

YOJEE LIMITED (YOJ)

SIGNS UP WITH CEVA IN SINGAPORE

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We say

Price

Target

SPEC BUY

0.185 0.44

Yojee has signed agreements with leading 3PL global logistics company, CEVA Logistics Singapore to provide its network solutions for a minimum period of two years. CEVA (global top 10 logistics) is a subsidiary of the Marseille based global shipping company CMA CGM Group (global top 4 shipping). The deal is expected to begin revenue ramp up at the end of the month. This is a significant win for YOJ and further confirmation of product market fit. We retain our SPEC BUY, TP 44¢.

SHARE PRICE VS ASX300



FINANCIAL DATA \$M

	FY20A	FY21E
Revenue	0.7	1.1
NPAT (Reported)	-5.0	-6.9
EPS (Normalised ¢)	-0.6	-0.6
EPS Growth	-26%	-16%
PE Ratio	NA	NA
Dividend Yield	0.0%	0.0%

PERFORMANCE

ROIC	-66%	-89%
Gearing (ND/ND+E)	0%	0%
ROE	-59%	-43%

COMPANY DATA

Enterprise value	\$165.1m
Market cap	\$186.1m
Issued capital	1,128m
Free float	96%
12-month price range	\$0.12 - \$0.29
GICS sector	Application Software

EXPECTED RETURN

Capital growth	137%
Dividend yield	0.0%
Total expected return	137%

YOJ PLATFORM AND NETWORK DELIVERS

This announcement reflects the evolving needs of a growth charged e-commerce marketplace which is demanding visibility, flexibility, a cashflow solution and ease of deployment. Yojee's learnings from previous contracts have helped guide this key client win. While initially in Singapore, there is scope for material expansion over time.

CEVA IS A SIGNATURE CLIENT

CMA CGM is a top 4 shipping company worldwide and its subsidiary CEVA is one of 7 Visionary Leaders in the Gartner 2021 survey of 3PL logistics providers. Two more of Yojee's clients, namely GEODIS and Kuehne+Nagel are also in this top group, which in our view speaks volumes for the product market fit, customer acceptance, and future prospects for the Yojee platform.

NO CHANGE TO OUR INVESTMENT THESIS

This announcement does not change our earnings outlook or valuation as it represents another step along Yojee's aspirational path to 126 hubs as previously disclosed. This aspirational target is already factored into our earnings outlook and valuation, and therefore we maintain our SPEC BUY recommendation and 44¢ Target Price.

MAIN POINTS FROM BRIEFING

- YOJ are on track to go-live at the first site with CEVA in Singapore by the end of the month. This will be co-incident with revenue generation.
- CEVA were particularly attracted to Yojee’s solution because of the subcontractor network and the fact this network is already integrated with the Yojee platform.
- The subcontractor network is growing and is now strong in Singapore, Malaysia and Thailand.
- The initial contract is “pallet to parcel” and involves just land transport logistics at this stage.
- Yojee’s fully digital solution will replace a couple of existing suppliers and is transformational for CEVA. The platform takes a situation with a relatively low degree of visibility and delivers a high degree of visibility for goods in transit.
- Being fully integrated, Yojee’s platform can be made accessible in a relatively short space of time and a hub can be made live in 10 days according to CEO Ed Clarke.
- Yojee’s platform is an “off the shelf” proposition for the client and therefore should ramp to revenue quicker.
- The platform delivers “end-to-end” capability and can be used for B2B activities, potentially offering a same day rapid response service.
- The platform will accelerate the cash cycle for CEVA which now begins digitally from the point where goods are signed for “on glass”.
- Including the first CEVA Singapore hub, Yojee are now present in three client hubs in Singapore. This should expand to 4 or 5 within the next six months.

