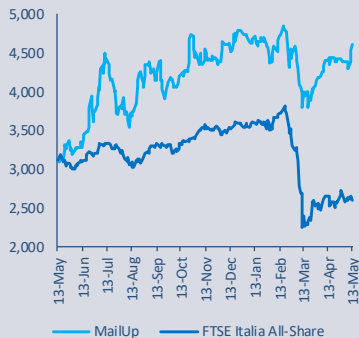


**IT Services**
**Data**

Shares Outstanding (m):	14.97
Market Cap. (EURm):	82.3
Enterprise Value (EURm):	81.1
Free Float (%):	36.6%
Av. Daily Trad. Vol. (m):	0.02
Main Shareholder:	Founders 53.0%
Reuters/Bloomberg:	MAIL.MI MAIL.IM
52-Week Range (EUR)	3.5 5.5

Source: Factset, UBI Banca estimates
**Performance**

	1m	3m	12m
Absolute	8.7%	25.0%	22.5%
Rel. to FTSE IT	8.6%	12.8%	12.2%

Source: Factset
**Graph area Absolute/Relative 12 M**

Source: Factset
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**2Q20 gross sales: +4% YoY, +1% QoQ**

2Q20 gross sales proved a good resilience of all business lines, with the exception of drive-to-store SMS which disappeared during April-May lockdown. Given the gradual re-opening of the stores, we do not expect a significant recovery before 4Q20. Therefore, we cut FY20 revenues of Agile Telecom by 10% to EUR46 million. We revise down also the top line of BEE by 6% due to the stand-by of BEE Plugin marketing activity in 2Q. Overall, we reduce our 2020 forecast by 8% on revenues and 15% on EBITDA. We do not change 2021-2022 estimates. We confirm our positive view based on the followings: (1) resilience of the top line even under crisis, with recurring sales at 30% of total; (2) well balanced geographical presence with international revenues accounting for 54% in 1H20 (vs 51% in 1Q20 and 48% in FY19); (3) solid financial structure (EUR7.4 million net cash ex IFRS 16 at end March); (4) exposure to digital marketing, e-commerce and transactional SMS which are likely to play an increasing role; (5) impressive self-provisioning sales of BEE which proves its potentiality of growth in normal circumstances. As a consequence of sector-re rating the SoP valuation jumps by 10% to EUR8.1 per share. We therefore revised our target price from EUR5.4 to EUR6.3 after weighing SoP at 40%. Further upside could come from potential new creative acquisitions.

- In 2Q20 gross sales grew by >4% YoY to EUR16.4 million, equal to a 1% QoQ growth. MailUp sales (-3% YoY to EUR3.9 million) and Agile Telecom revenues (+2.1% YoY to EUR10.5 million) suffered the absence of “drive-to-store” SMS during lockdown, which was only partially offset by the increase of transactional SMS managed by Agile Telecom. Major growth was recorded by Datatrics (+52% YoY to EUR0.7 million), even if the increase in churn rate for monthly subscription slightly reduced the top line compared to 1Q20 (EUR0.8 million). BEE Plugin was flat while BEEPro and Acumbamail, which do not require any physical interaction in the sales process, confirmed a significant trajectory of growth. 1H20 gross sales closed at EUR32.7 million (+11% YoY) with foreign sales at 54% of total; BEE+Datatrics represent 10% of gross sales compared to 7% in 1H19.
- We now assume 2020 revenues up 12% (+17% YoY in 2H) and EBITDA at +3%. 19-21 revenues and EBITDA CAGR is estimated at >20% with cumulative revenues from Datatrics and BEE moving from 8% in 2019 to 15% in 2021.
- Our target price of EUR6.3 per share is obtained as the weighted average of our DCF valuation (EUR5.2, WACC 8.4%, g 2%) and SoP (EUR8.1). Considering that the volatility of Tech sector has dramatically fallen back we lifted the weight of SoP valuation from 15% to 40%. Main risks are: (1) low liquidity; (2) increasing competition in MarTech; (3) M&A disappointment.

