

Buy (old: Buy)

28.02.2024

EUR 15.00 (old: EUR 13.00)

Strong order intake to start the year; chg.

Topic: beaconsmind announced three major contract extensions, two of which in the CloudWiFi hotspot segment, proving the strength of the groups newly aligned product portfolio. In detail:

The company extended its collaboration with nursing homes operator Vitanas, where beaconsmind will implement comprehensive Wi-Fi coverage at 15 additional locations. The project is scheduled to be rolled out in Q2 '24 and has a total **sales volume of c. CHF 1m**. In addition, the company also expanded its contract with retail company Müller. After beaconsmind implemented its Wi-Fi solutions in over 770 stores in the DACH region and Spain in recent year, the company was now commissioned to install FREDERIX CloudWiFi also in the remaining c. 145 stores in CEE. The project rollout is scheduled for the first half of 2024 and should generate total **sales in the lower single-digit CHFm range** (eNuW). With this, beaconsmind is once again proving the compelling **up- and cross-selling potential of the product portfolio** as well as the value-added from the recent acquisitions. On top of this, beaconsmind gained property manager Reos GmbH as a customer, as the company will roll-out a self-developed VPN network across all ten locations of Reos. The deal is announced to have a total volume of c. **CHF 0.5m**.

Impact of transaction to unfold in H2. beaconsmind is seen to report a solid set of FY figures in May, which are seen to display the full effect of the recent acquisitions. In detail, we expect **sales to come in at CHF 6.9m** (H2: CHF 4.3m) and an **EBITDA of CHF -0.6m** (H2: CHF -0.1m). **In FY '24e sales are seen to increase to CHF 12.5m**, which is in line with managements guidance of CHF 12.6m, while **EBITDA looks set to turn positive at CHF 2m**. The main drivers for this should be (1) the full effect of the acquisitions of KADSOFT and T2 (closed in H2 '23), (2) synergy effects from cross-selling across the beaconsmind Group enhancing organic growth, (3) the ongoing internationalization as well as (3) the continuously growing share of SaaS revenues (see p. 2) allowing for improved operating leverage.

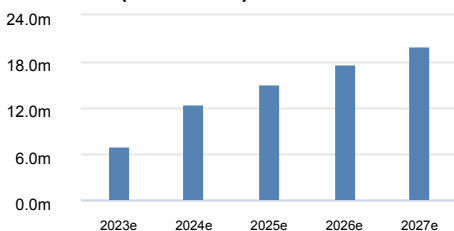
Mind you, the company looks set to continue its **Buy & Build strategy** (5 acquisitions in past 18 months) going forward. For 2024e, we expect acquisitions to the tune of € 4-5m sales to be in the pipeline. Here, management is seen to be looking for margin accretive, bolt-on acquisitions. As future M&A is not included in our model, this leaves a certain **upside to our estimates**.

Reiterate **BUY with a new PT of € 15.00** based on DCF.

Y/E 31.12 (CHF m)	2022	2023e	2024e	2025e	2026e	2027e
Sales	1.6	6.9	12.5	15.0	17.7	20.2
Sales growth	100.0%	343.6%	80.8%	20.1%	18.0%	13.8%
EBITDA	-4.6	-0.6	2.0	3.2	4.1	5.3
Net debt (if net cash=0)	-0.2	6.2	5.4	4.4	2.9	-0.2
FCF	-5.5	-5.0	1.1	1.2	1.7	3.1
Net Debt/EBITDA	0.0	-9.9	2.7	1.4	0.7	0.0
EPS pro forma	-1.87	-0.33	0.22	0.37	0.51	0.71
EBITDA margin	-298.1%	-9.1%	16.0%	21.5%	23.0%	26.5%
ROCE	-326.8%	-13.5%	7.3%	13.3%	16.7%	23.8%
EV/sales	7.4	3.7	2.0	1.6	1.3	1.0
EV/EBITDA	-2.5	-40.7	12.4	7.4	5.5	3.6
PER	-2.2	-12.3	18.6	11.3	8.2	5.8
Adjusted FCF yield	-101.0%	-6.3%	4.0%	8.2%	11.6%	18.2%

