

MailUp Group

Sector: Marketing Technology



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Surfing the marketing technology revolution

MailUp Group is a leading cloud based marketing technology provider currently offering its solutions to more than 16,000 customers worldwide, with a consolidated expertise on small to medium-sized enterprises reference market.

A young and high growing marketing technology provider

MailUp Group ranks among the top five to ten marketing technology players in Europe and the top three in Italy. Its “core” services are email marketing and mobile messaging activities whose success is well represented by the following operating KPIs: 1) ca. 400mn of contacts; 2) over 14bn of emails / mobile messages delivered every year. In addition, MailUp Group also offers: a) sophisticated but easy to use email editing tools now growing ca. 10% Month-on-Month in terms of clients; b) Professional consulting services for customisations, dataset and management of marketing automation flows.

Successful acquisitions add on top of organic growth

In the latest three years both synergic acquisitions and homemade solutions launches have been finalized, hence allowing for an all-round business development. As far as future strategies are concerned, MailUp aims at: 1) expanding its diversified portfolio of solutions evolving towards marketing automation; 2) widening its geographic footprint, particularly through inherited markets from acquired companies or through joint ventures such as those already set up in Asia. On the Corporate side, having now completed its first three-year AIM market-listing period, we now expect the group moving on the main MTA Stock Exchange.

Double-digit growth, margins improvement, excess cash

In the next three years we expect the company to maintain a ca. 15% Revenues annual growth rate with EBITDA margin improving up to 15% on sales. EBITDA cash conversion ratio at 70% (50% after tax) should drive a further improvement of its net cash position. This small war chest could be used in selected M&A deals aimed at further fostering growth.

Scalability potential leads to €3.50 per share fair value

Cloud based marketing technology players listed in US or in UK trade on average at “stellar” 4x-5x EV/Sales multiples, rewarded for the underlying market brilliant growth pace and for the “scalability effect” of a SaaS provisioning business model. Applying several discount factors to MailUp shares (Italian base, AIM market listing, small size, limited M&A financial capability) we get to **€3.50 per share multiples based fair value**, higher than the €3.09 DCF one which is based on organic “normalized” growth rates and underestimates, in our view, optionality value. Alternative valuation criteria lead to insightful findings. Sum-of-the-Parts valuation returns a €3.86 per share fair value, while M&A scenarios assuming MailUp as a target would eventually hint at even higher valuation.

Fair Value (€)	3.50
Market Price (€)	2.30
Market Cap. (€m)	25.9

KEY FINANCIALS (€m)	2016A	2017E	2018E
NET REVENUES	21.1	25.7	29.9
EBITDA	2.4	2.8	4.0
EBIT	1.2	1.5	2.7
NET PROFIT	0.8	0.9	1.7
EQUITY	7.0	7.9	9.6
NET FIN. POS.	1.0	2.3	4.1
EPS ADJ. (€)	0.07	0.08	0.15
DPS (€)	0.00	0.00	0.00

Source: MailUp Group (historical figures),
Value Track (2017E-18E estimates)

RATIOS & MULTIPLES	2016A	2017E	2018E
EBITDA MARGIN (%)	11.4	10.9	13.5
EBIT MARGIN (%)	5.6	5.8	9.2
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	nm	nm	nm
EV/SALES (x)	1.2	0.9	0.7
EV/EBITDA (x)	10.5	8.6	5.5
EV/EBIT (x)	21.3	16.1	8.0
P/E ADJ. (x)	33.6	29.1	15.2

Source: MailUp Group (historical figures),
Value Track (2017E-18E estimates)

STOCK DATA	
FAIR VALUE (€)	3.50
MARKET PRICE (€)	2.30
SHS. OUT. (m)	11.3
MARKET CAP. (€m)	26.2
FREE FLOAT (%)	13.6
AVG. -20D VOL. ('000)	31.7
RIC / BBG	MAIL.MI / MAIL IM
52 WK RANGE	1.58-2.55

Source: Stock Market Data



Executive Summary

MailUp Group is a leading marketing technology provider based on cloud computing solutions. Founded back in 2002, MailUp has now reached a global footprint and offers online complete marketing campaign solutions to more than 16,000 customers worldwide, with a consolidated expertise on small to medium-sized enterprises reference market.

A young and high growing marketing technology provider

MailUp Group is a young and dynamic player active in the fast-growing marketing technology industry offering a wide spectrum of services to its ca. **16,000 customers** – mainly small to mid-sized international companies, and to ca. 900 resellers worldwide.

The Group has a **Turnover in excess of €20mn**, nearly tripled in the latest three years, and tries to address the most relevant and promising segments of the marketing technology value chain with the distinctiveness to address both marketers (i.e. end users) and developers.

Headquartered in Cremona and Milan, thanks to its rapid growth, MailUp Group is nowadays a small multinational active in several regions (**Europe, North America, Latin America, Asia**) with operating activities in Silicon Valley, Buenos Aires, Ciudad Real, Copenhagen, Jakarta, and Tokyo. International sales now account for roughly 34% of consolidated revenues.

MailUp Group ranks **among the top five to ten players in Europe** and the top three players in Italy and has a key strength point in the fact that the current top management and majority shareholders structure is made by a committed and well harmonized group of people, which are also, almost all, company founders.

Marketing Technology market: wide, complex and rapidly evolving

The Marketing Technology market (**MarTech**) is a cloud-based ecosystem of **marketing solutions** and technological tools aimed at enabling businesses to rollout their **digital marketing** strategies. This ecosystem is growing very fast and is populated by both small-sized players focused on specific segments and large enterprise software firms covering the whole range of MarTech customers' needs.

While the next to come technological trends are more and more based on Big Data collection and analysis through Artificial Intelligence, on the market structure side we expect **M&A driven consolidation** to rapidly take off.

Email marketing and mobile messaging the core of MailUp Group's services

The "core" of MailUp Group's services is represented by **email marketing** and **mobile messaging** activities, which are provided via in-house cloud-based proprietary engines offering high quality, price competitiveness and efficiency i.e. the opportunity to connect customers' platforms to an outright marketing mean, in order to reach a greater effectiveness in a marketing campaign.

The success of MailUp Group in this business is well represented by the following operating KPIs:

- ◆ Ca. **400mn of contacts**;
- ◆ Over **14bn of emails / mobile messages** delivered every year.

Professional consulting services and email editing tool enrich the offer

In addition to email and mobile messaging, MailUp Group also offers:

- ◆ Sophisticated but easy to use **email editing tools** which can be used on a stand-alone basis or even embedded in third-party applications, such as customers' CMS (Content Management System) and CRM (Customer Relationship Management) systems so as to have a totally integrated and manageable sales and marketing experience;

- ◆ **Professional consulting services** for customisations, dataset and management of marketing automation flows, mainly dedicated to medium-to large corporates.

Entry level services and premium ones to exploit clients' spending potential

MailUp Group offers a **wide product-range** going from highly standardized entry-level services to customized, and so premium, ones.

While the former are basically ready-to-implement, with customers essentially inserting their preferred marketing ideas (e.g. pictures, promotions, etc.), the latter are more consulting-oriented, allowing customers to structure an *ad hoc* project as well as to benefit from consolidated marketing competences.

Organic growth complemented by successful acquisitions

Growth has been the key strategic direction pursued by MailUp over the recent past. Both **synergic acquisitions** (Agile Telecom in Italy, Acumbamail and Globase abroad) and **homemade solutions** launches (BEE email editor, MailUp 9 platform) have been finalized, hence allowing for an all-round business development. Getting larger on an international perspective, accessing new markets, was indeed a necessary step to provide successful and competitive marketing technology solutions to global customers.

Future Group Strategies: Cross fertilisation, product development, Big Data, MTA

MailUp most challenging attempt ahead aims at consolidating its diversified portfolio of solutions so as to improve synergies at the highest-level possible worldwide.

This **cross fertilisation strategy** should also be accompanied by **strategic geographic expansion**, particularly through inherited markets from acquired companies or through joint ventures such as those already set up in Asia.

Continuing on the buy for external growth attitude, the **Customer Journey Management** represents another planned step ahead towards reaching market segments still poorly addressed, thus fully exploiting customers' spending potential. Last but not least, we expect the company to focus on **Big Data monetisation** i.e. exploitation of the value potential of its huge amount of data annually generated.

On the Corporate side, having now completed its first three-year AIM market-listing period, we now expect the group **moving on the main MTA Stock Exchange**, as shared with investors during the IPO.

Financials: double-digit growth, margins improvement, net cash position

2016FY financial figures (the first calculated according to IAS/IFRS principles) are a striking evidence of MailUp Group's growth attitude. **In the latest three years Revenues have grown 3x, EBITDA 4x and Net Profit (still small numbers) ca. 10x.**

Forward looking, in the next three years we expect the company to maintain a sound double-digit Revenues growth rate (**ca. 15% Revenues CAGR'16A-'19E**).

We also expect **EBITDA margin to improve up to 15% on sales**, with higher-profitability services offsetting the impact of lower margin SMS service and intragroup synergies exploiting their full potential.

The Group should keep further improving its financial position given its cash-generation business model (**EBITDA cash conversion ratio at 70% before tax**), mainly thanks to favourable working capital evolution, thus eventually achieving a **Net Cash Position in excess of €6mn by the end of 2019FY**. This amount could be used in selected M&A deals aimed at further fostering growth.

Valuation

MailUp Group is neither a start up nor a mature company. It shares features of start-ups, such as the high growth rates, and features of already grown up companies, such as the positive cash generation. We also note that its business model, i.e. cloud-based SaaS provisioning of marketing technology solutions, is an extremely scalable one thus making valuation exercises based on organic “normalized” growth rates underestimating the intrinsic optionality value.

On top of that, we reckon that the company is currently cash positive and as such is not benefitting from the tax shield on cost of debt usually arising from the presence of leverage. In this situation, and since we believe that the company will in the future carefully utilise its cash in order to finalize acquisitions, we view the **€3.09 DCF value per share as a “floor” one.**

As far as Peers analysis is concerned, listed SaaS based marketing technology players (almost all based in the US or in UK) usually take into account the “scalability effect” we were mentioning before and as a consequence do trade on average at 4x-5x “stellar” EV/Sales multiples, which would imply a huge upside potential for MailUp shares. Taking into account deserved discount factors (Italian base, AIM market listing, small size, limited M&A financial capability) return more realistic fair multiples (1.6x EV/Sales) and an average **€3.50 per share multiples based fair value.**

Alternative (but appropriate) valuation criteria lead to insightful findings. **Sum-of-the-Parts** valuation returns a **€3.86 per share fair value**, while **M&A scenarios** assuming MailUp as a target would eventually hint at even higher valuations.

Peers Analysis

SaaS based provisioning sector is crowded with B2B companies, each one having its own features in terms of business model. Out of this big space, we would initially consider as potentially comparable to MailUp Group companies belonging to four different clusters:

- ◆ Small-medium sized players focused on marketing technology services: Hubspot, DotDigital, SharpSpring, Antevenio, Twilio;
- ◆ Tech giants also active, among other things, in the marketing and sales solutions provisioning: Salesforce, Oracle;
- ◆ Pure plays active only in one or two segments of MailUp Group business perimeter, such as email or web sites editing tools or Mobile messaging: Wix.com, CLX Communications.
- ◆ Italian based companies offering software / digital solutions to corporate clients: Axélero, Piteco, TXT e-solutions.

Small-medium sized players focused on marketing technology services

- ◆ **Hubspot Inc:** US pure-play SaaS vendor of marketing and sales applications, based on a centralized inbound database to empower businesses to create personalized interactions with customers, such as emails, social media alerts, websites and targeted alerts for sales people.
- ◆ **DotDigital Group Plc:** English company which provides email marketing consultancy and managed services for SMEs and digital marketing professionals. The core product suite includes the email and multi-channel marketing automation platform called dotMailer.
- ◆ **SharpSpring Inc:** US company mainly committed in marketing automation tools, email delivery services, and email campaign management, with low-cost solutions for its customers, which are mostly marketing agencies.
- ◆ **Antevenio SA:** listed on French market but based in Spain, it provides services of web advertising, mobile and email marketing, lead management and e-commerce. It also operates in the development and execution of advertising campaigns and community portals.

- ◆ **Twilio Inc:** US company mainly active towards developers as it allows software developers to programmatically make and receive phone calls and send and receive text messages using its web service API technologies.

Tech giants also active in the marketing and sales solutions provisioning

- ◆ **Salesforce.com Inc:** headquartered in San Francisco, it provides CRM services for companies of all sizes and guarantees easy-to-use solutions to developers and customers for building and running sales and marketing applications.
- ◆ **Oracle Corporation:** US based technology giant, which offers Software and Cloud services, Hardware systems and consulting services in order to maximize the performance for its customers.

Pure plays active only in one or two segments of MailUp Group business perimeter

- ◆ **Wix.com Ltd:** Israeli company listed on NASDAQ stock market, which provides a cloud-based platform for development, design and customisation of websites and emails, thanks to personalized layout tools and free design templates.
- ◆ **CLX Communications AB:** Swedish company specialised in mobile messaging services, IoT connectivity and Voice communications, based on API technologies that can be easily integrated by developers and enterprises.