**Financials**

	2019	2020E	2021E	2022E
Revenues (EURm)	59,3	66,2	85,2	97,6
EBITDA (EURm)	4,8	5,0	7,1	10,4
EBITDA margin (%)	8,1%	7,5%	8,3%	10,7%
EBIT (EURm)	1,9	1,9	3,8	6,8
EPS (EUR)	0,08	0,07	0,15	0,29
CFPS (EUR)	0,31	0,20	0,42	0,53
DPS (EUR)	0,00	0,00	0,00	0,00

Source: Company Data, UBI Banca Estimates
**Ratios**

	priced on 10 July 2020			
	2019	2020E	2021E	2022E
P/E(x)	44,3	80,0	36,1	18,7
P/CF(x)	11,9	27,3	13,1	10,4
P/BV(x)	3,2	4,6	4,0	3,3
Dividend Yield	0,0%	0,0%	0,0%	0,0%
EV/EBITDA(x)	11,2	16,4	11,1	7,1
Debt/Equity (x)	-0,1	-0,2	-0,3	-0,4
Debt/EBITDA (x)	-0,5	-0,6	-0,8	-0,9

Source: UBI Banca Estimates \* Based on average 2019 price

Figure 1 – 2Q20 and 1H20 gross sales by companies

(EURm, %)	2Q19A	2Q20A	% change	1H19A	1H20A	% change
<b>Total gross sales</b>	<b>15,7</b>	<b>16,4</b>	<b>4,4%</b>	<b>29,3</b>	<b>32,7</b>	<b>11,4%</b>
MailUp	4,0	3,9	-3,1%	8,0	8,1	0,6%
Agile Telecom	10,3	10,5	2,1%	18,7	20,5	9,7%
BEE	0,7	1,0	37,8%	1,2	1,8	52,4%
Acumbamail	0,3	0,4	27,6%	0,6	0,8	27,3%
Datatrix	0,5	0,7	51,7%	0,8	1,5	83,1%

Source: company data unaudited

Figure 2 – Old vs. New estimates

(EURm)	2019A	2020E		2021E		2022E	
		Old	New	Old	New	Old	New
Total Sales	59,3	71,8	66,2	85,2	85,2	97,5	97,6
% change			-7,8%		0,0%		0,0%
EBITDA	4,80	5,81	4,95	7,04	7,05	10,39	10,42
% change			-14,7%		0,2%		0,3%
EBIT	1,85	2,72	1,91	3,70	3,75	6,72	6,78
% change			-29,7%		1,3%		0,8%
Net profit	1,15	1,61	1,03	2,25	2,28	4,36	4,40
% change			-36,1%		1,5%		0,9%
<b>Net debt((Cash)</b>	<b>-2,4</b>	<b>-3,5</b>	<b>-2,8</b>	<b>-6,1</b>	<b>-5,7</b>	<b>-10,1</b>	<b>-9,7</b>
<b>EBITDA margin</b>	<b>8,1%</b>	<b>8,1%</b>	<b>7,5%</b>	<b>8,3%</b>	<b>8,3%</b>	<b>10,7%</b>	<b>10,7%</b>
<b>EBIT margin</b>	<b>3,1%</b>	<b>3,8%</b>	<b>2,9%</b>	<b>4,3%</b>	<b>4,4%</b>	<b>6,9%</b>	<b>6,9%</b>

Source: Company data, UBI Banca estimates

Figure 3 - VoP and EBITDA breakdown by segments in 2017-2022E

(EURm)	2017A	2018A	2019A	2020E	2021E	2022E
<b>VoP (Consolidated)</b>	<b>27,3</b>	<b>40,2</b>	<b>60,8</b>	<b>67,8</b>	<b>87,3</b>	<b>100,0</b>
MailUp	12,3	13,8	15,1	15,4	16,6	17,5
Agile Telecom	14,8	26,3	41,5	45,0	58,0	63,9
Acumbamail	0,7	0,9	1,2	1,4	1,7	2,0
BEE	0,6	1,2	2,6	4,6	7,8	10,5
Datatrix			2,4	3,8	5,8	8,8
Holding	1,5	1,4	3,5	3,5	3,5	3,5
Intercompany	-2,6	-3,4	-5,5	-5,9	-6,0	-6,2
<b>EBITDA</b>	<b>2,86</b>	<b>3,80</b>	<b>4,80</b>	<b>4,95</b>	<b>7,05</b>	<b>10,42</b>
MailUp	2,35	2,30	2,80	2,47	2,65	2,89
Agile Telecom	1,35	2,50	1,34	2,55	3,65	4,04
Acumbamail	0,25	0,20	0,24	0,27	0,34	0,39
BEE	-0,04	0,40	0,72	0,70	1,26	3,04
Datatrix			-0,55	-0,49	-0,30	0,70
Holding	-1,05	-1,60	-0,55	-0,55	-0,55	-0,55
IFRS 16			0,80			
<b>EBITDA margin on VoP %</b>	<b>10,5%</b>	<b>9,5%</b>	<b>7,9%</b>	<b>7,3%</b>	<b>8,1%</b>	<b>10,4%</b>
MailUp	19,1%	16,7%	18,5%	16,0%	16,0%	16,5%
Agile Telecom	9,1%	9,5%	3,2%	5,7%	6,3%	6,3%
Acumbamail	35,7%	22,2%	20,2%	20,0%	20,0%	20,0%
BEE	-6,7%	33,3%	27,7%	15,2%	14,0%	27,4%
Datatrix			-22,9%	-13,0%	-5,2%	8,0%

