

IT services
Data

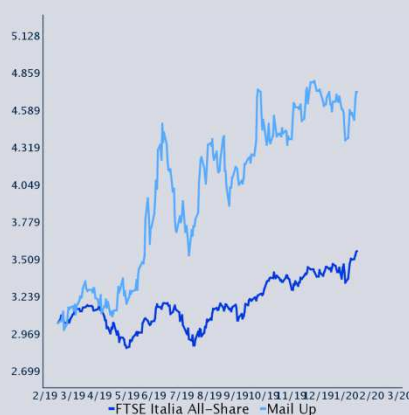
Shares Outstanding (m):	14.97
Market Cap. (EURm):	70.7
Enterprise Value (EURm):	69.2
Free Float (%):	34.7%
Av. Daily Trad. Vol. (m):	0.025
Main Shareholder:	Founders 53.6%
Reuters/Bloomberg:	MAIL.MI MAIL IM
52-Week Range (EUR)	2.7 4.8

Source: Factset, UbiBanca estimates

Performance

	1m	3m	12m
Absolute	0.0%	4.9%	73.5%
Rel. to FTSE IT	-3.7%	-0.4%	50.6%

Source: Factset

Graph area Absolute/Relative 12 M


Source: Factset

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Bet on BEE and Datatrics

MailUp announced 2019 total gross sales of EUR60.5 million (+52% YoY) with all business units recording double digit growth. Start-up Datatrics reached 390 clients generating above EUR2 million sales and BEE top line more than doubled to EUR2.9 million. In particular, the drag-n-drop email editor has become a standard for content creation in SaaS and the management announced its intention to reinforce this leadership by investing in sales&marketing and BEE's product portfolio. An acceleration in Datatrics commercial efforts is expected, too. Therefore, we have revised upwards our estimates of consolidated revenues 2020-2021 by 4% on average. We are now incorporating higher cost to sustain top line growth and a downwards revision of 2020-2021 EBITDA margin for Agile Telecom from around 8% to around 6%. Overall, we have cut consolidated EBITDA and net profit 2020-2021 by respectively 15% and 27% on average. However, we assume cash flow generation to remain healthy: despite a 1.7% cut in our 2019 sales forecast we improve our estimates of net cash by EUR1 million to EUR2.9 million at end 2019 and maintain expectation of further improvement to reach EUR6.3 million by end 2021. The stock remains trading at a significant discount to European direct comparable DotDigital (EV/EBITDA 2020 of 11.8x vs 17.3x). In addition, we see a strong value creation in the Silicon Valley-based BEE that we value equal to EUR18 million (3x Sales2020) corresponding to ca. 20% of our estimated SoP valuation for MailUp. We maintain our target price of EUR6.0 and Buy rating. Further upside could come from potential new creative acquisitions allowed by its healthy balance sheet.

- > In 4Q19 gross sales grew by 31% YoY to EUR16.6 million; BEE+Datatrics contributed by ca EUR2 million or 12% of total revenues.
- > We expect cumulative revenues of BEE and Datatrics to move from EUR2.2 million in 2018 (pro-forma base) to EUR5.6 million in 2019 to EUR17.3 million in 2021 (ca. 20% of consolidated revenues 2021).
- > Our DCF valuation (g 2%, WACC 7.2%), has been reduced by 7% to EUR84 million (EUR5.6 per share). We add to our analysis a SoP valuation that is equal to EUR97 million (EUR6.5 per share). Our target price of EUR6 is obtained as the average of the two valuation methods.
- > Main risks are: (1) low liquidity; (2) increasing competition in MarTech; (3) M&A disappointment.

Financials

	2018	2019E	2020E	2021E
Revenues (EURm)	39.0	58.9	74.2	86.2
EBITDA (EURm)	3.8	4.5	5.8	8.7
EBITDA margin (%)	9.7%	7.7%	7.8%	10.0%
EBIT (EURm)	1.9	1.5	2.8	5.4
EPS (EUR)	0.08	0.06	0.11	0.23
CFPS (EUR)	0.17	0.21	0.24	0.41
DPS (EUR)	0.00	0.00	0.00	0.00

