the securities referred to in this document.

Disclosure: Bell Potter Securities acted as Lead Manager to the \$27m pre-IPO funding round in January 2018 and Lead Manager to the \$200m August 2018 IPO and received fees for that service.

ANALYST CERTIFICATION

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.