

MailUp Group

Sector: Marketing Technology



Analysts

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A proof of robustness and resiliency

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.

Key messages of 1Q20

MailUp Group released, for the first time, key financial data for 1Q20 still recording a steady and healthy YoY growth. Revenues at €15.8mn (+19% YoY) in line with Gross Sales previously announced, Gross Profit at €4.4mn (+30% YoY) and EBITDA at €0.5mn (+15% YoY).

On the back of these, EBITDA margin slightly decreased (-120 bps YoY), affected by i) Covid-19 emergency impact, ii) continuous investments in R&D and Sales & Marketing to foster medium-long term growth, and lastly iii) the negative contribution (-€0.3mn) of Datatrics start up losses to consolidated figure. However, we note profitability in 1Q is subject to some seasonality effects, and margins are not representative of the full year results, i.e. costs and investments are evenly accounted for during the year, whereas acquired subscription fees may not be.

Lastly, Net Financial Position at €3.0mn at the end of March, i.e. +€0.7mn vs. Dec'19, underlies a sound free cash flow generation.

2020-21 estimates unchanged

Sales in 1Q are in line with our full-year expectation, as well as EBITDA growth rate fully mirrors our 2020 forecast.

So, for the time being we are not changing our 2020 forecasts, however we do not rule out the possibility that current global economy slowdown should have a worse than expected impact on market demand, as also reported by the Group with many clients belonging to retail, travel, hospitality industries deferring or freezing their investments. On the other hand, we also hint, that a different product mix related to Agile Telecom (more transactional than marketing SMS), as well the adoption of some restrictive measures to contain operating costs may positively affect profitability, with margins potentially coming in higher than our estimates in FY20.

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.

Fair Value (€) 5.00
Market Price (€) 4.53
Market Cap. (€m) 67.8

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	12.3	8.2
EV/EBIT (x)	33.8	27.8	14.1
P/E ADJ. (x)	36.1	nm	24.1

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

STOCK DATA

FAIR VALUE (€)	5.00
MARKET PRICE (€)	4.53
SHS. OUT. (m)	15.0
MARKET CAP. (€m)	67.8
FREE FLOAT (%)	36.4
AVG. -20D VOL. (#)	4,398
RIC / BBG	MAIL.MI / MAIL IM
52 WK RANGE	3.11-4.85

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

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

Investment case

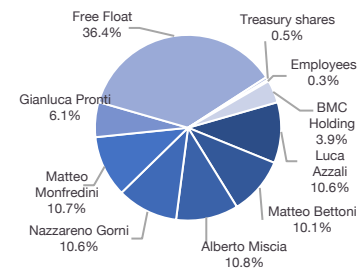
Strengths / Opportunities

- ◆ 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

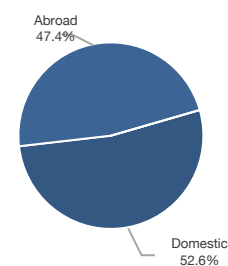
- ◆ Much smaller size if compared to Anglo-Saxons competitors;
- ◆ MarTech moves fast and MailUp group capability to keep up with the pace could be limited due to financial constraints.

Shareholders Structure



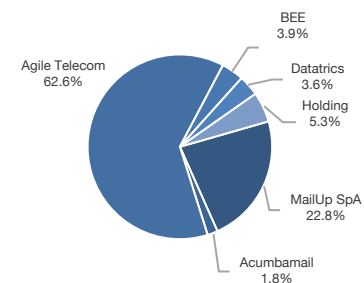
Source: MailUp SpA

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: 1Q19-1Q20 key financial data

(€'000)	1Q19	1Q20	Chg. YoY
Revenues from Email	3,103	3,766	21.3%
Revenues from SMS	9,429	10,873	15.3%
Revenues from Predictive Marketing	350	785	124.3%
Revenues from Professional Services	169	173	2.4%
Other Revenues	302	238	(21.4%)
Total Revenues	13,354	15,834	18.6%
Gross Profit	3,409	4,443	30.3%
Gross Margin	25.5%	28.1%	+253bps
EBITDA	475	546	14.9%
EBITDA Margin	3.6%	3.4%	-120bps
Pre-Tax Profit	(270)	(275)	nm

Source: MailUp Group

MailUp Group: 1Q19-1Q20 Sales and EBITDA breakdown

(€'000)	Sales			EBITDA		
	1Q19	1Q20	Chg. YoY	1Q19	1Q20	Chg. YoY
MailUp	3,526	3,957	12.2%	726	618	(14.9%)
Agile Telecom	9,165	10,516	14.7%	42	120	181.3%
BEE	497	892	79.3%	13	58	353.5%
Datatrics	421	818	94.3%	(145)	(321)	nm
Acumbamail	263	350	33.2%	44	68	57.2%
Holding	582	1,135	95.0%	(286)	(74)	74.2%
Total	14,454	17,668	22.2%	394	469	18.9%
Consol. Adj.	(1,100)	(1,833)		81	77	
Group	13,354	15,834	18.6%	475	546	14.9%

Source: MailUp Group

MailUp Group: 1Q20 Net Financial Position

(€'000)	2019A	1Q20	Chg. YoY
Cash and cash equivalents	9,437	10,494	12.0%
Current short-term financial liabilities	(2,009)	(2,250)	11.9%
Current Financial Position	7,428	8,244	11.0%
Long-term financial liabilities	(5,074)	(5,230)	3.1%
Non-Current Financial Position	(5,074)	(5,230)	3.1%
Net Financial Position	2,354	3,013	28.0%

Source: MailUp Group

MailUp: P&L figures 2018A-21E

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

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
Total Capital Employed	9.6	14.6	14.5	13.1
Group Net Equity	15.9	17.0	18.5	21.3
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	6.4	2.4	4.0	8.2

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

MailUp: Cash Flow figures 2018A-21E

€mn	2018A	2019A	2020E	2021E
EBITDA	3.8	4.8	5.2	7.2
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
OpFCF a.t.	1.1	1.3	1.7	4.2
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
Net Cash generated	-0.9	-4.0	1.7	4.2

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

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