

Yojee Ltd

(YOJ \$0.049) Speculative Buy

EUROZ

Analyst	Date	Price Target
Seth Lizee	June 2020	\$0.13/sh

Investment case

The logistics landscape is fast evolving with increasing pressure to build efficiencies and meet growing customer demands – YOJ continues to be well positioned with their end-to-end solution. We continue to see the blue sky opportunity present. Although revenues have not met our earlier expectations for a number of reasons (including COVID-19) we still see them emerging in time. We further acknowledge the solid wins YOJ has made in recent times – topped by the recent Kuehne + Nagel (K+N) agreement signed, K+N is a world leading logistics company. The YOJ investment case continues to be predicated on signing new commercial SaaS agreements, and top 10 global logistics provider Geodis driving material revenue in the medium term.

We maintain our Speculative Buy Recommendation and \$0.13/sh. Price Target.

Key points

- Kuehne + Nagel (Philippines) 3yr services agreement signed
 - Enterprise level project with YOJ for its SaaS logistics platform solution;
 - Platform will be integrated into K+N Philippines and a eCommerce fulfilment customer;
 - Project rollout is underway and is expected to go live by end July 2020
- We are particularly encouraged by prospect of YOJ working with one of, it not the largest global logistics providers and the possibility of further opportunities emerging over time;
 - We see this highlighted by YOJ describing K+N's "Clear focus on IT-based integrated logistics solutions and growth in Asia"
- Kuehne + Nagel global is a world leading logistics provider, founded in 1890 the company has 83,000 employees across 1,400 locations in over 100 countries;
 - #1 Global Sea freight forwarder
 - #2 Global air cargo forwarder
 - #2 Global contract logistics provider
- The 3-yr services agreement is subject to standard enterprise termination clauses
 - Including K+N termination on 90 days' notice, following an initial 9 months and only in the event of a discontinuation of its eCommerce fulfilment customer
- Further details at this time are unknown, however we would expect more updates into FY'21 when the project is expected to go live
- We maintain our 0.13/sh. Valuation and Price Target
- YOJ cash at bank stood at -\$5.49m as of Q3, no debt (ex. Lease liabilities)

Yojee Ltd	Year End 30 June	
Share Price	0.049	A\$/sh
Price Target	0.13	A\$/sh
Valuation (DCF)	0.12	A\$/sh
WACC	11.0%	
Terminal Growth	3.0%	
Shares on issue	923.6 m,	diluted
Market Capitalisation (Fully diluted)	49.6	A\$m
Enterprise Value	44.3	A\$m
Debt (Mar'20, inc AASB16)	0.3	A\$m
Cash (Mar'20)	5.5	A\$m

Key Financials	2019a	2020f	2020f
Revenue (A\$m)	1.4	0.8	2.3
EBITDA (A\$m)	-3.7	-4.3	-2.9
EBIT (A\$m)	-3.7	-4.3	-2.9
Reported NPAT (A\$m)	-4.4	-4.3	-2.9
Normalised NPAT (A\$m)	-3.7	-4.9	-2.5
Gross Cashflow (A\$m)	-4.1	-4.3	-2.9
Capex (A\$m)	-1.9	-1.4	-1.5
Op. Free Cashflow (A\$m)	-6.3	-5.9	-4.4
Revenue Growth (%)	99%	-42%	184%
EBITDA Growth (%)	na	-15%	33%
Norm. NPAT Growth (%)	35%	-31%	48%
Normalised EPS (Ac)	-0.40	-0.48	-0.25
Norm. EPS growth (%)	41%	20%	47%
PER (x)	-12.2	-10.2	-19.3
EV:EBITDA (x)	-11.9	-10.3	-15.4
EV:EBIT (x)	-11.9	-10.3	-15.3
DPS (cps)	0.00	0.00	0.00
Dividend Yield (%)	0.0%	0.0%	0.0%
Net Debt (A\$m)	-3.4	-4.2	-4.8
Net Debt:Equity (%)	net cash	net cash	net cash
Interest Cover (x)	na	na	na

