

Italy – Marketing Technology

An innovative, fast-growing and global MarTech scale-up

18th December 2019

INITIATION OF COVERAGE

RIC: MAIL.MI
BBG: MAIL IM

MailUp is one of the fastest growing companies in its reference market. The group has a unique selling proposition, thanks to its five synergic BUs. A successful M&A campaign, an excellent financial discipline, a huge CF gen./conv., a decent portion of recurring revenues and a rerating stemming from a potential uplisting: all make for an exciting equity story.

Rating:

NEUTRAL

Price Target:

€ 4.80

Upside/(Downside): 3.7%

Last Price: € 4.63

Market Cap.: € 69.3m

1Y High/Low: € 4.88 / € 2.26

Free Float: 34.3%

Major shareholders:

Luca Azzali	10.9%
Alberto Miscia	10.9%
Nazzareno Gorni	10.8%
Matteo Monfredini	10.7%
Matteo Bettoni	10.2%



Stock price performance

	1M	3M	12M
Absolute	5.0%	5.2%	92.1%
Rel.to AIM Italia	2.4%	6.9%	94.7%
Rel.to Peers median	2.0%	10.2%	72.7%

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Neutral, PT fully diluted of € 4.80/s, broadly in line with current price

We believe MailUp is currently fairly priced on fundamentals. CFO SIM initiates coverage of MailUp with a NEUTRAL recommendation and PT FD of € 4.80/s, 3.7% upside. We believe that a SOP is the most appropriate methodology to get a reasonable valuation of the group. We set up three samples of firms working respectively in 1) email marketing, 2) mobile messaging and 3) predictive marketing, to assess with a consistent multiple each business unit of the group. Then, we applied 2020e multiples (20% discounted) as follows: the EV/EBITDA multiple of dotDigital Group to MailUp, Acumbamail and BEE metrics, 2) the median EV/EBITDA of the mobile messaging panel to Agile Telecom metrics and 3) the median EV/Sales of the predictive marketing cluster to Datatrics metrics. Thus, we get an appraisal of MailUp equity value of € 4.80/s, broadly in line with current price.

International scale-up focused on messaging and marketing automation

Founded in Cremona (Italy) in 2002 as an email service provider, MailUp is now a leading international scale-up in the European Cloud MarTech market, one of the fastest growing industries worldwide. The group is a vertically integrated player focusing on messaging and data-driven/multi-channel marketing automation, serving over 22,000 clients in 115 countries. MailUp develops and sells 1) technologies for the mass sending of emails and mobile messages, 2) sophisticated email and newsletter editing tools, 3) innovative technological solutions for predictive marketing and 4) professional consulting services.

Sales and EBITDA CAGR₁₈₋₂₁ of 28.4% and 24.8%.

Our estimates show top line CAGR₁₈₋₂₁ of 28.4%. Profitability is anticipated to reduce in 2019-20, as a result of: 1) a significant increase in the personnel cost for BEE and Datatrics in order to strengthen their operating and commercial structure, 2) the still negative EBITDA of Datatrics and 3) an increase of R&D expenses. Starting from 2021, CFO SIM expects a progressive recovery of profitability, thanks to 1) the change in revenue mix, 2) the exploitation of synergies among different business units and 3) a moderate volume effect on fixed costs. EBITDA, EBIT and Net Profit CAGR₁₈₋₂₁ is 24.8%, 29.1% and 28.3% respectively. EBITDA/FCF conversion to the tune of 50% per year allows MailUp to reach € 5.1m net cash position in 2021, including the IFRS 16 effect.

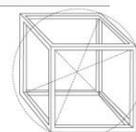
Organic growth supported by technological innovation and synergies exploitation

After the first-rate growth since its establishment, MailUp is now aiming at continuing its expansion and consolidating its competitive positioning in the reference market. The strategy is based on four pillars: 1) organic growth, expanding the range of technological solutions provided to the clients; 2) exploitation of the synergies stemming from the recent acquisitions; 3) technological innovation and R&D investments in order to carry out incremental development activities; 4) pursuing external growth opportunities.

MailUp, key financials and ratios

€ m	2017	2018	2019e	2020e	2021e
Total Revenues	27.3	40.2	59.5	75.0	85.0
EBITDA	2.9	3.8	4.7	5.3	7.3
EBIT	1.3	1.9	1.6	2.1	4.1
Net profit	0.5	1.3	1.0	1.4	2.7
NFP (cash)/debt	(7.3)	(6.4)	(1.9)	(3.3)	(5.1)
EBITDA margin	10.5%	9.4%	7.8%	7.1%	8.6%
EBIT margin	4.7%	4.7%	2.8%	2.9%	4.8%
EPS €	0.04	0.08	0.07	0.09	0.18
EPS growth	-29.7%	128.6%	-16.8%	31.9%	92.7%
Free Cash Flow Yield	2.6%	-0.3%	2.5%	3.1%	2.5%
PER x	51.9	26.4	66.3	50.3	26.1
PCF x	13.3	10.6	17.0	15.2	11.7
EV/Sales x	0.78	0.67	1.13	0.88	0.75
EV/EBITDA x	7.4	7.1	14.4	12.4	8.8
EV/EBIT x	16.6	14.1	41.1	30.8	15.7

From 2019e figures include the IFRS 16 effect



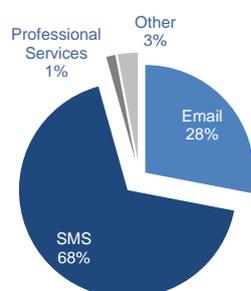
The Company at a Glance

Founded in Cremona (Italy) in 2002 as an email service provider, MailUp is now a leading international scale-up in the European Cloud Marketing Technologies market, one of the fastest growing industries worldwide. The group is a vertically integrated player focusing on messaging and data-driven/multi-channel marketing automation, providing over 22,000 clients in 115 countries with a wide range of solutions. MailUp develops and sells 1) technologies for the mass sending of emails and mobile messages, 2) sophisticated email and newsletter editing tools, 3) innovative technological solutions for predictive marketing and 4) professional consulting services.

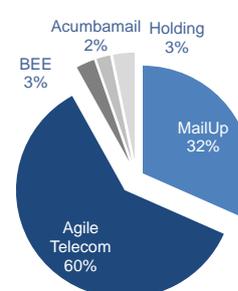
The group operates five synergic business units, corresponding to five different companies: MailUp, Agile Telecom, BEE, Datatrics and Acumbamail. The group achieved a significant growth path since its establishment: born as a start-up in 2002, MailUp closed FY-18 with revenues of € 40.2m, EBITDA of € 3.8m and 200 employees. Since the IPO in 2014 the group's revenues increased by a CAGR₁₃₋₁₈ of 41.1%, thanks to organic growth boosted by a few acquisitions.

In 2018, revenues was € 40.2m, EBITDA reached € 3.8m, 9.4% margin. EBIT stood at € 1.9m and Net Income totalled € 1.3m. Net Financial Position was € 6.4m cash, thanks to huge cash-flow generation.

2018 breakdown by service...



... and by business unit



Shareholder structure

Shareholders	# m	%
Luca Azzali	1.638	10.9%
Alberto Miscia	1.638	10.9%
Nazzareno Gorni	1.615	10.8%
Matteo Monfredini	1.603	10.7%
Matteo Bettoni	1.532	10.2%
Zoidberg Srl	1.077	7.2%
BMC Holding B.V. *	0.658	4.4%
Treasury shares	0.068	0.5%
Free Float	5.141	34.3%
o/w Employees	0.190	1.3%
Total	14.971	100.0%

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

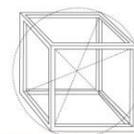
Peer group absolute performance

%	1D	1W	1M	3M	6M	YTD
dotDigital Group PLC	0.4	4.4	5.6	0.9	(17.1)	19.2
IMImobile PLC	0.3	2.0	4.5	(5.0)	(4.3)	31.9
Sinch AB (publ)	1.5	0.7	23.7	92.1	64.6	209.2
Vonage Holdings Corp	0.1	2.1	(0.1)	(42.4)	(36.6)	(15.3)
Mobile Messaging median	0.3	2.0	4.5	(5.0)	(4.3)	31.9
HubSpot Inc	(1.1)	2.0	3.0	(5.0)	(12.6)	23.8
Neosperience SpA	(1.7)	(2.6)	(11.2)	(29.5)	(45.0)	n.a.
SharpSpring Inc	(0.7)	(0.9)	(5.3)	(9.5)	(20.6)	(20.1)
Predictive Marketing median	(1.1)	(0.9)	(5.3)	(9.5)	(20.6)	1.8
MailUp SpA	2.2	0.7	5.0	5.2	32.7	99.6

Peers group multiples table

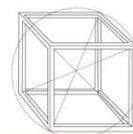
Price & EV multiples x	SALES FY1	SALES FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
dotDigital Group PLC	5.28	4.52	15.2	13.0	17.2	14.9	23.1	21.1
IMImobile PLC	1.48	1.24	11.7	9.3	15.3	12.1	19.1	15.6
Sinch AB (publ)	3.10	2.45	30.8	22.2	47.9	30.7	58.5	42.7
Vonage Holdings Corp	1.92	1.70	14.3	13.3	23.8	22.0	41.0	33.8
Mobile Messaging median	1.92	1.70	14.3	13.3	23.8	22.0	41.0	33.8
HubSpot Inc	8.90	7.09	70.4	56.0	108.0	83.6	95.8	83.3
Neosperience SpA	2.51	1.78	9.9	7.1	25.1	9.8	43.7	17.5
SharpSpring Inc	4.39	3.62	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Predictive Marketing median	4.39	3.62	40.1	31.5	66.5	46.7	69.8	50.4
MailUp SpA	1.13	0.88	14.4	12.4	41.1	30.8	66.3	50.3

