

# Yojee Ltd

## (YOJ \$0.20) Speculative Buy

EUROZ

Analyst	Date	Price Target
Seth Lizee	25 <sup>th</sup> September 2020	\$0.50/sh ▲ from \$0.43/sh

### \$20m Equity Raise – Funded for Growth

#### Investment case

YOJ has successfully completed a \$20m placement. This raising places YOJ in a strong position to grow its transactional volume and expand its overall market share, through existing and new agreements. Our Price Target increases as a result of the capital injection serving to de-risk YOJ's financial capacity to secure and roll-out its platform into new markets. To that end, the opportunity is huge.

The Global logistics industry accounts for +US\$9 trillion annually, parcel movements alone are forecasted to surpass 100 billion this year and double to 200 billion by 2025. Industry wide changes are creating new demands and issues driving rapid increases in digitisation. YOJ's comprehensive cloud based logistics SaaS platform is well placed to solve these issues. YOJ's recent agreements show growing demand for the platform, securing agreements with three major global logistics companies who have +\$100 billion in combined revenues. The YOJ investment case is predicated on the rollout of its logistics platform with Geodis, Kuehne+Nagel, and Maersk's in parallel to signing new SaaS agreements, thereby growing revenue scale through rapidly increasing market share.

**We maintain our Speculative Buy recommendation with an increased \$0.50/sh. Price Target.**

#### Key points

- \$20m Placement, single tranche 100m shares at \$0.20/sh.
- Funds to be used for:
  - Support and fast track new and existing agreement rollouts
  - Fast tracking additional platform features and functionality
  - General working capital
- YOJ now has \$24.3m in pro-forma cash at bank
- This additional funding now places YOJ in a strong position to grow its transactional volume and overall market share via new agreements and additional market rollout
- The associated dilutionary impact is more than off-set by the reduction in funding risk, a consequence of the capital injection
- As a result our Valuation and Price Target has increased to \$0.50/sh up from \$0.43/sh
- We maintain our Speculative Buy recommendation with key catalyst going forward:
  - **Country Rollout:** Rollout of the platform within the initial countries and beyond. We see additional country rollouts providing further third party validation of the platform in addition to being a leading indicator of volume growth.
  - **Volume Growth:** Demonstrating increasing transactional volume through the YOJ platform, to which YOJ is paid a variable transactional fee. Increased volume highlights the scalability and stability of the platform in addition to growing revenues.
  - **New SaaS agreements:** Signing further SaaS agreements with companies of the ilk of K+N, A.P. Moller – Maersk, and Geodis. The sheer global scale of these companies creates significant opportunities for YOJ.

Yojee Ltd	Year End 30 June	
Share Price	0.20	A\$/sh
Price Target	0.50	A\$/sh
Valuation	0.50	A\$/sh

Shares on issue	1146.0m, diluted
Market Capitalisation	229.2 A\$m
Enterprise Value	201.4 A\$m
Debt	0.0 A\$m
Unpaid cap	3.5 A\$m
Cash, proforma	24.3 A\$m

Turnover	2.3m	sh/day
12 Mth Hi-Lo	0.29-0.012	A\$/sh
Balance date	June 30th	

#### Directors & Management

Ed Clarke	Co-founder & MD
Vivek Gudapur	CTO
Ciaran Gunne	CFO
Paul Bell	Chief Exp. Officer
David Morton	Chairman
Ray Lee	NED
Gary Flowers	NED

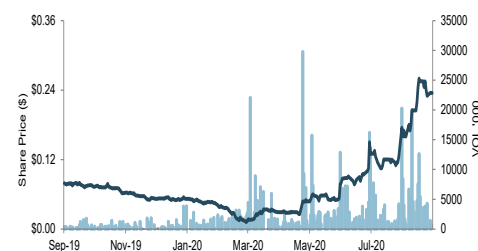
#### Shareholders

Reef Investments	5.9%
TIGA Trading	3.8%
Ravenhill Investments	3.6%

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Telephone: +61 8 6489 1600  
yojee.com