MAGIC QUADRANT FOR THIRD PARTY LOGISTICS, WORLDWIDE



Source: Gartner June 2021

Stock Details

Recommendation	BUY	52 Week High	\$0.29	Shares on Issue	1,127.7m
Valuation	\$0.44	52 Week Low	\$0.12	Market Cap	\$186m
Share price	\$0.185	Avg Mthly Value	\$8.4m	Enterprise Value	\$165m
Upside/downside	137%	Financial Year End	30-June	Free Float	96%

Profit & Loss (\$m)	FY20A	FY21E	FY22E	FY23E	FY24E
Operating Revenue	0.7	1.1	2.9	8.3	28.0
Other Revenue	0.1	0.0	0.0	0.0	0.0
Total Revenue	0.8	1.1	2.9	8.3	28.1
Operating Costs	-5.1	-5.1	-6.9	-10.0	-16.1
EBITDA (Inc.Assoc)	-4.3	-4.0	-3.9	-1.7	11.9
D&A	-0.2	-2.1	-2.1	-2.1	-2.1
EBIT	-4.6	-6.1	-6.0	-3.7	9.8
Net Interest Expense	0.0	0.2	0.3	0.2	0.2
Pre-Tax Profit	-4.5	-5.8	-5.7	-3.5	10.0
Tax Expense	-0.5	-1.1	0.0	0.0	-1.5
Minority Interests	0.0	0.0	0.0	0.0	0.0
NPAT Normalised	-5.0	-6.9	-5.7	-3.5	8.5
Pref Dividends	0.0	0.0	0.0	0.0	0.0
One-Offs after tax	-1.1	-2.3	0.0	0.0	0.0
NPAT Reported	-6.2	-9.1	-5.7	-3.5	8.5

Balance Sheet (\$m)	FY20A	FY21E	FY22E	FY23E	FY24E
Cash	4.3	18.4	13.3	10.1	15.0
Inventory	0.0	0.0	0.0	0.0	0.0
Receivables	0.2	0.2	0.5	1.4	4.6
Other	0.1	0.1	0.1	0.1	0.1
Current Assets	4.5	18.7	13.9	11.5	19.7
PPE	0.2	0.2	0.3	0.4	0.5
Intangibles / Software	5.3	4.7	3.9	3.4	6.0
Other	0.0	0.0	0.0	0.0	0.0
Non-Current Assets	5.5	4.9	4.2	3.8	6.5
Total Assets	10.0	23.6	18.1	15.3	26.2
Payables	0.2	0.1	0.4	1.0	3.5
Interest Bearing Liabs	0.2	0.1	0.1	0.1	0.1
Other	0.4	0.4	0.4	0.4	0.4
Current Liabilities	0.7	0.6	0.8	1.5	3.9
Interest Bearing Liabs	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.2	0.2	0.2	0.2
Non-Current Liabilities	0.1	0.2	0.2	0.2	0.2
Total Liabilities	0.9	0.8	1.0	1.7	4.1
Contributed Equity	31.7	51.8	51.8	51.8	51.8
Reserves + Retained	-22.5	-29.1	-34.7	-38.2	-29.7
Minorities & Convertibles	0.0	0.0	0.0	0.0	0.0
Total Equity	9.2	22.8	17.1	13.6	22.1

Cashflow Statement (\$m)	FY20A	FY21E	FY22E	FY23E	FY24E
Gross Operating Cash Flow	-4.2	-4.1	-4.0	-1.9	11.1
Net Interest	0.0	0.2	0.3	0.2	0.2
Tax Paid	0.0	0.0	0.0	0.0	-1.5
Other	0.1	0.0	0.0	0.0	0.0
Net Operating Cash Flows	-4.1	-3.8	-3.7	-1.7	9.8
Payments for PPE	0.0	-0.2	-0.3	-0.3	-0.4
Payments for Acquisitions	0.0	0.0	0.0	0.0	0.0
Payments for IP / Other	-1.2	-1.3	-1.1	-1.3	-4.5
Net Investing Cash Flows	-1.2	-1.4	-1.4	-1.6	-4.9
Net Share Issues	6.7	19.5	0.0	0.0	0.0
Net Borrowings	-0.2	0.0	0.0	0.0	0.0
Dividends Paid	0.0	0.0	0.0	0.0	0.0
Other	-0.3	0.0	0.0	0.0	0.0
Net Financing Cash Flows	6.2	19.4	0.0	0.0	0.0
Change in Cash Held	0.9	14.2	-5.1	-3.3	4.9
Cash at Beginning of Period	3.4	4.3	18.4	13.3	10.1
Adjustments	0.0	0.0	0.0	0.0	0.0
Cash at End of Period	4.3	18.4	13.3	10.1	15.0

