

# Growens

Sector: Marketing Technology



## Analysts

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Fair Value (€) 5.65

Market Price (€) 4.35

Market Cap. (€m) 65.1

## Profitability rebound in 1Q21

Growens is an integrated industrial group that creates technologies for predictive marketing, mobile messaging and content creation, meant for organisations wishing to communicate effectively with their customers worldwide.

### 1Q21 at a glance: Triple digit EBITDA growth

Growens unveiled its 1Q21 Consolidated figures recording 4.8% y/y growth for sales at €16.6mn, despite negative implications linked to pandemic and the tough y/y comparison, and +153.8% y/y growth for EBITDA at €1.4mn. Net Financial Position was positive (cash) by some €2.0mn at the end of March 2021 vs. €2.5mn as of 2020 year-end, temporarily burdened by usual seasonal labour costs and fiscal dynamics.

### Acumbamail, Agile and BEE positively impacting top line

Growens already disclosed its 1Q21 top line figures one month ago, so no new message on this side. We remind that: 1) the highest percentage growth rates were recorded in terms of recurring Sales coming from SaaS subscriptions and foreign Sales, driven by the brilliant performance of BEE and Acumbamail; 2) Agile Telecom contributed the highest growth in absolute value, offsetting the lower volumes of drive-to-store marketing text messages with higher volumes of more profitable transactional ones.

### Upswing in EBITDA driven by Agile, BEE and Datatrics

1Q21 shows strong sign of recovery, with EBITDA and Gross Profit growing more than sales, (Gross Margin was up by over 600 bps y/y from 28.1% to 33.7%), positively affected by:

- ◆ short-term factors such as lockdown-related Sales & Marketing cost savings, due to the lack of in-person events and related travel;
- ◆ more structural drivers such as the reduction of Datatrics' operating loss -positive effect of restructuring actions- and the high operating leverage in Agile Telecom and BEE. For the latter we calculate a Gross Margin structurally in the 80% region, before growth devoted efforts.

### Estimates confirmed, Fair Value unchanged at €5.65

1Q profitability evolution sheds higher visibility on our €5.3mn EBITDA 2021 estimate and on the medium-term scalability potential of the business. That said, we maintain unchanged our estimates, which already embed a further rebound in the remaining part of the year, and our €5.65 fair value per share implying "fair" 1.0x EV/Sales and 11.5x EV/EBITDA 2022E.

KEY FINANCIALS (€m)	2020A	2021E	2022E
TOTAL REVENUES	65.2	70.9	81.4
EBITDA	5.1	5.3	6.8
EBIT	1.4	1.5	2.9
NET PROFIT	0.6	1.0	2.0
NET PROFIT ADJ.	0.6	1.0	2.0
EQUITY	17.3	18.3	20.3
NET FINANCIAL POS.	2.5	3.1	6.6
EPS ADJ. (€)	0.04	0.07	0.13

Source: Growens (historical figures), Value Track (2021E-22E estimates)

KEY FINANCIALS (€m)	2020A	2021E	2022E
EBITDA MARGIN (%)(*)	7.9	7.5	8.4
EBIT MARGIN (%)(*)	2.1	2.1	3.6
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	nm	nm	nm
EV/SALES (x)	1.0	0.9	0.7
EV/EBITDA (x)	12.2	11.6	8.6
EV/EBIT (x)	45.7	40.7	20.0
P/E ADJ. (x)	nm	nm	33.0

Source: Growens (2020A), Value Track (2021E-22E estimates)

(\*) As % of Revenues from Sales

### STOCK DATA

FAIR VALUE (€)	5.65
MARKET PRICE (€)	4.35
SHS. OUT. (m)	15.0
MARKET CAP. (€m)	65.1
FREE FLOAT (%)	36.8
AVG. -20D VOL. (#)	10,135
RIC / BBG	GROW.MI / GROW IM
52 WK RANGE	3.81-5.74

Source: Stock Market Data



## Business Description

Growens 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, Growens 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	2020A	2021E	2022E	2023E
<b>Total Revenues</b>	<b>65.2</b>	<b>71.9</b>	<b>82.4</b>	<b>93.7</b>
Chg. % YoY	7.3%	10.3%	14.6%	13.7%
<b>EBITDA</b>	<b>5.1</b>	<b>5.3</b>	<b>6.8</b>	<b>8.2</b>
EBITDA Margin (%)	7.8%	7.4%	8.3%	8.7%
<b>EBIT</b>	<b>1.4</b>	<b>1.5</b>	<b>2.9</b>	<b>4.3</b>
EBIT Margin (%)	2.1%	2.1%	3.5%	4.6%
<b>Net Profit</b>	<b>0.6</b>	<b>1.0</b>	<b>2.0</b>	<b>2.0</b>
Chg. % YoY	-51.0%	80.5%	92.8%	43.0%
<b>Adjusted Net Profit</b>	<b>0.6</b>	<b>1.0</b>	<b>2.0</b>	<b>2.0</b>
Chg. % YoY	-51.0%	80.5%	92.8%	43.0%
<b>Net Fin. Position</b>	<b>2.5</b>	<b>3.1</b>	<b>6.6</b>	<b>10.7</b>
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-3.0	-3.3	-3.6	-3.5
<b>OpFCF b.t.</b>	<b>1.5</b>	<b>1.1</b>	<b>4.4</b>	<b>5.6</b>
OpFCF b.t. as % of EBITDA	30.3%	20.7%	64.8%	68.7%

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

## Investment case

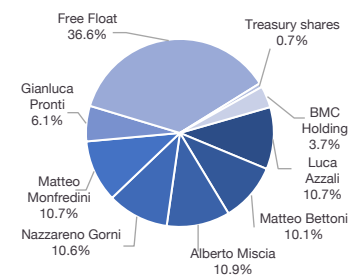
### Strengths / Opportunities

- ◆ 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

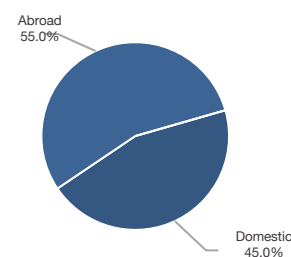
- ◆ Much smaller size if compared to Anglo-Saxons competitors;
- ◆ MarTech moves fast and Growens capability to keep up with the pace could be limited due to financial availabilities.

## Shareholders Structure



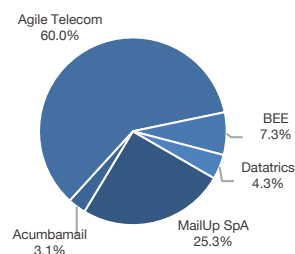
Source: Growens SpA

## 1Q21 Gross Sales by geography



Source: Growens SpA

## 1Q21 Gross Sales by business unit



Source: Growens SpA

## Stock multiples @ €5.65 Fair Value

	2021E	2022E
EV / SALES (x)	1.1	1.0
EV / EBITDA (x)	15.3	11.5
EV / EBIT (x)	nm	26.8
EV / CAP.EMP. (x)	5.4	5.7
OpFCF Yield (%)	1.4	5.7
P / E (x)	nm	43.0
P / BV (x)	4.6	4.2
Div. Yield. (%)	0.0	0.0

Source: Value Track

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