

# MailUp Group

Sector: Marketing Technology



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## A growth story with robust roots

MailUp Group is a leading cloud based marketing technology provider currently offering its solutions to several thousands customers worldwide, with a consolidated expertise on small to medium-sized enterprises reference market.

### FY17: Double-digit growth and positive cash generation

FY17 results boast an accelerating organic growth rate, result of a passionate development effort. In particular, we underline the following key points:

- ◆ **Group Revenues up +26% YoY**, with all legal entities / business lines growing healthy but for Globase, in the middle of a turnaround action;
- ◆ **EBITDA up +19.3% YoY** even if still negatively affected by: (i) investments in corporate structure; (ii) losses brought by Globase and BEE (still in a start up status);
- ◆ **Sound Net Cash Position at ca. €7.3mn**, as a result of both a successful €6mn accelerating book building finalized during the year and of positive operating cash generation.

### 2018E-19E: Close to harvesting time

We expect MailUp Group to attain at double-digit growth rates over the projection period (Net Revenues up +14% and +11% in 2018E-19E, EBITDA margin at ca. 14% in 2019E), as result of:

- ◆ Launch of more sophisticated tools/solutions, also evolving from mere service provider to consultancy advisor in the MarTech field;
- ◆ Achievement of breakeven status at Globase and at BEE, the start-up based in Silicon Valley which has the medium term potential to become the “jewel in the crown”.

### Fair Value at €3.45 per share (up from previous €3.35)

Averaging DCF valuation and Sum-of-the Parts model, we set a **fair value per share at €3.45**, marginally up from previous €3.35. Two points to take into account:

- 1) We expect an increasing speculative appeal on Italian stocks such as MailUp as a consequence of the widening valuation gap vs. US-UK players that makes cross-border M&A arbitrage more and more likely;
- 2) BEE has, in our view, an ever-increasing valuation potential, as it can become the global market standard editor for email and landing page creation. This is testified by the current ca. 10% Month-on-Month growth rate in Revenues.

**Fair Value (€)** **3.45**  
**Market Price (€)** **2.24**  
**Market Cap. (€m)** **31.9**

KEY FINANCIALS (€m)	2017A	2018E	2019E
NET REVENUES	26.4	30.2	33.6
EBITDA	2.9	3.7	4.6
EBIT	1.3	1.7	2.6
NET PROFIT	0.6	1.1	1.7
EQUITY	13.9	15.0	16.8
NET FIN. POS.	7.3	8.0	9.6
EPS ADJ. (€)	0.05	0.08	0.12
DPS (€)	0.00	0.00	0.00

Source: MailUp Group (historical figures),  
Value Track (2018E-19E estimates)

RATIOS & MULTIPLES	2017A	2018E	2019E
EBITDA MARGIN (%)	10.9	12.1	13.8
EBIT MARGIN (%)	4.8	5.5	7.8
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	nm	nm	nm
EV/SALES (x)	1.0	0.8	0.7
EV/EBITDA (x)	8.7	6.7	4.9
EV/EBIT (x)	19.7	14.7	8.7
P/E ADJ. (x)	47.7	29.8	18.6

Source: MailUp Group (historical figures),  
Value Track (2018E-19E estimates)

### STOCK DATA

FAIR VALUE (€)	3.45
MARKET PRICE (€)	2.24
SHS. OUT. (m)	14.2
MARKET CAP. (€m)	31.9
FREE FLOAT (%)	33.4
AVG. -20D VOL. (#)	24,000
RIC / BBG	MAIL.MI / MAIL IM
52 WK RANGE	1.89-2.89

Source: Stock Market Data



## Business Description

MailUp Group is a leading cloud based marketing technology provider currently offering its solutions to several thousands customers worldwide, with a consolidated expertise on small to medium-sized enterprises reference market.

More in details MailUp Group is involved in provisioning of email marketing services, delivery of mobile text messages (for both transactional and marketing purposes), email editing support and professional services to business clients.

## Key Financials

€mn	2016A	2017A	2018E	2019E
<b>Net Revenues</b>	<b>21.1</b>	<b>26.4</b>	<b>30.2</b>	<b>33.6</b>
Chg. % YoY	13%	25%	14%	11%
<b>EBITDA</b>	<b>2.4</b>	<b>2.9</b>	<b>3.7</b>	<b>4.6</b>
EBITDA Margin (% of Net Revenues)	11%	11%	12%	14%
<b>EBIT</b>	<b>1.2</b>	<b>1.3</b>	<b>1.7</b>	<b>2.6</b>
EBIT Margin (% of Net Revenues)	6%	5%	6%	8%
<b>Net Profit</b>	<b>0.8</b>	<b>0.6</b>	<b>1.1</b>	<b>1.7</b>
Chg. % YoY	-37%	-21%	78%	60%
Adjusted Net Profit	0.8	0.6	1.1	1.7
Chg. % YoY	nm	-21%	78%	60%
<b>Net Fin. Position</b>	<b>1.0</b>	<b>7.3</b>	<b>8.0</b>	<b>9.6</b>
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-2.2	-2.0	-2.2	-2.4
<b>OpFCF b.t.</b>	<b>1.0</b>	<b>2.5</b>	<b>2.7</b>	<b>3.0</b>
OpFCF b.t. as % of EBITDA	42%	86%	75%	66%

Source: MailUp SpA (historical figures), Value Track (estimates)

## Investment case

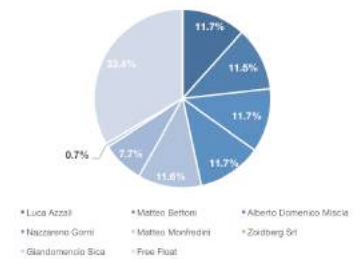
### Strengths / Opportunities

- ◆ Full range of marketing technology services (SMS, email, email editor, professional services) offered in a flexible way i.e. not necessarily bundled;
- ◆ Highly diversified customer base ranging from professional marketers to developers and to wholesalers both at a domestic and international level;
- ◆ Intense and effective R&D effort generating high-value opportunities.

### Weaknesses / Risks

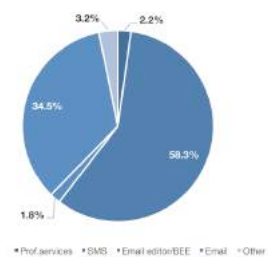
- ◆ Much lower size if compared to Anglo-Saxons competitors;
- ◆ MarTech moves fast and MailUp group capability to keep up the pace could be limited due to money or other constraints.

## Shareholders Structure



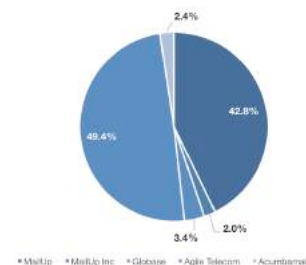
Source: MailUp SpA

## Sales breakdown by business line



Source: MailUp SpA

## Sales breakdown by business unit



Source: MailUp SpA

## Stock multiples @ €3.45 Fair Value

	2018E	2019E
EV / SALES (x)	1.4	1.2
EV / EBITDA (x)	11.2	8.5
EV / EBIT (x)	24.7	14.9
EV / CAP.EMP. (x)	5.8	5.5
OpFCF Yield (%)	6.7	7.8
P / E (x)	44.9	28.0
P / BV (x)	3.3	2.9
Div. Yield. (%)	0.0	0.0

Source: Value Track

## MailUp Group business profile at a glance

### Leading marketing technology provider

MailUp Group is a young and dynamic player active in the fast-growing marketing technology industry offering a wide spectrum of services to its ca. **several thousands customers** – mainly small to mid-sized international companies, and to slightly less than one thousand resellers worldwide.

Within the marketing technology arena, MailUp Group ranks **among the top five to ten players in Europe** and the top three players in Italy, achieving a **Turnover in excess of €27mn** as of the end of 2017FY, more than tripled in the latest four years.

Headquartered in Cremona and Milan, thanks to its rapid growth, MailUp Group is nowadays a small multinational active in several regions (**Europe, North America, Latin America, Asia**) with operating activities in Silicon Valley, Buenos Aires, Ciudad Real, Copenhagen and Tokyo. International sales now account for more than one third of consolidated revenues.

### MailUp Group: Geographic footprint



Source: MailUp Group, Value Track Analysis

### Wide service offer ranging from entry level services to premium ones

MailUp Group offers to both marketers (i.e. end users) and developers, a **wide range of marketing technology tools and solutions** that customers can decide to purchase unbundled or combined, going from highly standardized entry-level services to customized, and so premium, ones.