Source: CFO SIM, Thomson Reuters Eikon

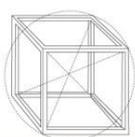




Income statement (€ m)	2017	2018	2019e	2020e	2021e
Total revenues	27.3	40.2	59.5	75.0	85.0
Purchases	(12.1)	(22.7)	(37.0)	(45.0)	(50.2)
Services	(5.3)	(5.7)	(6.0)	(9.1)	(10.1)
Personnel expenses	(6.0)	(7.2)	(11.5)	(16.0)	(18.0)
Other opex	(1.0)	(0.9)	(1.3)	(0.6)	(0.4)
EBITDA	2.9	3.8	3.7	4.4	6.4
D&A	(1.6)	(1.9)	(2.1)	(2.3)	(2.4)
EBIT	1.3	1.9	1.6	2.1	4.0
Financials	(0.1)	0.0	(0.0)	(0.0)	0.0
Re/(Devaluation) of financial assets	0.0	0.0	0.0	0.0	0.0
Extraordinary	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	1.2	1.9	1.5	2.0	4.0
Income taxes	(0.6)	(0.7)	(0.5)	(0.7)	(1.4)
Minorities	(0.1)	0.0	0.0	0.0	0.0
Net Profit	0.5	1.3	1.0	1.3	2.6
Net Profit adj.	0.5	1.3	1.0	1.3	2.6
EBITDA Incl. IFRS 16	-	3.8	4.7	5.3	7.3
EBIT Incl. IFRS 16	-	1.9	1.6	2.1	4.1
Net Profit Incl. IFRS 16	-	1.3	1.0	1.4	2.7
Balance sheet (€ m)	2017	2018	2019e	2020e	2021e
Net Working Capital	(1.0)	0.3	0.9	0.5	0.4
Net Fixed Assets	14.8	21.8	22.7	23.4	24.0
Equity Investments	0.1	0.1	0.1	0.1	0.1
Other M/L Term A/L	(7.1)	(12.7)	(13.6)	(13.9)	(13.6)
Net Invested Capital	6.8	9.6	10.2	10.1	10.9
Net Financial Position	(7.3)	(6.4)	(6.8)	(8.2)	(10.0)
Minorities	0.1	0.0	0.0	0.0	0.0
Group's Shareholders Equity	13.9	15.9	16.9	18.3	20.9
Financial Liabilities & Equity	6.8	9.6	10.2	10.1	10.9
NFP Incl. IFRS 16	-	(6.4)	(1.9)	(3.3)	(5.1)
Cash Flow statement (€ m)	2017	2018	2019e	2020e	2021e
Total net income	0.5	1.3	1.0	1.3	2.6
Depreciation	1.6	1.9	2.1	2.3	2.4
Other non-cash charges	0.3	1.3	2.3	1.1	(0.3)
Cash Flow from Oper. (CFO)	2.4	4.4	5.4	4.7	4.6
Change in NWC	1.5	(1.3)	(0.6)	0.4	0.1
FCF from Operations (FCFO)	3.9	3.1	4.8	5.2	4.7
Net Investments (CFI)	(3.9)	(5.2)	(4.3)	(3.7)	(3.0)
Free CF to the Firm (FCFF)	(0.1)	(2.1)	0.4	1.4	1.7
CF from financials (CFF)	6.3	(0.9)	(0.0)	(0.0)	0.0
Free Cash Flow to Equity (FCFE)	6.2	(3.0)	0.4	1.4	1.7
Financial ratios	2017	2018	2019e	2020e	2021e
EBITDA margin	10.5%	9.4%	6.2%	5.8%	7.5%
EBIT margin	4.7%	4.7%	2.6%	2.7%	4.7%
Net profit margin	2.0%	3.1%	1.7%	1.8%	3.1%
Tax rate	49.1%	34.6%	34.5%	34.5%	34.5%
Op NWC/Sales	-3.7%	0.7%	1.6%	0.7%	0.5%
Interest coverage x	0.06	(0.01)	0.01	0.00	(0.00)
Net Debt/EBITDA x	(2.52)	(1.69)	(1.83)	(1.88)	(1.56)
Debt-to-Equity x	(0.52)	(0.40)	(0.40)	(0.45)	(0.48)
ROIC	8.1%	13.1%	9.9%	13.3%	23.9%
ROCE	6.9%	9.7%	7.2%	8.6%	14.8%
ROACE	8.5%	9.9%	7.6%	9.1%	15.7%
ROE	3.9%	7.9%	5.9%	7.3%	12.5%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2017	2018	2019e	2020e	2021e
Number of shares # m	14.17	14.93	14.97	14.97	14.97
Number of shares Fully Diluted # m	14.17	14.93	16.24	16.24	16.24
Average Number of shares Fully Diluted # m	12.73	14.55	15.58	16.24	16.24
EPS stated FD €	0.04	0.09	0.06	0.08	0.16
EPS adjusted FD €	0.04	0.09	0.06	0.08	0.16
EBITDA €	0.23	0.26	0.24	0.27	0.39
EBIT €	0.10	0.13	0.10	0.13	0.25
BV €	0.99	1.07	1.04	1.13	1.29
FCFO €	0.30	0.21	0.31	0.32	0.29
FCFF €	(0.01)	(0.14)	0.03	0.09	0.11
FCFE €	0.49	(0.21)	0.03	0.09	0.11
Dividend €	0.00	0.00	0.00	0.00	0.00



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1. Investment Summary

MailUp is **one of the fastest growing companies in its reference market**. The group has a **unique selling proposition**, thanks to its five synergic business units: it provides clients with a **wide array of marketing solutions**, from data collection to omni-channel activation. A **successful M&A campaign**, an **excellent financial discipline**, a **huge CF gen./conv.**, a decent portion of **recurring revenues** and a **re-rating stemming from a potential uplisting**: all make for an exciting equity story.

Founded in Cremona (Italy) in 2002 as an email service provider, MailUp is now a **leading international scale-up in the European Cloud MarTech** market, one of the fastest growing industries worldwide. The group is a vertically integrated player focusing on **messaging** and **data-driven/multi-channel marketing automation**, serving **more than 22,000 clients in 115 countries**. MailUp develops and sells 1) technologies for the mass sending of emails and mobile messages, 2) sophisticated email and newsletter editing tools, 3) innovative technological solutions for predictive marketing and 4) professional consulting services.

The group operates **five synergic business units**, corresponding to five different companies: MailUp, Agile Telecom, BEE, Datatrics and Acumbamail. **The group achieved a significant growth path since its establishment**: born as a start-up in 2002, MailUp closed FY-18 with revenues of € 40.2m, EBITDA of € 3.8m and 200 employees. Since the IPO in 2014 the group's revenues increased by a CAGR₁₃₋₁₈ of 41.1%, thanks to organic growth boosted by a few acquisitions.

After the first-rate growth since its establishment, MailUp is now aiming at continuing its expansion and consolidating its competitive positioning in the reference market. The **strategy** is based on four pillars: 1) **organic growth**, expanding the range of technological solutions provided to the clients; 2) **exploitation of the synergies** stemming from the recent acquisitions; 3) **technological innovation** and R&D investments in order to carry out incremental development activities; 4) pursuing **external growth** opportunities.

Our estimates show top line CAGR₁₈₋₂₁ of 28.4%. Profitability is anticipated to reduce in 2019-20, as a result of: 1) a significant increase in the personnel cost for BEE and Datatrics in order to strengthen their operating and commercial structure, 2) the still negative EBITDA of Datatrics and 3) an increase of R&D expenses. Starting from 2021, CFO SIM expects a **progressive recovery of profitability**, thanks to 1) the change in revenue mix, 2) the exploitation of synergies among different business units and 3) a moderate volume effect on fixed costs. **EBITDA, EBIT and Net Profit CAGR₁₈₋₂₁ is 24.8%, 29.1% and 28.3% respectively**. EBITDA/FCF conversion to the tune of 50% per year allows MailUp to reach € 5.1m net cash position in 2021, including the IFRS 16 effect.

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The key investment **risks** in MailUp include: 1) fast technological development might increase the competitive pressure; 2) risks due to ICT malfunctions; 3) dilution on profitability stemming from the acquisition campaign; 4) impact on economics and balance sheet profile triggered by a deep decline in global economic growth or geopolitical instability; 5) the departure of one or few key relevant people; 6) M&A execution might be hampered by potential consolidating actors in the industry with higher fire power.



2. MailUp in a Nutshell

Founded in Cremona (Italy) in 2002 as an email service provider, MailUp is now a **leading international scale-up in the European Cloud Marketing Technologies** market, one of the fastest growing industries worldwide. The group is a vertically integrated player focusing on **messaging and data-driven/multi-channel marketing automation**, providing for **over 22,000 clients in 115 countries** with a wide range of solutions. MailUp develops and sells 1) technologies for the mass sending of emails and mobile messages, 2) sophisticated email and newsletter editing tools, 3) innovative technological solutions for predictive marketing and 4) professional consulting services.

MailUp group operates **five synergic business units**, corresponding to five different companies:

- 1) **MailUp**, market leader in the email and SMS marketing automation in Italy and among the top ten players in Europe.
- 2) **Agile Telecom**, a B2B SMS factory, leader in the SMS industry in Italy with more than 1bn SMS sent per year.
- 3) **BEE** provides its clients with emails and landing pages editors, with the operative team based in Silicon Valley and the technological team based in Italy.
- 4) **Datatrics**, founded in 2012 and acquired by MailUp last Dec-18, developed a predictive marketing platform based on artificial intelligence.
- 5) **Acumbamail** is a Spanish email marketing provider, offering also SMS packages and transactional services with a freemium business model suitable for SMEs.

The group achieved a significant growth path since its establishment: born as a start-up in 2002, MailUp closed FY-18 with revenues of € 40.2m, EBITDA of € 3.8m and 200 employees. Since the IPO in 2014 the group's revenues increased by a CAGR₁₃₋₁₈ of 41.1%, thanks to organic growth boosted by a few acquisitions.

Chart 1 – MailUp, 2013-18 top line and EBITDA evolution



Source: Company data

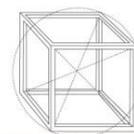
Foreign sales exceeded 40% of total FY-18 revenues. **68% of turnover comes from SMS** business and **28% from Email**, while Professional Services account just for 1%. In terms of business units, **Agile Telecom contributes for about 60%** to the group FY-18 revenues, **MailUp for 32%**, BEE for 3% and Acumbamail for 2%.

Chart 2 – MailUp, 2018 top line breakdown by service and business unit*



Source: CFO SIM elaboration on company data

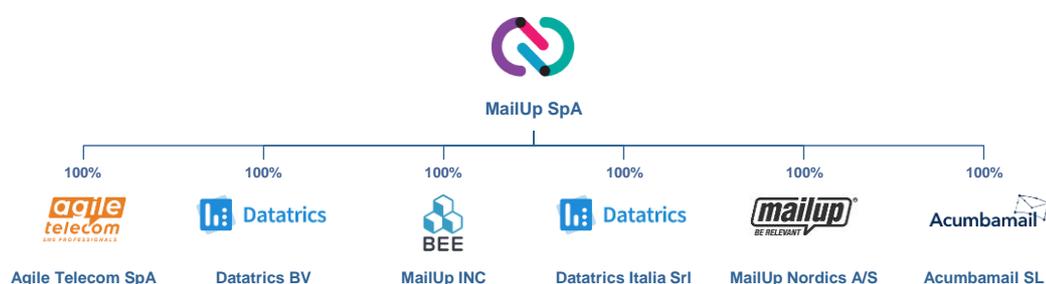
* the figures do not take into account intercompany adjustments



3. Group and Shareholder Structure

MailUp was established in Cremona (Italy) in 2002 as an email service provider and has grown organically and was self-financed until 2014, when it was listed on AIM Italia. The IPO encompassed a primary offering for a total amount of € 3.0m, followed by a dedicated rights issue via an Accelerated Book Building for € 6.0m in 2017. The proceeds allowed MailUp to start an external growth campaign, closing **five acquisitions in three years**: Agile Telecom, Globase and Acumbamail in 2015, MailCult in 2017 and Datatrics at the end of 2018. Today the group is one of the leading European players in cloud software, serving **over 22,000 clients in 115 countries worldwide** thanks to **more than 230 employees** in three continents.

Chart 3 – MailUp, group structure



Source: CFO SIM elaboration on company data

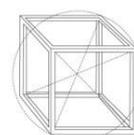
MailUp went public on 29-Jul-14 on the AIM Italia at € 2.50/share (**€ 1.92/share the IPO price** adjusted as a result of the free capital increase of 11-Apr-16), corresponding to a market capitalisation of € 20.0m. Currently the **free float is 34.3%**. Luca Azzali (director of MailUp BU), Alberto Miscia (manager of MailUp BU), Nazzareno Gorni (group CEO), Matteo Monfredini (group Chairman and CFO) and Matteo Bettoni (director of Agile Telecom BU) are the founders of MailUp and they are still among the key executives of the group. **In Dec-18 they entered a shareholders' agreement concerning a 3 years lock-up on 50.1% of the share capital.**

Table 1 – MailUp, shareholder structure

Shareholders	Issued number of shares		Fully diluted number of shares	
	%	#m	%	#m
Luca Azzali	10.9%	1.638	10.1%	1.638
Alberto Miscia	10.9%	1.638	10.1%	1.638
Nazzareno Gorni	10.8%	1.615	9.9%	1.615
Matteo Monfredini	10.7%	1.603	9.9%	1.603
Matteo Bettoni	10.2%	1.532	9.4%	1.532
Zoidberg Srl	7.2%	1.077	6.6%	1.077
BMC Holding B.V. *	4.4%	0.658	11.9%	1.925
Treasury shares	0.5%	0.068	0.4%	0.068
Free Float	34.3%	5.141	31.7%	5.141
o/w Employees	1.3%	0.190	1.2%	0.190
Total	100.0%	14.971	100.0%	16.238

Source: Company data, * subject to lock-up (does not enter the free float)

Noteworthy, the fully diluted number of shares (16,237,937) derives from the maximum € 3.0m amount (€ 2.368/share) related to the reserved capital increase stemming from the maximum variable earn-out fee to be paid to BMC Holdings if certain Datatrics turnover goals will be reached in the four years following the acquisition's closing.