Source: Company data, UBI Banca estimates

Figure 4 – Valuation summary

(EUR)	Current valuation	Weight	Previous valuation (14/05/2020)	Delta
DCF Valuation	5.2	60%	5.10	+1.5%
SoP	8.1	40%	7.30	+10.4%
<b>Target Price</b>	<b>6.3</b>		<b>5.43</b>	<b>+17.2%</b>
Current price	5.5		4.60	+19.6%
Potential upside	15%		18.0%	

Source: UBI Banca estimates

Figure 5. DCF Valuation

	Valuation (EURm)	% Weight	Per share (EUR)
Sum of PV 2010-22 FCF	6.5	9%	0.43
Sum of PV 2023-26 FCF	15.4	20%	1.03
Terminal Value	53.7	71%	3.58
<b>Total Enterprise value</b>	<b>75.5</b>	<b>100%</b>	<b>5.05</b>
- financial assets	0.3		0.02
- net cash (debt) at end-2019	2.4		0.16
- cash out for Datatrics earn-out	-0.8		-0.05
<b>Total Equity value</b>	<b>77.5</b>		<b>5.18</b>
Number of shares outstanding (m)	14.97		
<b>Fair value per share (EUR)</b>	<b>5.2</b>		

Source: UBI Banca estimates

Figure 6. Implicit multiples based on our EUR6.3 target price

(x)	2020E	2021E	2022E
P/E	92,0 x	41,6 x	21,5 x
EV/EBITDA	18,6 x	12,6 x	8,2 x
EV/EBIT	48,1 x	23,7 x	12,6 x
EV/Sales	1,39 x	1,05 x	0,87 x
P/BV	5,3 x	4,7 x	3,8 x
EV/ Capital employed	6,0 x	6,1 x	5,6 x

Source: UBI Banca estimates

Figure 7. SoP valuation based on multiples priced on 10 July 2020

**Our SoP valuation implies an EV/EBITDA 2020E of 24x**

	Valuation (EURm)	Method	Per share (EUR)
MailUp+Acumbamail	46.1	16.8xEBITDA20E	3.08
Agile Telecom	42.9	16.8xEBITDA20E	2.87
BEE	25.8	5.5xSales20E	1.73
Datatrics	3.8	Price tag	0.25
<b>Total Enterprise value</b>	<b>118.7</b>		<b>7.93</b>
- net cash (debt) at end-2019	2.4		0.16
- financial assets	0.3		-0.02
- cash out for Datatrics	-0.8		-0.05
<b>Total Equity value</b>	<b>120.7</b>		<b>8.06</b>
Number of shares outstanding (m)	14.97		
<b>Fair value per share (EUR)</b>	<b>8.1</b>		

Source: UBI Banca estimates

Figure 8. Peer comparison based on multiples priced on 10 July 2020

**On 2020 EBITDA, which is jeopardized by the development cost, MailUp is now trading in line with dotDigital but maintains a 30% discount on 2021.**

	Market Cap (EURm)	EV/Sales		EV/EBITDA		EBITDA margin	
		20E	21E	20E	21E	20E	21E
Alkemy SpA	35	0.6x	0.5x	9.3x	6.8x	6.6%	8.7%
dotDigital Group plc	353	6.2x	5.6x	16.8x	15.9x	36.9%	35.3%
Kaleyra	114	0.9x	0.6x	20.0x	6.6x	8.6%	11.4%
SharpSpring	92	3.4x	2.9x	NA	NA	Neg.	Neg.
<b>Median</b>		<b>2.2x</b>	<b>1.7x</b>	<b>16.8x</b>	<b>6.8x</b>	<b>10.4%</b>	<b>13.1%</b>
<b>MailUp</b>	69	1.2x	0.9x	16.4x	11.1x	7.5%	8.3%
<b>Premium/Discount to average</b>		<b>-43%</b>	<b>-46%</b>	<b>-3%</b>	<b>+63%</b>	<b>-28%</b>	<b>-37%</b>
MailUp at target		1.4x	1.0x	18.6x	12.6x		
Premium/Discount to peers		-39%	-39%	10.4%	86%		
Premium/Discount to Dotdigital		-78%	-81%	10.4%	-21%		