While the former are basically ready-to-implement, with customers essentially inserting their preferred marketing ideas (e.g. pictures, promotions, etc.), the latter are more consulting-oriented, allowing customers to structure an *ad hoc* project as well as to benefit from consolidated marketing competences.

Product / Services range can be summarized as:

- ◆ Email service provisioning (ESP);
- ◆ Mobile messaging delivery;
- ◆ Email editing tools - BEE;
- ◆ Professional services and consulting.

## Email marketing and mobile messaging the core of group's services

The “core” of MailUp Group’s services is represented by **email marketing** and **mobile messaging** activities, which are provided via in-house cloud-based proprietary engines offering high quality, price competitiveness and efficiency i.e. the opportunity to connect customers’ platforms to an outright marketing mean, in order to reach a greater effectiveness in a marketing campaign.

As far as the **email marketing service** is concerned, this is mainly provided by MailUp SpA, Acumbamail and Globase, which are differentiated both in terms of geographies and client segment addressed:

- ◆ **Geographic positioning.** Acumbamail is mainly dedicating to Spanish-speaking countries while Globase (powered by MailUp SpA) addresses Nordic countries and MailUp SpA covers the whole world;
- ◆ **Clients segment addressed.** Acumbamail is a “freemium” concept i.e. it is offered mainly for free and only some advanced features are on a pay as you go basis.

On the contrary, MailUp SpA’s targeted client base lies in the central part of the range, thus gathering small to medium-sized companies whose primary objective is to get the best price-quality mix. MailUp SpA’s services are mainly based on annual fees model.

Last but not least, Globase addresses mid to large enterprises.

As far as the **mobile messaging activity** is concerned, MailUp Group allows its corporate users to communicate with their customer base via mobile messages, both marketing oriented or, more and more, transactional ones (A2P, application-to-person).

The peculiarity of MailUp Group is that such mobile messaging activity is provided to clients via two different channels:

- 1) Embedded in MailUp SpA marketing platform or;
- 2) Stand-alone basis, via Agile Telecom, the specialised “Internet-of-Things SMS factory” acquired back in 2015 that is a OLO (i.e. Other Licensed Operator), which means that it can establish direct connections with all the other telecom operators worldwide and that is also market leader in terms of technologies and pricing power, thanks to its efficient and dynamic SMS procurement strategy and that can be accessed via API or by using HTTP, SMPP, and UCP protocols.

## Professional consulting services and email editing tool enrich the offer

In addition to email and mobile messaging, MailUp Group also offers:

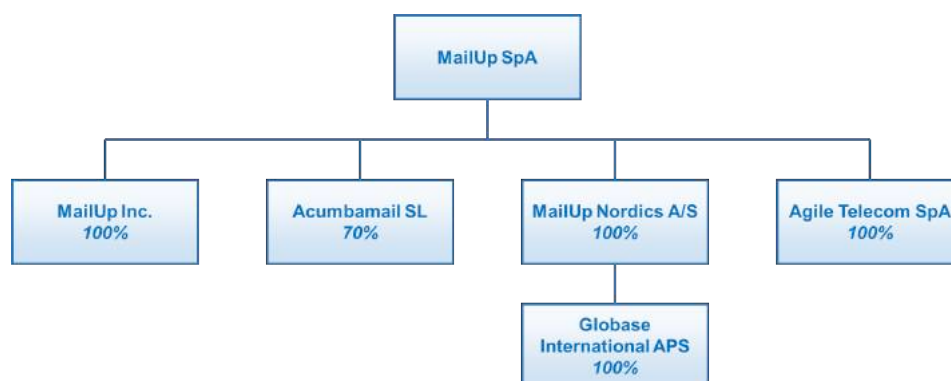
- ◆ Sophisticated but easy to use drag-&-drop **email editing tools**, named BEE, which can be used on a stand-alone basis or even embedded in third-party applications, such as customers’ CMS (Content Management System) and CRM (Customer Relationship Management) systems so as to have a totally integrated and manageable sales and marketing experience. Such an email editor is currently offered as:
  - A toll-free version (**BEE Free**). Customers do not even need to create an account to use it;
  - A subscription-fee base version (**BEE PRO**) aimed at professional marketers and agencies offering customer many more tools and features such as more templates, quick message cloning, mobile-ready and responsive HTML features;
  - An “embeddable plugin” (**BEE Plugin**), which allows companies and developers to enrich their CRM or CMS system with a better email editor, automatically updated and improved.
- ◆ **Professional consulting services** for customisations, dataset and management of marketing automation flows, mainly dedicated to medium-to large corporates. Indeed, the aim of MailUp Group is to scale up and increase the ARPU from clients by feeding them with more tailor made services.

### Group services provided by different but synergic legal entities

MailUp Group’s current business profile is the result of both organic development and acquisition strategies of the latest few years, and as of now it includes the following legal entities:

- ◆ **MailUp SpA** - Established as an email marketing vendor, it now delivers customers with its multi-channel digital cloud computing platform. In addition, it also offers integrations and automation, targeting, tracking tools and is rolling out professional / consultancy services.
- ◆ **Agile Telecom** – Acquired back in 2015, it is the Group’s Internet-of-Things SMS factory, offering customers a web platform to easily send directly via the Internet massive amounts of both marketing and transactional (A2P) messages to lists of numbers at a very low cost.
- ◆ **Acumbamail** - Acquired back in 2015, it is a Spanish based email marketing provider offering also SMS packages and transactional services.
- ◆ **MailUp Inc** –US based legal entity whose task is the development and commercialization of the email editing tool BEE.
- ◆ **Globase** – Acquired back in 2015 in a “fire sale”, it is a Danish based provider of digital marketing automation software for businesses and professional consulting services. It is now evolving towards “white label” email marketing service provider powered by MailUp.

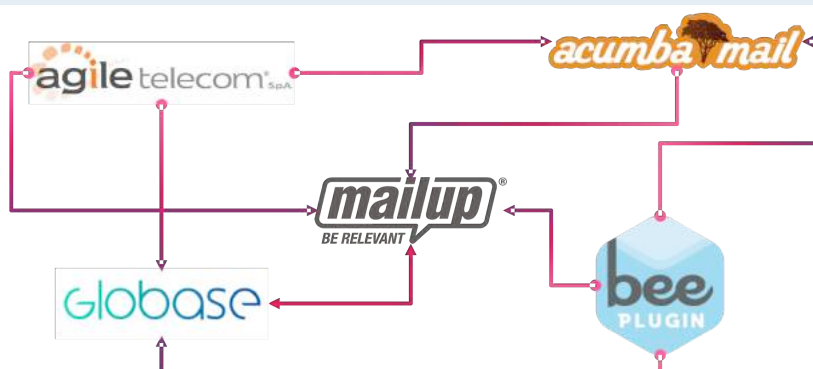
#### MailUp: Current Group Structure



Source: MailUp, Value Track Analysis

Full exploitation of intra-group synergies is a process under going, based on the usual approach of MailUp i.e. maintaining an unbundled offer proposition and allowing each of the group company to sell every product included in the Group set of solutions.

#### MailUp Group: Synergies among group companies



Source: MailUp

## MailUp Group and MarTech space: our personal 2017 wrap up

Lots of things took place in 2017 both at the market level and at the company's one. We analyse them according to the following structure:

- ◆ Latest reference market trends;
- ◆ MailUp Group industrial achievements;
- ◆ MailUp Group financial performance.

### Latest reference market trends

Also in 2017 MarTech sector has been an extremely dynamic one, with the main market trends being:

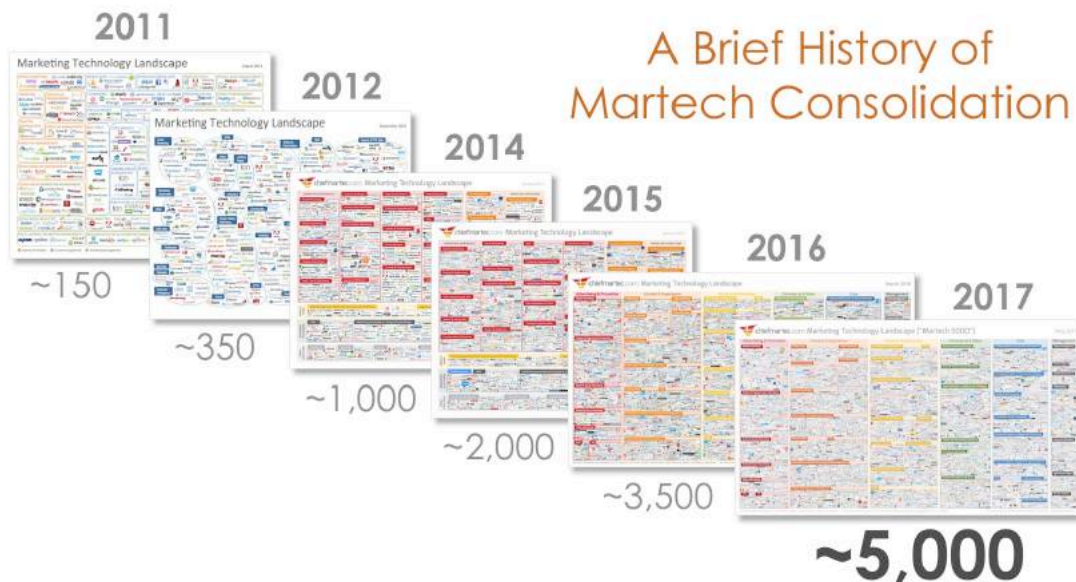
- ◆ The launch of hundreds of new solutions, more and more based on the use of data / AI;
- ◆ The progressive merge of Email marketing and Mobile messaging in combined marketing strategies;
- ◆ Market consolidation with bigger players acquiring smaller ones at virtually any price.