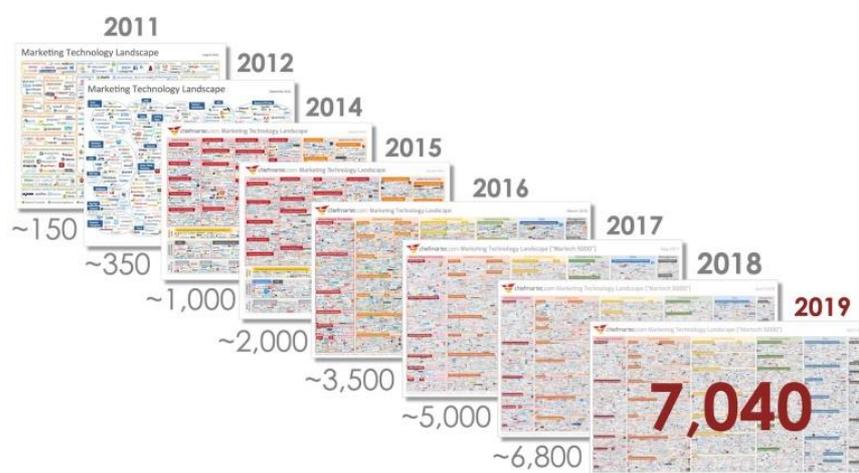


4. The Reference Market: Marketing Technology

MailUp operates in the marketing technology sector (MarTech). The market is composed by an ecosystem of cloud solutions and technological applications used by companies to develop and improve their digital marketing strategies. The **worldwide expense in marketing technology is expected to be \$ 121.5bn in 2019, +22% YoY** (source: BDO, WARC and the University of Bristol).

The marketing technology landscape is growing in no time at all and it is populated by a lot of small-medium players, often focused on a peculiar niche or segment, and by a few large companies providing a vast range of products and services. **In 2019 the application solutions belonging to the MarTech sector is expected to exceed 7,000**, vs. 6,800 at end-18 and only 150 in 2011.

Chart 4 – MailUp, marketing technology number of application solutions



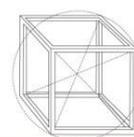
Source: chiefmartec.com

In this variegated and highly fragmented market, six key market segments can be identified:

- **Advertising & Promotion:** mobile marketing, advertising, print and PR.
- **Content & Experience:** mobile apps, email marketing, content marketing, SEO, marketing automation, lead management and CMS.
- **Social & Relationship:** CRM, events, webinars, meetings, social media marketing, influencer and customer experience.
- **Commerce & Sales:** retail & proximity marketing, sales automation and ecommerce.
- **Data:** data marketing, analytics, customer data platform, predictive marketing and artificial intelligence.
- **Management:** talent management, product management, budgeting & finance, lean management and vendor analysis.

MailUp, being a vertically integrated player offering to its clients a wide range of solutions, with particular focus on messaging and data-driven/omni-channel marketing automation, **is well positioned to take advantage from the main trends of the sector:**

- **Email and SMS** are still the most used and fastest-growing tools from the solutions available, mainly thanks to the high efficacy stemming from their combined use in marketing strategies.



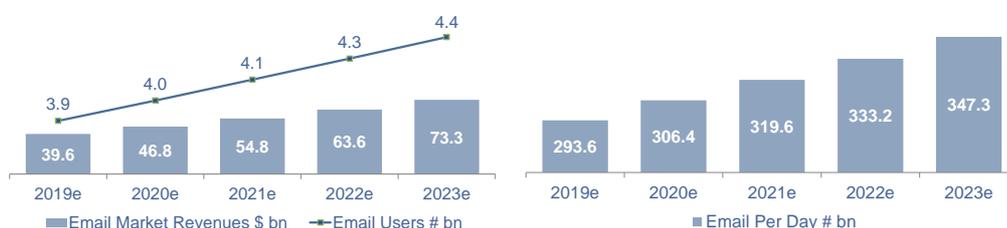
- **Multi-channel** is becoming increasingly more important to provide users with the best customised experience possible.
- The use of **Artificial Intelligence** for the collection and processing of Big Data.

In the vast marketing technology sector, MailUp focuses mainly on three areas: 1) **email marketing**, 2) **mobile marketing and messaging** and 3) **marketing automation**.

4.1. Email Marketing

Email is still one of the most widespread communication tools to exploit the full potential of digital marketing campaigns and to boost customer acquisition, despite the competition of the latest instant messaging platforms, chats and social networks. In business, email continues to be the dominant official communication channel. On the other hand, for consumers an email account is required for every online operation, from signing in to a social network, to shopping online, to gaining access to all the other forms of online communication. **Today email users worldwide are over 3.9bn and they are expected to be more than 4.3bn by 2023. Revenues coming from all segments of the email market are expected to total over \$ 39.6bn in 2019, and will grow to over \$ 73.3bn by 2023** (CAGR of 18%), with an increase in the total worldwide email traffic, including both business and consumer emails, from 293.6bn emails per day in 2019 to 347.3bn emails per day by 2023.

Chart 5 – MailUp, worldwide email market forecast 2019-2023



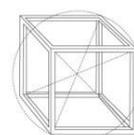
Source: The Radicati Group, 2019-2023

In 2018 the MailUp platform sent over 21bn of messages, including emails, newsletters, DEM and transactional messages.

4.2. Mobile Marketing and Messaging

The SMS communication campaigns are one of the favourite methods chosen by companies for customer engagement and acquisition, despite the massive proliferation of new innovative communication technologies developed for smartphones. Furthermore, text messages are also used for transactional purposes: for example a SMS is sent after the completion of an online purchase or for the 2-Factor authentication. **Today, 5.0bn people (65% of the total world's population) globally send and receive SMS messages, and they are expected to be 5.9bn by 2025.** Moreover 98% of SMS messages sent are opened by the recipient, compared to 29% of Twitter messages, 20% of emails and 12% of Facebook messages. SMS market records also the highest response rates among the recipients of marketing campaigns: 8% of people who received a marketing text message go to the point of sale to make a purchase.

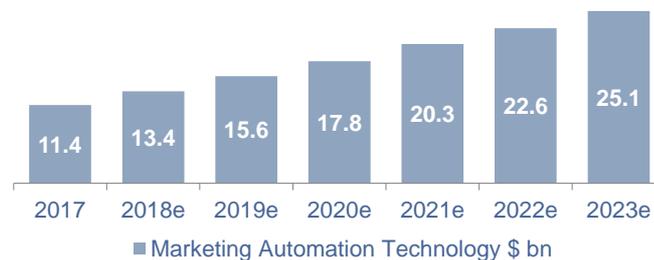
In 2018 Agile telecom sent more than 1bn of SMS.



4.3. Marketing Automation

The marketing automation comprises **software platforms and technologies** designed for marketing departments to allow the **workflow management** of **sophisticated marketing campaigns**. Through the marketing automation platforms it is possible to replace high-touch and repetitive manual processes with automated solutions, in order to streamline sales and marketing procedures and improve efficiency. Furthermore, a marketing automation platform allows marketers to automate and simplify client communication by managing complex omni-channel marketing strategies through a single tool.

Chart 6 – MailUp, marketing automation technology forecast 2017-2023

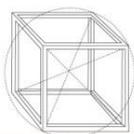


Source: Forrester Data

The marketing automation technology market is expected to reach \$ 25.1bn by 2023, CAGR₁₇₋₂₃ of 14%. According to Forrester Research, growth will be driven by:

- **Through-Channel Marketing Automation Platform** (CAGR₁₇₋₂₃ +25.0%): it is a SaaS marketing platform that enables brands to efficiently scale advertising and local marketing messaging through a network of indirect partners, resellers, retailers, dealers, distributors, agents, franchisees and branches.
- **Lead-to-Revenue Management Automation Platform** (+19.4%): it is a platform to implement standardised, scalable processes for marketing planning, execution, and reporting.
- **Marketing Resource Management Software** (+19.1%): it helps marketers with financial planning, performance measurement, collaboration and calendaring, project management, content production, asset management, brand compliance and marketing fulfilment.
- **Content Marketing Platform** (+17.6%): it helps marketing teams to orchestrate the numerous, concurrent streams of activity by content creators, curators and distributors inside and outside of the company.
- **Real-Time Interaction Management Solutions** (+13.2%): it delivers contextually relevant experiences, value and utility at the appropriate moment in the customer lifecycle via preferred customer touchpoints.
- **Cross-Channel Campaign Management Software** (+10.2%): it supports customer data management, analytics, segmentation, and workflow tools for designing, executing, and measuring campaigns for digital and off line channels.

Another remarkable driver trend is the sharp growth of **Customer Data Platforms (CDP)**, defined by the CDP Institute in 2013 as “packaged software that creates a persistent, unified customer database that is accessible to other system”. This definition describes several types of marketing systems that shared the ability to build a unified customer database (very unusual at the time). The industry has grown quickly as marketers recognised the need for unified data and the shortcomings of alternatives such as data warehouses, data lakes, CRM, and DMP. European growth was further boosted by CDP features that help companies to comply with the General Data Protection Regulation (GDPR, introduced in May-18). **Customer Data Platforms industry segment is estimated to reach \$ 1bn in 2019** (vs. \$ 0.7bn in 2018), **and it is expected to show a CAGR₁₉₋₂₅ in excess of 27.0%.**



MailUp is well positioned to benefit from CDP segment growing trend thanks to the acquisition of Datatrics. The technology developed by Datatrics, based on artificial intelligence, integrated with MailUp platform, creates a **hub able to orchestrate data for targeted omni-channel marketing campaigns.**

5. Competitive Arena

The MarTech segment is vast, complex and extremely interconnected. In this competitive arena a lot of start-ups and micro/small companies coexist with a few giants such as Adobe, IBM, Oracle, Salesforce and SAP. Smaller companies are generally managed by the founders and operate within a specific market niche, while the biggest players cover multiple and diversified segments at the same time.

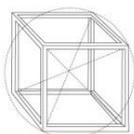
The market is relatively young and it is growing promisingly, so it has not yet reached a stable structure: at least 1,500 solutions in marketing technologies have been launched in the first months of 2019, but less than 100 survived and it is expected that about half of them will be acquired by some large players. Considering in isolation the marketing software market, **since Jan-18 more than 70 M&A transactions have been recorded, for an aggregate value of about \$ 103bn.** Among the main operations that have been announced or finalised recently, we note the acquisition of Sendgrid by Twilio, Adestra by Upland Software, iContact by J2 Global, Sailthru by CM Group, Marketo by Adobe, Newsletter2Go by Sendinblue and Mulesoft by Salesforce. Furthermore, Link Mobility carried out several acquisitions in Europe aimed at expanding its operating scope.

Definitely, **the competitive arena is highly fragmented:** worldwide there are some 300 different solutions available for email marketing, over 500 solutions in the mobile messaging segment and more than 160 marketing automation tools. MailUp, with more than 21bn messages sent per year, is the market leader in the domestic email and SMS marketing & automation industry, while Acumbamail is among the main players in the email marketing sector in Spain and LATAM. Furthermore, Agile Telecom is the leader in the SMS industry in Italy, with over 1bn SMS sent per year.