Ratio Analysis	FY20A	FY21E	FY22E	FY23E	FY24E
Revenue Growth	24%	62%	173%	186%	239%
EBITDA Growth	-15%	7%	2%	57%	807%
EBIT Growth	-20%	-33%	1%	38%	362%
NPAT Growth	-35%	-37%	17%	38%	342%
EBITDA Margin	-660%	-377%	-136%	-20%	43%
EBIT Margin	-696%	-571%	-207%	-45%	35%
Tax Rate	-11%	-18%	0%	0%	15%
NPAT Margin	-768%	-649%	-196%	-42%	30%
Net Debt (Cash)	-4.1	-18.3	-13.2	-9.9	-14.9
Total Debt	0.2	0.1	0.1	0.1	0.1
Current Debt / Total Debt	87.4%	100.0%	100.0%	100.0%	100.0%
Net Debt / Equity	0%	0%	0%	0%	0%
Net Debt / Net Debt + Equity	0%	0%	0%	0%	0%
EBIT Interest Cover	Large	Large	Large	Large	Large
Total Debt / EBITDA (x)	0.0	0.0	0.0	0.0	0.0
EBITDA Cash Conversion	97%	102%	102%	113%	93%
NPAT Cash Conversion	85%	80%	102%	115%	92%
Free Cashflow (FCF)	-4.1	-4.0	-4.0	-2.0	9.4
FCF / Operating Cashflow	100%	104%	108%	117%	96%
Working Capital / Sales	-4.3%	0.9%	2.8%	2.8%	2.7%
Maintenance Capex / Sales	1%	15%	10%	3%	2%
Software Capex / Sales	0%	121%	37%	16%	16%
Maint Capex / Depreciation	4%	84%	150%	150%	150%
DUPONT ANALYSIS					
EBIT Margin	-696.1%	-570.9%	-206.6%	-45.2%	34.9%
x Interest Burden	1.0	1.0	0.9	0.9	1.0
x Tax Burden	1.1	1.2	1.0	1.0	0.9
x Asset Turnover	0.1	0.1	0.1	0.5	1.4
= ROA	-53.8%	-41.0%	-27.2%	-21.1%	41.0%
x Leverage	1.1	1.1	1.0	1.1	1.2
= ROE	-58.6%	-43.1%	-28.5%	-22.9%	47.7%
ROIC	-66.3%	-89.1%	-100.3%	-69.5%	125.9%
Shares On Issue (million)	985.3	1,100.5	1,100.5	1,100.5	1,100.5
EFPOWA (million)	906.4	1,069.0	1,100.5	1,100.5	1,100.5

Share Price: \$0.19	FY20A	FY21E	FY22E	FY23E	FY24E
Normalised EPS (c)	-0.6	-0.6	-0.5	-0.3	0.8
EPS Growth	-25.6%	-16.1%	19.8%	38.1%	342.1%
PE	NA	NA	NA	NA	23.9
FCFPS (c)	-0.5	-0.4	-0.4	-0.2	0.9
P/FCF	NA	NA	NA	NA	21.6
DPS (c)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Payout Ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Franking	0%	0%	0%	0%	0%
BVPS (\$)	\$0.01	\$0.02	\$0.02	\$0.01	\$0.02
P/BV	19.9	8.9	11.9	15.0	9.2
NTAPS (\$)	\$0.00	\$0.02	\$0.01	\$0.01	\$0.01
P/NTA	46.9	11.3	15.5	20.0	12.7
EV/Revenue	252.4	155.7	57.0	19.9	5.9
EV/EBITDA	NA	NA	NA	NA	13.8
EV/Revenue (at Target \$0.44)	725.4	447.5	163.7	57.3	16.9
EV/EBITDA (at Target \$0.44)	NA	NA	NA	NA	39.8

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