



Riding the M&A wave doubles revenues

Acquisition of Agile Telecom: new technology for SMS transmission

In December 2015, MailUp acquired 100% of Agile Telecom, a privately-held Italian company providing professional mobile messaging solutions.

Agile Telecom operates as *aggregator*, offering direct connection with international carriers and mobile operators to allow high quality SMS transmission and reception at competitive prices. Its specialization is in A2P (Application-to-person) SMS, where texts are sent from an application to a mobile user, for advertising, alerts and notifications.

H1 2015 results were: revenues €4.4m, EBITDA €1.5m (33% margin), net income €0.9m, net cash €0.3m. In 2014, Agile Telecom reported revenues for €7.7m (half of which generated abroad), EBITDA at €0.9m (11% margin) and net income of €0.5m. Net cash at 2014 year-end was €0.2m. Founded in 2002 in Carpi (Modena), Agile Telecom currently employs 13 people.

Deal structure

The deal consideration is: €4m to be paid by cash and by a debt assumption for the acquisition of 67% of Agile Telecom; MailUp's newly issued shares, representing a 7.7% stake in MailUp, for the remaining 33%; an earn-out mechanism based on Agile Telecom's mean 2015-2016 EBITDA, to be paid by cash for at least 25% and by newly issued MailUp's shares for the remaining part (maximum €4m). The capital stock increase is reserved to Agile Telecom's main shareholder, with a 18-month lock-up period. The cash used in the acquisition has been financed through a bank loan. The current value of the newly issued shares is close to €2m.

Rationale and synergies

Through the acquisition of Agile Telecom, MailUp has integrated the *aggregator* activity (previously fully outsourced) and has strengthened the SMS channel in its multi-functional marketing platform. We see clear strategic opportunities in the deal: acquisition of technologies, cost synergies, a significant size step-up.

Acquisition of Globase: entering Nordic markets

In November 2015, MailUp acquired Ad Pepper Media Denmark, the holding company of Globase International, one of the main Danish e-mail marketing players, for a total consideration of €0.8m. The acquisition added around 100 new clients, including Mercedes-Benz, Bang & Olufsen and 3M. Following the acquisition, Globase was renamed MailUp Nordics.

Key aggregated proforma financials

MailUp reported in a press release the following key combined pro forma figures as of June 30th, 2015: revenues €10.7m, EBITDA €1.8m (17% margin), EBIT €1m, net cash €0.1m. In addition, MailUp estimates that 40% of the Group's revenues are now generated abroad.

Target price and rating under review

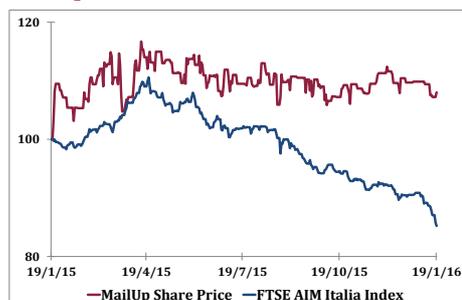
The M&A transactions completed so far in 2015 (among which Globase and Agile Telecom) represented for MailUp a quantum leap in terms of size and internationalization and confirm that MailUp is delivering on its IPO promises. Given the continuing overperformance on the FTSE AIM Italia index and the expected improvement in cash generation capacity, we consider those acquisitions a value building tool and we subsequently expect an increase in value for MailUp. While waiting for FY2015 figures to update our estimates, we put our target price and rating under review.

