

Jamf

# Announces RiF, should drive higher Op Income, Maintain Neutral, \$22 PO

Reiterate Rating: NEUTRAL | PO: 22.00 USD | Price: 19.40 USD

## RiF impacts 6% of workforce, approx. 180 roles

Maintain Neutral and \$22 PO, as Jamf announced a 6% RiF earlier this morning. The reduction should improve operating margins, supporting its commitment to profitable growth. We estimate the 6% impact translates to 180 roles, which could drive annualized cost savings of \$45mn. One-time costs related to the workforce reduction is expected to be in the range of \$6.6-8.2mn. The related charges are expected to be incurred in 1Q24 and the reduction plan to be completed by the end of 2Q24.

## Could drive 200+ bps of EBIT margin expansion

Assuming total annual employee comp of \$250K and an 80/20 mix of cash/stock, we forecast savings annualized non-GAAP savings of \$36.0mn, translating to \$18.0mn in 2024, and \$36.0mn in 2025. Assuming a 25% reinvestment rate on headcount savings, we estimate incremental contributions to EBIT of \$13.5mn for 2024 and \$27.0mn 2025. This equates to approximately 210bps/380bps of EBIT margin expansion, respectively. Our EBIT margin forecast expands to 11.2%/14.4% for 2024/25, vs our 9.0%/10.6% prior, and compares to consensus at 10.6%/12.8%

## Guidance not reiterated, increases risk for a potential miss

We note that there was no pre-announcement of results, reiteration of its 2023 guidance or any commentary on 2024 in the 8-K, which in our view increases the risk of a 2023 expectations miss and/or initial guidance for 2024 revenue growth coming below BofA and consensus estimates of 13% y/y and 15%, respectively.

## Need to wait till the 4Q call for the business update

We will have to wait until its upcoming 4Q23 earnings call on February 27<sup>th</sup>, after the market close, to get further clarity on the growth and profitability strategy following the RiF. No changes to our revenue estimates, but we raise our profitability forecast to account for the headcount reduction.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	0.15	0.16	0.29	0.37	0.52
GAAP EPS	(0.64)	(1.17)	(0.93)	(1.14)	(0.91)
EPS Change (YoY)	25.0%	6.7%	81.3%	27.6%	40.5%
Consensus EPS (Bloomberg)			0.30	0.33	0.45
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	129.3x	121.3x	66.9x	52.4x	37.3x
EV / EBITDA*	68.2x	53.8x	37.1x	28.8x	21.3x
Free Cash Flow Yield*	2.3%	3.4%	1.8%	2.7%	4.2%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 5.

25 January 2024

Equity

### Key Changes

(US\$)	Previous	Current
2024E EPS	0.30	0.37
2025E EPS	0.38	0.52

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### Stock Data

Price	19.40 USD
Price Objective	22.00 USD
Date Established	8-Nov-2023
Investment Opinion	C-2-9
52-Week Range	14.83 USD - 22.89 USD
Mrkt Val (mn) / Shares Out (mn)	2,440 USD / 125.8
Free Float	54.4%
Average Daily Value (mn)	8.03 USD
BofA Ticker / Exchange	JAMF / NYS
Bloomberg / Reuters	JAMF US / JAMF.OQ
ROE (2023E)	5.6%
Net Dbt to Eqty (Dec-2022A)	20.0%
ESGMeter™	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

RiF: reduction in force

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Timestamp: 25 January 2024 03:27PM EST

# iQprofile<sup>SM</sup> Jamf

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	1.8%	2.0%	3.9%	5.3%	7.5%
Return on Equity	2.4%	3.0%	5.6%	7.2%	10.4%
Operating Margin	5.5%	5.3%	7.9%	11.2%	14.4%
Free Cash Flow	55	82	43	66	103

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	3.5x	4.2x	1.2x	1.5x	1.5x
Asset Replacement Ratio	0.2x	0.1x	0x	0.2x	0.2x
Tax Rate	6.0%	0.6%	0.1%	5.0%	5.0%
Net Debt-to-Equity Ratio	25.0%	20.0%	14.7%	5.6%	-8.2%
Interest Cover	8.3x	48.2x	NA	35.3x	NM

## Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	366	479	558	631	713
% Change	36.1%	30.7%	16.6%	13.0%	13.0%
Gross Profit	296	390	457	505	572
% Change	34.9%	31.5%	17.2%	10.5%	13.3%
EBITDA	39	49	71	92	124
% Change	-4.6%	26.8%	45.3%	28.8%	35.2%
Net Interest & Other Income	(3)	(3)	5	(2)	(2)
<b>Net Income (Adjusted)</b>	<b>19</b>	<b>21</b>	<b>40</b>	<b>52</b>	<b>77</b>
<b>% Change</b>	<b>40.5%</b>	<b>13.9%</b>	<b>86.9%</b>	<b>30.4%</b>	<b>47.2%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	(75)	(141)	(116)	(147)	(123)
Depreciation & Amortization	60	71	70	66	71
Change in Working Capital	36	41	(20)	55	56
Deferred Taxation Charge	(6)	(3)	1	(8)	0
Other Adjustments, Net	50	122	111	113	113
Capital Expenditure	(10)	(8)	(3)	(13)	(14)
<b>Free Cash Flow</b>	<b>55</b>	<b>82</b>	<b>43</b>	<b>66</b>	<b>103</b>
<b>% Change</b>	<b>14.4%</b>	<b>48.5%</b>	<b>-47.7%</b>	<b>52.3%</b>	<b>56.8%</b>
Share / Issue Repurchase	611	0	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(50)	5	5	0	0

## Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	177	224	260	326	429
Trade Receivables	79	88	119	144	168
Other Current Assets	35	39	53	44	50
Property, Plant & Equipment	18	19	16	16	16
Other Non-Current Assets	1,171	1,159	1,158	1,164	1,146
<b>Total Assets</b>	<b>1,480</b>	<b>1,530</b>	<b>1,607</b>	<b>1,695</b>	<b>1,808</b>
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	287	361	421	467	554
Long-Term Debt	362	365	366	366	366
Other Non-Current Liabilities	93	103	98	137	132
<b>Total Liabilities</b>	<b>742</b>	<b>828</b>	<b>885</b>	<b>970</b>	<b>1,052</b>
<b>Total Equity</b>	<b>738</b>	<b>701</b>	<b>722</b>	<b>725</b>	<b>756</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,480</b>	<b>1,530</b>	<b>1,607</b>	<b>1,695</b>	<b>1,808</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 5.

## Company Sector

Server & Enterprise Software

## Company Description

Jamf, headquartered in Minneapolis, MN, is a cloud provider of device management applications for Apple devices (Macs, iPhones, iPads, Apple TV) in the enterprise and education sector. Jamf's offering includes the core unified endpoint management software for Apple devices which enables zero touch and efficient device management, as well as two add on modules, Jamf Connect for account authentication, and Jamf Protect for endpoint compliance and monitoring.

## Investment Rationale

We believe that Jamf is well positioned to continue capturing share of the \$18 billion Apple device mgmt market, given key advantages such as 1) special relationship with Apple, 2) best in class device provision and security, 3) installed base of 20mn+ devices and 4) community of over 100,000 developers porting Ent apps to the Jamf environment. Our Neutral rating is valuation based. With the stock trading at premium to the group, we believe much of the NT upside is priced in at this level.

## Stock Data

Average Daily Volume 414,079

## Quarterly Earnings Estimates

	2022	2023
Q1	0.03A	0.05A
Q2	0.03A	0.05A
Q3	0.04A	0.08A
Q4	0.06A	0.12E

**Exhibit 1: Reduction in force cost saving analysis**

We estimate a \$45mn potential GAAP cost saving from the RiF

**Workforce reduction cost savings analysis**

\$ Thousands	2023	2024	2025
Old BofA Adjusted EBIT Forecast	44,357	57,040	75,916
Old BofA Adjusted EBIT Margin	7.9%	9.0%	10.6%
Old BofA Operating Expense Forecast	412,731	447,816	496,247
÷ Est. # of total employees	2,996		
All-in cost per employee assumption	250		
× Est. # of employees impacted by RiF	180		
Potential annual cost savings (GAAP)	45,000	45,000	45,000
× Duration adjustment		× 50% (for ~6 month impact)	× 100%
Potential savings in fiscal year		22,500	45,000
Cash component (80% cash, 20% stock assumption)		18,000	36,000
Savings		18,000	36,000
Less: 25% reinvestment rate on headcount savings		-4,500	-9,000
Incremental contributions to adjusted EBIT		13,500	27,000
New BofA Adjusted EBIT Forecast	44,357	70,540	102,916
New BofA Adjusted EBIT Margin	7.9%	11.2%	14.4%
Increase in Adj. EBIT margin		214bps	379bps

Source: Company filings, BofA Global Research estimates

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**Exhibit 2: Estimate revisions**