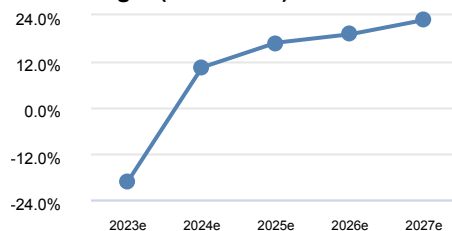
Source: Company data, NuWays, Close price as of 27.02.2024

Net sales (2023e-27e)



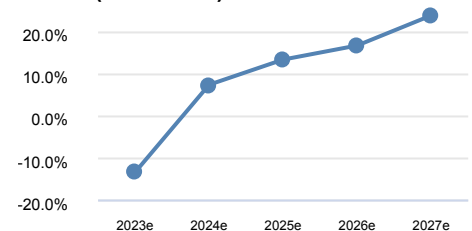
Source: NuWays Research

EBIT margin (2023e-27e)



Source: NuWays Research

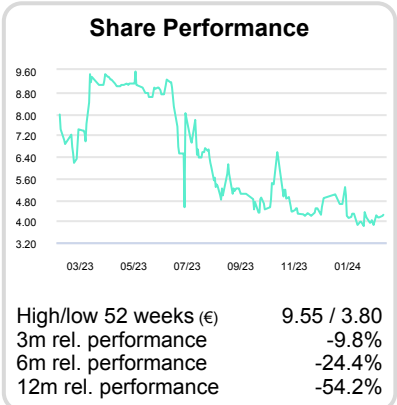
ROCE (2023e-27e)



Source: NuWays Research

Company description

beaconsmind group is a leader in location-based marketing (LBM) software, Wi-Fi infrastructure systems and Wi-Fi guest hotspots, serving industries such as retail, hospitality, healthcare and the public sector.



Market data

Share price (in €)	4.22
Market cap (in CHF m)	19.4
Number of shares (in m pcs)	4.7
Enterprise value (in CHF m)	24.8
Ø trading volume (6 months)	1,477

Identifier

Bloomberg	81D GR
Reuters	81D
WKN	A2QN5W
ISIN	CH0451123589

Key shareholders

Anchor investor	46.1%
Ex Socialwave Management	7.4%
Jonathan Sauppe	2.9%
Board and Employees	0.3%
Free float	43.3%

Estimates changes

	2023e	2024e	2025e
Sales	0%	-0%	-0%
EBIT	0%	321%	79%
EPS	0%	2164%	100%

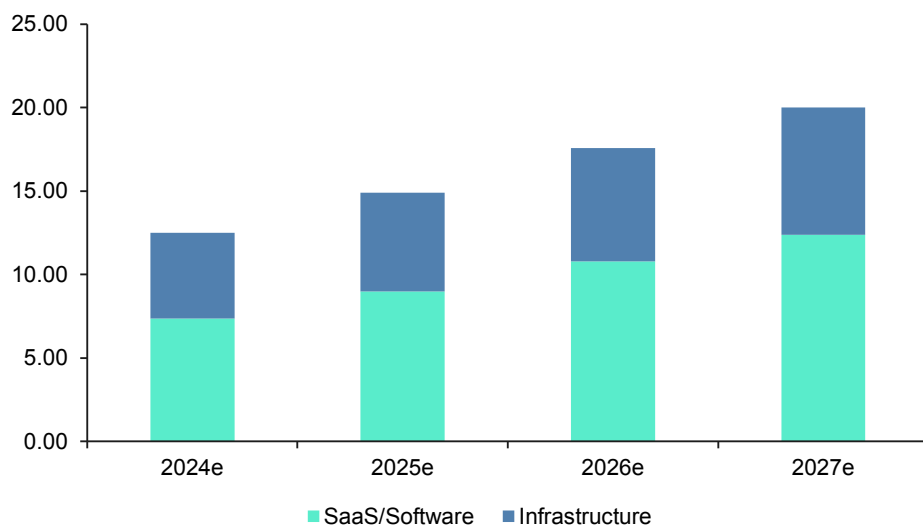
Comment on changes

- We adjusted our forecast based on the strong current trading and expected operational improvements.
- Higher PT accordingly as well as due to lower risk-free rate