### Launch of hundreds of new solutions, more and more based on the use of data / AI

When we initiated our coverage on MailUp back on April 2017 we noticed the huge 20x growth over the last few years of the number of possible marketing technology solutions (i.e. synergic products and services that customers are provided with) available to digital marketers.

Indeed, the "MarTech" (cloud based ecosystem of marketing strategies, solutions and tools) space accounted for ca. 3,500 solutions compared to ca. 150 as of 2011 and 2017 was not an exception to this tremendous growth as, according to Chiefmarket, **at the end of 2017 there were more than 5,000 marketing technology solutions available.**

#### Marketing Technology Landscape: 2011-17 growth in terms of solutions provided to customers



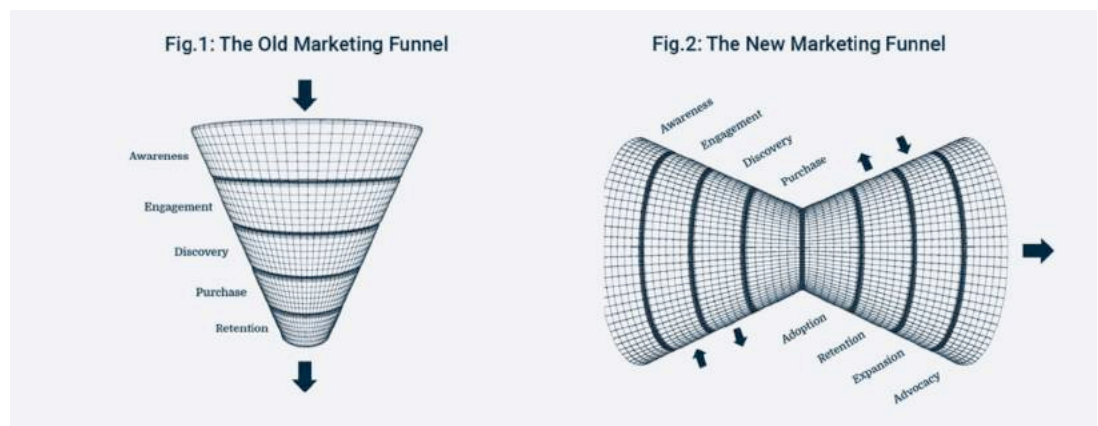
Source: Chiefmartec

It's for us impossible to thoroughly track the peculiarities of each new solution launched in the market, however we note that two widely addressed goals have been: 1) helping marketers to better analyse and manage the marketing funnel; 2) delivering improved features able to provide customers with personalized user experiences.

**1. Better analysing and managing the marketing funnel.** Thanks to the possibility to monitor and track online customers usage patterns / behaviours, more and more marketers are “merging” pre-purchase and post-purchase stages to have a complete view of the entire customer lifecycle.

The end goal is no longer to simply convert a lead into a customer, as it was with traditional marketing funnel analysis, but maximizing the lifetime value of loyal customers based on a “revised” marketing funnel that takes into account the after sale stage.

### Old versus New Marketing Funnel



Source: Market Campaign, 2018 Email Marketing

**2. Delivering improved features able to provide customers with personalized user experiences.** The aim is to increase conversion ratios by making prospect customers feel as they were “unique”. This is more and more possible utilizing new tools/apps that are able to capture customers’ experiences, using artificial intelligence supported by machine learning in order to deliver a **one-to-one experience** to customers i.e. identifying which content should be delivered to which customer, and when.

### Progressive merge of Email marketing and Mobile messaging in combined marketing strategies

Email and SMS remain respectively the most widely used and fastest growing digital marketing tools and more and more are used in combined marketing strategies. Indeed:

**1. Email remains the most widely used digital marketing tool** through which communication campaigns are promoted and customer acquisition activity is boosted even if other methods of interpersonal communication, such as instant messaging, social networking and chat are seeing strong adoption.

According to the last update released as of March 5<sup>th</sup> 2018 by Radicati Group, a research house specialized on analysis / statistics, the email market should show a strong growth worldwide, in terms of both users and revenues with:

- ◆ 3.8 bn users worldwide as of the end of 2018, growing at a 3% CAGR<sub>17-22</sub> ;
- ◆ Number of emails sent and received every day at 281.0bn at the end of 2018, with annual expected growth at ca. 4% until 2022.

Indeed, email is reckoned as “symbiotical” to the overall Internet experience as an email address is almost always required to sign up to any online activity.

**2. SMS is the fastest growing marketing channel**, with ca. 4.9bn mobile users worldwide at the end of 2017 (i.e. 66% of total population and 5% increase from 2016) and one of the highest response rate (8% of mobile users who received an SMS message has gone in-store to make a purchase).

**3. Multi-channel experience is more and more the rule** as marketers are looking for marketing strategies which work through different channels, creating the best personalized customer experience for users.

### Market consolidation with bigger players acquiring smaller ones at virtually any price

MarTech segment remains very fragmented, large, complex, and interconnected. In such a market vendors need either to position themselves in a specific segment or to diversify their business activity and aggregate / include as many services as possible under one big framework.

That's why we find both large enterprise software firms, such as Adobe, IBM, Oracle, Salesforce and a myriad of start-ups that are starting their businesses from scratch.

We saw before that at least 1,500 new marketing technology solutions have been launched in the market in the latest months. Out of this 1,500 there will likely be less than 100 new, innovative SaaS ventures able to survive and out of this number we expect at least half to be acquired by larger players attempting to consolidate everything into one mega-suite.

This never-ending effort is **driving upward the number of M&A deals and implied deal multiples**. According to the latest market data, in January 2018 alone, there were 81 transaction, out of which 43 reported an aggregate value of \$3.7bn.

Indeed, several deals have been finalized / announced in recent months, among which we highlight:

- ◆ **Hubspot** announced the acquisition of **Motion AI**, one of the top visual chatbot builder, enabling customers to create a chatbot for their sites, without any programming skill requirement;
- ◆ **Link Mobility**, who has carried on several operations (ca. ten acquisition) across many European regions in order to expand its business perimeter. On average, acquisitions has been finalized at some 1.0x EV/Sales, and 6.0x EV/EBITDA;
- ◆ **Salesforce** a few days ago has announced the acquisition of Mulesoft (US\$300mn revenues) for a total US\$6.5bn consideration i.e. ca. 21x EV/Sales !

## MailUp Group industrial achievements

As said, 2017 has been an intense and eventful year for MailUp group on both the organizational structure side and on the commercial / business one. Main points worthy to mention are:

- ◆ Most of business units fine tuning their mission;
- ◆ Intragroup synergies increasing more and more;
- ◆ Preparatory works for move on Borsa Italiana's Main Market going on;
- ◆ Net increase in integrated solutions with third party companies;
- ◆ Compliance with new GDPR regulation achieved.

We underline that most of these activities are continuing in 2018.