Share Price Chart



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Financial Statements	2019a	2020f	2021f	Performance Ratios	2019a	2020f	2021f
Income Statement				Growth & Margins			
Revenue	1.4	0.8	2.3	Revenue Growth	99%	-42%	184%
COGS	0.0	0.0	0.0	EBITDA Growth	na	-15%	33%
(-) OPEX	-5.1	-5.1	-5.2	EBIT Growth	35%	-16%	33%
EBITDA	-3.7	-4.3	-2.9	Normalized Net Profit Growth	35%	-31%	48%
Depreciation & amortisation	0.0	0.0	0.0	EBITDA margin	-270.2%	-535.0%	-126.3%
(+/-) Abnormals pre tax	0.0	0.0	0.0	EBIT margin	-270.2%	-536.5%	-127.0%
EBIT	-3.7	-4.3	-2.9	Normalized net profit margin	-270.2%	-608.3%	-111.0%
Net Interest income/(expense)	0.0	0.0	0.0	Effective tax rate	0%	0%	0%
Associates	0.0	0.0	0.0	Liquidity			
Other income/(expense)	0.0	0.0	0.0	Capex/depreciation (x)	na	122.7	96.0
Abnormal items (pretax)	-0.7	0.0	0.0	Current ratio (x)	-5.3	-8.9	-8.1
EBT	-4.4	-4.3	-2.9	Quick ratio (x)	-13.4	-53.3	-22.2
Tax expense	0.0	0.0	0.0	Receivable days	37	40	25
Discontinued operations	0.0	0.0	0.0	Inventory days	0	0	0
Minority interest	0.0	0.0	0.0	Payable days	-32	-12	-11
Preference Dividends	0.0	0.0	0.0	Risk Measures			
Reported Earnings	-4.4	-4.3	-2.9	Dividend Cover (x)	na	na	na
Adjustments (one off)	0.7	-0.6	0.4	Payout ratio (%)	0%	0%	0%
Normalized Net Profit	-3.7	-4.9	-2.5	Net interest cover (x)	na	na	na
Dividends	0.0	0.0	0.0	Net debt/equity (%)	net cash	net cash	net cash
Retained earnings	-3.7	-4.9	-2.5	Returns			
Cash flow (A\$m)				Return on average capital employed (%)	-126%	-97%	-55%
Pretax Profit	-4.4	-4.9	-3.6	Return on invested capital (%)	-114%	-79%	-46%
+ Depreciation	0.0	0.6	0.7	WACC (%)	11%	11%	11%
+/- associates profit/loss	0.0	0.0	0.0	Return on assets (%)	-43%	-42%	-24%
+ associates dividends	0.0	0.0	0.0	Return on average equity (%)	-68%	-48%	-28%
+ Foreign Exchange loss/(gain)	0.0	0.0	0.0	Company cost of equity (%)	11%	11%	11%
- Tax Paid	0.0	0.0	0.0	Share Data/Valuation			
+ inc (- dec) in provisions	0.1	0.0	0.0	Share Data			
+/- writedowns/revs	0.0	0.0	0.0	Issued shares (m)	853	983	983
- Profit/+ loss on disposal	0.0	0.0	0.0	Weighted ave shares (m)	810	918	983
+/- Other	0.2	0.0	0.0	Fully diluted shares (m)	924	1012	995
Gross Cashflow	-4.1	-4.3	-2.9	Basic EPS (c)	-0.5	-0.5	-0.3
- Capital expenditure	-1.9	-1.4	-1.5	YoY change (%)	43%	-13%	37%
+/- Changes in working capital	-0.3	-0.2	0.0	Fully diluted EPS (c)	-0.5	-0.4	-0.3
Operating Free Cashflow	-6.3	-5.9	-4.4	YoY change (%)	30%	-10%	32%
+/- Acq of subs/other investments	0.0	0.0	0.0	Fully diluted normalised EPS (c)	-0.4	-0.5	-0.3
- Dividends	0.0	0.0	0.0	YoY change (%)	41%	20%	47%
+ Proceeds from equity raised	7.6	6.7	5.0	Dividend cps	0.00	0.00	0.00