Source: Company Data, UBI Banca Estimates

Ratios
priced on 13 February 2019

	2018 *	2019E	2020E	2021E
P/E(x)	27.8	84.2	42.4	20.5
P/CF(x)	4.0	21.4	18.0	10.5
P/BV(x)	2.2	4.2	3.8	3.2
Dividend Yield	0.0%	0.0%	0.0%	0.0%
EV/EBITDA(x)	7.8	15.3	11.8	7.6
Debt/Equity (x)	-0.4	-0.2	-0.2	-0.3
Debt/EBITDA (x)	-1.7	-0.6	-0.6	-0.7

Source: UBI Banca Estimates * Based on 2018 average price

Key Financials

(EURm)	2018	2019E	2020E	2021E
Revenues	39.0	58.9	74.2	86.2
EBITDA	3.8	4.5	5.8	8.7
EBIT	1.9	1.5	2.8	5.4
NOPAT	1.3	1.0	1.9	3.6
Free Cash Flow	-1.3	-3.4	0.7	2.6
Net Capital Employed	9.6	13.8	14.8	15.6
Shareholders' Equity	15.9	16.8	18.4	21.9
Net Financial Position	-6.4	-2.9	-3.6	-6.3

Source: Company data, UBI Banca estimates

Key Profitability Drivers

	2018	2019E	2020E	2021E
Net Debt/Ebitda (x)	-1.7	-0.6	-0.6	-0.7
Net Debt/Equity (x)	-0.4	-0.2	-0.2	-0.3
Interest Coverage (%)	0.0	0.0	0.0	0.0
Free Cash Flow Yield (%)	-3.8%	-4.8%	0.9%	3.7%
ROE (%)	8.4%	5.1%	9.5%	17.1%
ROI pre-tax (%)	16.5%	8.7%	14.3%	26.3%
ROCE (%)	15.6%	8.5%	13.1%	23.7%

Source: Company data, UBI Banca estimates

Key Valuation Ratios

	2018 *	2019E	2020E	2021E
P/E (x)	27.8	84.2	42.4	20.5
P/BV (x)	2.2	4.2	3.8	3.2
P/CF (x)	4.0	21.4	18.0	10.5
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%
EV/Sales (x)	0.8	1.2	1.0	0.8
EV/EBITDA (x)	7.8	15.3	11.8	7.6
EV/EBIT (x)	15.6	46.4	24.4	12.2
EV/CE (x)	3.1	5.0	4.6	4.2

Source: Company data, UBI Banca estimates

* Based on 2018 average price

Key Value Drivers

(%)	2018	2019E	2020E	2021E
Payout	0.0%	0.0%	0.0%	0.0%
NWC/Sales	-21.2%	-13.2%	-9.1%	-7.1%
Capex/Sales	8.5%	11.2%	4.0%	4.0%

Source: Company data, UBI Banca estimates

Recent Developments

- > In 4Q19 gross sales grew by 31% YoY to EUR16.6 million with an outstanding performance by the Silicon Valley-based company BEE (+94% YoY). Although the strong growth of volume in Agile Telecom started in 4Q18, the company recorded a significant +26% of top line also in 4Q19. 2019 closed with Datatrics reaching 390 clients (270 net adds in 2019) generating >EUR2 million sales; the top line of it's drag-n-drop email editor BEE rose 2x.
- > Overall FY19 gross sales rose by >50% YoY to EUR60.5 million, with all components of business recording significant growth.
- > On 15 October, MailUp announced the release of version 3 of BEE to make it faster to load, more flexible and extendible by adding more templates, offering new content creation tools and opening up the platform to developers.
- > Besides a basic free version, BEE is offered into two formats with different commercial propositions: BEE Pro is addressed to marketers while BEE Plugin is for developers and is embedded in their platforms for a flat fee+usage base revenues stream. The former accounts ca 5,000 clients paying monthly fees in the range of USD15-45. The latter has been embedded over 600 SaaS applications generating USD350 average monthly revenues per client.
- > BEE solution is better than the one offered by other providers because its emails are displayed consistently in any devices and do not depend on email providers. Therefore, it has gained the leadership as standard content creation in SaaS. To consolidate this position the management announced an ambitious development plan to take place in 2020 through the investments in sales&marketing, by attending all the main SaaS industry events, as well as in BEE's product portfolio.
- > In terms of communication, the group will start to publish sustainability report on 2019 results, just after FY19 financial report and quarterly reporting on revenues, EBITDA, EBIT and net debt has been included in 2020 financial calendar.
- > On 15 January, BMC Holding (the holding company of Datatrics' shareholders) sold 0.47% of its 4.4%-stake in MailUp to new institutional investors moving estimated free float of the company to 34.7%. As of 7 February 2020, MailUp directly owns n. 74,981 treasury shares, representing 0.5% of its own share capital.