Italian based companies offering software / digital solutions to corporate clients

Regarding the Italian stock market, we decided to take into consideration the following companies:

- ◆ **Axélero SpA:** Italian marketing and digital advertising player, whose main business is the digitalization of businesses and public administrations, through effective and innovative digital solutions for all small, medium-sized and large enterprises.
- ◆ **TXT e-solutions SpA:** Italian leader in “Strategic Enterprise Solutions”, it provides advanced and innovative software for all types of corporates, with its three solutions TXT Retail (merchandise planning), TXT Perform (Manufacturing Execution System) and TXT Next (for aerospace, high-tech manufacturing and finance sectors).
- ◆ **Piteco SpA:** Italian based software house, leader for design, development and implementation of proprietary software / solutions aimed at managing corporates’ treasury & cash flow activities and workflow towards national and international banks.

While overall we would deem appropriate to compare the whole MailUp Group with the above-mentioned companies, we have to reckon that there are grounded reasons to exclude some names from our definitive panel of comparables, either because free float is definitively too small (Antevenio, free float is worth some €1mn) or because the business model is too far from SaaS based provisioning (TXT, Axélero), or because the comparison is applicable only on specific business units of MailUp and not to the Group as a whole (Piteco, CLX Communications, Wix.com).

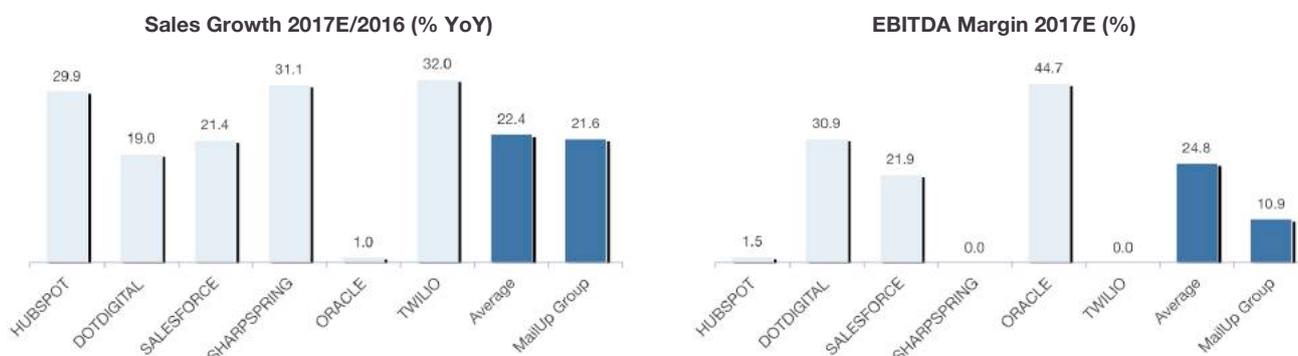
That said, our refined **panel of MailUp Group’s comparables** is as follows:

- ◆ **Hubspot**
- ◆ **DotDigital**
- ◆ **SharpSpring**
- ◆ **Twilio**
- ◆ **Salesforce**
- ◆ **Oracle**

Marketing Technology Sector– Stock Market multiples and implied MailUp's fair value

MailUp Group is expected to grow in line with its comparables, at ca. 20% YoY pace. On the contrary, the company's profitability is at a 50% discount vs. most of comparables as an effect of its smaller scale.

Marketing Technology Sector vs. MailUp Group: 2017E Sales Growth and 2017E EBITDA Margin



Source: Consensus estimates, Value Track Analysis

Despite its similar growth profile MailUp stock is trading at a huge discount vs. its foreign comparables. Indeed, marketing technology sector is currently trading at ca. 4.5x-5.0x EV/Sales'17E and 18x EV/EBITDA'17E compared to MailUp's 0.9x and 8.6x ones, respectively.

MailUp's lower profitability, Italian origin and AIM market listing do not justify, in our view, the width of above-mentioned discounts even if they certainly have to be taken into account. We would set as **"fair" multiples** some **1.6x EV/Sales '17 – 15.1x EV/ EBITDA '17** which imply a **fair value of MailUp shares at €3.50**. Higher profitability and / or growth rate, higher weight of international revenues, a move on MTA stock market (Nasdaq is definitively too far for the time being) would justify a lower discount reduction.

Marketing Technology Sector vs. MailUp Group: Stock trading multiples

COMPANY	Listing	Curr.	Mkt Price	Mkt Cap (mn)	E.V. / Sales (x)		E.V. / EBITDA (x)	
					2017E	2018E	2017E	2018E
HUBSPOT	US	Usd	60.6	2,189	5.8	4.6	nm	nm
DOTDIGITAL	UK	Gbp	0.69	201	5.7	4.4	18.4	14.5
SALESFORCE	US	Usd	82.5	58,358	5.6	4.6	25.4	20.5
SHARPSRING	US	Usd	4.55	38	1.9	1.7	nm	nm
ORACLE	US	Usd	44.6	184,284	4.7	4.3	10.4	9.4
TWILIO	US	Usd	28.9	2,527	6.3	4.9	nm	nm
Average					4.5	3.8	18.1	14.8
Median					5.1	4.4	18.4	14.5
MailUp Group @ Mkt Price	IT	Eur	2.30	26	0.9	0.7	8.6	5.5
MailUp Group @ Fair Value	IT	Eur	3.50	40	1.6	1.5	15.1	10.9

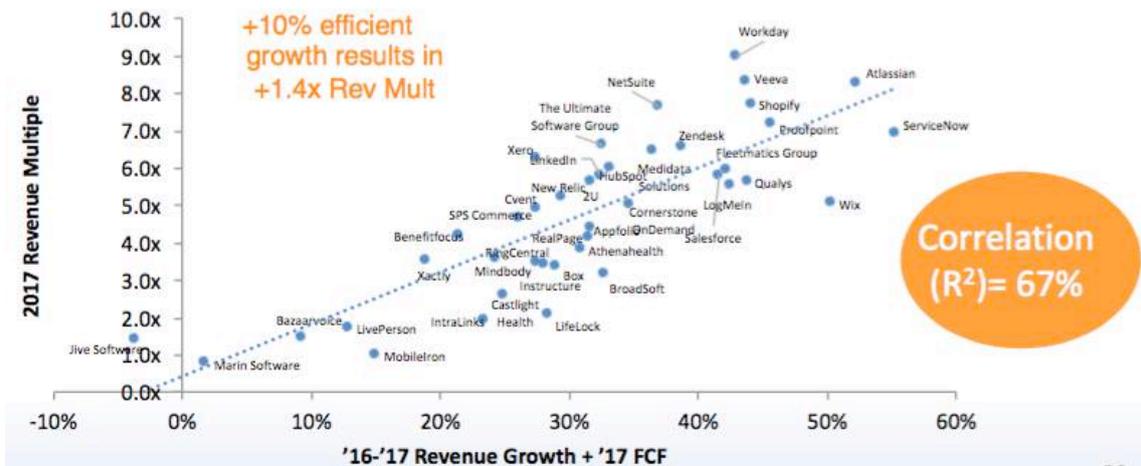
Source: Consensus estimates, Value Track Analysis

What if we apply the Bessemer Venture Partners valuation methodology

Bessemer Venture Partners (BVP) is a California based venture capital firm focused on technology sectors that regularly calculates the so-called BVP Cloud Index i.e. an index including all US listed companies with a cloud based business model, i.e. the one run by MailUp Group.

According to BVP there's a high correlation of EV/Sales with Revenues growth filtered by an efficiency factor represented by FCF margin on Sales. The underlying reasoning is that investors for sure pay for growth, but they also pay for FCF generation and listed "cloud" companies should have at least one of the two angles.

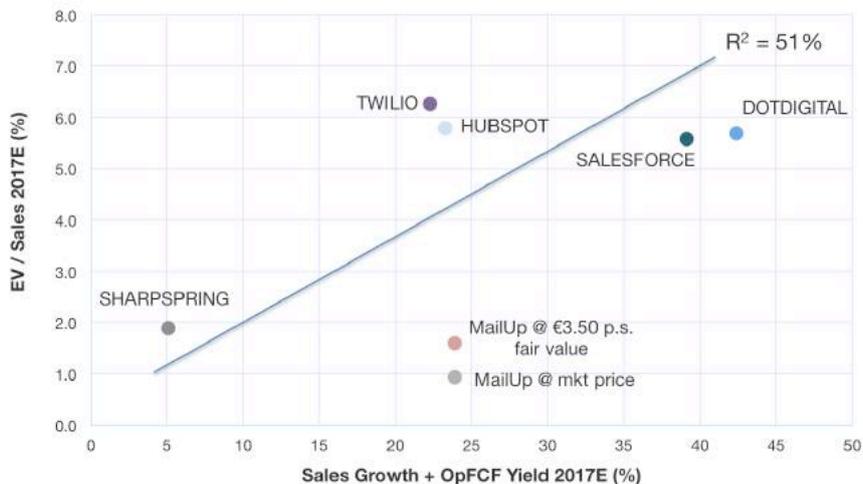
Bessemer Venture Partners: Efficiency Score vs Revenue Multiple in the "Cloud" sector



Source: State of the Cloud Report by BVP

The adoption of BVP valuation methodology to Marketing Technology stocks only returns a decent correlation figure (R² at 51% for all stocks excluding MailUp) even if not as high as for the whole cloud sector. Worthy of notice, the implied fair EV/Sales multiple for MailUp stock based on its Revenues growth + Cash generation profile would be in the 4.0x region i.e. four times the current one.

BVP valuation methodology applied to Marketing Technology stocks incl. MailUp



Source: State of the Cloud Report by BVP

What if we apply M&A multiples

M&A deals implied multiples are obviously higher than stock market trading ones. Most recent transactions in the marketing technology sector have been finalized at higher than 7x EV/Sales, a further proof that the scalability of this kind of business is extremely well regarded by both private equity investors and corporate ones.

Again, if we only apply the lowest among M&A transaction multiples of the below mentioned list we obtain an implied take-over value for MailUp Group which is fourfold the current market price. For the sake of clarity, almost all M&A deals taken into consideration had US based companies as targets.

Marketing Technology sector: Relevant M&A transactions

Announcement Date	Bidder	Target	Transaction Value (USD mn)	EV / Sales (x)
28/07/16	Oracle	Netsuite (Bronto)	9,300	10.3x
31/05/16	Vista Equity Partners	Marketo	1,800	7.5x
18/04/16	Vista Equity Partners	Cvent	1,600	7.1x
23/04/15	Netsuite	Bronto	200	6.7x
20/12/13	Oracle	Responsys	1,500	7.7x
04/06/13	Salesforce	Exact Target (Pardot)	2,500	8.0x
20/12/12	Oracle	Eloqua	871	9.7x
12/10/12	Exact Target	Pardot	96	9.0x
13/08/10	IBM	Unica	480	4.1x

Source: Various

Sum-of-the-Parts valuation

In recent years MailUp Group has grown not only organically but also by acquisitions, in its effort to evolve from a pure ESP (Email Service Provider) to a fully integrated marketing technology provider. While we believe that all the various parts of the group are synergic to each other, it's also true that each subsidiary has its own specific market positioning so a Sum-of-the-Parts approach is a useful cross check and returns a ca. **€3.86 per share break-up value.**

MailUp Group: Sum-of-the-Parts valuation

Company	Stake (%)	EV Pro-Quota, (€mn)	EV p.s. (€)	% of Gross Asset Value	Valuation Method
MailUp SpA	100%	17.6	1.54	36.4%	1.6x EV / Sales '17E (i)
Agile Telecom	100%	19.7	1.72	40.7%	1.7x EV / Sales '17E (ii)
MailUp Inc / BEE	100%	5.3	0.47	11.0%	5.3x EV / Sales '18E (iii)
Acumbamail	70%	3.2	0.28	6.6%	4.5x EV / Sales '18E (iv)
Globase	100%	2.5	0.22	5.3%	1.6x EV / Sales '17E (v)
Gross Asset Value		48.3	4.24	100.0%	
Group Net Cash Position '17E		2.3	0.20		
50% of Corp. Costs capitalized @ 11.4% WACC		-6.6	-0.58		
Net Asset Value		44.0	3.86		

Source: Consensus estimates, Value Track Analysis

(i) MarTech sector multiple minus Italy, Small size, AIM discounts

(iii) Wix.com multiple

(v) Average multiple of Reply, Accenture, TXT e-solutions, Axelero, Piteco

(ii) CLX Communications multiple

(iv) Average multiple of Hubspot, SharpSpring, DotDigital, Twilio, Salesforce

DCF valuation

We believe that the company will –sooner or later- exploit its positive net cash position to finalize some further acquisition so we base the calculation of company Weighted Average Cost of Capital on a target capital structure (25% Debt, 75% Equity) and make the following additional assumptions:

Cost of Equity

- ◆ Risk-free rate at 3.9%, reflecting expected inflation in the Eurozone i.e. 2% plus Italian default spread at 190bps i.e. CDS spread;
- ◆ Levered beta at 1.0, derived from an 0.8 unlevered one obtained as average of:
 - 0.9 unlevered beta software (entertainment);
 - 0.9 unlevered beta software (internet);
 - 0.6 unlevered beta software (system & application).
- ◆ Implied Italian ERP at 8.1% derived using a relative stock market volatility approach considering the US ERP at 4.3% (source: Damodaran);
- ◆ 2% additional equity risk premium to compensate investors for Italian AIM market lower liquidity.

Cost of Debt

- ◆ Pre-tax cost of debt capital at 4.5% reflecting the sum of a 2% expected inflation and an additional 2.5% spread implied using a synthetic rating approach given the interest coverage ratio;
- ◆ Corporate Tax rate (IRES only) at 24.5%.

Thus using an expanded CAPM approach we obtain an overall Cost of Equity capital at 14.0% that we than average with the after-tax Cost of Debt capital hence obtaining an overall **11.4% WACC**.

