

Buy (old: Buy)

09.10.2024

EUR 16.00 (old: EUR 15.00)

Strong growth and profitability in H1 driven by acquisitions; chg.

Topic: beaconsmind released its H1 '24 management report, showing substantial top-line growth driven by the numerous acquisitions that were performed in 2022 and 2023. Here are the key takeaways.

H1 '24 sales increased by 122% yoy to CHF 5.9m (eNuW: CHF 6.2m; eNuW: 70% recurring), which was mainly driven by the acquisitions of FREDERIX, Socialwave, Netopsie, T2 and Kadsoft. In fact, revenues from T2 and Kadsoft were consolidated for the first time, as the deal has been closed at YE '23. In 2023, T2 and Kadsoft recorded combined revenues of € 3.5m.

H1 adj. EBITDA came in at CHF 1.1m (eNuW: CHF 1.0m), showing the positive impacts of the acquisitions. The adjustments of CHF 0.6m were mainly attributed to legal and personnel expenses in relation to the acquisitions of FREDERIX, Socialwave, Netopsie, T2 and Kadsoft.

Moreover, **management reiterated the run rate for 2024**, targeting sales of CHF 12.9m as well as an adj. EBITDA of CHF 2.5m. This should be achievable for beaconsmind given the strong H1 performance as well as several new contracts that were closed during the first half of the year.

Speaking of which, **beaconsmind continues to gain new customers**. For example, the company will provide the Semperoper in Dresden with its projector technology (eNuW: CHF 0.2m sales), while retailer Müller implemented beaconsminds CloudWifi solutions in more than 770 supermarkets in the DACH region and Spain. Moreover, beaconsmind gained ECE group, a leading shopping center operator, as a customer (eNuW: CHF 0.5m recurring sales). Just recently, the company also announced to have intensified its collaboration with a leading European retailer, who will apply the beaconsmind Auto App Login at c. 940 locations in Europe.

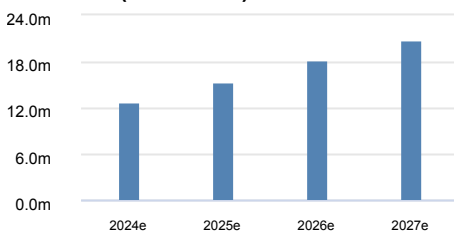
Regional expansion. On top of this, beaconsmind in May announced its expansion into the Spanish market with the establishment of an own entity. With this, the company responds to the high penetration rate of digital marketing solutions in Spain, especially in hospitality and gastronomy. Management said to target annual revenues of CHF 600k and expected significant growth potential going forward.

-continued-

Y/E 31.12 (CHF m)	2022	2023	2024e	2025e	2026e	2027e
Sales	1.6	6.2	12.8	15.4	18.3	20.9
Sales growth	100.0%	295.9%	107.2%	20.7%	18.4%	14.1%
Adj. EBITDA	-4.6	-0.4	2.5	3.6	4.9	5.7
Net debt (if net cash=0)	-0.2	7.0	7.3	6.1	4.0	1.0
FCF	-5.5	-4.4	-0.4	1.2	2.1	3.0
Net Debt/EBITDA	0.0	-4.2	4.4	1.7	0.8	0.2
EPS pro forma	-1.87	-0.88	-0.07	0.33	0.58	0.75
Adj. EBITDA margin	-298.1%	-6.3%	19.8%	23.0%	27.0%	27.5%
ROCE	-326.8%	-35.6%	1.6%	14.3%	20.4%	25.0%
EV/sales	11.8	6.1	3.0	2.4	1.9	1.5
EV/EBITDA	-3.9	-22.4	23.2	10.3	7.0	5.5
PER	-3.5	-7.4	-88.3	20.0	11.2	8.7
Adjusted FCF yield	-63.7%	-7.2%	1.7%	5.4%	8.9%	11.7%

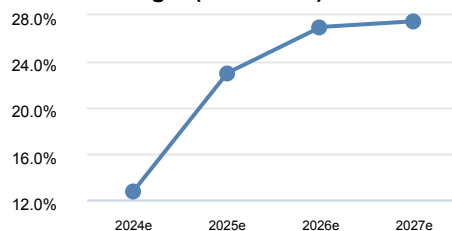
Source: Company data, NuWays, Close price as of 08.10.2024

Net sales (2024e-27e)



