SWIFT NETWORKS GROUP LTD (SW1)

SW1.asx
Speculative Buy

5 Sep 2017

Share Price:	$0.335
12mth price target:	$0.42

Brief Business Description:
SW1 provides fully integrated digital entertainment solutions for the Resource, Hotel, Lifestyle village and Aged Care sectors.

Hartleys Brief Investment Conclusion
With a proven product the Company is now well positioned to expand beyond the resource sectors and into other industry verticals such as hospitality, aged care and lifestyle.

Chairman & CEO:

Carl Clump	Chairman (Non Executive)
Xavier Kris	CEO
George Nicholls	CFO

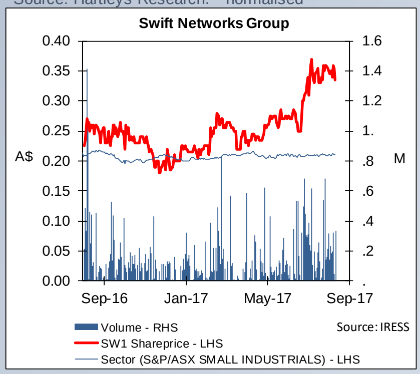
Top Shareholders:	**Shares Held (m)**
Robert Sofoulis	30.2

Company Address:
1 Watts Place
Bentley
W.A., 6102

Issued Capital:	73.8m
- fully diluted	168.0m
Market Cap:	$24.7m
- fully diluted	$56.3m
Net Cash (post VOD)	$1.4m

	FY16a	FY17a	FY18e
Screens - end FY	29,604	39,354	68,804
Screen adds	8,054	9,750	29,450
Revenue	14.4	17.0	27.6
EBITDA	-1.5	1.0	3.6
EBIT	-1.8x	-0.1x	2.0x
NPAT	-1.8x	-0.1x	1.4x
EPS	0.000	0.008	0.012
EV/EBITDA	-37.0x	54.5x	15.4x
EV/EBIT	-30.8x	-472x	27.8x

Source: Hartleys Research. * normalised



WA Industrial: IT Services

FY18 Growth Outlook Remains Positive

Swift Networks Group ('Swift', 'SW1', 'Company') reported FY17 Revenue and EBITDA in line with recently provided guidance. Group Operating Revenue was $17.005m (up 18% YoY) with EBITDA of $1.006m (versus a loss of $1.5m in FY16). We estimate normalised NPAT was a small loss of circa $77,000 in FY17, versus our expectation of roughly breakeven. The difference here was a marginally higher Depreciation charge than we expected ($1.12m reported versus Hartleys $0.99m). With the announced closure of the VOD acquisition we see no reason based on the FY17 Result to adjust our Revenue forecasts for FY18 and beyond. Early evidence from the move into Age Care suggests a higher gross margin than historically achieved in the Resource sector which we have factored into our forecasts.

FY17 Reported Loss relates to potential issue of new shares

It is worth noting that the Company reported an actual NPAT loss of $1.364m post a number of non-cash and one-off items. The key non-cash cost was a $1.93m fair valuation loss on financial liability. This liability/negative charge relates to the potential issue of ordinary shares in Swift Network Group Limited to the vendors of Swift Networks Pty Ltd and Wizzie Pty Ltd, Living Networks and Web 2 TV pursuant to the respective acquisition agreement. Based on our forecast revenue we assume that all these shares are issued and we hence include them in our calculation of total diluted shares in our estimation of fair value and our target price (and therefore adjust for this financial liability in our estimate of normalised profit).

Increase to FY18 Overheads and Depreciation

Based on the level of Corporate Overhead in FY17 ($4.39m) we have increased our forecasts for Corporate Overheads in FY18 and FY19 to $5.75m (from $4.6m) and $6.38m (from $5.24m) respectively. The net result of the increase to our gross profit margin and Corporate Overheads was little change to our EBITDA forecasts. Additionally, we have reviewed our outlook for Depreciation and increased our charge in FY18 from $1.07m to $1.58m and from $1.14m to $1.65m in FY19. Our Normalised NPAT for FY18 has declined from $1.73m to $1.35m and from $2.27m to $1.96m in FY19.