MailUp Group: Discounted Cash Flows

€mn	2017E	2018E	2019E
EBIT	1.5	2.7	3.6
Taxes on EBIT	-0.4	-0.8	-1.0
Tax Rate	27.5%	27.5%	27.5%
NOPAT	1.1	2.0	2.6
D&A	1.3	1.3	1.3
Capex	-2.2	-2.5	-2.7
WC Change	1.2	1.1	1.2
Free Cash Flow to Firm	1.3	2.0	2.4
WACC	11.4%	11.4%	11.4%
Discounted Cash flow to the firm	1.2	1.6	1.7

Source: Value Track Analysis

MailUp Group: Discounted Cash Flow Model Summary Table

€mn	
PV of future cash flows FY17E-FY19E	4.5
PV of future cash flows FY20E-FY27E	13.4
PV of Terminal value with PGR at 2%	16.3
Fair Enterprise value	34.2
Implied EV/EBITDA '17E (x)	12.3x
Net Cash Position 2016YE	1.0
Fair Equity value (€mn)	35.2
Fair Equity Value per share (€)	3.09

Source: Value Track Analysis

Summing up we estimate a **DCF based fair equity value at €3.09 per share**, implied by an overall €35.2mn fair equity value, which results from the sum of a €0.95mn cash position plus €34.2mn fair enterprise value i.e. €17.9mn present value of explicit cash flows plus €16.3mn terminal value considering a 2% perpetuity growth rate (representing ca. 52% and 48% of fair enterprise value, respectively).

Then we complete our valuation exercise running some sensitivity analyses allowing for both WACC and PGR to change.

MailUp Group: Fair Equity Value p.s. Sensitivity Analysis

		Perpetuity Growth Rate				
		1.50%	1.75%	2.00%	2.25%	2.50%
WACC	10.4%	3.41	3.46	3.52	3.58	3.64
	10.9%	3.20	3.24	3.29	3.34	3.39
	11.4%	3.01	3.05	3.09	3.13	3.18
	11.9%	2.84	2.87	2.91	2.95	2.99
	12.4%	2.69	2.72	2.75	2.78	2.81

Source: Value Track Analysis

The Marketing Technology Market

Marketing Technology market (MarTech) is a cloud-based ecosystem of marketing solutions and technological tools aimed at enabling businesses to rollout their digital marketing strategies. This ecosystem is growing very fast and is populated by both small-sized players focused on specific segments and large enterprise software firms covering the whole range of MarTech customers' needs.

While the next to come technological trends are more and more based on Big Data collection and analysis through Artificial Intelligence, on the market structure side we expect M&A driven consolidation to rapidly take off.

MarTech Landscape: wide, complex, fragmented and segmented

Technology on one side and traditional off-line marketing on the other one have merged over the last decade creating a cloud based ecosystem of marketing strategies, solutions and tools known as Marketing Technology or, alternatively, "**MarTech**". This ecosystem has experienced a huge 20x growth over the last few years and now accounts for ca. 3,500 solutions (i.e. synergic products and services that customers are provided with) compared to ca. 150 as of 2011.

Marketing Technology Landscape: 2011-16 growth in terms of solutions provided to customers



Source: Chiefmartec

Such a crowded space is complex and fragmented with six main sub-industries:

- ◆ Advertising & Promotion;
- ◆ Content & Experience;
- ◆ Social & Relationship;
- ◆ Commerce & Sales;
- ◆ Data;
- ◆ Management;

each one including several market segments, as we tried to summarize in the following table.

Mar-Tech Sub-Industries	Segments
Advertising & Promotion	<ul style="list-style-type: none"> • Mobile Marketing; • Display & Programmatic Advertising; • Search & Social Advertising; • Native/Content Advertising; • Video Advertising; • Print; • PR.
Content & Experience	<ul style="list-style-type: none"> • Mobile Apps; • Interactive Content; • Email Marketing; • Video Marketing; • Content Marketing; • DAM & MRM; • SEO; • Marketing Automation & Campaign/Lead Management; • CMS & Web Experience Management.
Social & Relationship	<ul style="list-style-type: none"> • Call Analytics & Management; • Events, Meetings & Webinars; • Social Media Marketing & Monitoring; • Advocacy, Loyalty, Referrals, Influencers, Community & Reviews; • Feedback & Chat; • Customer Experience, Service & Success; • CRM.
Commerce & Sales	<ul style="list-style-type: none"> • Retail & Proximity Marketing; • Channel, Partner & Local Marketing; • Sales Automation, Enablement & Intelligence; • Affiliate Marketing & Management; • Ecommerce Marketing, Ecommerce Platforms & Carts.
Data	<ul style="list-style-type: none"> • Audience / Market Data & Data Enhancement; • Marketing Analytics, Performance & Attribution; • Mobile & Web Analytics; • Dashboards & Data Visualization; • Business / Customer Intelligence & Data Science; • iPaaS, Cloud / Data Integration & Tag Management; • Customer Data Platforms, DMP; • Predictive Analytics;
Management	<ul style="list-style-type: none"> • Talent Management; • Product Management; • Budgeting & Finance; • Collaboration, Projects & Workflow; • Agile & Lean Management; • Vendor Analysis.

Source: Various

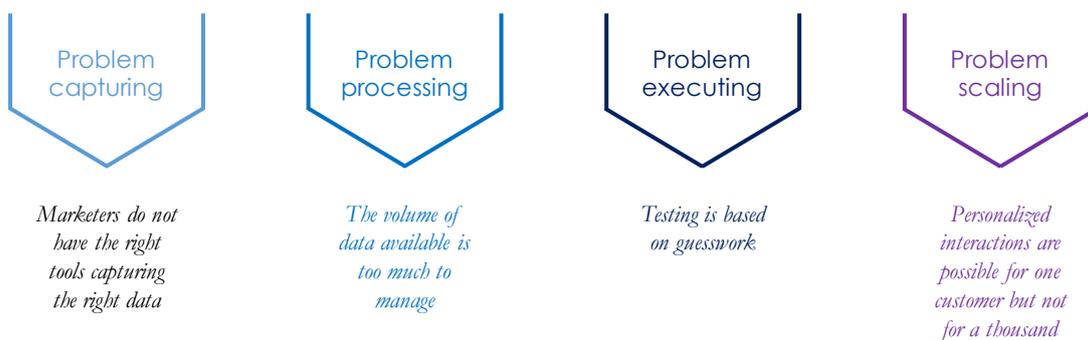
MarTech main trends: Data, Automation, Artificial Intelligence

Among the main trends that are driving MarTech evolution we believe that the most relevant are those based on a more intensive use of Data.

Customers generate a huge amount of data in their shopping experiences and this is an extremely valuable treasure chest if properly exploited because it can drive more tailored and effective communication campaigns and so higher and higher sales.

As massive amount of data cannot be easily managed, it is becoming increasingly important to rely on Automation / Automated workflows and, in perspective, on Artificial Intelligence tools. Indeed, Artificial intelligence should leverage the decision-making and execution abilities of machine learning thus extracting more meaningful key findings, optimizing personalized marketing activities and providing scalable solutions.

MarTech trends: Big Data Artificial Intelligence and Marketing



Source: emarsys - Artificial intelligence: the bridge between data and personalization

MailUp Group reference segments: Email marketing, Mobile marketing, Marketing Automation

Within such a complex, segmented and evolving framework, the segments that are more appropriate to consider in relation to MailUp Group's activity are for sure:

1. Email marketing;
2. Mobile marketing / messaging;
3. Marketing Automation, especially if we think at possible future evolutions.

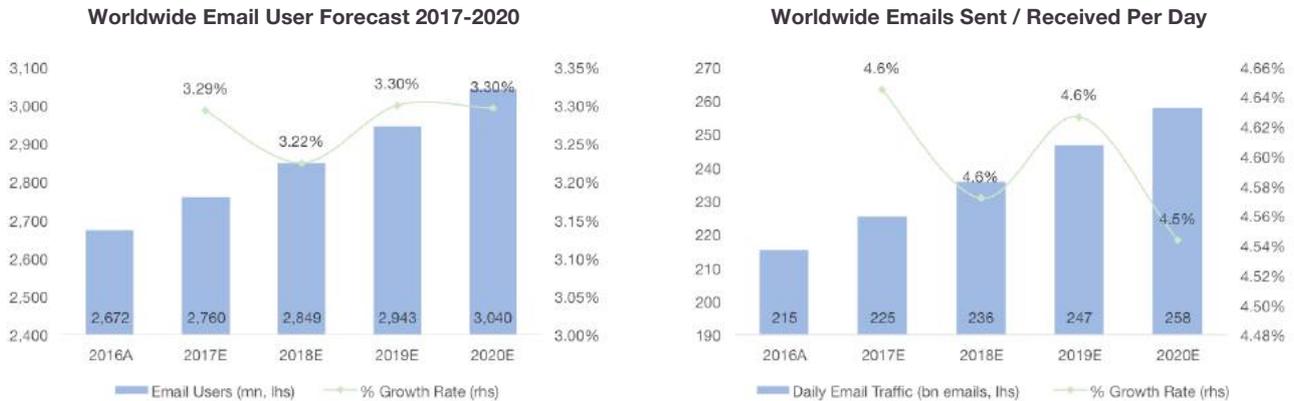
1. Email marketing segment

Emails represent one of the most common mean through which digital marketing communication campaigns are promoted and customer acquisition activity is boosted.

Despite intense competition from other communication tools (instant messaging platforms, chat, social networks), emails users and usage are expected to keep growing. Indeed, an email address is required for nearly all other forms of communication and for all e-commerce transactions and registrations.

As an effect, industry experts forecast that by the end of 2020 the number of email users worldwide will top 3.0bn i.e. nearly half of the worldwide population, up from the current over 2.6bn level (CAGR > 3.0%). Growth should be even higher in terms of number of business and consumer emails sent and received per day, ca. 4.6% CAGR over the next four years up to a total of over 257bn messages.

MailUp: Email Industry Dynamics



Source: Radicati Group, Value Track Analysis

In terms of market players, overall this segment accounts for ca. 90 solutions currently available to customers, ranging from cheap and standardized to more customized ones sold at higher fees.

MailUp: Email Marketing Cluster



Source: Chiefmartec

2. Mobile marketing / messaging segment

Mobile marketing includes SMS communication campaigns which, despite the fact that new technologies daily land on smartphones, remain one of the most preferred tools in sales and customer acquisition activities.

In addition to marketing purposes, SMS are also used for transactional purposes, thus generating an alternative source of revenues to service providers. Transactional SMS are those sent after, for instance, online purchases have been completed or for 2-Factor authentication (2FA).

This segment as well is highly fragmented as competition may include also pure Telecommunication companies. Overall, it accounts for ca. 160 solutions currently available to customers.

MailUp: Mobile Marketing Cluster



Source: Chiefmartec

3. Marketing Automation segment

We refer to Marketing Automation when dealing with software solutions that allow for “workflow management” in sophisticated marketing campaigns. The workflow represents a sequence of actions that are automatically triggered once that a certain event occurs. Basic workflows include, for instance, welcome emails sent once a subscription form has been filled online. Additionally, SMS can be triggered so as to reach the potential customer on its mobile device as well.

A primary benefit of marketing automation is that it saves time to companies while implementing their customer acquisition strategies, thus allowing them to improve their cost structure effectiveness.

Marketing Automation is one of the most crowded segment in the marketing technologies space with ca. 160 solutions currently offered to prospect customers.

MailUp: Marketing Automation & Campaign / Lead Management Cluster



Source: Chiefmartec

MarTech competitive structure: from niche focused players to large integrated ones

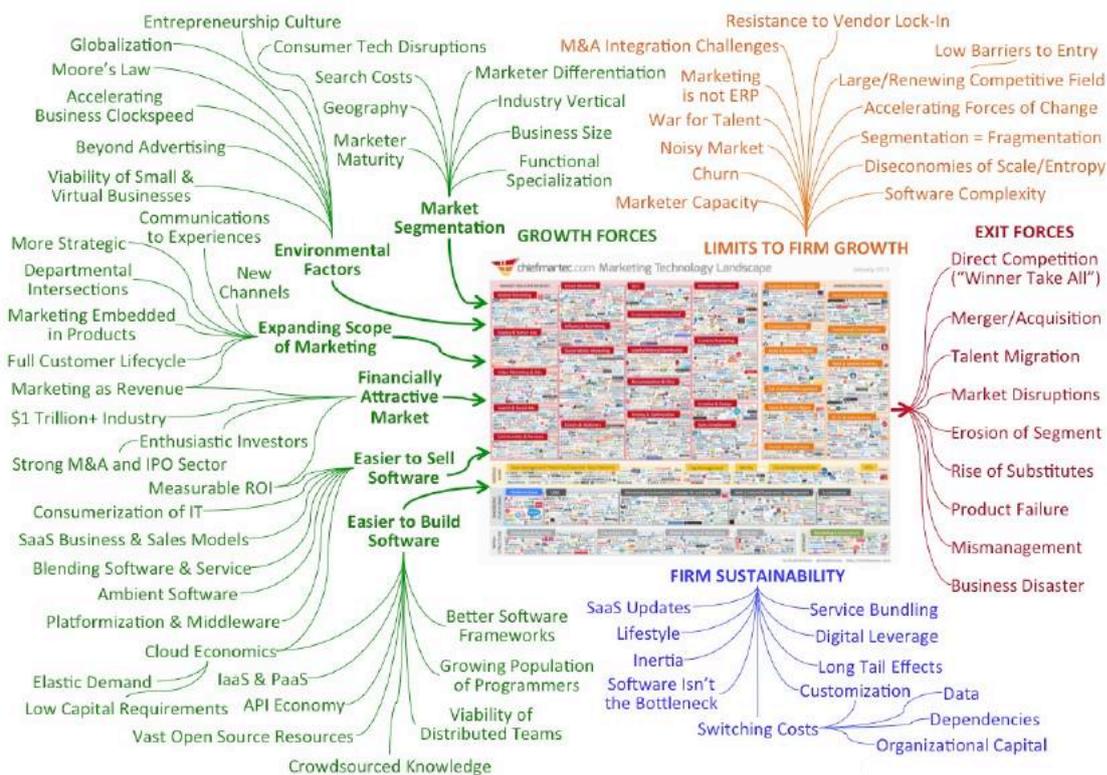
In such a large, complex, and interconnected market, companies need either to position themselves in a specific segment or to diversify their business activity and aggregate / include as many services as possible under one big framework. That's why we find both small-sized players and large enterprise software firms, such as Adobe, Google, IBM, Microsoft, Oracle, Salesforce, and SAP.