Figure 1 – FY18/19 and 4Q18/19 gross sales

Gross sales include sales from multi-annual contracts, hence they may differ from final consolidated revenues. In 2018, consolidated turnover was EUR39 million vs EUR39.7 million gross sales.

(EURm)	FY18A	FY19A	% change	4Q18A	4Q19A	% change
Total gross sales *	39.7	60.5	52.5%	12.7	16.6	31.4%
MailUp	13.9	15.8	13.7%	4.0	4.5	14.2%
Agile Telecom	23.3	38.2	63.8%	7.9	10.0	26.0%
BEE	1.4	2.9	106.6%	0.5	0.9	93.6%
Acumbamail	1.0	1.3	25.9%	0.3	0.4	46.7%
Datatrics	n.a.	2.3			0.8	n.a.

Source: Company data

* Data unaudited

Figure 2 – FY18/19 reported gross sales vs consolidated revenues estimates

In 2019 all business units recorded strong growth, broadly in line with expectations.

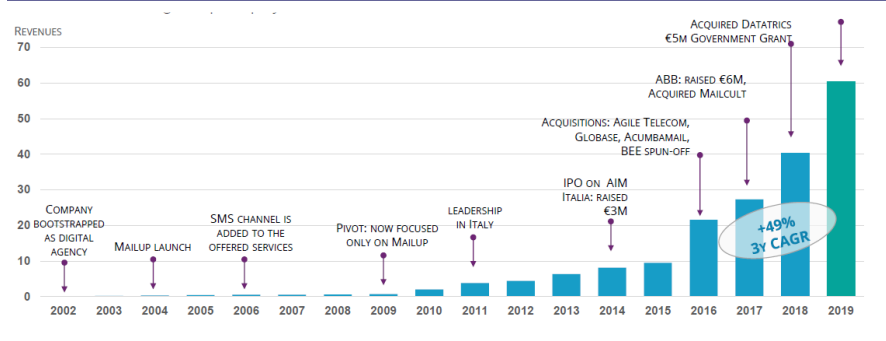
(EURm)	FY18A	FY19A	FY19E	Delta %
Total gross sales *	39.7	60.5	61.5	-1.6%
MailUp	13.4	15.8	16.1	-1.6%
Agile Telecom	23.3	38.2	38.7	-1.3%
BEE	1.4	2.9	3.2	-8.4%
Acumbamail	1.0	1.3	1.0	19.9%
Datatrix		2.3	2.4	-5.5%

Source: Company data, UBI Banca estimates
unaudited

* Data

Figure 3. Historical Milestones

MailUp grew both organically and via acquisitions. In 2020, top line rose by >50% YoY (+45% YoY organically).



Source: Company data

Financial Projections

- > Following the release of FY19 gross sales, we have fine-tuned our estimates of consolidated revenues 2019 (-1.7% or EUR1 million in absolute term); consequently, we have cut EBITDA 2019E forecast by 6%. After incorporating higher than expected D&A due to IFRS16 (we forecast EUR0.6 million total impact), we now assume EUR0.8 million net profit 2019 (vs previous EUR1.3 million, -38% YoY). Cash generation is expected to remain healthy and we improve our forecast of net cash by EUR1 million to EUR2.9 million as at the end of 2019 (EUR7.8 million ex-IFRS16 effect vs EUR6.8 million in FY18).
- > In 2020, we expect the focus of the group would be to accelerate the growth in BEE and Datatrics. Regarding Datatrics, we assume the management to maintain current strategy of favouring stand-alone growth while we expect that the cross-selling on MailUp's clients would shift as to prepare ad hoc connectors; therefore, we have revised upwards Datatrics's revenues by 12% on average in 2020-2021 but we have decreased 2020-2021 top line of MailUp by 13% on average to take-out cross opportunities.
- > As far as BEE, we have risen 2020-2021 revenues respectively by 20% and 13%. We expect BEE and Datatrics cumulative revenues to move from EUR2.2 million in 2018 (pro-forma base) to EUR5.6 million in 2019, to EUR11.8 million in 2020 and to EUR17.3 million in 2021, equal to over 15% of consolidated revenues in 2020 and closed to 20% in 2021. Overall, we have increased 2020-2021 consolidated revenues by 4% on average.
- > For BEE, in 2020 we expect higher operating costs, mainly commercial, to accelerate top line growth and reach a critical mass; therefore, EBITDA margin on VoP is assumed to fall from ca 20% in 2019 to ca. 8% in 2020 and regained over 20% only in 2021. Regarding Agile Telecom, we have revised downwards EBITDA margin expectation in 2020-2021 from around 8% to around 6%. Overall, we have cut consolidated EBITDA and net profit 2020-2021 by respectively 15% and 27% on average.