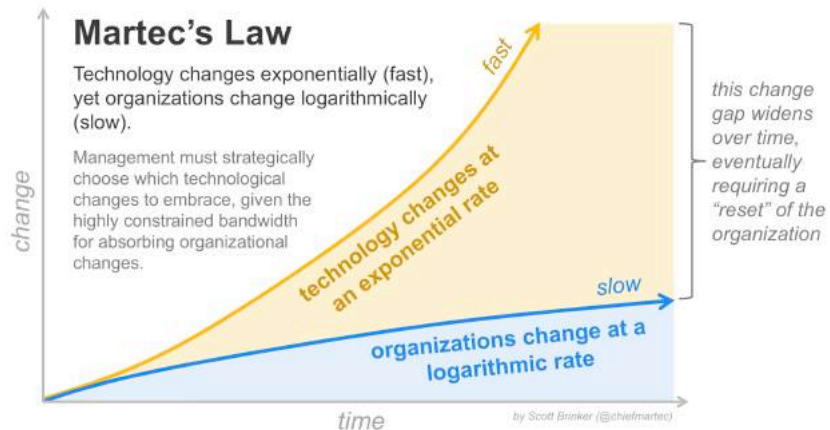
### Most of business units fine tuning their mission

- ◆ **MailUp** is reaping the benefit of its strong market positioning on the domestic side and, indeed, in October 2017 it has achieved its all-time high level of new orders acquired in a month (ca. €0.7mn, +54% YoY and +8% with respect the previous record high).



At the same time, this Business Unit is working hard in order to fully exploit the revenue potential of its corporate clients by providing them with a professional services business line. Indeed, as reported in a recent interview by Mr. Nazzareno Gorni, MailUp Group's CEO, many companies are facing the impact of the complexity of marketing technology space, since it is not easy to choose the specific niche and understand the essentials of each service available in this segment, so having a well-established, publicly traded and trusted provider becomes a key differentiator.

### Technology moves fast, organizations less and need help...



Source: Chiefmartec

- ◆ **Globase** remains in the middle of a new organization and development plan aimed at re-launching the business. Mrs Cinzia Tavernini has been appointed as new CEO and the unit is now strongly pushing the integration with MailUp Spa in order to introduce a new "white label" version of the email marketing platform, called Globase v3, that should try to replicate MailUp success in Nordic countries;
- ◆ **MailUp Inc.**, the US based vehicle managing the **email editor Bee** has launched at the end of last year new commercial plans for both editing tools, Bee Plugin and Bee Pro. In addition, the company is in the process of amending the offer to meet enterprise clients' requirements. Market acceptance for Bee remains extremely high, with a steady Month-on-Month growth in the 5%-10% region.

### Intragroup synergies increasing more and more

MailUp Group's companies while working in an independent way, are developing more and more intragroup synergies (see our initiation of coverage report published back in Spring 2017 for more details on this point). Thus, maintaining an unbundled approach, and allowing each of the group company to sell very product included in the Group set of solutions, we highlight how in FY17 **intercompany transactions** have increased significantly reaching ca. **€2.5mn aggregate value**.

### Preparatory works for move on Borsa Italiana's Main Market going on

One of the Group's goals for 2018-19 is listing on official MTA Stock Exchange. In order to comply with Borsa Italiana requirements, MailUp in the recent months has:

- ◆ Included a woman in the Board of Directors;
- ◆ Increased to ca. 33% the share capital free float percentage;
- ◆ Introduced an upgraded management control system and a management incentive plan;
- ◆ Switched over international accounting principles;
- ◆ Introduced the so-called "model 231", a set of procedures and structured processes to support a better risk management.

### Net increase in integrated solutions with third party companies

Nowadays, MailUp's APIs provide developers the option to connect and synchronize the platform with external database, CRM, CMS, e-commerce and any other external application.

Indeed MailUp technology has been integrated to more than 20 direct integrations and more than 750 indirect ones.

Among all, we highlight such notable names as Salesforce, Magento, WordPress, Prestashop and Microsoft Dynamics.

### Compliance with General Protection Data Regulation (GDPR) achieved

Released by the European Union GDPR has the potential to fundamentally change the way companies acquire and store information on prospects and customers: everything from customer relationship management (CRM) tools and content management systems (CMS) all the way to marketing automation systems. The piece of legislation, effective from 25 May 2018, will define unique rules for data processing carried out in the European Union

The Group has invested in order to be GDPR compliant. To be compliant with this regulation is crucial since the company manage clients' data on a daily basis.

## MailUp Group FY17 financial performance

MailUp Group has recently approved FY17 consolidated financial statements, recording a double digit growth for both Revenues and EBITDA and a well-balanced financial structure that ended up with a ca. €7.3mn net cash position.

### MailUp Group: Main Financials 2016FY and 2017FY

€ mn	2016	2017	Change YoY (%)
Total Sales	21.1	26.4	25%
Other Revenues	0.6	0.9	
<b>Total Value of Production</b>	<b>21.6</b>	<b>27.3</b>	<b>26%</b>
Total Opex	-19.2	-24.4	27%
<b>EBITDA</b>	<b>2.4</b>	<b>2.9</b>	<b>19%</b>
<i>EBITDA margin</i>	11%	11%	
<b>EBIT</b>	<b>1.2</b>	<b>1.3</b>	<b>8%</b>
<i>EBIT margin</i>	6%	5%	
<b>Net Profit</b>	<b>0.8</b>	<b>0.6</b>	<b>-22%</b>
<b>Group Net Equity</b>	<b>7.0</b>	<b>13.9</b>	
<b>Net Financial Position</b>	<b>1.0</b>	<b>7.3</b>	

Source: MailUp Group, Value Track Analysis

## Key messages of FY17 financial figures

As of FY17, MailUp Group highlights the following key messages:

1. Organic Revenue growth is accelerating (+25% YoY);
2. EBITDA margin is increasing at aggregate level;
3. Net Profit negatively impacted by increasing D&A and income taxes;
4. Well-balanced financial structure, and improved cash conversion rate.

### 1. Organic Revenue growth accelerating

**Group consolidated turnover increased “organically” at double-digit rate (+26% YoY) in FY17**, reaching €27.3mn compared to €21.6mn in FY16. All legal entities and all business units grew in a healthy way, but for professional services i.e. Globase, still in the middle of a turnaround effort. More in particular, we underline:

- ◆ **Email business**, by nature the more stable, since it mainly consists of annual/monthly subscriptions with subsequent renewals, has shown a significant increase with respect the previous year (€9.4mn, **+12% YoY**), as a result of both improved acquisition / churn rates and the more intensive upselling activity;
- ◆ **SMS** activity recorded the most relevant growth, with sales at ca. €16mn (**+40% YoY**), thanks in particular to the performance of Agile Telecom (ca. €13mn, +36% YoY);
- ◆ **BEE**, the Email editor services provider, organized according to the dual company model (business team in USA, and technological team in Italy), achieved outstanding results with revenues at ca. €0.5mn, **more than doubled YoY**;
- ◆ **Professional services** were **down YoY**, as positive growth rates achieved by MailUp platform has been more than offset by the negative results posted by Globase.

### MailUp Group: 2016-17FY Revenues breakdown by business segment

€ mn	2016	2017	Change YoY (%)
Email	8.4	9.4	12%
SMS	11.4	15.9	40%
Email editor	0.2	0.5	214%
Professional Services	0.8	0.6	-26%
Other Revenues	0.8	0.9	14%
<b>Total Sales</b>	<b>21.6</b>	<b>27.3</b>	<b>26%</b>

Source: MailUp Group, Value Track Analysis

### 2. EBITDA margin increasing at aggregate level

**Group consolidated EBITDA** was around €2.9mn in FY17, increasing **+19.3% YoY**, accelerating its growth also with respect the first half of the year, when it recorded a +8% YoY.

As far as the various legal entities' contribution to Group profitability is concerned, we note:

- ◆ **MailUp Spa, Agile Telecom and Acumbamail, contributed positively to Group's profitability** as they generated an aggregate EBITDA of ca. €4.5mn;
- ◆ **Bee, Globase and the Holding centre contributed negatively to Group's EBITDA**, either because of the startup status (Bee), or because the undergoing turnaround (Globase) or because the strengthening in order to support future Group's growth (Holding centre).