Retain 42c per share target price and Speculative Buy

The net result of these earnings changes is that our estimate of fair value remains unchanged and our 12-month forward target price remains 42c per share. On the back of the recent strong appreciation in the share price there is now 26% upside to our 12-month target price. We retain our Speculative Buy Recommendation.

Key Chart: Hartleys Earnings Changes

		FY17 F'cs	FY17 Act	*Change*	FY18 Old	FY18 New	*Change*	FY19 Old	FY19 New	*Change*
Revenue	A$m	17.03	17.01	*0%*	27.58	27.58	*0%*	32.09	32.09	*0%*
COGS	A$m	-12.01	-11.61	*-3%*	-19.44	-18.27	*-6%*	-22.46	-21.31	*-5%*
EBITDA	A$m	0.99	1.01	*1%*	3.54	3.55	*0%*	4.39	4.39	*0%*
NPAT	A$m	0.00	-0.08	*-3791%*	1.73	1.35	*-22%*	2.27	1.96	*-14%*
Capex	A$m	-0.95	-1.74	*83%*	-7.20	-7.20	*0%*	-1.20	-1.20	*0%*
Change Cash	A$m	0.53	-0.97	*-285%*	4.42	4.33	*-2%*	1.36	1.55	*15%*

Source: Hartleys Research

Authors:
Aiden Bradley
Energy & Industrials Analyst
Ph: +61 8 9268 2876
E: aiden.bradley@hartleys.com.au

Hartleys has completed capital raisings in the past 12 months for Swift Networks Group Limited ("Swift Networks") for which it has earned fees. Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to Swift Networks for which it has earned and continues to earn fees. Hartleys has a beneficial interest in 3.8 million escrowed options in Swift Networks.

SUMMARY MODEL

Swift Networks Group Ltd (SW1)

Recommendation: Speculative Buy

Company Information		
Date	5 Sep 2017	1 Watts Place
Share Price	$0.335	Bentley
52 Week High-Low	$0.395 - $0.18	W.A., 6102
Market Cap ($m)	$24.7	www.swiftnetworks.com.au
Market Cap - FD ($m)	$56.3	
Enterprise Value ($m)	$23.3	
Enterprise Value - FD ($m)	$54.8	
Ordinary Shares	73.8	
Fully Diluted Shares	168.0	
Net Cash (post VOD)	1.4	

Valuation

ASX IT Peer Group Multiples

	12M forward - Target Multiple	Wgt.%	Tgt Price
EV/EBITDA	13x	60%	0.35
Earnings	23x	20%	0.22
DCF		20%	0.38
Synergy/Cost Out			0.09

Valuation	**$0.42**
Upside / downside from current share price	26%
P / E (6/18F) at price target	*52.4x*
P / E (6/19F) at price target	*36.1x*
EV / EBITDA (6/18F) at price target	*19.5x*
EV / EBITDA (6/19F) at price target	*15.8x*

Multiples (S/price at $0.34)	6/16A	6/17A	6/18F	6/19F
P / E (reported, basic weighted)	-13.9x	-322.7x	18.3x	12.6x
P / E (normalised, dil. weighted)	-31.6x	-734.3x	41.6x	28.7x
EV/EBITDA multiple	-37.0x	54.5x	15.4x	12.5x
EV/EBIT multiple	-30.8x	-472.3x	27.8x	20.0x

Capital Structure		m	Expiry	Strike
Current shares on issue		73.8		
Restricted Shares		38.0		
Options		9.4	30-Apr-18	0.25
		6.9	19-May-21	0.15
		2.0	Various	Various
Performance Shares	Class A	16.7		
	Class B	16.7		
	Other	4.4		
Full Diluted		168.0		

Class A - Milestone 44,000 rooms or $24,000,000 Consolidated Revenue (earliest)
Class B - Milestone 53,000 rooms or $29,000,000 Consolidated Revenue (earliest)

Directors & Senior Management			%
Name	**Positon**	**Shares Held (m)**	
Carl Clump	Chairman (Non Executive)	1,259,879	1%
Xavier Kris	CEO	3,580,833	3%
George Nicholls	CFO	0	0%
Ryan Sofoulis	Executive Director	54,000	0%
Robert Sofoulis	NED	30,185,000	27%
Paul Doropoulos	NED	2,456,437	2%

