

Lleida.net

BUY

... and the numbers keep on climbing in May

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7am, 24th June 2024*

A new trading update, just published, has confirmed the positive operating trend since the start of 2024. Extrapolating for the published 5-month numbers, May 2024 saw a 19% sales increase, a 20% Gross Profit increase and a 23% drop in cash Opex in May.

Good news too in reported sales across Software Services (+7%), SMS Solutions (+11%) and SMS ICX (+44%) divisions during the month of May, a similar trend as April, and far superior to the 0% sales growth of 1Q24.

The most important element of this trading update is the rebound in the operating numbers taking on a better quality shape, compared with 1Q24 numbers.

Roughly half the improvement in Ebitda (cash) during this 2Q24 is coming from the rebound in Gross Profits and the other half from cost cuttings. In 1Q24, the entirety of the +182% improvement in Ebitda (cash) came from cost cutting.

We believe this to be important because the market is yet to give Lleida net credit for this (1Q24 results saw a share price upswing from €0.90 on April 29th, date of the announcement, to €1.30 on May 6th six trading days later). Its been trading sideways since, despite the superior quality April trading results, so the confirmation of the trend in these May results could provide a short term boost to the share price.

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.

Equities

BME Growth

Price (5pm 21/6/24): €1,25

RIC: LLN.MC

Target Price (12-18 m): €3.00

52-Wk range (€):	1.82 - 0.69
Cap. Bur. (€ millones):	20.0
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	-24,5	13,6	9,9	7,4
P/E	-7,5	38,2	19,9	13,5
CFY	-7%	9%	11%	13%

(€ '000)	1Q24	4M24	5M24	april 24	may-24	1Q24 vs 1Q23	4m24 vs 4m23 vs	5m24 vs 5m23 vs	April24 vs April23	May24 vs may-23
<i>Contracting</i>	804	1.100	1.321	296	221	5%	10%	2%	28%	-26%
<i>Notification</i>	507	700	869	193	169	0%	20%	24%	154%	42%
<i>Other SaaS</i>	864	1.020	1.312	156	292	-13%	-18%	-11%	-40%	34%
Software Services	2.175	2.820	3.502	645	682	-4%	0%	1%	13%	7%
SMS Solutions	757	1.052	1.400	295	348	-5%	0%	3%	16%	11%
ICX	1.781	2.437	3.036	656	599	9%	21%	25%	75%	44%
Turnover	4.713	6.309	7.938	1.596	1.629	0%	7%	9%	33%	19%
Cost of sales	-2.174	-2.955	-3.715	-781	-760					
Gross Profit	2.539	3.354	4.223	815	869	-9%	-3%	1%	20%	20%
<i>Gross Margin</i>	59%	53%	53%	51%	53%					
Capitalized costs (R&D)*	243	333	426	90	93	2%	10%	12%	38%	24%
Depreciation + Provisions	-519	-691	-869	-172	-178	-6%	-1%	2%	18%	17%
Cash Opex	-2.116	-2.799	-3.484	-683	-685	-20%	-19%	-20%	-15%	-23%
Operating Income	147	197	296	50	99	n.m.	n.m.	n.m.	n.m.	n.m.
<i>Margin</i>	3%	3%	4%	3%	6%					
Ebitda	666	888	1.165	222	277	71%	170%	396%	n.m.	n.m.
<i>Margin</i>	14%	14%	15%	14%	17%					
Ebitda (cash)	423	555	739	132	184	182%	2120%	-613%	n.m.	n.m.
<i>Ebitda Margin</i>	9%	9%	9%	8%	11%					
Financial Results	-36	-56	-98	-20	-42	n.m.	n.m.	n.m.	n.m.	n.m.
Profit Before Tax	111	141	198	30	57	n.m.	n.m.	n.m.	n.m.	n.m.

(€ '000)	1Q23	4M23	5M23	april 23	may-23
<i>Contracting</i>	766	998	1.296	232	298
<i>Notification</i>	506	582	701	76	119
<i>Other SaaS</i>	989	1.250	1.468	261	218
Software Services	2.261	2.830	3.465	569	635
SMS Solutions	797	1.051	1.365	254	314
ICX	1.633	2.008	2.424	375	416
Turnover	4.691	5.889	7.254	1.198	1.365
Cost of sales	-1.907	-2.425	-3.067	-518	-642
Gross Profit	2.784	3.464	4.187	680	723
<i>Gross Margin</i>	59%	59%	58%	57%	53%
Capitalized costs (R&D)*	239	304	379	65	75
Depreciation + Provisions	-550	-696	-848	-146	-152
Cash Opex	-2.634	-3.439	-4.331	-805	-892
Operating Income	-161	-367	-613	-206	-246
<i>Margin</i>	-3%	-6%	-8%	-17%	-18%
Ebitda	389	329	235	-60	-94
<i>Margin</i>	8%	6%	3%	-5%	-7%
Ebitda (cash)	150	25	-144	-125	-169
<i>Ebitda Margin</i>	3%	0%	-2%	-10%	-12%
Financial Results	-115	-116	-53	-1	63
Profit Before Tax	-276	-483	-666	-207	-183

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
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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%
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Ebitda (ex-capitalizations)	-1,2	2,1	2,8	3,3
<i>Ebitda Margin</i>	-7%	11%	13%	15%
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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
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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

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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

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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
12.12.2023	BUY	0.80	3.00	12 months	Guillermo Serrano
06.05.2024	BUY	1.10	3.00	12 months	Guillermo Serrano
27.05.2024	BUY	1.35	3.00	12 months	Guillermo Serrano
24.06.2024	BUY	1.25	3.00	12 months	Guillermo Serrano

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