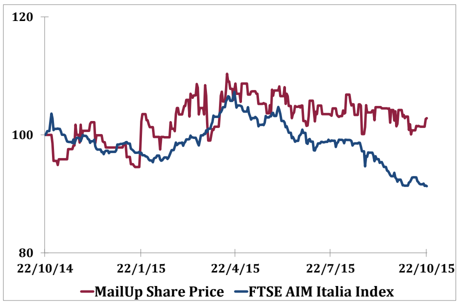
OUTPERFORM

Current Share Price (€): 2.98

Target Price (€): 3.44

MailUp – 1Y Performance



Note: 22/10/2014=100

Company data

Bloomberg code	MAIL IM
Reuters code	MAIL.MI
Share Price (€)	2.98
Date of Price	22/10/2015
Shares Outstanding (m)	8.0
Market Cap (€m)	23.8
Market Float (%)	15%
Daily Volume	4,200
Avg Daily Volume YTD	5,892
Target Price (€)	3.44
Upside (%)	15%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	1Y
MailUp - Absolute (%)	-1.1%	-1.6%	2.8%
FTSE AIM Italia (%)	-1.6%	-7.8%	-8.7%
1Y Range H/L (€)		3.20	2.74
YTD Change/%		0.14	5.1%

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Speeding up internationalization

Sound H1 2015 results confirm domestic climbing

MailUp reported H1 2015 results. Revenues were €4.5m, up 16.2% vs. H1 2014 of €3.9m. H1 2015 EBITDA was €0.49m (10.9% margin), compared to €0.46m (11.7% margin) in the same period of the previous year, a 7.6% increase. Highlights of the first six months include continued new client additions reaching nearly 8,400 clients at the end of June 2015.

Delivering on its promises of planned internationalization

MailUp is delivering on its IPO promises, penetrating non-English speaking markets. After the acquisition in Spain, commercial agreements were signed for distribution of its products in the Japanese and Indonesian markets through partnerships with prime local digital marketing players.

Forecasts confirmed

Revenue growth in the first six months of the year was slightly below our estimates, dragging EBITDA lower as a consequence of lower G&A cost absorption. Nevertheless, we believe that such effect will not compromise year-end projections as new client additions and further revenues will flow-through in the second part of the year and absorb new personnel cost.

We are thus maintaining our estimates for FY2015-2018, that we deem to be well achievable. Moreover, such forecasts still do not reflect the acquisition of Acumbamail (announced in August 2015, not yet factored in).

Key financials and estimates

€m	2014A	2015E	2016E	2017E	2018E
Revenues	**8.0**	**9.8**	**11.7**	**14.0**	**16.4**
YoY %	-	*22.0%*	*19.5%*	*19.6%*	*17.1%*
EBITDA	**0.8**	**1.4**	**1.9**	**2.5**	**3.1**
Margin	*10.3%*	*14.0%*	*16.2%*	*18.1%*	*19.0%*
EBIT	**0.2**	**0.5**	**0.7**	**0.9**	**1.6**
Margin	*2.6%*	*5.6%*	*5.7%*	*6.4%*	*9.9%*
Net Income	**0.1**	**0.4**	**0.5**	**0.6**	**1.1**
Net Working Capital	**(2.7)**	**(3.1)**	**(3.7)**	**(4.5)**	**(5.2)**
NWC/Revenues	*-29.4%*	*-29.4%*	*-29.0%*	*-29.1%*	*-29.6%*
Net (Debt) / Cash	**3.3**	**3.0**	**3.3**	**4.4**	**5.9**
Equity	**3.3**	**3.6**	**4.1**	**4.7**	**5.8**

Source: EnVent Research

AIM prices suffering external factors, MailUp doing better

Share prices of AIM Italia Digital companies have been under pressure after somewhat brilliant IPO performances. In 2015, stocks included in our peer group have recorded some recent declines. Ups and downs are observable in international stocks, whose multiples have also slightly re-rated compared to September 2015. MailUp's shares are trading at a 19% premium on their IPO offer price and continue to trade better than the FTSE AIM Italia index.

