

Italy – Marketing Technology

Paving the way for medium-term growth

30th March 2021

FY-20 RESULTS RELEASE

RIC: MAIL.MI
BBG: MAIL IM

MailUp reported a good set of FY-20 results, broadly in line with CFO SIM projections in terms of top line and EBITDA. The new name, “Growens”, is intended to better identify an international group providing its clients with multi-channel solutions for marketing automation, aiming at expanding both organically and through M&A.

Rating:

Buy

Price Target:

€ 6.00 (€ 6.60)

Upside/(Downside): **39.5%**

Last Price: € 4.30

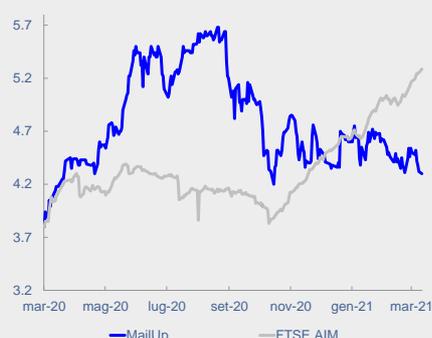
Market Cap.: € 64.6m

1Y High/Low: € 5.74 / € 3.95

Free Float: 36.8%

Major shareholders:

Alberto Miscia	10.7%
Matteo Monfredini	10.6%
Nazzareno Gorni	10.6%
Luca Azzali	10.2%
Matteo Bettoni	10.1%



Stock price performance

	1M	3M	12M
Absolute	-2.5%	-2.1%	5.4%
Rel.to AIM Italia	-6.6%	-11.6%	-63.0%
Rel.to Peers median	14.8%	-10.7%	-124.1%

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New PT € 6.00/s (€ 6.60), 39.5% upside: Buy

MailUp reported FY-20 results broadly in line with CFO SIM projections in terms of top line and EBITDA. As we expected, Q4 was almost flat YoY as a result of the further deterioration of the business due to the enduring pandemic. The group in 2021 will continue to strengthen its operating structure, hiring senior staff members in order to take advantage of the recovery in the demand for marketing activities in the medium-term. Thus, we have updated our model, factoring in: 1) almost unchanged top line growth assumptions for 2021-22; 2) higher personnel expenses due to an increase in hiring in 2021 and 3) an increase in D&A, consistently with the 2020 trend. The combined result is an average 16.6% and 43.0% reduction in EBITDA and Net Profit in 2021-22. We also introduced estimates for 2023. The new DCF-based fully diluted PT is set at € 6.00/s (€ 6.60/s), offering 39.5% upside: the Buy recommendation is reiterated.

Turnover grew by 7.3% YoY thanks to the positive contribution of all business units

In 2020, total revenues reached € 65.2m, up by 7.3% YoY, broadly in line with CFO SIM estimate. The SMS business totalled € 44.5m, up by 4.2% YoY. It suffered from the material slowdown in drive-to-store traffic related to retail clients, partially counterbalanced by the increase in transactional messages. The Email business line increased by 15.5% YoY, reaching € 16.5m, mainly driven by the excellent performance of BEE editor (up by 52.3% YoY) and Acumbamail (up by 29.9% YoY). Predictive marketing sales totalled € 2.7m, up 18.9% YoY as a consequence of the 21.3% increase in Daticrics' turnover. Lower growth compared to 2019 is due to the dramatic effect of the COVID-19 pandemic, which caused a slowdown in sales as well as an increase in the churn rate.

EBITDA at € 5.1m, 7.8% margin. Planned strategic investments were not suspended

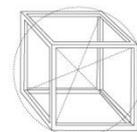
EBITDA was € 5.1m (7.8% margin) vs € 4.8m (7.9% margin) in FY-19 and our estimate of € 5.0m (7.6% margin). EBITDA benefited from an increase in gross margin (from 27.5% to 31.9%) thanks to the implementation of several optimisation and cost savings strategies. As we expected, MailUp decided to not suspend the planned strategic investments, increasing expenditure in S&M (+37.7% YoY) and R&D (+44.5% YoY). Net profit came in at € 0.6m, compared to € 1.2m in FY-19 and our estimate of € 1.3m. The difference is mainly ascribable to higher-than-expected D&A, including the partial write-off of the € 155k goodwill on Globase as well as a FX loss of € 136k mainly related to the USD/EUR exchange rate.

Positive NFP at € 2.5m, cash and cash equivalents at € 9.9m

Net Financial Position was equal to € 2.5m cash (€ 2.4m cash in FY-19), after operating cash flow of € 4.2m, capex of € 3.0m (o/w € 1.9m are R&D capitalised costs, i.e. 2.9% of total revenues, in line with the previous year) and a purchase of treasury shares of € 324k. Notional debt arising from IFRS16 was € 3.7m. Cash and cash equivalents exceeded € 9.9m at end-20.

MailUp, key financials and ratios

€ m	2019	2020	2021e	2022e	2023e
Total Revenues	60.8	65.2	74.8	84.2	93.7
EBITDA	4.8	5.1	5.4	7.5	9.3
EBIT	1.8	1.4	1.8	4.0	5.8
Net profit	1.2	0.6	1.1	2.5	3.6
NFP (cash)/debt	(2.4)	(2.5)	(4.2)	(7.7)	(12.0)
EBITDA margin	7.9%	7.8%	7.3%	8.9%	9.9%
EBIT margin	3.0%	2.1%	2.4%	4.7%	6.2%
EPS €	0.08	0.04	0.07	0.16	0.24
EPS growth	-8.4%	-50.9%	93.6%	124.4%	46.5%
Free Cash Flow Yield	4.5%	3.2%	2.5%	5.4%	6.7%
PER x	47.4	127.2	59.0	26.3	18.0
PCF x	13.3	16.8	13.7	10.8	9.1
EV/Sales x	0.86	1.06	0.81	0.68	0.56
EV/EBITDA x	10.9	13.6	11.1	7.6	5.7
EV/EBIT x	28.2	50.2	33.4	14.3	9.1



The Company at a Glance

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

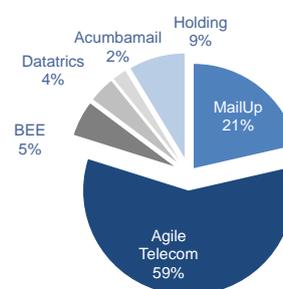
The group operates five synergic business units, corresponding to five different companies: MailUp, Agile Telecom, BEE, Datatrics and Acumbamail. The group achieved a significant growth path since its establishment: set up as a start-up in 2002, MailUp closed FY-20 with revenues of € 65.2m, EBITDA of € 5.1m and over 240 employees. Since the IPO in 2014 the group's revenues increased by a CAGR₁₃₋₂₀ of 37.0%, thanks to organic growth boosted by a few acquisitions.

In 2020, revenues were € 65.2m, EBITDA reached € 5.1m, 7.8% margin. EBIT stood at € 1.4m and Net Income totalled € 0.6m. Net Financial Position was € 2.5m cash, thanks to huge cash-flow generation.

2020 breakdown by service...