Operating Model		6/16A	6/17A	6/18F	6/19F
Mining					
	Screens - start	21,550	29,604	29,854	37,054
	New rooms	8,054	250	7,200	250
	Screens - end	29,604	29,854	37,054	37,304
	Revenue	13.35	14.27	14.85	16.51
Aged Care / Lifestyle					
	Screens - start			8,000	12,500
	New rooms		8,000	4,500	4,500
	Screens - end		8,000	12,500	17,000
	Revenue		0.48	4.31	6.20
Hospitality & Other					
	Screens - start			1,500	19,250
	New rooms		1,500	17,750	1,900
	Screens - end		1,500	19,250	21,150
	Revenue		0.09	4.44	6.06
Total					
	Screens - start	21,550	29,604	39,354	68,804
	New rooms	8,054	9,750	29,450	6,650
	Screens - end	29,604	39,354	68,804	75,454
Recurring Revenue		13.35	14.84	23.60	28.76
Other Revenue		1.07	2.17	3.98	3.33

P&L (A$m)	6/16A	6/17A	6/18F	6/19F
Revenue	14.42	17.01	27.58	32.09
COGS	-12.30	-11.61	-18.27	-21.31
Gross Profit	2.12	5.39	9.30	10.78
Margin	*15%*	*32%*	*34%*	*34%*
Corporate Overheads	-3.60	-4.39	-5.75	-6.38
Growth	*5.1%*	*21.9%*	*31.0%*	*11.0%*
EBITDA	-1.48	1.01	3.55	4.39
Margin	*-10%*	*6%*	*13%*	*14%*
Depreciation	-0.30	-1.12	-1.58	-1.65
EBIT	-1.78	-0.12	1.98	2.74
Net Interest	0.00	0.01	-0.05	0.06
PBT	-1.78	-0.11	1.93	2.80
Tax	0.00	0.03	-0.58	-0.84
Tax Rate	0%	30%	30%	30%
Normalised NPAT	-1.78	-0.08	1.35	1.96
EPS - basic	-0.024	-0.001	0.018	0.027
EPS - FD	-0.011	0.000	0.008	0.012

Cashflow Statement (US$m)	6/16A	6/17A	6/18F	6/19F
Net Operating Cash Flow	-0.7	-0.1	3.1	3.8
Investing Cash Flow	0.3	-1.7	-7.2	-1.2
Financing Cash Flow	3.2	0.9	8.4	-1.0
Net Change in Cash	2.7	-1.0	4.3	1.6

Balance Sheet (A$m)	6/16A	6/17A	6/18F	6/19F
Cash	*3.2*	*2.2*	*6.6*	*8.1*
Total Current Assets	5.4	5.3	11.4	13.7
Non-Current Assets	6.0	9.2	14.8	14.4
Total Assets	11.4	14.5	26.2	28.1
Current debt	*0.9*	*0.0*	*1.0*	*1.0*
Total Current Liabilities	4.1	3.7	6.7	7.6
Non-Current Debt	*0.0*	*0.0*	*2.0*	*1.0*
Non-Current Liabilities	1.9	4.6	4.6	4.6
Total Liabilities	6.0	8.3	13.3	13.2
Net Assets	5.3	6.1	12.9	14.9
Equity	5.3	6.1	12.9	14.9

Analyst: Aiden Bradley
Phone: +61 8 9268 2876

05-September-2017

Sources: IRESS, Company Information, Hartleys Research

HIGHLIGHTS

Swift reported FY17 Revenue and EBITDA in line with recently provided guidance. Group Operating Revenue was $17.005m (up 18% YoY) with EBITDA of $1.006m (versus a loss of $1.5m in FY16).

We estimate normalised NPAT was a small loss of circa $77,000 in FY17, versus our expectation of roughly breakeven. The difference here was a marginally higher Depreciation charge than we expected ($1.12m reported versus Hartleys $0.99m).