OUTPERFORM rating and target price of €3.44 per share confirmed

We continue to believe that MailUp is well positioned to benefit from the potentially boundless e-mail and mobile messaging market and from its internationalization path towards non-English speaking geographies.

As a result, we are maintaining our OUTPERFORM investment rating on the stock and the target price of €3.44 per share, due to the continued upside we see in the Company's performance.

H1 2015: revenues and clients up

Organic growth as promised

H1 2015 revenues of €4.5m increased by 16.2% vs. H1 2014 (€3.9m). This derives from an 11.6% increase in e-mail revenues (€3.3m vs. €2.9m in H1 2014) and +30.2% in SMS revenues (€1.2m vs. €0.9m). Other revenues, marginal to the business, increased by 23%.

New clients using MailUp

In the first six months of 2015, the number of clients grew from over 6,500 at year-end 2014 to nearly 8,400 at the end of June 2015, up 27%.

H1 2015 EBITDA was €0.49m (10.9% margin), up 7.6% compared with €0.46m (11.7% margin) in H1 2014. Such slight margin reduction is mainly attributable to increasing personnel costs (€2.3m or 50.9% of sales, vs. €1.8m or 45.6% of sales in H1 2014) as a consequence of new hires supporting growth of the business.

Strong top line growth

Profit and Loss

€m	H1 2014	H1 2015
Revenues	**3.9**	**4.5**
YoY %	-	*16.2%*
Operating costs	**(3.4)**	**(4.0)**
EBITDA	**0.5**	**0.5**
Margin	*11.7%*	*10.9%*
D&A	(0.3)	(0.5)
EBIT	**0.2**	**0.03**
Margin	*4.0%*	*0.7%*
EBT	**0.2**	**0.03**
Margin	*3.9%*	*0.7%*
Income taxes	(0.1)	- 0.02
Net Income (Loss)	**0.1**	**0.01**
Margin	*1.6%*	*0.2%*

Source: Company data

As of June 30th 2015, net cash was €3.5m (vs. €3.3m as of December 31st, 2014), thanks to a reduction in net working capital, which decreased by €0.9m from year-end 2014. More importantly, net working capital continued to decrease as a percentage of sales (-36% vs. -29% as of year-end 2014), due to a strong increase in other assets mainly linked to deferred revenues.
Intangible assets grew as investments in R&D continued their course.

Balance Sheet

€m	2014	H1 2015
Trade receivables	1.4	1.4
Trade payables	(0.8)	(0.8)
Trade Working Capital	0.6	0.6
Other assets and liabilities	(3.3)	(4.2)
Net Working Capital	**(2.7)**	**(3.6)**
Intangible assets	2.4	3.3
Fixed assets	0.7	0.8
Financial assets	0.0	0.1
Non-current assets	**3.2**	**4.1**
Provisions for contingencies	(0.1)	(0.1)
Leaving indemnities	(0.4)	(0.5)
Provisions	**(0.5)**	**(0.6)**
Net Invested Capital	**(0.0)**	**(0.1)**
Financial debt	0.1	0.1
Cash and cash equivalents	(3.3)	(3.6)
Net Debt / (Cash)	**(3.3)**	**(3.5)**
Equity	**3.3**	**3.4**
Sources	**(0.0)**	**(0.1)**

Source: Company data

Low capital intensity

Debt-free balance sheet

Operating cash flow, before investments, has been around €1.5m, mainly driven by EBITDA and the cash release from working capital. Including capex and other non-recurring items, cash generated of around €0.1m confirms balanced cash management.

