

MailUp Group

Sector: Marketing Technology



Analysts

Marco Greco

+39 02 80886654

marco.greco@value-track.com

Pietro Nargi

pietro.nargi@value-track.com

Fair Value (€) 4.40**Market Price (€)** 4.32**Market Cap. (€m)** 66.9

Another all-time high quarter

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

2Q19 Gross sales +65% YoY

MailUp Group unveiled 2Q19 gross sales figure at €15.7mn, +65% YoY (+60% on a 1-f-1 basis), implying 1H19 gross sales at €29.3m (+58% YoY).

The business unit which recorded the largest Q2 gross sales data is Agile Telecom, (€10.3m, +94% YoY) while the one which recorded the highest growth rate is BEE (+106% YoY at €0.69m).

Newly acquired Datatrics (first consolidated as of January 2019) posted €0.48mn gross sales (+29% vs 1Q2019), allowing MailUp to start cross selling on the most sophisticated component of its client base. In ca. four months of activity in Italy, Datatrics already acquired 24 new Italian clients.

Last but not least, also MailUp business unit and Acumbamail grew at brilliant +9% (double digit if we adjust for Globase now included in this BU) and +21% YoY rate respectively.

Revising upwards our 2019E onwards forecasts

We are revising upwards our 2019E onwards estimates driven by the consistently higher than expected Agile Telecom's top line growth, even if lower than proportional at the EBITDA level. We have also revised downward the forecasted tax rate as we expect the Company to benefit from some residual tax credit attributable to Globase's (now embedded in Agile Telecom) accrued losses.

Overall, we are now forecasting a 52% top line growth YoY in 2019E, and a 64% one at the bottom-line level. Net Cash position should remain substantially unchanged YoY as Agile Telecom growth doesn't allow an improvement of working capital.

New Fair Value at €4.40 per share (up from 3.88)

Thanks to its economic performances, MailUp Group is progressively entering into the radar screen of international investors which are used to much higher multiples than those recorded by Italian stocks. As such, we are not surprised by the recent stock price rerating.

Based on our new 2019E-21E forecasts we are increasing MailUp shares fair value at €4.40 per share (up from previous €3.88 per share).

At fair value, MailUp shares would trade at ca. 1.0x EV/Sales 2019E and 11.4x EV/EBITDA 2019E.

KEY FINANCIALS (€m)	2018A	2019E	2020E
REVENUES FROM SALES	39.0	59.4	68.9
EBITDA	3.8	5.2	7.0
EBIT	1.9	3.3	4.8
NET PROFIT	1.3	2.1	3.2
NET PROFIT ADJ.	1.4	2.1	3.2
EQUITY	15.9	18.0	21.1
NET FINANCIAL POS.	6.4	6.6	9.7
EPS ADJ. (€)	0.09	0.14	0.21

Source: MailUp Group (historical figures),
Value Track (2019E-20E estimates)

RATIOS & MULTIPLES	2018A	2019E	2020E
EBITDA MARGIN (%) (*)	9.7	8.7	10.2
EBIT MARGIN (%) (*)	4.9	5.5	7.0
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (%)	nm	nm	nm
EV/SALES (x)	0.8	1.0	0.8
EV/EBITDA (x)	7.8	11.2	7.8
EV/EBIT (x)	15.5	17.7	11.3
P/E ADJ. (x)	25.0	31.3	20.4

Source: MailUp Group (historical figures),
Value Track (2019E-20E estimates)

(*) As % of Revenues from Sales

STOCK DATA

FAIR VALUE (€)	4.40
MARKET PRICE (€)	4.32
SHS. OUT. (m)	14.9
MARKET CAP. (€m)	64.4
FREE FLOAT (%)	31.7
AVG. -20D VOL. (#)	70,671
RIC / BBG	MAIL.MI / MAIL IM
52 WK RANGE	2.01 - 4.53

Source: Stock Market Data



Business Description

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

In great detail, MailUp Group is involved in provisioning of email marketing services, delivery of mobile text messages (for both transactional and marketing purposes), email editing support, Customer Data Platform and professional services to business clients.