... and by business unit



Shareholder structure

Shareholders	%	# m
Alberto Miscia	10.7%	1.60
Matteo Monfredini	10.6%	1.59
Nazzareno Gorni	10.6%	1.59
Luca Azzali	10.2%	1.53
Matteo Bettoni	10.1%	1.51
Pronti Gianluca	6.1%	0.91
BMC Holding B.V. *	3.9%	0.58
Treasury shares	1.0%	0.15
Free Float	36.8%	5.51
Total	100.0%	14.97

Source: Company data

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

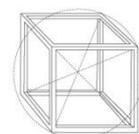
Peer group absolute performance

%	1D	1W	1M	3M	6M	YTD
dotDigital Group PLC	1.2	(2.9)	3.0	8.6	22.3	6.3
Kaleyra Inc	2.0	(9.0)	(22.4)	50.9	111.4	52.6
Sinch AB (publ)	(2.1)	(0.8)	(6.9)	14.8	100.8	12.1
Vonage Holdings Corp	(3.4)	(2.4)	(17.3)	(14.1)	13.2	(9.9)
Mobile Messaging median	(2.1)	(2.4)	(17.3)	14.8	100.8	12.1
HubSpot Inc	(3.7)	(7.9)	(19.6)	6.6	40.3	6.8
Neosperience SpA	(3.1)	1.4	5.4	8.8	16.3	8.1
SharpSpring Inc	(3.2)	(9.1)	(32.8)	(6.7)	45.1	(4.3)
Predictive Marketing median	(3.2)	(7.9)	(19.6)	6.6	40.3	6.8
MailUp SpA	(0.5)	(4.0)	(2.5)	(2.1)	(16.3)	(1.8)

Peer group multiples table

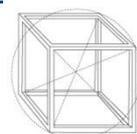
Price & EV multiples x	SALES FY1	SALES FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
dotDigital Group PLC (Email Marketing)	8.59	7.66	25.9	23.3	38.0	33.8	46.1	44.3
Kaleyra Inc	2.57	1.97	46.8	25.0	n.m.	243.3	n.m.	n.m.
Sinch AB (publ)	6.45	4.79	57.1	33.8	74.8	42.2	97.1	58.3
Vonage Holdings Corp	2.48	2.21	17.1	15.6	37.4	33.2	47.7	42.8
Mobile Messaging median	2.57	2.21	46.8	25.0	56.1	42.2	72.4	50.5
HubSpot Inc	16.29	12.77	132.4	96.5	191.9	133.2	252.6	173.1
Neosperience SpA	2.44	1.63	9.8	6.2	55.9	20.5	143.3	47.8
SharpSpring Inc	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Predictive Marketing median	9.37	7.20	71.1	51.4	123.9	76.9	197.9	110.5
MailUp SpA	0.81	0.68	11.1	7.6	33.4	14.3	59.0	26.3

Source: CFO SIM, Thomson Reuters Eikon





Income statement (€ m)	2019	2020	2021e	2022e	2023e
Total revenues	60.8	65.2	74.8	84.2	93.7
Purchases	(38.3)	(39.1)	(44.5)	(50.1)	(55.7)
Services	(7.2)	(8.8)	(10.7)	(10.6)	(12.2)
Personnel expenses	(10.0)	(11.6)	(13.4)	(15.2)	(15.6)
Other opex	(0.6)	(0.7)	(0.7)	(0.8)	(0.9)
EBITDA	4.8	5.1	5.4	7.5	9.3
D&A	(2.9)	(3.7)	(3.6)	(3.5)	(3.5)
EBIT	1.8	1.4	1.8	4.0	5.8
Financials	(0.0)	(0.2)	(0.1)	(0.1)	(0.1)
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	1.8	1.2	1.7	3.9	5.7
Income taxes	(0.7)	(0.6)	(0.6)	(1.4)	(2.1)
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit	1.2	0.6	1.1	2.5	3.6
Net Profit adj.	1.2	0.6	1.1	2.5	3.6
Balance sheet (€ m)	2019	2020	2021e	2022e	2023e
Net Working Capital	(1.7)	(1.5)	(0.6)	(0.4)	(0.3)
Net Fixed Assets	27.4	27.1	26.4	25.9	25.4
Equity Investments	0.1	0.2	0.2	0.2	0.2
Other M/L Term A/L	(11.3)	(11.0)	(11.8)	(12.5)	(12.9)
Net Invested Capital	14.6	14.8	14.2	13.2	12.4
Net Financial Position	(2.4)	(2.5)	(4.2)	(7.7)	(12.0)
Minorities	0.0	0.0	0.0	0.0	0.0
Group's Shareholders Equity	17.0	17.3	18.4	20.8	24.4
Financial Liabilities & Equity	14.6	14.8	14.2	13.2	12.4
Cash Flow statement (€ m)	2019	2020	2021e	2022e	2023e
Total net income	1.2	0.6	1.1	2.5	3.6
Depreciation	2.9	3.7	3.6	3.5	3.5
Other non-cash charges	(0.1)	1.0	0.8	0.7	0.4
Cash Flow from Oper. (CFO)	4.0	5.3	5.5	6.7	7.5
Change in NWC	2.0	(0.2)	(0.9)	(0.2)	(0.1)
FCF from Operations (FCFO)	6.0	5.1	4.6	6.5	7.3
Net Investments (CFI)	(9.9)	(4.2)	(3.0)	(3.0)	(3.0)
Free CF to the Firm (FCFF)	(3.9)	0.9	1.6	3.5	4.3
CF from financials (CFF)	5.2	0.0	0.0	0.0	0.0
Free Cash Flow to Equity (FCFE)	1.2	0.9	1.6	3.5	4.3
Financial ratios	2019	2020	2021e	2022e	2023e
EBITDA margin	7.9%	7.8%	7.3%	8.9%	9.9%
EBIT margin	3.0%	2.1%	2.4%	4.7%	6.2%
Net profit margin	1.9%	0.9%	1.5%	2.9%	3.8%
Tax rate	36.9%	53.0%	37.0%	37.0%	37.0%
Op NWC/Sales	-2.8%	-2.3%	-0.8%	-0.5%	-0.3%
Interest coverage x	0.01	0.13	0.04	0.02	0.01
Net Debt/EBITDA x	(0.49)	(0.49)	(0.76)	(1.02)	(1.29)
Debt-to-Equity x	(0.14)	(0.15)	(0.23)	(0.37)	(0.49)
ROIC	7.9%	3.8%	7.7%	18.6%	28.9%
ROCE	7.0%	5.0%	6.2%	12.3%	16.1%
ROACE	8.1%	5.1%	6.4%	12.9%	17.0%
ROE	6.8%	3.3%	6.0%	11.8%	14.7%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2019	2020	2021e	2022e	2023e
Number of shares # m	14.97	14.97	14.97	14.97	14.97
Number of shares Fully Diluted # m	16.24	16.24	16.24	16.24	16.24
Average Number of shares Fully Diluted # m	15.58	16.24	16.24	16.24	16.24
EPS stated FD €	0.07	0.03	0.07	0.15	0.22
EPS adjusted FD €	0.07	0.03	0.07	0.15	0.22
EBITDA €	0.31	0.31	0.33	0.46	0.57
EBIT €	0.12	0.08	0.11	0.24	0.36
BV €	1.05	1.06	1.13	1.28	1.50
FCFO €	0.38	0.31	0.29	0.40	0.45
FCFF €	(0.25)	0.06	0.10	0.22	0.27
FCFE €	0.08	0.06	0.10	0.22	0.27
Dividend €	0.00	0.00	0.00	0.00	0.00



1. MailUp in a Nutshell

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

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

- 1) **MailUp**, market leader in 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 2bn SMS sent per year.
- 3) **BEE** provides its clients with emails and landing page editors; its operative team is based in Silicon Valley and its technological team is 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, also offering SMS packages and transactional services with a freemium business model suitable for SMEs.

The group achieved a significant growth path since its establishment: set up as a start-up in 2002, MailUp closed FY-20 with revenues of € 65.2m, EBITDA of € 5.1m and over 240 employees. Since the IPO in 2014, the group's revenues increased by a CAGR₁₃₋₂₀ of 37.0%, thanks to organic growth boosted by a few acquisitions.