Strong cash flows generated from operations

Technology platform investments are the norm

Cash Flow

€m	H1 2014	H1 2015
EBIT	**0.2**	**0.0**
Current taxes	(0.1)	(0.0)
D&A	0.3	0.5
Provisions	0.2	0.1
Trade Working Capital	0.1	0.0
Other assets and liabilities	0.5	0.9
Cash flow from operations	**1.1**	**1.5**
Capex	(1.5)	(1.4)
Acquisitions	0.0	0.0
Free cash flow	**(0.3)**	**0.1**
Financial assets	(0.04)	(0.02)
Change in Equity	3.1	0.2
Net cash flow	**2.7**	**0.2**
Net Debt / (Cash) - Beginning	(0.6)	(3.3)
Net Debt / (Cash) - End	(3.3)	(3.5)
Change in Net Debt / (Cash)	**2.7**	**0.2**

Source: Company data

Ratio analysis

KPIs	H1 2014	H1 2015
ROE	7.6%	0.4%
ROS (EBIT/Revenues)	4.0%	0.7%
ROIC (NOPAT/Invested Capital)	-128.5%	-131.2%
DSO	53	46
DPO	62	49
NWC/Revenues	-33.0%	-36.1%
Net Debt (Cash) / EBITDA	n.m.	n.m.
Net Debt (Cash) / Equity	n.m.	n.m.
Debt / (Debt+Equity)	n.m.	n.m.
FCF / EBITDA	neg.	16.6%

Source: Company data

Notes: 1) H1 KPIs calculated on respective percentage of full year revenues; 2) ratios not meaningful due to net cash position

Asian partners and surety certifications

- In June 2015, MailUp established a partnership with Interarrows, a Japanese digital marketing and analytics agency. Under the agreement, MailUp will be geographically and language-customized for the Japanese market, with Interarrows taking care of the marketing, sales and technical support. MailUp will be also included in SoftBank C&S' product portfolio, a suite of products offered in Japan which embraces Amazon, Dropbox and KISSmetrics. SoftBank C&S is a technology company listed on the Tokyo Stock Exchange with a market cap of over $90bn. With such agreement, MailUp will benefit from SoftBank C&S' extended sales network around the country.

Partnerships in Japan and Indonesia

- A partnership has been established also with Ydigital Asia, an Indonesian digital performance consultancy agency owned by Mountain SEA Ventures, the Indonesian affiliate of the Zurich-based Mountain Partners. The partnership will provide Indonesian companies with e-mail and SMS digital solutions completely customized in the local Bahasa language. Indonesia, with a population of 250 million and 70 million internet users, has one of the highest internet penetration rates in Asia.

New certifications by SuretyMail and Certified Senders Alliance

- On the security and deliverability side, MailUp received the SuretyMail certification and is now part of its certified senders and companies' *whitelist*. The SuretyMail E-mail Senders Accreditation Program comprises certified senders within a database which guarantees Internet Service Providers, spam filters and other mail servers that senders included in the *whitelist* are reliable.

- MailUp has also become a certified E-mail Service Provider, joining the Certified Senders Alliance, one of the most reputable whitelists in Europe established by eco e.V. and the German Dialogue Marketing Association, including ISPs (such as Yahoo!, AOL and Cloudmark), bulk mailers, and commercial e-mail service providers in an effort to help fight against e-mail spam and promote quality e-mail marketing.

Integration with the Canadian e-commerce platform Shopify

- Launch of the MailUp App for Shopify, an application that integrates MailUp's platform into Shopify, an e-commerce Software-as-a-Service platform for small and medium-sized businesses. Shopify is dual-listed on the NYSE and Toronto Stock Exchange, with a market cap of over $2.5bn. The App aims to reach out to over 150,000 e-commerce stores using Shopify's platform.

