

## Second showcase partner signed

### SuitcaseTV opens up direct route to broadcasters

Linius Technologies (LNU) announced it has signed a showcase agreement with SuitcaseTV, a UK-based specialist in software solutions for the broadcasting industry. Following the earlier announced DigiSoft showcase, this is LNU's second deal that should result in the release of a commercial product in Q1 of calendar 2017.

#### Addresses several segments of the video production process

SuitcaseTV provides a range of software suites tailored for live video productions, media storage and asset management, audio and subtitle workflows as well as compliance recording. Typical customers are TV broadcasting and video production companies, such as the BBC. While the DigiSoft agreement addresses the Set-Top-Box segment of the broadcasting market, the deal with SuitcaseTV addresses several other segments, including live production and remote broadcasting, which weren't segments that LNU was initially targeting. However, SuitcaseTV and LNU initiated discussions following an introduction during the IBC in Amsterdam in September. LNU is still in discussions with two other potential partners it has initiated discussions with at IBC.

#### Selling LNU's Tech as an add-on to SuitcaseTV's products

We believe there is an excellent fit between LNU's video virtualization technology and SuitcaseTV's live editing software, especially for video productions in the field. Applying LNU's technology to live video production enables media publishers and broadcasters to tailor video streams for individual viewers at the source. Additionally, given that SuitcaseTV's products are geared towards communication over Internet Protocol (IP), integration with LNU's technology should be fairly straightforward. Even though commercial details need to be worked out, we would expect SuitcaseTV to sell LNU's technology as an add-on to its existing software suite in a revenue sharing arrangement with LNU. We expect such agreements would typically see LNU receiving anywhere between 20% to 50% of these revenues. As SuitcaseTV has an existing customer base, we expect this partnership may result in revenues relatively quickly.

#### BUY rating reiterated, fair value A\$ 0.28

We are quite impressed by the progress CEO Chris Richardson has made in the last few quarters. In addition to driving the technical development of LNU's core technology, he has been able to generate very substantial industry interest from different verticals, resulting in this agreement with SuitcaseTV. We expect additional partnerships to be announced in the run up to commercial launch in 1Q17. We reiterate our Buy recommendation for LNU. In our DCF model, fair value per LNU share is A\$ 0.28.

LNU.ASX	A\$ M	FY17E	FY18E	FY19E	FY20E	
Number of shares (m)	622.7	Revenues	5.6	14.6	25.5	42.6
Number of shares FD (m)	748.7	EBITDA	0.1	4.3	10.0	20.5
Market capitalisation (A\$ m)	35.5	NPAT	-0.2	2.8	6.7	14.1
Market cap fully dil (A\$ m)	42.7	EPS FD	0.00	0.004	0.01	0.02
12 month high/low A\$	0,094 / 0,055	EV/EBITDA	N/M	7.4	2.7	0.7
Average daily volume (k)	964	EV/Sales	6.0	2.2	1.0	0.3

Readers should be aware that TMT Analytics has been engaged by the company covered in this report for ongoing research coverage. Please refer to the final page of this report for the General Advice Warning, disclaimer and full disclosures.

## LNU.ASX

### Software & IT Services

#### Australia

#### Risk: High

LNU provides a patented enterprise grade software technology that virtualizes video files. The process reduces the time required for content preparation and processing (ingestion, transcoding, storage etc) and can populate a catalog of thousands of video titles in minutes as opposed to months without the need for costly, large-scale hardware systems. Furthermore, the technology enables highly valuable personalized advertising in TV broadcasting.

SUBSCRIBE TO OUR RESEARCH AT  
[TMT-ANALYTICS.COM.AU/RESEARCH](http://TMT-ANALYTICS.COM.AU/RESEARCH)

## BUY

Share price: A\$ 0.057

3 November 2016

Analyst: Marc Kennis

[marc.kennis@tmt-analytics.com.au](mailto:marc.kennis@tmt-analytics.com.au)

+61 (0)4 3483 8134



## GENERAL ADVICE WARNING, DISCLAIMER & DISCLOSURES

The information contained herein ("Content") has been prepared and issued by TMT Analytics Pty Ltd ABN 17 611 989 774 ("TMT Analytics"), an Authorised Representative (no: 1242594) of Belmont Securities ABN 47 119 852 890 AFSL 331625. All intellectual property relating to the Content vests with TMT Analytics unless otherwise noted.

### DISCLAIMER

The Content is provided on an as is basis, without warranty (express or implied). Whilst the Content has been prepared with all reasonable care from sources we believe to be reliable, no responsibility or liability shall be accepted by TMT Analytics for any errors or omissions or misstatements howsoever caused. Any opinions, forecasts or recommendations reflect our judgment and assumptions at the date of publication and may change without notice. TMT Analytics will not accept any responsibility for updating any advice, views, opinions or recommendations contained in this document.

No guarantees or warranties regarding accuracy, completeness or fitness for purpose are provided by TMT Analytics, and under no circumstances will any of TMT Analytics, its officers, representatives, associates or agents be liable for any loss or damage, whether direct, incidental or consequential, caused by reliance on or use of the Content.

### GENERAL ADVICE WARNING

The Content has been prepared for general information purposes only and is not (and cannot be construed or relied upon as) personal advice nor as an offer to buy/sell/subscribe to any of the financial products mentioned herein. No investment objectives, financial circumstances or needs of any individual have been taken into consideration in the preparation of the Content.

Financial products are complex, entail risk of loss, may rise and fall, and are impacted by a range of market and economic factors, and you should always obtain professional advice to ensure trading or investing in such products is suitable for your circumstances, and ensure you obtain, read and understand any applicable offer document.

### DISCLOSURES

TMT Analytics has been commissioned to prepare the Content. From time to time, TMT Analytics' representatives or associates may hold interests, transact or hold directorships in, or perform paid services for, companies mentioned herein. TMT Analytics and its associates, officers, directors and employees, may, from time to time hold securities in the companies referred to herein and may trade in those securities as principal, and in a manner which may be contrary to recommendations mentioned in this document.

TMT Analytics may receive fees from a company referred to in this document, for research services and other financial services or advice we may provide to that company. The analyst has received assistance from the company in preparing this document. The company has provided the analyst with communication with senior management and information on the company and industry. As part of due diligence, the analyst has independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in the report. Diligent care has been taken by the analyst to maintain an honest and fair objectivity in writing this report and making the recommendation. Where TMT Analytics has been commissioned to prepare Content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid will either directly or indirectly impact the Content provided.

### RECOMMENDATIONS

TMT Analytics' issues a BUY recommendation in case of an expected total shareholder return (TSR, share price appreciation plus dividend yield) in excess of 25% within the next twelve months, an ACCUMULATE recommendation in case of an expected TSR between 5% and 25%, a HOLD recommendation in case of an expected TSR between -5% and +5% within the next twelve months and a SELL recommendation in case of an expected total return lower than -5% within the next twelve months.