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RECOMMENDATION
Buy - Maintained

PRICE
\$0.069

TARGET PRICE
\$0.15

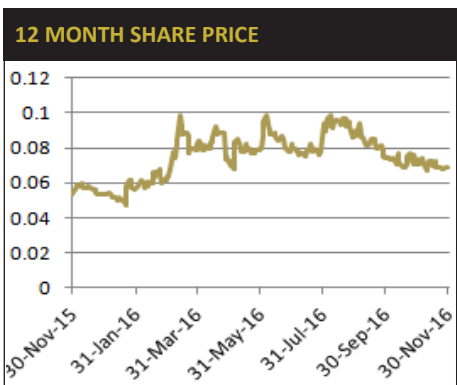
RISK
High (Speculative)

BRIEF COMPANY DESCRIPTION

OBJ Limited (OBJ) is an Australian life sciences company that has developed various proprietary magnetic micro-array drug delivery and product enhancement technologies for the pharmaceutical, healthcare, cosmetic, homecare and consumer goods sectors. The Company's technology has been developed over 16 years and proven by independent studies & validated by collaboration and now partnering agreements with some of the world's major pharmaceutical and consumer goods companies. OBJ has partnered with global companies, Procter & Gamble (P&G) & COTY to develop and bring to market next generation products that deliver products transdermally using physical science rather than chemistry to provide new levels of product performance.

COMPANY DATA (02.12.2016)

ASX Code	OBJ.ASX
Market Capitalisation (diluted)	~\$128.6m
Enterprise Value	~\$122.3m
Shares on Issue	~1,770m
12 Month High/Low	\$0.105/0.047
Ave Monthly Turnover	~62.8m
Cash – Sept 2016	~A\$6.29m



OBJ - Delivering as Promised

Wave II Term Sheet Signed

This week OBJ announced the signing of a term sheet for their new Wave II device that uses OBJ's proprietary Magnetic Micro-array technology together with a range of enhanced features to improve the user experience. Essentially this is a significantly improved product that will provide a substantially higher per unit revenue to OBJ.

This news further cements P&G's growing relationship with OBJ and plays into a growing thematic in beauty to provide the consumer value added products that can enhance the delivery of existing formulations.

Our View from the AGM

Potential Deal for Personalisation

Reading between the lines, at the AGM, OBJ said that they believed that they are closing in on a deal for their personalisation program. The desire for large brands to understand their consumers and provide a value added service that is tailored to the individual's needs is growing rapidly. OBJ has developed a well rounded solution for companies such as P&G to connect with their consumers and provide advice that will result in stronger engagement with the company's and OBJ's products.

We got the impression that OBJ were optimistic that they could achieve a deal in the near term.

First Revenues Expected

It is expected that first revenues from the sale of the SK-II and Olay Wand will commence from December 2016. Whilst we expect the sales to be relatively small at first, it must be understood that revenue is only being accrued from four months of sales in China alone. We expect a world wide roll out from December 2016 onwards and ongoing uplift in revenue.

We expect to see revenues from the sale of the Wave 2 product achieved from June 2017.

Product Pipeline Building

The level of conviction from P&G appears to be increasing with OBJ stating that four products were in late stage development. OBJ continue to build the pipeline with P&G and also in house. OBJ has no less than five internally developed products that they are moving towards commercialization (BodyGuard, Surface & Surgical Hygiene, Personalisation, DCE and Advanced Packaging).

The company highlighted that their discussion have intensified in regards to both the BodyGuard Program and Surface Hygiene.

It is our firm belief that a deal on any of OBJ's internal programs will dramatically lift the value of the company as the market comes to terms with the likelihood that their remaining programs can be monetised.

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