+/- Proceeds from disp of subs/FAs	0.0	0.0	0.0	Franking (%)	100%	100%	100%
+/- Minority interests	0.0	0.0	0.0	FCF/share (c)	-0.8	-0.6	-0.4
+/- Other	0.0	0.0	0.0	NBV/share (c)	0.9	1.0	1.1
Net cashflow	1.3	0.8	0.6	NTA/Share (c)	0.3	0.4	0.5
Cash at beginning of period	2.0	3.4	4.2	Valuation			
Cash at end of period	3.4	4.2	4.8	PER (Basic) (x)	-9.1	-10.5	-16.6
Balance Sheet (\$m)				PER (Fully diluted) (x)	-10.3	-11.5	-16.8
Cash	3.4	4.2	4.8	PER (Fully diluted, normalized) (x)	-12.2	-10.2	-19.3
Receivables	0.1	0.1	0.2	P/FCPS (x)	-6.3	-7.7	-11.1
Inventory	0.0	0.0	0.0	Price/NBV (x)	5.2	4.9	4.3
Other financial assets	0.1	0.1	0.1	Price/NTA (x)	14.3	12.2	10.5
Current tax assets	0.0	0.0	0.0	Dividend Yield (%)	0.0%	0.0%	0.0%
Loan receivables	0.0	0.0	0.0	Fully diluted normalized 3 yr EPS Cagr (%)	na	na	na
Current assets	3.6	4.3	5.1	PEG ratio (x)	na	na	na
Receivables	0.0	0.0	0.0	EV	41.9	45.4	43.9
Property, plant and equipment	0.0	0.1	0.1	EV/EBITDA (x)	-11.9	-10.3	-15.4
Goodwill	0.0	0.0	0.0	EV/EBIT (x)	-11.9	-10.3	-15.3
Other Intangibles	5.1	5.9	6.6	EV/Revenue (x)	32.2	55.3	19.5
Other	0.0	0.0	0.0	NPV (A\$/sh)	0.12		
Deferred Tax Assets	0.0	0.0	0.0	WACC (%)	11%		
Non current assets	5.1	6.0	6.7	Other Information			
Total Assets	8.7	10.3	11.8	Major shareholders:			
Payables	0.3	0.1	0.2	Reef Investments			9%
Interest bearing liabilities	0.0	0.0	0.0	Estimated free float (m)			805
Provisions	0.1	0.1	0.1	12-mth High/Low (A\$/sh)			0.125-0.012
Other	0.3	0.3	0.3	Average daily volume (m)			2.14
Current tax liabilities	0.0	0.0	0.0	ASX Code			YOJ
Current Liabilities	0.7	0.5	0.6	Next result			Aug-20
Payables	0.0	0.0	0.0	Company Description			
Interest bearing liabilities	0.0	0.0	0.0	Yojee's logistics software utilises Artificial Intelligence (AI) and Machine Learning to optimise and manage delivery operations for the Global logistics industry. Yojee's software is provided via a software as a service (Saas) model to empower small and medium enterprises with the ability to achieve cost efficiencies only the industry giants have enjoyed before, as well as to help large multinationals integrate with SME's for 'last mile' delivery, with a focus on the South East Asian markets			
Provisions	0.0	0.0	0.0				
Deferred tax liabilities	0.0	0.0	0.0				
Non Current Liabilities	0.0	0.0	0.0				
Total Liabilities	0.7	0.5	0.6				
Net Assets	8.0	9.8	11.2				
Contributed equity	25.1	31.8	36.8				
Reserves	0.5	0.5	0.5				
Accumulated profit / (losses)	-17.6	-22.5	-26.1				
Non controlling interests	0.0	0.0	0.0				
Total equity	8.0	9.8	11.2				

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