

Italy – Marketing Technology

FY-20 preliminary sales broadly in line with expectations

11th January 2021

COMPANY UPDATE

RIC: MAIL.MI
BBG: MAIL IM

MailUp reported FY-20 preliminary gross sales, showing once again strong resilience in a quarter characterised by a further exacerbation of the COVID-19 pandemic worldwide. As a consequence, we confirm our positive stance on the stock: estimates, rating and PT confirmed.

Rating:

Buy

Price Target:

€ 6.60

Upside/(Downside): 41.0%

Last Price: € 4.68

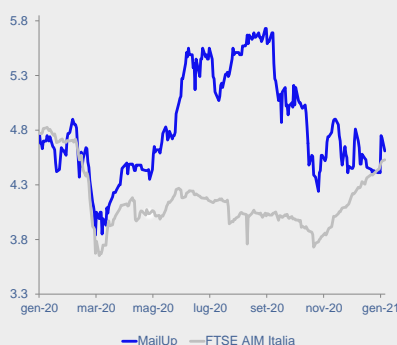
Market Cap.: € 70.4m

1Y High/Low: € 5.74 / € 3.45

Free Float: 36.6%

Major shareholders:

Alberto Miscia	10.9%
Matteo Monfredini	10.7%
Luca Azzali	10.7%
Nazzareno Gorni	10.6%
Matteo Bettoni	10.1%



Stock price performance

	1M	3M	12M
Absolute	-1.7%	-8.9%	1.1%
Rel.to FTSE AIM	-8.4%	-22.7%	6.6%
Rel.to Peers median	-3.0%	-34.2%	-72.2%

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FY-20 gross sales broadly in line with CFO SIM estimate

MailUp announced FY-20 preliminary gross sales broadly in line with CFO SIM projections: € 65.1m, up by 7.7% YoY compared to our € 66.0m estimate (+ 8.5% YoY). In Q4-20 consolidated gross sales were € 17.0m, up by 2.4% YoY. The result was affected by the deterioration of the global crisis due to the COVID-19 pandemic, especially because the 4th quarter is historically relevant for MailUp, thanks to numerous festivities and business events such as Black Friday. Q4-20 was deeply affected by consumption and investment contraction and linked to several lockdown periods in different parts of the world.

€ m	Q4-20	Q4-19	% YoY	FY-20	FY-19	% YoY
MailUp	4.2	4.5	(7.2)	15.8	15.8	(0.4)
Agile Telecom	10.4	10.0	3.7	40.7	38.2	6.6
BEE	1.2	0.9	35.1	4.0	2.9	37.7
Acumbamail	0.5	0.4	29.3	1.7	1.3	32.4
Datatrix	0.7	0.8	(8.5)	2.9	2.3	29.7
Total	17.0	16.6	2.4	65.1	60.5	7.7

Source: CFO SIM elaboration on company data

Tough time for retail SMS traffic continues, stable trend for Email business

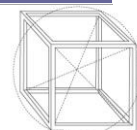
Revenues of the MailUp business unit were € 4.2m, down by 7.2% YoY, as a result of a decline in clients' consumption and investments (mainly in the Fashion, Events, Travel and Hospitality sectors in Italy), coupled with lower performance of SMS and professional services. Q4-20 showed a good recovery compared to the previous quarter (+20% QoQ). Agile Telecom totalled € 10.4m, up 3.7% YoY. In Q4, the several lockdowns worldwide produced a massive stop or slowdown of retail SMS traffic (drive-to-store). BEE grew by 35.1% to € 1.2m, thanks to both a higher number of clients and increased revenues per client on the BEEPro tool, partially compensating for the slowdown of BEEPlugin. Datatrix decreased by 8.5% YoY, as a result of the crisis which affected its main target customers, namely operating in the Retail, Travel and Hospitality sectors. Acumbamail unveiled 29.3% YoY growth, confirming the effectiveness of its business model based on self-provisioning sales of services, allowing smaller-sized users to keep in touch with their clients.

Solid, proven resilience in a quarter affected by a further pandemic flare-up

MailUp showed some strong resilience even in Q4, as the group was able to implement a few strategic decisions last year in order to face the harsh economic environment caused by the COVID-19 pandemic. Furthermore, the group can rely on 1) its widespread client portfolio, 2) the ample amount of recurring revenues (generally 1/3 of FY sales) stemming from its SaaS business model, 3) good revenue distribution by geography (foreign sales accounted for 54.4% in 9M-20) and 4) a solid financial structure with vast M&A firepower. Estimates, rating and PT confirmed.