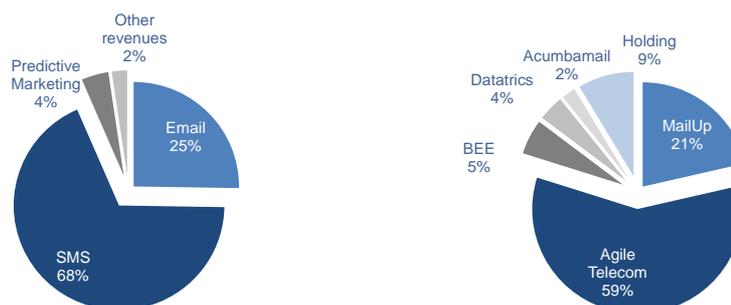
Chart 1 – MailUp, 2013-20 top line and EBITDA evolution



Source: Company data

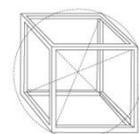
Foreign sales exceeded 54% of total FY-20 revenues. **68% of turnover was generated by SMS, 25% by Email** and **4% by Predictive Marketing**

Chart 2 – MailUp, 2020 top line breakdown by service and business unit*



Source: CFO SIM elaboration on company data

* the figures do not take into account intercompany adjustments



2. Group and Shareholder Structure

MailUp was established in Cremona (Italy) in 2002 as an email service provider and has grown organically since then. It 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 reserved capital increase 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 23,000 clients in 115 countries worldwide** thanks to **more than 240 employees** in three continents.

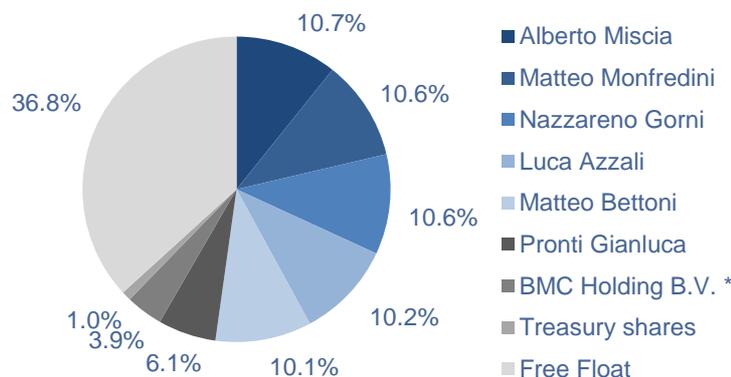
Chart 3 – MailUp, group structure



Source: CFO SIM elaboration on company data

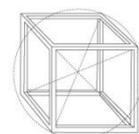
MailUp went public on 29-Jul-14 on AIM Italia at € 2.50/share (adjusted IPO price of **€ 1.92/share** as a result of the free capital increase of 11-Apr-16), corresponding to a market capitalisation of € 20.0m. Currently, the **free float is 36.8%**. Luca Azzali (director of MailUp BU), Alberto Miscia (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 still among the key executives of the group. **In Dec-18, they entered into a shareholders' agreement concerning a 3-year lock-up on 50.1% of the share capital.**

Chart 4 – MailUp, shareholder structure



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

It's worth noting that the fully diluted number of shares (17,374,146) derives from: 1) 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 are reached in the four years following the acquisition closing; 2) the stock option plan for maximum 1,136,209 shares.

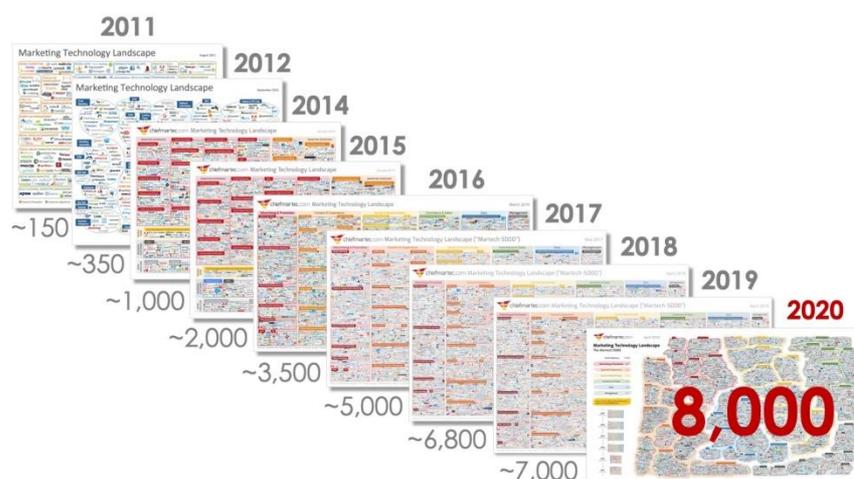


3. The Reference Market: Marketing Technology

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

The marketing technology landscape is growing fast and is populated by a lot of small-medium players, often focused on a peculiar niche or segment, as well as a few large companies providing a vast range of products and services. **In 2020, the application solutions belonging to the MarTech sector is expected to exceed 8,000**, vs. 7,040 at end-19 and only 150 in 2011.

Chart 5 – MailUp, number of MarTech application solutions



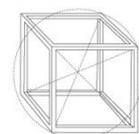
Source: chiefmartec.com

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

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



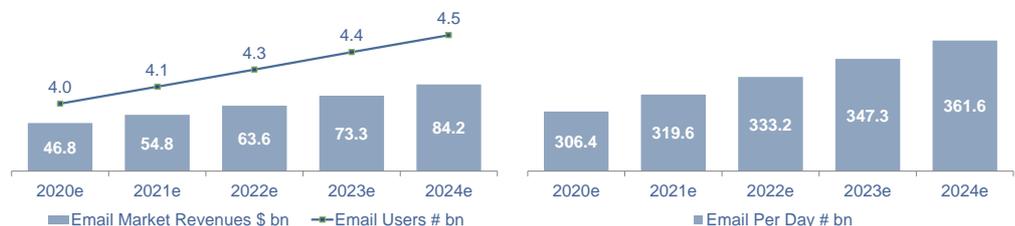
- **Multi-channel** is becoming increasingly important in order to provide users with the best customised experience possible.
- The use of **Artificial Intelligence** for the collection and processing of Big Data.

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

3.1. Email Marketing

Email is still one of the most widespread communication tools used 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 4.0bn and they are expected to be roughly 4.5bn by 2024. Revenues coming from all segments of the email market are expected to total over \$ 46.8bn in 2020 and will grow to over \$ 84.2bn by 2024** (CAGR of 16%), with an increase in the total worldwide email traffic, including both business and consumer emails, from 306.4bn emails per day in 2020 to 361.6bn emails per day by 2024.

Chart 6 – MailUp, worldwide email market forecast 2020-2024



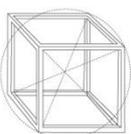
Source: The Radicati Group, 2020-2024

The MailUp platform sends over 21bn messages per year, including emails, newsletters, DEM and transactional messages.

3.2. 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 global population) 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. The SMS market also records 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.

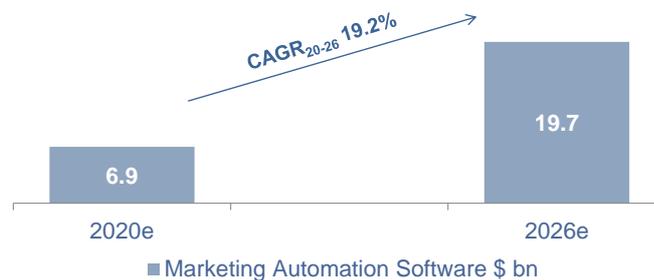
Agile telecom sends almost 2bn SMS per year.



3.3. Marketing Automation

The marketing automation comprises **software platforms and technologies** designed for marketing departments to allow the **workflow management** of **sophisticated marketing campaigns**. Through 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 7 – MailUp, marketing automation software forecast 2020-2026

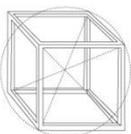


Source: Research and Markets, Growth, Trends, COVID-19 Impact, and Forecasts

The marketing automation software market is expected to reach \$ 19.7bn by 2026, CAGR₂₀₋₂₆ of 19.2%. Growth is likely to be driven by the following tools:

- **Through-Channel Marketing Automation Platform:** 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:** it is a platform to implement standardised, scalable processes for marketing planning, execution, and reporting.
- **Marketing Resource Management Software:** 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:** 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:** 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:** it supports customer data management, analytics, segmentation, and workflow tools for designing, executing, and measuring campaigns for digital and off-line channels.