While the former are precisely designed by their founders to address a specific market niche, the latter are shaped to address multiple segments with coexistence being possible because marketing technology is mainly based on cloud platforms that can be accessed both on a standalone basis or embedded in bigger and more complex ones. More precisely:

- 1) Most vendors have invested significant resources to let their platforms easily access the marketing technology ecosystem. Indeed, nowadays most marketing technology products come with a plug-and-play support, thus allowing for integration with, for instance, major CRM and marketing automation platforms;
- 2) iPaaS (integration-Platform-as-a-Service) products have grown significantly, hence increasing the overall level of connection framework amongst marketing technologies.

The immediate effect of these dynamics has been to allow marketers to select the best product available, without being locked to a single vendor.

MailUp: Marketing Technology Landscape as of 2016 – System Dynamics of the MarTech Landscape

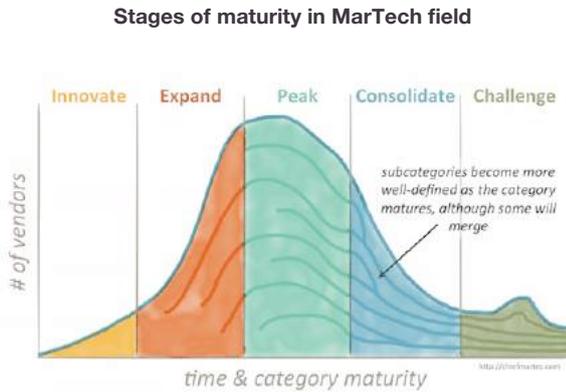


Source: Chiefmartec

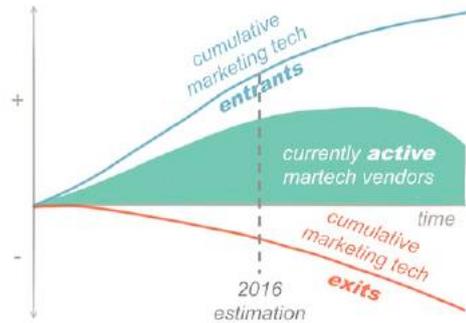
Market consolidation the very likely outcome in the next future

Being a relatively young market, it's quite obvious that MarTech has not found a definitive structure yet and this is true also for the number of active vendors. Still there are more incoming companies than outgoing ones and this means more prospected growth ahead but also greater challenges to be faced by existing incumbents.

MarTech features: Stages of maturity and Entrants vs Exits



MarTech dynamics: Entrants vs. Exits



Source: Chiefmartec

This said, we expect this expansion to come to an end sooner or later and consolidation through mergers and acquisitions to be the most likely step ahead. The start of such a trend is already visible if we look at the whole Cloud market evolution. Indeed, M&A deals in this sector have added up to US\$120bn total value i.e. ca. 40% of total market capitalisation of cloud companies.

Cloud sector: M&A deals are worth US\$120bn value i.e. ca. 40% of sector's market capitalisation

Company	Mkt Cap (USD bn)	Company	Mkt Cap (USD bn)	Company	Mkt Cap (USD bn)	Company	Mkt Cap (USD bn)
Salesforce	59.9	Proofpoint	3.7	Talee	1.9	Broadsoft	1.3
LinkedIn	29.0	Medidata	3.3	LogMeIn	1.8	SPS Commerce	1.2
Workday	21.1	LogMeIn	3.2	Marketo	1.8	Constant	1.1
ServiceNow	16.0	RealPage	2.9	Rightnow	1.8	Mindbody	1.0
Netsuite	9.3	Demandware	2.8	New Relic	1.8	Eloqua	1.0
Concur	8.3	Twilio	2.7	RingCentral	1.8		
Veeva	6.2	Exact Target	2.6	Omniture	1.7		
Atlassian	6.2	Wix	2.6	Blackboard	1.7		
Ultimate	5.9	Fleetmatics	2.4	Digital Insights	1.7		
Athenahealth	5.4	Lifelock	2.4	Cvent	1.7		
Shopify	5.2	CornerstoneOD	2.4	2U	1.6		
Ariba	4.6	Box	2.3	Responsys	1.6		
Dealertrack	4.0	Skillsoft	2.3	Qualys	1.6		
Successfactors	3.9	Zendesk	2.3	Blackline	1.4		
Tableau	3.9	Hubspot	2.0	Kenexa	1.4		
Appdynamics	3.7	Xero	1.9	Coupa Software	1.3		

Source: Bessemer – State of the Cloud Report 2017

The timing and magnitude of such a consolidation trend will be the result of the combined effect of the following forces fighting each other: 1) Growth forces; 2) Firm sustainability; 3) Limits to firm growth; 4) Exit forces.

The former two forces push for companies to enter and remain in the market, while the latter two aggregate a series of headwinds.

1) Growth forces

These are the forces that motivate companies to enter the marketing technology industry to exploit a certain investment opportunity or a foreseeable market trend. They can be clustered as:

- I. **Market segmentation** is a key growth force in the marketing technology landscape as companies have several opportunities to exploit depending on marketers' preferences, market maturity, geography, search costs and language preferences;
- II. **Environmental factors** i.e. new opportunities for marketing arise every time a new tech disruptive event occurs and / or business connections spread more intensely worldwide;
- III. **Expanding scope of marketing** is a growth driver since marketing itself is getting more strategic every day, with companies being required to divide their marketing department activities according to the precise scope they pursue;
- IV. **Financially attractive market** reflects the fact that marketing technologies generally provide customers with a provable ROI (Return on Investment), thus allowing for lucrative performance-based value propositions and favourable planning;
- V. **Easier to build software** as nowadays IaaS (Infrastructure-as-a-Service) and PaaS (Platform-as-a-Service), allow the creation of an infrastructure easily and at low cost;
- VI. **Easier to sell software** implicitly derives from the previous point. Indeed, nowadays it is easy for companies to try out software in pilot programs, where generally trial versions are offered for free. This is why freemium business models are becoming increasingly popular.

2) Firm sustainability

Players in this industry have a non-trivial ability to persist. Indeed, switching costs represent one of the most important reason why marketers tend to be stuck with a single provider, which happens not only because of the data involved, but also because dependencies arise once a tool has been used for a long time. Service bundling and customization also take their toll.

3) Limits to firm growth

In the marketing technology industry even large-sized corporations and software giants are not able to completely dominate it. Indeed, there is enough room for small-sized firms to grow and to specialize in particular niches and gaining market shares, but sooner or later they will also start to face some headwind due to the fact the segmentation beget fragmentation, and cross-border acquisition practices are not always easy to implement.

4) Exit forces

Once headwinds from competition are faced not all companies are able to stand, hence some of them are forced to abandon. Amongst the most feared exit forces entrepreneurs include pure competition i.e. the winner gets everything, disruption events that completely change the technological environment and that lead to the rise of substitutes.

Company Overview

Growth has been the key strategic direction pursued by MailUp over the recent past. Both synergic acquisitions abroad and home-made solutions have been developed, hence allowing for a complete business renewal. Getting larger on an international perspective, accessing new markets, was indeed a necessary step to provide successful and competitive marketing technology solutions to global customers.

Made up by five legal entities, today MailUp is fully prepared to exploit benefits from prospected synergies worldwide, but still maintaining its commitment to grow through acquisitions.

A bit of history

From pure Email Service Provider (ESP) to integrated Email-SMS one

At the time of its foundation in 2002, MailUp business strategy was focused upon the provisioning of standardized email marketing services, allowing customers to access its solutions with a minimum budget and hence being able to increase its customer base at a sound steady pace. With such a positioning, no outbound sales structure was needed.

As time went by and e-mail marketing services progressively started becoming commoditized, the mere role of an “off-the shelf” services provider to low-mid value clients was not considered satisfying anymore.

The first move in this “scaling up” strategy took place in 2006 when MailUp SpA added mobile messaging provisioning capability i.e. SMS to its offered solutions, hence allowing for a greater penetration over customers’ necessities.

The following steps implied, on the one side, evolving from a 100% domestic profile to an international one, and getting exposure on larger customer on the other, while also maintaining a solid innovation pipeline.

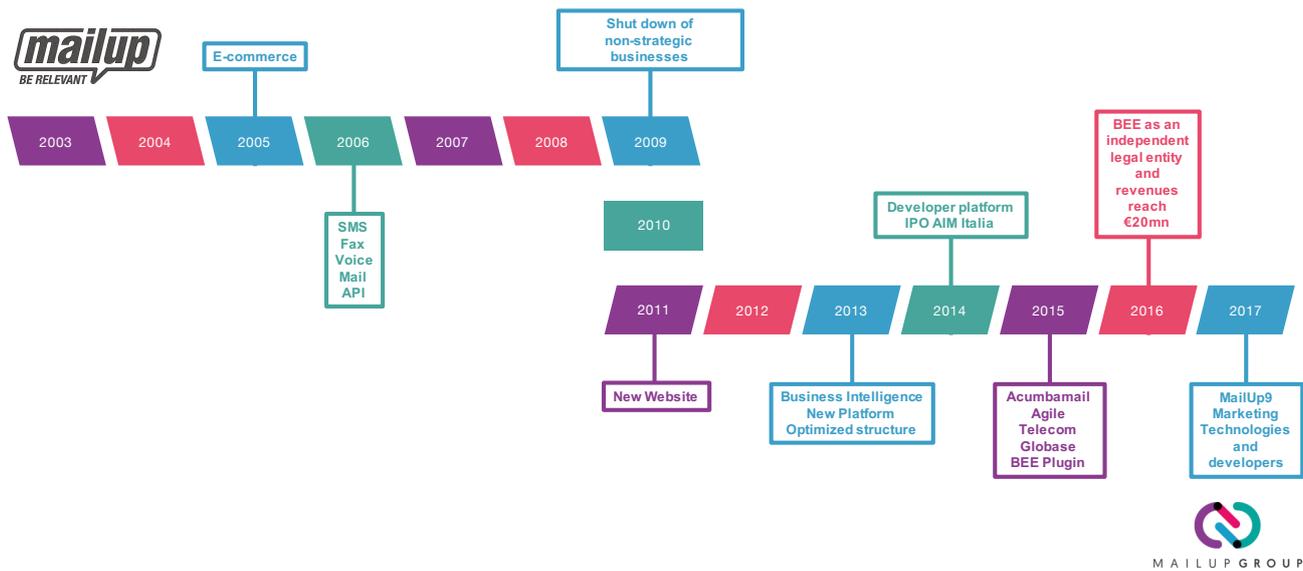
Now a full-range international marketing technology player

Back in 2014 MailUp was listed on the Italian AIM stock market, aiming at fostering its growth especially abroad and via acquisitions.

Indeed, all the IPO proceeds have been invested in 2015 when the following acquisitions have been completed:

- ◆ **AcumbaMail:** Spain-based email and mobile messaging provider, currently dedicated to Spanish speaking countries, fully consolidated as of FY15. MailUp Group currently owns a 70% stake in the company. A call-put mechanism is in place and, starting 2018, MailUp can buy out the remaining 30% with the price of this stake being determined upon certain operating performance indicators to be reached;
- ◆ **Agile Telecom:** Italy-based SMS delivery platform, acquired back in December 2015 and now 100% owned. This deal has allowed not only MailUp Group to roughly double up its turnover size, but it has also added true best execution capability in the mobile messaging business;
- ◆ **Globase International ApS** (100% held through MailUp Nordics A/S), Denmark-based marketing technology player focused on high-end professional services in Nordic countries i.e. tailor made marketing consultancy dedicated to mid-large corporate clients. This acquisition offered an improvement both in terms of market share and know-how, through services that can be considered premium compared to those provided by MailUp SpA.

MailUp Group: Main milestones



Source: MailUp Group, Value Track Analysis

In addition to growth via external opportunities, we also flag the strong organic development effort demonstrating the commitment of the Group to constantly innovate tools and solutions for its customers.

From this point of view, we mention the recent developments of **BEE** email editor (recently spun off and contributed to the 100% owned US-based subsidiary **MailUp Inc.**) and the deep product enhancement introduced with the new version of email and mobile SaaS (Software as a Service) platform MailUp 9 which is still developed and commercialised by **MailUp SpA** i.e. the Italy-based parent company that also runs Group’s corporate functions.

We’ll see later on how the various companies of the Group are highly synergic to each other i.e. each one brings a specific angle that can be leveraged by the others.