Guidance

- Sales '23: CHF 7.0m
- Sales '24: CHF 12.6m (+M&A)

Segment revenue forecast



Source: NuWays Research, company data

Financials

Profit and loss (CHF m)	2022	2023e	2024e	2025e	2026e	2027e
Net sales	1.6	6.9	12.5	15.0	17.7	20.2
<i>Sales growth</i>	100.0%	343.6%	80.8%	20.1%	18.0%	13.8%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	1.6	6.9	12.5	15.0	17.7	20.2
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Material expenses	0.1	0.5	0.9	1.0	1.1	1.2
Personnel expenses	2.5	3.7	5.3	6.0	6.9	7.3
Other operating expenses	3.5	3.3	4.4	4.8	5.7	6.4
Total operating expenses	6.2	7.5	10.5	11.8	13.6	14.8
EBITDA	-4.6	-0.6	2.0	3.2	4.1	5.3
Depreciation	0.6	0.7	0.7	0.7	0.7	0.7
EBITA	-5.2	-1.3	1.3	2.5	3.4	4.6
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	-5.2	-1.3	1.3	2.5	3.4	4.6
Interest income	0.1	0.0	0.0	0.0	0.1	0.1
Interest expenses	0.2	0.3	0.3	0.3	0.3	0.2
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.1	-0.2	-0.3	-0.2	-0.2	-0.1
Recurring pretax income from continuing operations	-5.3	-1.6	1.0	2.3	3.2	4.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-5.3	-1.6	1.0	2.3	3.2	4.5
Income tax expense	0.0	-0.0	0.0	0.6	0.8	1.1
Net income from continuing operations	-5.3	-1.6	1.0	1.7	2.4	3.3
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-5.3	-1.6	1.0	1.7	2.4	3.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-5.3	-1.6	1.0	1.7	2.4	3.3
Average number of shares	2.8	4.7	4.7	4.7	4.7	4.7
EPS reported	-1.87	-0.33	0.22	0.37	0.51	0.71

Profit and loss (common size)	2022	2023e	2024e	2025e	2026e	2027e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Other operating income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Material expenses	9.5%	7.5%	7.0%	6.5%	6.0%	6.0%
Personnel expenses	163.2%	53.5%	42.0%	40.0%	39.0%	36.0%
Other operating expenses	225.4%	48.2%	35.0%	32.0%	32.0%	31.5%
Total operating expenses	398.1%	109.1%	84.0%	78.5%	77.0%	73.5%
EBITDA	-298.1%	-9.1%	16.0%	21.5%	23.0%	26.5%
Depreciation	37.0%	10.1%	5.5%	4.6%	3.9%	3.7%
EBITA	-335.1%	-19.2%	10.5%	16.9%	19.1%	22.8%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	-335.1%	-19.2%	10.5%	16.9%	19.1%	22.8%
Interest income	3.8%	0.0%	0.2%	0.3%	0.4%	0.5%
Interest expenses	10.4%	3.6%	2.3%	1.9%	1.6%	1.2%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	-341.7%	-22.8%	8.3%	15.3%	17.9%	22.1%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-341.7%	-22.8%	8.3%	15.3%	17.9%	22.1%
Income tax expense	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Net income from continuing operations	-341.2%	-22.7%	8.3%	11.4%	13.4%	16.6%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-341.2%	-22.7%	8.3%	11.4%	13.4%	16.6%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	-341.2%	-22.7%	8.3%	11.4%	13.4%	16.6%