Another remarkable driving trend is the sharp growth of **Customer Data Platforms (CDP)**, defined by the CDP Institute in 2013 as “packaged software that maintains a unified, persistent customer database that is accessible to external systems”. 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 tools, and DMPs. European growth was further boosted by CDP features that help companies to comply with the General Data Protection Regulation (GDPR, introduced in May-18). The **Customer Data Platforms industry segment is estimated at \$ 1.3bn in 2020 and is expected to reach \$ 1.55bn in 2021 (up 19.2% YoY).**



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

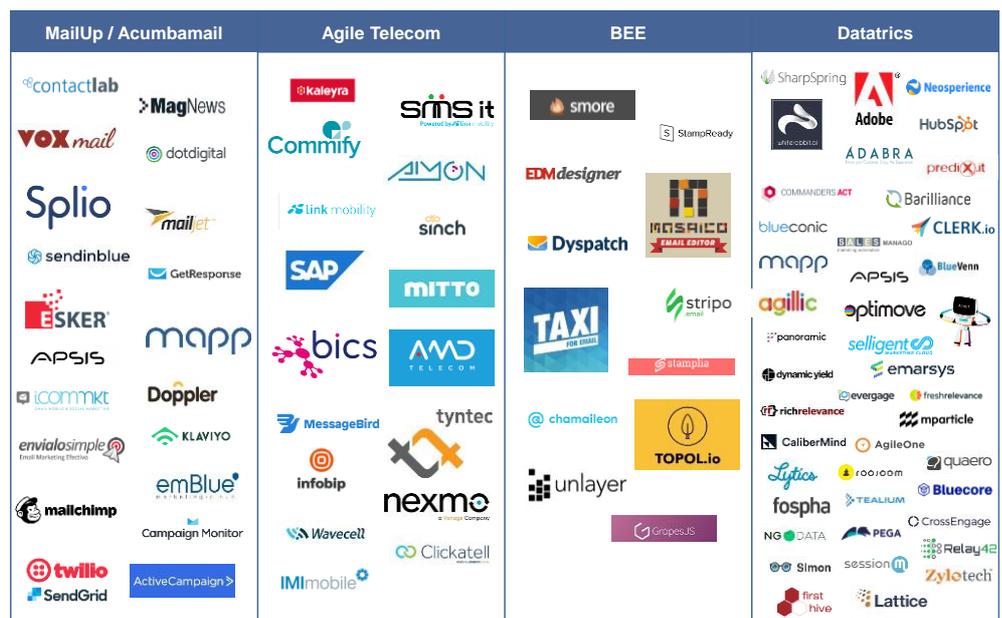
4. The Competitive Arena

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.

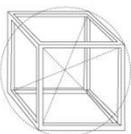
The market is relatively young and is promisingly growing, so it has not reached a stable structure yet: at least 1,500 solutions in marketing technologies were launched in 2020 and more than 500 were either acquired by some large players or simply discontinued. As to the marketing software market, among the main operations that have been announced or finalised recently, we may note the acquisitions of Sendgrid by Twilio, of Adestra by Upland Software, of iContact by J2 of Global, Sailthru by CM Group, of Marketo by Adobe, of Newsletter2Go by Sendinblue, Mulesoft by Salesforce, of IML Mobile by Cisco, Segment by Twilio, and of BlueVenn by Upland Software. Furthermore, Link Mobility carried out several acquisitions in Europe aimed at expanding its operating scope.

Undoubtedly, **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. Finally, Agile Telecom is the leader in the SMS industry in Italy, with over 1bn SMS sent per year.

Chart 8 – MailUp, competitive arena



Source: CFO SIM elaboration on company data



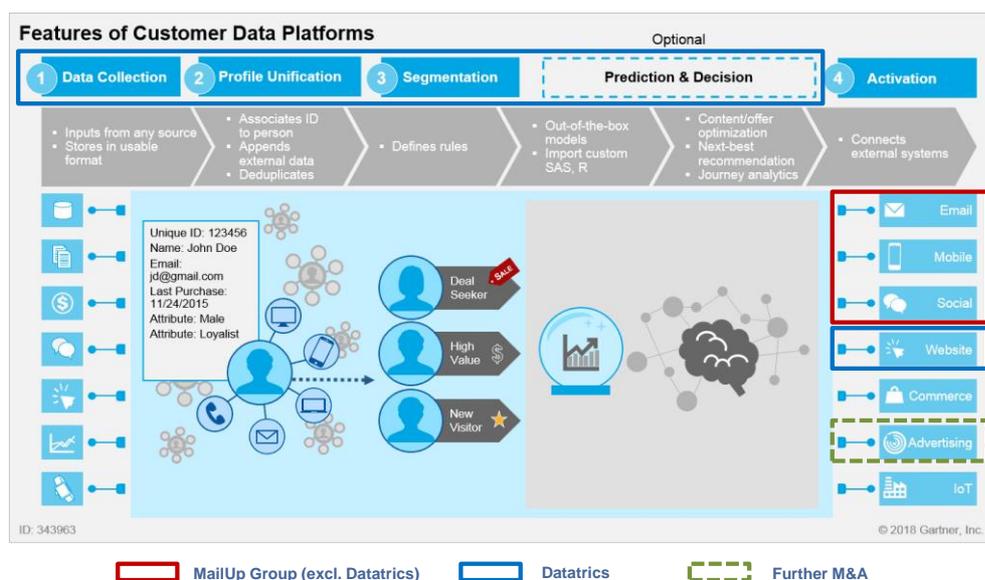
5. Business Model

MailUp is a vertically integrated marketing technology player, serving over 23,000 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;

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 the 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).

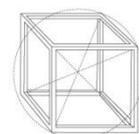
Chart 9 – MailUp, a vertically integrated Customer Data Platform



Source: Company data

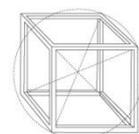
MailUp provides its clients with a **wide portfolio of MarTech tools and solutions**, operating **five synergic business units**, corresponding to five different companies:

- **MailUp** is the market leader in 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 serves almost 10,000 clients. The BU closed FY-20 with revenues of € 15.7m (+4% YoY) and EBITDA of € 4.2m.
- **Agile Telecom** is one of the few firms authorised by the Italian Ministry of Economic Development and Communications to offer electronic communication services to customers. It is also registered with the Register of Communication Operators held by AGCOM (the Italian Communications Authority). The company is a B2B SMS factory, leader in the SMS industry in Italy with more than 2bn SMS sent per year, both for promotional and transactional services (namely, One-Time-Password, notifications and alerts). The BU closed FY-20 with revenues of € 43.0m (+3.5% YoY) and EBITDA of € 1.5m.



- **BEE – Best Email Editor**, with its operating team based in Silicon Valley and its technological team based in Italy, is becoming the world's leading standard for email creation. The BU is focused on the development and marketing of the BEE tool, an innovative drag-n-drop email and landing page editor to edit those templates that renders them seamlessly no matter the device, email client, charset. The tool is available in three versions: 1) BEE Free, to design a gorgeous email instantly with no signup required; 2) BEE Pro, which allows the use of many more functions and requires 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-20 with € revenues of 4.0m (+52% YoY) and EBITDA of € 0.5m.
- **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 recorded revenues of € 2.9m in FY-20 (+21% YoY).
- **Acumbamail** is a Spanish-based email marketing provider, also offering 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-20 with revenues of € 1.6m (+30% YoY) and EBITDA of € 0.4m.

