Overview: Freelancer Ltd ("Freelancer", "the Company") is an Australian based software company operating the world’s largest freelancing, outsourcing and crowdsourcing marketplace. As of 30 June 2015 Freelancer 15.9m total registered users and 8m total projects and contests. Freelancer acquired payment service provider Escrow in April 2015. Our last advice was a ‘buy’ recommendation on 3 June 2015 at $1.14.

Catalysts: Freelancer is on track to achieve another year of double-digit revenue growth. We expect growth momentum to continue throughout 2015, buoyed by favourable currency exchange movements. As most of its revenue is derived offshore further depreciation of the AUD will enhance its revenue profile. Management recently sold $35m worth of shares to increase the free float to 23%. Large institutions are starting to accumulate and more liquidity should attract investor interest in the long-term.

Hurdles: Despite incremental revenue growth, Freelancer has not made a profit yet and remains reliant on external funding. Growth through acquisitions results in integration risks for management. The current valuation incorporates future earnings growth, which could result in share price depreciation if targets are not met.

Investment View: We continue to be attracted to Freelancer’s growth trajectory and favourable outlook. We expect growth momentum to continue bolstered by a low AUD. While Freelancer is starting to attract large institutions, we reiterate our ‘buy’ advice and raise our 12 month price target to $1.70.
GLOSSARY

About Directors

Buy
Increasing value of established business operations is likely to yield share price appreciation.

Spec Buy
Increasing value of a new or developing business operation is likely to yield share price appreciation.

Hold
There exists an even balance of risks.

Sell
There is elevated risk of share price depreciation.

Stop
Our recommended, pre determined sell price, to be executed if the share price fails to appreciate.

Start Up
The earliest phase of a company’s life cycle, and typically the most risky as new ventures are tested in the market place. These businesses are usually reliant on external capital to fund day to day operations.

Growth
Refers to companies that are seeking to expand their presence after achieving a degree of market success. External capital may be required to fund their expansion.

Maturity
Refers to companies that are well established in their market place with little to no external capital requirements.

Click for FREE wise-owl trial

ABOUT US

Wise owl is a global supplier of intelligence, strategic solutions, and expansion capital for emerging companies and investors. Established in 2001, wise owl drives efficient capital allocation towards developing assets.

Media Partners:

DISCLAIMER

This report was produced by wise-owl.com Pty Ltd (ACN 097 446 369), which is an Australian financial services licensee (Licence no. 246670). Wise-owl may have an investment banking or other commercial relationship with the issuer of any security or financial product in which you have an interest by acting in various roles including as underwriter, dealer, holder of principal positions, banker, broker, lender, adviser or researcher. Wise-owl may receive fees, commissions or other remuneration from such activities. Wise-owl.com Pty Ltd has made every effort to ensure that the information and material contained in this report is accurate and correct and has been obtained from reliable sources. However, no representation is made about the accuracy or completeness of the information and material and it should not be relied upon as a substitute for the exercise of independent judgment. Except to the extent required by law, wise-owl.com Pty Ltd does not accept any liability, including negligence, for any loss or damage arising from the use of, or reliance on, the material contained in this report. This report is for information purposes only and is not intended as an offer or solicitation with respect to the sale or purchase of any securities. The securities recommended by wise-owl.com carry no guarantee with respect to return of capital or the market value of those securities. There are general risks associated with any investment in securities. Investors should be aware that these risks might result in loss of income and capital invested. Neither wise-owl.com nor any of its associates guarantees the repayment of capital.

WARNING: This report is intended to provide general financial product advice only. It has been prepared without having regard to or taking into account any particular investor’s objectives, financial situation and/or needs. All investors should therefore consider the appropriateness of the advice, in light of their own objectives, financial situation and/or needs, before acting on the advice. Where applicable, investors should obtain a copy of and consider the product disclosure statement for that product (if any) before making any decision.

DISCLOSURE: Wise-owl.com Pty Ltd and/or its directors, associates, employees or representatives may not effect a transaction upon its or their own account in the investments referred to in this report or any related investment until the expiry of 24 hours after the report has been published. Additionally, wise-owl.com Pty Ltd may have, within the previous twelve months, provided advice or financial services to the companies mentioned in this report. As at the date of this report wise-owl.com Pty Ltd and/or its directors, associates, employees or representatives currently hold interests in: FLN