### MailUp Group: 2017FY EBITDA breakdown

(€ '000)	1H17	2H17	FY17
MailUp Spa	1,430	1,336	2,766
Agile Telecom	837	549	1,386
Acumbamail	120	169	289
Bee (*)	-197	177	-20
Globase	-280	-248	-528
Holding	-712	-297	-1,009
<b>Group EBITDA</b>	<b>1,198</b>	<b>1,681</b>	<b>2,879</b>

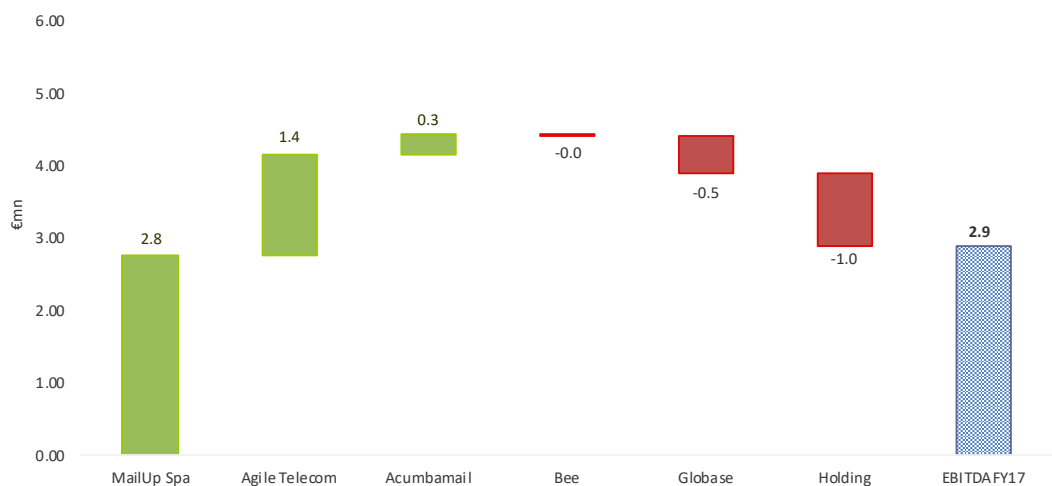
Source: MailUp Group, Value Track Analysis

(\*) The reported improvement in 2H is the result of a change in accounting treatment of development costs that are now capitalized

As reported in our previous update, published back on October 2017 after the release of 1H17 financial figures, consolidated profitability in FY17 has been affected by increased efforts sustained to support future business developments. Indeed, we highlight **margin erosion mainly due to:**

- ◆ The **investment in the corporate structure (i.e. holding level)**, which negatively impact EBITDA group (EBITDA loss at ca. €1mn). This one-off investment aims at straightening corporate structure in order to meet future growth purposes, among which further abroad developments through M&A activities and the above-mentioned transition to MTA market;
- ◆ **Globase still undergoing a complex turnaround**, aiming at completing the project of restructuring the business, which includes costs related to previous rent agreements, to server providers and to employees contract resolution;
- ◆ Lower profitability of mobile messaging business line, i.e. **Agile Telecom**, in the second half of 2017.

### MailUp Group: 2017FY EBITDA contribution by legal entity



Source: MailUp Group, Value Track Analysis

### 3. Net Profit negatively impacted by increasing D&A and income taxes

Below the EBITDA, in MailUp Group P&L we underline:

- ◆ Higher D&A charges, which reached €1.60mn, with respect to €1.23mn of the previous year (+30% YoY), mainly attributable investments focused on the MailUp platform and on the Big Data Analytics project;
- ◆ Slight increase in net financial charges;
- ◆ Higher impact of income taxes, almost doubled compared to the previous financial year, moving from an actual tax rate of 28% in 2016 to 49% in 2017.

As a result, we highlight how EBIT increased at single-digit rate (+8% YoY), while Net Profit has shown a negative growth rate (-22% YoY), entirely attributable to non-operating items.

### 4. Well balanced financial structure, and improved cash conversion rate

As far as balance sheet is concerned, we remind the share capital increase of €6.0mn as of July 2017, through an successful accelerated book building which led the issue of 2.61mn new ordinary shares. As a consequence the Group benefits of a Net Cash Position at ca. €7.3mn.

OpFCF b.t. (net of Capex, net working capital requirement and change in provision) remains close to €1mn, consistent with previous year figure.

#### MailUp Group: 2016-17FY Cash Flow Statement

€ mn	2016	2017
Net Fixed assets	15.1	15.0
Net Working Capital	-7.9	-7.1
Severance pay and other funds	1.1	1.2
<b>Total Capital Employed</b>	<b>6.1</b>	<b>6.7</b>
o/w Group Net Equity	7.0	13.9
<b>Net Fin. Position [Net debt (-) / Cash (+)]</b>	<b>1.0</b>	<b>7.3</b>

Source: MailUp Group, Value Track Analysis

#### MailUp Group: 2016-17FY Cash Flow Statement

€ mn	2016	2017
<b>EBITDA</b>	<b>2.41</b>	<b>2.88</b>
Op. WC requirements	0.22	1.34
Capex	-1.81	-2.03
Change in provisions / Other	0.18	0.28
<b>OpFCF b.t.</b>	<b>1.00</b>	<b>2.46</b>
As a % of EBITDA	42%	86%
Cash Taxes	-0.98	-0.48
<b>OpFCF a.t.</b>	<b>0.02</b>	<b>1.98</b>
As a % of EBITDA	1%	69%
Other (incl. Fin. Inv.)	-0.04	-1.50
Capital Injections	0.00	5.89
<b>CF available to serve debt / equity investors</b>	<b>-0.01</b>	<b>6.38</b>
Net Financial Charges	-0.06	-0.08
<b>Change in Net Fin Position</b>	<b>-0.07</b>	<b>6.30</b>

Source: MailUp Group, Value Track Analysis

## 2018E-onwards financial forecasts

### Industrial drivers

In our view, next developments in MailUp Group business will be driven by the following strategies:

- ◆ **Enlarging the product portfolio**, through the launch of new sophisticated tools/solutions;
- ◆ **Scaling up from mere service provider to consultancy advisor in the MarTech field** i.e. providing more and more professional services to current domestic customers thus increasing the overall ARPU;
- ◆ **Exploiting positive Net Cash position in order to finalize M&A activities.**

In particular, we expect the Group to focus its efforts (make or buy decision should be a matter of opportunities) on adding new modules to its product portfolio in order to boost ARPU and avoid competition by commoditization effect. A few example of the modules / services that MailUp has brought under its attention are Customer Data Platform (CDP), Data Driven Omnichannel Marketing Orchestration, Marketing Automation and Personalization.

In addition, we feel that MailUp Group is keen to launch new tools for instant messaging apps (Facebook, WeChat, WhatsApp, Telegram and so on) in the next few months.

### 2018E-19E estimates

Our 2018-19 estimates refer to the current perimeter of consolidation, and do not consider any contribution of hypothetical M&A deals.

Please refer to our Initiation of Coverage, published back on April 2017, and our update report as of October 2017, for further assumptions on financial modelling technicalities.

### P&L statement

Profit and Loss 2018E-19E forecasts can be summarized as follows:

- ◆ **Net Revenues from Sales are estimated to grow at +14% and +11% YoY over the next two years**, reaching €30.2mn and €33.6mn respectively in 2018E and 2019E.

Concerning the individual business unit, we highlight how Agile Telecom, BEE, and Acumbamail should keep growing at double-digit rate. As of MailUp, it is reasonable not to expect a relevant growth in term of market share (since it provides solutions/services mainly to domestic market), but good results could be achieved from the integration of more sophisticated professional services, with Sales estimated to grow in the high single-digit space. As far as Globase, it should experience a healthy turnover increase, as a result of the reorganization process put in place in 2017;

- ◆ **Operating profitability should progressively increase**, with EBITDA margin expected at 12.1% and 13.8% in 2018E and 2019E thanks to (i) higher intra-group cost synergies, (ii) positive contribution from Globase and BEE with EBITDA break-even expected in 2018E. BEE, in particular, should massively increase its profitability going forward;
- ◆ Below the EBITDA line, (i) high incidence of D&A, expected at ca. €2.0mn over projection period, as a consequence of the great amount of capitalized R&D costs, (ii) financial charges close to zero since the company is cash positive and (iii) tax rate at ca. 35%;
- ◆ As a result, Net Profit should exceed €1mn in 2018E, and reach €1.7mn in 2019E.