Under review

Current Share Price (€): 2.96

Target Price (€): Under review

MailUp – 1Y Performance



Note: 19/01/2015=100

Company data

Bloomberg code	MAILIM
Reuters code	MAILMI
Share Price (€)	2.96
Date of Price	19-21/01/2016
Shares Outstanding (m)	8.0
Market Cap (€m)	23.7
Market Float (%)	15%
Daily Volume (21/01/2016)	0
Volume of last trade (19/01/2016)	6,000
Avg Daily Volume YTD	1,547

Share price performance

	1M	3M	1Y
MailUp - Absolute (%)	-2.2%	-0.5%	8.0%
FTSE AIM Italia (%)	-5.8%	-9.6%	-14.8%
1Y Range H/L (€)	3.20	2.74	
YTD Change (€)/%	-0.05	-1.7%	

Luigi Tardella – Co-Head of Research
tardellaresearch@advisory.envent.it

Viviana Sepe – Research Analyst
vsepe@advisory.envent.it

EnVent Capital Markets Limited
25, Savile Row - London W1S 2ER
United Kingdom
Phone +44 (0) 20 35198451

This document may not be distributed in the United States, Canada, Japan or Australia or to U.S. persons.

DISCLAIMER (for more details go to www.envent.eu under “Disclaimer”)

This publication has been prepared by Luigi Tardella, Co-Head of Research Division, and Viviana Sepe, Research Analyst, on behalf of the Research & Analysis Division of EnVent Capital Markets Limited (“EnVentCM”).

EnVent Capital Markets Limited is authorised and regulated by the Financial Conduct Authority (Reference no. 651385). Italian branch registered number is 132.

This publication does not represent to be, nor can it be construed as being, an offer or solicitation to buy, subscribe or sell financial products or instruments, or to execute any operation whatsoever concerning such products or instruments.

This publication is not, under any circumstances, intended for distribution to the general public. Accordingly, this document is only for persons who are Eligible Counterparties or Professional Clients only, i.e. persons having professional experience in investments who are authorized persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 and COBS 4.12 of the FCA’s New Conduct of Business Sourcebook. For residents in Italy, this document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation n. 16190 of the 29th October 2007, as subsequently amended and supplemented.

EnVentCM does not guarantee any specific result as regards the information contained in the present publication, and accepts no responsibility or liability for the outcome of the transactions recommended therein or for the results produced by such transactions. Each and every investment/divestiture decision is the sole responsibility of the party receiving the advice and recommendations, who is free to decide whether or not to implement them. Therefore, EnVentCM and/or the author(s) of the present publication cannot in any way be held liable for any losses, damage or lower earnings that the party using the publication might suffer following execution of transactions on the basis of the information and/or recommendations contained therein.

The purpose of this publication is merely to provide information that is up to date and as accurate as possible. The information and each possible estimate and/or opinion and/or recommendation contained in this publication is based on sources believed to be reliable. Although EnVentCM makes every reasonable endeavour to obtain information from sources that it deems to be reliable, it accepts no responsibility or liability as to the completeness, accuracy or exactitude of such information and sources. Past performance is not a guarantee of future results.

Most important sources of information used for the preparation of this publication are the documentation published by the Company (annual and interim financial statements, press releases, company presentations, IPO prospectus), the information provided by business and credit information providers (as Bloomberg, S&P Capital IQ, AIDA) and industry reports.

EnVentCM has no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the case that any matter, opinion, forecast or estimate contained herein, changes or subsequently becomes inaccurate, or if the research on the subject company is withdrawn. The estimates, opinions, and recommendations expressed in this publication may be subject to change without notice, on the basis of new and/or further available information.

EnVentCM intends to provide continuous coverage of the Company and financial instrument forming the subject of the present publication, with a semi-annual frequency and, in any case, with a frequency consistent with the timing of the Company’s periodical financial reporting and of any exceptional event occurring in its sphere of activity.

A draft copy of this publication may be sent to the subject Company for its information and review (without target price and/or recommendation), for the purpose of correcting any inadvertent material inaccuracies. EnVentCM did not disclose the rating to the issuer before publication and dissemination of this document.

This publication, nor any copy of it, can not be brought, transmitted or distributed in the United States of America, Canada, Japan or Australia. Any failure to comply with these restrictions may constitute a violation of the securities laws provided by the United States of America, Canada, Japan or Australia.