Figure 4 - Old vs. New estimates

(EURm)	2018A	2019E		2020E		2021E	
		Old	New	Old	New	Old	New
Revenues	39.0	59.9	58.9	71.3	74.2	83.1	86.2
% change			-1.7%		4.2%		3.7%
EBITDA	3.77	4.82	4.54	7.26	5.81	9.60	8.65
% change			-5.8%		-19.9%		-9.9%
EBIT	1.90	2.41	1.49	4.47	2.81	6.39	5.38
% change			-38.2%		-37.3%		-15.7%
Net profit	1.25	1.34	0.84	2.72	1.66	4.05	3.44
% change			-37.4%		-38.9%		-15.2%
Net debt/(Cash)	-6.4	-1.9	-2.9	-3.5	-3.6	-5.9	-6.3
EBITDA margin	9.7%	8.0%	7.7%	10.2%	7.8%	11.6%	10.0%
EBIT margin	4.9%	4.0%	2.5%	6.3%	3.8%	7.7%	6.2%

Source: Company data, UBI Banca estimates

Figure 5 - Old vs New estimates of revenues breakdown by segments in 2017-2021E.

The revision of the estimates regards mainly BEE and Datatrics (more stand-alone growth, delay in exploiting the potential cross-selling opportunities for MailUp).

(EURm)	2017A	2018A	2019E	2020E	2021E
Old estimates					
Total Revenues (Consolidated)	26.4	39.0	59.9	71.3	83.1
email	9.4	10.1	11.7	12.9	14.4
SMS	15.9	27.2	41.7	47.1	51.7
Professional services	0.6	0.5	0.9	1.2	1.5
BEE revenues	0.5	1.2	3.2	5.0	7.5
Predictive Marketing (Datatrics)	n.a.	n.a.	2.4	5.0	8.0
New estimates					
Total Revenues (Consolidated)			58.9	74.2	86.2
email			10.1	10.6	11.2
SMS			42.2	50.7	56.2
Professional services			0.9	1.2	1.5
BEE revenues			3.2	6.0	8.5
Predictive Marketing (Datatrics)			2.4	5.8	8.8
% change			-1.7%	4.2%	3.7%
email			-13.7%	-17.8%	-22.4%
SMS			1.3%	7.6%	8.8%
Professional services			2.7%	0.0%	0.0%
BEE revenues			0.0%	20.0%	13.3%
Predictive Marketing (Datatrics)			0.0%	14.3%	9.0%

Source: Company data, UBI Banca estimates

Figure 6 - Old vs New estimates for Datatrics revenues in 2017-2021E

Datatrics is taking-off on new clients for the Group. In 2019, it has grown at a fast way collecting customers with average ARPU lower than first clients. Going forward we assume a progressive scale-up in value, too.

