

Lleida.net

BUY

The signals, the signals !!! ... the rebound continues

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Following a good set of 1Q24 results, Lleida.net published last week a 4-month trading update that comes to consolidate the positive trends already seen during the start of the year.

We have isolated and compared just the month of April 24 vs April 23 with 1Q24 vs 1Q23 to conclude the signals remain positive, reaffirming our expectations for the whole of 2024.

A 33% increase in Sales during April 2024 vs a 7% in 1Q24 vs 1Q23. The most noteworthy among the divisions is the strong ICX recovery of +75% in April compared with a 34% decline throughout 2023.

Software services (Contracting, Notification and Other SaaS) started the first quarter of the year with 4% decline, to then recover some 13% in April compared to last year. Similar trend seen in SMS Solutions with a 16% revenue increase in April.

On the operating costs side, the good news continues as well. April saw a 15% decline and the monthly cash Opex was slightly below the average of the 1Q24, which suggests that costs remain under control.

Lleida.net is proving it can now begin to do more with less, which is positive for shareholders.

We are maintaining our 12-18 month price target of €3.00, which would place the stock on a 2025 EV/Ebitda (cash) multiple of 20x to reflect our unchanged estimates.

We fundamentally believe that Lleida.net remains a sound SaaS play with a strong franchise in the SMS space.

Equities

BME Growth

Price (5pm 6/5/24): €1,32

RIC: LLN.MC

Target Price (12-18 m): €3.00

52-Wk range (€): 1.83 - 0.80
 Cap. Bur. (€ millones): 21,2
 No. Shares (millions): 16,05
 Avg. daily Vol. (€.,12m): 48k
 Daily volatility (avg. LTM): 4,7%

Price Chart (12 months)



| (€ millions) | 2023 | 2024e | 2025e | 2026e |
|------------------|--------------|-------------|-------------|-------------|
| Turnover | 16,6 | 18,8 | 20,4 | 22,1 |
| Ebitda | -1,2 | 2,1 | 2,8 | 3,3 |
| Net Profit | -2,7 | 0,6 | 1,1 | 1,6 |
| EPS | -0,17 | 0,03 | 0,07 | 0,10 |
| Net Debt | 9,5 | 8,0 | 6,2 | 3,6 |
| EV/Sales | 1,8 | 1,6 | 1,3 | 1,1 |
| EV/Ebitda | -25,5 | 13,6 | 9,9 | 7,4 |
| P/E | -8,0 | 38,2 | 19,9 | 13,5 |
| CFY | -7% | 9% | 11% | 13% |

Stronger reported April 24 numbers compared to 1Q24

Lleida Net has published accumulated numbers for the first four months of the year, and we have just subtracted the announced numbers with the first quarter to arrive at the single April performance.

The positive trend points towards better 2Q24 results, which should provide greater confidence to our forecasts.

| | 1Q23 | 4M23 | April 23 | 1Q24 | 4M24 | April 24 | 1Q vs 1Q | 4m vs 4m | A vs A |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|
| <i>Contracting</i> | 766 | 998 | 232 | 804 | 1.100 | 296 | 5% | 10% | 28% |
| <i>Notification</i> | 506 | 582 | 76 | 507 | 700 | 193 | 0% | 20% | 154% |
| <i>Other SaaS</i> | 989 | 1.250 | 261 | 864 | 1.020 | 156 | -13% | -18% | -40% |
| Software Services | 2.261 | 2.830 | 569 | 2.175 | 2.820 | 645 | -4% | 0% | 13% |
| SMS Solutions | 797 | 1.051 | 254 | 757 | 1.052 | 295 | -5% | 0% | 16% |
| ICX | 1.633 | 2.008 | 375 | 1.781 | 2.437 | 656 | 9% | 21% | 75% |
| Turnover | 4.691 | 5.889 | 1.198 | 4.713 | 6.309 | 1.596 | 0% | 7% | 33% |
| Cost of sales | -1.907 | -2.425 | -518 | -2.174 | | 2.174 | | | |
| Gross Profit | 2.784 | 3.464 | 680 | 2.539 | 3.354 | 815 | -9% | -3% | 20% |
| <i>Gross Margin</i> | 59% | 59% | 57% | 59% | 53% | 51% | | | |
| Capitalized costs (R&D)* | 239 | 304 | 65 | 243 | 333 | 90 | 2% | 10% | 38% |
| Depreciation + Provisions | -550 | -696 | -146 | -519 | -691 | -172 | -6% | -1% | 18% |
| Cash Opex | -2.634 | -3.439 | -805 | -2.116 | -2.799 | -683 | -20% | -19% | -15% |
| Operating Income | -161 | -367 | -206 | 147 | 197 | 50 | n.m. | n.m. | n.m. |
| <i>Margin</i> | -3% | -6% | -17% | 3% | 3% | 3% | | | |
| Ebitda | 389 | 329 | -60 | 666 | 888 | 222 | 71% | 170% | n.m. |
| <i>Margin</i> | 8% | 6% | -5% | 14% | 14% | 14% | | | |
| Ebitda (cash) | 150 | 25 | -125 | 423 | 555 | 132 | 182% | 2120% | n.m. |
| <i>Ebitda Margin</i> | 3% | 0% | -10% | 9% | 9% | 8% | | | |
| Financial Results | -115 | -116 | -1 | -36 | -56 | -20 | n.m. | n.m. | n.m. |
| Profit Before Tax | -276 | -483 | -207 | 111 | 141 | 30 | n.m. | n.m. | n.m. |