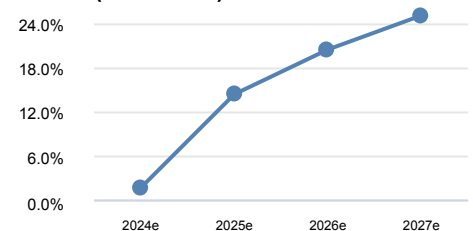
Source: NuWays Research

EBITDA margin (2024e-27e)



Source: NuWays Research

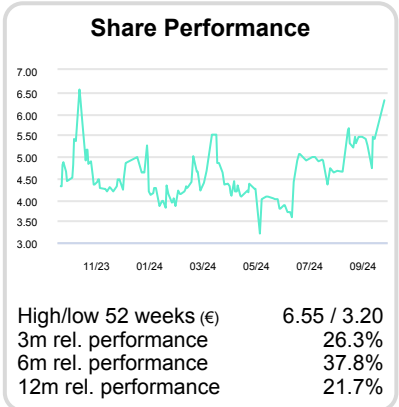
ROCE (2024e-27e)



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 €)	6.30
Market cap (in € m)	30.5
Number of shares (in m pcs)	4.7
Enterprise value (in € m)	37.9
Ø trading volume (6 months)	1,477

Identifier

Bloomberg	81D GR
Reuters	81D
WKN	A2QN5W
ISIN	CH0451123589

Key shareholders

Anchor investor	54.8%
Ex Socialwave Management	7.4%
eKomi Holding	8.3%
Jonathan Sauppe	2.9%
Board and Employees	0.3%
Free float	26.3%

Estimates changes

	2024e	2025e	2026e
Sales	2%	3%	3%
EBIT	-80%	-6%	12%
EPS	-133%	-11%	15%

- ### Comment on changes
- Changes reflect the release of the H1'24 figures
 - Updated our D&A and CapEx forecast

Guidance

- Sales '24: CHF 12.9m (+M&A)

beaconsmind AG

Update - 09.10.2024



New tech partnership. In Q2, beaconsmind announced to have entered into a partnership with at-visions (digital solutions for hospitality) and lokalee (AI based concierge solutions). The partnership aims to provide a fully integrated solution for retail and hospitality customers in the MENA region, focusing on a comprehensive technology value chain in order to enhance guest experience while providing an integrated hard- and software solution. Given beaconsmind's existent expertise in the hospitality segment, we expect significant up-selling potential from this initiative.

Besides organic growth, we expect **beaconsmind to continue its buy and build strategy** with further acquisitions to come. While the company has not been active on the M&A market in 2024 thus far, we expect at least one further acquisition until H1 '25e.

The stock remains a **BUY with a new PT of € 16** (old: € 15) based on DCF.

Financials

Profit and loss (CHF m)	2022	2023	2024e	2025e	2026e	2027e
Net sales	1.6	6.2	12.8	15.4	18.3	20.9
Sales growth	100.0%	295.9%	107.2%	20.7%	18.4%	14.1%
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	6.2	12.8	15.4	18.3	20.9
Other operating income	0.0	0.2	0.0	0.0	0.0	0.0
Material expenses	0.1	1.2	1.9	2.8	3.2	3.5
Personnel expenses	2.5	3.9	5.3	6.2	6.9	7.8
Other operating expenses	3.5	2.8	4.0	2.9	3.3	3.8
Total operating expenses	6.2	7.8	11.2	11.9	13.3	15.1
EBITDA	-4.6	-1.7	1.6	3.6	4.9	5.7
Unusual or infrequent items	0.0	1.3	0.9	0.0	0.0	0.0
Adj. EBITDA	-4.6	-0.4	2.5	3.6	4.9	5.7
Depreciation	0.6	1.6	1.4	1.2	1.1	1.1
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	-3.3	0.3	2.4	3.8	4.6
Interest income	0.1	0.0	0.0	0.0	0.0	0.1
Interest expenses	0.2	0.8	0.6	0.5	0.4	0.2
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.1	-0.8	-0.6	-0.5	-0.3	-0.2
Recurring pretax income from continuing operations	-5.3	-4.1	-0.3	1.9	3.5	4.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-5.3	-4.1	-0.3	1.9	3.5	4.5
Income tax expense	0.0	0.0	0.0	0.4	0.7	0.9
Net income from continuing operations	-5.3	-4.1	-0.3	1.5	2.7	3.5
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-5.3	-4.1	-0.3	1.5	2.7	3.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-5.3	-4.1	-0.3	1.5	2.7	3.5
Average number of shares	2.8	4.7	4.7	4.7	4.7	4.7
EPS reported	-1.87	-0.88	-0.07	0.33	0.58	0.75