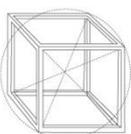
Thanks to its synergic business units, the group is able to satisfy most of the needs of marketing departments and software developers, such as: 1) **creating** newsletters, welcome emails, templates and landing pages using the BEE tool; 2) **sending transactional messages**, like notices, order receipts,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



6. M&A Track Record

MailUp has a proven track record in acquisitions and their integration in a fragmented, fast-growing arena, as shown by **a few strategic M&A deals made during the 2015-18 period**: Acumbamail, Globase, Agile Telecom, MailCult and Datatrics. Thanks to the 2014 IPO proceeds and the dedicated capital increase 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 its size and to enlarge its selling proposition both in terms of new countries and new products/services provided. More in detail:

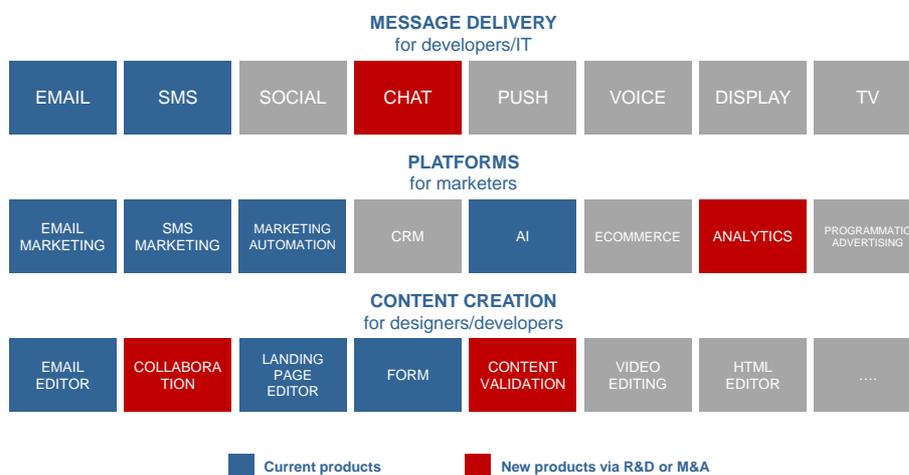
- MailUp acquired 70% of **Acumbamail** in Aug-15 with the aim to reinforce its presence in Spain and Latin America. Founded in 2012, Acumbamail is a **leading player in the email marketing industry in Spain**. Thanks to this transaction MailUp gained experience with the freemium model and accelerated 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 by selling 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 Communications to offer clients electronic communication services. It is also registered with the Register of Communication Operators held by AGCOM (the Italian Communications Authority). **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 staff working for BEE, the group's US start-up headquartered in Silicon Valley, in Jun-17 the firm acquired **MailCult**, one of BEE's key international competitors. 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 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.



7. 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 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 to 1) add **chats and displays among message delivery channels**, 2) develop or acquire a **programmatic advertising platform** and 3) provide its customers with **new content creation tools**.

Chart 10 – MailUp, industry structure and group positioning



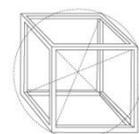
Source: CFO SIM elaboration on company data

Coherently with 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

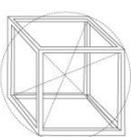
This should allow MailUp to **increase the ARPU (Average Revenue Per Unit)** and to **strengthen the uniqueness of the group offer** compared to its competitors.

- **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, the 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 platforms. 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's growth potential** to become 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 firepower 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 2021 EBITDA estimate, **we think the group might be able to invest up to € 18m in acquisitions**.



8. 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 60s/70s 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 traditional marketing automation with **Artificial Intelligence**
- ❑ **R&D investment** historically exceeds 10% of revenues every year
- ❑ **Low client concentration:** over 23,000 clients in 115 countries

WEAKNESSES

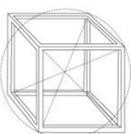
- ❑ Turnover highly dependent on **SMS (non-recurring)** revenues
- ❑ **Higher price pressure and lower margins in SMS business** compared to email
- ❑ Few key relevant people represent a **vital asset** for the company
- ❑ **Sizable goodwill** (€ 16.5m, 1/3 of total assets)

OPPORTUNITIES

- ❑ **Consolidation opportunities** in a 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 SMS system obsolescent**
- ❑ **Profitability dilution** stemming from the acquisition campaign



9. FY-20 Results

MailUp reported a good set of results, broadly in line with CFO SIM projections in terms of top line and EBITDA. Bottom line came in lower-than-expected mainly as a result of higher-than-expected D&A and tax rate. In a very challenging year, meticulous cost optimisation allowed the group not to suspend or postpone the planned strategic investments, mainly in Sales & Marketing and R&D, preserving margins.

Table 1 – MailUp, FY-20 results

€ m	2020	2019	% YoY	2020e	% Diff.
Email	16.5	14.3	15.5	16.2	1.9
SMS	44.5	42.7	4.2	45.2	(1.5)
Predictive Marketing	2.7	2.3	18.9	3.0	(8.6)
Other revenues	1.5	1.5	0.3	1.6	(7.1)
Total revenues	65.2	60.8	7.3	66.0	(1.1)
Total costs	(60.1)	(56.0)		(61.0)	
EBITDA	5.1	4.8	6.1	5.0	2.0
% margin	7.8	7.9		7.6	
D&A	(3.7)	(2.9)		(3.0)	
EBIT	1.4	1.8	(25.4)	2.0	(32.3)
% margin	2.1	3.0		3.1	
Financials	(0.2)	(0.0)		(0.0)	
Pre-Tax profit	1.2	1.8	(34.1)	2.0	(40.4)
% margin	1.8	3.0		3.1	
Income taxes	(0.6)	(0.7)		(0.7)	
Tax rate	53.0%	36.9%		37.0%	
Minorities	-	-		-	
Net Profit	0.6	1.2	(50.9)	1.3	(55.5)
% margin	0.9	1.9		1.9	
Net Financial Position (cash)	(2.5)	(2.4)	(6.8)	(3.1)	(18.6)

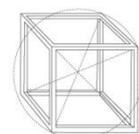
Source: Company data, CFO SIM analysis

In 2020, **total revenues** reached **€ 65.2m, up by 7.3% YoY**, broadly in line with CFO SIM estimate. As we expected, Q4 was almost flat YoY as a result of further business deterioration due to the COVID-19 pandemic.

- **SMS business**, the most dynamic, volatile and price-oriented business of the group, **totalled € 44.5m, up by 4.2% YoY**. In 2020, SMS business suffered from the material slowdown in drive-to-store traffic related to retail clients, partially counterbalanced by the increase in transactional messages.
- **Email**, the steadiest business line of the group, **increased by 15.5% YoY**, reaching **€ 16.5m**, mainly driven by the excellent performance of BEE editor (up by 52.3% YoY) and Acumbamail (up by 29.9% YoY).
- **Predictive marketing** recorded sales for **€ 2.7m, up 18.9% YoY** as a consequence of the 21.3% increase in Datatrics' turnover. Slower growth than in 2019 is due to the dramatic effect of the COVID-19 pandemic, which caused a slowdown in the sales process as well as an increase in the churn rate, mainly related to clients operating in the Travel & Hospitality industry.

Of particular note is that all the business units contributed to the turnover increase:

- **MailUp** closed at **€ 15.7m in terms of revenues** (+4.0% YoY), continuing its steady growth.
- **Agile Telecom** grew by 3.5% YoY to **€ 43.0m**.
- **BEE**, the innovative drag-n-drop email builder for designing mobile-responsive emails, **totalled € 4.0m, up by 52.3% YoY**.
- **Datatrics** totalled **€ 2.9m in terms of turnover, up by 21.3% YoY**.
- The Spanish subsidiary **Acumbamail** **grew by 29.9% YoY**, reaching **€ 1.6m** in terms of revenues.



