

Lleida.net

BUY

Explosive profit growth, valuation multiples rock bottom

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1Q25 results saw a better-than-expected 477% and 129% increase in Profits before Tax and Ebitda (cash) respectively, driven by a quarterly 12% sales increase, a 284bp Gross Margin expansion, and a 4% drop in cash Opex.

We now expect lleida.net to deliver an Ebitda of €3,7 million in 2025 (vs €2.8 million) and a Net Profit of €2.3 million (vs €1.3 million).

The higher margin SaaS divisions have delivered a 16% increase in revenues to €2.5 million vs 1Q24 and a 10% increase vs 4Q24. Evidence is mounting that their contracting and notification products are gaining popularity in the middle market.

The SMS divisions continue to grow too; this time, the higher-margin Commercial SMS has led with a 29% increase vs 1Q24. The wholesale SMS grew just 1% and it is at least keeping up with last year's 24% reported revenue growth.

Price Target and Valuation

We are raising our 12-18-month price target to €4.00 (vs €3.00), which would place the stock at a 2026 EV/Ebitda (cash) multiple of 14x. Our target multiple remains unchanged; the increase is solely driven by our increased EBITDA estimates.

LLN is now trading on 2025 and 2026 EV/Ebitda (cash) multiples of 7x and 5x, respectively, in our view not consistent with the valuation multiples of a growth company.

Based on the recently announced Namirial transaction, and if the same multiples were to be applied to Lleida Net, it would take its share price to between €6.00 and €9.70.

Equities

BME Growth

Price (5pm 5/5/25): €1,29

RIC: LLN.MC

Target Price (12-18 m): €4.00

52-Wk range (€): 1.36 - 0.96
 Cap. Bur. (€ millones): 21,3
 No. Shares (millions): 16,05
 Avg. daily Vol. (€,12m): 58k
 Daily volatility (avg. LTM): 5.1%

Price Chart (12 months)



(€ millions)	2023	2024	2025e	2026e
Turnover	16,6	19,1	21,1	23,2
Ebitda	-1,2	2,1	3,7	4,6
Net Profit	-2,7	0,9	2,3	3,1
EPS	-0,17	0,06	0,14	0,20
Net Debt	9,5	7,4	4,6	0,6
EV/Sales	1,9	1,5	1,2	0,9
EV/Ebitda	-25,7	13,4	7,0	4,8
P/E	-8,0	24,2	9,3	6,8
CFY	-7%	9%	14%	17%

A simple comparison tells the story: Lleida Net would be worth an estimated €6.00 - €9.70 per share, if the Namirial acquisition multiples are applied

Announced on the 26th of March, Bain Capital agreed to acquire a controlling stake in Namirial, an Italian digital transaction management software provider, from private equity firm Ambienta. Although of a larger size (6-7x aprox) and primarily operated from Italy, both companies operate and compete for similar services.

The Namirial transaction is expected to close in the second quarter of 2025, pending regulatory approvals. While financial terms were not officially disclosed, it is estimated that the deal values Namirial at approximately €1.1 billion.

We have compared Namirial and Lleida Net because they are essentially very similar companies:

(1) EV/Sales:

Namirial: It is estimated (not independently confirmed) that Namirial consolidated sales in 2024 were €130 million, placing the recently announced transaction value at almost 8.5x Sales.

Lleida Net: current EV of €28 million on 2024 Sales of €19 million places the EV/Sales multiple on 1.5x, an 82% discount to Namirial

(2) EV/Ebitda:

Namirial: based on an estimated €30 million Ebitda in 2024 (based on several assumptions extrapolated from 2023 numbers), the transaction EV/Ebitda multiple is estimated to be 36x

Lleida net: taking the last 12-month Ebitda of €2.8 million, we place the current EV/Ebitda multiple at 10x, a 72% discount to Namirial

(3) P/E:

Namirial: As of 2023 (last reported in the Italian InfoCamere) the two largest subsidiaries, Namirial and BIT4ID, made a combined loss of over €4 million. It is estimated that these two subsidiaries account for 80%-85% of the group's revenues. The reason for the losses are associated to the financial costs related to the combined €220 million in financial debt (2023) and the €14 million in Depreciation and Amortization charges (2023).

Lleida Net: instead, Lleida Net was already profitable in 2024 (just under €1 million in Net Profit) and is expected to deliver a Net Profit of €2.3 million in 2025. If we take the estimated Net Profit of Lleida Net of the past 4 quarters, the stock is trading on a P/E ratio of 15x and 8.5x 12 months forward.

(4) EV/Employee:

Namirial: publicly available sources (LinkedIn) place the number of Namirial employees at 848 currently (€155k sales per employee), placing the transaction value per employee at €1,3 million. If we take 1,000 as the number of employees (as per the press release of the transaction) the EV/Employee of the transaction stands at €1.1 million.

Lleida net: sales per employee in 2024 of €140k were similar to that of Namirial, just a 10% difference. When it comes to the EV/Employee valuation, Lleida net stands at €205k, an 84% discount (€19 million in sales generated by its 135 employees).

Conclusions:

Despite the limited available information, we could ascertain that on an individual company basis, the Namirial group is growing sales at single digits (at least that was the case in 2023). Lleida net did hit a bump during 2023, but organic sales growth is now in double digits (+15% in 2024 and expected +10% in 2025) and even faster if we take the gross profits (+11% in 2024 and +17% in 2025). On balance, Lleida Net is ahead on the growth metrics.