New BEE Plugin

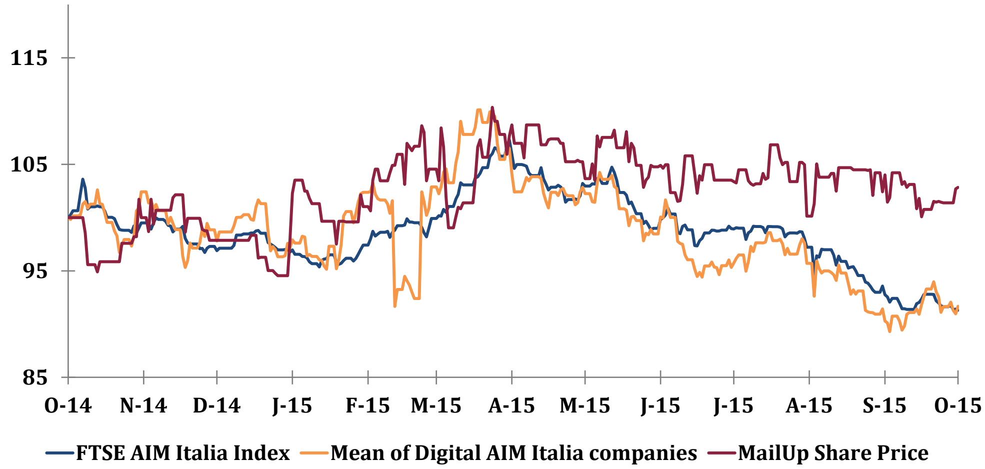
- Launch of the BEE Plugin on over 400 beta-tester companies internationally. The BEE Plugin is an update of the BEE Free e-mail editor – MailUp's free, online drag & drop e-mail builder – that can be embedded into companies' own software applications.

Headwinds in the markets not hitting MailUp

As shown in the below graph, AIM Italia has been fluctuating like most markets in the recent past. Digital AIM Italia companies slightly underperformed such index with a similar, somewhat more volatile, trend.
We believe that stock markets have significantly profited from market liquidity due to the long low-interest rate environment that has supported stock prices. Digital economy companies' generous multiples support this assumption, having benefited more than others, on the assumption that some or most of them are bound for exceptional growth rates and significant value creation. It is common knowledge that when investors become more selective, they tend to wait for hard signs to rethink their investment choices. Slower Chinese economic growth and the auto industry troubles may be early warning signs of a slowdown, warranting an overall conservative approach in the short-term. In this tough scenario, we view Digital industry companies inherently less risky than those in other industries, being less dependent on macroeconomic trends and product substitution, and more fueled by innovation. We expect stock prices to face increasing volatility and Beta risk, influencing overall valuation levels.

However, we feel that MailUp's current healthy and sound growth strategy will allow to deliver sales targets and margin assumptions that are conservative and, together with acquisitions which are not yet factored in our projections, sustainable in the short/medium-term.

Market performance



Source: Bloomberg

Note: 22/10/2014=100

Consolidated projections

Profit and Loss

€m	2014A	2015E	2016E	2017E	2018E
Revenues	**8.0**	**9.8**	**11.7**	**14.0**	**16.4**
YoY %	*22.7%*	*22.0%*	*19.5%*	*19.6%*	*17.1%*
Cost of sales	(1.8)	(2.2)	(2.6)	(3.1)	(3.6)
Gross Profit	**6.2**	**7.6**	**9.1**	**10.9**	**12.8**
Margin	*77.7%*	*77.9%*	*77.8%*	*77.8%*	*77.8%*
Personnel	(3.8)	(4.2)	(4.8)	(5.4)	(6.0)
Other operating costs	(1.7)	(2.0)	(2.5)	(3.0)	(3.6)
EBITDA	**0.8**	**1.4**	**1.9**	**2.5**	**3.1**
Margin	*10.3%*	*14.0%*	*16.2%*	*18.1%*	*19.0%*
D&A	(0.6)	(0.8)	(1.2)	(1.6)	(1.5)
EBIT	**0.2**	**0.5**	**0.7**	**0.9**	**1.6**
Margin	*2.6%*	*5.6%*	*5.7%*	*6.4%*	*9.9%*
Interest	(0.0)	0.0	0.0	0.0	0.0
EBT	**0.2**	**0.5**	**0.7**	**0.9**	**1.6**
Margin	*2.5%*	*5.6%*	*5.7%*	*6.4%*	*9.9%*
Income taxes	(0.1)	(0.2)	(0.2)	(0.3)	(0.5)
Net Income	**0.1**	**0.4**	**0.5**	**0.6**	**1.1**
Margin	*0.9%*	*3.8%*	*3.9%*	*4.4%*	*6.8%*