Source: LLN, Checkpoint partners

Profit and Loss Account 2023-2026e

| (€ millions) | 2023e | 2024e | 2025e | 2026e |
|---|-------------|-------------|-------------|-------------|
| Sales by division | | | | |
| <i>Contracting</i> | 3,1 | 3,5 | 3,9 | 4,3 |
| <i>Notification</i> | 1,6 | 2,0 | 2,2 | 2,4 |
| <i>Other SaaS</i> | 2,9 | 3,5 | 4,1 | 4,6 |
| Software Services | 7,6 | 9,0 | 10,2 | 11,3 |
| SMS Solutions | 3,3 | 3,6 | 3,7 | 3,9 |
| ICX | 5,6 | 6,2 | 6,5 | 6,8 |
| Turnover | 16,6 | 18,8 | 20,4 | 22,1 |
| Cost of sales | -7,3 | -8,0 | -8,6 | -9,0 |
| Gross Profit | 9,3 | 10,7 | 11,9 | 13,0 |
| <i>% y-o-y growth</i> | -14% | 16% | 11% | 10% |
| <i>Gross Margin</i> | 56% | 57% | 58% | 59% |
| Capitalized costs (R&D) | 0,9 | 0,9 | 0,9 | 0,9 |
| Personnel Expenses | -7,0 | -5,5 | -5,8 | -6,2 |
| Other SG&A | -3,5 | -3,1 | -3,3 | -3,5 |
| Depreciation | -2,1 | -2,2 | -2,1 | -2,2 |
| Operating Income | -2,5 | 0,8 | 1,5 | 2,1 |
| <i>Operating Margin</i> | -15% | 5% | 7% | 9% |
| Ebitda | -0,3 | 3,0 | 3,6 | 4,2 |
| <i>Ebitda Margin</i> | -2% | 16% | 18% | 19% |
| Ebitda (ex-capitalizations) | -1,2 | 2,1 | 2,8 | 3,3 |
| <i>Ebitda Margin</i> | -7% | 11% | 13% | 15% |
| Financial Results | -0,3 | -0,2 | -0,2 | -0,1 |
| Profit Before Tax | -2,7 | 0,7 | 1,2 | 2,0 |
| Tax | 0,1 | -0,1 | -0,2 | -0,4 |
| Net Income | -2,7 | 0,6 | 1,1 | 1,6 |
| Net income attr. to shareholders | -2,6 | 0,6 | 1,1 | 1,6 |
| Minority Interest | 0,0 | 0,0 | 0,0 | 0,0 |
| Cash Flow | -1,4 | 1,8 | 2,3 | 2,8 |

