

Growens

Sector: Marketing Technology



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3Q21 Cash Sales back at double digit growth rates

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

3Q21 – Sales +12.4% y/y, SaaS ones +25.5% y/y

Growens just released its 3Q21 unaudited Cash Sales at €17.5mn, recording a +12.4% like-for-like y/y growth, eventually back at double digit growth rates after five quarters of single digit ones. We underline the following key positive messages:

- ◆ Above average growth of SaaS revenues, +25.5% y/y;
- ◆ Recurring revenues at €5.8mn (+34% y/y, ca. 33% of total);
- ◆ Foreign Sales in excess of €10mn, ~57% of total.

BEE the engine of 3Q21 growth

Looking at 3Q21 results across different business segment, we note that:

- ◆ BEE, the California based email and content editor, was the biggest growth driver in 3Q21 with Sales at €2.1mn (+107% y/y), thanks to BEE Plugin's price list increase (following the launch of BEE popup builder back in Q2) and to the signature of some new big tickets contracts (enterprise) with annual validity;
- ◆ Agile Telecom at €10.5mn, was up 5.1% y/y, underlying a rebound of the SMS traffic, after the pandemic crisis;
- ◆ Datatrics was down -3.8% y/y, a better performance if compared to previous quarters. We remind that Datatrics is still in the middle of the reorganization process that should be finalized by 4Q21 with also the introduction of a "freemium" version in Q4.

We also note that MailUp business unit (+8.8% y/y) confirmed a gradual recovery of marketing investments at domestic level, while Acumbamail, active in Spain and Latam, kept growing at healthy rates (+16.2%/y/y).

2021E-22E-23E estimates and €6.30 fair value confirmed

As the uplift in BEE Sales could be not entirely converting in 3Q21 consolidated revenues, we are not modifying our 2021E-22E-23E estimates for the time being.

At the same time, we confirm our fully diluted Sum-of-the-Parts based fair valuation at €6.30 per share.

Lat but not least we remind that on the corporate side many projects are under study, ranging from stock market uplisting, to M&A deals in Italy (possible announcement within the year-end) and abroad (Spain in 2022E).

Fair Value (€) **6.30**

Market Price (€) **4.45**

Market Cap. (€m) **66.0**

KEY FINANCIALS (€m)	2020A	2021E	2022E
TOTAL REVENUES	65.2	70.0	80.5
EBITDA	5.1	5.5	6.9
EBIT	1.4	1.5	2.8
NET PROFIT	0.6	1.0	1.9
NET PROFIT ADJ.	0.6	1.0	1.9
EQUITY	17.3	18.3	20.2
NET FINANCIAL POS.	2.5	2.6	5.8
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 (%)	7.8	7.9	8.6
EBIT MARGIN (%)	2.1	2.2	3.5
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	nm	nm	nm
EV/SALES (x)	1.0	0.9	0.8
EV/EBITDA (x)	12.3	11.8	8.9
EV/EBIT (x)	nm	nm	21.7
P/E ADJ. (x)	nm	nm	35.1

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

STOCK DATA

FAIR VALUE (€)	6.30
MARKET PRICE (€)	4.45
SHS. OUT. (m)	15.0
MARKET CAP. (€m)	66.0
FREE FLOAT (%)	37.0
AVG. -20D VOL. (#)	6,812
RIC / BBG	GROW.MI / GROW IM
52 WK RANGE	3.81-5.16

Source: Stock Market Data

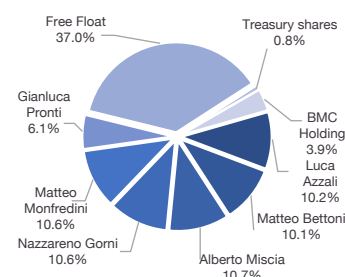


Business Description

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.

Shareholders Structure



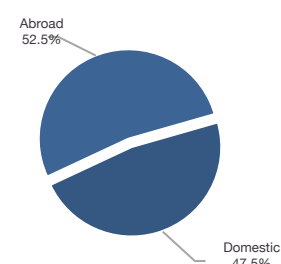
Source: Growens SpA

Key Financials

€mn	2020A	2021E	2022E	2023E
Total Revenues	65.2	70.0	80.5	92.1
Chg. % YoY	7.3%	7.3%	15.0%	14.4%
EBITDA	5.1	5.5	6.9	8.3
EBITDA Margin (%)	8.0%	7.9%	8.6%	9.0%
EBIT	1.4	1.5	2.8	4.2
EBIT Margin (%)	2.2%	2.2%	3.5%	4.6%
Net Profit	0.6	1.0	1.9	2.8
Chg. % YoY	-51.0%	79.5%	89.2%	44.9%
Adjusted Net Profit	0.6	1.0	1.9	2.8
Chg. % YoY	-51.0%	79.5%	89.2%	44.9%
Net Fin. Position	2.5	2.6	5.8	9.6
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-3.0	-3.8	-3.9	-4.0
OpFCF b.t.	1.5	0.6	4.1	5.3
OpFCF b.t. as % of EBITDA	30.3%	10.2%	59.7%	63.2%

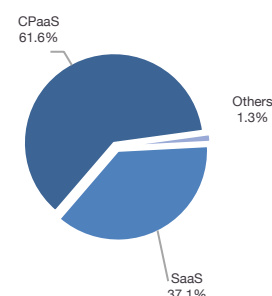
Source: Growens SpA (historical figures), Value Track (estimates)

1H21 Revenues by geography



Source: Growens SpA

1H21 Revenues by business line



Source: Growens SpA

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.

Stock multiples @ €6.30 Fair Value

	2021E	2022E
EV / SALES (x)	1.3	1.1
EV / EBITDA (x)	16.7	12.8
EV / EBIT (x)	nm	31.2
EV / CAP.EMP. (x)	5.8	6.1
OpFCF Yield (%)	0.6	4.7
P / E (x)	nm	49.2
P / BV (x)	5.2	4.7
Div. Yield. (%)	0.0	0.0

Source: Value Track

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