(EURm)	2017	2018A	2019E	2020E	2021E
New estimates					
Datatrics clients	77.0	120	390	640	840
ARPU (EUR)		12,000	6,200	9,000	10,500
Revenues stand alone (EURm)	0.3	1.4	2.4	5.8	8.8
Old estimates					
Datatrics clients	77.0	120	200	420	670
ARPU (EUR)		12,000	12,000	12,000	12,000
Revenues stand alone (EURm)	0.3	1.4	2.4	5.0	8.0
Upselling on MailUp clients			50	100	120
ARPU (EUR)			12,000	12,000	12,000
Revenues for MailUp (EURm)			0.6	1.2	1.4
Total revenues (EURm)			3.0	6.2	9.4

Source: Company data, UBI Banca estimates

Figure 7 - Estimates for BEE revenues in 2019E-2021E

We expect the commercial efforts will be concentrated on BEE Plugin.			
(EURm)	2019E	2020E	2021E
BEE Pro customers	5,000	6,000	7,000
Monthly ARPU (EUR)	32	32	32
Revenues (EURm)	1.9	2.3	2.7
BEE Plugin customers	600	950	1,520
Monthly ARPU (EUR)	320	320	320
Revenues (EURm)	1.3	3.6	5.8
Total customers	5,600	6,950	8,520
Monthly ARPU (EUR)	47	71	83
Total revenues (EURm)	3.2	6.0	8.5

Source: Company data, UBI Banca estimates

Figure 8 - VoP and EBITDA breakdown by segments in 2017-2021E

Since 1H19 results, holding costs (EUR1.6 million forecast) are split among business units.

(EURm)	2017A	2018A	2019E	2020E	2021E
VoP (Consolidated)	27.3	40.2	60.6	76.3	88.6
MailUp	11.3	13.1	14.4	15.1	15.6
Agile Telecom	14.8	26.3	38.4	46.9	52.4
Acumbamail	0.7	0.9	1.2	1.5	1.7
BEE	0.6	1.2	3.2	6.0	8.5
Datatrix			2.4	5.8	8.8
Holding	1.5	1.4	0.9	1.2	1.5
EBITDA	2.86	3.80	4.53	5.81	8.65
MailUp	2.80	2.40	2.38	2.48	2.58
Agile Telecom	1.35	2.50	1.80	2.81	3.23
Acumbamail	0.25	0.20	0.28	0.30	0.35
BEE	-0.04	0.40	0.64	0.50	1.97
Datatrix			-0.60	-0.30	0.50
Holding	-1.05	-1.60	0.02	0.02	0.03
EBITDA margin on VoP %	10.5%	9.5%	7.5%	7.6%	9.8%
MailUp	24.8%	18.3%	16.5%	16.5%	16.5%
Agile Telecom	9.1%	9.5%	4.7%	6.0%	6.2%
Acumbamail	35.7%	22.2%	24.0%	20.0%	20.0%
BEE	-6.7%	33.3%	20.0%	8.3%	23.2%
Datatrix			-24.8%	-5.2%	5.7%
Holding			2.2%	1.7%	1.7%

Source: Company data, UBI Banca estimates

Valuation

- > Following the forecast revision, our target price based on DCF (WACC 7.9%, g 2%) has been decreased by 7% to EUR5.6 per share, leaving a 19% upside. At the moment, we are not incorporating the potential dilution due to EUR3 million earn-out to be paid at the end of 2021/2022 to Datatrics' shareholders, which would lead to a total 8% dilutive effect.
- > As we estimate BEE to remain cash flow neutral for the next 3-years, we believe that DCF valuation is not able to incorporate the value creation in this "growth story". Therefore, we decide to introduce a Sum-of-the-Part valuation for the Group.
- > We value MailUp+Acumbamail and Agile Telecom by applying 13.3x to EBITDA20E, which corresponds to the median multiple of foreign peers. Datatrics is conservatively incorporated at the price tag (EUR3.8 million before potential earn-out). Regarding BEE, which is a Silicon-Valley company, we take a panel of the most representative American SaaS companies active in the communication/advertising technology; the sample has median EBITDA margin 2020 at 13.4% and 19E-21E sales CAGR at 21% (compared to respectively 8.3% and 63% of BEE). These giant tech stocks are trading at 8.9xSales20E and 40xEBITDA20E; by applying these two multiples discounted by 50% we obtain an average fair value of EUR18 million, equal to 3xSales 2020.
- > Overall, our SoP valuation is equal to EUR97 million of EUR6.5 per share; BEE represents ca 19% of it.
- > We maintain our target price of EUR6.0, which is the average of our DCF and SoP valuation.
- > The stock is trading at an EV/EBITDA 20E of 11.8x which is at a 12% discount to peers and at a 32% discount to dotDigital.