Profit and loss (common size)	2022	2023	2024e	2025e	2026e	2027e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
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%	2.6%	0.0%	0.0%	0.0%	0.0%
Material expenses	9.5%	20.1%	14.5%	18.0%	17.5%	17.0%
Personnel expenses	163.2%	63.6%	41.3%	40.0%	37.5%	37.5%
Other operating expenses	225.4%	46.0%	31.3%	19.0%	18.0%	18.0%
Total operating expenses	398.1%	127.1%	87.2%	77.0%	73.0%	72.5%
EBITDA	-298.1%	-27.1%	12.8%	23.0%	27.0%	27.5%
Unusual or infrequent items	0.0%	20.8%	7.0%	0.0%	0.0%	0.0%
Adj. EBITDA	-298.1%	-6.3%	19.8%	23.0%	27.0%	27.5%
Depreciation	37.0%	26.4%	10.8%	7.5%	6.2%	5.4%
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%	-53.6%	2.0%	15.5%	20.8%	22.1%
Interest income	3.8%	0.0%	0.1%	0.1%	0.2%	0.4%
Interest expenses	10.4%	13.0%	4.8%	3.0%	2.1%	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%	-66.5%	-2.7%	12.5%	18.9%	21.4%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-341.7%	-66.5%	-2.7%	12.5%	18.9%	21.4%
Income tax expense	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net income from continuing operations	-341.2%	-67.2%	-2.7%	9.9%	14.9%	16.9%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-341.2%	-67.2%	-2.7%	9.9%	14.9%	16.9%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	-341.2%	-67.2%	-2.7%	9.9%	14.9%	16.9%

Source: Company data, NuWays

Balance sheet (CHF m)	2022	2023	2024e	2025e	2026e	2027e
Intangible assets	2.6	14.3	14.3	13.7	13.1	13.1
Property, plant and equipment	0.3	1.0	0.3	0.5	0.8	1.1
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	3.0	15.3	14.6	14.2	14.0	14.2
Inventories	0.1	0.5	1.3	1.5	1.8	2.1
Accounts receivable	0.2	2.7	3.5	4.2	5.0	5.7
Other assets and short-term financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets	0.5	0.8	0.5	1.7	3.7	5.2
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.1	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	0.9	4.0	5.3	7.5	10.6	13.1
TOTAL ASSETS	3.9	19.4	19.9	21.7	24.6	27.3

SHAREHOLDERS EQUITY	2.0	6.9	6.7	8.2	10.7	14.5
MINORITY INTEREST	0.0	0.2	0.2	0.2	0.2	0.2
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	1.2	1.2	1.2	1.2	1.2
Short-term liabilities to banks	-0.0	0.9	0.0	0.0	0.0	0.0
Accounts payable	0.9	1.0	1.8	2.1	2.5	2.9
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	2.2	2.2	2.2	2.2	2.2
Deferred income	0.6	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	1.4	4.1	3.9	4.3	4.7	5.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	3.9	19.3	19.9	21.7	24.6	27.3