Key Financials

€mn (*)	2017A	2018A	2019E	2020E
Net Revenues from Sales	26.4	39.0	59.4	68.9
Chg. % YoY	25.4%	47.6%	52.4%	15.9%
EBITDA	2.9	3.8	5.2	7.0
EBITDA Margin (% of Net Revenues)	10.9%	9.7%	8.7%	10.2%
EBIT	1.3	1.9	3.3	4.8
EBIT Margin (% of Net Revenues)	4.8%	4.9%	5.5%	7.0%
Net Profit	0.6	1.3	2.1	3.2
Chg. % YoY	nm	nm	64.1%	53.2%
Adjusted Net Profit	0.6	1.4	2.1	3.2
Chg. % YoY	nm	nm	47.6%	53.2%
Net Cash Position	7.3	6.4	6.6	9.7
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-2.0	-1.2	-1.8	-1.9
OpFCF b.t.	2.6	1.8	3.6	4.7
OpFCF b.t. as % of EBITDA	88.7%	6.0%	69.1%	67.5%

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

(*) Newly acquired Datatrics to be included in consolidation perimeter as of 2019FY

Investment case

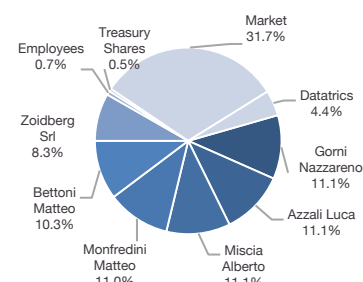
Strengths / Opportunities

- ◆ Full range of marketing technology services (SMS, email, email editor, CDP services, professional ones);
- ◆ 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

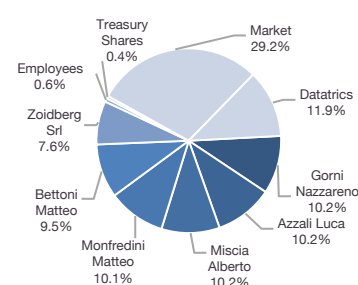
- ◆ Much smaller size if compared to Anglo-Saxons competitors;
- ◆ MarTech moves fast and MailUp group capability to keep up with the pace could be limited due to financial constraints.

Shareholders Structure (as is)



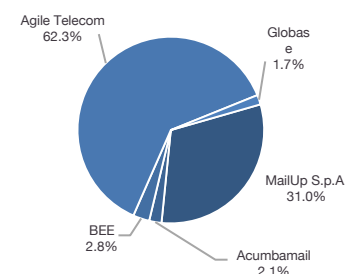
Source: MailUp SpA

Shareholders Structure fully diluted*



Source: MailUp SpA *considering max earn-out on behalf of Datatrics' shareholders

Sales breakdown by legal entity



Source: MailUp SpA

Stock multiples @ €4.40 Fair Value

	2019E	2020E
EV / SALES (x)	1.0	0.8
EV / EBITDA (x)	11.4	8.0
EV / EBIT (x)	18.1	11.6
EV / CAP.EMP. (x)	5.2	4.9
OpFCF Yield (%)	6.0	8.5
P / E (x)	31.9	20.8
P / BV (x)	3.7	3.1
Div. Yield. (%)	0.0	0.0

Source: Value Track

MailUp Group: New vs. Old estimates

€mn	2019E			2020E		
	Old	New	Chg. (%)	Old	New	Chg. (%)
Net Revenues	51.3	59.4	15.9%	58.8	68.9	17.2%
EBITDA	4.8	5.2	7.2%	6.7	7.0	4.8%
<i>EBITDA margin (%)</i>	9.4%	8.7%		11.4%	10.2%	
EBIT	2.9	3.3	12.0%	4.5	4.8	7.2%
<i>EBIT margin (%)</i>	5.7%	5.5%		7.7%	7.0%	
Net Profit	1.8	2.1	15.5%	2.8	3.2	14.2%
OpFCF a.t.	2.3	2.3	nm	3.0	3.0	nm
Net Cash Position	6.6	6.6	nm	9.7	9.7	nm