Figure 9 – Valuation summary

(EUR)	Current valuation	Weight	Previous valuation (14/11/2019)	Delta
DCF Valuation	5.60	50%	6.00	-6.7%
SoP	6.50	50%	Na	Na
Target Price	6.00		6.00	0.8%
Current price	4.72		4.50	4.9%
Potential upside	28.1%		33.3%	

Source: UBI Banca estimates

DCF Valuation

To calculate the company's WACC, we used the following assumptions:

Figure 10. WACC and embedded DCF assumptions

WACC assumptions		Embedded DCF assumptions	
Risk-free rate	2.5%	Revenue CAGR 2019-2022 (%)	17.1%
Debt spread (%)		Target EBIT margin 2022 (%)	7.4%
Cost of debt [net] (%)		D&A. on sales (avg. 2019-2022) (%)	5.4%
Market risk premium (%)	4.5%	Capex on sales (avg. 2019-2022) (%)	5.8%
Beta (x)	1.20	Revenue CAGR 2023-2026 (%)	3.8%
Cost of equity (%)	7.9%	Target EBIT margin 2026 (%)	9.5%
Weight of Debt	0%	D&A. on sales (avg. 2023-2026) (%)	4.2%
Weight of Equity	100%	Capex on sales (avg. 2023-2026) (%)	4.4%
WACC	7.9%		

Source: UBI Banca estimates

Figure 11. DCF Valuation

Our DCF valuation implies an EV/EBITDA 2020E of 14.1x

	Valuation (EURm)	% Weight	Per share (EUR)
Sum of PV 2019-22 FCF	7.7	9%	0.51
Sum of PV 2023-26 FCF	14.9	18%	0.99
Terminal Value	59.4	72%	3.97
Total Enterprise value	82.0	100%	5.48
- minorities	0.0		0.00
- financial assets	0.3		0.02
- net cash (debt) at end-2018	6.4		0.43
- debt due to leasing (IFRS16)	-4.9		-0.33
Total Equity value	83.8		5.60
Number of shares outstanding (m)	14.97		
Fair value per share (EUR)	5.60		

Source: UBI Banca estimates

Figure 12. Implicit multiples based on our EUR5.6 target price

(x)	2019E	2020E	2021E
P/E	99.9	50.3	24.4
EV/EBITDA	18.1	14.1	9.5
EV/EBIT	55.0	29.2	15.2
EV/Sales	1.4	1.1	1.0
P/BV	5.0	4.5	3.8
EV/ Capital employed	5.9	5.5	5.2

Source: UBI Banca estimates

Sum-of-the-Part valuation
Figure 13. SoP valuation based on multiples priced on 13 February 2020
Our SoP valuation implies an EV/EBITDA 2020E of 16.6x

	Valuation (EURm)	Method	Per share (EUR)
MailUp+Acumbamail	37.1	13.3xEBITDA20E	2.48
Agile Telecom	37.5	13.3xEBITDA20E	2.51
BEE	18.3	3xSales20E	1.22
Datatics	3.8	Price tag	0.25
Total Enterprise value	96.7		6.46
- net cash (debt) at end-2019	2.9		0.20
- pension liabilities	-1.6		-0.11
- cash out for Datatics	-0.8		-0.05
Total Equity value	97.3		6.50
Number of shares outstanding (m)	14.97		
Fair value per share (EUR)	6.50		

Source: UBI Banca estimates
Figure 14 – Peer comparison for BEE based on multiples priced on 13 February 2020
As there is no direct comparable for BEE, we have taken the most representative American players in the Advertising technology/Communication Platform as a Service segments.

		Market Cap (EURm)	EV/Sales 20E	EV/EBITDA 20E	EBITDA margin 20E	Sales CAGR 19-21
Trade Desk Inc	USA	12,758	15.8	50.8	31.1%	28.1%
HubSpot Inc	USA	7,789	9.2	82.3	12.8%	23.1%
Terada Corp	USA	2,384	1.3	7.5	17.3%	2.7%
Adobe	USA	168,520	13.5	29.3	46.2%	18.1%
Salesforce	USA	154,237	7.6	28.5	26.7%	21.2%
ChannelAdvisor Corp	USA	294	1.9	12.4	15.5%	3.1%
Twilio Inc	USA	16,273	11.2	408.7	2.7%	28.7%
Slack Technologies	USA	13,470	16.2	Na	-13.3%	35.6%
Nuance Communication	USA	5,953	5.0	20.7	24.1%	-6.5%
Everbridge Inc	USA	2,835	11.5	269.1	4.3%	27.0%
LivePerson Inc	USA	2,745	8.5	519.7	1.6%	20.8%
8x8 Inc	USA	1,949	3.8	Na	-0.5%	21.2%
Median			8.9	40.1	14.1%	21.2%
Discount			50%	50%		
Median discounted			4.4	20.0		