We now forecast FY24 PF operating margin of 9.0%

	4Q23E			FY23E			FY24E			FY25E		
	New Estimate	Old Estimate	Change %	New Estimate	Old Estimate	Change %	New Estimate	Old Estimate	Change %	New Estimate	Old Estimate	Change %
Subscription - SaaS	137,028	137,028	0.0%	517,982	517,982	0.0%	594,465	594,465	0.0%	676,994	676,994	0.0%
Y/Y change %	16.5%	16.5%	0bps	20.3%	20.3%	0bps	14.8%	14.8%	0bps	13.9%	13.9%	0bps
Subscription - On Prem	6,891	6,891	0.0%	22,279	22,279	0.0%	18,937	18,937	0.0%	17,991	17,991	0.0%
Y/Y change %	(5.0%)	(5.0%)	0bps	(8.7%)	(8.7%)	0bps	(15.0%)	(15.0%)	0bps	(5.0%)	(5.0%)	0bps
Recurring Revenue	143,920	143,920	0.0%	540,262	540,262	0.0%	613,403	613,403	0.0%	694,985	694,985	0.0%
Y/Y change %	15.3%	15.3%	0bps	18.7%	18.7%	0bps	13.5%	13.5%	0bps	13.3%	13.3%	0bps
Total Revenue	148,543	148,543	0.0%	558,469	558,469	0.0%	631,070	631,070	0.0%	712,976	712,976	0.0%
Y/Y change %	14.0%	14.0%	0bps	16.6%	16.6%	0bps	13.0%	13.0%	0bps	13.0%	13.0%	0bps
Guidance	148,000-149,000			557,900-558,900								
ARR	587,536	587,536	0.0%	587,536	587,536	0.0%	674,211	674,211	0.0%	773,673	773,673	0.0%
Y/Y change %	14.6%	14.6%	0bps	14.6%	14.6%	0bps	14.8%	14.8%	0bps	14.8%	14.8%	0bps
Billings	173,502	173,502	0.0%	607,032	607,032	0.0%	690,120	690,120	0.0%	752,647	752,647	0.0%
Y/Y change %	28.3%	28.3%	0bps	11.8%	11.8%	0bps	13.7%	13.7%	0bps	9.1%	9.1%	0bps
PF Operating Income	20,053	20,053	0.0%	44,357	44,357	0.0%	70,540	57,040	23.7%	102,916	75,916	35.6%
PF Operating Margin	13.5%	13.5%	0bps	7.9%	7.9%	0bps	11.2%	9.0%	214bps	14.4%	10.6%	379bps
Guidance	19,500-20,500			43,800-44,800								
PF EPS	\$0.12	\$0.12	0.0%	\$0.29	\$0.29	0.0%	\$0.37	\$0.30	19.7%	\$0.52	\$0.38	26.8%
Cash from operations (CFO)	26,298	26,298	0.0%	46,343	46,343	0.0%	78,183	72,388	7.4%	117,042	91,393	21.9%
OCF margin	17.7%	17.7%	0bps	8.3%	8.3%	0bps	12.4%	11.5%	92bps	16.4%	12.8%	360bps
Unlevered free cash flow	29,942	29,942	0.0%	62,959	62,959	0.0%	85,819	80,023	6.8%	125,383	99,734	20.5%
uFCF Margin	20.2%	20.2%	0bps	11.3%	11.3%	0bps	13.6%	12.7%	92bps	17.6%	14.0%	360bps
Free cash flow	25,531	25,531	0.0%	43,054	43,054	0.0%	65,562	59,766	8.8%	102,783	77,134	25.0%
FCF margin	17.2%	17.2%	0bps	7.7%	7.7%	0bps	10.4%	9.5%	92bps	14.4%	10.8%	360bps

Source: Company filings, BofA Global Research estimates

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## Price objective basis & risk

### Jamf (JAMF)

\$22 PO is based on an EV/sales multiple of 5.0x our C24E revenue estimate, representing a premium to the small cap SaaS group at 4.6x, given our expectations for Jamf to sustain high-teens percent or higher recurring revenue growth over the next two to three years (versus the small cap SaaS group expected to grow in the low double-digits) driven by ongoing share gains in the \$18 billion estimated addressable market for Apple device management software.

Downside risks are: 1) Systems management market is more mature relative to other software markets with a somewhat lacking innovation cycle driving growth, which could cap growth in the near/long term, 2) Need to drive awareness of Jamf brand to continue driving replacement deals in order to sustain growth which could be challenging given larger priorities are underway (cloud IaaS, cloud apps, digital transformation, etc.), and 3) Highly competitive market in device management, with offerings from platform vendors that sell broader suites that can manage multiple devices/infrastructure - the absence of ongoing feature enhancements for product differentiation could present the risk of slowing share gains or even share losses to platform vendors, which could curb growth.

