

Yojee Ltd.

DB Schenker deal illustrates YOJ's potential

On 22 May, Yojee Limited (ASX:YOJ) announced a services agreement with DB Schenker, the world's fourth largest logistics provider with approximately EUR 16.4BN in revenues in 2017.

YOJ and DB Schenker will jointly develop a last mile delivery platform for DB Schenker's Asian operations. The platform will be based on YOJ's existing technology, which is why we believe customization, rather than development, of YOJ's existing platform/solution is probably a better way to describe the process. The project should be completed in the next four months after which time both parties will evaluate next steps.

Deployment across a broad range of services

YOJ will be implementing its technology into DB Schenker's existing eCommerce and last mile delivery operations and will include services such as warehousing, cross-docking, route optimization, wharf cartage and deployment of YOJ's blockchain technology (see our Flash Note on YOJ dated 9 May 2018).

If and when DB Schenker decides to move forward with the deployment of YOJ's technology after the initial four-month deployment period, we believe YOJ will be in a very good position to roll out its services to DB Schenker's entire Asian operations.

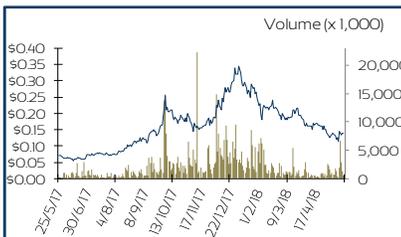
The sheer logistics volumes underline YOJ's potential

In 2017 DB Schenker managed ~100M land transport shipments just in Europe, 1.3M tons of total air freight cargo and 2.2M TEU (twenty-foot equivalent containers) in ocean freight volume. Parent company Deutsche Bahn (DB) achieved EUR 2.6BN in Asian revenues in 2016, which we believe is largely attributable to DB Schenker's 4PL services (fourth-party logistics) given DB's focus on management of rail assets in Europe.

Looking at YOJ's approximate pricing model of US\$ 1.20 per handled container, US\$ 0.40 per pallet and US\$ 0.22 per parcel, we believe the financial potential of customers such as DB Schenker, and UPS Asia for that matter, becomes apparent (YOJ recently started a Blockchain pilot with UPS Asia). Even though implementations/pilots such as these first need to convert into commercial, revenue generating contracts, we believe the traction YOJ has been getting in the Asian market in the last six months bodes very well for future commercial deals.

We reiterate our Buy recommendation for YOJ.

Number of shares (m)	767.4
Number of shares FD (m)	843.9
Market capitalisation (A\$ m)	111.3
Free Float (%)	99%
12 month high/low A\$	0.27 / 0.036
Average daily volume (tr)	2,054



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Flash note

Yojee Limited

(ASX:YOJ)

Software & Services

Australia

Risk: High

Yojee Limited (ASX:YOJ) provides state-of-the-art logistics software that can connect any-size logistics company to create private supply chains or to join Yojee's collaborative cross border logistics network. The company is actively working to incorporate Blockchain technology on top of its Artificial Intelligence backed software solution.

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BUY

Current price: A\$ 0.145

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