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?	Yes
Percentage of treasury shares	0.75%

**Climate related risk**

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

**Social Responsibilities**

Does the company publish a separated Sustainability report?	Yes
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)	2019	2020E	2021E	2022E
Net Revenues	59,3	66,2	85,2	97,6
EBITDA	4,8	5,0	7,1	10,4
EBITDA margin	8,1%	7,5%	8,3%	10,7%
EBIT	1,9	1,9	3,8	6,8
EBIT margin	3,3%	2,9%	4,4%	6,9%
Net financial income /expense	0,0	0,0	0,0	0,0
Associates & Others	1,0	0,0	0,0	0,0
Profit before taxes	1,9	1,9	3,8	6,8
Taxes	-0,7	-0,9	-1,5	-2,4
Minorities & discontinuing ops	1,0	0,0	0,0	0,0
Net Income	1,2	1,0	2,3	4,4

Source: Company data, UBI Banca estimates

## Balance Sheet

(EURm)	2019	2020E	2021E	2022E
Net working capital	-8,6	-7,6	-8,3	-8,2
Net Fixed assets	29,4	29,1	29,2	29,5
M/L term funds	-6,2	-6,2	-6,2	-6,2
Capital employed	14,6	15,3	14,7	15,1
Shareholders' equity	17,0	18,1	20,3	24,7
Minorities	0,0	0,0	0,0	0,0
Shareholders' funds	17,0	18,1	20,3	24,7
Net financial debt/(cash)	-2,4	-2,8	-5,7	-9,7

Source: Company data, UBI Banca estimates

## Cash Flow Statement

(EURm)	2019	2020E	2021E	2022E
NFP Beginning of Period	-6,4	-2,4	-2,8	-5,7
Group Net Profit	1,2	1,0	2,3	4,4
Minorities	0,0	0,0	0,0	0,0
D&A	2,9	3,0	3,3	3,6
Change in Funds & TFR	-1,5	-0,8	0,0	0,0
Gross Cash Flow	2,6	3,3	5,6	8,0
Change In Working Capital	1,9	-0,3	0,7	-0,1
Other	0,1	0,0	0,0	0,0
Operating Cash Flow	4,6	3,0	6,3	7,9
Net Capex	-8,6	-2,6	-3,4	-3,9
Other Investments	0,0	0,0	0,0	0,0
Free Cash Flow	-4,0	0,4	2,9	4,0
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.	0,0	0,0	0,0	0,0
Change in NFP	-4,0	0,4	2,9	4,0
NFP End of Period	-2,4	-2,8	-5,7	-9,7

Source: Company data, UBI Banca estimates

## Financial Ratios

(%)	2019	2020E	2021E	2022E
ROE	8.4%	5,9%	11,9%	19,5%
ROI (after-tax)	11.1%	9,0%	17,7%	32,2%
Net Fin. Debt/Equity (x)	-0.4	-0,6	-0,8	-0,9
Net Fin. Debt/EBITDA (x)	-1.7	-0,2	-0,3	-0,4
Interest Coverage	0.0	0,0	0,0	0,0
NWC/Sales	-21.2%	-11,5%	-9,8%	-8,4%
Capex/Sales	8.5%	4,0%	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)	2019	2020E	2021E	2022E
EPS	0.08	0,07	0,15	0,29
DPS	0.00	0,00	0,00	0,00
Op. CFPS	0.17	0,20	0,42	0,53
Free CFPS	-0.09	0,02	0,19	0,27
BVPS	1.07	1,21	1,36	1,65

Source: Company data, UBI Banca estimates

## Stock Market Ratios

(x)	2019*	2020E	2021E	2022E
P/E	44,3	80,0	36,1	18,7
P/OpCFPS	21,2	24,8	14,8	10,2
P/BV	3,2	4,6	4,0	3,3
Dividend Yield (%)	0,0%	0,0%	0,0%	0,0%
Free Cash Flow Yield (%)	nm	0,4%	3,5%	4,9%
EV (EURm)	53,7	81,1	78,2	74,2
EV/Sales	0,9	1,2	0,9	0,8
EV/EBITDA	11,2	16,4	11,1	7,1
EV/EBIT	27,8	42,4	20,8	10,9
EV/Capital Employed	3,7	5,3	5,3	4,9