## Analyst Certification

I, Koji Ikeda, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### US - Enterprise Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	8x8	EGHT	EGHT US	Michael J. Funk
	Adobe	ADBE	ADBE US	Brad Sills
	Alarm.com	ALRM	ALRM US	Michael J. Funk
	Amplitude, Inc.	AMPL	AMPL US	Koji Ikeda, CFA
	BILL	BILL	BILL US	Brad Sills
	CCC Intelligent Solutions	CCCS	CCCS US	Michael J. Funk
	Dropbox	DBX	DBX US	Michael J. Funk
	Dynatrace	DT	DT US	Koji Ikeda, CFA
	Elastic NV	ESTC	ESTC US	Koji Ikeda, CFA
	GitLab Inc.	GTLB	GTLB US	Koji Ikeda, CFA
	Global-e Online Ltd.	GLBE	GLBE US	Koji Ikeda, CFA
	HubSpot	HUBS	HUBS US	Brad Sills
	Informatica Inc.	INFA	INFA US	Koji Ikeda, CFA
	Intapp Inc.	INTA	INTA US	Koji Ikeda, CFA
	Intuit	INTU	INTU US	Brad Sills
	JFrog Ltd	FROG	FROG US	Koji Ikeda, CFA
	MeridianLink, Inc.	MLNK	MLNK US	Koji Ikeda, CFA
	Microsoft Corporation	MSFT	MSFT US	Brad Sills
	MongoDB Inc	MDB	MDB US	Brad Sills
	nCino, Inc.	NCNO	NCNO US	Adam Bergere
	NICE Ltd.	NICE	NICE US	Michael J. Funk
	NICE Ltd.	NCSYF	NICE IT	Michael J. Funk
	PagerDuty	PD	PD US	Koji Ikeda, CFA
	PowerSchool Holdings, Inc.	PWSC	PWSC US	Koji Ikeda, CFA
	RingCentral	RNG	RNG US	Michael J. Funk
	Salesforce.com	CRM	CRM US	Brad Sills
	ServiceNow	NOW	NOW US	Brad Sills
	UiPath	PATH	PATH US	Brad Sills
	Unity	U	U US	Michael J. Funk
	Weave	WEAV	WEAV US	Michael J. Funk
	Workday Inc.	WDAY	WDAY US	Brad Sills

## US - Enterprise Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Zeta Global	ZETA	ZETA US	Koji Ikeda, CFA
<b>NEUTRAL</b>				
	Autodesk	ADSK	ADSK US	Michael J. Funk
	Bentley Systems	BSY	BSY US	Michael J. Funk
	BigCommerce Holdings, Inc.	BIGC	BIGC US	Koji Ikeda, CFA
	Coveo	YCVO	CVO CN	Koji Ikeda, CFA
	Datadog Inc	DDOG	DDOG US	Koji Ikeda, CFA
	DocuSign	DOCU	DOCU US	Brad Sills
	Freshworks, Inc.	FRSH	FRSH US	Adam Bergere
	HashiCorp	HCP	HCP US	Brad Sills
	Jamf	JAMF	JAMF US	Koji Ikeda, CFA
	Lightspeed Commerce Inc.	LSPD	LSPD US	Koji Ikeda, CFA
	Lightspeed Commerce Inc.	YLSPD	LSPD CN	Koji Ikeda, CFA
	Oracle Corporation	ORCL	ORCL US	Brad Sills
	Paycom	PAYC	PAYC US	Adam Bergere
	Paylocity	PCTY	PCTY US	Adam Bergere
	Shopify, Inc.	SHOP	SHOP US	Brad Sills
	Snowflake	SNOW	SNOW US	Brad Sills
	Veeva Systems, Inc.	VEEV	VEEV US	Brad Sills
	Zoom Video Communications	ZM	ZM US	Michael J. Funk
	ZoomInfo	ZI	ZI US	Koji Ikeda, CFA
<b>UNDERPERFORM</b>				
	AvidXchange, Inc.	AVDX	AVDX US	Brad Sills
	Blackbaud, Inc.	BLKB	BLKB US	Koji Ikeda, CFA
	BlackLine, Inc.	BL	BL US	Koji Ikeda, CFA
	C3.ai	AI	AI US	Brad Sills
	Confluent	CFLT	CFLT US	Brad Sills
	CS Disco, Inc.	LAW	LAW US	Koji Ikeda, CFA
	Enfusion, Inc.	ENFN	ENFN US	Koji Ikeda, CFA
	Everbridge	EVBG	EVBG US	Koji Ikeda, CFA
	Five9	FIVN	FIVN US	Michael J. Funk
	Guidewire Software, Inc.	GWRE	GWRE US	Michael J. Funk
	Twilio	TWLO	TWLO US	Michael J. Funk
	Vertex, Inc.	VERX	VERX US	Brad Sills
<b>RSTR</b>				
	Splunk	SPLK	SPLK US	Brad Sills