MailUp, key financials and ratios

€ m	2018	2019	2020e	2021e	2022e
Total Revenues	40.2	60.8	66.0	75.7	85.0
EBITDA	3.8	4.8	5.0	7.0	8.4
EBIT	1.9	1.8	2.0	4.1	5.4
Net profit	1.3	1.2	1.3	2.6	3.4
NFP (cash)/debt	(6.4)	(2.4)	(3.1)	(6.0)	(9.7)
EBITDA margin	9.4%	7.9%	7.6%	9.3%	9.9%
EBIT margin	4.7%	3.0%	3.1%	5.4%	6.4%
EPS €	0.08	0.08	0.08	0.17	0.23
EPS growth	128.6%	-8.4%	10.5%	102.1%	33.7%
Free Cash Flow Yield	-0.3%	4.1%	2.1%	4.1%	5.3%
PER x	26.5	47.4	56.5	27.4	20.5
PCF x	10.6	13.3	17.0	12.7	11.0
EV/Sales x	0.67	0.86	1.04	0.85	0.71
EV/EBITDA x	7.1	10.9	13.8	9.1	7.2
EV/EBIT x	14.2	28.2	33.7	15.8	11.1



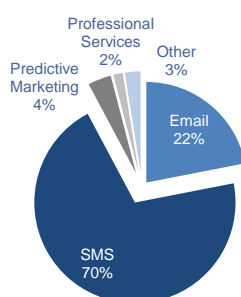
The Company at a Glance

Founded in Cremona (Italy) in 2002 as an email service provider, MailUp is now a leading international scale-up company in the European Cloud Marketing Technologies market, one of the fastest growing industries worldwide. The group is a vertically integrated player focusing on messaging and data-driven/multi-channel marketing automation, providing over 23,000 clients in 115 countries with a wide range of solutions. MailUp develops and sells 1) technologies for the mass sending of emails and mobile messages, 2) sophisticated email and newsletter editing tools, 3) innovative technological solutions for predictive marketing and 4) professional consulting services.

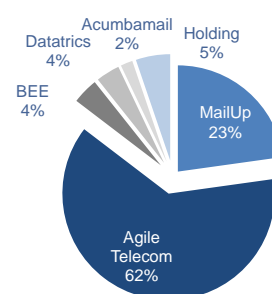
The group operates five synergic business units, corresponding to five different companies: MailUp, Agile Telecom, BEE, Datatrics and Acumbamail. The group achieved a significant growth path since its establishment: born as a start-up in 2002, MailUp closed FY-19 with revenues of € 60.8m, EBITDA of € 4.8m and over 240 employees. Since the IPO in 2014 the group's revenues increased by a CAGR₁₃₋₁₉ of 42.7%, thanks to organic growth boosted by a few acquisitions.

In 2019, revenues were € 60.8m, EBITDA reached € 4.8m, 7.9% margin. EBIT stood at € 1.8m and Net Income totalled € 1.2m. Net Financial Position was € 2.4m cash, thanks to huge cash-flow generation.

2019 breakdown by service...



... and by business unit



Shareholder structure

Shareholders	%	# m
Alberto Miscia	10.9%	1.626
Matteo Monfredini	10.7%	1.606
Luca Azzali	10.7%	1.599
Nazzareno Gorni	10.6%	1.591
Matteo Bettoni	10.1%	1.505
Pronti Gianluca	6.1%	0.913
BMC Holding B.V. *	3.7%	0.558
Treasury shares	0.6%	0.088
Free Float	36.6%	5.486
o/w Employees	0.4%	0.053
Total	100.0%	14.971

Source: Company data

* subject to lock-up (does not enter the free float)