### MailUp Group: Income Statement

€mn	2016A	2017A	2018E	2019E
<b>Group Net Revenues</b>	<b>21.1</b>	<b>26.4</b>	<b>30.2</b>	<b>33.6</b>
Other	0.5	0.9	1.1	1.2
<b>Total Value of Production</b>	<b>21.6</b>	<b>27.3</b>	<b>31.3</b>	<b>34.8</b>
COGS & SG&A	-12.4	-16.7	-19.7	-21.9
Labour Costs (*)	-6.8	-7.7	-7.9	-8.3
<b>EBITDA</b>	<b>2.4</b>	<b>2.9</b>	<b>3.7</b>	<b>4.6</b>
Depr. & Amort. & Provisions	-1.2	-1.6	-2.0	-2.0
<b>EBIT</b>	<b>1.2</b>	<b>1.3</b>	<b>1.7</b>	<b>2.6</b>
Interest expenses / income	-0.1	-0.1	0.0	0.1
<b>Pre-Tax Profit</b>	<b>1.1</b>	<b>1.2</b>	<b>1.7</b>	<b>2.7</b>
Taxes	-0.3	-0.6	-0.6	-0.9
Minorities	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>0.8</b>	<b>0.6</b>	<b>1.1</b>	<b>1.7</b>
<b>Adj. Net Profit</b>	<b>0.8</b>	<b>0.6</b>	<b>1.1</b>	<b>1.7</b>

Source: MailUp Group, Value Track Analysis

(\*) Labour costs are estimated for 2017FY

### Balance Sheet and Cash Flow Statement

As far as 2018E-2019E Balance Sheet and Cash Flow statements are concerned, we expect MailUp Group to show:

- ◆ **More and more negative Net Working Capital**, as a result of the subscription fees based model, with the company benefitting from paid spot and delivering its services forward (driving up unearned revenues);
- ◆ **Well-balanced capital structure**, with Net Cash Position expected at €9.6mn as of the end of 2019E;
- ◆ **Cash conversion ratio (i.e. EBITDA to OpFCF before financial investments)** on average at ca. 70% over the projection period;
- ◆ **Financial investments at €1.4mn and €0.6mn** in 2018E and 2019E referring to previous agreements signed with old shareholders of Agile Telecom and Acumbamail (i.e. earn out sums).

### MailUp Group: Balance Sheet 2016A, 2017A, 2018E, 2019E

€mn	2016A	2017A	2018E	2019E
Net Fixed Assets	15.1	15.0	16.6	17.6
Net Working Capital	-7.9	-7.1	-8.3	-9.0
Long-Term non-Financial Liabilities	1.1	1.2	1.3	1.4
<b>Capital Employed</b>	<b>6.1</b>	<b>6.7</b>	<b>7.0</b>	<b>7.2</b>
Net Equity	7.0	13.9	15.0	16.8
<b>Net Financial Position</b>	<b>1.0</b>	<b>7.3</b>	<b>8.0</b>	<b>9.6</b>

Source: MailUp Group, Value Track Analysis

**MailUp Group: Cash Flow Statement 2016A, 2017A, 2018E, 2019E**

€mn	2016A	2017A	2018E	2019E
<b>EBITDA</b>	<b>2.4</b>	<b>2.9</b>	<b>3.7</b>	<b>4.6</b>
Op. WC requirements	0.2	1.3	1.2	0.7
Capex	-1.8	-2.0	-2.2	-2.4
Change in provisions / Other	0.2	0.3	0.1	0.1
<b>OpFCF b.t.</b>	<b>1.0</b>	<b>2.5</b>	<b>2.7</b>	<b>3.0</b>
As a % of EBITDA	42%	86%	75%	66%
Cash Taxes	-1.0	-0.5	-0.6	-0.9
<b>OpFCF a.t.</b>	<b>0.0</b>	<b>2.0</b>	<b>2.1</b>	<b>2.1</b>
As a % of EBITDA	1%	69%	58%	46%
Other (incl. Fin. Inv.)	0.0	-1.5	-1.4	-0.6
Capital Injections	0.0	5.9	0.0	0.0
<b>CF available to serve debt / equity investors</b>	<b>0.0</b>	<b>6.4</b>	<b>0.7</b>	<b>1.5</b>
Net Financial Charges	-0.1	-0.1	0.1	0.1
<b>Change in Net Fin Position</b>	<b>-0.1</b>	<b>6.3</b>	<b>0.8</b>	<b>1.6</b>

Source: MailUp Group, Value Track Analysis

**New vs. old estimates**

Here follows a comparison of our current and previous 218E-19E estimates. We note:

- ◆ Revenues and EBITDA estimates are almost unchanged even if the mix is more skewed towards Agile Telecom than before. BEE has been revised upwards and Globase downwards;
- ◆ EBIT and Net Profit have been revised downwards essentially due to higher D&A charges. This has not an impact on OpFCF (before financial investments) that is slightly up;
- ◆ Net Cash Position has been revised downwards as we have included in our estimates the earn out sums mentioned before as last tranches of payments for Agile Telecom and Acumbamail acquisitions.

**MailUp Group: New vs. Old Cash Flow estimates**

€mn	2018E			2019E		
	Old	New	Change	Old	New	Change
<b>Net Revenues</b>	<b>30.3</b>	<b>30.2</b>	<b>-0.3%</b>	<b>33.5</b>	<b>33.6</b>	<b>0.3%</b>
EBITDA	3.8	3.7	-3.2%	4.8	4.6	-3.7%
<i>EBITDA margin</i>	<i>12.5%</i>	<i>12.1%</i>		<i>14.4%</i>	<i>13.8%</i>	
EBIT	2.5	1.7	-33.1%	3.5	2.6	-25.0%
<i>EBIT margin</i>	<i>8.2%</i>	<i>5.5%</i>		<i>10.5%</i>	<i>7.8%</i>	
Net Profit	1.6	1.1	-31.8%	2.3	1.7	-23.8%
<b>Group Net Equity</b>	<b>15.2</b>	<b>15.0</b>	<b>-0.2</b>	<b>17.5</b>	<b>16.8</b>	<b>-0.7</b>
<b>Net Financial Position</b>	<b>10.2</b>	<b>8.0</b>	<b>-2.0</b>	<b>12.3</b>	<b>9.6</b>	<b>-2.7</b>
<b>OpFCF a.t.</b>	<b>1.8</b>	<b>2.1</b>	<b>0.3</b>	<b>2.0</b>	<b>2.1</b>	<b>0.1</b>

Source: Value Track Analysis



## Investment case

Taking into account revised 2018E-19E forecasts on one side and updated sector multiples / DCF results lead us to set a **fair value at €3.45 per share**, compared to the €3.35 calculated in our latest update report published back on October 2017. Such a fair value is the average of €3.25 Sum-of-the-Parts model and of €3.65 DCF based valuation.

### MailUp Group: Stock trading multiples at market price and at fair value

	EV / Sales 2018E (x)	EV / EBITDA 2018E (x)
MailUp Group @ €2.24 Market Price	0.8	6.7
MailUp Group @ €3.45 Fair value	1.4	11.2

Source: Value Track analysis

### A look at Peer multiples

Both small-medium sized international players entirely focused on marketing technology services (e.g. Hubspot, DotDigital, Sharpspring, Twilio, Sendgrid) and tech giants also active, among other things, in the marketing and sales solution provisioning (e.g. Salesforce, Oracle) have seen their stock trading multiples increase in the latest year, but for the recent US market retracement.

We note that on average, sector multiples are extremely demanding and are justified by the high percentage of recurring revenues of SaaS based business models and by the leadership position and scalability potential of “deep-pocket” US-UK players. From this point of view, **we believe that Italian stocks such as MailUp can hardly aspire to trade at US-UK multiples**, due to their lower scale factor. However, we expect an **increasing speculative appeal on these Italian stocks as M&A driven cross-border arbitrage is more and more in the cards**.

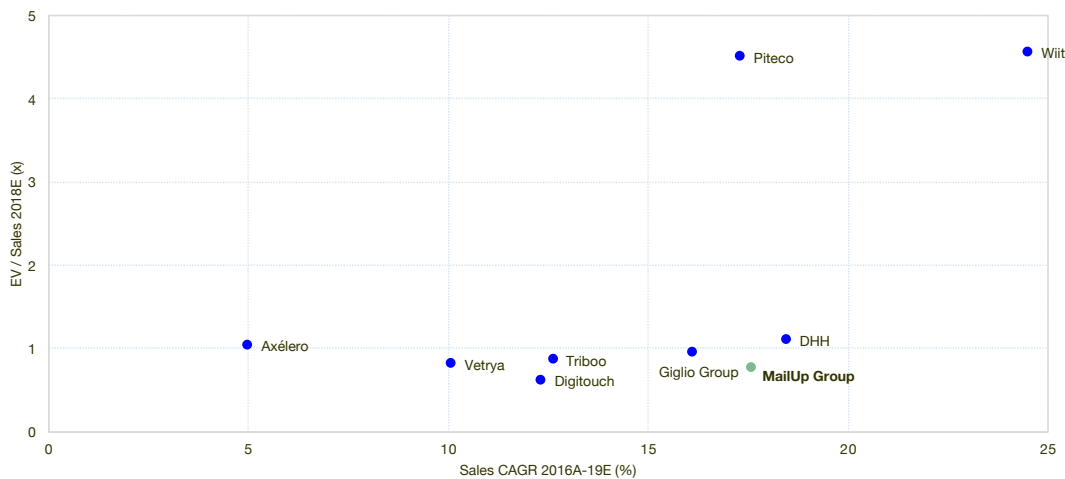
### Marketing Technology Sector: Stock trading multiples