Chart 7 – MailUp, competitive arena



Source: CFO SIM elaboration on company data



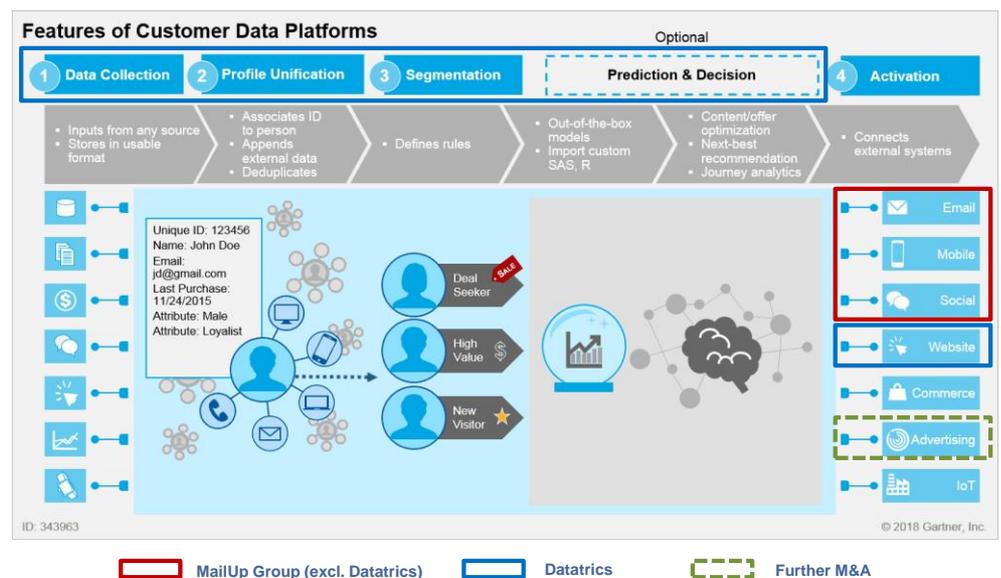
6. Business Model

MailUp is a vertically integrated marketing technology player, serving over 22,000 clients in 115 countries worldwide. The group focuses on messaging and data-driven/multi-channel marketing automation, developing and selling:

- 1) technological **platforms** for the mass sending of emails and mobile messages;
- 2) sophisticated email and newsletter **editing tools**;
- 3) **innovative technological solutions** for predictive marketing, based on artificial intelligence and machine learning;
- 4) professional **consulting services**.

All tools and solutions can be provided unbundled or combined, as well as embedded in the major CRM and marketing automation platforms. Furthermore, **most services are delivered as Software as a Service (SaaS), generating an ample amount of recurring revenues** (generally 1/3 of full year revenues). Thanks to its vast and complete selling proposition, **the group is able to manage an entire marketing campaign, from data collection** (point 1 in the chart below) **to omni-channel activation** (point 4).

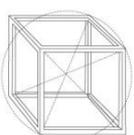
Chart 8 – MailUp, a vertically integrated Customer Data Platform



Source: Company data

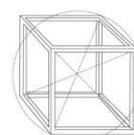
MailUp provides its clients with a **wide portfolio of MarTech tools and solutions**, operating **five synergic business units**, corresponding to five different companies:

- **MailUp** is the market leader in the email and SMS marketing automation in Italy and among the top ten players in Europe. The company, established as an email service provider, developed a SaaS based multi-channel digital cloud platform, helping customers to manage their digital marketing campaigns. MailUp sends over 21bn messages per year and served 11,000 clients in 2018. The BU closed FY-18 with € 13.8m of revenues (+12% YoY) and EBITDA of € 2.3m.



- **Agile Telecom** is one of the few firms authorised by the Italian Ministry of Economic Development and Communication to offer electronic communication services to customers and is also registered with the Register of Operators in Communication held by the AGCOM (the Italian Authority for Telecommunications Guarantees). The company is a B2B SMS factory, leader in the SMS industry in Italy with more than 1bn of SMS sent per year, both for promotional and transactional services (namely One-Time-Password, notifications and alerts). The BU closed FY-18 with € 23.6m of revenues (+78% YoY) and € 2.5m EBITDA.
- **BEE – Best Email Editor**, with the operating team based in Silicon Valley and the technological team based in Italy, it is becoming the world leading standard for email creation. The BU is focused on the development and commercialisation of the BEE tool, an innovative drag-n-drop email builder for designing mobile-responsive emails. The tool is available in three versions: 1) BEE Free, to design a gorgeous email instantly with no signup required; 2) BEE Pro allows the use of many more functions and it is based on the payment of a monthly fee; 3) BEE Plugin, the tool version embeddable in all SaaS applications. The BEE tool was chosen by over 4,800 developers and SaaS applications and more than 7,300 email designers in over 100 countries. The BU closed FY-18 with € 1.2m of revenues (+139% YoY) and € 0.4m EBITDA.
- **Datatrics**, founded in 2012 and acquired by MailUp in Dec-18, developed a predictive marketing platform based on artificial intelligence. Thanks to a machine learning algorithm, combining different types of data from multiple sources, the platform allows a marketing team to build a bespoke customer experience and to optimise the customer 'journey', automatically improving conversion, retention and loyalty rates. The company reached € 1.0m revenues in FY-18 but it was consolidated within the MailUp group since 1-Jan-19.
- **Acumbamail** is a Spanish based email marketing provider, offering also SMS packages and transactional services with a freemium business model suitable for SMEs. The platform developed by Acumbamail allows to create, send and manage emails and SMS for multi-channel marketing campaigns. The company focuses on the Spanish and Latin American markets, sending over 400m emails per year. Including free users, Acumbamail provides its services to 59,000 customers (o/w 3,100 paying users). The BU closed FY-18 with € 0.9m revenues (+26% YoY) and € 0.2m EBITDA.

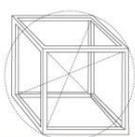
Thanks to its synergic business units, the group is able to satisfy most of the needs of marketing departments and software developers, such as: 1) **creating** newsletters, welcome emails, templates and landing pages using the BEE tool; 2) **sending transactional messages**, like notices, order receipts, OTP, password reminders, thanks to Agile Telecom and MailUp platforms; 3) **sending marketing communications** like promos, marketing emails, newsletters, blog updates, using both MailUp and Acumbamail multi-channel platforms; 4) **improving customer engagement** and managing the customer journey thanks to Datatrics solutions.



7. M&A Track Record

MailUp has a proven track record in acquisitions and in their integration in a fragmented and fast growing arena, manifested by **a few strategic M&A deals made during the last three years**: Acumbamail, Globase, Agile Telecom, MailCult and Datatrics. Thanks to 2014 IPO proceeds and the dedicated rights issue in 2017 for a combined consideration of € 9.0m, in addition to the strong cash flow generation, the group was able to more than double in size and to enlarge its selling proposition both in terms of new countries and new products and services provided. In detail:

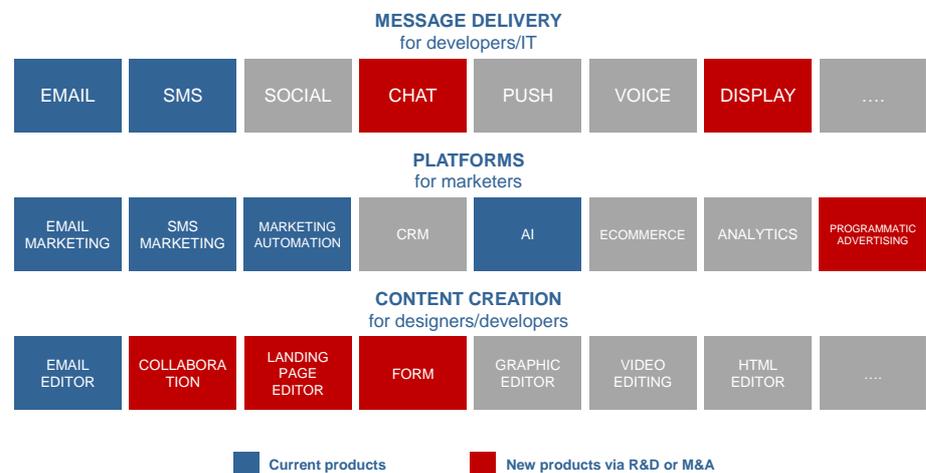
- MailUp acquired 70% of **Acumbamail** in Aug-15 with the aim to reinforce its presence in Spain and Latin America. Founded in 2012, Acumbamail is a **leading player in the email marketing industry in Spain**. Thanks to this transaction MailUp gained experience with the freemium model and accelerated its penetration in Spanish speaking countries. The remaining 30% of Acumbamail was subject to a put&call option: the put option was exercised by the minority shareholders in Aug-18, selling to MailUp the residual 30% of the shares for a total of € 0.6m.
- **Globase**, founded in 1999, is a **leading player in the Danish email marketing industry**. The company develops bespoke solutions that allow users to improve and optimise their omni-channel marketing campaigns. MailUp acquired Globase in Nov-15 for € 0.8m (Enterprise Value € 0.4m and net cash € 0.4m), corresponding to 0.19x EV/Sales_{14PF}. Globase is no longer a separate business unit, since today it only operates as a commercial branch for the sale of MailUp, Datatrics and BEE platforms and tools.
- In Dec-15 MailUp acquired 100% of **Agile Telecom**, a company specialised in professional messaging solutions (namely SMS) for Italian and international firms. The company is authorised by the Italian Ministry of Economic Development and Communication to offer to the clients electronic communication services and is also registered with the Register of Operators in Communication (ROC) held by the AGCOM (the Italian Authority for Telecommunications Guarantees). **Agile Telecom is the domestic leader in the wholesale SMS market with more than 1bn messages sent per year**. MailUp paid € 6.0m (which corresponds to 6.6x EBITDA₁₄ and 12.2x PER₁₄) for 100% of the company in addition to an earn-out of € 2.8m, stemming from the achievement of specific EBITDA goals in the 2015-16 period.
- In order to reinforce the team of BEE, the group US start-up headquartered in Silicon Valley, the firm acquired **MailCult** in Jun-17, one of the main international competitors of BEE. The transaction was an Acqui-Hiring, namely an acquisition to hire the three founders of the company and improve the team skills in emails and landing page designs.
- **Datatrics** is a Dutch company established in 2012, developer of a proprietary cutting-edge **predictive marketing platform, working through the Artificial Intelligence**. MailUp acquired 100% of the company in Dec-18 for a total consideration of € 3.8m, in addition to an earn-out of max. € 3.0m linked to the achievement of certain revenues targets by Dec-22. Datatrics closed FY-18 with revenues of € 1.0m (+200% yoy) and negative EBITDA, exceeding 250 clients and 20 employees.



8. Strategy

After the first-rate growth since its establishment, MailUp is now aiming at continuing its expansion and consolidating its competitive positioning in the reference market. The group development strategy is based on **organic growth**, **continuous investments in R&D**, **exploitation of the synergies** stemming from the M&A and **new acquisitions**. MailUp is a vertically integrated player, providing its clients with a unique selling proposition, namely multi-channel and data-driven solutions for marketing automation. Furthermore, the group plans 1) to add **chat and display among message delivery channels**, 2) to develop or to acquire a **programmatic advertising platform** and 3) to provide its customers with **new content creation tools**.

Chart 9 – MailUp, industry structure and group positioning



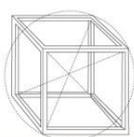
Source: CFO SIM elaboration on company data

Coherently to the aforementioned growth path, MailUp's main strategy is focused on:

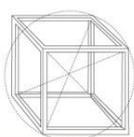
- **Organic growth:** MailUp aims at expanding the range of technological solutions provided to its clients, strengthening the existing tools and introducing new innovative features focused on:
 - 1) Customer Data Platform
 - 2) Data-driven omni-channel marketing orchestration
 - 3) Marketing automation
 - 4) Advertising
 - 5) Customisation
 - 6) New professional services for messaging and marketing automation

This should allow MailUp to **increase the ARPU** (Average Revenue Per Unit) and to **strengthen the uniqueness of the group offer** compared to its competitors.

