

Equity Research | Free2Move Holding AB: Another step up the PropTech value chain

With two noteworthy deals in Q2, a comprehensive agreement for digital management with Pareto Business Management and developing and implementing visualization tools for Svenska Mässan, things are looking up for F2M. This builds upon the 34% order intake growth reported for April, suggesting good momentum going into the summer season. Along with the launch of support services in energy storage and solar maintenance subscriptions, F2M is taking another step up the PropTech value chain, while also expanding its recurring revenue base. Should the company manage to secure the necessary financial leeway, we expect it to reach profit in 2025, which should drive a revaluation of the depressed share price, now trading at EV/Sales 0.2x '24e and EV/EBITDA 2.6x '25e. We continue to find support for a fair value of SEK 0.15-0.20 per share, provided that a rights issue can be avoided.

Two larger deals so far in Q2

The Pareto agreement spans 33 months and is divided into two phases, generating revenue from both projects and subscriptions. It will also benefit the development of the 2Connect platform, creating several new customer-driven services. Phase 1 focuses on platform development, including unique customer features and connecting the National Archives of Sweden, while Phase 2 involves connecting all Pareto Business Management properties in Sweden. With Svenska Mässan, the next phase focuses on developing and implementing visualization tools for kitchen staff to provide an intuitive overview of energy usage and key data, helping measure the climate impact of each meal. With these new features in 2Connect, Svenska Mässan can turn raw data into actionable insights, leading to economic and environmental benefits.

Focus on profitability

The ongoing cost-savings and consolidation efforts are planned to be completed in Q3'24, which is expected to further improve the operational efficiency and profitability, with a full cost-reduction effect of 10% from Q1'25. With Energy savings of 43% for customers, corresponding to a total energy savings of 75 million kWh, F2M continues to expand installed base, now at nearly 800 installations, where the Pareto deal will add another 50 properties. Along with the new service initiatives during Q2, F2M continues to build long term value with recurring revenues.

Depressed share price creates long term opportunities

Despite the historic downward pressure on the share, we see a considerable upside potential in the F2M share. This hinges on the company reaching neutral cash flow and profit in 2024/2025. With the measures taken to more effectively work the order backlog, continue growth and raise profitability, the outlook for this is bright. Encouraged by the deals in Q2, we now continue to find support for a fair value of SEK 0.15-0.20 per share, provided a rights issue can be avoided.



Read the full report here: https://www.emergers.se/free2move_g/

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