Fig. 1: Hartleys Earnings Changes post FY17 Result

		FY17 F'cs	FY17 Act	*Change*	FY18 Old	FY18 New	*Change*	FY19 Old	FY19 New	*Change*
Revenue	A$m	17.03	17.01	*0%*	27.58	27.58	*0%*	32.09	32.09	*0%*
COGS	A$m	-12.01	-11.61	*-3%*	-19.44	-18.27	*-6%*	-22.46	-21.31	*-5%*
EBITDA	A$m	0.99	1.01	*1%*	3.54	3.55	*0%*	4.39	4.39	*0%*
NPAT	A$m	0.00	-0.08	*-3791%*	1.73	1.35	*-22%*	2.27	1.96	*-14%*
Capex	A$m	-0.95	-1.74	*83%*	-7.20	-7.20	*0%*	-1.20	-1.20	*0%*
Change Cash	A$m	0.53	-0.97	*-285%*	4.42	4.33	*-2%*	1.36	1.55	*15%*

Source: Hartleys Research

It is worth noting that the Company reported an actual NPAT loss of $1.364m post a number of non-cash and one-off items.

These included $192,182 for share based payments, $51,784 to exit an onerous contract and an $83,350 impairment of available for sale assets. The key non-cash cost was however a $1.93m fair valuation loss on financial liability.

This liability/negative charge relates as follows to the potential issue of ordinary shares in Swift Network Group Limited to the vendors of Swift Networks Pty Ltd and Wizzie Pty Ltd, Living Networks and Web 2 TV pursuant to the respective acquisition agreement.

(a) Acquisition of Swift Networks Pty Ltd and Wizzie Pty Ltd

Under the agreement, a total of 33,333,334 shares could be issued upon the satisfaction of the following milestones:

- Milestone 1 – 16,666,667 Performance Shares

The earlier to occur of:

i. the Company reaching 44,000 rooms with a revenue generating service from Swift Networks; and

ii. the Company reaching consolidated revenue of $24,000,000 in any rolling 12-month period commencing after completion.

- Milestone 2 – 16,666,667 Performance Shares

The earlier to occur of:

i. the Company reaching 53,000 rooms with a revenue generating service from Swift Networks; and

ii. the Company reaching consolidated revenue of $29,000,000 in any rolling 12-month period commencing after completion.

Note: only new business won as a direct result of providing a Swift product or service can be counted towards these performance milestones.

(b) Acquisition of Living Networks

Under the agreement with vendors of Living Networks up to $500,000 in cash and shares in the Group in equal proportions in the first three years after completion upon satisfaction of the following milestones:

i. a payment of $300,000 upon $800,000 gross revenue; and

ii. a payment of $200,000 upon $1,100,000 gross revenue

(c) Acquisition of Web 2 TV

Under the agreement with vendors of Web 2 TV up to $1,500,000 in cash and shares in the Group in equal proportions in the first five years after completion upon satisfaction of the following milestones:

i. payment of $500,000 upon $2,000,000 gross revenue;

ii. Eight (8) payments of $125,000 each upon every additional $500,000 of gross revenue up to a total of $6,000,000

The accounted for financial liability of this potential issuance of shares increased by circa $1.93m in FY17, as the probability of issuance has increased and the share price appreciated to 27.5c at the end of June 2017.

Fig. 2: Financial Liability – at Fair Value

Note 14. Financial Liability – at Fair Value

	Consolidated	
	2017	**2016**
	$	**$**
Non current		
Opening balance	1,900,000	-
Amount due under contract of sale - at acquisition	775,000	875,000
Add: Fair value through the P&L	1,929,167	1,025,000
Closing balance	**4,604,167**	**1,900,000**

Source: Company

Based on our forecast revenue we assume that all these shares are issued and we hence include them in our calculation of total diluted shares in our estimation of fair value and our target price (and therefore adjust for the financial liability in our estimate of normalised profit).

Despite our treatment the Company until they are issued will need to continue to account for them as a financial liability. On the basis of the current share price (above the 27.5c at the end of June) and the likelihood of a further increase in the probability of issuance, we expect a further substantial negative charge in FY18. While we view this as an 'abnormal' item and do not include it in our forecast for normalised NPAT, it is still worth highlighting for those watching to see when the Company will report a positive 'reported' NPAT number.

