

MailUp Group

Sector: Marketing Technology



Analysts

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Fair Value (€) 4.40

Market Price (€) 4.10

Market Cap. (€m) 61.4

At full steam

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

3Q19 Gross sales +68% YoY

MailUp Group unveiled 3Q19 gross sales figures at €14.6mn, +68% YoY (+60% on a 1-f-1 basis), slightly higher than the +63% YoY as of 1H19.

Agile Telecom recorded the largest Q3 sales at €9.5mn sales, up 81% YoY, mainly due to an increase in sales with the top clients, thus consolidating its Italian leadership with substantial volume increases, and not showing any slowing trend as per the current period.

At the same time, BEE recorded the highest growth rate (+113% YoY at ca. €0.8mn sales), thanks to a combined increase in both number of clients and revenue per client.

As far as the newly acquired Datatrics business unit is concerned, (first consolidated at P&L level starting from January 1st, 2019), it posted €0.6mn sales, up +35% vs. 2Q19, allowing MailUp to start cross selling on the most sophisticated component of its client base.

Last but not least, MailUp business unit is maintaining a steady double-digit growth rate, with some hundred new clients acquired per month and current client revenue expansion, thanks to the Professional Services and growth in Latin America.

(See pag n.3 for detailed table of 3Q Gross Sales).

Future looks promising. Fair Value at €4.40 p.s.

Despite the higher than average growth rate in 3Q we are maintaining unchanged our full year 2019E-20E estimates. Indeed, while we see room to revise upwards our top line estimates, we believe that the impact on profitability should be lower as the company is reinvesting in order to generate further medium term growth capability.

We confirm our fair valuation on MailUp Group shares at €4.40, with upward potential in the future. At such fair value, the stock would trade at 1.0x EV/Sales 2019E and 10.8x EV/EBITDA Adj. 2019.

Qualitative wise, we expect BEE and Datatrics to be the main value creation levers ahead. BEE is more and more competing globally and has an ambitious development plan which should become productive in the first half of 2020, while Datatrics is gaining traction and acquiring high spending clients at a very fast pace, now not only in the Netherlands and Italy but also in the Nordics, where the first client was acquired in September.

KEY FINANCIALS (€m)	2018A	2019E	2020E
REVENUES FROM SALES	39.0	59.4	69.2
EBITDA	3.8	4.8	7.3
EBIT	1.9	2.6	4.8
NET PROFIT	1.3	1.6	3.2
NET PROFIT ADJ.	1.4	2.1	3.2
EQUITY	15.9	17.5	20.7
NET FINANCIAL POS.	6.4	3.9	7.1
EPS ADJ. (€)	0.09	0.14	0.21

Source: MailUp Group (2018A), Value Track (2019E-20E estimates)

RATIOS & MULTIPLES	2018A	2019E	2020E
EBITDA MARGIN (%) (*)	9.7	8.1	10.6
EBIT MARGIN (%) (*)	4.9	4.4	6.9
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	11.7	7.3
EV/EBIT (x)	15.5	21.5	11.2
P/E ADJ. (x)	25.0	29.1	19.2

Source: MailUp Group (2018A), Value Track (2019E-20E estimates)
(*) As % of Revenues from Sales

STOCK DATA

FAIR VALUE (€)	4.40
MARKET PRICE (€)	4.10
SHS. OUT. (m)	15.0
MARKET CAP. (€m)	61.4
FREE FLOAT (%)	33.2
AVG. -20D VOL. (#)	28,350
RIC / BBG	MAIL.MI / MAIL IM
52 WK RANGE	2.20 - 4.80

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	69.2
Chg. % YoY	25.4%	47.6%	52.4%	16.4%
EBITDA	2.9	3.8	4.8	7.3
EBITDA Margin (% of Net Revenues)	10.9%	9.7%	8.1%	10.6%
EBIT	1.3	1.9	2.6	4.8
EBIT Margin (% of Net Revenues)	4.8%	4.9%	4.4%	6.9%
Net Profit	0.6	1.3	1.6	3.2
Chg. % YoY	nm	nm	27.8%	96.6%
Adjusted Net Profit	0.6	1.4	2.1	3.2
Chg. % YoY	nm	nm	48.7%	52.1%
Net Cash Position	7.3	6.4	3.9	7.1
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-2.0	-1.2	-2.0	-2.1
OpFCF b.t.	2.6	1.8	4.9	5.1
OpFCF b.t. as % of EBITDA	88.7%	48.0%	66.6%	59.7%

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

Investment case

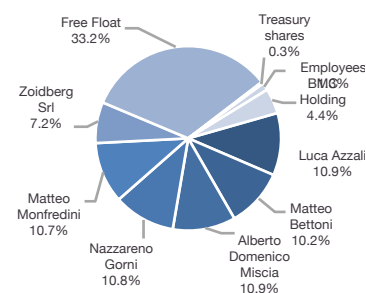
Strengths / Opportunities

- ◆ 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

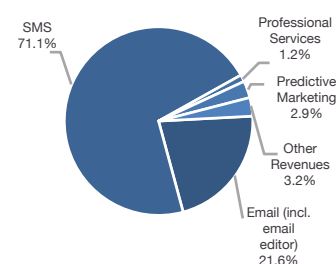
- ◆ Much smaller size if compared to Anglo-Saxons competitors;
- ◆ MarTech moves fast and MailUp group capability to keep up with the pace could be limited due to financial constraints.

