

# MailUp Group

Sector: Marketing Technology

## 1Q20 Gross Sales up +19.5% YoY

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.

### Double-digit growth confirmed also in1Q20

MailUp Group unveiled its 1Q20 unaudited Gross Sales, still recording a double digit YoY growth (+19.5% YoY) to €16.3mn (€13.6mn as of 1Q19). The business unit which recorded the largest increase in absolute terms is Agile Telecom (€10.0mn, +19% YoY compared to €8.4mn as of 1Q19), while the one which recorded the highest percentage growth rate is Datatrics, active in the predictive marketing field (+124% YoY at €0.83mn).

Double-digit growth rates have been posted also by BEE (+73% YoY at €0.86mn), and Acumbamail (+27% YoY at €0.36mn), while MailUp business unit recorded the lowest growth rate (+4% YoY at €4.2mn).

We note that the Group is steadily expanding its geographical footprint, with international revenues at 51% of total turnover (47% as of FY19).

### 1Q20 almost fit our full year 2020E

1Q Gross Sales are mostly in line with our full-year expectations. Only MailUp business unit has decelerated its growth rate as it is the most "domestic" one and has been already impacted by Covid-19 effect.

We remind that we already revised 2020E Group Revenues forecasts downwards back at the end of March to €69.7mn (down from previous €73.1mn estimate) as we reckoned that the soon to come global economy slowdown should have a negative impact on market demand and so on 2020E growth rates, however still in the double-digit field. Taking into account also the next data point to come with the release of full 1Q20 figures as of May 12<sup>th</sup>, for the time being we maintain unchanged our 2020E-21E estimates.

### Fair Value unchanged at €5.0 per share

We confirm our fair valuation on MailUp Group at €5.0 per share (fully diluted post Datatrics earn-out) obtained with a Sum of the Parts valuation.

At fair value, shares would trade at 1.0 EV/Sales and 13.6x EV/EBITDA for 2020E.



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**Fair Value (€)** 5.00

**Market Price (€)** 4.33

**Market Cap. (€m)** 64.8

KEY FINANCIALS (€m)	2019A	2020E	2021E
REVENUES	60.8	69.7	80.5
EBITDA	4.8	5.2	7.2
EBIT	1.8	2.3	4.2
NET PROFIT	1.2	1.5	2.8
NET PROFIT ADJ.	1.8	1.5	2.8
EQUITY	17.0	18.5	21.3
NET FINANCIAL POS.	2.4	4.0	8.2
EPS ADJ. (€)	0.12	0.10	0.19

Source: MailUp Group (historical figures), Value Track (2020E-21E estimates)

RATIOS & MULTIPLES	2019A	2020E	2021E
EBITDA MARGIN (%) (*)	8.1	7.5	9.0
EBIT MARGIN (%) (*)	3.1	3.3	5.2
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (%)	nm	nm	nm
EV/SALES (x)	1.1	0.9	0.7
EV/EBITDA (x)	13.0	11.7	7.8
EV/EBIT (x)	33.8	26.5	13.4
P/E ADJ. (x)	36.1	42.6	23.1

Source: MailUp Group (2019A), Value Track (2020E-21E estimates)  
(\*) As % of Revenues from Sales

#### STOCK DATA

FAIR VALUE (€)	5.00
MARKET PRICE (€)	4.33
SHS. OUT. (m)	15.0
MARKET CAP. (€m)	64.8
FREE FLOAT (%)	36.4
AVG. -20D VOL. (#)	10,046
RIC / BBG	MAIL.MI / MAIL IM
52 WK RANGE	3.04-4.85

Source: Stock Market Data



## Business Description

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

In greater detail, MailUp Group is involved in the provisioning of email marketing services, delivery of mobile text messages (for both transactional and marketing purposes), email editing support, Predictive Marketing CDP and professional services to business clients.

