

## Company News

- Helium One Global Ltd | Helium gas show confirmed and delay to Tai-1
- Plus500 | H1'21 trading update
- Secure Trust Bank | Profit upgrade flagged for FY21
- SmartSpace Software plc | New distribution agreements

## UK & European Research

12 July 2021

### Helium One Global Ltd | Helium gas show confirmed and delay to Tai-1

HE1- LSE 24p | Speculative Buy | Target Price: 21p

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Announces further helium shows in its maiden Tai-1 well at depths of 552-561m, in a sandstone with a thin claystone seal. Drill pipe then failed, losing c.70m of drill string, and as a result it has to sidetrack from 483 and consequently there will be a delay to completion of the well. Overall good news, indicating substantial helium presence in the stack and a drilling rate of 20-30m / day, but market may focus on the lost drill bit and consequent delay as the contractor sidetracks. Neutral.

### Plus500 | H1'21 trading update

PLUS- LSE 1,367p | Sell | Target Price: 1,137p

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In summary, the trading update looks to be in line with our forecasts for the full year, thus no reason to change forecasts at this stage. Revenue of \$346.2m is -39% YoY and Q2'21 revenue of \$143m is -42%. Customer acquisition has remained good at 136,980, -31% YoY, although it slowed significantly to 47,574 in Q2, -59% YoY. Plus500 Invest, a share dealing service was launched earlier in the month but we do not expect it to make a meaningful contribution in the future. Share dealing is very low margin, particularly when compared to CFDs. There is a notable absence of further detail and KPIs in the statement e.g. Active clients, ARPU, EBITDA, etc. The stock is trading on a CY22E PE of 6.5x, rising to 8.2x and then 10.5x and yields 3.4% falling to 2.4%. SELL.

### Secure Trust Bank | Profit upgrade flagged for FY21

STB- LSE 1,040p | Buy | Target Price: 1,758p

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Due to better than expected performance on bad debts in the first half, STB reports that its IFRS 9 impairment provisions are now expected to be significantly lower in FY21 than FY20. Therefore, the Board expects PBT to be "materially ahead" of current market expectations and to exceed the top end of the range, which is £26.4m to £36.8m. Our own forecast is for £26.8m. The statement flags that there will be some benefit from reduced provisioning levels in FY22, although this will be less marked given increasing lending activity. Half year results will be announced on 5 August. STB trades at 0.70x FY21 P/TB, falling to 0.65x FY22E and 0.6x FY23E for a 14% forecast RoTE in FY23E. The discount valuation continues to look unjustified, in our view, and STB remains a conviction BUY as a strong recovery play. Implied upside to our target price, which is struck on 1.1x FY22E TNAV, is 74%.

**SmartSpace Software plc | New distribution agreements**

SMRT- AIM 164p | Buy | Target Price: 220p

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SmartSpace Software has announced five new distribution agreements to resell its Space Connect workspace management SaaS platform. The new partners are XMA (a global IT solutions business), Insight Direct (a UK provider of IT infrastructure and services), AVMI (an Ireland-based provider of visual collaboration services, owned by US firm Kinly Group) and two smaller ANZ-based partners, Elevate and Beyond Networks. We understand XMA and Insight Direct are of at least a similar scale to SoftCat (who are driving encouraging levels of deal momentum for Space Connect in the UK), while AVMI provides a potential route into the US market. We note Space Connect is already engaged with its new partners on its first joint deals. In our opinion, this offers support to our forecasts assuming SpaceConnect signs 5 new clients per month at an average ARR of £8,500 in FYJan22E, rising to 8 new clients per month at a similar ARR in FYJan23E. We understand 7-8 deals per month are needed to hit cash breakeven for Space Connect. SMRT currently trades on a FYJan23E EV/Sales of 3.9x vs a 5.5x average (CY21E/22E) of our UK SaaS/software peer group, offering an attractive opportunity to participate in this high-margin, high-double-digit growth story in our view.

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### Investment Recommendation

Date and time of first dissemination: July 12, 2021, 02:59 ET

Date and time of production: July 12, 2021, 02:59 ET

### Target Price / Valuation Methodology:

SmartSpace Software plc - SMRT

Given the shape of revenue and margin mix that is expected to flow from SaaS within our forecasts we believe FY22E and FY23E are the most relevant proxies on which to base valuation, given they fully capture the expected growth from both SwipedOn and Space Connect. Applying the blended average (CY21E/CY22E) EV/Sales multiple from our UK peer group (5.5x) to our FYJan23E SmartSpace forecast suggests a valuation of 220p/share, at which we set our price target. In addition, we see support from our DCF analysis (227p/share) and recent M&A.

