



## Yojee Ltd (YOJ.ASX)

*Good Start to the Year*

### Event:

- FY19Q1a report.

### Investment Highlights:

- YOJ released its FY19Q1a report on 30 October** with highlights including strong growth in cash receipts, continued progress in customer wins, and positive progress on UPS and DB Schenker trials.
- Cash receipts growing strongly QoQ:** cash receipts for FY19Q1a increased 87% QoQ to \$118k, in line with FSBe of \$120k. However, revenue for the quarter missed our expectations and was \$173k, up 7% QoQ (FSBe \$461k). The company is committed to winning new clients and growing revenue, and expect an acceleration in revenue and client numbers over the remainder of FY19e.
- Net burn better than expected:** net cash used in operating activities for FY19Q1a was \$2.0M, a 15% improvement on FSBe of \$2.4M. Better than expected product, advertising, and staff outflows were partially offset by higher than anticipated administration costs.
- Eight new SaaS customers for the quarter, tally of 32 at quarter end.** YOJ has signed two new national operators and six SMEs across three countries, while two SMEs were lost to churn. On-boarded customers for the quarter draw from diverse points in the logistics chain highlighting the universal applicability of the YOJ offering. They include express couriers, a freight forwarder, a food and beverage wholesale distributor, a food delivery service, and a logistics operator with operations in wharf cartage, local and long haul, and containers, pallets, and bulk freight.
- Positive progress on UPS and DB Schenker trials:** YOJ has successfully conducted pilots to improve UPS Asia's operational performance, and has also completed initial programs for advanced use cases with DB Schenker. We anticipate YOJ advancing trials with UPS Asia and DB Schenker to contracts.
- Well-funded with no debt:** the company has ~\$7.6M cash at quarter end with no debt, and in our view is well positioned to expand. We believe YOJ can reach cash flow breakeven by as early as CY19e end.

### Earnings and Valuation:

- We maintain forecast earnings, with a loss of \$4.4M in FY19e and maiden profit of \$1.5M in FY20e,** as the company seeks to expand rapidly into new customers, as well as target growth among existing accounts. We continue to anticipate very strong sales growth from YOJ over the forecast horizon, and note the company will need to demonstrate an acceleration in revenue growth and client additions over the remainder of FY19e.
- We maintain an unchanged valuation for YOJ of \$0.12/share using DCF methodology.**

### Recommendation:

- We have an unchanged Buy recommendation and 12-month price target of \$0.12/share,** in line with our DCF valuation.
- Catalysts for the share price** include: 1) contract wins with new partners; 2) growth in existing accounts; 3) cash flow breakeven, as early as CY19e end.

### Disclosures

The analyst does not own YOJ securities.

Foster Stockbroking and associated entities (excluding Cranport Pty Ltd) own 2,550,000 YOJ shares and 250,000 YOJ options.

Cranport Pty Ltd owns 4,744,429 YOJ shares and 500,000 YOJ options. Refer to disclosures at end of report for details.

**Foster Stockbroking acted as Sole Lead Manager to the placement of 80M YOJ shares at \$0.10 per share to raise \$8M in July 2018. Foster Stockbroking received fees for this service.**

<b>Recommendation</b>	Buy			
Previous	Buy			
Risk	High			
<b>Price Target (A\$)</b>	\$ 0.12			
Previous (A\$)	\$ 0.12			
<b>Share Price (A\$)</b>	\$ 0.09			
ASX Code	YOJ			
52 week low - high (A\$)	0.07-0.345			
Methodology	DCF			
<b>Capital structure</b>				
Shares on Issue (M)	847.4			
Options (M)	103.2			
<b>Undiluted Market Cap, A\$M</b>	<b>76.3</b>			
Net Cash/(Debt), A\$M	7.6			
<b>EV (A\$m)</b>	<b>68.6</b>			
12mth Av Daily Volume ('000)	2,931			
<b>Forecasts, A\$M</b>	<b>2018a</b> <b>2019e</b> <b>2020e</b> <b>2021e</b>			
Revenue	0.4	3.1	12.3	20.5
EBITDA	-5.9	-4.4	2.2	6.8
NPAT	-5.7	-4.4	1.5	4.7
EPS, cps	-0.8	-0.5	0.2	0.5
EV/Sales, x	103.0	22.1	5.6	3.4
<b>Shareholders</b>				
Reef Investments	9.0%			
Thorney	5.9%			
The Twentieth Century Motor Company	5.3%			
<b>Board</b>				
Ray Lee	Chairman			
Edward Clarke	Managing Director			
Shannon Robinson	Non-Executive Director			
Jason Marinko	Non-Executive Director			
Sonu Cheema	Company Secretary			

### Share Price Graph



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