## Key Financials

€mn (*)	2018A	2019A	2020E	2021E
<b>Revenues</b>	<b>39.0</b>	<b>60.8</b>	<b>69.7</b>	<b>80.5</b>
Chg. % YoY	47.6%	55.9%	14.6%	15.4%
<b>EBITDA</b>	<b>3.8</b>	<b>4.8</b>	<b>5.2</b>	<b>7.2</b>
EBITDA Margin (% of Net Revenues)	9.7%	8.1%	7.5%	9.0%
<b>EBIT</b>	<b>1.9</b>	<b>1.8</b>	<b>2.3</b>	<b>4.2</b>
EBIT Margin (% of Net Revenues)	4.9%	3.1%	3.3%	5.2%
<b>Net Profit</b>	<b>1.3</b>	<b>1.2</b>	<b>1.5</b>	<b>2.8</b>
Chg. % YoY	nm	-7.3%	30.8%	84.6%
<b>Adjusted Net Profit</b>	<b>1.4</b>	<b>1.8</b>	<b>1.5</b>	<b>2.8</b>
Chg. % YoY	nm	28.7%	-15.2%	84.6%
<b>Net Fin. Position</b>	<b>6.4</b>	<b>2.4</b>	<b>4.0</b>	<b>8.2</b>
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-1.2	-3.1	-2.2	-2.4
<b>OpFCF b.t.</b>	<b>1.8</b>	<b>3.6</b>	<b>2.4</b>	<b>5.6</b>
OpFCF b.t. as % of EBITDA	48.0%	74.6%	47.0%	77.7%

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

## Investment case

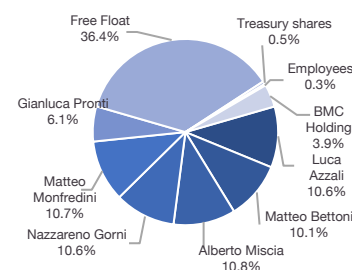
### Strengths / Opportunities

- ◆ 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

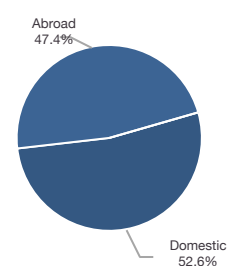
- ◆ Much smaller size if compared to Anglo-Saxons competitors;
- ◆ MarTech moves fast and MailUp group capability to keep up with the pace could be limited due to financial constraints.

## Shareholders Structure



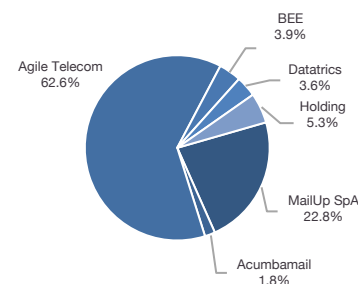
Source: MailUp SpA

## 2019FY Revenues by geography



Source: MailUp SpA

## 2019FY Revenues by legal entity



Source: MailUp SpA

## Stock multiples @ €5.00 Fair Value

	2020E	2021E
EV / SALES (x)	1.0	0.8
EV / EBITDA (x)	13.6	9.2
EV / EBIT (x)	30.9	15.8
EV / CAP.EMP. (x)	4.9	5.1
OpFCF Yield (%)	3.0	8.4
P / E (x)	nm	26.6
P / BV (x)	4.0	3.5
Div. Yield. (%)	0.0	0.0

Source: Value Track

**MailUp Group: 1Q18-1Q20 quarterly evolution of Gross Sales**

(€mn)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
MailUp SpA	3.54	3.64	2.78	3.98	4.04	3.98	3.27	4.54	4.21
Acumbamail	0.23	0.26	0.24	0.26	0.28	0.32	0.28	0.37	0.36
Agile Telecom	5.04	5.30	5.27	7.92	8.43	10.26	9.54	9.98	10.03
BEE	0.24	0.34	0.39	0.47	0.50	0.69	0.84	0.91	0.86
Datatrix	0.00	0.00	0.00	0.00	0.37	0.48	0.64	0.78	0.83
<b>Aggregate</b>	<b>9.05</b>	<b>9.53</b>	<b>8.68</b>	<b>12.62</b>	<b>13.62</b>	<b>15.72</b>	<b>14.56</b>	<b>16.59</b>	<b>16.28</b>