Fig. 3: Milestones Probability and Fair Value at 30 June 2017

Entity	At initial recognition	At 30 June 2016	At 30 June 2017	Fair value at 30 June 2017
Swift Networks Pty Ltd / Wizzie Pty Ltd	Milestone 1 – 20% Milestone 2 – 15%	Milestone 1 – 30% Milestone 2 – 25%	Milestone 1 – 50% Milestone 2 – 30%	$3,666,667
Living Networks	Milestone 1 – 50% Milestone 2 – 50%	Milestone 1 – N/a Milestone 2 – N/a	Milestone 1 – 50% Milestone 2 – 50%	$250,000
Web 2 TV	Milestone 1 – 50% Milestone 2 – 45% Milestone 3 – 40% Milestone 4 – 35% Milestone 5 – 30% Milestone 6 – 25% Milestone 7 – 20% Milestone 8 – 15% Milestone 9 – 10%	Milestone 1 – N/a Milestone 2 – N/a Milestone 3 – N/a Milestone 4 – N/a Milestone 5 – N/a Milestone 6 – N/a Milestone 7 – N/a Milestone 8 – N/a Milestone 9 – N/a	Milestone 1 – 75% Milestone 2 – 60% Milestone 3 – 50% Milestone 4 – 40% Milestone 5 – 30% Milestone 6 – 25% Milestone 7 – 20% Milestone 8 – 15% Milestone 9 – 10%	$687,500

Source: Company and Hartleys Research

FY18 Outlook

With the announced successful closure of the VOD acquisition we see no reason based on the FY17 Result to adjust our Revenue forecasts for FY18 and beyond. Early evidence from the move into Age Care suggests a higher gross margin than historically achieved in the Resource sector which we have factored into our forecasts. As a result, we have decreased our COGS by 6% and 5% respectively in FY18 and FY19.

Based on the level of Corporate Overhead in FY17 ($4.39m) we have increased our forecasts for Corporate Overheads in FY18 and FY19 to $5.75m (from $4.6m) and $6.38m (from $5.24m) respectively. The net result of the increase to our gross profit margin and Corporate Overheads was little change to our EBITDA forecasts.

Additionally, we have reviewed our outlook for Depreciation and increased our charge in FY18 from $1.07m to $1.58m and from $1.14m to $1.65m in FY19.

As a result of these changes our Normalised NPAT for FY18 has declined from $1.73m to $1.35m and from $2.27m to $1.96m in FY19.

The net result of these earnings changes is that our estimate of fair value remains unchanged and our 12-month forward target price remains 42c per share.

On the back of the recent strong appreciation in the share price there is now remaining 26% upside to our 12-month target price. We retain our Speculative Buy Recommendation.

Fig. 4: *P&L Summary*

P&L (A$m)	6/16A	6/17A	6/18F	6/19F
Revenue	14.42	17.01	27.58	32.09
COGS	-12.30	-11.61	-18.27	-21.31
Gross Profit	2.12	5.39	9.30	10.78
Margin	*15%*	*32%*	*34%*	*34%*
Corporate Overheads	-3.60	-4.39	-5.75	-6.38
Growth	*5.1%*	*21.9%*	*31.0%*	*11.0%*
EBITDA	-1.48	1.01	3.55	4.39
Margin	*-10%*	*6%*	*13%*	*14%*
Depreciation	-0.30	-1.12	-1.58	-1.65
EBIT	-1.78	-0.12	1.98	2.74
Net Interest	0.00	0.01	-0.05	0.06
PBT	-1.78	-0.11	1.93	2.80
Tax	0.00	0.03	-0.58	-0.84
Tax Rate	0%	30%	30%	30%
Normalised NPAT	-1.78	-0.08	1.35	1.96
EPS - basic	-0.024	-0.001	0.018	0.027
EPS - FD	-0.011	0.000	0.008	0.012