MailUp Group: Geographic footprint



Source: MailUp Group, Value Track Analysis

A wide portfolio of marketing technology products

As an effect of both organic development and acquisition strategies, MailUp Group now offers a wide spectrum of marketing technology tools and solutions that customers can decide to purchase unbundled or combined, as well as to use separately or through more structured workflows:

- ◆ Email service provisioning (ESP);
- ◆ Mobile messaging delivery;
- ◆ Email editing tools - BEE;
- ◆ Professional services and consulting.

Email Service Provisioning (ESP)

MailUp Group email marketing service, which is mainly provided by MailUp SpA, Acumbamail and Globase, allows customers to send email messages with commercial communications and marketing or transactional purposes to their contacts.

The SaaS based platform guides customers in setting up the emails to be sent, ensuring a high level of delivery rate. The user can charge on MailUp system the list of its personal data and manage the transmission of communications and information.

Unlike its competitors, the cost structure of the provided services is not linked to the number of sent email messages, but it assigns a fixed flat fee, thus allowing the delivery of any type of message, of any size, without constraints in terms of costs or contacts charged in the database. Flexibility and versatility is also guaranteed through:

- ◆ Multi-language / Multi-channel platform;
- ◆ Embedded editor;
- ◆ Marketing Automation features;
- ◆ “You get what you want” approach;
- ◆ White labelling;
- ◆ Smooth integration with CRM, CSM systems via API.

From a technical point of view, the access to MailUp email system gives the choice to limit the permissions of users in order to focus on only subsets of data and functions, as required in some cases for security purposes and privacy. In addition, MailUp includes the SMTP+ (with SMTP relay) which allows to transfer easily, without writing lines of code, flows of messages from a server or from an internal application of the user to MailUp, who will then handle the despatch to the user's recipients.

MailUp also offers useful functions, tools and integrative applications with external software (API-Application Programming Interface) to manage transactional messages and to guarantee an optional white label platform, well integrated to SMS/Social/Fax channels.

In terms of market positioning we note that MailUp SpA, Acumbamail and Globase are differentiated both in terms of geographies and client segment addressed:

- ◆ **Geographic positioning.** Acumbamail is mainly dedicating to Spanish-speaking countries while Globase (powered by MailUp SpA) addresses Nordic countries and MailUp SpA covers the whole world;
- ◆ **Clients segment addressed.** Acumbamail is a “freemium” concept i.e. it is offered mainly for free and only some advanced features are on a pay as you go basis.

On the contrary, MailUp SpA's targeted client base lies in the central part of the range, thus gathering small to medium-sized companies whose primary objective is to get the best price-quality mix. MailUp SpA's services are mainly based on annual fees model.

Last but not least, Globase addresses mid to large enterprises.

Mobile messaging delivery

MailUp Group not only provides ESP capabilities, but it also allows its corporate users to communicate with their customer base via mobile messages, both marketing oriented or transactional ones (A2P, application-to-person).

The peculiarity of MailUp Group is that such mobile messaging activity is provided to clients via two different channels: 1) Embedded in MailUp SpA marketing platform or; 2) Stand-alone basis, via Agile Telecom, the specialised “SMS factory” acquired back in 2015 that is a OLO (i.e. Other Licensed Operator), which means that it can establish direct connections with all the other telecom operators worldwide and that is also market leader in terms of technologies and pricing power, thanks to its efficient and dynamic SMS procurement strategy and that can be accessed via API or by using HTTP, SMPP, and UCP protocols.

While customers of Agile Telecom only benefit from mobile messaging delivery, those of MailUp SpA can integrate SMS and email in a unified workflow thus allowing, for example, sending SMS to all recipients who did not open a particular email. Among the most noticeable mobile messaging service features offered we underline:

- ◆ International delivery capability, e.g. SMS can be shipped in over 200 countries avoiding the costs associated with a mobile phone;
- ◆ Link tracking at the user level, with URL shortening;
- ◆ Possibility to personalize sender information and received delivery with detailed errors;
- ◆ High customization e.g. sending SMS (MT - Mobile Terminated) of high or low quality or sending services with TTL (time-to-live) customizable (for example, sending of one-time password);
- ◆ Absence of recurring fees. Indeed, the service is commercialised with pre-paid offers based on the volume of SMS to be shipped. Expiry of the package is usually two years;
- ◆ Possibility to import whole list of numbers from Excel or other commonly used file formats, such as CSV or TXT and send multiple SMS or even pre-programmed SMS that are automatically triggered once that a certain date arrives.

If we focus on Agile Telecom channel, we note that it offers its services to both end-users and resellers.

- ◆ **End-users.** Amongst the most important reference end-user customers there are:
 - **Shops or online sales sites** since they use SMS to advertise promotions, special offers and discounts;
 - **Provinces, Town councils and other Public Administration organizations** that use SMS to inform citizens about services, events, public notices, etc.;
 - **Banks and Insurance companies** that rely on SMS to notify their clients about transactions or deadlines related to their accounts / credit cards / cash-point card;
 - **A large number of small and mid-sized corporates such as** Airline companies, couriers, schools, dealers, gyms, clubs, cinemas, theatres, bookshops, libraries, supermarkets, pubs, no-profit organizations, agencies, tour operators.
- ◆ **Resellers.** SMS services to companies and telephone operators are also a core activity of Agile Telecom. Over 100 connections with carriers and operators worldwide have been established, and they allow for the optimization of the delivery of messages in every country, guaranteeing the best quality at the lowest price. Customers can choose their favourite mailing protocol, such as the most widely used amongst carriers Protocol SS7, HTTP, SMPP, UCP, or Web Services and furthermore, thus having the option to create and manage sub-accounts to suit their individual needs. The most important features to resellers could be summarized as:
 - Free activation and no monthly fee;
 - Worldwide coverage at competitive prices;
 - Possibility to resell and create subaccounts;
 - Online assistance.

Email editing tools: BEE (i.e. to become the Best Email Editor)

As an important part of its integrated service to clients, MailUp Group offers a drag-&-drop email-editing tool, named BEE, which is sophisticated but user-friendly tool to create email messages that can be used to send a company newsletter, announce a new product, promote a sale or other commercial activities. Indeed, despite the fact that it doesn't require any single line of programming code to users, it allows marketers to personalize their marketing campaign via the creation of "responsive" emails, compatible with smartphones and tablets, provides custom block function, many fonts and merge tags which can be customized, a wide photo-gallery for searching images, graphs and tables adequate to specific email models and the locked-content tool, in order to edit single sections of the email.

With ca. 2,000 active users and a +10% monthly growth rate, BEE Editor has been judged one of the most interesting innovations in the email-marketing sector according to Product Hunt data. Indeed, large US tech giants are already using it.

BEE email editor: Monthly Revenues growth



Source: MailUp Group

The first version, *beefree.io*, was designed in Silicon Valley but developed in Italy as a spin-off MailUp core technology. Later on, the BEE was split between:

- ◆ A toll-free version (**BEE Free**). Customers do not even need to create an account to use it;
- ◆ A subscription-fee base version (**BEE PRO**) aimed at professional marketers and agencies offering customer many more tools and features such as more templates, quick message cloning, mobile-ready and responsive HTML features.

In addition to this and according to the "embeddable plugin" philosophy, MailUp Group has also updated its offer through **BEE Plugin**, which allows companies and developers to enrich their CRM or CMS system with a better email editor, automatically updated and improved.

Professional services and consultancy

With the acquisition of the Denmark-based Globase, MailUp Group has added a further "brick" to its scale-up strategy aimed at increasing ARPU by feeding them with more tailor made services.

Indeed, Globase is positioned in the high-end of the marketing technologies market, serving mid to large enterprises and offering them professional consulting services for the development of customisations, data sets, configuration and management of marketing automation flows.

As an effect, MailUp Group is now cross fertilising also the Italian activities with this know-how, aiming at addressing higher value clients and help them to create intelligent multichannel marketing dialogues with customers (email, SMS, survey, letter and microsites).

Therefore, Globase could be considered more than email marketing itself since they are experts in technology, implementation, and methods of execution of effective dialogue marketing, thus helping customers to create connections.

Future Group Strategies

MailUp most challenging attempt ahead aims at consolidating its diversified portfolio of solutions so as to improve synergies at the highest level possible. This cross fertilisation strategy should also be accompanied by strategic geographic expansion, particularly through inherited markets from acquired companies or through joint ventures such as those already set up in Asia.

Continuing on the buy for external growth attitude, the Customer Journey Management represents another planned step ahead towards leading positioning consolidation.

Thus trying to increase key performance indicators to a whole new level through acquisitions and cross fertilisation is the strategy expected ahead, which may also involve Big Data monetisation.

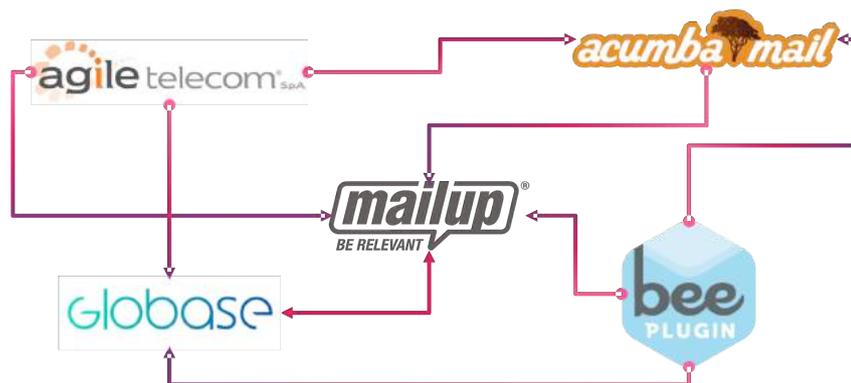
We expect MailUp group to focus on the full exploitation of its client base spending potential. This means on one side to finalize intragroup “cross fertilisation” and, on the other side to add more markets and more products to its footprint either through acquisitions / strategic partnerships or via internal research & development effort. Last but not least we also expect MailUp group to focus on Big Data monetisation, given the large amount of data already on hand.

Full exploitation of intragroup synergies i.e. cross fertilisation

In the latest two years the intense acquisition activity on one side and the in-depth product evolution on the other one have reshaped the profile of MailUp Group. A lot has been already done in order to integrate all businesses but we still expect the company to push for a complete intra-group cross fertilisation and for the full exploitation of potential synergies. This coupled with the usual approach of MailUp that is based on:

- ◆ Maintaining an unbundled offer proposition;
- ◆ Allowing each of the group company to sell every product included in the Group set of solutions.

MailUp Group: Synergies among group companies



Source: MailUp

Geographic expansion

Cloud based tools are, by nature, available all over the world. However local presence is important in order to remain closer to clients, and this is more than true if we think at professional services or at plug-in solutions or white labelling activity.

Acquisitions (Spain and Latam with Acumbamail, Nordics with Globase) and the recently signed Asian joint ventures (Indonesia, Japan) are examples of this look for a wider geographic footprint that we expect to continue in the future.

New modules i.e. Customer Journey Management (CJM)

To complete its value proposition, we expect MailUp to enter contiguous marketing technology segments and Customer Journey Management (CJM) is one of the candidates. CJM can be defined as the practice of collecting data and using behavioural trends and technology to understand, predict, influence and optimize the customer experience across all channels (website, mobile devices, voice calls or social media) and is one of the emerging trends in the marketing technology space.

Indeed, CJM helps marketers not only to understand customers' behaviour but also to prioritize decisions on how to invest the company's marketing budget.

From this point of view, providing an efficient and effective CJM solution would allow MailUp to leverage its already existing email and mobile marketing capabilities and would be a further step towards a full "marketing automation" offer aimed at higher value clients.

Building a Customer Journey Map: Main steps

Planning	<ul style="list-style-type: none"> • Identify your map's scope & scale and your mapping method & team • Create / obtain necessary mapping resources & materials
Data Gathering	<ul style="list-style-type: none"> • Schedule & conduct any new customer research / interviews • Gather, organize & review all map ingredients
Map Creation	<ul style="list-style-type: none"> • Create a framework (define map rows & columns, create a key) • Add touchpoints & plot the customer journey; refine & validate • Synch metrics, customer data & collateral with touchpoints
Identify & Analyze Key Findings & Actionable Insights	<ul style="list-style-type: none"> • Collaborate with the mapping team & analyze map • Score, rank & prioritize opportunities & identify "deep drill« needs
Investigate Issues & Opportunities	<ul style="list-style-type: none"> • Conduct deep drills & analyze results
Present Your Findings & Plan for Continuous Improvement	<ul style="list-style-type: none"> • Develop recommendations & create roadmap for change • Share findings & establish a plan to monitor & manage progress