Foreign revenues were € 34.5m (54% of total), whereas **recurring revenues represented 29% of the group's turnover** (vs 19% in FY-19).

Table 2 – MailUp, FY-20 results – breakdown by business unit

€ m	2020	2019	% YoY	2020e	% Diff.
MailUp	15.7	15.1	4.0	16.6	(5.5)
Agile Telecom	43.0	41.5	3.5	43.0	-
BEE	4.0	2.6	52.3	3.8	5.0
Datatrix	2.9	2.4	21.3	2.9	1.1
Acumbamail	1.6	1.2	29.9	1.6	(0.1)
Holding	6.3	3.5	81.9	4.2	51.6
Consol. Adj.	(8.3)	(5.6)		(6.1)	
Total revenues	65.2	60.8	7.3	66.0	(1.1)
EBITDA MailUp	4.2	2.8	52.5	3.8	10.6
EBITDA Agile Telecom	1.5	1.3	8.9	1.4	6.7
EBITDA BEE	0.5	0.7	(33.4)	0.4	13.9
EBITDA Datatrix	(1.5)	(0.6)	(162.2)	(1.4)	(2.0)
EBITDA Acumbamail	0.4	0.3	44.6	0.3	11.9
EBITDA Holding	(0.4)	(0.6)	29.5	(0.3)	(20.8)
IFRS 16 effect	0.4	0.8		0.8	
Total EBITDA	5.1	4.8	5.9	5.0	1.3

Source: Company data, CFO SIM analysis

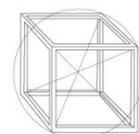
EBITDA was € 5.1m (7.8% margin) vs € 4.8m (7.9% margin) in FY-19 and our estimate of € 5.0m (7.6% margin). EBITDA benefited from the **increase in gross margin** (from 27.5% to 31.9%) thanks to the implementation of several optimisation and cost savings strategies. As we expected, MailUp decided not to suspend its planned strategic investments, increasing expenditure in Sales & Marketing (+37.7% YoY) and R&D (+44.5% YoY).

Furthermore, we recall that the group put in place a reorganisation of Datatrix' operations, with the aim to respond to the market evolution in a more efficient way. Full effect of the reorganisational process is expected in Q3-21.

EBIT totalled € 1.4m (2.1% margin) vs € 1.8m in FY-19 and our estimate of € 2.0, as a result of higher-than-expected D&A, including 1) the partial write-off of the goodwill on Globase for € 155k, 2) some provisions for potential impairment losses on receivables and 3) increased amortisation stemming from the IFRS16 adoption.

Net profit came in at € 0.6m, compared to € 1.2m in FY-19 and our estimate of € 1.3m, as a result of the aforementioned reasons coupled with a FX loss of € 136k mainly related to the USD/EUR exchange rate.

Net Financial Position was equal to € 2.5m cash (€ 2.4m cash in FY-19), after operating cash flow of € 4.2m, capex of € 3.0m (o/w € 1.9m are R&D capitalised costs, i.e. 2.9% of total revenues, in line with the previous year) and a purchase of treasury shares of € 324k. Notional debt arising from IFRS16 was € 3.7m. Cash and cash equivalents exceeded € 9.9m at end-20.



10. Valuation & Risks

MailUp reported FY-20 results broadly in line with CFO SIM projections in terms of top line and EBITDA. As we expected, Q4 (historically relevant for MailUp, thanks to numerous festivities and business events such as Black Friday) was almost flat YoY as a result of the deterioration of the global crisis due to the enduring pandemic. We believe **the group in 2021 will continue to strengthen its operating structure**, hiring senior staff members in order to take advantage of the recovery in the demand for marketing activities in the medium-term.

Following the FY-20 results release, we have updated our model factoring in: 1) almost **unchanged top line growth** for 2021-22; 2) **higher personnel expenses** due to an increase in expected hiring by 2021 (60 new employees vs our previous estimate of 25), mainly in the MailUp, BEE and Datatrics business units and 3) an **increase in D&A** as a consequence of higher-than-expected D&A in 2020. The combined result is an average **16.6% and 43.0% reduction in EBITDA and Net Profit in 2021-22**. We have also introduced projections for 2023.

Table 3 – MailUp, 2021e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Total Revenues	74.8	75.7	(1.2)	(0.9)
EBITDA	5.4	7.0	(22.8)	(1.6)
% margin	7.3	9.3		
EBIT	1.8	4.1	(55.7)	(2.3)
% margin	2.4	5.4		
Net Profit	1.1	2.6	(57.4)	(1.5)
% margin	1.5	3.4		
Y/E net debt (net cash)	(4.2)	(6.0)	(30.6)	1.8

Source: CFO Sim

Table 4 – MailUp, 2022e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Total Revenues	84.2	85.0	(0.9)	(0.8)
EBITDA	7.5	8.4	(10.5)	(0.9)
% margin	8.9	9.9		
EBIT	4.0	5.4	(27.0)	(1.5)
% margin	4.7	6.4		
Net Profit	2.5	3.4	(28.5)	(1.0)
% margin	2.9	4.0		
Y/E net debt (net cash)	(7.7)	(9.7)	(21.4)	2.1

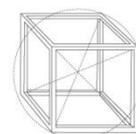
Source: CFO Sim

Moreover, CFO has **updated the DCF valuation criteria**, bringing the Free Risk Rate up-to-date and postponed its first valuation projection to 2021. The combined result is a **new PT of € 6.00/s** (€ 6.60), with an upside of 39.5% to current price levels.

We also updated our sum-of-the-parts valuation, resulting in MailUp's equity value of € 11.40/s (€ 9.60/s), showing massive market volatility.

We reiterate our positive stance on the stock: MailUp is a high-quality company, with a solid, proven strategy, and led by top-notch management. The investment case includes: 1) a **widespread client portfolio**, 2) a **large amount of recurring revenues** (generally 1/3 of FY turnover) stemming from its **SaaS business model**, 3) a **strong capital structure** with solid equity coupled with excellent financial discipline and 4) **huge M&A firepower**.

Furthermore, it is worth mentioning that **the group will change its legal name to "Growens"**. The rebranding aims at better identifying an international group providing its clients with multi-channel solutions for marketing automation, with a view to expanding both organically and through M&A.



10.1. DCF

In the DCF-based valuation, we assess explicit estimates until 2025 and 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 5 - WACC derived from:

Interest costs, pre-tax	2.5%
Tax rate	37.0%
Int. costs, after taxes	1.6%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200dd mov. avg.)	0.86%
Beta levered (x)	0.55
Required ROE	5.8%

Source: CFO SIM, Thomson Reuters Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all the concerns and disquiet an investor might have with regard to the AIM Italia market segment. **Beta at 0.55** corresponds to MailUp's 5Y levered beta. The **risk-free rate at 0.86%** corresponds to the 200-day moving average of the 10Y Italian Government Bond yield. The WACC is computed using the 0/100% debt/equity current balance sheet structure, thus penalising the valuation of the group.

Table 6 - MailUp, DCF model

€ m	2021e	2022e	2023e	2024e	2025e	Term. Val.
EBIT	1.8	4.0	5.8	6.9	7.9	
Tax rate	37.0%	37.0%	37.0%	37.0%	37.0%	
Operating profit (NOPAT)	1.1	2.5	3.6	4.4	5.0	
Change working capital	(0.9)	(0.2)	(0.1)	(0.1)	(0.1)	
Depreciation	3.6	3.5	3.5	2.5	2.5	
Investments	(3.0)	(3.0)	(3.0)	(2.5)	(2.5)	
Free Cash Flows	0.9	2.9	4.0	4.3	4.9	116.2
Present value	0.9	2.6	3.4	3.5	3.8	88.8
WACC	5.8%	5.8%	5.8%	5.8%	5.8%	
Long-term growth rate	1.5%					

Source: CFO SIM

Table 7 – MailUp, DCF derived from:

€ m	
Total EV present value € m	103.0
	<i>thereof terminal value</i>
	86%
NFP last reported - FY-20	2.5
Pension last reported - FY-20	(2.0)
Equity value € m	103.5
# m shares FD (excl. treasury shares)	17.2
Equity value €/s FD	6.00
% upside/(downside)	39.5%

Source: CFO SIM

The outcome of our DCF model set up an equity value of € 103.5m for MailUp, € 6.00/s (6.60), 39.5% upside.