#### Share Price Chart



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## Yojee Ltd

**(YOJ \$0.20) Speculative Buy****Analysis**

- YOJ has secured \$20m in additional equity funding. This strengthens the Balance Sheet providing a robust run-way for growth.
- YOJ is now in a very strong position to roll out its platform, grow transactional volume, and market share.
- On top of this, YOJ further comments on using funds to fast track new features and functionality for the platform. This should further build on and strengthen YOJ's platform offering - potentially driving new agreements in the medium term.
- YOJ currently has agreements with 3 major global logistics and shipping companies, all signed in the last 12 months:
  - Kuehne+Nagel
  - Geodis
  - A.P. Moller Maersk
- The Kuehne+Nagel project has already gone live ahead of schedule in the Philippines with significant headway made - we estimate already achieving most of the +1million movements which occurred in the first two months of this financial year;
- We anticipate further transactional growth to come from this existing project in the coming months. Beyond this we see potential for its reach to expand into other countries: there remains significant volume growth opportunities in the region. An expansion of this Agreement's scope would provide further third party validation of the platform and its success.
- In addition to this, we remain focused on the rollouts of Geodis and A.P. Moller - Maersk: Maersk is slated to go live in November this year.
- The basis of our current valuation relies on estimating what revenues we believe YOJ can achieve in 3 years' time from each of the existing agreements

Geodis	Units	Sub-contractors	Hubs	Total
Subscription(s)*				
TAM	#	1,500	50	
(x) Avg Pricing	US\$/month	500	3,000	
Annual Revenue Potential	US\$m	9.0	1.8	10.8
Annual Revenue Potential	A\$m	12.9	2.6	15.4
Transactions**				
Parcels/year	m			13
(x) Avg Pricing	US\$/parcel			0.2
Annual Revenue Potential	US\$m			2.9
Annual Revenue Potential	A\$m			4.1
Annual Region Total	A\$m			19.5
Estimated Contract Penetration*	%			65%
Implied annual Revenues	A\$m			12.7
*ESL assumptions				
**Sources: Geodis Website, Geodis CSR Report, Yojee presentation, ESL assumption				

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## Yojee Ltd

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Kuehne+Nagel	Units	Figures
K+N Annual TAM*	US\$m	258.8
K+N Annual TAM	A\$m	369.6
(x) assumed penetration**	%	5.0%
Implied annual Revenues	A\$m	18.5
*Source: previous research, quantifying TAM		
**ESL Assumption		

A.P. Moller - Maersk	Units	Figures
Transactions		
Annual Global Container Demand*	m	193.1
(x) Maersk Est. Market Share**	%	16.6%
Implied Annual Container movements	m	32.1
(x) Asia portion***	%	33%
Implied Annual Containers/yr	m	10.7
(x) Avg Pricing****	US\$/container	1.2
Implied Revenue Potential	US\$m	12.8
Implied annual Revenues	A\$m	18.3
*Mckenzie&co Container transport report, ESL assumption		
**Maersk 2Q'2020 presentation		
***ESL assumption		
****YOJ presentation		

Total Valuation	Units	Figures
(+) Geodis	A\$m	12.7
(+) Kuehne+Nagel	A\$m	18.5
(+) A.P. Moller - Maersk	A\$m	18.3
Implied annual Revenues	A\$m	49.5
(x) Fwd 3yr EV/Rev*	x	10.9
Implied EV	A\$m	540
(+) Net Cash**	A\$m	24.3
(+) Unpaid Capital	A\$m	3.5
Diluted Equity Value	A\$m	568
(/) SOI, Fully diluted	m	1,146
Valuation per Share	A\$/sh	\$0.50

\*Peer set median

\*\*Proforma, post raising

However, the investment thesis for YOJ is more about market penetration and growing market share into a massive and growing global logistics market

New agreements and roll-outs into new countries will exponentially grow transactional volume and with it the implied revenue run-way.

### Price Target

Our new \$0.50/sh. Price Target has increased post equity raising, we see this justified as a result of de-risking funding and providing run-way for growth. Similarly our Price Target per the analysis requires YOJ achieving the level of growth we describe, achieving ~A\$49.5m in annual revenues within 3yrs time. As discussed we see further potential upside should YOJ expand these agreements beyond the constrains of our assumptions or win new SaaS agreements altogether. The factors surrounding these assumptions further drive our Speculative Buy recommendation

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