Source: Touchpoint Dashboard – Customer Experience Mapping Redefined

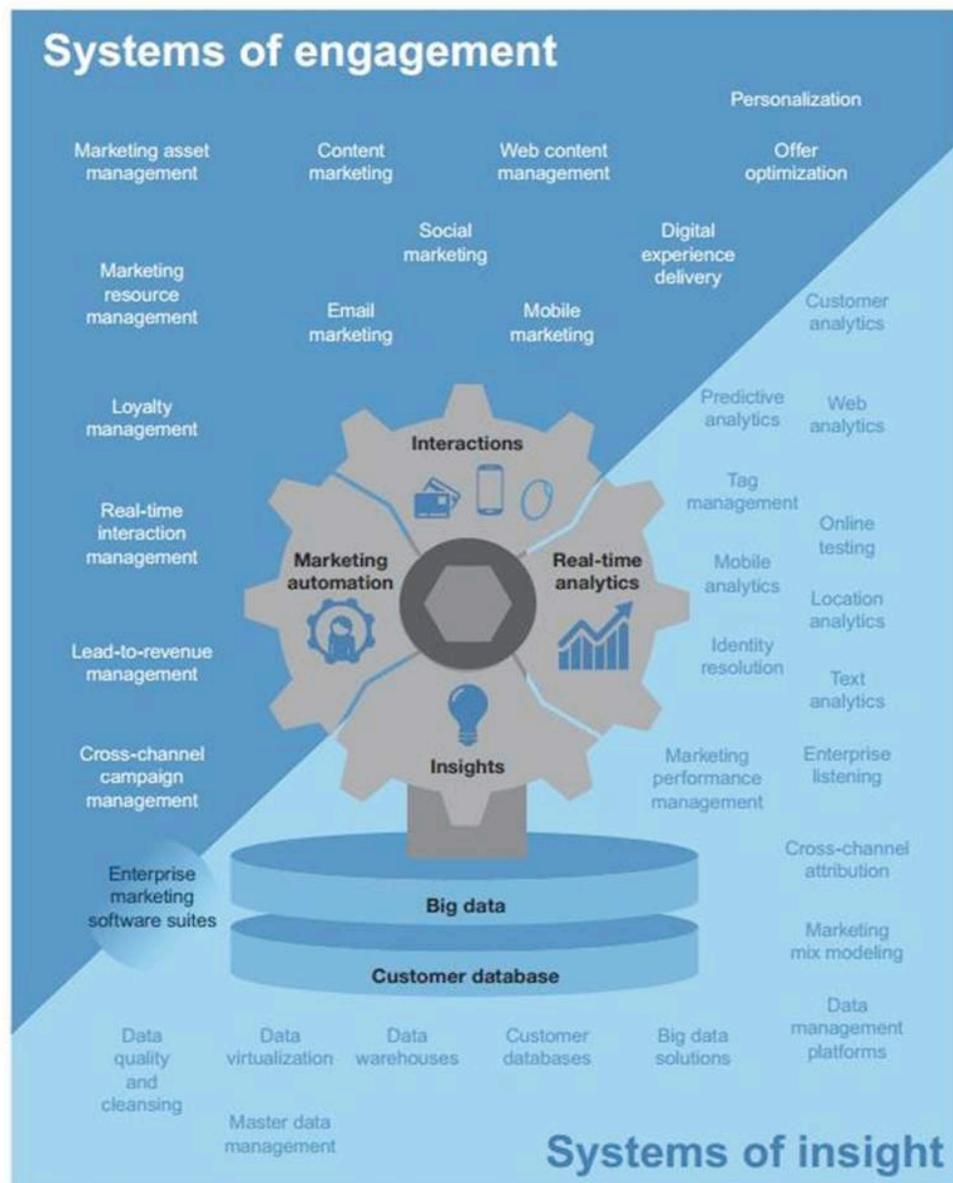
Big Data monetisation

As we saw in the Reference market paragraph, one of the emerging trends in the MarTech industry is the one related to Big Data. Both marketers and consumers generate an increasing amount of data in the interaction between marketing activities and shopping experiences. The capacity to gather relevant data and to utilize them in order to increase the ROI of marketing effort is, likely, one of the most interesting and promising challenges of the near future.

From this point of view, we believe that MailUp Group has a lot to offer. Indeed the group every year delivers billions of messages (ca. 14bn in 2016) to more than 400mn contacts and gathers statistics on click rates, rebounds and so on and so forth.

This is a goldmine whose monetisation can deeply impact the Group profile so we expect MailUp to dedicate increasing attention to it.

Marketing Technologies and Big Data



Source: Forrester Research

Buy versus Make decision: R&D and external growth

The marketing technology industry continues to be driven by innovation. This implies that either a company massively invests in R&D activities to come up with new innovative solutions or it directly buys them out on the market with selected M&A deals.

This market feature is also fully reflected by looking at MailUp Group and its recent history. Indeed, MailUp has proven to be able both:

- ◆ To come up with innovative in-house solutions such as the email editing tool BEE and;
- ◆ To acquire under exploited companies both in Italy and abroad thus gaining know-how and / or market shares.

For the years to come, we still expect MailUp Group to pursue both options: Email editing functionalities should keep being developed in-house while the entrance in contiguous business segments such as Customer Journey Management are likely to be finalised via small size acquisitions. This strategy of course entails a strong business risk. The market is fast-paced and hence the risk of being outpaced in the case that the programmed acquisition does not take off is not negligible.

SWOT Analysis

MailUp Group has several key advantages that are partially deriving from its historic core business and partially from the recently acquired companies. A full exploitation of respective key advantages should make MailUp Group even more competitive.

This said, intense competition, setbacks in consolidation strategies, and margin pressure due to the increase of the SMS business represent other major sources of concern.

Strengths

- ◆ Extremely wide international footprint;
- ◆ Among top three players in Italy, and top five / ten players in Europe;
- ◆ Full range of marketing technology services (SMS, email, email editor, professional services) offered in a very flexible way i.e. not necessarily bundled each other;
- ◆ Best mix of price competitiveness and quality / breadth of services offered;
- ◆ Highly diversified customer base ranging from end-users (professional marketers) to developers and to wholesalers (SMS business). It includes very strong names of the Hi-Tech industry;
- ◆ High platform interoperability with third parties CRM, CMS, and e-Commerce systems;
- ◆ Intense and effective R&D commitment generating high-value opportunities;
- ◆ Outstanding track record in acquisitions.

Weaknesses

- ◆ MailUp Group has to face much larger and deep-pocket competitors;
- ◆ Globase financial weakness impacts group profitability.

Opportunities

- ◆ Cross-sharing and leveraging of know-how / strength points of the various group companies. For instance: 1) the freemium sale model pursued by Acumbamail could boost BEE adoption by customers; 2) MailUp 9 platform reselling to Nordics clients under the brand Globase can drive a market share increase in that area; 3) Agile Telecom price leadership could drive a higher penetration of mobile messaging service among MailUp 9 clients;
- ◆ Monetization of the enormous volume of proprietary data (contacts, habits of email / SMS recipients and so on);
- ◆ As M&A driven consolidation is gaining traction, MailUp Group's portfolio of clients / services / data could become increasingly interesting for a bigger player;

Threats

- ◆ MarTech moves fast and MailUp group capability to keep up the pace could be limited due to money or other constraints. See possible expansion in Customer Journey management for instance;
- ◆ Competition is increasing. For instance, social media companies may step in, potentially exploiting their expertise in the customers' preferences as well as decisional patterns.

Financial Results FY16

2016FY financial figures are a striking evidence of MailUp Group's growth attitude. Indeed, since the IPO (i.e. in the latest three years) Revenues have grown 3x, EBITDA 4x and Net Profit (still small numbers) ca. 10x. International sales now accounts for roughly 34% of consolidated revenues.

Last but not least, we note that with 2016FY MailUp Group's financial figures are calculated according to IAS/IFRS principles, a further step towards the move on MTA Stock Exchange.

In our view 2016FY financial figures are a striking evidence of MailUp Group's growth attitude. Indeed, it's three years now since the company's IPO and the following achievement have been gained:

- ◆ Revenues grew 3x from €6.4mn as of 2013FY to €21.6mn as of 2016FY;
- ◆ International sales in 2016FY amounted to €7.1m or 34% of consolidated revenues;
- ◆ EBITDA grew 4x from €0.61mn as of 2013FY to €2.4mn as of 2016FY;
- ◆ Net Profit grew 10x from €0.089mn as of 2013FY to €0.81mn as of 2016FY

IAS transition

MailUp Group's financial figures have been published according to IAS/IFRS principles for the first time in 2016FY and 2015FY as well has been restated in IAS/IFRS terms.

Comparing 2015FY financial figures is thus possible to highlight the main changes deriving from IAS transition.

Profit & Loss Statement: Main effects from IAS/IFRS transition

- ◆ EBITDA is negatively impacted as some costs that had been capitalized within IT GAAP principles (IPO costs for example) are now considered as operating expenses;
- ◆ D&A according to IAS/IFRS becomes smaller as an effect of costs no more capitalized and of goodwill amortization withdrawal;
- ◆ EBIT is negatively impacted, even if at a lower stance, as the two above mentioned effects do almost offset each other;
- ◆ Net Profit is only marginally hit as tax shield partially compensates for the lower EBIT figure.

MailUp Group's Profit & Loss FY2015: IT GAAP vs. IAS/IFRS

€mn	IT GAAP	IAS Adj.	IAS/IFRS
Revenues	9.37	-0.06	9.31
Other incomes	0.15	0.00	0.15
Value of Production	9.51	-0.06	9.46
EBITDA	1.08	-0.41	0.67
D&A	-1.06	0.25	-0.82
EBIT	0.02	-0.16	-0.14
Net Profit	-0.01	-0.10	-0.11

Source: Company figures, Value Track analysis

Balance Sheet: Main effects from IAS/IFRS transition

- ◆ Under IAS/IFRS principles accrued Goodwill is no more amortized but, rather, is subject to annual impairment tests. This is only partially offset by lower capitalized costs and the overall effect is a higher Net Financial Assets figure;
- ◆ Current Liabilities, within the IAS/IFRS scenario, take into account the inclusion of earn-out figure related to Agile Telecom acquisition
- ◆ IAS/IFRS based Group Net Equity as an effect is negatively affected by the net of above mentioned items.

MailUp Group's Balance Sheet FY2015: IT GAAP vs. IAS/IFRS

€mn	IT GAAP	IAS Adj.	IAS/IFRS
NFA	12.18	2.85	15.03
Working Capital	-5.12	-3.89	-9.01
M/L Term non financial liabilities	0.82	0.03	0.85
Capital Employed	6.24	-1.07	5.18
Group Net Equity	7.27	-1.07	6.20
Net Fin Position	1.02	0.00	1.02

Source: Company figures, Value Track analysis

2016FY results:

From an industrial point of view the main events that took place in 2016FY are:

- ◆ Finalisation of the acquisition of 100% of Agile Telecom S.p.A.;
- ◆ Launch of the new "Enterprise" edition of MailUp platform, that provides companies with an advanced e-mail and SMS marketing service tailored on specific customer needs through dedicated support and consulting team;
- ◆ Revamp of Silicon Valley based email editor BEE, which is growing ca. 10% Month-on-Month, scaling up in global market in over 175 countries.

Looking at 2016FY financial performance, we remind that the perimeter of consolidation is materially different from 2015FY one as there has been the twelve months line by line consolidation of newly acquired companies (Globase, Acumbamail, Agile Telecom) driving Group's Value of Production up +129% YoY.

That said, we note that organic growth has been satisfactory as well, with Sales from email up +8% YoY and Sales from SMS up +14% YoY.

Further key points to underline at the P&L level are:

- ◆ Total revenues from email sales stood at €8.5mn in 2016FY compared with €6.9mn in 2015FY (+23% YoY);
- ◆ Total revenues from SMS sales stood at €11.3mn in 2016FY compared to €2.2mn in 2015FY (+414% YoY) and are now the biggest contributor to MailUp Group's total revenue figure;
- ◆ Other operating revenues (professional services, BEE and other revenues) stood at €1.28mn in 2016FY compared to €0.1mn in 2015FY;
- ◆ EBITDA tripled YoY in 2016FY up to €2.4mn achieving a 12% margin on Sales (it was 7% in 2015FY);
- ◆ Net Profit stood at €0.81mn in 2016FY compared to a loss of €0.1mn in 2015FY. We remind that the company guidance was for something in the €0.4nm-€0.6mn region.

MailUp Group: Profit & Loss FY15-FY16

€mn	FY15	FY16
Sales from mail	6.9	8.5
Sales from sms	2.2	11.3
Sales from Bee	0.0	0.0
Sales from other services	0.1	1.1
Total Sales	9.2	21.0
Opex (COGS, S&M, R&D, G&A)	-8.5	-18.5
Opex / Sales	-93%	-88%
EBITDA	0.7	2.4
EBITDA margin on Sales	7%	12%
D&A	-0.8	-1.2
EBIT	-0.1	1.2
EBIT margin on Sales	-1.5%	5.7%
Net Interest income / expense	0.0	-0.1
Pre Tax Profit	-0.1	1.1
Taxes	0.0	-0.3
Minorities	0.0	0.0
Net Profit	-0.1	0.8

Source: Company figures, Value Track analysis

As far as the financial structure is concerned, the company has recorded Net Cash standing at ca. €0.95mn, substantially stable YoY.

We also note the presence on the Balance Sheet as of 2016 year end of over €5mn passive accruals. This is business that has been already billed but will be recorded in Net Sales only in 2017FY.

MailUp Group: Balance Sheet FY15-FY16

€mn	FY15	FY16
Net Fixed Assets	14.39	15.13
Net Working Capital	-9.18	-9.03
M/L Term non financial liabilities	0.03	0.03
Net Invested Capital	5.18	6.07
Group Net Equity	6.20	7.02
Net Cash Position	1.02	0.95

Source: Company figures, Value Track analysis

Forecasted Financials 2017E-19E

In the next three years we expect the company to maintain a sound double digit Revenues growth rate (ca. 15% CAGR) while keeping stable Gross Margin.

We also expect EBITDA and EBIT margins to improve, with higher-profitability services offsetting the impact of lower margin SMS service. Thus, we stress EBITDA Margin to positively ramp up towards 15% exploiting intragroup synergies. We also see EBIT Margin at ca. 11% by FY19E.

The Group should keep further improving its financial position given its cash-generation business model, mainly thanks to favourable working capital evolution, thus eventually achieving a Net Cash Position in excess of €6mn by the end of 2019FY. This amount could be used in selected M&A deals aimed at further fostering growth.

