

Lleida.net

BUY

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

Analyst: Guillermo Serrano - gfs@checkpointp.com

7am, 27th May 2024*

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

Checkpoint does and seeks to do business with companies covered in its research reports. As a result, investors may take the view this could affect the objectivity of the report and therefore should consider this report as only a single factor in making their investment decision.

Frequency of analyst reports: at present Checkpoint has committed to a quarterly update of Lleida.net financial and operational performance.

Investment horizon: our reports focus mainly on small capitalization and illiquid stocks where standard Venture Capital investment criteria should apply. An investment into a small market capitalization stock should be done on a 3-5 year time horizon in order to realized the full potential of the investment opportunity.

Disclaimer:

Checkpoint Partners (Spain) SLU [Checkpoint] is a financial advisory firm primarily specializing in the technology sector. Further information can be obtained from our website www.checkpointtp.com or by writing to us at gfs@checkpointtp.com.

All third party information has been checked to the best of Checkpoint's professional expertise and accuracy, however it has not been independently verified and Checkpoint makes no warranty, express or implied, as to the accuracy, reliability, timeliness or completeness of the information.

Furthermore, this report has been drawn up in accordance with the Commission's Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) 596/2014 of the European Parliament and of the Council as regards regulatory technical standards for the objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for the disclosure of particular interests or indications of conflicts of interest.

Checkpoint has no conflicts of interest in relation to the drafting of this research report within the meaning of Article 6. 1 of the regulations, as Checkpoint does not hold a net long or short position exceeding the threshold of 0.5% of the total issued share capital of the issuer mentioned in this report and the person preparing the report is not a market maker or liquidity provider of the issuer's financial instruments, has not been lead or co-manager during the twelve months preceding any offering of financial instruments of the issuer, is not a party to an agreement with the issuer relating to the provision of investment firm services set out in Sections A and B of Annex I to Directive 2014/65/EU of the European Parliament and of the Council.

Checkpoint is remunerated for the drafting of this report by the firm under review and may be, or seeking to be, engaged by the companies described in this report for other types of financial services. The investor should take this fact into consideration and assume that Checkpoint may have a conflict of interest that could affect its objectivity. Accordingly, this report should be considered only as one element in making investment decisions.

Checkpoint does not provide advice on legal and tax matters. This should be referred to appropriate professionals. Past performance is not a guarantee of future returns. Investments denominated in foreign currencies are subject to fluctuations in exchange rates that could have an effect on investor returns. Investment prices may fluctuate and, therefore, you may not get back some or all of your original investment. Neither this report nor any accompanying documents or information may be reproduced in whole or in part, or used for any purpose other than that for which they are presented, without the prior written consent of Checkpoint.

CHECKPOINT