

Bailador Technology Investments [ASX:BTI] Shareholder Update

About Bailador

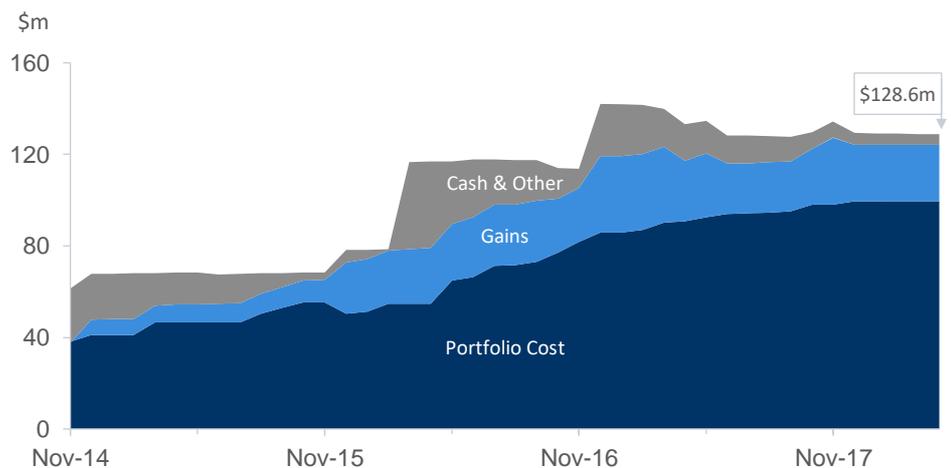
Bailador Technology Investments is a growth capital fund focused on the information technology sector, actively managed by an experienced team with demonstrated sector expertise.

Bailador provides unique exposure to a portfolio of information technology companies with global addressable markets. We invest in private technology companies at the expansion stage utilising extensive downside protection.

Net Tangible Asset Snapshot

	Current month
NTA per share pre-tax	\$1.07
NTA per share post-tax	\$1.04

Net Tangible Asset Breakdown Since Inception



Founders' Commentary

Fast growth technology businesses are often valued on revenue multiples not the traditional earnings multiples investors have come to expect. Is this appropriate?

We believe it is, but arriving at an appropriate valuation requires a lot of detailed work. These companies consume cash in their early years. It is not possible to extrapolate current cash generation to understand future cash generation. However, the value of a company remains the current value of future cashflows.

The solution is to separate the cash generated by already acquired customers from the cost to acquire new customers. In industry jargon, this is called understanding a company's 'unit economics'. The logic is simple and compelling. If a customer generates positive cash over its lifetime then a lot of customers will generate a lot of cash, providing a clear ROI on upfront investment.

With time, the business has a good idea of the average time a customer stays with the company and how much revenue it generates, enabling us to calculate the *lifetime value of a customer*. In other words, the lifetime cash generated by the customer, discounted to today. Sound familiar?

The year one contribution of a new customer is almost always negative because of the one-off cost of acquisition, but so long as the customer lifetime value is highly positive, we can be sure that as we accumulate more customers the business as a whole will generate positive cashflow.

Revenue multiples are a convenient proxy for the complicated trade-off occurring in a fast growth company between the lifetime value of acquired customers and how quickly new customers are being added.

David Kirk & Paul Wilson
Bailador Co-Founders

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🌐 www.bailador.com.au

✉ investorservices@bailador.com.au

☎ +61 2 9223 2344

Highlights

Investment Focus

Bailador typically invests \$3-5m in businesses within the technology sector that are seeking growth stage investment.

Companies we invest in typically share the following characteristics:

- Run by the Founders
- Two to six years in operation
- Proven business model with attractive unit economics
- International revenue generation
- Huge market opportunity
- Ability to generate repeat revenue
- Require capital to grasp this opportunity

Important verticals we seek to invest in within the technology sector include: SaaS and other subscription-based internet businesses, online marketplaces, software, eCommerce, high value data, online education, telecommunication applications and services.



Fast growing Lendi now has 250+ staff

Lendi, Australia's leading online mortgage comparison and fulfilment platform, continues to scale rapidly and has grown to a team of over 250 employees.

Lendi has been nominated as a finalist for the 2018 Fintech Awards which recognises leadership and innovation in Australia's financial technology sector.

CEO David Hyman appeared on Channel 10 news for a feature on Lendi's latest bank customer survey. It found 66% of customers think their bank is not working in their best interest, and 81% of borrowers choosing a home loan through Lendi are selecting smaller lenders over the 'Big 4'.



Viostream wins major new government contract

Viostream secured a new multi-year licence agreement to power the live streaming and video management requirements of a large Australian state government department. The company secured the new contract win as part of a national and international competitive process reinforcing Viostream's leading position in the federal and state Government sectors.