Source: UBI Banca estimates and Factset consensus

Figure 15. Peer comparison based on multiples priced on 13 February 2020

On 2020, MailUp is trading at a discount compared to foreign players which have got similar business model.

	Market Cap (EURm)	EV/Sales		EV/EBITDA		EBITDA margin	
		20E	21E	20E	21E	20E	21E
Alkemy SpA	42	0.6x	0.5x	7.8x	5.8x	7.5%	8.7%
dotDigital Group plc	381	6.0x	5.2x	17.3x	14.8x	35.0%	34.9%
IMImobile	352	1.7x	1.5x	13.2x	11.1x	13.0%	13.5%
Kaleyra	155	1.2x	0.9x	13.5x	8.4x	7.9%	12.9%
SharpSpring	134	5.0x	4.4x	NA	NA	Neg.	Neg.
Median		1.7x	1.5x	13.3x	9.7x	10.5%	13.2%
MailUp	71	0.9x	0.8x	11.8x	7.6x	7.8%	10.0%
Premium/Discount to average		-46%	-49%	-12%	-22%	-25%	-24%
MailUp at target		1.2x	1.0x	15.0x	9.7x		
Premium/Discount to peers		-32%	-35%	12%	0%		
Premium/Discount to Dotdigital		-81%	-81%	-14%	-34%		

Source: UBI Banca estimates and Factset consensus

ESG Picture

Corporate Governance

Does the company have a combined Chair/CEO?	No
Percentage of independent directors	20% (1 out of 5)
Does the company have loyalty shares?	No
Does major shareholders (if any) have a “shareholders pact” in place?	Yes
Has the company adopted a “poison pill” or “change of control” clauses?	No
Potential dilution from stock options outstanding + not yet granted?	Around 8% in 21/22 due to earn-outs
CEO remuneration detail (fixed salary)	EUR170k
Chairman remuneration detail (fixed salary)	EUR170k
Is the share price included in the MBO criteria?	No
Percentage of treasury shares	0.47%

Climate related risk

Has the company defined GHG-emissions targets?	No
How does the company assess climate-related risk?	New sustainable office, internal recycling culture and CO2 compensation policy since 2007

Social Responsibilities

Does the company publish a separated Sustainability report?	In pipeline in 2019
Does the company have a Chief SRI/CSR officer (or a committee)?	No
Does the Chief SRI/CSR officer votes in any of the company’s committee?	No
Is the Investor Relation officer a different person from CFO (or other officers)?	Yes
Is the ESG strategy integrated in the Business Plan (or in the group strategy)?	No
Does the company have an ethical code?	Yes
Percentage of female directors	20% (1 out of 5)
How is the cybersecurity issue managed?	The company is fully compliant with EU GDPR regulation. The company is member of M3AAWG to fight abuse

Income Statement

(EURm)	2018	2019E	2020E	2021E
Value of production	39.0	58.9	74.2	86.2
EBITDA	3.8	4.5	5.8	8.7
EBITDA margin	9.7%	7.7%	7.8%	10.0%
EBIT	1.9	1.5	2.8	5.4
EBIT margin	4.9%	2.5%	3.8%	6.2%
Net financial income /expense	0.0	0.0	0.0	0.0
Associates & Others	0.0	0.0	0.0	0.0
Profit before taxes	1.9	1.5	2.8	5.4
Taxes	-0.7	-0.7	-1.1	-2.0
Minorities & discontinuing ops	0.0	0.0	0.0	0.0
Net Income	1.3	0.8	1.7	3.4