COMPANY	YTD Stock Perf. (%)	Adj. EV / Sales (x)		Adj. EV / EBITDA (x)	
		2018E	2019E	2018E	2019E
HUBSPOT	23%	7.6	6.2	n.m.	n.m.
DOTDIGITAL	-17%	5.2	3.9	17.7	13.5
SALESFORCE	14%	6.1	5.0	27.1	20.9
SHARPSRING	39%	3.0	2.7	n.m.	n.m.
LINK MOBILITY	-9%	1.0	0.8	8.4	5.8
TWILIO	57%	5.9	4.9	n.m.	n.m.
SENDGRID	5%	9.2	7.3	n.m.	n.m.
<b>Average</b>	<b>16%</b>	<b>5.4</b>	<b>4.4</b>	<b>17.7</b>	<b>13.4</b>
<b>Median</b>	<b>14%</b>	<b>5.9</b>	<b>4.9</b>	<b>17.7</b>	<b>13.5</b>
<b>Average (Oct '17)</b>		<b>4.0</b>	<b>n.a.</b>	<b>16.5</b>	<b>n.a.</b>
<b>Median (Oct '17)</b>		<b>4.7</b>	<b>n.a.</b>	<b>16.2</b>	<b>n.a.</b>
<b>Average (Apr '17)</b>		<b>3.8</b>	<b>n.a.</b>	<b>14.8</b>	<b>n.a.</b>
<b>Median (Apr '17)</b>		<b>4.4</b>	<b>n.a.</b>	<b>14.5</b>	<b>n.a.</b>

Source: Market Consensus, Value Track analysis

If UK-US benchmarking is not so useful, a helpful cross check can come from the comparison with **small-medium sized “digital” companies listed on AIM Italia stock market** (e.g. Triboo, Giglio Group, Axélero, DHH, Piteco, Wiit and Vetrya). All these stocks, but for Piteco and Wiit, **trade at ca. 1x EV/Sales**.

**EV/Sales to growth: Focus on AIM Italia digital players**



Source: Market Consensus, Value Track Analysis

Taking into account both International industry players and AIM Italia digital stocks we get to the following median & average multiples.

**MailUp: Peers’ stock trading multiples**

Company	EV / Sales (x)		EV / EBITDA (x)	
	2018E	2019E	2018E	2019E
<b>International industry players</b>				
Median	5.9	4.9	17.7	13.5
Average	5.4	4.4	17.7	13.4
<b>AIM Italia digital industry players</b>				
Median	0.9	0.7	7.1	6.1
Average	1.8	1.5	8.7	6.8
<b>Overall values</b>				
<b>Median</b>	<b>3.0</b>	<b>2.7</b>	<b>8.4</b>	<b>7.0</b>
<b>Average</b>	<b>3.5</b>	<b>2.9</b>	<b>10.8</b>	<b>8.4</b>

Source: Market Consensus, Value Track Analysis

### Sum-of-the-Parts valuation

Peers multiples calculated above are useful to build a Sum-of-the-Parts valuation. Indeed, the difference in market positioning and stage of development of the various business units of MailUp Group makes **Sum-of-the-Parts valuation approach more and more useful in assessing the fair value of MailUp shares** and it returns a ca. **€3.25 per share value**.

While Agile Telecom and Globase merit, in our view, lower valuation multiples due to, respectively, lower margin / highly commoditized business and complex turnaround stance, at the same time MailUp business units deserve a slightly higher multiple as a consequence of its intrinsic profitability potential. Last but not least, Acumbamail and BEE have to be entitled, in our view, of much higher valuation multiples due to their superior growth rates and scalability potential.

**BEE in particular, has an increasing valuation potential**, as it can become the market standard editor for email and landing page creation. This is testified by the ca. 10% Month-on-Month growth rate in revenues (MRR i.e. Monthly Recurring Revenues are close to achieve the \$100k threshold).

#### MailUp Group: Sum-of-the-Parts valuation

Company	Stake (%)	EV Pro-Quota, (€mn)	EV p.s. (€)	% of Gross Asset Value	Valuation Method
MailUp SpA	100%	19.6	1.38	38.0%	1.5x EV / Sales '18E
Agile Telecom	100%	16.6	1.17	32.2%	1.0x EV / Sales '18E
MailUp Inc / BEE	100%	10.5	0.74	20.4%	7.0x EV / Sales '18E
Acumbamail	70%	3.5	0.25	6.8%	5.0x EV / Sales '18E
Globase	100%	1.3	0.09	2.5%	1.0x EV / Sales '18E
<b>Gross Asset Value</b>		<b>51.5</b>	<b>3.63</b>	100.0%	
Group Net Cash Position '17E		7.2	0.51		
€1.4mn Corp. Costs capitalized @ 10.7% WACC		-12.6	-0.89		
<b>Net Asset Value</b>		<b>46.1</b>	<b>3.25</b>		

Source: Consensus estimates, Value Track Analysis

For the sake of clarity we hereby remind how our 100% equity valuation of BEE evolved since our Initiation of coverage report back as of April 2017.

- ◆ April 2017 (Initiation of Coverage report): €5.3mn;
- ◆ October 2017 (Update report): €5.8mn;
- ◆ April 2018(Update report): €10.5mn.

We would not be surprised to calculate higher and higher BEE valuation in the future also due to its dual US-European status (the business team works in Silicon Valley while the technology team is located in Italy) that makes it more comparable to US based startups and to their “stellar” valuations.

### DCF valuation

We hereby update MailUp's DCF valuation assuming a **WACC at 10.7%** that comes as a result of an expanded CAPM approach implying a 13.2% Cost of Equity and a 4.5% pre-tax cost of debt (see our Initiation of coverage report published back as of April 2017 for full details on the approach we use in order to calculate WACC). We remind that our Cost of Equity calculation embeds a 2% additional risk premium aimed at compensating investors for AIM Italia lower liquidity.

On the contrary we maintain unchanged our hypothesis on:

- ◆ Target capital structure (25%Debt, 75% Equity), as we expect MailUp to exploit in the future its net cash position for M&A activity;
- ◆ Long-term perpetuity growth rate "PGR" at 2%.

Overall, we derive a **€3.65 per share fair DCF based equity value**.

#### MailUp Group: Discounted Cash Flow Model Summary Table

€mn	
PV of future cash flows FY18E-FY27E	20.4
PV of Terminal value with PGR at 2%	24.1
<b>Fair Enterprise value</b>	<b>44.5</b>
Implied EV/EBITDA '18E (x)	12.2x
Net Cash Position 2017YE	7.2
<b>Fair Equity value (€mn)</b>	<b>51.7</b>
<b>Fair Equity Value per share (€)</b>	<b>3.65</b>

Source: Value Track Analysis

Here follows a sensitivity analysis of fair equity value per share to WACC and PGR to change.

#### MailUp Group: Fair Equity Value p.s. Sensitivity Analysis

		Perpetuity Growth Rate				
		1.50%	1.75%	2.00%	2.25%	2.50%
WACC	9.7%	3.96	4.03	4.09	4.16	4.24
	10.2%	3.75	3.80	3.86	3.92	3.98
	10.7%	3.55	3.60	<b>3.65</b>	3.70	3.75
	11.2%	3.38	3.42	3.46	3.51	3.55
	11.7%	3.22	3.26	3.30	3.33	3.37

Source: Value Track Analysis

## Appendix: MailUp Group by Legal Entities

Within MailUp Group consolidation perimeter are included: 1) MailUp SpA, which is not only the parent company but also the operating company dedicated to email based marketing technology; 2) the spun-off MailUp Inc. that runs the online email editor BEE and; 3) the 2015 acquired companies i.e. Globase (Professional Services and email marketing in Nordics), Acumbamail (ESP provider in Spanish speaking countries) and Agile Telecom (Professional SMS solutions)..

Here follows a brief description of the legal entities composing the Group, addressing their peculiar features including: Business Model, Competitive Positioning, Market Environment, and Products.

### MailUp SpA

Established as an email-marketing vendor, it now delivers customers with its multi-channel digital cloud-computing platform. In addition, it also offers integrations and automation, targeting and tracking tools.