- **Exploitation of the synergies** stemming from the recent acquisitions, mainly Datatrics: MailUp intends to introduce the platform developed by Datatrics in the countries where the group has a strong presence, namely Italy, Nordics and Latin America. Furthermore, the cross-fertilisation of know-how among the group companies (i.e. sharing best practices, experiences and skills and exploiting cross-selling opportunities) is anticipated to sustain growth and returns.



- **Technological development:** in the last few years MailUp invested significantly in R&D, in order to carry out incremental development activities related to MailUp SaaS platform. The group is investing:
 - 1) **to expand the set of solutions** integrating with third-party applications such as CRM, CMS, e-commerce and other software;
 - 2) to develop **new innovative in-house solutions;**
 - 3) to exploit **BEE growth potential** in becoming the global market standard for emails and landing pages editing.
- **Pursuing further external growth opportunities:** the reference market is highly fragmented with a plethora of micro and small-sized players and only a few giant actors. Today, MailUp is an international scale-up and a leading European player in Cloud Marketing Technologies. In order to further expand its business, MailUp is looking for M&A opportunities among **complementary, profitable, cash flow generative and steadily growing companies**. Furthermore, potential targets could arise from firms operating in one or more **geographical areas** not yet covered by the group. MailUp has a significant fire power to exploit external growth opportunities, on the back of: 1) net cash position and 2) the huge CF generation. Considering a sustainable 2.5x NFP/EBITDA ratio, based on CFO SIM 2019 EBITDA estimate, **we think the group might be able to invest up to € 15.0m in acquisitions.**



9. SWOT Analysis

The SWOT analysis, also known as SWOT Matrix, is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective.

- **Strengths:** characteristics of the business that give it an advantage over others.
- **Weaknesses:** characteristics that place the business at a disadvantage vs. others.
- **Opportunities:** elements that the project could exploit to its advantage.
- **Threats:** elements in the environment that could cause trouble or be detrimental for the business or project.

The technique is credited to Albert Humphrey, who led a research project at Stanford University between the 60's/70's using Fortune 500 data.

S.W.O.T. ANALYSIS

STRENGTHS

- ❑ **Leading European player** in cloud marketing technologies
- ❑ **Vertically integrated MarTech actor:** from data collection to omni-channel activation
- ❑ Datatrics extends the traditional marketing automation with **Artificial Intelligence**
- ❑ **R&D investments** historically exceeds 10% of revenues every year
- ❑ **Low client concentration:** over 22,000 clients in 115 countries

WEAKNESSES

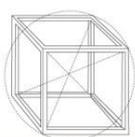
- ❑ **Turnover depends highly from SMS** (68% of FY-18 revenues), typically non-recurring
- ❑ **Higher price pressure and lower margins in SMS business** compared to email
- ❑ Few key relevant people represent a **vital asset** for the company
- ❑ **Sizable goodwill** (€ 16.7m, 39% of total assets)

OPPORTUNITIES

- ❑ **Consolidation opportunities** in the highly fragmented reference market
- ❑ **Wider use of data and AI**, in marketing analysis: the group is well positioned thanks to Datatrics
- ❑ **MarTech sector is expected to keep growing significantly** in the coming years

THREATS

- ❑ Fast technological development may increase the **competitive pressure**
- ❑ **Other network-based systems** (i.e. WhatsApp, WeChat, push notifications) **might make obsolescent SMS system**
- ❑ **Dilution on profitability** stemming from the acquisition campaign



10. Recent Results

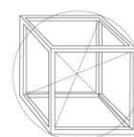
Since its establishment, MailUp has been persistently growing, reaching FY-18 revenues of € 40.2m. In particular, in the last few years the company coupled organic growth with a successful M&A campaign: revenues CAGR₁₅₋₁₈ is 62.0%. EBITDA grew more than proportionally, reaching € 3.8m in 2018 (CAGR₁₅₋₁₈ of 77.4%).

Table 2 – MailUp, FY-15/18 results summary

€ m	2015	2016	2017	2018	% CAGR ₁₅₋₁₈
Email	6.9	8.6	9.9	11.3	17.7
SMS	2.2	11.4	15.9	27.2	131.3
Predictive Marketing	-	-	-	-	n.a.
Professionals Services	0.1	0.8	0.6	0.5	75.6
Other revenues	0.2	0.8	0.9	1.2	70.8
Total revenues	9.5	21.6	27.3	40.2	62.0
Purchases	-	(7.6)	(12.1)	(22.7)	
Services	(5.6)	(4.9)	(5.3)	(5.7)	
Personnel expenses	(3.0)	(5.5)	(6.0)	(7.2)	
Other opex	(0.2)	(1.2)	(1.0)	(0.9)	
EBITDA	0.7	2.4	2.9	3.8	77.4
% margin	7.1	11.2	10.5	9.4	
D&A	(0.8)	(1.2)	(1.6)	(1.9)	
EBIT	(0.1)	1.2	1.3	1.9	338.0
% margin	(1.5)	5.5	4.7	4.7	
Financials	0.0	(0.1)	(0.1)	0.0	
Pre-Tax profit	(0.1)	1.1	1.2	1.9	354.7
% margin	(1.2)	5.2	4.4	4.8	
Income taxes	0.0	(0.3)	(0.6)	(0.7)	
Tax rate	14.0%	28.0%	49.1%	34.6%	
Minorities	(0.0)	(0.0)	(0.1)	-	
Group Net Profit	(0.1)	0.8	0.5	1.3	322.3
% margin	(1.2)	3.6	2.0	3.1	
Net Financial Position (Cash)	(1.1)	(1.0)	(7.3)	(6.4)	81.6

Source: Company data, CFO SIM analysis

In 2018 top line increased by 47.2% reaching € 40.2m, of which € 16.1m was realised abroad (40% of total). The increase was mainly attributable to the SMS business (+70.6% YoY), driven by Agile Telecom, which gained market share in an extremely volatile and dynamic industry which is strongly price-oriented. Email business grew 13.7% YoY driven by MailUp and Acumbamail. **EBITDA was € 3.8m, 9.4% margin** (10.5% margin in FY-17). The decrease in margins was mainly related to the more than proportional increase of SMS business, characterised by low profitability, compared to the other group business lines. EBIT reached € 1.9m, 4.7% on total revenues. Net Profit was € 1.3m (3.1% margin). **Net Financial Position was € 6.4m cash** (vs. € 7.3m cash in FY-17): operating cash flow was entirely offset by the € 1.1m cash-out for Datatrics acquisition and € 2.2m capex.



10.1. H1-19 Results

MailUp H1-19 results show 1) **massive top line growth**, mainly driven by the SMS segment, 2) the **consolidation of Datatrics** since 1-Jan-19 and 3) **IFRS 16 first time adoption**. Agile Telecom is continuing to gain market share in an extremely volatile and dynamic industry, and MailUp is consolidating its leading position in the European marketing technologies sector. Furthermore, the most innovative tools of the wide group portfolio, namely the BEE editor and the Datatrics platform, more than doubled in size.

Table 3 – MailUp, H1-19 results summary

€ m	H1-19	H1-18	% YoY
Email	6.3	5.5	15.3
SMS	20.8	12.0	74.3
Predictive Marketing	0.9	-	n.a.
Professionals Services	0.4	0.2	45.4
Other revenues	0.9	0.3	168.6
Total revenues	29.3	18.0	62.5
Purchases	(18.1)	(9.6)	
Services	(3.4)	(2.6)	
Personnel expenses	(4.8)	(3.6)	
Other opex	(0.9)	(0.4)	
EBITDA *	2.1	1.9	n.s.
% margin	7.3	10.3	
D&A	(1.3)	(0.9)	
EBIT *	0.8	1.0	n.s.
% margin	2.8	5.6	
Financials	(0.0)	0.0	
Pre-Tax profit *	0.8	1.0	n.s.
% margin	2.7	5.7	
Income taxes	(0.4)	(0.5)	
Tax rate	47.7%	49.6%	
Minorities	-	(0.0)	
Group Net Profit *	0.4	0.5	n.s.
% margin	1.4	2.7	

Source: Company data, CFO SIM analysis * 2019 figure includes the IFRS 16 effect

Total revenues soared by 62.5% to € 29.3m (€ 18.0m in H1-18), thanks to the brilliant performance of the SMS business, mainly driven by Agile Telecom (+87.6% YoY). The Email segment raised by 15.3% to € 6.3m thanks to 1) high single digit growth of MailUp, 2) BEE revenues tripled and 3) 14.5% growth of Acumbamail. **EBITDA was € 2.1m, 7.3% margin** (10.3% in H1-18). As 2019 is the first year of adoption of IFRS 16, H1-19 EBITDA was positively impacted by less rental costs for € 0.3m. On the other hand the figure was negatively impacted by 1) a one-off cost for € 0.7m due to a price increase related to some 2018 Agile Telecom purchases and 2) the negative profitability of Datatrics, still in the start-up phase. EBIT declined to € 0.8m (€ 1.0m in H1-18), after D&A for € 1.3m (vs. € 0.9m in H1-18), of which € 0.3m additional D&A stemming from the IFRS 16 application. Net Profit stood at € 0.4m (1.4% margin). **Net Financial Position was € 4.4m cash** (€ 6.4m cash at end-18), after 1) € 2.4m of additional indebtedness stemming from the IFRS 16 accounting principle, 2) the payment of the last earn-out tranche of Agile Telecom (€ 0.6m in Jun-19) and 3) the payment of the 2nd tranche of Datatrics acquisition (€ 0.4m in Apr-19).

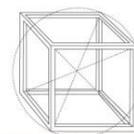


Table 4 – MailUp, H1-19 results summary by business unit

€ m	H1-19	H1-18	% YoY
MailUp	7.2	6.6	9.6
Agile Telecom	19.1	10.2	87.6
BEE	1.1	0.4	146.7
Datatrics	0.9	-	-
Acumbamail	0.6	0.5	14.5
Holding	0.5	0.3	33.8
Consol. Adj.	-	-	-
Total revenues	29.3	18.0	62.5
EBITDA MailUp	1.2	1.0	n.s.
EBITDA Agile Telecom	0.8	1.3	n.s.
EBITDA BEE	0.3	0.1	n.s.
EBITDA Datatrics	(0.3)	-	n.s.
EBITDA Acumbamail	0.1	0.2	n.s.
EBITDA Holding	0.0	(0.6)	n.s.
Total EBITDA *	2.1	1.9	n.s.
EBITDA % MailUp	16.5	14.9	
EBITDA % Agile Telecom	4.1	12.4	
EBITDA % BEE	30.5	23.2	
EBITDA % Datatrics	(30.3)	n.a.	
EBITDA % Acumbamail	21.3	30.2	
EBITDA % Holding	1.3	(181.8)	
Total EBITDA %	7.3	10.3	
Total IFRS 16 effect	0.3	-	
Total EBITDA excl. IFRS 16	1.8	1.9	(3.0)
% margin	6.2	10.3	

Source: Company data, CFO SIM analysis * 2019 figure includes the IFRS 16 effect

10.2. Latest Results: Q3-19 and 9M-19

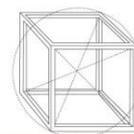
MailUp Q3-19 results show 1) a further **increase in the SMS business** and 2) the **significant performance of Datatrics** (acquired last Dec-18), providing its clients with predictive marketing services. The strategy of focusing on the innovative SaaS business, via BEE and Datatrics, continues.