Source: Value Track Analysis

MailUp: Peers' stock trading multiples

Company	EV / Sales (x)		EV / EBITDA (x)	
	2019E	2020E	2019E	2020E
International industry players				
Median	6.6	5.4	17.8	15.1
Average	7.7	6.1	18.6	15.3
AIM Italia digital industry players				
Median	2.2	1.8	8.6	6.6
Average	2.5	2.0	10.1	7.5
Overall values				
Median	3.7	3.0	11.4	9.6
Average	4.2	3.3	11.8	9.1
MailUp				
@ €4.32 Market price	1.0	0.8	11.2	7.8
@ €4.40 Fair value	1.0	0.8	11.4	8.0

Source: Market Consensus, Value Track Analysis

MailUp Group: Sum-of-the-Parts valuation

Company	Stake (%)	EV Pro-Quota, (€mn)	EV p.s. (€)	% of Gross Asset Val.	Valuation Method
MailUp SpA (incl. Globase)	100%	22.5	1.51	28%	1.5x EV / Sales '19E
Agile Telecom	100%	39.0	2.61	49%	1.0x EV / Sales '19E
MailUp Inc / BEE	100%	10.4	0.70	13%	5.0x EV / Sales '19E
Acumbamail	100%	3.7	0.25	5%	3.0x EV / Sales '19E
Datatics	100%	3.8	0.25	5%	Acquisition Price
Gross Asset Value		79.5	5.32	100%	
Group Net Cash Position '19PF (*)		5.1	0.34		
€2.2mn Corp. Costs capital. @11.7% WACC		-18.8	-1.26		
Net Asset Value		65.7	4.40		

Source: Value Track Analysis (*) Pro-Forma to take into account Datatics €3.8mn cash out (to take place in the next years)

MailUp: P&L figures 2017A-20E

€mn (*)	2017A	2018A	2019E	2020E
Group Revenues from sales	26.4	39.0	59.4	68.9
Cost of sales (net of Other revenues)	-16.2	-25.7	-41.9	-46.0
Labour costs	-7.4	-9.5	-12.4	-15.8
EBITDA	2.9	3.8	5.2	7.0
EBITDA margin (%)	10.9%	9.7%	8.7%	10.2%
Depreciation & Amortization	-1.6	-1.9	-1.9	-2.2
EBIT	1.3	1.9	3.3	4.8
EBIT margin (%)	4.8%	4.9%	5.5%	7.0%
Net Fin.Income (charges)	-0.1	0.0	0.1	0.1
Pre-tax Profit	1.2	1.9	3.3	4.9
Tax	-0.6	-0.7	-1.3	-1.8
Minorities	0.0	0.0	0.0	0.0
Reported Net Profit	0.6	1.3	2.1	3.2
Adjusted Net Profit	0.6	1.4	2.1	3.2

Source: MailUp (historical figures), Value Track (forecasts) (*) Datatrics to be consolidated line by line as of 2019FY

MailUp: Balance Sheet figures 2017A-20E

€mn	2017A	2018A	2019E	2020E
Net Working Capital	-7.1	-10.7	-10.8	-10.2
Net Fixed Assets	15.0	22.0	24.0	23.7
Provisions	1.2	1.8	1.9	2.0
Total Capital Employed	6.7	9.6	11.4	11.4
Group Net Equity	13.9	15.9	18.0	21.1
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	7.3	6.4	6.6	9.7

Source: MailUp (historical figures), Value Track (forecasts)

MailUp: Cash Flow Statement figures 2017A-20E

€mn	2017A	2018A	2019E	2020E
EBITDA	2.9	3.8	5.2	7.0
Working Capital Change	1.3	-1.2	0.1	-0.5
Capex	-2.0	-1.2	-1.8	-1.9
Change in Provisions	0.4	0.4	0.1	0.2
Cash Taxes	-0.5	-0.7	-1.3	-1.8
OpFCF a.t.	2.1	1.1	2.3	3.0
Capital Injections	5.9	0.0	0.0	0.0
Other Op. Items (incl. Fin. Inv.)	-1.6	-2.0	-2.1	0.0
Net Financial Charges	-0.1	0.0	0.1	0.1
Net Cash generated	6.3	-0.9	0.3	3.1

Source: MailUp (historical figures), Value Track (forecasts)