Shareholders Structure



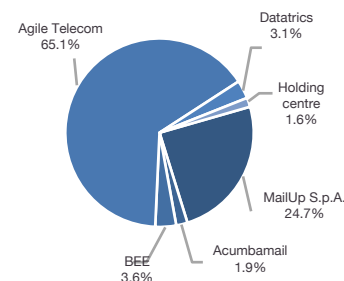
Source: MailUp SpA

Sales breakdown by business line



Source: MailUp SpA

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)	12.8	8.0
EV / EBIT (x)	23.5	12.3
EV / CAP.EMP. (x)	4.5	4.3
OpFCF Yield (%)	4.7	8.0
P / E (x)	31.7	20.9
P / BV (x)	3.8	3.2
Div. Yield. (%)	0.0	0.0

Source: Value Track

MailUp Group: 2018-19 quarterly evolution of Gross Sales

(€mn)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
MailUp SpA	3.54	3.64	2.78	3.98	4.04	3.98	3.27
Acumbamail	0.23	0.26	0.24	0.26	0.28	0.32	0.28
Agile Telecom	5.04	5.30	5.27	7.92	8.43	10.26	9.54
BEE	0.24	0.34	0.39	0.47	0.50	0.69	0.84
Datatrix	0.00	0.00	0.00	0.00	0.37	0.48	0.64
Aggregate	9.05	9.53	8.68	12.62	13.62	15.72	14.56

Source: MailUp Group, Value Track analysis

MailUp Group: 3Q19 Gross Sales breakdown by Business Unit (€ '000)

Business Unit	Q3 2019	Q3 2018	Chg. % YoY
MailUp	3,267	2,779	18%
Agile Telecom	9,543	5,270	81%
BEE	835	392	113%
Acumbamail	276	240	15%
Datatrix	642	n.a.	n.m.
Total	14,563	8,681	68%

Source: MailUp Group, Value Track Analysis

MailUp Group: 2019E forecasted Revenues breakdown by legal entity and by service

€mn	MailUp Spa	Agile	BEE	Acumbamail	Datatrix	Aggregate
Mail	10.2			1.2		11.5
SMS	4.0	38.5				42.5
Email Editor			2.5			2.5
CDP	0.5				2.0	2.5
Prof. Services	0.5					0.5
Total	15.2	38.5	2.5	1.2	2.0	59.4

Source: MailUp Group, Value Track Analysis

MailUp: P&L figures 2017A-20E

€mn (*)	2017A	2018A	2019E	2020E
Group Revenues from sales	26.4	39.0	59.4	69.2
Cost of sales (net of Other revenues)	-16.2	-25.7	-41.6	-46.0
Labour costs	-7.4	-9.5	-13.0	-15.9
EBITDA	2.9	3.8	4.8	7.3
EBITDA margin (%)	10.9%	9.7%	8.1%	10.6%
EBITDA Adj. (*)	2.9	3.8	5.2	7.3
Depreciation & Amortization	-1.6	-1.9	-2.2	-2.6
EBIT	1.3	1.9	2.6	4.8
Net Fin. Income (charges)	-0.1	0.0	-0.1	0.2
Pre-tax Profit	1.2	1.9	2.6	4.9
Tax	-0.6	-0.7	-1.0	-1.8
Reported Net Profit	0.6	1.3	1.6	3.2
Adjusted Net Profit	0.6	1.4	2.1	3.2

Source: MailUp (historical figures), Value Track (forecasts) (*) Adjusted for TLC supplier one-off charge and IFRS16 effect

MailUp: Balance Sheet figures 2017A-20E

€mn	2017A	2018A	2019E	2020E
Net Working Capital	-7.1	-10.7	-10.8	-10.3
Net Fixed Assets	15.0	22.0	26.3	25.9
Provisions	1.2	1.8	1.9	2.0
Total Capital Employed	6.7	9.6	13.7	13.6
Group Net Equity	13.9	15.9	17.5	20.7
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	7.3	6.4	3.9	7.1

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

MailUp: Cash Flow figures 2017A-20E

€mn	2017A	2018A	2019E	2020E
EBITDA	2.9	3.8	4.8	7.3
Working Capital Change	1.3	-1.2	0.1	-0.5
Capex	-2.0	-1.2	-2.0	-2.1
Change in Provisions	0.4	0.4	0.1	0.2
Cash Taxes	-0.5	-0.7	-1.0	-1.8
OpFCF a.t.	2.1	1.1	2.1	3.1
Capital Injections	5.9	0.0	0.0	0.0
Other Op. Items (incl. Fin. Inv & IFRS 16)	-1.6	-2.0	-4.5	0.0
Net Financial Charges	-0.1	0.0	-0.1	0.2
Net Cash generated	6.3	-0.9	-2.5	3.3

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

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