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value between **€ 5.22 and 7.15/s (perpetuity range between 0.75% and 2.25%)**, while 2) if compared to changes in the free risk rate it produces an equity value of **€ 5.08-7.34/s (free-risk range between 1.61% and 0.11%)** and 3) if compared to changes in the risk premium, including small size premium, it results in an equity value of **€ 5.01-7.50/s (risk premium range between 10.5% and 7.50%)**.

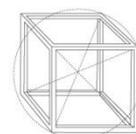


Table 8 – MailUp, equity value sensitivity to changes in terminal growth rate

€ m	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%
Present value of CF	14.1	14.1	14.1	14.1	14.1	14.1	14.1
PV of terminal value	75.1	79.2	83.8	88.8	94.5	101.0	108.3
Total value	89.2	93.3	97.9	103.0	108.7	115.1	122.5
NFP last reported - FY-20	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Pension last reported - FY-20	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Equity value € m	89.8	93.9	98.4	103.5	109.2	115.6	123.0
# m shares FD (excl. treasury shares)	17.2	17.2	17.2	17.2	17.2	17.2	17.2
Equity value €/s FD	5.22	5.45	5.72	6.00	6.34	6.72	7.15

Source: CFO SIM

Table 9 – MailUp, equity value sensitivity to changes in free risk rate

€ m	0.11%	0.36%	0.61%	0.86%	1.11%	1.36%	1.61%
Present value of CF	14.5	14.3	14.2	14.1	14.0	13.9	13.8
PV of terminal value	111.2	102.8	95.4	88.8	83.0	77.8	73.2
Total value	125.7	117.1	109.6	103.0	97.0	91.7	87.0
NFP last reported - FY-20	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Pension last reported - FY-20	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Equity value € m	126.2	117.7	110.1	103.5	97.6	92.3	87.5
# m shares FD (excl. treasury shares)	17.2	17.2	17.2	17.2	17.2	17.2	17.2
Equity value €/s FD	7.34	6.84	6.40	6.00	5.67	5.36	5.08

Source: CFO SIM

Table 10 – MailUp, equity value sensitivity to changes in risk premium

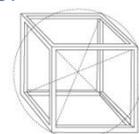
€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
Present value of CF	14.5	14.4	14.2	14.1	14.0	13.9	13.8
PV of terminal value	114.0	104.4	96.1	88.8	82.5	76.9	71.9
Total value	128.5	118.7	110.3	103.0	96.5	90.8	85.6
NFP last reported - FY-20	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Pension last reported - FY-20	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Equity value € m	129.0	119.3	110.8	103.5	97.0	91.3	86.2
# m shares FD (excl. treasury shares)	17.2	17.2	17.2	17.2	17.2	17.2	17.2
Equity value €/s FD	7.50	6.93	6.44	6.00	5.64	5.30	5.01

Source: CFO SIM

10.2. Sum of the parts

The sum-of-the-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 obtained by adjusting by net debt, pension provisions, minorities assessment and the perpetuity of holding costs. Please note that MailUp has no minority interests in its consolidated balance sheet.

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

Kaleyra (USA): Kaleyra provides cloud communication services. The company manages integrated multi-channel communication services using messages, push notifications, e-mail, instant messaging, voice, and chat bot services. Kaleyra serves customers worldwide.

Sinch AB (Sweden): Sinch develops cloud communication platforms. 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 communication platform enables businesses to collaborate more productively and engage their customers more effectively across all channels, including messaging, chats, 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.

Amongst the firms operating in predictive marketing relevant to assess the Datatrics business unit, we picked the following:

HubSpot Inc (USA): HubSpot provides a cloud-based marketing and sales software platform. The company offers integrated applications that help 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 the customer's 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 platforms, and analytical solutions. SharpSpring serves customers in the United States.

Table 11 – MailUp, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR ₂₀₋₂₃	EBITDA CAGR ₂₀₋₂₃	EBIT CAGR ₂₀₋₂₃	EPS CAGR ₂₁₋₂₃	NFP /EBITDA	
	dotDigital Group PLC (Email Marketing)	UK	594	65	22	33.1%	14.9%	8.9%	11.3%	10.6%	(1.7)
	Kaleyra Inc	USA	386	158	9	5.5%	29.9%	n.m.	n.m.	n.a.	2.5
	Sinch AB (publ)	Sweden	9,604	1,460	165	11.3%	42.9%	70.6%	85.6%	47.2%	(1.1)
	Vonage Holdings Corp	USA	2,457	1,125	163	14.5%	12.2%	26.7%	54.4%	26.1%	2.0
	Mobile Messaging median		2,457	1,125	163	11.3%	29.9%	48.7%	70.0%	36.7%	2.0
	HubSpot Inc	USA	16,685	980	121	12.3%	27.5%	n.m.	n.m.	43.5%	(5.9)
	Neosperience SpA	Italy	43	16	4	25.0%	26.4%	39.2%	52.9%	194.4%	(1.0)
	SharpSpring Inc	USA	167	29	(8)	n.m.	n.a.	n.a.	n.a.	n.a.	n.m.
	Predictive Marketing median		167	29	4	18.7%	27.0%	39.2%	52.9%	119.0%	(3.5)
	MailUp SpA	Italy	65	75	5	7.3%	12.8%	22.1%	61.2%	81.3%	(0.8)

Source: CFO SIM, Thomson Reuters Eikon

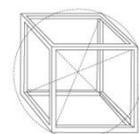


Table 12 – MailUp, peer group EV multiple table

x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
dotDigital Group PLC (Email Marketing)	8.59	7.66	n.a.	25.9	23.3	n.a.
Kaleyra Inc	2.57	1.97	1.38	46.8	25.0	12.4
Sinch AB (publ)	6.45	4.79	4.32	57.1	33.8	28.5
Vonage Holdings Corp	2.48	2.21	1.78	17.1	15.6	12.7
Mobile Messaging median	2.57	2.21	1.78	46.8	25.0	12.7
HubSpot Inc	16.29	12.77	10.35	132.4	96.5	67.8
Neosperience SpA	2.44	1.63	1.04	9.8	6.2	3.5
SharpSpring Inc	n.a.	n.a.	n.a.	n.m.	n.m.	n.a.
Predictive Marketing median	9.37	7.20	5.69	71.1	51.4	35.6
MailUp SpA	0.81	0.68	0.56	11.1	7.6	5.7
% Prem./disc.) to dotDigital PLC	(90.6)	(91.2)	n.a.	(57.1)	(67.6)	n.a.
% Prem./disc.) to Mobile Messaging	(68.6)	(69.4)	(68.5)	(76.3)	(69.7)	(55.5)
% Prem./disc.) to Predictive Marketing	(91.4)	(90.6)	(90.1)	(84.4)	(85.3)	(84.1)