Balance sheet (common size)	2022	2023	2024e	2025e	2026e	2027e
Intangible assets	67.7%	73.9%	72.0%	63.3%	53.3%	48.1%
Property, plant and equipment	7.6%	5.1%	1.3%	2.1%	3.4%	3.9%
Financial assets	1.0%	0.1%	0.1%	0.1%	0.1%	0.1%
FIXED ASSETS	76.4%	79.2%	73.4%	65.5%	56.8%	52.1%
Inventories	2.3%	2.6%	6.4%	7.1%	7.4%	7.6%
Accounts receivable	5.2%	14.1%	17.6%	19.5%	20.4%	20.9%
Other assets and short-term financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquid assets	14.1%	3.9%	2.4%	7.7%	15.2%	19.2%
Deferred taxes	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	1.7%	0.2%	0.2%	0.1%	0.1%	0.1%
CURRENT ASSETS	23.6%	20.8%	26.6%	34.5%	43.2%	47.9%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	52.2%	35.9%	33.9%	37.7%	43.5%	53.3%
MINORITY INTEREST	0.0%	1.0%	1.0%	0.9%	0.8%	0.7%
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%	6.3%	6.1%	5.6%	4.9%	4.4%
Short-term liabilities to banks	-1.1%	4.5%	0.0%	0.0%	0.0%	0.0%
Accounts payable	21.8%	5.3%	8.8%	9.8%	10.2%	10.5%
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%	11.3%	11.0%	10.1%	8.9%	8.0%
Deferred income	15.5%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	36.2%	21.2%	19.8%	19.9%	19.1%	18.5%
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	2023	2024e	2025e	2026e	2027e
Net profit/loss	-5.3	-4.1	-0.3	1.5	2.7	3.5
Depreciation of fixed assets (incl. leases)	0.6	1.6	1.4	1.2	1.1	1.1
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.2	0.4	0.0	0.0	0.0	0.0
Cash flow from operating activities	-12.0	-4.5	-0.8	0.8	1.9	2.9
Increase/decrease in inventory	-0.1	-0.0	-0.8	-0.3	-0.3	-0.3
Increase/decrease in accounts receivable	-1.1	-0.1	-0.8	-0.7	-0.8	-0.7
Increase/decrease in accounts payable	0.8	-0.9	0.7	0.4	0.4	0.4
Increase/decrease in other working capital positions	0.0	0.4	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-0.3	-0.7	-0.8	-0.6	-0.7	-0.6
Cash flow from operating activities	-5.0	-3.5	0.2	2.0	3.0	4.0
CAPEX	0.5	0.8	0.6	0.8	0.9	1.0
Payments for acquisitions	2.0	7.6	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	-8.4	-0.6	-0.8	-0.9	-1.0
Cash flow before financing	-7.5	-11.9	-0.4	1.2	2.1	3.0
Increase/decrease in debt position	-0.1	6.5	0.0	0.0	0.0	-1.5
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	7.7	6.4	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	0.4	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	-0.2	0.0	0.0	0.0	0.0
Cash flow from financing activities	7.4	12.5	0.0	0.0	0.0	-1.5
Increase/decrease in liquid assets	-0.1	1.2	-0.4	1.2	2.1	1.5
Liquid assets at end of period	0.5	0.9	0.5	1.7	3.7	5.2

Key ratios (CHF m)	2022	2023	2024e	2025e	2026e	2027e
P&L growth analysis						
Sales growth	100.0%	295.9%	107.2%	20.7%	18.4%	14.1%
EBITDA growth	128.8%	-64.0%	-197.6%	117.3%	39.0%	16.2%
EBIT growth	150.2%	-36.7%	-107.8%	826.0%	59.4%	21.5%
EPS growth	153.6%	-52.8%	-91.7%	-541.4%	78.8%	29.1%
Efficiency						
Sales per employee	50.3	112.2	170.5	175.4	397.4	453.3
EBITDA per employee	-149.9	-30.4	21.8	40.3	107.3	124.7
No. employees (average)	31	55	75	88	46	46
Balance sheet analysis						
Avg. working capital / sales	-21.7%	17.2%	9.7%	19.0%	20.1%	20.6%
Inventory turnover (sales/inventory)	15.0	10.0	10.0	10.0	10.0	10.0
Accounts receivable turnover	47.3	161.0	100.0	100.0	100.0	100.0
Accounts payable turnover	199.4	60.7	50.0	50.0	50.0	50.0
Cash flow analysis						
Free cash flow	-5.5	-4.4	-0.4	1.2	2.1	3.0
Free cash flow/sales	-354.0%	-70.6%	-3.5%	7.7%	11.4%	14.3%
FCF / net profit	103.8%	105.0%	128.2%	78.1%	76.1%	84.8%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	-0.2	7.0	7.3	6.1	4.0	1.0
Net Debt/EBITDA	0.0	-4.2	4.4	1.7	0.8	0.2
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	62.8%	20.5%	15.2%	6.0%	5.0%	3.6%
Returns						
ROCE	-326.8%	-35.6%	1.6%	14.3%	20.4%	25.0%
ROE	-261.3%	-59.8%	-5.1%	18.7%	25.5%	24.3%
Adjusted FCF yield	-63.7%	-7.2%	1.7%	5.4%	8.9%	11.7%
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	-0.88	-0.07	0.33	0.58	0.75
Average number of shares	2.8	4.7	4.7	4.7	4.7	4.7
Valuation ratios						
P/BV	9.1	4.4	4.5	3.7	2.9	2.1
EV/sales	11.8	6.1	3.0	2.4	1.9	1.5
EV/EBITDA	-3.9	-22.4	23.2	10.3	7.0	5.5
EV/EBIT	-3.5	-11.4	147.0	15.4	9.1	6.8

Source: Company data, NuWays

Disclosures

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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	16.02.2024	Sennewald, Philipp	Buy	EUR 15.00	EUR 4.02
	08.11.2023	Sennewald, Philipp	Buy	EUR 13.00	EUR 4.90

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