Source: Company data, NuWays

Balance sheet (CHF m)	2022	2023e	2024e	2025e	2026e	2027e
Intangible assets	2.6	14.4	14.4	14.4	14.4	14.4
Property, plant and equipment	0.3	0.8	1.0	1.0	1.0	2.2
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	3.0	15.2	15.4	15.4	15.4	16.5
Inventories	0.1	0.7	1.3	1.5	1.8	2.0
Accounts receivable	0.2	1.9	2.7	2.9	2.9	2.8
Other assets and short-term financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets	0.5	1.0	1.8	2.8	4.3	6.5
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.1	0.4	0.4	0.4	0.4	0.4
CURRENT ASSETS	0.9	4.0	6.2	7.6	9.4	11.7
TOTAL ASSETS	3.9	19.2	21.7	23.0	24.9	28.2

SHAREHOLDERS EQUITY	2.0	9.6	10.9	12.0	13.5	17.5
MINORITY INTEREST	0.0	0.3	0.3	0.3	0.3	0.3
Provisions for pensions and similar obligations	0.1	0.1	0.1	0.1	0.1	0.1
Other provisions and accrued liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Short-term liabilities to banks	-0.0	1.0	0.0	0.0	0.0	0.0
Accounts payable	0.9	0.6	1.7	2.1	2.4	2.8
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.6	1.4	1.4	1.4	1.4	1.4
CURRENT LIABILITIES	0.9	0.6	1.7	2.1	2.4	2.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	3.9	19.2	21.7	23.0	24.9	28.2

Balance sheet (common size)	2022	2023e	2024e	2025e	2026e	2027e
Intangible assets	67.7%	74.6%	66.3%	62.3%	57.7%	50.9%
Property, plant and equipment	7.6%	4.3%	4.8%	4.5%	4.2%	7.6%
Financial assets	1.0%	0.2%	0.2%	0.2%	0.1%	0.1%
FIXED ASSETS	76.4%	79.1%	71.2%	67.0%	62.0%	58.7%
Inventories	2.3%	3.6%	5.8%	6.5%	7.1%	7.2%
Accounts receivable	5.2%	9.8%	12.7%	12.5%	11.7%	9.8%
Other assets and short-term financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquid assets	14.1%	5.2%	8.4%	12.2%	17.4%	22.9%
Deferred taxes	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	1.7%	2.2%	1.9%	1.8%	1.7%	1.5%
CURRENT ASSETS	23.6%	20.9%	28.8%	33.0%	38.0%	41.3%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	52.2%	49.9%	50.5%	52.0%	54.1%	61.9%
MINORITY INTEREST	0.0%	1.5%	1.4%	1.3%	1.2%	1.0%
Provisions for pensions and similar obligations	1.6%	0.3%	0.3%	0.3%	0.3%	0.2%
Other provisions and accrued liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Short-term liabilities to banks	-1.1%	5.2%	0.0%	0.0%	0.0%	0.0%
Accounts payable	21.8%	3.4%	7.9%	8.9%	9.8%	9.8%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred income	15.5%	7.3%	6.5%	6.1%	5.6%	5.0%
CURRENT LIABILITIES	21.8%	3.4%	7.9%	8.9%	9.8%	9.8%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (CHF m)	2022	2023e	2024e	2025e	2026e	2027e
Net profit/loss	-5.3	-1.6	1.0	1.7	2.4	3.3
Depreciation of fixed assets (incl. leases)	0.6	0.7	0.7	0.7	0.7	0.7
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.2	-0.3	-0.3	-0.2	-0.2	0.0
Cash flow from operating activities	-12.0	-5.3	1.0	1.6	2.2	3.6
Increase/decrease in inventory	-0.1	-0.6	0.0	-0.3	-0.3	-0.2
Increase/decrease in accounts receivable	-1.1	-1.7	-0.8	-0.1	-0.0	0.1
Increase/decrease in accounts payable	0.8	-0.2	1.1	0.3	0.4	0.3
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-0.3	-2.5	0.2	-0.0	0.1	0.2
Cash flow from operating activities	-5.0	-4.3	2.0	2.3	2.9	4.3
CAPEX	0.5	0.7	0.9	1.1	1.2	1.2
Payments for acquisitions	2.0	11.4	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-2.5	-12.1	-0.9	-1.1	-1.2	-1.2
Cash flow before financing	-7.5	-16.4	1.1	1.2	1.7	3.1
Increase/decrease in debt position	-0.1	6.8	0.0	0.0	0.0	-1.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	7.7	10.4	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.2	-0.3	-0.3	-0.2	-0.2	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	7.4	16.9	-0.3	-0.2	-0.2	-1.0
Increase/decrease in liquid assets	-0.1	0.5	0.8	1.0	1.5	2.1
Liquid assets at end of period	0.5	1.0	1.8	2.8	4.3	6.5