Table 5 – MailUp, Q3-19 and 9M-19 results summary

€ m	Q3-19	Q3-18	% YoY	9M-19	9M-18	% YoY
Email	3.4	2.8	21.4	9.7	8.3	17.4
SMS	9.8	6.0	64.8	30.6	17.9	71.2
Predictive Marketing	0.7	-	n.a.	1.5	-	n.a.
Professionals Services	0.2	0.1	119.9	0.6	0.4	68.1
Other revenues	0.2	0.3	(24.0)	1.1	0.6	85.7
Total revenues	14.3	9.1	56.8	43.6	27.1	60.6
EBITDA *	1.2	0.7	n.s.	3.3	2.6	n.s.
% margin	8.3	8.1		7.6	9.6	

Source: Company data, CFO SIM analysis * 2019 figure includes the IFRS 16 effect

In 9M-19 revenues raised by 60.6% to € 43.6m (up 56.0% organic). **SMS soared by 71.2%**, one of the fastest growing business line, while **Email**, being a more stable and consolidated segment, **grew by 17.4%**. **Datatrics** generated revenues of **€ 1.5m**, vs. € 1.0m in FY-18 (Datatrics was acquired last Dec-18 but consolidated only since 1-Jan-19). **EBITDA was € 3.3m, 7.6% margin**. EBITDA was positively impacted by the IFRS 16 adoption and negatively by the aforementioned one-off cost related to Agile Telecom and the still negative margin contributions of Datatrics. **NFP was € 1.3m cash** after 1) higher indebtedness for € 4.9m stemming from the IFRS 16 application, 2) the payment of the last earn-out tranche of Agile Telecom (€ 0.6m in Jun-19) and 3) the payment of the 2nd tranche for Datatrics acquisition (€ 0.4m in Apr-19).



11. Financial Forecasts

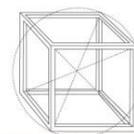
Founded in Cremona (Italy) in 2002 as email service provider, MailUp is now a **leading international scale-up in the European Cloud Marketing Technologies** market; one of the fastest growing industries worldwide. The group has offered solid organic growth since its establishment, boosted by a few acquisitions since the IPO in 2014: revenues and EBITDA showed a 41% and 50% CAGR₁₃₋₁₈ respectively. **Our estimates include the IFRS 16 adoption:** on the back of H1-19 and Q3-19 results, we expect for each year 1) less rental costs for € 1.0m, 2) higher D&A of € 0.9m, 3) € 30k of additional financial charges and 4) net debt increased by € 4.9m. **We do not take into account any external growth opportunity.**

Our top line progression estimates are based on different assumptions for each group business unit: 1) **MailUp** is expected to grow with a conservative CAGR₁₈₋₂₁ of +12.0%, as it works mainly in email marketing, a stable and consolidated segment of the market (anticipated to grow with a CAGR₁₈₋₂₁ of 18.0%); 2) as SMS is an extremely volatile and dynamic industry, we think **Agile Telecom** may continue to gain market shares over the next few years thanks to its winning selling proposition (namely competitive price and free customer service 24/7), although slowing down compared to the last three years growth (CAGR₁₈₋₂₁ is anticipated at 25.8% vs. 64.7% in 2016-18); 3) **BEE and Datatrics** are expected to more than double their dimension, thanks to huge investments aiming at strengthening their operating and commercial structures and to cross-selling opportunities which shall be exploited within the group; 4) **Acumbamail** is expected to grow with a CAGR₁₈₋₂₁ of 26.0%, expanding its commercial offer to the Spanish-speaking countries of LATAM. Overall, **CFO SIM expects consolidated top line to show a 28.4% CAGR₁₈₋₂₁** (vs. 18% of email marketing and 15% of marketing automation segments).

Table 6 – MailUp, 2017-21e top line growth evolution breakdown

€ m	2017	2018	2019e	2020e	2021e	% CAGR ₁₈₋₂₁
Total revenues	27.3	40.2	59.5	75.0	85.0	28.4
MailUp	12.3	13.8	15.5	17.3	19.4	12.0
Agile Telecom	14.8	26.3	39.7	47.7	52.4	25.8
BEE	0.6	1.2	2.8	5.5	6.9	78.9
Datatrics	-	-	2.2	4.9	6.5	n.a.
Acumbamail	0.7	0.9	1.3	1.6	1.8	26.0
Holding	1.5	1.4	1.4	1.4	1.4	0.0
Consol. Adj.	(2.6)	(3.4)	(3.4)	(3.4)	(3.4)	(0.3)
% YoY						
Total revenues	26.2	47.2	48.0	26.2	13.3	
MailUp	3.0	12.2	12.0	12.0	12.0	
Agile Telecom	52.6	77.7	51.0	20.0	10.0	
BEE	200.0	100.0	135.0	95.0	25.0	
Datatrics	-	-	-	123.0	33.0	
Acumbamail	40.0	28.6	40.0	30.0	10.0	
Holding	36.4	(6.7)	0.0	0.0	0.0	
Consol. Adj.	44.4	30.8	(1.0)	0.0	0.0	
% on total						
Total revenues	100.0	100.0	100.0	100.0	100.0	
MailUp	45.0	34.3	26.0	23.1	22.8	
Agile Telecom	54.2	65.4	66.8	63.5	61.6	
BEE	2.2	3.0	4.7	7.3	8.1	
Datatrics	-	-	3.7	6.5	7.7	
Acumbamail	2.6	2.2	2.1	2.2	2.1	
Holding	5.5	3.5	2.4	1.9	1.6	
Consol. Adj.	(9.5)	(8.5)	(5.7)	(4.5)	(4.0)	

Source: Company data, CFO SIM estimates



Agile Telecom is anticipated to remain the largest business unit in terms of revenues contribution (€ 52.4m in 2021, about 60% of total). BEE and Datatrics, potentially the most lucrative business units, are expected to reach in 2021 € 6.9m and € 6.5m respectively (16% on total).

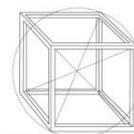
Table 7 – MailUp, 2017-21e EBITDA growth evolution breakdown

€ m	2017	2018	2019e	2020e	2021e	% CAGR ₁₈₋₂₁
EBITDA	2.9	3.8	4.7	5.3	7.3	24.8
MailUp	2.3	2.3	2.4	2.7	3.1	10.7
Agile Telecom	1.4	2.5	1.8	2.2	2.6	0.9
BEE	0.0	0.4	0.7	0.5	0.8	23.6
Datatrics	-	-	(0.6)	(0.5)	0.5	n.a.
Acumbamail	0.3	0.2	0.3	0.3	0.4	27.6
Holding	(1.1)	(1.6)	0.0	0.0	0.0	n.a.
% margin						
EBITDA	10.5	9.4	7.8	7.1	8.6	
MailUp	18.4	16.4	15.6	15.7	15.8	
Agile Telecom	9.5	9.5	4.6	4.7	4.9	
BEE	-	33.3	25.0	10.0	11.0	
Datatrics	-	-	(25.8)	(10.9)	8.1	
Acumbamail	42.9	22.2	23.5	21.2	23.1	
Holding	(73.3)	(114.3)	-	-	-	
% YoY						
EBITDA	18.6	30.9	23.7	14.3	37.6	
MailUp	(7.8)	0.0	7.0	12.4	12.7	
Agile Telecom	3.7	78.6	(27.6)	24.1	14.2	
BEE	n.m.	n.m.	76.3	(22.0)	37.5	
Datatrics	-	-	-	6.0	199.1	
Acumbamail	200.0	(33.3)	48.3	17.0	19.8	
Holding	(17.9)	(45.5)	n.m.	n.m.	n.m.	
% on total						
EBITDA	100.0	100.0	100.0	100.0	100.0	
MailUp	78.5	60.0	51.9	51.0	41.8	
Agile Telecom	48.6	66.3	38.8	42.2	35.0	
BEE	0.3	10.6	15.1	10.3	10.3	
Datatrics	-	-	(12.2)	(10.0)	7.2	
Acumbamail	10.4	5.3	6.4	6.5	5.7	
Holding	(38.2)	(42.5)	0.0	0.0	0.0	

Source: Company data, CFO SIM estimates

Bear in mind that starting from **2019 the holding costs are split up over the five business units**. Furthermore, **profitability is anticipated to reduce in 2019-20** as a result of:

- 1) CFO SIM expects a **significant increase in the personnel cost** for BEE and Datatrics in order to strengthen their operating and commercial structures, still undersized compared to mid-long term market potential. As a result, the group personnel expenses are anticipated at € 11.5m and € 16.0m in 2019-20 respectively (vs. € 7.2m in FY-18).
- 2) **Datatrics is still in a start-up phase**: EBITDA is anticipated negative for € 0.6m and € 0.5m in 2019-20, respectively.
- 3) **An increase of R&D expenses** tied to the group selling proposition enlargement: adding new technological solutions and strengthening the existing tools.
- 4) In 2019 Agile Telecom profitability is negatively impacted by an **one-off cost** for about € 0.7m stemming from a price increase related to some 2018 Agile Telecom purchases.



Starting from 2021, CFO SIM expects a progressive recovery of profitability, on the back of 1) the change in revenue mix with a greater contribution of the highest value-added business units (namely BEE and Datatrics), 2) the exploitation of the synergies among different business units, strengthened by cross-fertilisation and cross-selling opportunities and 3) a moderate volume effect on fixed costs.

As Agile Telecom is a wholesale SMS distributor, its cost structure is almost entirely composed by variable costs since they are directly linked to the volume of SMS packages purchased and resold. That is to say the increase of top line of this BU, drives the progression of variable costs too: **the operating leverage effect is rather low here.**

Table 8 – MailUp, 2017-21e profitability evolution

€ m	2017	2018	2019e	2020e	2021e	% CAGR ₁₈₋₂₁
Total revenues	27.3	40.2	59.5	75.0	85.0	28.4
Purchases	(12.1)	(22.7)	(37.0)	(45.0)	(50.2)	
Services	(5.3)	(5.7)	(6.0)	(9.1)	(10.1)	
Personnel expenses	(6.0)	(7.2)	(11.5)	(16.0)	(18.0)	
Other opex	(1.0)	(0.9)	(1.3)	(0.6)	(0.4)	
IFRS 16 Effect	-	-	1.0	1.0	1.0	
EBITDA	2.9	3.8	4.7	5.3	7.3	24.8
% margin	10.5	9.4	7.8	7.1	8.6	
D&A	(1.6)	(1.9)	(3.0)	(3.2)	(3.2)	
EBIT	1.3	1.9	1.6	2.1	4.1	29.1
% margin	4.7	4.7	2.8	2.9	4.8	

Source: Company data, CFO SIM estimates

D&A are projected to increase by € 1.1m in 2019, of which € 0.9m stemming from the first time adoption of IFRS 16 accounting principle. Then they are anticipated at € 3.2m for 2020-21, on the back of the limited capex amount expected for the period, mainly represented by R&D expenses capitalised (capex broadly equal to D&A). As a result, **EBITDA and EBIT are expected to grow with 24.8% and 29.1% CAGR in 2018-21e.**

Table 9 – MailUp, 2017-21e profitability evolution

€ m	2017	2018	2019e	2020e	2021e	% CAGR ₁₈₋₂₁
EBIT	1.3	1.9	1.6	2.1	4.1	29.1
% margin	4.7	4.7	2.8	2.9	4.8	
Financials	(0.1)	0.0	(0.0)	(0.0)	(0.0)	
Extraordinary	0.0	0.0	0.0	0.0	0.0	
Pre-Tax profit	1.2	1.9	1.6	2.1	4.1	28.3
% margin	4.4	4.8	2.7	2.8	4.8	
Income taxes	(0.6)	(0.7)	(0.5)	(0.7)	(1.4)	
Tax rate	49.1%	34.6%	34.5%	34.5%	34.5%	
Minorities	(0.1)	0.0	0.0	0.0	0.0	
Net Profit	0.5	1.3	1.0	1.4	2.7	28.3
% margin	2.0	3.1	1.8	1.8	3.1	

Source: Company data, CFO SIM estimates

Below EBIT, CFO SIM expects insignificant financial costs due to the low interest bearing liabilities and the high amount of cash and cash equivalents. Tax burden is predicted stable at a 34.5% rate. As a result, **Net Profit is anticipated to show a 28.3% CAGR in 2018-21e.**

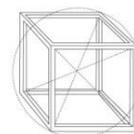


Table 10 – MailUp, 2017-21e Net Financial Position and financial solidity

€ m	2017	2018	2019e	2020e	2021e
Year-end NFP (Cash)/Debt	(7.3)	(6.4)	(1.9)	(3.3)	(5.1)
Average (Cash)/debt	(4.1)	(6.8)	(4.1)	(2.6)	(4.2)
Gross debt	3.5	1.8	1.8	1.8	1.8
EBITDA	2.9	3.8	4.7	5.3	7.3
Shareholders' equity	13.8	15.9	16.9	18.3	20.9
Minorities	0.1	0.0	0.0	0.0	0.0
Interest charges	(0.1)	0.0	(0.0)	(0.0)	0.0
NFP/Equity	(0.5)	(0.4)	(0.1)	(0.2)	(0.2)
NFP/EBITDA	(2.5)	(1.7)	(0.4)	(0.6)	(0.7)
EBITDA/charges	37.0	n.s.	n.s.	n.s.	n.s.
Debt/Equity	0.2	0.1	0.1	0.1	0.1

Source: Company data, CFO SIM estimates

MailUp has an **extremely solid balance sheet structure** characterised by 1) a **very low 0.7% Op.WC/sales ratio in 2018**, sustainable in the future, thanks to the broadly matching balance between receivables and payables, 2) a **tiny portion of interest bearing liabilities**, more than counterbalanced by cash and cash equivalents and 3) a **massive group equity** compared to total assets (37% of total assets).