Source: EnVent Research

Balance Sheet

€m	2014A	2015E	2016E	2017E	2018E
Trade receivables	1.4	1.8	2.2	2.6	3.0
Trade payables	(0.8)	(0.9)	(1.1)	(1.3)	(1.6)
Trade Working Capital	0.6	0.9	1.1	1.3	1.5
Other assets	0.8	0.9	1.1	1.3	1.5
Other liabilities	(4.1)	(4.9)	(5.9)	(7.0)	(8.2)
Net Working Capital	**(2.7)**	**(3.1)**	**(3.7)**	**(4.5)**	**(5.2)**
Intangible assets	2.4	3.6	4.4	4.9	5.5
Fixed assets	0.7	0.6	0.5	0.4	0.3
Non-current assets	**3.2**	**4.3**	**5.0**	**5.4**	**5.9**
Provisions	**(0.5)**	**(0.5)**	**(0.5)**	**(0.6)**	**(0.7)**
Net Invested Capital	**(0.0)**	**0.7**	**0.8**	**0.4**	**(0.0)**
Net Debt / (Cash)	**(3.3)**	**(3.0)**	**(3.3)**	**(4.4)**	**(5.9)**
Equity	**3.3**	**3.6**	**4.1**	**4.7**	**5.8**
Sources	**(0.0)**	**0.7**	**0.8**	**0.4**	**(0.0)**

Source: EnVent Research

Cash Flow

€m	2014A	2015E	2016E	2017E	2018E
EBIT	**0.2**	**0.5**	**0.7**	**0.9**	**1.6**
Current taxes	(0.1)	(0.2)	(0.2)	(0.3)	(0.5)
D&A	0.6	0.8	1.2	1.6	1.5
Provisions	0.2	(0.0)	0.1	0.1	0.1
Trade Working Capital	0.1	(0.3)	(0.2)	(0.2)	(0.2)
Other assets and liabilities	0.5	0.7	0.8	0.9	1.0
Cash flow from operations	**1.5**	**1.6**	**2.4**	**3.1**	**3.5**
Capex	(1.8)	(1.9)	(2.0)	(2.0)	(2.0)
Acquisitions	0.0	0.0	0.0	0.0	0.0
Free cash flow	**(0.3)**	**(0.3)**	**0.4**	**1.0**	**1.5**
Change in Equity	3.1	0.0	0.0	0.0	0.0
Net cash flow	**2.7**	**(0.3)**	**0.4**	**1.0**	**1.5**
Net (Debt) / Cash - Beginning	0.6	3.3	3.0	3.3	4.4
Net (Debt) / Cash - End	3.3	3.0	3.3	4.4	5.9
Change in Net (Debt) / Cash	**2.7**	**(0.3)**	**0.4**	**1.0**	**1.5**

Source: EnVent Research

Ratio analysis

KPIs	2014A	2015E	2016E	2017E	2018E
ROE	2.1%	10.3%	11.2%	13.1%	19.1%
ROS (EBIT/Revenues)	2.6%	5.6%	5.7%	6.4%	9.9%
ROIC (NOPAT/Invested Capital)	neg.	54.6%	59.4%	n.m.	neg.
DSO	52	55	55	55	55
DPO	69	65	65	65	65
NWC/Revenues	-29.4%	-29.4%	-29.0%	-29.1%	-29.6%
Net Debt (Cash) / EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.
Net Debt (Cash) / Equity	n.m.	n.m.	n.m.	n.m.	n.m.
Debt / (Debt+Equity)	n.m.	n.m.	n.m.	n.m.	n.m.
FCF / EBITDA	neg.	neg.	19.7%	41.0%	48.4%

Source: EnVent Research

Target Price

Based on our projections and DCF model, we confirm our suggested target price of €3.44 per share and, given the current 15% upside, we confirm our OUTPERFORM rating on the stock.

Please refer to important disclosures at the end of this report.