Source: MailUp Group, Value Track analysis

**MailUp Group: 1Q19 and 1Q20 Gross Sales breakdown by Business Unit**

Business Unit	1Q19	1Q20	Chg. % YoY
MailUp	4,040	4,210	4.2%
Agile Telecom	8,434	10,032	18.9%
BEE	496	857	72.8%
Acumbamail	282	358	27.1%
Datatrix	370	827.	123.5%
<b>Aggregate</b>	<b>13,623</b>	<b>16,284</b>	<b>19.5%</b>

Source: MailUp Group, Value Track Analysis

**MailUp Group: 2019A-21E Revenues breakdown by Business Unit**

Business Unit	2019A	2020E	2021E
MailUp	15.1	17.4	19.3
Agile Telecom	41.5	43.0	47.0
BEE	2.6	4.7	6.9
Acumbamail	1.2	1.7	2.0
Datatrix	2.4	3.0	5.3
<b>Group (*)</b>	<b>60.8</b>	<b>69.7</b>	<b>80.5</b>

Source: MailUp Group, Value Track Analysis

(\*) Net of Holding Revenues and Consolidation adjustments

### MailUp: P&L figures 2018A-21E

€mn	2018A	2019A	2020E	2021E
<b>Revenues</b>	<b>39.0</b>	<b>60.8</b>	<b>69.7</b>	<b>80.5</b>
COGS	-25.7	-43.0	-48.8	-55.6
Labour costs	-9.5	-13.0	-15.7	-17.7
<b>EBITDA</b>	<b>3.8</b>	<b>4.8</b>	<b>5.2</b>	<b>7.2</b>
EBITDA margin (%)	9.7%	8.1%	7.5%	9.0%
Depreciation & Amortization	-1.9	-2.9	-2.9	-3.0
<b>EBIT</b>	<b>1.9</b>	<b>1.8</b>	<b>2.3</b>	<b>4.2</b>
Net Fin. Income (charges)	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>1.9</b>	<b>1.8</b>	<b>2.3</b>	<b>4.3</b>
Tax	-0.7	-0.7	-0.8	-1.4
<b>Reported Net Profit</b>	<b>1.3</b>	<b>1.2</b>	<b>1.5</b>	<b>2.8</b>
<b>Adjusted Net Profit</b>	<b>1.4</b>	<b>1.8</b>	<b>1.5</b>	<b>2.8</b>

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

### MailUp: Balance Sheet figures 2018A-21E

€mn	2018A	2019A	2020E	2021E
Net Working Capital	-10.7	-10.7	-10.0	-10.6
Net Fixed Assets	22.0	27.6	26.9	26.3
Provisions	1.8	2.3	2.5	2.7
<b>Total Capital Employed</b>	<b>9.6</b>	<b>14.6</b>	<b>14.5</b>	<b>13.1</b>
<b>Group Net Equity</b>	<b>15.9</b>	<b>17.0</b>	<b>18.5</b>	<b>21.3</b>
<b>Net Fin. Position [i.e. Net Debt (-) Cash (+)]</b>	<b>6.4</b>	<b>2.4</b>	<b>4.0</b>	<b>8.2</b>

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

### MailUp: Cash Flow figures 2018A-21E

€mn	2018A	2019A	2020E	2021E
<b>EBITDA</b>	<b>3.8</b>	<b>4.8</b>	<b>5.2</b>	<b>7.2</b>
Working Capital Change	-1.2	0.0	-0.7	0.6
Capex	-1.2	-3.1	-2.2	-2.4
Change in Provisions	0.4	0.5	0.2	0.2
Cash Taxes	-0.7	-1.0	-0.8	-1.4
<b>OpFCF a.t.</b>	<b>1.1</b>	<b>1.3</b>	<b>1.7</b>	<b>4.2</b>
Rou Assets (IFRS 16)	0.0	-4.6	0.0	0.0
Other (Incl. Fin. Inv.)	-2.0	-0.7	0.0	0.0
Net Financial Charges	0.0	0.0	0.0	0.0
<b>Net Cash generated</b>	<b>-0.9</b>	<b>-4.0</b>	<b>1.7</b>	<b>4.2</b>

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

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