Peer group absolute performance

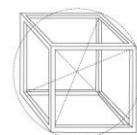
%	1D	1W	1M	3M	6M	YTD
dotDigital Group PLC	(3.0)	0.0	7.0	10.0	50.9	0.0
IMImobile PLC	0.0	(0.7)	(0.3)	37.4	95.4	(0.7)
Sinch AB (publ)	0.2	(3.1)	8.5	43.4	65.4	(3.1)
Vonage Holdings Corp	2.6	2.4	(1.6)	24.0	19.5	2.4
Mobile Messaging median	0.2	(0.7)	(0.3)	37.4	65.4	(0.7)
HubSpot Inc	1.6	1.6	2.9	25.3	72.4	1.6
Neosperience SpA	(1.3)	(1.5)	(5.5)	(5.8)	(15.3)	(1.5)
SharpSpring Inc	4.1	2.1	1.3	56.8	84.3	2.1
Predictive Marketing median	1.6	1.6	1.3	25.3	72.4	1.6
MailUp SpA	(0.4)	6.8	(1.7)	(8.9)	(14.9)	6.8

Source: Thomson Reuters Eikon

Peer group multiples table

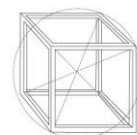
Price & EV multiples x	SALES FY1	SALES FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
dotDigital Group PLC (Email Marketing)	7.94	n.a.	23.8	n.a.	34.7	n.a.	43.1	39.5
IMImobile PLC	2.81	2.72	20.5	19.7	27.9	25.8	36.4	33.8
Sinch AB (publ)	10.15	5.89	94.0	55.4	123.5	69.4	176.8	92.9
Vonage Holdings Corp	3.00	2.80	22.5	20.9	36.2	36.7	62.6	65.7
Mobile Messaging median	3.00	2.80	22.5	20.9	36.2	36.7	62.6	65.7
HubSpot Inc	20.34	16.57	173.1	145.3	272.9	218.1	323.7	267.4
Neosperience SpA	1.96	1.21	8.8	5.6	50.4	18.3	130.5	43.5
SharpSpring Inc	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Predictive Marketing median	11.15	8.89	90.9	75.4	161.6	118.2	227.1	155.4
MailUp SpA	1.02	0.85	13.5	9.1	33.0	15.8	55.4	27.4