#### MailUp SpA – Main Features

<b>Business Model</b>	<p>Conceived to sell both online and through resellers i.e. marketing agencies, most of its customer acquisition strategies are pursued through word of mouth and online (e.g. marketing/seminars/etc.). Designed to address as many industries as possible, it provides no industry verticals. Characterized by no dimensional limits, it retrieves the overwhelming majority of its contracts by small-sized customers i.e. lower than €100k per year.</p>
<b>Competitive Positioning</b>	<p>Addresses a wide spectrum of customers, thus without being trapped in serving a single industry, and competes offering customers a high-quality solution with a “get what you want” approach. It has a leading positioning in Italy and stands among the Top-10 leaders in Europe.</p>
<b>Market Environment</b>	<p>Highly segmented and fragmented reference industry since nowadays almost any company needs to market its products using % inbound strategies, no matter what its actual size or reference industry is. This leads to intense competition, particularly on the bottom side of the market i.e. small-sized customers, where investments for marketing strategies are limited and there are basically no barriers to entry. Customer in the top side of the market are equally difficult to address, since large corporates generally get bundled solutions from software giants such as Adobe, Oracle, etc.</p>
<b>Products</b>	<p>MailUp SpA can boast some of the highest level of flexibility and versatility in the digital marketing sector, guaranteed by mean of a full set of solutions, that include:</p> <ul style="list-style-type: none"> <li>◆ Unbundled services;</li> <li>◆ Multi-language platform;</li> <li>◆ Multi-channel communication;</li> <li>◆ Marketing Automation;</li> <li>◆ Embedded editor;</li> <li>◆ White labelling;</li> <li>◆ E-commerce for foreign companies;</li> <li>◆ Smooth integration with CRM / CMS systems via API.</li> </ul>

Source: Value Track Analysis

## Agile Telecom: “Internet-of-Things” SMS factory

As an outright IoT SMS factory, Agile Telecom offers customers a web platform to easily send directly via the Internet massive amounts of both promotional and transactional messages to lists of numbers at a very low cost.

### Agile Telecom – Main Features

<b>Business Model</b>	<p>Oriented to address wholesalers and resellers (such as MailUp SpA and Acumbamail). It is specifically designed to allow customers to send and receive messages at extremely competitive prices.</p> <p>Provided with a cutting-edge technology in SMS procurement, Agile is the market leader in the SMS industry in Italy (without considering large telecommunication companies). It is indeed able to offer competitive SMS packages.</p>
<b>Competitive Positioning</b>	<p>Most important direct competitors are:</p> <ul style="list-style-type: none"><li>◆ Rdcom;</li><li>◆ Mobyt;</li><li>◆ CLX Communications;</li><li>◆ Infobip;</li><li>◆ Linkmobility.</li></ul>
<b>Market Environment</b>	<p>Characterized by a high level of segmentation and fragmentation, since on the one side there are small-sized players, while on the other there are large telecommunication companies such as TIM and Vodafone in Italy. The competitive landscape is easily adaptable in Europe, despite the scale is substantially larger.</p>
<b>Products</b>	<p>Unbundled SMS are its core product, which are offered on a wholesale basis to international aggregators / telecom providers. More and more the focus is moving towards 2FA messages (two factor authentication, ie PIN codes to verify the identity of a user on mobile) that require a particular care in the delivery in terms of reliability and delivery times.</p>

Source: Value Track Analysis

## Acumbamail: the freemium concept

Spanish based email marketing provider. Apart from email communication campaign it also offers SMS packages and transactional services. It allows customers to create, send, and manage their single or multi-communication campaigns by also tracking real time performance.

### Acumbamail – Main Features

<b>Business Model</b>	<p>Freemium model driven i.e. low-cost approach specifically designed to address as many customers as possible, hence aiming at gaining as much market share as possible, particularly in Spain and in LatAm. Its value proposition also attempts at lead its end-users toward other solutions offered by the Group (e.g. to BEE Pro).</p> <p>Price positioning particularly oriented to unsophisticated customers that are generally looking for cheap and standardized solutions.</p>
<b>Competitive Positioning</b>	<p>Most important direct competitors are:</p> <ul style="list-style-type: none"> <li>◆ Mailrelay;</li> <li>◆ Email Manager;</li> <li>◆ EnvialoSimple;</li> <li>◆ FromDoppler;</li> <li>◆ E-Goi.</li> </ul>
<b>Market Environment</b>	<p>Intense competition led by small to mid-sized customers targeting price-conscious end users. The existence of no barriers to entry leads to limited market share protection, which could both benefit and jeopardize Acumabamail and its customer acquisition strategies.</p> <p>Dedicated offer to Spanish-speaking countries including services such as:</p>
<b>Products</b>	<ul style="list-style-type: none"> <li>◆ Email marketing campaigns;</li> <li>◆ Transactional emails;</li> <li>◆ SMS marketing;</li> <li>◆ Editor;</li> <li>◆ Automation;</li> <li>◆ Subscription forms.</li> </ul>

Source: Value Track Analysis

## BEE i.e. MailUp Inc (from 2016): a globally recognized editing tool

Email editing tool designed to appeal both unsophisticated and sophisticated customers. It comes in two versions: BEE Free and BEE PRO. While does generally come with an email marketing platform for free (with MailUp 9, for instance), the latter represent an upgraded version which of course is not free and do provide customers with many more available tools. Still, BEE Plugin is also available and it is specifically designed to allow developers to embed BEE in their preferred marketing platform.

### BEE – Main Features

<b>Business Model</b>	<p>Having been developed internally it is a home-made product and it is based on a freemium approach, thus allowing for easier customers' acquisition and full scalability. It addresses the whole spectrum of potential customers, ranging from unsophisticated to sophisticated ones, including solutions dedicated to developers. With this business model, BEE has reached a customer base that includes tech companies and is made up by top-quality customers.</p> <p>BEE aims at becoming the best email editor worldwide but further steps should be completed in the future to reach this goal. Its core activities are now in California, where it is consistently growing providing customers with a top-quality solution and hence achieving great benefits from word of mouth.</p>
<b>Competitive Positioning</b>	<p>Most important direct competitors are:</p> <ul style="list-style-type: none"> <li>◆ Taxi for Email;</li> <li>◆ EDMdesigner;</li> <li>◆ Litmus.</li> </ul>
<b>Market Environment</b>	<p>Quality-driven market landscape. Free solutions are generally accepted at inception but once marketing competencies get more robust, as nowadays marketing strategies require, upgraded tools are required. In this sense, BEE provides customers with a state-of-the-art email designer that could also be easily embedded in their preferred customer management system. This said, the widely-adopted "Plug&amp;Play" system gives a little edge to incumbents to protect their business from new entrants. Still, technology development is a major source of competitive advantage that BEE could successfully exploit in the foreseeable future.</p> <p>Amongst its primary benefits, the following are included:</p>
<b>Products</b>	<ul style="list-style-type: none"> <li>◆ It's free to use on beefree.io: customers do not even need to create an account to use it;</li> <li>◆ It features a drag-&amp;-drop interface that enables anyone to create complex email messages;</li> <li>◆ It creates emails that adapt automatically to small screens, such as those of smartphones;</li> <li>◆ It allows for preview, test, and download (so that it can be sent with any email program) of email messages once they have been created.</li> </ul>

Source: Value Track Analysis



## Globase: the bridge to professional services

Globase delivers advanced digital marketing automation software for businesses and professional consulting services, allowing customers to grow their activities with innovative dialogue marketing through channels such as email, SMS, and other tools (e.g. surveys, microsites, etc.).

### Globase – Main Features

#### Business Model

Oriented towards large-sized customers in the business segment i.e. large corporates, offering them professional marketing technologies services, it is a full-range digital marketing consultant operator. Providing customer with professional consultancy services, it has a business model precisely designed to address sophisticated customers. Overall, by having fewer customers, but large and well-served, a lower churn is implied i.e. highly loyal customer base.

Top-notch premium-positioned digital marketing operator focused in the Nordics market. Approaching customers with a consultancy-based strategy, it has reached a consolidated positioning serving large-sized customers with a very low churn.

Most important direct competitors are:

#### Competitive Positioning

- ◆ Apsis;
- ◆ eMailplatform;
- ◆ Agillic;
- ◆ Salesforce (Marketing Cloud);
- ◆ Compost Marketing;
- ◆ Adobe Campaign.

#### Market Environment

Highly sophisticated and quality-oriented market which implicitly entail higher barrier to entries than other digital marketing segments have. Competition is augmented by software giants, since the average ticket is more appealing than other marketing technologies niches are. The outcome is a market segment more quality / final output than price driven.

#### Products

Offer based on an intelligent modular e-mail marketing tool that allows customers to create their communication campaign with data-driven personalization, targeting a specific audience (i.e. segmentation), and then considering the outcome by analysing the related statistics.

Source: Value Track Analysis

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