IQmethod<sup>SM</sup> Measures Definitions

## Business Performance

Return On Capital Employed

Return On Equity  
Operating Margin  
Earnings Growth  
Free Cash Flow

## Quality of Earnings

Cash Realization Ratio  
Asset Replacement Ratio  
Tax Rate  
Net Debt-To-Equity Ratio  
Interest Cover

## Valuation Toolkit

Price / Earnings Ratio  
Price / Book Value  
Dividend Yield  
Free Cash Flow Yield  
Enterprise Value / Sales

EV / EBITDA

## Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income  
Operating Profit  
Expected 5 Year CAGR From Latest Actual  
Cash Flow From Operations – Total Capex

## Numerator

Cash Flow From Operations  
Capex  
Tax Charge  
Net Debt = Total Debt – Cash & Equivalents  
EBIT

## Numerator

Current Share Price  
Current Share Price  
Annualised Declared Cash Dividend  
Cash Flow From Operations – Total Capex  
EV = Current Share Price × Current Shares + Minority Equity + Net Debt +  
Other LT Liabilities  
Enterprise Value

## Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill  
Amortization  
Shareholders' Equity  
Sales  
N/A  
N/A

## Denominator

Net Income  
Depreciation  
Pre-Tax Income  
Total Equity  
Interest Expense

## Denominator

Diluted Earnings Per Share (Basis As Specified)  
Shareholders' Equity / Current Basic Shares  
Current Share Price  
Market Cap = Current Share Price × Current Basic Shares  
Sales  
  
Basic EBIT + Depreciation + Amortization



Valuation Toolkit

Numerator

Denominator

*iQmethod*<sup>SM</sup> is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

*iQdatabase*<sup>®</sup> is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

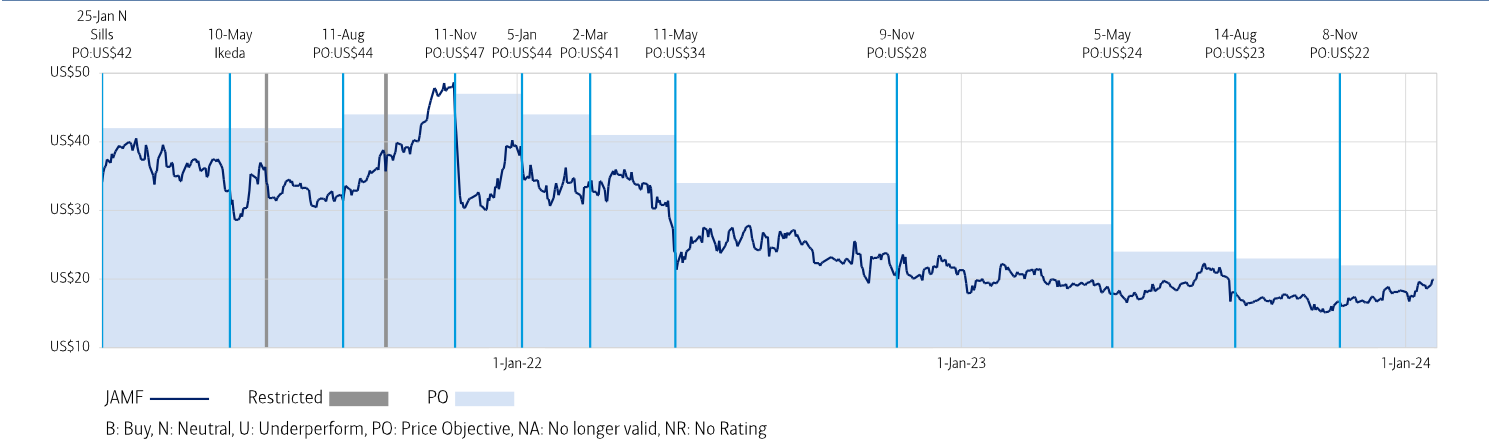
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# Disclosures

## Important Disclosures

Jamf (JAMF) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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