

RMA Global Limited (RMV)				CASE:	Bull	DATE:	7/09/2021					
The Story												
RMV operates the Rate My Agent web site that acts as a marketing and promotional tool for agents who pay to enhance their profile and for residential real estate vendors to shop for an agent to sell their property. Reaching near maturity in the Australian market as the leader with 73% of active agents, sales growth has slowed sharply and overshadows the performance of the fast growing and much greater US market opportunity where penetration is just 10% and revenues are just starting to grow. The valuation relies on continued traction in the US market, expanding to 60% penetration by 2030 as it becomes the must have marketing tool for agents in the highly competitive residential real estate market. Competition directly and via substitute marketing offerings provide risk, but founder lead and 44% insider ownership offer innovative and motivated management to face the challenges												
The Assumptions												
What	Base Year	Terminal Year	Link to story									
Revenue KPI	13%	64%	ANZ+US market agent penetration % - claimed agent profiles									
Revenue	54.2%	2.0%	Terminal growth of 2%, in line with CPI									
Gross Margin %	82.3%	83.9%	Product mix dependent, but scale economies expected to also help									
EBITDA Margin %	-73.3%	46.9%	Op costs expected to grow at half the rate of revenue to provide operating leverage									
Tax	0.0%	27.5%	Australian rate assumptions - may be some US tax but this should be lower. Tax losses also									
Capital Spend	110	815	Little capex, development spend looks to be expensed									
Share Count Changes	479,360	576,695	10% increase in FY22 for a capital raise due to cash needed then 1% for ESOPs									
Discount% : EV/EBITDA	10.0%	10.0%	long term market average risk discount assumptions, terminal value PE 14									
The Cash Flows (A\$'000)												
Year	Dilution	TAM Pen%	Revenue	Gross Margin	%	EBITDA	%	Tax	Capex	FCFF		
1	479,360	18%	14,845	12,168	82.0%	-	8,272	-55.7%	-	132	-	8,404
2	527,296	27%	21,415	17,673	82.5%	-	7,291	-34.0%	-	158	-	7,449
3	532,569	36%	33,756	28,128	83.3%	-	4,028	-11.9%	-	190	-	4,218
4	537,894	43%	53,089	44,527	83.9%	-	3,161	6.0%	-	227	-	2,934
5	543,273	49%	81,174	68,323	84.2%	-	16,017	19.7%	-	273	-	15,744
6	548,706	54%	113,869	95,914	84.2%	-	33,073	29.0%	8,658	328	-	24,088
7	554,193	58%	152,777	128,671	84.2%	-	55,095	36.1%	14,639	393	-	40,063
8	559,735	61%	193,618	162,956	84.2%	-	79,545	41.1%	21,294	472	-	57,779
9	565,332	63%	229,341	192,833	84.1%	-	101,728	44.4%	27,341	566	-	73,821
10	570,986	63%	251,558	211,289	84.0%	-	115,771	46.0%	31,172	679	-	83,919
Terminal	576,695	64%	264,324	221,815	83.9%	-	123,874	46.9%	33,384	815	-	89,675
The Value (A\$'000)												
Terminal Value (Diluted)		1,029,660		Cashflows discounted for dilution								
PV (Terminal Value)		367,163										
PV (FCFF of next 10yrs)		104,024										
Value of Operating Asset		471,187										
Adjustment for Distress		-		Failure Probability = 0% - bull case valuation								
Adjustment for Future Options		-		Option Case = 0%, product expansion factored into sales growth								
- Debt & Minority Interest		-										
+ Cash & Equivalents		10,700										
Value of Equity		481,887										
Value per share (Base Currency)		\$ 1.01		Insider Holding%: 44%;9p Rem Report; GlassDoor: Rec 89%, CEO x% (21 Rev)								
FX Rate		1.000		Current Price	%							
Value per share (A\$)		\$ 1.01		\$ 0.23	337%							
Source: Methodology and Format are based on that done by Aswath Damodran (see: aswathdamodaran.blogspot.com)												
Disclaimer: Valuation is not to be relied on as financial advice of any sort and is prepared for personal use of the author only.												

Profile claims by region since launch