DISCLAIMER

THIS DOCUMENT IS PREPARED BY VALUE TRACK S.R.L. THIS DOCUMENT IS BEING FURNISHED TO YOU SOLELY FOR YOUR INFORMATION ON A CONFIDENTIAL BASIS AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON, IN WHOLE OR IN PART, TO ANY OTHER PERSON. IN PARTICULAR, NEITHER THIS DOCUMENT NOR ANY COPY THEREOF MAY BE TAKEN OR TRANSMITTED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, INTO CANADA OR JAPAN OR AUSTRALIA TO ANY RESIDENT THEREOF OR INTO THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTION. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE LAWS OF ANY SUCH OTHER JURISDICTION. THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, AN OFFER, INVITATION OR INDUCEMENT TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES, AND NEITHER THIS DOCUMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH OR ACT AS AN INVITATION OR INDUCEMENT TO ENTER INTO ANY CONTRACT OR COMMITMENT WHATSOEVER. THIS DOCUMENT HAS NOT BEEN PUBLISHED GENERALLY AND HAS ONLY BEEN MADE AVAILABLE TO INSTITUTIONAL INVESTORS. IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND ITS GROUP INCLUDING THE MERITS AND RISKS INVOLVED. THIS DOCUMENT IS FOR DISTRIBUTION IN OR FROM THE UNITED KINGDOM ONLY TO PERSONS WHO: (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE “**FINANCIAL PROMOTION ORDER**”), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.”) OF THE FINANCIAL PROMOTION ORDER, (III) ARE OUTSIDE THE UNITED KINGDOM, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THIS DOCUMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. IN ITALY THIS DOCUMENT IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED AT QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 100 OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS AMENDED, AND ARTICLE 34-TER, PARAGRAPH 1, LETTER B), OF CONSOB REGULATION ON ISSUERS NO. 11971 OF MAY 14, 1999, AS SUBSEQUENTLY AMENDED (THE “**ISSUERS’ REGULATION**”) PROVIDED THAT SUCH QUALIFIED INVESTORS WILL ACT IN THEIR CAPACITY AND NOT AS DEPOSITARIES OR NOMINEES FOR OTHER SHAREHOLDERS, SUCH AS PERSONS AUTHORISED AND REGULATED TO OPERATE IN FINANCIAL MARKETS, BOTH ITALIAN AND FOREIGN, I.E.: A) BANKS; B) INVESTMENT FIRMS; C) OTHER AUTHORISED AND REGULATED FINANCIAL INSTITUTIONS; D) INSURANCE COMPANIES; E) COLLECTIVE INVESTMENT UNDERTAKINGS AND MANAGEMENT COMPANIES FOR SUCH UNDERTAKINGS; F) PENSION FUNDS AND MANAGEMENT COMPANIES FOR SUCH FUNDS; G) DEALERS ACTING ON THEIR OWN ACCOUNT ON COMMODITIES AND COMMODITY-BASED DERIVATIVES; H) PERSONS DEALING EXCLUSIVELY ON THEIR OWN ACCOUNT ON FINANCIAL INSTRUMENTS MARKETS WITH INDIRECT MEMBERSHIP OF CLEARING AND SETTLEMENT SERVICES AND THE LOCAL COMPENSATORY AND GUARANTEE SYSTEM; I) OTHER INSTITUTIONAL INVESTORS; L) STOCKBROKERS; (2) LARGE COMPANIES WHICH AT INDIVIDUAL COMPANY LEVEL MEET AT LEAST TWO OF THE FOLLOWING REQUIREMENTS: – BALANCE SHEET TOTAL: 20,000,000 EURO, – NET REVENUES: 40,000,000 EURO, – OWN FUNDS: 2,000,000 EURO; (3) INSTITUTIONAL INVESTORS WHOSE MAIN ACTIVITY IS INVESTMENT IN FINANCIAL INSTRUMENTS, INCLUDING COMPANIES DEDICATED TO THE SECURITISATION OF ASSETS AND OTHER FINANCIAL TRANSACTIONS (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THIS DOCUMENT IS NOT ADDRESSED TO ANY MEMBER OF THE GENERAL PUBLIC IN