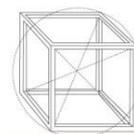
Capex, excluding the repayment for Datatrics acquisition, are expected at **€ 3.0m per year in 2019-21**, mainly represented by capitalised R&D costs for the development and the enlargement of proprietary platforms and tools. Tangible capex is significantly low and is mainly related to the purchasing of hardware and IT infrastructures.

As a result, **operating cash flow massively translates into free cash flow**: according to a rudimentary simulation, including the IFRS 16 effects also in the CF statement, **EBITDA free cash flow conversion stands at about 50% per year on average in 2019-21**. Thus, YoY net financial position repayment capability allows MailUp to reach **€ 5.1m net cash position in 2021**. Bear in mind that starting from 2019 the NFP includes the additional indebtedness stemming from the IFRS 16 accounting principle adoption, anticipated conservatively by € 4.9m per year, as in Q3-19.

Table 11 – MailUp, 2017-21e Net Financial Position and financial solidity

€ m	2017	2018	2019e	2020e	2021e
Op NWC	(1.0)	0.3	0.9	0.5	0.4
Inventories	0.0	0.0	0.0	0.0	0.0
Receivables	3.7	8.4	12.5	15.2	16.8
Payable	(4.7)	(8.1)	(11.6)	(14.7)	(16.4)
Op NWC/Sales	(3.7)	0.7	1.6	0.7	0.5
Capital Employed	18.6	19.5	26.4	28.7	31.8
Capital Employed turnover x	0.7	0.5	0.4	0.4	0.4
NFP debt/(cash)	(7.3)	(6.4)	(1.9)	(3.3)	(5.1)
NFP repayment YoY	(6.3)	0.9	4.5	(1.4)	(1.7)
ROACE%	-	9.9	7.2	7.8	13.5
ROCE %	6.9	9.7	6.2	7.5	12.8
ROE %	4.0	7.9	6.2	7.5	12.7
EBITDA - FCF Conversion %	61.4	(5.2)	57.2	58.1	36.3

Source: Company data, CFO SIM estimates



12. Valuation & Risks

We believe MailUp is currently fairly priced on fundamentals, also considering the remarkable breathtaking stock price performance YTD (up 99.6%). **CFO SIM initiates coverage of MailUp with a NEUTRAL recommendation and PT fully diluted of € 4.80/s**, 3.7% upside. We believe that a **sum of the parts is the most appropriate methodology** to get a reasonable valuation of the group. We set up three samples of firms working respectively in 1) **email marketing**, 2) **mobile messaging** and 3) **predictive marketing**, in order to assess with a consistent multiple each business unit of the group. Then, we applied 2020e multiples (20% discounted) as follows: the EV/EBITDA multiple of dotDigital Group to MailUp, Acumbamail and BEE metrics, 2) the median EV/EBITDA of the mobile messaging panel to Agile Telecom metrics and 3) the median EV/Sales of the predictive marketing cluster to Datatrics metrics. Thus, we get an **appraisal of MailUp equity value of € 4.80/s**, broadly in line with current price.

We also ran a DCF model to corroborate the value obtained by the market practice. The model is based on standard settings for a small-cap, including a $g=1.50\%$, $\beta=0.70$ and $WACC=7.6\%$, penalised by the zero debt balance sheet structure. According to the **DCF model, we assess a valuation of € 5.50/s**.

The fully diluted number of shares (16,237,937) derives from the maximum € 3.0m amount (€ 2.368/share) related to the reserved capital increase stemming from the maximum variable earn-out fee to be paid to BMC Holdings if certain Datatrics revenue targets will be reached by Dec-22.

12.1. Sum of the parts

The sum-of-parts valuation, also known as breakup value analysis, is a process of valuing a company by determining what its aggregate divisions would be worth if spun off or acquired. The valuation provides the company value by aggregating the standalone value of each of its business units. The equity value is then derived by adjusting by net debt and pension provisions. Bear in mind that MailUp has no minority interests in its consolidated balance sheet and the holding costs were already split up over the five business units of the group.

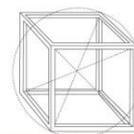
MailUp is a vertically integrated player operating in the marketing technology sector. Through its **five synergic business units**, the group is able to manage an entire marketing campaign, from data collection to omni-channel activation. In order to better appraise the different business units of the MailUp group, we conducted an analysis on three clusters: 1) companies operating in the email marketing arena, 2) players working in the mobile messaging sector and 3) firms operating in the predictive marketing niche.

To evaluate the MailUp, Acumbamail and BEE business units, providing email marketing products and services, we considered **dotDigital Group Plc (United Kingdom)** as the closest comparable: the group provides software, service technology and tools for digital marketing. Furthermore, it offers Software as a Service (SaaS) technologies, email marketing consultancy and managed services for businesses.

Amongst mobile messaging players, suitable to appraise the Agile Telecom business unit, we selected:

IMImobile PLC (United Kingdom): IMImobile provides mobile applications and other software solutions to assist companies in customer relations management, revenue generation, and productivity enhancement. The company serves customers globally.

Sinch AB (Sweden): Sinch develops cloud communication platform. The company offers personalised messaging, number masking, video calling, voicemail, and other related services. Sinch serves customers mainly in Sweden.



Vonage Holdings Corp. (USA): Vonage's fully-integrated cloud communications platform enables businesses to collaborate more productively and engage their customers more effectively across all channels, including messaging, chat, social media, video and voice. In particular, **Nexmo**, controlled by Vonage Holdings, is a global leader in the Communication Platforms as a Service (CPaaS) sector, providing APIs for text messaging and voice communications.

Among the predictive marketing companies, relevant to assess Datatrics business unit, we picked:

HubSpot Inc (USA): HubSpot provides a cloud-based marketing and sales software platform. The company offers integrated applications that helps in lead generation and social marketing.

Neosperience SpA (Italy): Neosperience, listed on AIM Italia, provides digital marketing and e-commerce technologies. The company develops AI proprietary models that extract personality traits, lifestyle, attitudes, and behaviour from the interaction with their website, application, chat, social media, and aggregators.

SharpSpring Inc (USA): SharpSpring provides cloud-based marketing solutions. The company offers email automation, CRM, call tracking, social platform, and analytical solutions. SharpSpring serves customers in the United States.

Based on CFO SIM 2019-20 estimates, MailUp shows a **higher Sales CAGR** compared to the all three cluster's median.

Table 12 – MailUp, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR ₁₈₋₂₁	EBITDA CAGR ₁₈₋₂₁	EBIT CAGR ₁₈₋₂₁	EPS CAGR ₁₉₋₂₁	NFP /EBITDA
dotDigital Group PLC (Email Marketing)	UK	328	57	20	34.8%	15.9%	12.7%	28.5%	7.2%	(1.5)
IMImobile PLC	UK	278	203	26	12.7%	16.2%	48.3%	123.6%	17.9%	0.9
Sinch AB (publ)	Sweden	1,382	465	47	10.1%	18.3%	27.7%	38.4%	31.5%	1.3
Vonage Holdings Corp	USA	1,608	1,066	143	13.4%	12.2%	11.6%	21.9%	35.8%	3.1
Mobile Messaging median		830	334	36	11.4%	17.3%	38.0%	81.0%	24.7%	1.1
HubSpot Inc	USA	5,977	608	77	12.6%	27.3%	n.s.	n.s.	29.3%	(7.4)
Neosperience SpA	Italy	44	15	4	25.3%	47.6%	28.7%	122.1%	102.5%	(1.6)
SharpSpring Inc	USA	99	20	(7)	n.s.	25.8%	n.s.	n.s.	n.s.	n.s.
Predictive Marketing median		99	20	4	19.0%	27.3%	28.7%	122.1%	65.9%	(4.5)
MailUp SpA	Italy	69	59	5	7.8%	28.4%	24.8%	29.1%	59.4%	(0.4)

Source: CFO SIM, Thomson Reuters Eikon

Table 13 – MailUp, peer group EV multiple table

x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
dotDigital Group PLC (Email Marketing)	5.28	4.52	3.88	15.2	13.0	11.8
IMImobile PLC	1.48	1.24	1.05	11.7	9.3	7.9
Sinch AB (publ)	3.10	2.45	2.10	30.8	22.2	18.4
Vonage Holdings Corp	1.92	1.70	1.46	14.3	13.3	11.4
Mobile Messaging median	1.92	1.70	1.46	14.3	13.3	11.4
HubSpot Inc	8.90	7.09	5.66	70.4	56.0	39.2
Neosperience SpA	2.51	1.78	1.12	9.9	7.1	4.3
SharpSpring Inc	4.39	3.62	3.27	n.s.	n.s.	n.s.
Predictive Marketing median	4.39	3.62	3.27	40.1	31.5	21.8
MailUp SpA	1.13	0.88	0.75	14.4	12.4	8.8
% Prem./disc.) to dotDigital PLC	(78.6)	(80.6)	(80.5)	(4.9)	(5.1)	(25.5)
% Prem./disc.) to Mobile Messaging	(40.9)	(48.4)	(48.3)	1.0	(6.8)	(23.0)
% Prem./disc.) to Predictive Marketing	(74.2)	(75.8)	(76.9)	(64.0)	(60.8)	(59.8)

Source: CFO SIM, Thomson Reuters Eikon

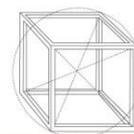


Table 14 – MailUp, peer group EV & price multiple table

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
dotDigital Group PLC (Email Marketing)	17.2	14.9	10.6	23.1	21.1	20.1
IMImobile PLC	15.3	12.1	10.2	19.1	15.6	13.7
Sinch AB (publ)	47.9	30.7	24.0	58.5	42.7	33.8
Vonage Holdings Corp	23.8	22.0	18.2	41.0	33.8	22.2
Mobile Messaging median	23.8	22.0	18.2	41.0	33.8	22.2
HubSpot Inc	108.0	83.6	53.2	95.8	83.3	57.3
Neosperience SpA	25.1	9.8	5.3	43.7	17.5	10.7
SharpSpring Inc	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Predictive Marketing median	66.5	46.7	29.3	69.8	50.4	34.0
MailUp SpA	41.1	30.8	15.7	66.3	50.3	26.1
% Prem./disc.) to dotDigital PLC	138.6	106.8	48.4	187.1	139.0	29.8
% Prem./disc.) to Mobile Messaging	72.8	40.2	(13.5)	61.8	49.0	17.4
% Prem./disc.) to Predictive Marketing	(38.3)	(34.1)	(46.3)	(4.9)	(0.1)	(23.2)

Source: CFO SIM, Thomson Reuters Eikon

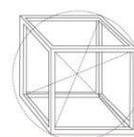
In our SOP valuation, we used 1) the EV/EBITDA multiple of dotDigital Group to evaluate the MailUp, Acumbamail and BEE business units, 2) the median EV/EBITDA multiple of the Mobile Messaging panel to appraise the Agile Telecom business unit and 3) the median EV/Sales multiple of the Predictive Marketing cluster to assess Datatrics business unit. We applied a **20% discount to peer's multiples**, mainly due to MailUp smaller size and the low level of the stock liquidity on the back of the listing on the AIM Italia.