MailUp group has moved to IAS accounting with its 2016 results and, accordingly, our 2017E-19E estimates are all IAS based. Obviously, we are not taking into account any acquisition in our forecasts even if we do not rule out that possibility.

This said, our forecasts are driven by the following key points:

- ◆ High revenues visibility;
- ◆ No need for bad debt provisions;
- ◆ Favorable working capital dynamics and limited capex needs driving sound cash generation;
- ◆ Well-balanced financial structure.

High revenues visibility

We expect Net Sales 2017E-19E to grow by ca. 15% CAGR, achieving a ca. €33.6mn level as of 2019E driven by both email and mobile messages which represent the major source of revenues post Agile Telecom acquisition.

In our view growth should be backed also by BEE, (with BEE Pro gaining greater relative importance month over month i.e. ca. +10% monthly growth rate), and by the increasing penetration of professional services offered Group-wide.

Overall, our expectations are strengthened by benefits arising from intragroup competences exchange.

- ◆ **MailUp SpA** expected to grow at ca. 12+% CAGR FY17E-19E thanks to greater group synergies such those deriving from professional services offered by Globase on the one side, and enlarged customer acquisition capabilities thanks to the recently released MailUp 9 platform on the other;
- ◆ **Agile Telecom** expected to grow at ca. 12+% CAGR FY17E-19E given exploitable intragroup synergies, with material opportunities ahead in Nordics and Latin American markets;
- ◆ **Acumbamail** forecasted to grow at ca. 30+% CAGR FY17E-19E, implied by both its current limited dimension and its expected penetration in new geographic regions (particularly Latam and even Italy as a “value for money” alternative to MailUp);
- ◆ **Globase** expected to reach a ca. 12% CAGR FY17E-19E, mainly due to the turnaround strategy that is already in progress on the one side, while also benefits could be derived by, for instance, adding the SMS to the offered service;
- ◆ **MailUp Inc. / BEE** projected to grow at ca. 80+% CAGR FY17E-19E, thanks to the double effect of BEE Plugin (i.e. developers) and BEE Pro (i.e. end-users), with the latter expected to outpace the former in the years ahead.

MailUp Group: Revenues Breakdown by Legal Entity FY17E – FY19E

€mn	2017E	2018E	2019E
MailUp S.p.A.	11.1	12.6	14.1
Agile Telecom	11.8	13.5	14.9
Acumbamail	0.7	1.0	1.2
Globase	1.5	1.7	1.9
MailUp Inc. / BEE	0.5	1.0	1.5
Other Services	0.1	0.1	0.1
Total Sales	25.7	29.9	33.6
Other Revenues	0.3	0.3	0.3
Total Revenues	25.9	30.2	33.9

Source: Value Track Analysis

MailUp Group: Revenues Breakdown by Service Offered FY16A – FY19E

€mn	2016A	2017E	2018E	2019E
Total Sales	21.1	25.7	29.9	33.6
o/w Sales from Mail	8.5	9.7	11.0	12.2
Sales from SMS	11.3	14.5	16.8	18.6
Sales from BEE	0.2	0.5	1.0	1.5
Sales from Professional Services	1.1	1.1	1.2	1.4
Other Revenues	0.6	0.3	0.3	0.3
Total Revenues	21.6	25.9	30.2	33.9

Source: Value Track Analysis

Costs structure

MailUp Group cost structure mirrors its exposure to both SMS business and its significant new products development activity. The overall cost structure is affected by:

- ◆ **Labour intensive activities** i.e. raw materials related to SMS acquisition;
- ◆ **Development intensive activities** i.e. those associated with the expansion of offered services, pursued either internally or externally.

Operating costs are then reduced by R&D capitalized costs, which represent a ca. 3-4% of sales and which result from the intense development activity put forward since the recent past.

MailUp Group: Cost Structure

€mn	2016A	2017E	2018E	2019E
Raw Materials & Changes	-8.0	-9.6	-10.9	-12.1
Raw Materials & Changes / Sales	-37.7%	-37.5%	-36.5%	-36.0%
Services	-4.6	-5.8	-6.6	-7.6
Services / Sales	-21.8%	-22.6%	-22.1%	-22.5%
Rents	-0.8	-1.0	-1.1	-1.2
Rents / Sales	-3.8%	-3.9%	-3.7%	-3.6%
Capitalized R&D Costs Rebate	1.3	1.1	1.0	1.0
Capitalized R&D Costs Rebate / Sales	5.9%	4.3%	3.3%	3.0%
Other	-0.4	-0.3	-0.4	-0.4

Source: Value Track Analysis

Labour costs are forecasted to reduce their incidence with respect to sales, moving from ca. 32% in FY16A to ca. 26% in FY19E, reaching ca. €8.9mn in absolute value at the end of our projection period.

MailUp Group: Labour costs

€mn	2016A	2017E	2018E	2019E
Labour costs	-6.8	-7.7	-8.3	-8.9
Labour costs / Sales	-32.1%	-30.0%	-27.9%	-26.5%

Source: Value Track Analysis

Profitability dynamics

With the acquisition campaign recently performed, MailUp has slightly changed its profitability profile. On the one side, lower margins SMS services now represent a larger source of revenues, and on the other side Globase is still in a restructuring phase.

That said, with Gross Margin substantially stable we expect operating leverage to help thus driving EBITDA and EBIT margins upward:

- ◆ EBITDA Margin to increase to ca. 15% from the current 11+% level, with EBITDA in absolute terms growing by ca. 27% CAGR FY16A-19E,
- ◆ EBIT Margin to increase to ca. 11% from the current ca. 6% level with EBIT in absolute terms growing even more, reaching €3.6mn by FY19E.

In particular, we believe that at the end of our 2017E-19E forecasted period the combined effect of larger revenues from BEE and Acumbamail and the complete restructuring of Globase should more than offset the lowered profitability derived from a greater exposure to the SMS business.

MailUp Group: EBITDA-EBIT evolution

€mn	2016A	2017E	2018E	2019E
EBITDA	2.4	2.8	4.0	4.9
EBITDA margin	11.4%	10.9%	13.5%	14.6%
EBIT	1.2	1.5	2.7	3.6
EBIT margin	5.6%	5.8%	9.2%	10.8%

Source: Value Track Analysis

From EBITDA to Net Profit evolution

Being its business for a good part subscription-fee based, MailUp does receive the overwhelming majority of its cash inflows upfront.

This allows for a much greater flexibility as well as no bad debt provisions, which then turns being a benefit on the bottom line.

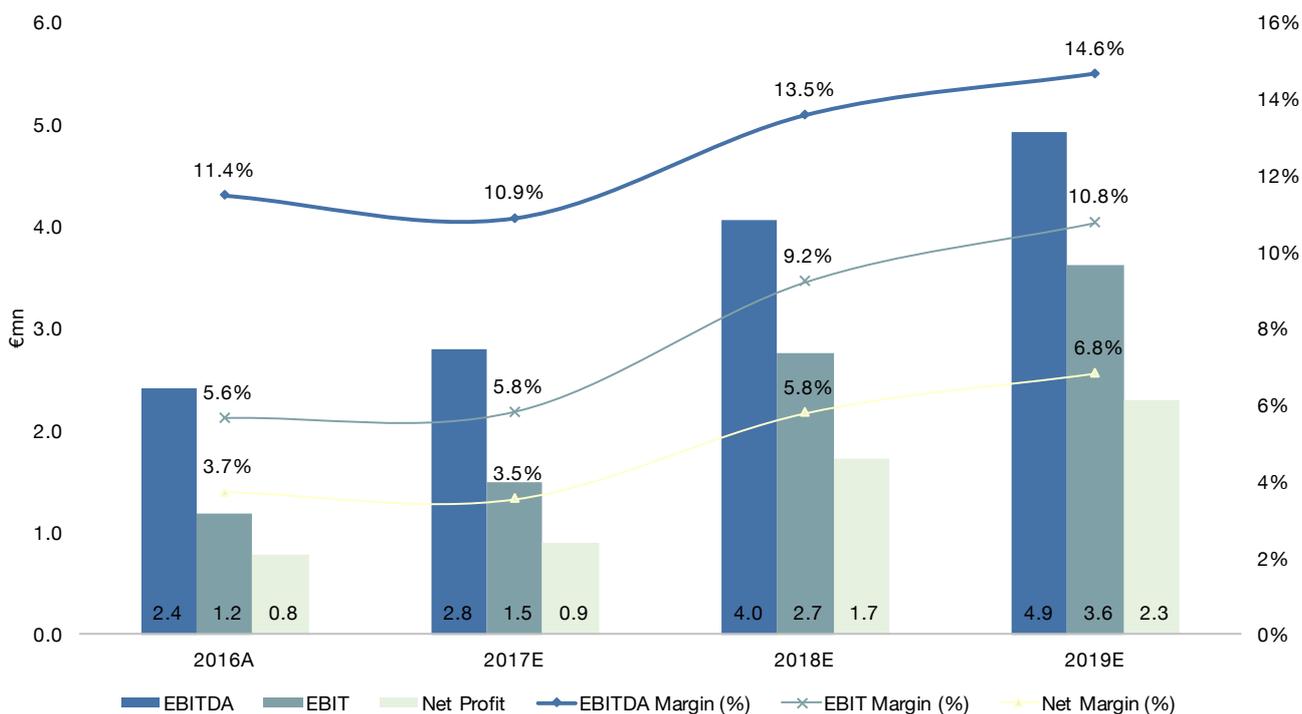
As far as the bottom line is concerned, we expect Net Profit to grow by >40% CAGR FY16A-19E, reaching ca. €2.3mn in FY19E, thus making ca. 3x with respect to FY16A level.

MailUp Group: From EBITDA down to the Bottom Line

€mn	2016A	2017E	2018E	2019E	CAGR16A-19E
EBITDA	2.4	2.8	4.0	4.9	26.8%
Depreciation on Tangible Assets	-0.3	-0.7	-0.7	-0.7	
Amortisation of Intangible Assets	-0.9	-0.7	-0.6	-0.6	
EBIT	1.2	1.5	2.7	3.6	45.0%
Net Interest income / expense	-0.1	-0.1	-0.1	-0.1	
Pre-tax profit	1.1	1.4	2.6	3.5	46.1%
Taxes	-0.3	-0.5	-0.9	-1.2	
Tax rate	-28.0%	-35.0%	-35.0%	-35.0%	
Group Net profit before minorities	0.8	0.9	1.7	2.3	41.2%
Minorities	0.0	0.0	0.0	0.0	
Net Profit (Loss)	0.8	0.9	1.7	2.3	43.1%

Source: Value Track Analysis

MailUp Group: Profitability and Margins



Source: Value Track Analysis

Cash generation and Balance Sheet evolution

The already mentioned cash-generation subscription-fee-based business model leads MailUp Group to optimally benefit from getting paid spot and then delivering its services at a subsequent stage.

This allows for a favourable working capital generation, that we keep maintaining in our forecasts based on the following key points:

- ◆ No inventories in place;
- ◆ Limited gap between trade receivables and payables;
- ◆ Significant unearned revenues i.e. Accruals and deferred income, for whom cash movement have been realised prior to accounting recognition, still due to the subscription-fees based model.

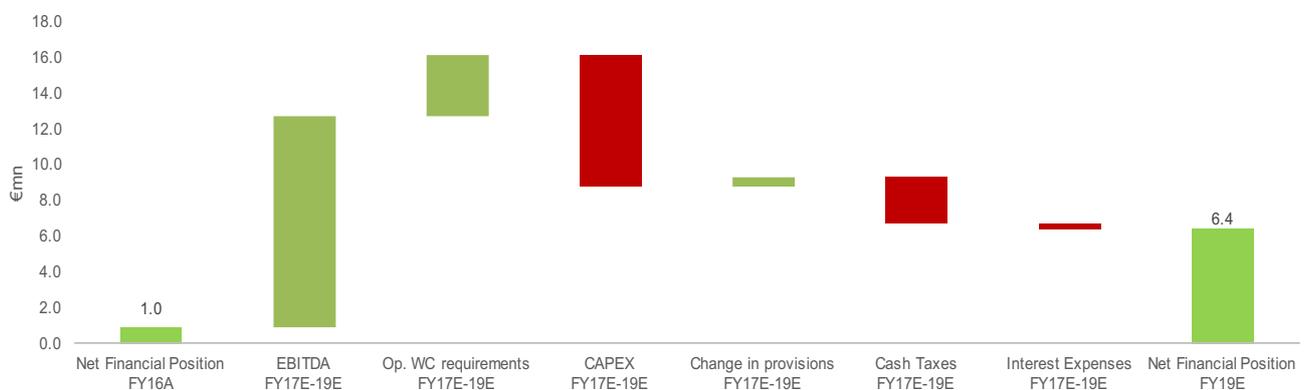
Thus, we come up with a ca. €3.5mn cumulated working capital generation over the FY17E-19E period.