Source: Company data, UBI Banca estimates

\* Based on average 2019 price

## Growth Rates

(%)	2019	2020E	2021E	2022E
Growth Group Net Sales	51,9%	11,7%	28,7%	14,5%
Growth EBITDA	27,3%	3,2%	42,4%	47,8%
Growth EBIT	1,8%	-1,0%	96,4%	80,6%
Growth Net Profit	-1,8%	-16,4%	121,4%	93,2%

Source: Company data, UBI Banca estimates

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Insofar as the above mentioned organizational and administrative arrangements established by UBI Banca to prevent or manage potential conflicts of interests are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented, UBI Banca engages to provide a clear disclosure of the specific conflicts of interests arising from the performance of investment research services, including a description of the sources of those conflicts and the steps undertaken to mitigate them, taking into account the nature of the client to whom the disclosure is being made.

For further information please see UBI Banca's website ([www.ubibanca.com/equity-research](http://www.ubibanca.com/equity-research) - "Informativa sintetica sull'attività di ricerca") and ([www.ubibanca.com/Mifid](http://www.ubibanca.com/Mifid) - "Policy sintetica conflitti di interessi"). More details about the conflicts of interests policy will be provided by UBI Banca upon request.

#### **Disclosure of interests and conflicts of interests pursuant to Delegated Regulation 2016/958/EU**

In relation to the Company the following interest/conflict of interest have been found:

- > UBI Banca acts as Corporate Broker for MailUp.
- > UBI Banca may have long or short positions with the issuer

On the basis of the checks carried out no other interest/conflict of interest arose.

#### **Frequency of updates**

UBI Banca aims to provide continuous coverage of the companies in conjunction with the timing of periodical accounting reports and any exceptional event that occurs affecting the issuer's sphere of operations and in any case at least twice per year. The companies for which UBI Banca acts as Sponsor or Specialist are covered in compliance with regulations of the market authorities.

For further information please refer to [www.ubibanca.com/equity-research](http://www.ubibanca.com/equity-research)

**Valuation methodology**

UBI Banca's analysts value the Company subject to their recommendations using several methods among which the most prevalent are: the Discounted Cash Flow method (DCF), the Economic Value Added method (EVA), the Multiple comparison method, the SOP method and the NAV method.

The analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from their fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (i.e. holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

For further information please refer to [www.ubibanca.com/equity-research](http://www.ubibanca.com/equity-research).

**Ranking system**

UBI Banca's analysts use an "absolute" rating system, not related to market performance. The explanation of the rating system is listed below:

*Buy:* if the target price is 15% higher than the market price, over the next 12 months.

*Hold:* if the target price is 15% below or 15% above the market price, over the next 12 months.

*Sell:* if the target price is 15% lower than the market price, over the next 12 months.

*No Rating:* the investment rating and target price have been suspended as there is not sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect. Alternatively, No Rating is assigned in certain circumstances when UBI Banca is acting in any advisory capacity in a strategic transaction involving the Company.

*Target price:* the market price that the analyst believes that the share may reach within a one-year time horizon.

*Market price:* closing price on the day before the issue date of the report, appearing on the first page.

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**Distribution of ratings**

<b>Equity rating dispersion in the past 12 months</b>			
<b>Buy</b>	<b>Hold</b>	<b>Sell</b>	<b>No Rating</b>
78.0%	17.1%	2.4%	2.4%

<b>Proportion on issuers to which UBI Banca has supplied investment banking services relating to the last 12 months</b>			
<b>Buy</b>	<b>Hold</b>	<b>Sell</b>	<b>No Rating</b>
67.2%	7.1%		

For further information regarding yearly and quarterly rating statistics and descriptions, please refer to [www.ubibanca.com/equity-research](http://www.ubibanca.com/equity-research).

**Historical ratings and target prices**

<b>Date</b>	<b>Rating</b>	<b>Target Price (EUR)</b>	<b>Market Price (EUR)</b>
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
14 February 2020	BUY	6.00	4.72
27 March 2020	BUY	5.30	4.05
14 May 2020	BUY	5.40	4.60

+