Peer Group - Performances

Stock	Currency	Price	Mkt Cap (m)	1M	3M	6M	YTD	1Y
MailUp	**EUR**	**2.98**	**23.8**	**-1.1%**	**-1.6%**	**-3.9%**	**5.1%**	**2.8%**
AIM Italia Digital companies								
Mobyt	EUR	2.01	25.6	-3.1%	-3.8%	-16.4%	n.a.	n.a.
DigiTouch	EUR	2.22	30.9	8.3%	-3.4%	-11.2%	n.a.	n.a.
Triboo Media	EUR	3.54	56.4	1.1%	-5.1%	-17.0%	-6.8%	-1.7%
Expert System	EUR	1.92	48.2	4.6%	-11.3%	-13.7%	2.0%	-1.8%
axélero	EUR	4.67	63.5	-5.6%	-5.7%	-6.7%	-15.1%	n.a.
Primi sui Motori	EUR	5.00	15.2	-2.9%	-15.4%	-27.4%	-53.1%	-55.3%
Softec	EUR	1.20	1.1	-0.8%	-10.4%	-9.1%	-22.6%	-20.5%
MP7 Italia	EUR	2.36	13.2	21.6%	6.8%	35.6%	16.4%	17.4%
Mean				**2.9%**	**-6.0%**	**-8.2%**	**-13.2%**	**-12.4%**
International selected peers								
Constant Contact	USD	25.02	805.4	-1.2%	-4.4%	-36.0%	-31.8%	-10.7%
dotDigital	GBP	39.00	112.7	9.9%	12.2%	26.8%	30.0%	28.9%
Marketo	USD	31.93	1,363.6	4.2%	5.1%	15.9%	-2.4%	6.8%
HubSpot	USD	48.40	1,633.7	-5.8%	-9.2%	23.9%	44.0%	61.2%
TradeDoubler	SEK	5.75	246.1	-10.2%	-19.6%	-16.1%	-43.9%	-28.1%
Antevenio	EUR	3.81	16.0	15.1%	-1.8%	12.7%	46.5%	37.5%
Salesforce	USD	77.99	51,473.4	8.8%	5.5%	15.0%	31.5%	38.6%
Wix.com	USD	21.76	836.0	14.2%	-19.6%	5.7%	3.6%	29.2%
Mean				**4.4%**	**-4.0%**	**6.0%**	**9.7%**	**20.4%**

Source: Bloomberg *22/10/2015*

Peer Group – Market Multiples

AIM Italia Digital companies

Comparables	EV/REVENUES			EV/EBITDA		
	2014	2015E	2016E	2014	2015E	2016E
MailUp	**2.4x**	**2.1x**	**1.8x**	**23.5x**	**15.0x**	**10.8x**
Mobyt	1.4x	0.8x	0.6x	18.7x	5.2x	3.4x
DigiTouch	2.0x	1.3x	1.1x	10.1x	6.2x	5.0x
Triboo Media	1.7x	1.4x	1.3x	10.8x	6.5x	6.1x
Primi sui Motori	2.4x	1.5x	1.4x	neg.	7.2x	5.7x
Expert System	3.0x	2.2x	1.6x	n.m.	13.8x	8.6x
Mean	2.1x	1.4x	1.2x	13.2x	7.8x	5.8x
Median	2.0x	1.4x	1.3x	10.8x	6.5x	5.7x

International selected ESPs

Comparables	EV/REVENUES			EV/EBITDA		
	2014	2015E	2016E	2014	2015E	2016E
Constant Contact	3.0x	1.6x	1.4x	26.8x	8.0x	6.4x
dotDigital	4.9x	4.6x	3.7x	20.0x	15.6x	14.4x
Mean	3.9x	3.1x	2.6x	23.4x	11.8x	10.4x