Helium One Global Ltd - HE1

We base our valuation on a risked fully loaded NAV, and specifically two scenarios: one in which Helium One has successful well results and goes on to develop Rukwa phases 1 & 2, in which we see fair value at 38p, and one in which current exploration is unsuccessful, in which we see fair value at 4p. We highlight that in the development scenario we further assume equity raises to fully fund the development. The straight average of these two scenarios gives us our target of 21p.

Secure Trust Bank - STB

We continue to take FY22 as our target date for valuation. We now apply a multiple of 1.1x to FY22E TNAV (previous 1.0x), to reach our 1,758p TP (previous: 1,575p). We believe this multiple is justified based on a forecast RoTE in FY22E of 11.2%.

Plus500 - PLUS

Our valuation methodology ascribes a target PE of 8.7x (long-run one year forward PE) to CY23 EPS, resulting in a target price of 1137p.

### Risks to achieving Target Price / Valuation:

Helium One Global Ltd - HE1

The single greatest risk to our price target is failure to successfully demonstrate helium reserves in the current exploration campaign. There are additionally numerous other risks that typically apply to resource companies, including pricing of product, specific geographic and political risks in Tanzania, costs, operations, financing and resource constraints, all of which could impact our price target.

Plus500 - PLUS

The key risk to achieving our TP is that the EPS progression is better than we expect, either a combination of the ESMA restrictions not being as harmful as we estimate or alternatively growth from new markets stronger than we anticipate.

SmartSpace Software plc - SMRT

- The early stage of the transition to a SaaS-based model brings execution risk.
- A significant part of the growth story is dependent on the success of Evoko Naso. While our forecasts are based on conservative assumptions with regards to unit sales and SaaS participation, we recognise that there is material sensitivity to flexes in the model (to the upside as well as to the downside).
- The Workplace Management Software vertical is a highly competitive growth market in which SmartSpace remains a small participant. Barriers to entry are therefore low and a well-funded competitor may invest in margin to take share.
- The fast pace of technological change means that functionality may quickly become outdated, requiring significant investment in product development.
- A macroeconomic slowdown, or subsequent reintroduction of any lockdown policy in key geographies may slow a return to the workplace, delay corporate investment plans or reduce demand for flexible workspace technologies.
- While many commentators anticipate a hybrid workplace model moving forward, if corporates instead adopt a work-from-home model the potential TAM could decline.
- The group is exposed to NZD (SwipedOn) and EUR (Evoko). While we have adopted FX rates 2-3% ahead of spot, a strong appreciation of GBP could negatively impact revenue and profitability.
- Key person risk, albeit the founders of SwipedOn and Space Connect each hold significant shareholdings and remain as MDs of the respective businesses.

Secure Trust Bank - STB

- Weaker lending volumes than we expect due to ongoing pandemic-related disruptions and UK economic uncertainty.
- Further macro-related impairment overlays are required.

**Distribution of Ratings:**

**Global Stock Ratings (as of 07/12/21)**

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	633	65.26%	42.50%
Hold	164	16.91%	22.56%
Sell	11	1.13%	36.36%
Speculative Buy	153	15.77%	66.01%
	970*	100.0%	