Source: CFO SIM, Thomson Reuters Eikon





Income statement (€ m)	2018	2019	2020e	2021e	2022e
Total revenues	40.2	60.8	66.0	75.7	85.0
Purchases	(22.7)	(38.3)	(39.6)	(45.0)	(50.6)
Services	(5.7)	(7.2)	(8.5)	(9.3)	(10.2)
Personnel expenses	(7.2)	(10.0)	(12.2)	(13.6)	(14.9)
Other opex	(0.9)	(0.6)	(0.7)	(0.8)	(0.9)
EBITDA	3.8	4.8	5.0	7.0	8.4
D&A	(1.9)	(2.9)	(3.0)	(3.0)	(3.0)
EBIT	1.9	1.8	2.0	4.1	5.4
Financials	0.0	(0.0)	(0.0)	(0.0)	0.0
Re/(Devaluation) of financial assets	0.0	0.0	0.0	0.0	0.0
Extraordinary	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	1.9	1.8	2.0	4.1	5.4
Income taxes	(0.7)	(0.7)	(0.7)	(1.5)	(2.0)
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit	1.3	1.2	1.3	2.6	3.4
Net Profit adj.	1.3	1.2	1.3	2.6	3.4
Balance sheet (€ m)	2018	2019	2020e	2021e	2022e
Net Working Capital	0.3	(1.7)	(1.0)	(0.9)	(0.9)
Net Fixed Assets	21.8	27.4	27.5	27.5	27.6
Equity Investments	0.1	0.1	0.1	0.1	0.1
Other M/L Term A/L	(12.7)	(11.3)	(11.4)	(11.9)	(12.3)
Net Invested Capital	9.6	14.6	15.2	14.8	14.5
Net Financial Position	(6.4)	(2.4)	(3.1)	(6.0)	(9.7)
Minorities	0.0	0.0	0.0	0.0	0.0
Group's Shareholders Equity	15.9	17.0	18.2	20.8	24.2
Financial Liabilities & Equity	9.6	14.6	15.2	14.8	14.5
Cash Flow statement (€ m)	2018	2019	2020e	2021e	2022e
Total net income	1.3	1.2	1.3	2.6	3.4
Depreciation	1.9	2.9	3.0	3.0	3.0
Other non-cash charges	1.3	(0.1)	0.9	0.5	0.3
Cash Flow from Oper. (CFO)	4.4	4.0	5.1	6.0	6.7
Change in NWC	(1.3)	2.0	(0.6)	(0.1)	0.0
FCF from Operations (FCFO)	3.1	6.0	4.5	5.9	6.7
Net Investments (CFI)	(5.2)	(9.9)	(3.7)	(3.0)	(3.0)
Free CF to the Firm (FCFF)	(2.1)	(3.9)	0.7	2.9	3.7
CF from financials (CFF)	(0.9)	5.2	(0.0)	0.0	0.0
Free Cash Flow to Equity (FCFE)	(3.0)	1.2	0.7	2.9	3.7
Financial ratios	2018	2019	2020e	2021e	2022e
EBITDA margin	9.4%	7.9%	7.6%	9.3%	9.9%
EBIT margin	4.7%	3.0%	3.1%	5.4%	6.4%
Net profit margin	3.1%	1.9%	1.9%	3.4%	4.0%
Tax rate	34.6%	36.9%	37.0%	37.0%	37.0%
Op NWC/Sales	0.7%	-2.8%	-1.6%	-1.2%	-1.1%
Interest coverage x	(0.01)	0.01	0.01	0.00	(0.00)
Net Debt/EBITDA x	(1.69)	(0.49)	(0.62)	(0.85)	(1.16)
Debt-to-Equity x	(0.40)	(0.14)	(0.17)	(0.29)	(0.40)
ROIC	13.1%	7.9%	8.4%	17.3%	23.6%
ROCE	9.7%	7.0%	7.3%	13.2%	15.6%
ROACE	9.9%	8.1%	7.5%	13.8%	16.5%
ROE	7.9%	6.8%	7.0%	12.3%	14.2%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2018	2019	2020e	2021e	2022e
Number of shares # m	14.93	14.97	14.97	14.97	14.97
Number of shares Fully Diluted # m	14.93	16.24	16.24	16.24	16.24
Average Number of shares Fully Diluted # m	14.55	15.58	16.24	16.24	16.24
EPS stated FD €	0.09	0.07	0.08	0.16	0.21
EPS adjusted FD €	0.09	0.07	0.08	0.16	0.21
EBITDA €	0.26	0.31	0.31	0.43	0.52
EBIT €	0.13	0.12	0.13	0.25	0.33
BV €	1.07	1.05	1.12	1.28	1.49
FCFO €	0.21	0.38	0.28	0.36	0.42
FCFF €	(0.14)	(0.25)	0.05	0.18	0.23
FCFE €	(0.21)	0.08	0.05	0.18	0.23
Dividend €	0.00	0.00	0.00	0.00	0.00



ANALYST CERTIFICATION

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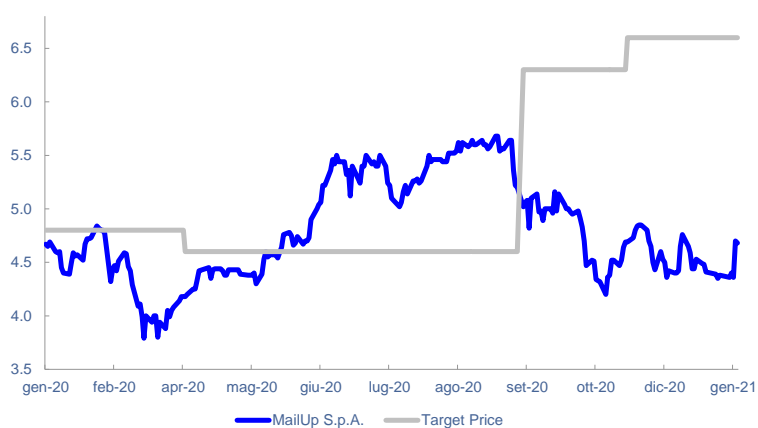
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DATE	TARGET PRICE	RATING
11/01/2021	€6.60	BUY
10/12/2020	€6.60	BUY
13/11/2020	€6.60	BUY
21/09/2020	€6.30	NEUTRAL
14/05/2020	€4.60	NEUTRAL
02/04/2020	€4.60	NEUTRAL

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- a **BUY** rating is assigned if the target price is at least 15% higher than the market price;
- a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/- 15% bands identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return 12 months forward** and not on the basis of the estimated out/underperformance relative to a market index. Thus, the rating can be directly linked with the estimated percentage difference between current price and target price. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated.

