



Yojee Ltd (YOJ.ASX)

Continued Client Growth, Imminent Geodis Launch

Event:

- FY20Q1a report.

Investment Highlights:

- YOJ announced its FY20Q1a report on 31 October.** Highlights included new SaaS clients, \$1.2M contracted revenue from existing agreements, and imminent Geodis launch.
- Geodis launch is imminent:** during the quarter, the company executed on the initial deployment of its global leader account, and we expect the launch of its initial Geodis hubs in Singapore, Malaysia, and Thailand very shortly.
- Contracted revenue for coming two years stands at A\$1.2M at September quarter end.** This represents the fixed contract minimum value from existing agreements over the next two years. We note this does not include transaction fees; management expects transaction fees to be a multiple of contracted revenue. We keenly anticipate conversion to revenue and acceleration of cash receipts in coming quarterly reports.
- Q1 cash receipts affected by timing issues:** cash receipts for the quarter were \$156k, +32% vs pcp, but -19% QoQ. The company noted the sequential decrease was due to timing issues, pushing payments into the December quarter. Management also noted improved monthly recurring revenue but did not disclose quantitative data.
- Fourteen new commercial customer SaaS agreements signed during the September quarter.** Signings were up from ten in the previous quarter. Customers included national leaders and SMEs across five countries, including North America. The stand out signing for the quarter was Giga Maritime Group, a national bulk leader in Malaysia moving more than 250k vehicles each year. The company also noted strong account retention and minimal churn.
- YOJ had \$2.1M cash at 30 September, with no debt.** Cash burn for the quarter was \$1.3M.

Earnings and Valuation:

- We have unchanged FY20-22e forecast earnings of -\$1.3M, \$2.0M and \$4.8M.** We continue to anticipate the launch and rollout of key account hubs, and associated transaction fees, will drive accelerated receipts and revenue in coming quarters.
- We have an unchanged valuation for YOJ of \$0.13/share.** We continue to view key global account wins such as Geodis provide greater visibility and a baseline for future revenue, as well as a significant derisking of YOJ's enterprise grade SaaS offering to multinational operators.

Recommendation:

- We continue to recommend YOJ as a Buy with an unchanged price target of \$0.13/share,** in line with our DCF valuation.
- Catalysts for the share price** include: 1) contract wins with new partners, especially additional updates on key global accounts in coming quarters including initial launch for Geodis hubs; 2) growth from existing accounts; 3) updates on project implementation under the key Geodis and Landmark agreements; 4) increased MRR.

Disclosures

The analyst does not own YOJ securities.

Foster Stockbroking and associated entities (excluding Cranport Pty Ltd) own 589,604 YOJ shares and 250,000 YOJ options.

Cranport Pty Ltd owns 4,994,920 YOJ shares and 500,000 YOJ options.

Refer to disclosures at end of report for details.

Recommendation	Buy			
Previous	Buy			
Risk	High			
Price Target (A\$)	\$ 0.13			
Previous (A\$)	\$ 0.13			
Share Price (A\$)	\$ 0.072			
ASX Code	YOJ			
52 week low - high (A\$)	0.055-0.13			
Methodology	DCF			
Valuation (A\$)	\$ 0.13			
Valuation Methodology	DCF			
Capital structure				
Shares on Issue (M)	847.4			
Options (M)	77.7			
Undiluted Market Cap, A\$M	61.0			
Net Cash/(Debt), A\$M	2.1			
EV (A\$m)	58.9			
12mth Av Daily Volume ('000)	1,395			
Forecasts, A\$m				
Revenue	2019a	2020e	2021e	2022e
	0.5	4.5	9.1	13.7
EBITDA	-4.6	-1.3	2.8	6.9
NPAT, underlying	-4.5	-1.3	2.0	4.8
EPS, cps	-0.5	-0.1	0.2	0.5
EV/Sales, x	45.0	13.1	6.5	4.3
Shareholders				
Reef Investments	6.3%			
Thorney	5.9%			
The Twentieth Century Motor Company	5.3%			

Board

Ray Lee	Chairman
Edward Clarke	Managing Director
Shannon Robinson	Non-Executive Director
Gary Flowers	Non-Executive Director
Sonu Cheema	Company Secretary

Share Price Graph



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