\*Total includes stocks that are Under Review

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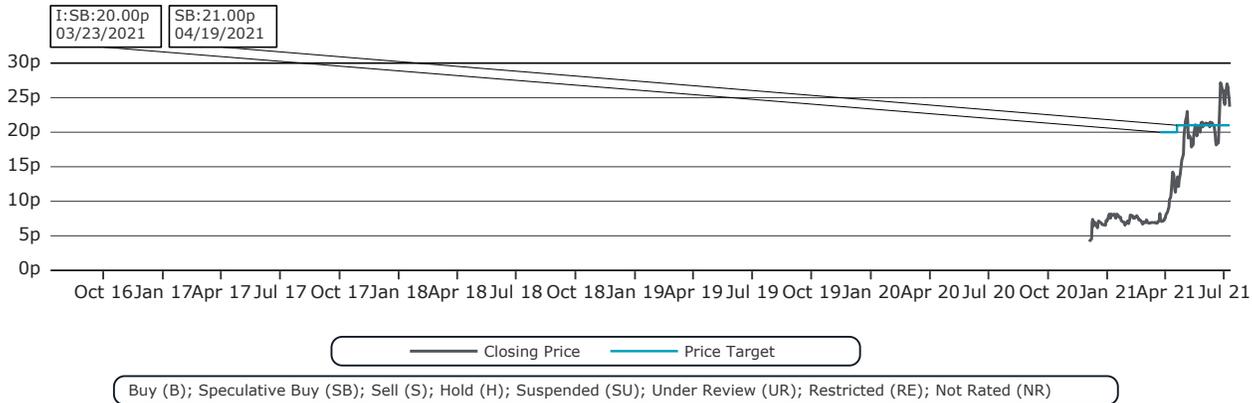
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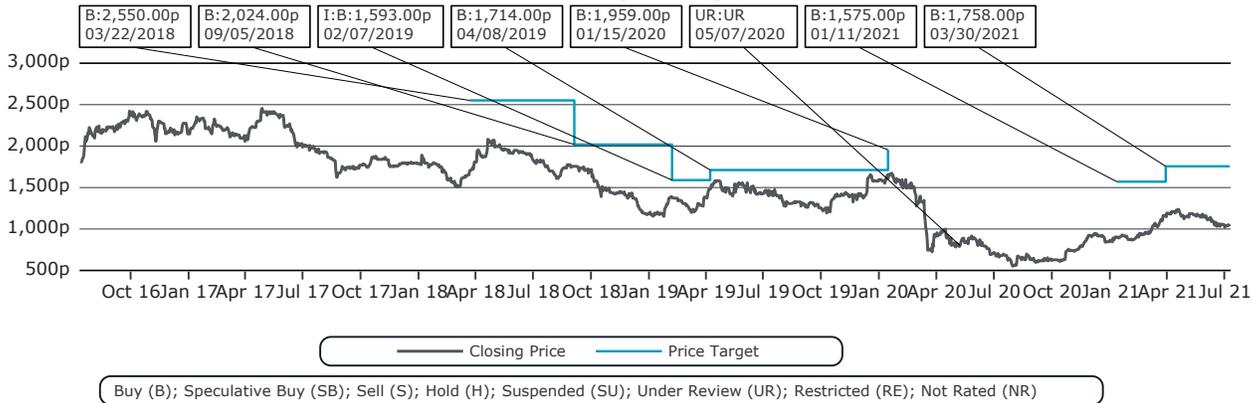
**SmartSpace Software plc Rating History as of 07/09/2021**



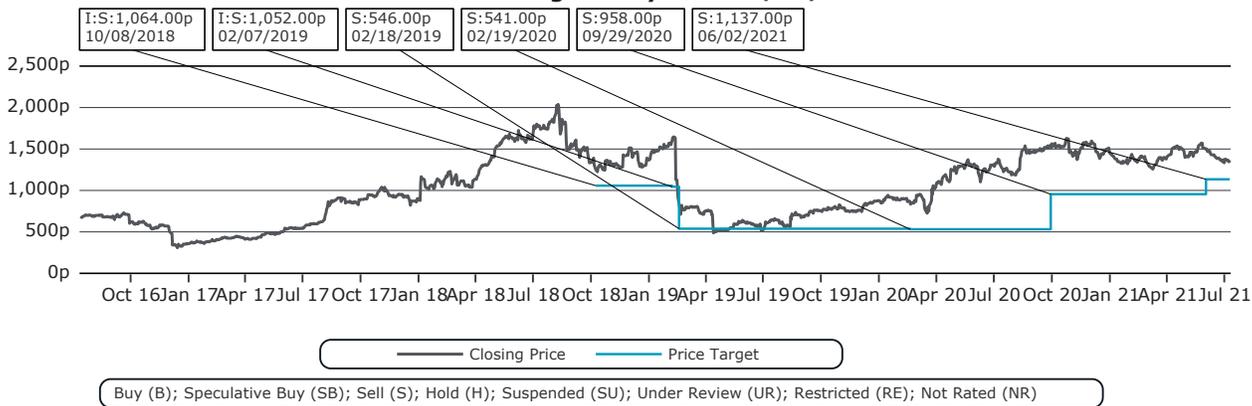
**Helium One Global Ltd Rating History as of 07/09/2021**



**Secure Trust Bank Rating History as of 07/09/2021**



**Plus500 Rating History as of 07/09/2021**



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