Source: Company data, UBI Banca estimates

Balance Sheet

(EURm)	2018	2019E	2020E	2021E
Net working capital	-8.3	-7.8	-6.8	-6.2
Net Fixed assets	23.4	26.9	26.9	27.1
M/L term funds	-5.5	-5.3	-5.3	-5.3
Capital employed	9.6	13.8	14.8	15.6
Shareholders' equity	15.9	16.8	18.4	21.9
Minorities	0.0	0.0	0.0	0.0
Shareholders' funds	15.9	16.8	18.4	21.9
Net financial debt/(cash)	-6.4	-2.9	-3.6	-6.3

Source: Company data, UBI Banca estimates

Cash Flow Statement

(EURm)	2018	2019E	2020E	2021E
NFP Beginning of Period	-7.3	-6.4	-2.9	-3.6
Group Net Profit	1.3	0.8	1.7	3.4
Minorities	0.0	0.0	0.0	0.0
D&A	1.9	3.0	3.0	3.3
Change in Funds & TFR	5.5	-0.6	-0.8	0.0
Gross Cash Flow	8.7	3.3	3.9	6.7
Change In Working Capital	-1.3	-0.1	-0.3	-0.6
Other	-4.9	0.0	-0.0	-0.0
Operating Cash Flow	2.5	3.2	3.6	6.1
Net Capex	-3.3	-6.6	-3.0	-3.4
Other Investments	-0.5	0.0	0.0	0.0
Free Cash Flow	-1.3	-3.4	0.7	2.6
Dividends Paid	0.0	0.0	0.0	0.0
Other & Chg in Consolid. Area	0.0	0.0	0.0	0.0
Chg in Net Worth&Capital Incr.	0.4	0.0	-0.0	0.0
Change in NFP	-0.9	-3.4	0.7	2.6
NFP End of Period	-6.4	-2.9	-3.6	-6.3

Source: Company data, UBI Banca estimates

Financial Ratios				
(%)	2018	2019E	2020E	2021E
ROE (%)	8.4%	5.1%	9.5%	17.1%
ROI pre-tax (%)	16.5%	8.7%	14.3%	26.3%
Net Fin. Debt/Equity (x)	-0.4	-0.2	-0.2	-0.3
Net Fin. Debt/EBITDA (x)	-1.7	-0.6	-0.6	-0.7
Interest Coverage	0.0	0.0	0.0	0.0
NWC/Sales	-21.2%	-13.2%	-9.1%	-7.1%
Capex/Sales	8.5%	11.2%	4.0%	4.0%
Pay Out Ratio	0.0%	0.0%	0.0%	0.0%

Source: Company data, UBI Banca estimates

Per Share Data				
(EUR)	2018	2019E	2020E	2021E
EPS	0.08	0.06	0.11	0.23
DPS	0.00	0.00	0.00	0.00
Op. CFPS	0.17	0.21	0.24	0.41
Free CFPS	-0.09	-0.23	0.04	0.18
BVPS	1.07	1.12	1.23	1.46

Source: Company data, UBI Banca estimates

Stock Market Ratios				
(x)	2018 *	2019E	2020E	2021E
P/E	27.8	84.2	42.4	20.5
P/OpCFPS	4.0	21.3	18.0	10.5
P/BV	2.2	4.2	3.8	3.2
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%
Free Cash Flow Yield (%)	nm	nm	0.9%	3.7%
EV (EURm)	29.6	69.2	68.5	65.9
EV/Sales	0.8	1.2	0.9	0.8
EV/EBITDA	7.8	15.3	11.8	7.6
EV/EBIT	15.6	46.4	24.4	12.2
EV/Capital Employed	3.1	5.0	4.6	4.2

Source: Company data, UBI Banca estimates

* Based on 2018 average price

Growth Rates				
(%)	2018	2019E	2020E	2021E
Growth Group Net Sales	47.6%	50.9%	26.1%	16.1%
Growth EBITDA	30.9%	20.3%	28.2%	48.8%
Growth EBIT	48.2%	-21.4%	88.2%	91.9%
Growth Net Profit	128.6%	-33.1%	98.6%	106.4%

Source: Company data, UBI Banca estimates

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17 October 2018	BUY	3.63	2.44
15 January 2019	BUY	3.72	2.52
26 April 2019	BUY	3.85	3.04
23 May 2019	BUY	3.89	3.31
11 July 2019	BUY	5.20	4.49
18 September 2019	BUY	5.07	4.40
14 November 2019	BUY	6.00	4.50