ITALY. UNDER NO CIRCUMSTANCES SHOULD THIS DOCUMENT CIRCULATE AMONG, OR BE DISTRIBUTED IN ITALY TO (I) A MEMBER OF THE GENERAL PUBLIC, (II) INDIVIDUALS OR ENTITIES FALLING OUTSIDE THE DEFINITION OF “QUALIFIED INVESTORS” AS SPECIFIED ABOVE OR (III) DISTRIBUTION CHANNELS THROUGH WHICH INFORMATION IS OR IS LIKELY TO BECOME AVAILABLE TO A LARGE NUMBER OF PERSONS. THIS DOCUMENT IS BEING DISTRIBUTED TO AND IS DIRECTED ONLY AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (“**EEA**”) WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC), (“**QUALIFIED INVESTORS**”). ANY PERSON IN THE EEA WHO RECEIVES THIS DOCUMENT WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS A QUALIFIED INVESTOR. ANY SUCH RECIPIENT WILL ALSO BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT HAS NOT RECEIVED THIS DOCUMENT ON BEHALF OF PERSONS IN THE EEA OTHER THAN QUALIFIED INVESTORS OR PERSONS IN THE UK, ITALY AND OTHER MEMBER STATES (WHERE EQUIVALENT LEGISLATION EXISTS) FOR WHOM THE INVESTOR HAS AUTHORITY TO MAKE DECISIONS ON A WHOLLY DISCRETIONARY BASIS. THE COMPANY, VALUE TRACK S.R.L. AND THEIR AFFILIATES, AND OTHERS WILL RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS AND AGREEMENTS. ANY PERSON IN THE EEA WHO IS NOT A QUALIFIED INVESTOR SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THE EXPRESSION “PROSPECTUS DIRECTIVE” MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING THE 2010 PD AMENDING DIRECTIVE, TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE AND THE EXPRESSION “2010 PD AMENDING DIRECTIVE” MEANS DIRECTIVE 2010/73/EU. **MAILUP SPA (THE “COMPANY”) IS / HAS BEEN A RESEARCH CLIENT OF VALUE TRACK S.R.L.** HOWEVER ANY FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE ENTIRELY THOSE OF VALUE TRACK S.R.L. AND ARE GIVEN AS PART OF ITS NORMAL RESEARCH ACTIVITY AND SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED OR APPROVED BY ANY OTHER PERSON. VALUE TRACK S.R.L. HAS NO AUTHORITY WHATSOEVER TO MAKE ANY REPRESENTATION OR WARRANTY ON BEHALF OF THE COMPANY, ITS SHAREHOLDERS, ANY OF ITS ADVISORS, OR ANY OTHER PERSON IN CONNECTION THEREWITH. WHILE ALL REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE FACTS STATED HEREIN ARE ACCURATE AND THAT THE FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE FAIR AND REASONABLE, VALUE TRACK S.R.L. HAS NOT VERIFIED THE CONTENTS HEREOF AND ACCORDINGLY NONE OF VALUE TRACK S.R.L., THE COMPANY, ITS SHAREHOLDERS, ANY ADVISORS TO THE COMPANY OR ITS SHAREHOLDERS OR ANY OTHER PERSON IN CONNECTION THEREWITH NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS OR EMPLOYEES, SHALL BE IN ANY WAY RESPONSIBLE FOR THE CONTENTS HEREOF AND NO RELIANCE SHOULD BE PLACED ON THE ACCURACY, FAIRNESS, OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DOCUMENT. NO PERSON ACCEPTS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM THE USE OF THIS DOCUMENT OR OF ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH. TO THE EXTENT PERMITTED BY LAW AND BY REGULATIONS, VALUE TRACK S.R.L. (OR ITS OFFICERS, DIRECTORS OR EMPLOYEES) MAY HAVE A POSITION IN THE SECURITIES OF (OR OPTIONS, WARRANTS OR RIGHTS WITH RESPECT TO, OR INTEREST IN THE SHARES OR OTHER SECURITIES OF) THE COMPANY AND MAY MAKE A MARKET OR ACT AS A PRINCIPAL IN ANY TRANSACTIONS IN SUCH SECURITIES.