Source: S&P Capital IQ

22/10/2015

Investment case

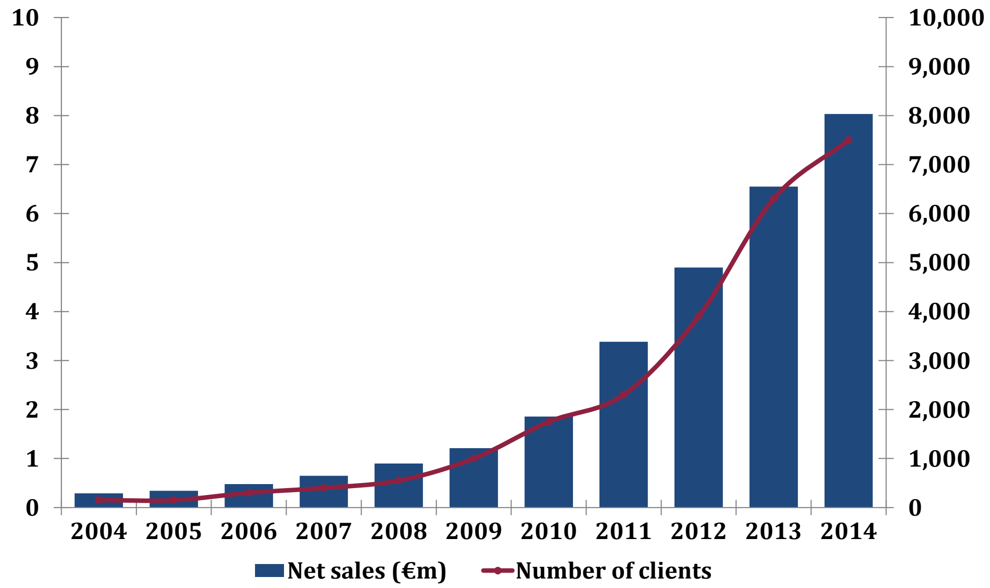
A high performance messaging marketing suite

MailUp develops and operates a proprietary automated messaging platform, which provides its clients with the possibility of managing the vital process of their direct message marketing communication to customers through different message forms such as e-mail, text (SMS), social network and newsletters. The main managed activities are the creation and transmission of messages, with subsequent tracking and statistical performance measure.

With 8,400 clients at the end of Q2 2015, increasing by around 200 new clients per month, the Company managed 25 billion sent messages in the past 12 months. It currently markets its services both directly and indirectly through a total of 700 agencies and resellers. Currently employing 100 people, in FY2014 MailUp delivered a year of continued strong organic growth, achieving net sales of €8m, +23% on prior year, and an EBITDA of €0.8m (10% margin, up from 7.7% in 2013).

Ten years of accelerated growth (5Y CAGR +44%)

Historical net sales and portfolio of clients



Source: Company data – FY2013 and FY2014 consolidated financial statements

Drivers

Industry drivers

E-mail is the lifeblood of many consumer businesses. Despite today the number of contact points between companies and consumers is constantly increasing thanks to social media and other digital channels, e-mail is by far the most effective way for companies to attract and retain customers.

According to a study by McKinsey, 91% of US consumers check their e-mail

daily and the rate at which e-mails prompt purchases is three times higher than that of social media. Moreover the average order value per message is 17% higher. (McKinsey, *Why marketers should keep sending you e-mails*, January 2014)
The average marketing e-mail *open* rate is approximately 30%, but can increase to over 50% when the e-mail is specifically triggered (linked to previous contacts).
E-mail marketing is not just highly effective, it is also efficient. According to the US Direct Marketing Association, for every $1 spent on e-mail marketing, $44.25 is the average return. E-mail marketing's ROI is many multiples of any other strategy and requires the lowest upfront investment. With an *open* rate between 30-50% and *click-through* rate between 4-10%, e-mail is a very cost effective marketing tool.

E-mail marketing is the solution for limited marketing budgets. For most companies it is too expensive to hire marketing in-house staff or engage external marketing agencies to develop and execute an e-mail marketing campaign. The availability of an easy to use dedicated tool is the logical solution.

Triggered e-mails are increasing their effectiveness. A survey on triggered e-mails (e-mails sent as a result of an action such as a welcome, thank you, an abandon shopping cart or confirmation) indicates that these have over 50% *open* rates and 10% *click-through* rates (metrics based on 7.8 billion e-mails sent in Q2 2014 across more than 140 North American companies and across multiple industries, provided by Epsilon, a US digital agency network).