If we then proceed to compare valuation multiples, Lleida Net is currently undervalued by some 72% relative to Namirial. If the same estimated 36x EV/Ebitda valuation multiples applied to Namirial were applied to Lleida Net, Lleida Net would have been bid-for at almost €6.00 per share !!! (If the estimated EV/Sales multiple were to be applied, the price would go up to €9.70 per share)

Profit and Loss Account by Quarter: 2023, 2024, and 2025

(€ 000')	1Q23	1Q24	1Q25	24/23 (%)	25/24 (%)
<i>Contracting</i>	766	804	1.051	5	31
<i>Notification</i>	506	507	507	0	0
<i>Other SaaS</i>	989	864	967	-13	12
Software Services	2.261	2.175	2.525	-4	16
SMS Solutions	797	757	973	-5	29
ICX	1.633	1.781	1.792	9	1
Turnover	4.691	4.713	5.290	0	12
Cost of sales	-1.907	-2.174	-2.290	14	5
Gross Profit	2.784	2.539	3.000	-9	18
<i>Gross Margin</i>	59%	54%	57%		
Capitalized R&D	239	243	257	2	6
Personnel Expenses	-1.667	-1.428	-1.409	-14	-1
Other SG&A	-983	-691	-624	-30	-10
Depreciation	-526	-519	-509	-1	-2
Provisions	-24	0	0	n.m.	n.m.
Other	16	3	1	-81	-67
Operating Costs	-3.184	-2.635	-2.541	-17	-4
Operating Income	-161	147	716	n.m.	387
<i>Operating Margin</i>	-3%	3%	14%		
Ebitda	389	666	1.225	71	84
<i>Ebitda Margin</i>	8%	14%	23%		
Ebitda (Cash)	150	423	968	182	129
<i>Ebitda Margin</i>	3%	9%	18%		
Extraordinaries	0	0	0	n.m.	n.m.
Financial Costs (net)	-115	-36	-75	n.m.	n.m.
Profit Before Tax	-276	111	641	n.m.	477

Source: LLN, Checkpoint partners

Profit and Loss Account 2023-2026e

(€ millions)	2023	2024	2025e	2026e
Sales by division				
<i>Contracting</i>	3,1	3,5	4,2	4,7
<i>Notification</i>	1,6	2,0	2,2	2,5
<i>Other SaaS</i>	2,9	2,8	3,7	4,2
Software Services	7,6	8,4	10,0	11,5
SMS Solutions	3,3	3,8	4,1	4,3
ICX	5,6	6,9	6,9	7,2
Turnover	16,6	19,1	21,1	23,2
Cost of sales	-7,3	-8,9	-9,2	-9,7
Gross Profit	9,3	10,2	12,0	13,4
<i>% y-o-y growth</i>	-14%	11%	17%	12%
<i>Gross Margin</i>	56%	54%	57%	58%
Capitalized costs (R&D)	0,9	1,0	1,0	1,0
Personnel Expenses	-6,7	-5,5	-5,8	-6,2
Other SG&A	-3,7	-2,6	-2,5	-2,7
Depreciation	-2,1	-2,1	-1,8	-1,6
Operating Income	-2,5	1,1	2,9	4,0
<i>Operating Margin</i>	-15%	6%	14%	17%
Ebitda	-0,3	3,2	4,7	5,6
<i>Ebitda Margin</i>	-2%	17%	22%	24%
Ebitda (ex-capitalizations)	-1,2	2,1	3,7	4,6
<i>Ebitda Margin</i>	-7%	11%	17%	20%
Financial Results	-0,3	-0,2	-0,2	0,0
Profit Before Tax	-2,7	0,9	2,7	3,9
Tax	0,1	0,0	-0,4	-0,8
Net Income	-2,7	0,9	2,3	3,1
Net income attr. to shareholders	-2,6	0,9	2,3	3,2
Minority Interest	0,0	0,0	0,0	0,0

Source: LLN, Checkpoint partners

Balance Sheet 2023-2026e

(€ millions)	2023	2024	2025e	2026e
Fixed Assets	10,8	11,1	10,7	9,7
Intangible Assets	9,5	8,8	8,4	7,4
Tangible Assets	0,5	0,4	0,4	0,4
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	1,7	1,8	1,9
Current Assets	6,8	6,5	7,2	8,1
Debtors	5,1	5,2	5,6	6,1
Short Term Investments	0,4	0,0	0,0	0,0
Short Term Accruals	0,3	0,3	0,3	0,3
Cash	1,0	1,0	1,2	1,6
Assets	17,6	17,5	17,9	17,8
Shareholders' Funds	3,0	4,1	6,4	9,5
<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	1,8	1,8	1,8
<i>Repurchase of share capital</i>	-1,4	-0,2	-0,2	-0,2
<i>Profit and Loss account</i>	-2,6	0,9	2,3	3,2
Long Term Provisions	0,2	0,0	0,0	0,0
Long Term Debt	5,5	3,7	3,6	1,1
Current Liabilities	8,7	9,4	7,6	6,9
Short Term Debt	5,4	4,7	2,4	1,2
Provisions	0,0	0,2	0,2	0,2
Creditors	3,3	4,5	5,0	5,5
Liabilities	17,1	17,2	17,6	17,5
(€ millions)				
Dividends	0,0	0,0	0,0	0,0
Working Capital	1,9	0,7	0,6	0,7
Debtor Turnover (days)	118	99	94	93
Creditor Turnover (days)	65	83	99	103
Financial Debt	9,7	8,4	5,9	2,2
Cash	1,4	1,0	1,3	1,7
Net Debt	9,5	7,4	4,6	0,6

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

Neutral: the stock is expected to generate total return of -15% to +15% during the next 12 months time

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
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
24.07.2024	BUY	1.22	3.00	12 months	Guillermo Serrano
30.10.2024	BUY	1.10	3.00	12 months	Guillermo Serrano
05.02.2025	BUY	1.33	3.00	12 months	Guillermo Serrano
06.05.2025	BUY	1.33	4.00	12 months	Guillermo Serrano

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