MailUp Group: Working Capital Composition

€mn	2016A	2017E	2018E	2019E
Trade Receivables	3.4	4.3	4.9	5.6
As a % of Sales	16.1%	16.6%	16.4%	16.5%
Other receivables	0.4	0.5	0.6	0.7
Accruals and prepaid expenses	0.6	0.9	1.0	1.2
As a % of Sales	2.8%	3.5%	3.3%	3.6%
ToT Current assets	4.4	5.7	6.5	7.4
Trade Payables	2.9	3.8	4.5	5.1
As a % of Sales	14.0%	14.8%	15.1%	15.2%
Other Payables	3.7	4.0	4.1	4.6
Accruals and deferred income	5.7	7.0	8.1	9.1
As a % of Sales	27.1%	27.1%	27.1%	27.1%
ToT Current liabilities	12.4	14.8	16.7	18.8
Net Working Capital	-7.9	-9.1	-10.2	-11.4

Source: Value Track Analysis

MailUp Group: Net Cash Position evolution 2016A-19E



Source: Value Track Analysis

Overall, we expect MailUp Group to generate ca. €5.4mn cumulated Free Cash Flow in the FY17E-19E period, with Net Cash position reaching approximately €6.4mn by FY19E. Apart from favorable working capital dynamics, this result should be backed by:

- ◆ Limited CAPEX since major developments have already been implemented;
- ◆ Almost zeroed financial charges thanks to a very limited exposure on interest-bearing liabilities.

We underline that Cash Conversion should stand at an outstanding ca. 70% level (ca. 50% after tax).

MailUp Group: Cash Flow Statement

€mn	2016A	2017E	2018E	2019E	Cumulated '17A-19E
EBITDA	2.4	2.8	4.0	4.9	11.8
Op. WC requirements	-0.4	1.2	1.1	1.2	3.5
CAPEX	-2.2	-2.2	-2.5	-2.7	-7.4
Change in provisions / Other	0.5	0.2	0.2	0.2	0.5
OpFCF b.t.	0.3	1.9	2.9	3.6	8.4
As a % of EBITDA	12.6%	68.1%	71.3%	72.8%	
Cash Taxes	-0.3	-0.5	-0.9	-1.2	-2.6
OpFCF a.t.	0.0	1.4	2.0	2.3	5.7
As a % of EBITDA	-0.5%	50.7%	48.4%	47.8%	
Net Financial Charges	-0.1	-0.1	-0.1	-0.1	-0.3
Free Cash Flow = Chg in Net Fin. Pos.	-0.1	1.3	1.9	2.2	5.4
Net Cash Position	1.0	2.3	4.1	6.4	

Source: Value Track Analysis

Appendix 1: Committed Top Management and Shareholders Structure

Key advantages of the current management and shareholders structure are related to the fact that they are both represented by the same few people, which are almost all also company founders.

Together they control a ca. 85% stake in the company. The remaining 15% is free float.

Top Management and Shareholders structure

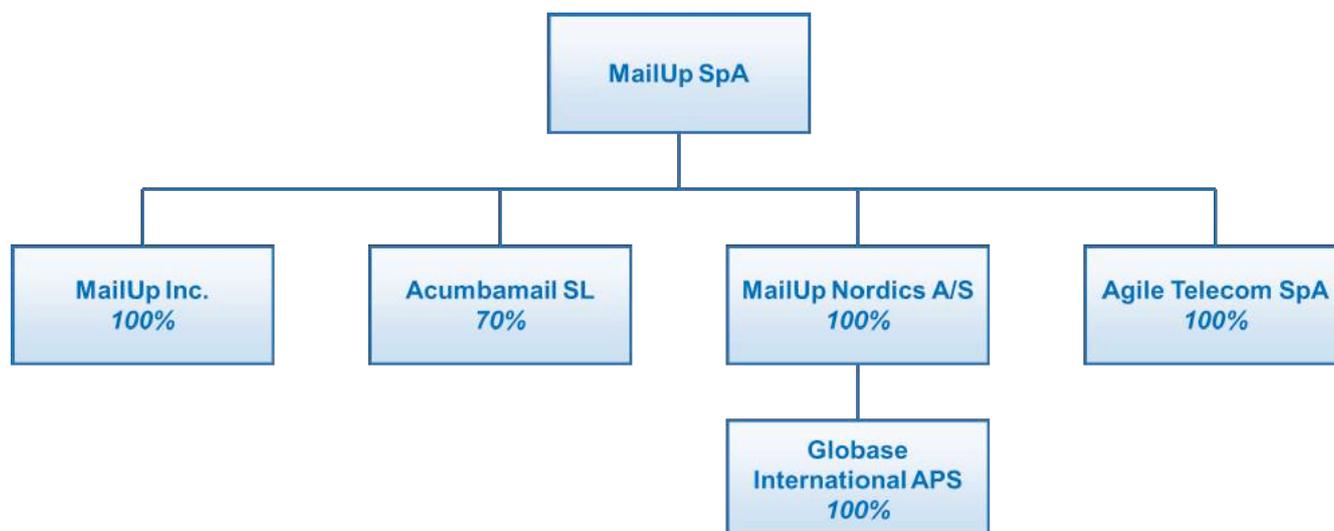
Manager	Role	Stake
Azzali, Luca	Chief Operating Officers	14.92%
Bettoni, Matteo	Chief Technology Officer	14.85%
Gorni, Nazzareno	Chief Executive Officer	14.92%
Miscia, Alberto Domenico	Head of Deliverability & Compliance	14.93%
Monfredini, Matteo	President / Chief Financial Officer	14.94%
Sica, Giandomenico	Head of Corporate Development & IR	3.51%
Pronti Gianluca		8.30%
Free float (AIM Italia)		13.64%

Source: MailUp Group, Value Track Analysis

Appendix 2: MailUp Group by Legal Entities

The structure of MailUp Group includes the cornerstone MailUp SpA, the spun-off MailUp Inc. and the 2015 acquired companies i.e. Globase, Acumbamail and Agile Telecom.

MailUp: Group Structure as of 2016YE



Source: MailUp, Value Track Analysis

Here follows a succinct description of the legal entities composing the Group, addressing their peculiar features including: Business Model, Competitive Positioning, Market Environment, and Products.

MailUp SpA

Established as an email marketing vendor, it now delivers customers with its multi-channel digital cloud computing platform. In addition, it also offers integrations and automation, targeting and tracking tools.

MailUp SpA – Main Features

Business Model

Conceived to sell both online and through resellers i.e. marketing agencies, most of its customer acquisition strategies are pursued through word of mouth and online (e.g. marketing/seminars/etc.). Designed to address as many industries as possible, it provides no industry verticals. Characterized by no dimensional limits, it retrieves the overwhelming majority of its contracts by small-sized customers i.e. lower than €100k per year.

Competitive Positioning

Addresses a wide spectrum of customers, thus without being trapped in serving a single industry, and competes offering customers a high-quality solution with a “get what you want” approach. It has a leading positioning in Italy and stands among the Top-10 leaders in Europe.

Market Environment

Highly segmented and fragmented reference industry since nowadays almost any company needs to market its products using % inbound strategies, no matter what its actual size or reference industry is. This leads to intense competition, particularly on the bottom side of the market i.e. small-sized customers, where investments for marketing strategies are limited and there are basically no barriers to entry. Customer in the top side of the market are equally difficult to address, since large corporates generally get bundled solutions from software giants such as Adobe, Oracle, etc.

Products

MailUp SpA can boast some of the highest level of flexibility and versatility in the digital marketing sector, guaranteed by mean of a full set of solutions, that include:

- ◆ Unbundled services;
- ◆ Multi-language platform;
- ◆ Multi-channel communication;
- ◆ Marketing Automation;
- ◆ Embedded editor;
- ◆ White labelling;
- ◆ E-commerce for foreign companies;
- ◆ Smooth integration with CRM / CMS systems via API.

Source: Value Track Analysis

Agile Telecom: SMS factory

As an outright SMS factory, Agile Telecom offers customers a web platform to easily send directly via the Internet massive amounts of messages to lists of numbers at a very low cost.

Agile Telecom – Main Features

Business Model

Oriented to address both end users, wholesalers and resellers (such as MailUp SpA and Acumbamail). It is specifically designed to allow customers to send and receive messages at extremely competitive prices.

Provided with a cutting-edge technology in SMS procurement, Agile is the market leader in the SMS industry in Italy (without considering large telecommunication companies). It is indeed able to offer competitive SMS packages, particularly to small-sized customers.

Most important direct competitors are:

Competitive Positioning

- ◆ Rdcom;
- ◆ Mobyt;
- ◆ CLX Communications;
- ◆ Infobip;
- ◆ Mblox;
- ◆ Linkmobility.

Market Environment

Characterized by a high level of segmentation and fragmentation, since on the one side there are small-sized players, while on the other there are large telecommunication companies such as TIM and Vodafone in Italy. The competitive landscape is easily adaptable in Europe, despite the scale is substantially larger.

Products

Unbundled SMS are its core product, which are offered to different typologies of customers. On the one side, reference end-users are small-sized business, such as restaurants and cinemas looking for an efficient way to promote their new offer, on the other side, large corporations, including even foreign telephone operators, address Agile Telecom on its wholesale sale channel. Its product list includes also transactional SMS.

Source: Value Track Analysis

Acumbamail: the freemium concept

Spanish based email marketing provider. Apart from email communication campaign it also offers SMS packages and transactional services. It allows customers to create, send, and manage their single or multi-communication campaigns by also tracking real time performance.

Acumbamail – Main Features

Business Model

Freemium model driven i.e. low-cost approach specifically designed to address as many customers as possible, hence aiming at gaining as much market share as possible, particularly in Spain and in LatAm. Its value proposition also attempts at lead its end-users toward other solutions offered by the Group (e.g. to BEE Pro).

Price positioning particularly oriented to unsophisticated customers that are generally looking for cheap and standardized solutions.

Most important direct competitors are:

Competitive Positioning

- ◆ Mailrelay;
- ◆ Email Manager;
- ◆ EnvialoSimple;
- ◆ FromDoppler;
- ◆ E-Goi.

Market Environment

Intense competition led by small to mid-sized customers targeting price-conscious end users. The existence of no barriers to entry leads to limited market share protection, which could both benefit and jeopardize Acumabamail and its customer acquisition strategies.

Dedicated offer to Spanish-speaking countries including services such as:

Products

- ◆ Email marketing campaigns;
- ◆ Transactional emails;
- ◆ SMS marketing;
- ◆ Editor;
- ◆ Subscription forms.

Source: Value Track Analysis

BEE i.e. MailUp Inc (from 2016): a globally recognized editing tool

Email editing tool designed to appeal both unsophisticated and sophisticated customers. It comes in two versions: BEE Free and BEE PRO. While does generally come with an email marketing platform for free (with MailUp 9, for instance), the latter represent an upgraded version which of course is not free and do provide customers with many more available tools. Still, BEE Plugin is also available and it is specifically designed to allow developers to embed BEE in their preferred marketing platform.

BEE – Main Features

Business Model	<p>Having been developed internally it is a home-made product and it is based on a freemium approach, thus allowing for easier customers' acquisition and full scalability. It addresses the whole spectrum of potential customers, ranging from unsophisticated to sophisticated ones, including solutions dedicated to developers. With this business model, BEE has reached a customer base that includes tech companies and is made up by top-quality customers.</p> <p>BEE aims at becoming the best email editor worldwide but further steps should be completed in the future to reach this goal. Its core activities are now in California, where it is consistently growing providing customers with a top-quality solution and hence achieving great benefits from word of mouth.</p>
Competitive Positioning	<p>Most important direct competitors are:</p> <ul style="list-style-type: none"> ◆ Taxi for Email; ◆ EDMdesigner; ◆ Litmus.
Market Environment	<p>Quality-driven market landscape. Free solutions are generally accepted at inception but once marketing competencies get more robust, as nowadays marketing strategies require, upgraded tools are required. In this sense, BEE provides customers with a state-of-the-art email designer that could also be easily embedded in their preferred customer management system. This said, the widely-adopted "Plug&Play" system gives a little edge to incumbents to protect their business from new entrants. Still, technology development is a major source of competitive advantage that BEE could successfully exploit in the foreseeable future.</p> <p>Amongst its primary benefits, the following are included:</p>
Products	<ul style="list-style-type: none"> ◆ It's free to use on beefree.io: customers do not even need to create an account to use it; ◆ It features a drag-&-drop interface that enables anyone to create complex email messages; ◆ It creates emails that adapt automatically to small screens, such as those of smartphones; ◆ It allows for preview, test, and download (so that it can be sent with any email program) of email messages once they have been created.

Source: Value Track Analysis

Globase: the bridge to professional services

Globase delivers advanced digital marketing automation software for businesses and professional consulting services, allowing customers to grow their activities with innovative dialogue marketing through channels such as email, SMS, and other tools (e.g. surveys, microsites, etc.).

Globase – Main Features

Business Model

Oriented towards large-sized customers in the business segment i.e. large corporates, offering them professional marketing technologies services, it is a full-range digital marketing consultant operator. Providing customer with professional consultancy services, it has a business model precisely designed to address sophisticated customers. Overall, by having fewer customers, but large and well-served, a lower churn is implied i.e. highly loyal customer base.

Top-notch premium-positioned digital marketing operator focused in the Nordics market. Approaching customers with a consultancy-based strategy, it has reached a consolidated positioning serving large-sized customers with a very low churn.

Most important direct competitors are:

Competitive Positioning

- ◆ Apsis;
- ◆ eMailplatform;
- ◆ Agillic;
- ◆ Salesforce (Marketing Cloud);
- ◆ Oracle (Marketing Cloud);
- ◆ Adobe Campaign.

Market Environment

Highly sophisticated and quality-oriented market which implicitly entail higher barrier to entries than other digital marketing segments have. Competition is augmented by software giants, since the average ticket is more appealing than other marketing technologies niches are. The outcome is a market segment more quality / final output than price driven.

Products

Offer based on an intelligent modular e-mail marketing tool that allows customers to create their communication campaign with data-driven personalization, targeting a specific audience (i.e. segmentation), and then considering the outcome by analysing the related statistics.

Source: Value Track Analysis

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