E-mail is increasingly being viewed on mobile devices. Data for over 1.8 billion e-mail *opens* deriving from nearly 22 billion e-mail recipients of campaigns sent in 2013 shows that mobile is the most popular environment for a subscriber's first interaction with an e-mail (41%), followed by desktop (28%) and webmail (22%). From 2011 to 2013, e-mail *opens* on mobile devices increased by 30%.

Company drivers

Attractive and highly scalable business model. Revenues are driven by the number of clients and the subscription fees charged to them. Clients prepay annual subscription fees in advance (part of the fees are accounted for as deferred revenue).
A pay-per-speed (as opposed to pay-per-volume and pay-per-list size) pricing strategy represents a unique, attractive and flexible pricing model which fits high-volume senders.

Visibility of future revenues. A strong customer loyalty, implying, according to the Management, a high client retention rate, together with an average contract life of around 5 years, allows for resiliency in revenue stream. The annual upfront subscription fee scheme of payment, with automatic renewal, provides the Company with a significant base of recurring revenue.

Technology. The selling proposition consists of a proprietary platform-architecture, which allows to specifically process message delivery speed, embedding sophisticated algorithms that ensure reliable execution and above-average inbox-delivery rates, facilitating MailUp's clients to effectively reach their targeted audience.

A universal tool

Reselling. The platform can be easily marketed by third-party resellers allowing to achieve quick market penetration. Its accessible and self-explanatory user path does not require the presence of expert implementation IT professionals and, as such, it is relatively easy to be sold as a white label by local providers wishing to use their own brand. Moreover, the user-oriented platform format, aside from its ease-of-use even for the most un-sophisticated clients, has the additional advantage to be quickly language-adapted for foreign markets. Consequently, international market entry takes less time than that of English-speaking or other international competitors, having developed more complex platforms.

Wide client base and low concentration. MailUp today has 8,400 clients and low client concentration or revenue-loss risk (the largest 20 clients at the time of IPO accounted for approximately 20% of total revenues).

Management-Shareholder alignment of interests. Key managers are also shareholders of the Company and are directly involved in the execution of the Group's growth strategy, leveraging on their skills and industry expertise.

Inbound marketing. The marketing strategy is based on inbound marketing, a modern data-driven and multi-channel approach that attracts consumers to a brand, generates leads and converts them into clients. Around 97% of clients finds MailUp through the web, with nearly 60,000 unique monthly visits and 1000 free trials activated per month.

Challenges

Low barriers to entry and pricing trends. Digital marketing solutions have relatively low barriers to entry. Potential new competitors can enter the marketplace without significant obstacles and large industry players could either build their competences in-house or acquire, or establish relationships with smaller players. In terms of pricing, as many customers make general CRM decisions on the perceived features and costs of a platform, a multi-suite competitor may decide to offer underpriced, or free, message marketing services in order to capture CRM engagements, or as a strategic competitive decision, affecting the Company's pricing potential.

Changes in the anti-spam regulatory framework. MailUp has an internal procedure to comply with the current privacy regulation and is committed to decline, or terminate relationships, with non-compliant prospects or clients. Any adverse change in the anti-spam laws could negatively impact the use, and value-added, of its e-mail marketing service offering perceived by current and future clients.

Increased use of alternate inboxes. Some mailbox providers (Gmail, Yahoo, etc.) and Internet Service Providers (ISPs) have recently started to categorize e-mails that originate from service providers as promotional and started to direct these e-mails to alternate folders in their customer inboxes. These alternate folders are specifically *labeled* to contain promotional e-mail (not spam). If this trend grows and e-mail *open* rates for messages sent through MailUp decline, then clients may rethink the value of sending promotional e-mail and possibly cancel their accounts or the amount they are willing to pay for its services.

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DETAILS ON STOCK RECOMMENDATION

Stock name	**MailUp**		
Current Recommendation	OUTPERFORM	Previous Recommendation	OUTPERFORM
Current Target Price (€)	3.44	Previous Target Price (€)	3.44
Current Share Price (€)	2.98	Previous Share Price (€)	2.94
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