EnVentCM is distributing this publication as from the date indicated on the front page of this publication.

ANALYST DISCLOSURES

For each company mentioned in this publication, all of the views expressed in this publication accurately reflect the financial analysts’ personal views about any or all of the subject company (companies) or securities.

Neither the analysts nor any member of the analysts’ households have a financial interest in the securities of the subject company. Neither the analysts nor any member of the analysts’ households serve as an officer, director or advisory board member of the subject company.

Analysts’ remuneration was not, is not or will be not related, either directly or indirectly, to specific proprietary investment transactions or to market operations in which EnVentCM has played a role (as Nomad, for example) or to the specific recommendation or view in this publication.

EnVentCM has adopted internal procedures and an internal code of conduct aimed to ensure the independence of its financial analysts.

EnVentCM research analysts and other staff involved in issuing and disseminating research reports operate independently of EnVentCM Capital Market business.

EnVentCM, within the Research & Analysis Division, may collaborate with external professionals. It may, directly or indirectly, have a potential conflict of interest with the Company and, for that reason, EnVentCM adopts organizational and procedural measures for the prevention and management of conflicts of interest (for more details go to www.envent.eu under “Disclaimer” and “Procedures for prevention of conflicts of interest”).

CONFLICTS OF INTEREST

In order to disclose its possible conflicts of interest, EnVentCM states that it acts or has acted in the past 12 months as Nominated Adviser (“Nomad”) to the subject Company on the AIM Italia-Mercato Alternativo del Capitale, a Multilateral Trading Facility regulated by Borsa Italiana (for more details go to www.envent.eu under “Disclaimer” and “Potential conflicts of interest”).

CONFIDENTIALITY

Neither this publication nor any portions thereof (including, without limitation, any conclusion as to values or any individual associated with this publication or the professional associations or organizations with which they are affiliated) shall be reproduced to third parties by any means without the prior written consent and approval from EnVentCM.

VALUATION METHODOLOGIES

EnVentCM Research & Analysis Division calculates range of values and fair values for the companies under coverage using professional valuation methodologies, such as the discounted cash flows method (DCF), dividend discount model (DDM) and multiple-based models (e.g. EV/Revenues, EV/EBITDA, EV/EBIT, P/E, P/BV). Alternative valuation methodologies may be used, according to circumstances or judgement of non-adequacy of most used methods.

The target price could be also influenced by market conditions or events and corporate or share peculiarities.

STOCK RATINGS

The “OUTPERFORM”, “NEUTRAL”, AND “UNDERPERFORM” recommendations are based on the expectations within 12-month period of date of initial rating (shown in the chart on the front page of this publication). Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating rationale:

OUTPERFORM: stocks are expected to have a total return of at least 20% in the mid-term;

NEUTRAL: stocks are expected to have a performance consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks are among the least attractive in a peer group;

UNDER REVIEW: target price under review, waiting for updated financial data and/or key information;

SUSPENDED: no rating / target price assigned, due to insufficient fundamental information basis, or substantial uncertainties.

The stock price indicated is the reference price on the day indicated as “Date of Price” in the table on the front page of this publication.

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

MailUp			
Date	Recommendation	Target Price (€)	Share Price (€)
23/09/2015	OUTPERFORM	3.44	2.94
22/10/2015	OUTPERFORM	3.44	2.98
21/01/2016	UNDER REVIEW	UNDER REVIEW	2.96

ENVENTCM RECOMMENDATION DISTRIBUTION (at January 21st, 2016)

Number of companies covered: 6	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW
Total Equity Research Coverage %	67%	0%	0%	17%	17%
of which EnVentCM clients % *	75%	0%	0%	100%	100%

* Note: Companies to which corporate and capital markets services are supplied in the last 12 months.

This disclaimer is constantly updated on the website at www.envent.eu under “Disclaimer”. Additional information are available upon request.