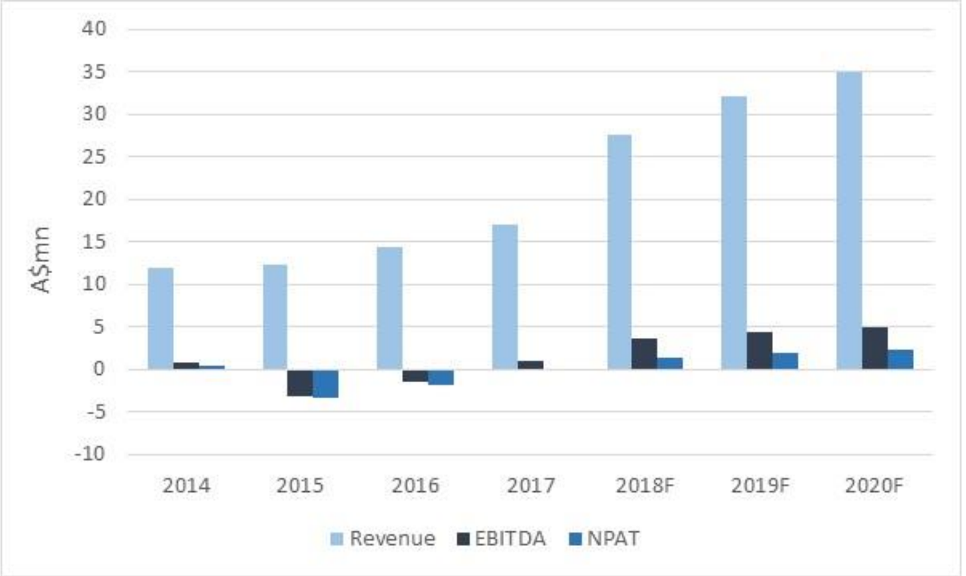
Source: Company and Hartleys Research

INVESTMENT VIEW, VALUATION AND PRICE TARGET

Why we like SW1? 1: Resource Sector Cycle Has Bottomed

SW1 has established an industry leading position in the supply of in room entertainment systems to the resource and energy industry in Australia. However, market conditions for this sector have slowed in recent years and with it the outlook for SW1 revenue growth (until recently the Company was solely focused on the resource sector). While we do not forecast significant near-term growth from this sector, we do believe that the resource sector capex cycle has bottomed at least in WA. This provides SW1 with a strong revenue base (covering all Corporate costs) from which to expand into new higher growth markets.

Fig. 5: Revenue, EBITDA and NPAT

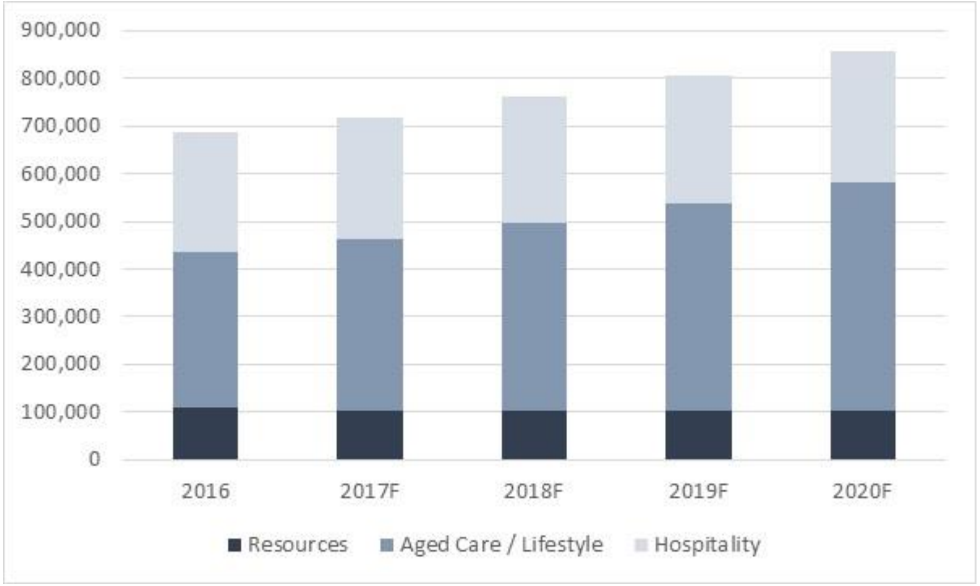


Source: Company and Hartleys Research

and 2: Exposure to Aging Demographic and Tourism

SW1 have a proven track record over a number of years in the challenging resource sector, and this experience provides confidence they can make substantial in roads into both the fast-growing hospitality and lifestyle/age care sectors. Recent strategic acquisitions in the latter has expanded their geographical footprint and opened doors to key customers. While this expansion is still in its infancy, the potential is simply enormous.

Fig. 6: Addressable Market Opportunity (units)



Source: Hartleys Research

The acquisition of VOD has further strengthened SW1's presence in the hospitality sector (with key clients such as Accor Hotels and IHG) while providing a strong foothold in the Education and Healthcare sectors. The VOD deal also for the first time provides SW1 with an overseas presence and we view growth in the HEAT sectors (Healthcare, Education, Age Care and Tourism) in the Pacific region of equal or greater opportunity to Australia for SW1 longer term.