DocsCorp announces new integrations with iManage

[DocsCorp announced new product integrations with iManage](#), a global email and document management platform used by more than one million professionals worldwide.

DocsCorp's demonstration at the iManage conferences in New York and London showcased the company's latest integrations built for the newest version of iManage Work 10 across cloud and on-premises environments. [A 90 second video overview is available.](#)



Great companies are Great Places to Work

Great Place to Work has announced Stackla as one the Top 10 small-medium workplaces in Asia along with exciting technology businesses such as Canva and Rackspace. Last year the research firm also ranked Stackla as one of the Top 5 places to work in Australia with under 100 employees. Strong growth continues.



Bailador Activity

- David Kirk, Bailador Co-Founder and Chairman, discussed [the benefits of a diversified fund approach when investing in early stage tech companies](#) for the May edition of the ASX Investor Update newsletter
- James Johnstone, Bailador Investment Director, wrote for the Bailador Medium blog on [how scaleups can achieve maximum success by optimising their processes as well as expanding](#)

Important Notice

Bailador Investment Management Pty Ltd CAN 143 060 511 ('Manager') has prepared the information in this announcement. This announcement has been prepared for the purposes of providing information in this announcement. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in BTI, nor does it constitute financial product or investment advice, nor take into account your investment, objectives, taxation situation, financial situation or needs. Any investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make its own assessment of BTI and conduct its own investigations and analysis. Past performance is not a reliable indicator or future performance.

BTI Portfolio Net Tangible Asset Summary

	Cost (\$'m)	Implied Gain (\$'m)		Valuation (\$'m)	Gain (%)		NTA per share (\$)	Third Party Event Valuation	Next Valuation Review ¹
SiteMinder	13.8	26.7	▲	40.5	193%	▲	0.34	✓	June 2018
Viostream	26.4	-7.6	▼	18.8	-29%	▼	0.16		December 2018
Stackla	11.2	1.4	▲	12.6	13%	▲	0.10	✓	June 2018
Straker Translations	7.5	3.7	▲	11.2	49%	▲	0.09	✓	October 2018
Lendi	5.5	4.0	▲	9.5	73%	▲	0.08	✓	December 2018
Instaclustr	4.5	4.8	▲	9.3	107%	▲	0.08		November 2018
DocsCorp	5.0	2.5	▲	7.5	50%	▲	0.06		June 2018
SMI	7.4	0.0	▶	7.4	0%	▶	0.06		March 2019
Rezdy	3.6	0.9	▲	4.5	25%	▲	0.04	✓	February 2019
Brosa	3.0	0.0	▶	3.0	0%	▶	0.02	✓	October 2018
Cash				3.8			0.03		
Other				0.5			0.01		
Net Asset Value / Net Asset Value Per Share (Pre Tax)				128.6			1.07		

Denotes change to valuation in current month

Denotes valuation review in next six months

¹ Next valuation review date refers to the period 12 months since the last valuation movement. Valuation events can also occur in a shorter time frame where there is a third-party investment

Please Note

Figures in this report are unaudited and exclude tax.

The current value for each investment in the table above is consistent with the BTI investment valuation policy, which may be found in the BTI prospectus lodged with ASIC on 3rd October 2014 and available on the ASX website.

Portfolio Company Details



Name:	SiteMinder	Viostream	Stackla	Straker Translations	Lendi
Type:	SaaS/B2B	SaaS/Video	SaaS/B2B/UGC	Marketplace/Machine Learning	Fintech
About:	World leader in hotel channel management and distribution solutions for online accommodation bookings	Cloud-based end-to-end platform for the creation, management and distribution of video	Leading tech platform for brands to leverage User Generated Content (UGC) in their marketing strategy	Cloud-based translation services provider and one of the world's fastest growing translation companies	Australia's #1 home loan provider disrupting the multi-billion-dollar mortgage industry
HQ:	Sydney	Sydney	San Francisco	Auckland	Sydney
Staff:	550-600	1-50	50-100	50-100	250-300



Name:	Instaclustr	DocsCorp	SMI	Rezdy	Brosa
Type:	DBaaS/B2B	SaaS/Document Productivity	SaaS/Big Data	SaaS	Online Retail/B2C
About:	Open source data platform for cloud-based solutions that require immense scale	Global leader in the rapidly growing Document Productivity segment	Big data aggregation and analysis platform with exclusive access to ad expenditure data	Leading, innovative and fast growing online channel manager and booking software platform for tours & activities	Tech-led, vertically integrated furniture brand and online retailer
HQ:	Canberra	Sydney	New York	Sydney	Melbourne
Staff:	1-50	100-150	1-50	50-100	1-50