Source: CFO SIM, Thomson Reuters Eikon

Table 13 – 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)	38.0	33.8	n.a.	46.1	44.3	37.7
Kaleyra Inc	n.m.	243.3	15.3	n.m.	n.m.	21.2
Sinch AB (publ)	74.8	42.2	34.9	97.1	58.3	44.8
Vonage Holdings Corp	37.4	33.2	26.4	47.7	42.8	30.0
Mobile Messaging median	56.1	42.2	26.4	72.4	50.5	30.0
HubSpot Inc	191.9	133.2	91.9	252.6	173.1	122.7
Neosperience SpA	55.9	20.5	7.3	143.3	47.8	16.5
SharpSpring Inc	n.m.	n.m.	n.a.	n.m.	n.m.	n.a.
Predictive Marketing median	123.9	76.9	49.6	197.9	110.5	69.6
MailUp SpA	33.4	14.3	9.1	59.0	26.3	18.0
% Prem./disc.) to dotDigital PLC	(12.1)	(57.6)	n.a.	28.1	(40.7)	(52.4)
% Prem./disc.) to Mobile Messaging	(40.5)	(66.1)	(65.5)	(18.5)	(48.0)	(40.2)
% Prem./disc.) to Predictive Marketing	(73.1)	(81.3)	(81.7)	(70.2)	(76.2)	(74.2)

Source: CFO SIM, Thomson Reuters Eikon

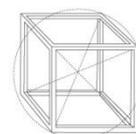
In our SOTP valuation, we used 1) the EV/EBITDA multiple of dotDigital Group to evaluate the MailUp, Acumbamail and BEE business units, 2) the median EV/EBITDA multiple of the Mobile Messaging panel to appraise the Agile Telecom business unit and 3) the median EV/Sales multiple of the Predictive Marketing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

We decided to assess the equity value using 2021e figures. As a result, we attained a new equity value of € 11.40/s (€ 9.60), showing massive market volatility.

Table 14 – MailUp, Sum of the Parts equity value assessment

	€ m	% on EV	Methodology
MailUp BU	86.1	43.3	20.7x peer multiple on € 4.2 m BU EBITDA 2021
Acumbamail BU	10.3	5.2	20.7x peer multiple on € 0.5 m BU EBITDA 2021
BEE BU	10.2	5.1	20.7x peer multiple on € 0.5 m BU EBITDA 2021
Agile Telecom BU	64.8	32.6	37.5x peer multiple on € 1.7 m BU EBITDA 2021
Datatrics BU	27.3	13.7	7.49x peer multiple on € 3.6 m BU Sales 2021
Total EV	198.7	100.0	
Holding costs	(2.9)		Perpetuity of holding costs @ 5.8%
NFP	4.2		FY-21e Net Financial Position
Pension Provision	(2.0)		Pension last reported - FY-20
Equity Value	198.0		
Per share FD	11.40		
% upside/(downside)	165.1%		

Source: CFO SIM, Thomson Reuters Eikon



10.3. Peer Stock Performance

MailUp was listed on AIM Italia (Alternative Investment Market) on 29 July 2014 at € 2.50/share (**adjusted IPO price of € 1.92/share** as a result of the free capital increase of 11-Apr-16), corresponding to a post-money market capitalisation of € 20.0m. **MailUp trades well above the IPO price**, +124.0% since the IPO. The stock reached a 1Y intraday maximum price of € 5.74/s on 25-Aug-20 and a minimum price of € 3.95/s on 30-Mar-20.

Table 15 – MailUp, peer groups and indexes absolute performance

	1D	1W	1M	3M	6M	YTD	1Y
dotDigital Group PLC (Email Marketing)	1.2	(2.9)	3.0	8.6	22.3	6.3	128.2
Kaleyra Inc	2.0	(9.0)	(22.4)	50.9	111.4	52.6	129.5
Sinch AB (publ)	(2.1)	(0.8)	(6.9)	14.8	100.8	12.1	327.3
Vonage Holdings Corp	(3.4)	(2.4)	(17.3)	(14.1)	13.2	(9.9)	63.4
Mobile Messaging median	(2.1)	(2.4)	(17.3)	14.8	100.8	12.1	129.5
HubSpot Inc	(3.7)	(7.9)	(19.6)	6.6	40.3	6.8	221.5
Neosperience SpA	(3.1)	1.4	5.4	8.8	16.3	8.1	(5.8)
SharpSpring Inc	(3.2)	(9.1)	(32.8)	(6.7)	45.1	(4.3)	172.9
Predictive Marketing median	(3.2)	(7.9)	(19.6)	6.6	40.3	6.8	172.9
MailUp SpA	(0.5)	(4.0)	(2.5)	(2.1)	(16.3)	(1.8)	5.4
MSCI World Index	2.0	(9.0)	(22.4)	50.9	111.4	52.6	129.5
EUROSTOXX	(0.1)	0.1	1.0	5.0	18.8	4.5	53.9
FTSE Italia All Share	0.2	1.1	3.9	7.3	20.4	7.9	44.4
FTSE STAR Italia	0.1	0.7	5.1	9.7	26.7	9.9	45.3
FTSE AIM Italia	(0.1)	0.8	4.1	9.6	23.8	9.2	68.4

Source: Thomson Reuters Eikon

Table 16 – MailUp relative performances

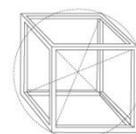
	1D	1W	1M	3M	6M	YTD	1Y
To dotDigital Group PLC	2.6	(1.2)	14.8	(10.7)	(56.7)	(8.7)	(124.1)
To peer Mobile Messaging median	(1.7)	(1.2)	(5.5)	(10.7)	(38.6)	(8.1)	(122.8)
To peer Predictive Marketing median	1.6	(1.6)	14.8	(16.9)	(117.1)	(13.9)	(124.1)
To MSCI World Index	2.7	3.8	17.1	(8.6)	(56.7)	(8.7)	(167.5)
To EUROSTOXX	(2.5)	5.0	19.9	(52.9)	(127.8)	(54.4)	(124.1)
To FTSE Italia All Share	(0.3)	(4.1)	(3.5)	(7.1)	(35.2)	(6.3)	(48.5)
To FTSE STAR Italia	(0.7)	(5.1)	(6.4)	(9.3)	(36.7)	(9.7)	(39.0)
To FTSE AIM Italia	(0.6)	(4.7)	(7.6)	(11.7)	(43.1)	(11.7)	(39.9)

Source: Thomson Reuters Eikon

10.4. Risks

The principal investment **risks** associated with MailUp include the following:

- Fast technological development increasing competitive pressure;
- Risks due to ICT malfunctions;
- Dilution on profitability stemming from the acquisition campaign;
- Impacts on profit and loss and balance sheet profiles triggered by a deep decline in global economic growth or geopolitical instability;
- Departure of one, or a few, of the key people;
- M&A execution being hampered by potential consolidating actors in the industry with higher firepower.



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.

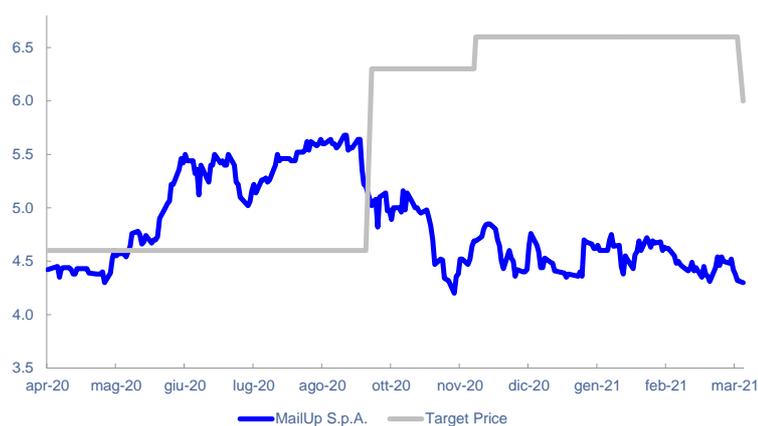
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DATE	TARGET PRICE	RATING
30/03/2021	€6.00	BUY
11/01/2021	€6.60	BUY
10/12/2020	€6.60	BUY
13/11/2020	€6.60	BUY
21/09/2020	€6.30	NEUTRAL
14/05/2020	€4.60	NEUTRAL
02/04/2020	€4.60	NEUTRAL

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

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