Source: LLN, Checkpoint partners

Balance Sheet 2023-2026e

| (€ millions) | 2023 | 2024e | 2025e | 2026e |
|------------------------------------|-------------|-------------|-------------|-------------|
| Fixed Assets | 10,8 | 9,9 | 9,4 | 8,6 |
| Intangible Assets | 9,5 | 8,8 | 8,2 | 7,3 |
| Tangible Assets | 0,5 | 0,5 | 0,6 | 0,6 |
| Investments in Group Companies | 0,0 | 0,0 | 0,0 | 0,0 |
| Other Investments | 0,1 | 0,1 | 0,1 | 0,1 |
| Deferred Assets | 0,6 | 0,5 | 0,6 | 0,6 |
| Current Assets | 6,8 | 6,7 | 7,3 | 9,6 |
| Debtors | 5,1 | 5,7 | 6,2 | 6,5 |
| Short Term Investments | 0,4 | 0,4 | 0,4 | 0,4 |
| Short Term Accruals | 0,3 | 0,3 | 0,3 | 0,3 |
| Cash | 1,0 | 0,3 | 0,4 | 2,3 |
| Assets | 17,6 | 16,6 | 16,6 | 18,2 |
| Shareholders' Funds | 3,0 | 4,0 | 5,6 | 7,6 |
| <i>Capital</i> | 0,3 | 0,3 | 0,3 | 0,3 |
| <i>Share Premium</i> | 5,2 | 5,2 | 5,2 | 5,2 |
| <i>Reserves</i> | 1,5 | -1,0 | -0,5 | 0,6 |
| <i>Repurchase of share capital</i> | -1,4 | -0,9 | -0,4 | 0,0 |
| <i>Profit and Loss account</i> | -2,6 | 0,6 | 1,1 | 1,6 |
| Long Term Provisions | 0,2 | 0,2 | 0,2 | 0,2 |
| Long Term Debt | 5,5 | 5,0 | 3,3 | 2,6 |
| Current Liabilities | 8,7 | 7,2 | 7,3 | 7,5 |
| Short Term Debt | 5,4 | 3,8 | 3,8 | 3,8 |
| Provisions | 0,0 | 0,0 | 0,0 | 0,0 |
| Creditors | 3,3 | 3,4 | 3,5 | 3,7 |
| Liabilities | 17,1 | 16,2 | 16,2 | 17,7 |
| (€ millions) | | | | |
| Dividends | 0,0 | 0,0 | 0,0 | 0,0 |
| Working Capital | 1,9 | 2,3 | 2,6 | 2,8 |
| Debtor Turnover (days) | 118 | 106 | 106 | 105 |
| Creditor Turnover (days) | 65 | 73 | 71 | 71 |
| Financial Debt | 9,7 | 8,7 | 7,0 | 6,3 |
| Cash | 1,4 | 0,7 | 0,8 | 2,7 |
| Net Debt | 9,5 | 8,0 | 6,2 | 3,6 |

* The Net Financial Debt forecasts takes into account the €1.1million owed in shares to InDenova's selling shareholders and held by lleida.net as Treasury Stock.

Source: LLN, Checkpoint partners

Checkpoint Recommendation System

The Checkpoint Recommendation System is based on absolute returns, measured by the upside potential (including dividends and capital reimbursement) over a 12-month time horizon. Checkpoint recommendations (or ratings) for each stock comprises 3 categories: Buy (B), Neutral (N) and Sell (S).

Buy: the stock is expected to generate total return of over 15% during the next 12 months time horizon

Neutral: the stock is expected to generate total return of -15% to +15% during the next 12 months time horizon

Sell: the stock is expected to generate total return under -15% during the next 12 months time horizon.

History of recommendations

| Date | Recommen. | Price (€) | Target P.(€) | Period | Analyst |
|------------|-----------|-----------|--------------|-----------|-------------------|
| 16.03.2018 | BUY | 0,84 | 1,13 | 12 months | Guillermo Serrano |
| 17.03.2018 | BUY | 1.11 | 1.53 | 12 months | Guillermo Serrano |
| 17.07.2018 | BUY | 1.15 | 1.53 | 12 months | Guillermo Serrano |
| 17.10.2018 | BUY | 1.03 | 1.53 | 12 months | Guillermo Serrano |
| 24.01.2019 | BUY | 1.06 | 1.53 | 12 months | Guillermo Serrano |
| 24.04.2019 | BUY | 0.92 | 1.40 | 12 months | Guillermo Serrano |
| 23.07.2019 | BUY | 0.87 | 1.40 | 12 months | Guillermo Serrano |
| 21.10.2019 | BUY | 1.01 | 1.60 | 12 months | Guillermo Serrano |
| 21.01.2020 | BUY | 1.35 | 1.80 | 12 months | Guillermo Serrano |
| 21.04.2020 | BUY | 1.75 | 3.00 | 12 months | Guillermo Serrano |
| 21.07.2020 | BUY | 4,34 | 6.00 | 12 months | Guillermo Serrano |
| 26.10.2020 | BUY | 8,90 | 12.00 | 12 months | Guillermo Serrano |
| 26.01.2021 | BUY | 6.00 | 11.35 | 12 months | Guillermo Serrano |
| 20.04.2021 | BUY | 6.28 | 11.15 | 12 months | Guillermo Serrano |
| 22.07.2021 | BUY | 5.59 | 11.15 | 12 months | Guillermo Serrano |
| 11.11.2021 | BUY | 4.38 | 9.00 | 12 months | Guillermo Serrano |
| 22.02.2022 | BUY | 3.24 | 9.00 | 12 months | Guillermo Serrano |
| 04.05.2022 | BUY | 4.06 | 9.00 | 12 months | Guillermo Serrano |
| 11.08.2022 | BUY | 2.50 | 7.50 | 12 months | Guillermo Serrano |
| 25.10.2022 | BUY | 1.84 | 6.00 | 12 months | Guillermo Serrano |
| 09.03.2023 | BUY | 2.27 | 5.00 | 12 months | Guillermo Serrano |
| 10.05.2023 | BUY | 1.64 | 5.00 | 12 months | Guillermo Serrano |
| 05.09.2023 | BUY | 1.15 | 3.00 | 12 months | Guillermo Serrano |

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