

Ovanti Limited

ASX: OVT

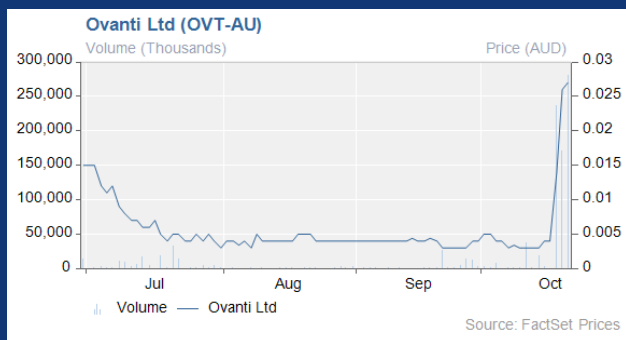
PRICE A\$0.021 As of 23 Oct 2024

BASIC SHARES 1,556,348,343

MARKET CAP A\$32,683,315

Company Data

Diluted Shares	83,000,000
Fully Diluted Shares Outstanding	1,639,348,300
Fully Diluted Market Cap	A\$34,426,314



Source: Barclay Pearce Capital
Barclay Pearce Capital contributes all company estimates to Bloomberg, Thomson Reuters, FactSet, Nucleus 195, Capital IQ, Alphasense and Smartkarma.

Ovanti Ltd: Desk Note

Quick Summary

With the stock jumping 425% on the announcement of Simon Keast as CEO, it's essential to evaluate whether this is an overreaction or an opportunity. Keast's experience at Zip and the specific KPIs outlined for his role indicate that this could be a legitimate chance to gain momentum, particularly in the underserved US BNPL market.

Why We Like It

Market Size: The US BNPL market is huge and growing, with projected revenue nearing **\$4 billion** by 2028. The lack of consolidation beyond Afterpay's acquisition means there are still opportunities for niche players to carve out significant market share. Keast's reference to "under-serviced" markets suggests they'll target **33 million small businesses**, which could be a smart move as this segment is often overlooked.

Execution: Keast's history of turning around Zip's US operations is a strong indicator of his ability to execute Ovanti's strategy. He's done it before, and if he can meet the performance hurdles laid out, it could drive real growth.

Key Performance Indicators (KPIs): Keast's appointment isn't just window dressing. There are clear, measurable KPIs tied to his performance, which is a good sign. The targets include launching Ovanti's BNPL product in the US, hitting transaction volume targets (TTV), and securing partnerships with major US retailers. If there were no KPIs, that would raise a red flag, but here, there's a concrete plan.

Let's speculate a bit. Suppose Keast achieves its 36-month target of \$500 million in Total Transaction Volume (TTV). With an 8% take rate, this would generate \$40 million in transaction-based revenue. Applying a median price-to-sales (P/S) ratio of 5x, this would imply a market cap of ~\$200 million. And that's just based on TTV revenue alone—there are a bevy of other revenue streams in the mix. But that's outside the scope of this quick napkin math.

Conclusion: Taking a punt on Mr Keast's success

While this is just one announcement, I think Ovanti is a company to pay very close attention to. If Keast can deliver on these KPIs, the company could be in a strong position to capitalise on the untapped potential in the US BNPL market.

RESEARCH: Desk Note

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Before joining BPC, Kris served as the Managing Director of OceanKey Capital, where he focused on providing strategic guidance to small advisory firms in deal structuring, financial modelling, and negotiations. His expertise spans multiple industries, including pharmaceuticals, technology, and mining, where he has successfully led transactions and capital-raising initiatives.

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