In order to price into our valuation the growth potential and the decent degree of visibility linked to the MailUp business model (namely 1/3 of FY revenues are recurring), **we decided to assess the equity value using 2020e figures**. We attain a **PT fully diluted of € 4.80/s, 3.7% upside**.

Table 15 – MailUp, Sum of the Parts equity value assessment

	€ m	% on EV	Methodology
MailUp BU	28.4	37.4	10.4x peer multiple on € 2.7 m BU EBITDA 2020
Acumbamail BU	3.6	4.8	10.4x peer multiple on € 0.3 m BU EBITDA 2020
BEE BU	5.7	7.6	10.4x peer multiple on € 0.5 m BU EBITDA 2020
Agile Telecom BU	23.9	31.5	10.6x peer multiple on € 2.2 m BU EBITDA 2020
Datatrics BU	14.2	18.8	2.9x peer multiple on € 4.9 m BU Sales 2020
Total EV	75.8	100.0	
NFP	3.3		FY-20e Net Financial Position
Pension Provision	(1.6)		Pension last reported - H1-19
Equity Value	77.6		
Per share FD	4.80		
% upside/(downside)	3.7%		

Source: CFO SIM, Thomson Reuters Eikon



12.2. DCF

In the valuation via the DCF method, we assess explicit estimates until 2023 and a long term growth of 1.5%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 16 - WACC derived from:

Interest costs, pre-tax	2.5%
Tax rate	34.5%
Inf. costs, after taxes	1.6%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 2W average)	1.30%
Beta levered (x)	0.7
Required ROE	7.6%

Source: CFO SIM, Thomson Reuters Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all AIM Italia market segment related concerns and disquiets that an investor might have. **Beta at 0.70** corresponds to the 1Y beta levered of MailUp (source: Bloomberg). The WACC is computed using 0/100% debt/equity current balance sheet structure, thus penalising the valuation of the group.

Table 17 - MailUp, DCF model

€ k	2019e	2020e	2021e	2022e	2023e	Term. Val.
EBIT	1.6	2.1	4.1	6.1	9.2	
Tax rate	34.5%	34.5%	34.5%	34.5%	34.5%	
Operating profit (NOPAT)	1.1	1.4	2.7	4.0	6.0	
Change working capital	(0.6)	0.4	0.1	0.1	0.1	
Depreciation	3.0	3.2	3.2	3.2	2.5	
Investments	(3.0)	(3.0)	(3.0)	(2.5)	(2.5)	
Free Cash Flows	0.4	2.0	3.0	4.8	6.1	101.8
Present value	0.4	1.9	2.6	3.9	4.6	75.7
WACC	7.6%	7.6%	7.6%	7.6%	7.6%	
Long-term growth rate	1.5%					

Source: CFO SIM

Table 18 – MailUp, DCF derived from:

€ m	
Total EV present value € m	89.1
<i>thereof terminal value</i>	85%
NFP last reported - Q3-19	1.3
Pension last reported - H1-19	(1.6)
Equity value € m	88.7
# shares FD m	16.2
Equity value €/s FD	5.50
<i>% upside/(downside)</i>	18.8%

Source: CFO SIM

The outcome of our DCF model set up an equity value of € 88.7m for MailUp, € 5.50/s.

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value between **€ 4.94-6.18/s (perpetuity range between 0.75% and 2.25%)**, while 2) compared to changes in the free risk rate produces an equity value of **€ 4.84-6.31/s (free risk range between 2.05% and 0.55%)** and 3) compared to changes in the risk premium, including small size premium results into an equity value of **€ 4.63-6.71/s (risk premium range between 10.5 % and 7.50%)**.

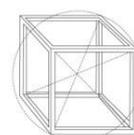


Table 19 – MailUp, equity value sensitivity to changes in terminal growth rate

€ m	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%
Present value of CF	13.3	13.3	13.3	13.3	13.3	13.3	13.3
PV of terminal value	66.9	69.6	72.6	75.7	79.2	82.9	87.0
Total value	80.3	83.0	85.9	89.1	92.5	96.2	100.3
NFP last reported - Q3-19	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Pension last reported - H1-19	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)
Equity value € m	80.0	82.7	85.6	88.7	92.2	95.9	100.0
# shares FD m	16.2	16.2	16.2	16.2	16.2	16.2	16.2
Equity value €/s FD	4.94	5.11	5.29	5.50	5.70	5.93	6.18

Source: CFO SIM

Table 20 – MailUp, equity value sensitivity to changes in free risk rate

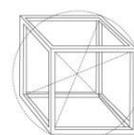
€ m	0.55%	0.80%	1.05%	1.30%	1.55%	1.80%	2.05%
Present value of CF	13.6	13.5	13.4	13.3	13.2	13.2	13.1
PV of terminal value	88.8	84.1	79.7	75.7	72.1	68.7	65.6
Total value	102.4	97.6	93.1	89.1	85.3	81.8	78.6
NFP last reported - Q3-19	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Pension last reported - H1-19	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)
Equity value € m	102.1	97.2	92.8	88.7	85.0	81.5	78.3
# shares FD m	16.2	16.2	16.2	16.2	16.2	16.2	16.2
Equity value €/s FD	6.31	6.01	5.74	5.50	5.26	5.04	4.84

Source: CFO SIM

Table 21 – MailUp, equity value sensitivity to changes in risk premium

€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
Present value of CF	13.7	13.6	13.4	13.3	13.2	13.1	13.0
PV of terminal value	95.2	87.8	81.4	75.7	70.7	66.2	62.1
Total value	108.9	101.4	94.8	89.1	83.9	79.3	75.1
NFP last reported - Q3-19	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Pension last reported - H1-19	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)
Equity value € m	108.6	101.1	94.5	88.7	83.6	79.0	74.8
# shares FD m	16.2	16.2	16.2	16.2	16.2	16.2	16.2
Equity value €/s FD	6.71	6.25	5.85	5.50	5.17	4.88	4.63

Source: CFO SIM



12.3. Peer Stock Performance

MailUp was listed on AIM Italia (Alternative Investment Market) on 29 July 2014 at € 2.50/share (€ 1.92/share the IPO price adjusted as a result of the free capital increase of 11-Apr-16), corresponding to a market capitalisation post money of € 20.0m. **MailUp trades well above the IPO price**, registering top notch performances: +99.6% YTD and +141.1% since the IPO. The stock reached 1Y intraday maximum of € 4.88/s on 25-Oct-19 and a minimum of € 2.26 on 02-Jan-19.

Table 22 – MailUp, peer groups and indexes absolute performance

	1D	1W	1M	3M	6M	YTD	1Y
dotDigital Group PLC (Email Marketing)	0.4	4.4	5.6	0.9	(17.1)	19.2	14.8
IMImobile PLC	0.3	2.0	4.5	(5.0)	(4.3)	31.9	28.1
Sinch AB (publ)	1.5	0.7	23.7	92.1	64.6	209.2	224.1
Vonage Holdings Corp	0.1	2.1	(0.1)	(42.4)	(36.6)	(15.3)	(18.7)
Mobile Messaging median	0.3	2.0	4.5	(5.0)	(4.3)	31.9	28.1
HubSpot Inc	(1.1)	2.0	3.0	(5.0)	(12.6)	23.8	24.0
Neosperience SpA	(1.7)	(2.6)	(11.2)	(29.5)	(45.0)	n.a.	n.a.
SharpSpring Inc	(0.7)	(0.9)	(5.3)	(9.5)	(20.6)	(20.1)	(18.6)
Predictive Marketing median	(1.1)	(0.9)	(5.3)	(9.5)	(20.6)	1.8	2.7
MailUp SpA	2.2	0.7	5.0	5.2	32.7	99.6	92.1
MSCI World Index	(0.0)	2.1	2.3	6.1	8.6	24.0	22.1
EUROSTOXX	(0.4)	1.9	1.4	6.2	7.9	23.1	20.6
FTSE Italia All Share	0.4	1.9	1.5	8.5	11.8	28.0	25.9
FTSE STAR Italia	(0.0)	0.1	4.4	12.6	12.4	28.7	27.5
FTSE AIM Italia	0.3	(0.1)	2.5	(1.7)	(10.0)	(4.5)	(2.6)

Source: Thomson Reuters Eikon

Table 23 – MailUp relative performances

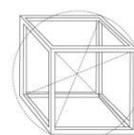
	1D	1W	1M	3M	6M	YTD	1Y
To dotDigital Group PLC	1.8	(3.8)	(0.6)	4.4	49.8	80.3	77.3
To peer Mobile Messaging median	1.9	(1.3)	0.5	10.2	37.0	67.7	64.0
To peer Predictive Marketing median	3.3	1.5	10.2	14.7	53.3	97.7	89.4
To MSCI World Index	2.2	(1.4)	2.7	(0.9)	24.0	75.5	70.1
To EUROSTOXX	2.7	(1.3)	3.6	(1.0)	24.7	76.5	71.5
To FTSE Italia All Share	1.8	(1.3)	3.5	(3.3)	20.9	71.6	66.2
To FTSE STAR Italia	2.3	0.6	0.6	(7.3)	20.3	70.9	64.6
To FTSE AIM Italia	2.0	0.8	2.4	6.9	42.7	104.0	94.7

Source: Thomson Reuters Eikon

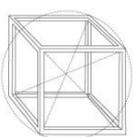
12.4. Risks

The principal investment **risks** in MailUp include:

- Fast technological development might increase the competitive pressure;
- Risks due to ICT malfunctions;
- Dilution on profitability stemming from the acquisition campaign;
- Impact on economics and balance sheet profile triggered by a deep decline in global economic growth or geopolitical instability;
- The departure of one or a few key relevant people;
- M&A execution might be hampered by potential consolidating actors in the industry with higher fire power.



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ANALYST CERTIFICATION

This publication was prepared by **LUCA ARENA**, Head of the Equity Research Department of "Corporate Family Office SIM S.p.A." ("CFO SIM") and **GIANLUCA MOZZALI**, Equity Analyst of CFO SIM. This is to certify that the views expressed on the companies mentioned in this document reflect the analysts' personal opinions and that no direct or indirect recompense has been, or will be, received by the analyst further to the views expressed herein.

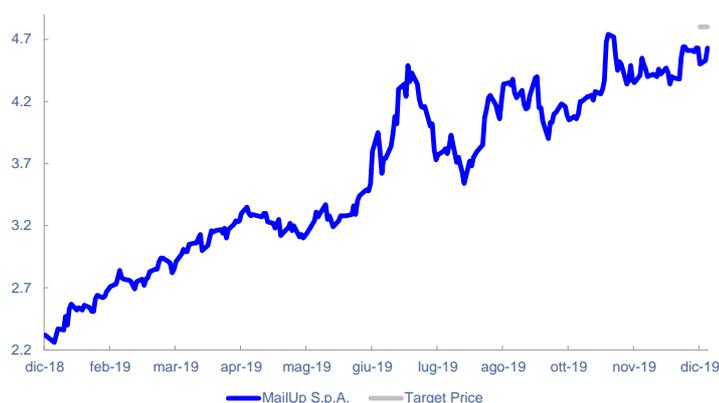
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DATE	TARGET PRICE	RATING
18/12/2019	€4.80	NEUTRAL

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- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/- 15% bands identified using the preceding criteria.

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