Valuation – New Sector Growth key to Upside

SW1 has achieved strong growth and market penetration in the resource sector which has in turn provided the cash flow to build a leader within its industry. Looking forward top line unit growth should translate to strong EBITDA and NPAT growth and we feel comfortable that SW1 should 'at least' trade on the multiples of the also fast growing ASX IT Services sector.

We also view SW1 as an attractive takeover target for a larger Group focusing on similar sectors and clients. Significant potential also still exists for SW1 to grow through further acquisitions. Hence our inclusion of a 'synergy value' also in our valuation. The Company after a period of strong share price appreciation reached our original price target ('Glued to The Box' 19th May 2017) of A$0.36 per share. We upgraded our target price to 42c ('More positive news on two fronts' 9th August 2017) post the announced acquisition of VOD Pty Ltd.

Still assuming parity with the ASX IT Services sector we continue to see fair value (and set our 12-month target price) at A$0.42 per share.

On the back of the recent strong appreciation in the share price there is now 26% upside to our 12-month target price. We retain our Speculative Buy Recommendation.

Fig. 7: Valuation Multiples

Valuation			
ASX IT Peer Group Multiples			
	12M forward - Target Multiple	**Wgt.%**	**Tgt Price**
EV/EBITDA	13x	60%	0.35
Earnings	23x	20%	0.22
DCF		20%	0.38
Synergy/Cost Out			0.09
Valuation			**$0.42**
Upside / downside from current share price			26%

Source: Hartleys Research

RECOMMENDATION & RISKS

INVESTMENT THESIS & RECOMMENDATION

On the back of the recent strong appreciation in the share price there is now 26% upside to our 12-month target price of 42c per share. We retain our Speculative Buy Recommendation. We remain very positive on the outlook for both organic (continue to assume that SW1 will continue to win contracts and acquire customers (cheaply) in the Hospitality, Education, Healthcare and Aged care / Lifestyle Village sectors) and inorganic growth (industry remains relatively fragmented) and the Company could continue to surprise on the upside.

Overseas growth is also a highly likely positive catalyst in the coming years as the product offering is easily transferable to overseas markets that are also experiencing rapid development in these industry segments. We note that the product is mature and therefore capital can be used to win new contracts rather than being spent on product development. Key risks to our thesis include a slower than expected penetration into new industry verticals and an increase in the cost of content.

RISKS

An inability to penetrate other industry verticals, outside of the resources sector is a risk to our investment thesis. SW1 has a proven track record of gaining significant market share in the resources sectors but is in the relatively early stages of penetrating other target markets.

An increase in the cost of content is a key risk for SW1. The Company should be commended at negotiating content agreements that do not include minimum subscriber hurdles. Should any of the key content providers, such as Foxtel and providers of movie content, decide to change their pricing structure then SW1 may suffer margin erosion.

SIMPLE S.W.O.T. TABLE

Strengths	Dominant market share in the Australian resource market for the provision of telecommunication and entertainment systems. Product development complete. The product is fully developed and requires only minimal capital to update systems.
Weaknesses	Majority of revenue is still generated from a single industry vertical (resources), although the Company is diversifying rapidly. The majority of revenue is still generated from W.A., however, acquisitions such as VOD are diversifying this exposure.
Opportunities	Resources: Opportunity to continue to gain market share in the resource sector and be well positioned for an upturn in the capital expenditure cycle. Hospitality: An opportunity exists for SW1 to win additional contracts from hotel chains both in Australia and offshore. Lifestyle Village/Age Care: An aging population is likely to drive increased demand for aged care and lifestyle facilities in Australia. Overseas: There is real scope for SW1 to transfer its success in Australia to much larger overseas markets.
Threats	Large media and telco's, such as NTT DoCoMo will be difficult to replace with major hotel chains. A significant increase in the cost of content and or the pricing structure of content represents a risk for SW1.