Key ratios (CHF m)	2022	2023e	2024e	2025e	2026e	2027e
P&L growth analysis						
Sales growth	100.0%	343.6%	80.8%	20.1%	18.0%	13.8%
EBITDA growth	128.8%	-86.4%	-417.6%	61.4%	26.3%	31.2%
EBIT growth	150.2%	-74.6%	-198.6%	93.9%	33.4%	36.1%
EPS growth	153.6%	-82.1%	-166.4%	64.7%	38.1%	41.0%
Efficiency						
Sales per employee	50.3	125.7	166.7	170.6	385.3	438.7
EBITDA per employee	-149.9	-11.5	26.7	36.7	88.6	116.2
No. employees (average)	31	55	75	88	46	46
Balance sheet analysis						
Avg. working capital / sales	-21.7%	13.5%	6.9%	14.2%	12.8%	10.8%
Inventory turnover (sales/inventory)	15.0	10.0	10.0	10.0	10.0	10.0
Accounts receivable turnover	15.0	100.0	80.0	70.0	60.0	50.0
Accounts payable turnover	199.4	50.0	50.0	50.0	50.0	50.0
Cash flow analysis						
Free cash flow	-5.5	-5.0	1.1	1.2	1.7	3.1
Free cash flow/sales	-354.0%	-72.6%	8.6%	8.1%	9.5%	15.5%
FCF / net profit	103.8%	319.3%	103.6%	70.6%	71.3%	93.2%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	-0.2	6.2	5.4	4.4	2.9	-0.2
Net Debt/EBITDA	0.0	-9.9	2.7	1.4	0.7	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	62.8%	6.8%	7.6%	4.0%	4.0%	3.7%
Returns						
ROCE	-326.8%	-13.5%	7.3%	13.3%	16.7%	23.8%
ROE	-261.3%	-16.4%	9.5%	14.4%	17.6%	19.2%
Adjusted FCF yield	-101.0%	-6.3%	4.0%	8.2%	11.6%	18.2%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-1.87	-0.33	0.22	0.37	0.51	0.71
Average number of shares	2.8	4.7	4.7	4.7	4.7	4.7
Valuation ratios						
P/BV	5.8	2.0	1.8	1.6	1.4	1.1
EV/sales	7.4	3.7	2.0	1.6	1.3	1.0
EV/EBITDA	-2.5	-40.7	12.4	7.4	5.5	3.6
EV/EBIT	-2.2	-19.3	19.0	9.4	6.6	4.2

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

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Company	Disclosures
beaconsmind AG	2,8

Historical target price and rating changes for beaconsmind AG

Company	Date	Analyst	Rating	Target Price	Close
beaconsmind AG	08.11.2023	Sennewald, Philipp	n.a.	EUR 13.00	EUR 4.90
	03.08.2023	Sennewald, Philipp	n.a.	EUR 25.00	EUR 6.45
	23.05.2023	Sennewald, Philipp	n.a.	EUR 27.00	EUR 9.10
	03.05.2023	Sennewald, Philipp	n.a.	EUR 28.00	EUR 9.10
	02.05.2023	Sennewald, Philipp	n.a.	EUR 27.00	EUR 9.25
	12.04.2023	Sennewald, Philipp	n.a.	EUR 29.00	EUR 9.35

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

Date of publication creation: 28/02/2024 07:57 AM

Date of publication dissemination: 28/02/2024 07:57 AM

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