Source: Hartleys Research

HARTLEYS CORPORATE DIRECTORY

Research

Trent Barnett	Head of Research	+61 8 9268 3052
Mike Millikan	Resources Analyst	+61 8 9268 2805
John Macdonald	Resources Analyst	+61 8 9268 3020
Paul Howard	Resources Analyst	+61 8 9268 3045
Aiden Bradley	Research Analyst	+61 8 9268 2876
Michael Scantlebury	Junior Analyst	+61 8 9268 2837
Janine Bell	Research Assistant	+61 8 9268 2831

Corporate Finance

Dale Bryan	Director & Head of Corp Fin.	+61 8 9268 2829
Richard Simpson	Director	+61 8 9268 2824
Ben Crossing	Director	+61 8 9268 3047
Ben Wale	Associate Director	+61 8 9268 3055
Stephen Kite	Associate Director	+61 8 9268 3050
Scott Weir	Associate Director	+61 8 9268 2821
Scott Stephens	Associate Director	+61 8 9268 2819
Rhys Simpson	Manager	+61 8 9268 2851

Registered Office

Level 6, 141 St Georges Tce	**Postal Address:**
PerthWA 6000	GPO Box 2777
Australia	Perth WA 6001
PH:+61 8 9268 2888	FX: +61 8 9268 2800
www.hartleys.com.au	info@hartleys.com.au

Note: personal email addresses of company employees are structured in the following manner:firstname.lastname@hartleys.com.au

Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a “Buy”. Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a “Buy”.
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

Institutional Sales

Carrick Ryan	+61 8 9268 2864
Justin Stewart	+61 8 9268 3062
Simon van den Berg	+61 8 9268 2867
Chris Chong	+61 8 9268 2817
Digby Gilmour	+61 8 9268 2814
Tia Hall	+61 8 9268 3053

Wealth Management

Nicola Bond	+61 8 9268 2840
Bradley Booth	+61 8 9268 2873
Adrian Brant	+61 8 9268 3065
Nathan Bray	+61 8 9268 2874
Sven Burrell	+61 8 9268 2847
Simon Casey	+61 8 9268 2875
Tony Chien	+61 8 9268 2850
Tim Cottee	+61 8 9268 3064
David Cross	+61 8 9268 2860
Nicholas Draper	+61 8 9268 2883
John Featherby	+61 8 9268 2811
Ben Fleay	+61 8 9268 2844
James Gatti	+61 8 9268 3025
John Goodlad	+61 8 9268 2890
Andrew Gribble	+61 8 9268 2842
David Hainsworth	+61 8 9268 3040
Murray Jacob	+61 8 9268 2892
Gavin Lehmann	+61 8 9268 2895
Shane Lehmann	+61 8 9268 2897
Steven Loxley	+61 8 9268 2857
Andrew Macnaughtan	+61 8 9268 2898
Scott Metcalf	+61 8 9268 2807
David Michael	+61 8 9268 2835
Jamie Moullin	+61 8 9268 2856
Chris Munro	+61 8 9268 2858
Michael Munro	+61 8 9268 2820
Ian Parker	+61 8 9268 2810
Matthew Parker	+61 8 9268 2826
Charlie Ransom	+61 8 9268 2868
Mark Sandford	+61 8 9268 3066
David Smyth	+61 8 9268 2839
Greg Soudure	+61 8 9268 2834
Sonya Soudure	+61 8 9268 2865
Dirk Vanderstruyf	+61 8 9268 2855
Samuel Williams	+61 8 9268 3041
Jayme Walsh	+61 8 9268 2828

Disclaimer/Disclosure

The author of this publication, Hartleys Limited ABN 33 104 195 057 (“Hartleys”), its Directors and their Associates from time to time may hold shares in the security/securities mentioned in this Research document and therefore may benefit from any increase in the price of those securities. Hartleys and its Advisers may earn brokerage, fees, commissions, other benefits or advantages as a result of a transaction arising from any advice mentioned in publications to clients.

Hartleys has completed capital raisings in the past 12 months for Swift Networks Group Limited ("Swift Networks") for which it has earned fees.

Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to Swift Networks for which it has earned and continues to earn fees. Hartleys has a beneficial interest in 3.8 million escrowed options in Swift Networks.

Any financial product advice contained in this document is unsolicited general information only. Do not act on this advice without first consulting your investment adviser to determine whether the advice is appropriate for your investment objectives, financial situation and particular needs. Hartleys believes that any information or advice (including any financial product advice) contained in this document is accurate when issued. Hartleys however, does not warrant its accuracy or reliability. Hartleys, its officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law.