

Growens

Sector: Marketing Technology



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Signs of growth and profitability recovery

Growens is an integrated industrial group developing technologies for predictive marketing, mobile messaging and content creation, meant for organisations wishing to communicate effectively with their customers worldwide.

1H21: Revenues and Margins up, Net Cash a bit short

1H21 came in line with our FY21E P&L expectations, while a bit short on the Balance Sheet side. We underline: 1) High single-digit revenue increase of the core SaaS and CPaaS components, +8% and +7% y/y respectively; 2) Increasing EBITDA margin (7.1% margin as of 1H21 vs. 6.9% as of 1H20, thanks to cost optimizations; 3) Operating cash flow absorption due to expiry of some subscriptions at the MailUp level and to temporary delays in credit collections, however successfully completed after the end of June.

BEE grows impressively, MailUp and Datatrics lag behind

Focusing on business units, on the negative side we note that MailUp and Datatrics are lagging behind in terms of recovery as the negative consequences of pandemic are structurally impacting with a few quarters of delay. On the contrary, on the positive side we note:

- ◆ Top line: 1) Agile T. was boosted by sound SMS traffic rebound; 2) BEE Revenues were up +42.2% y/y at constant EUR/USD FX rate, with Annual Recurring Revenues a >US\$7mn as of August 2021;
- ◆ Profitability: 1) Agile T., BEE, Acumbamail had double-digit EBITDA margin increase; 2) Datatrics' operating loss was halved to €-0.4mn. By the way, Growens has disclosed the main KPIs for the various Business Units, and we note that back in FY20 all Business Units but for Agile T. recorded outstanding Gross Margin in the 67%-85+% region.

Estimates overall confirmed. €6.30 fair value (from €5.65)

On the Business side, positive news flow could come from new product launches (BEE popup builder in Q3, Datatrics "freemium" version in Q4), while on the corporate one many projects are under study, ranging from stock market uplisting, to M&A deals in Italy (possible announcement within the year-end) and abroad (Spain in 2022E). That said, we are fine-tuning 2021E-'22E with slightly higher D&A charges and a bit worse NWC evolution. We now expect: 1) Revenues up +12.2% CAGR20-23; 2) EBITDA up +14.8 % CAGR20-23; 3) Net Cash at €2.6mn in 2021E, (€9.6mn by 2023E), leaving room to comfortably manage value enhancing M&A deals.

As far as valuation is concerned, comparable stocks' rerating and higher fair value for the best performing BEE drive upward our fully diluted Sum-of-the-Parts based fair valuation to €6.30 per share (from previous €5.65).

Fair Value (€) **6.30**

Market Price (€) **4.27**

Market Cap. (€m) **63.9**

KEY FINANCIALS (€m)	2020A	2021E	2022E
TOTAL REVENUES	65.2	70.0	80.5
EBITDA	5.1	5.5	6.9
EBIT	1.4	1.5	2.8
NET PROFIT	0.6	1.0	1.9
NET PROFIT ADJ.	0.6	1.0	1.9
EQUITY	17.3	18.3	20.2
NET FINANCIAL POS.	2.5	2.6	5.8
EPS ADJ. (€)	0.04	0.07	0.13

Source: Growens (historical figures), Value Track (2021E-22E estimates)

KEY FINANCIALS (€m)	2020A	2021E	2022E
EBITDA MARGIN (%)	7.8	7.9	8.6
EBIT MARGIN (%)	2.1	2.2	3.5
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	nm	nm	nm
EV/SALES (x)	1.0	0.9	0.7
EV/EBITDA (x)	12.3	11.4	8.6
EV/EBIT (x)	nm	nm	20.9
P/E ADJ. (x)	nm	nm	33.9

Source: Growens (historical figures), Value Track (2021E-22E estimates)

STOCK DATA

FAIR VALUE (€)	5.65
MARKET PRICE (€)	4.27
SHS. OUT. (m)	15.0
MARKET CAP. (€m)	63.9
FREE FLOAT (%)	37.0
AVG. -20D VOL. (#)	6,422
RIC / BBG	GROW.MI / GROW IM
52 WK RANGE	4.02-5.64

Source: Stock Market Data

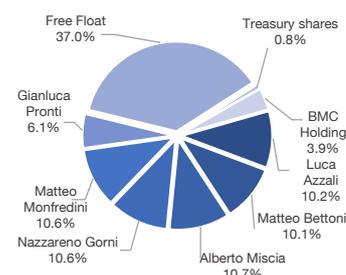


Business Description

Growens is a leading cloud based digital marketing technology hub currently offering its solutions to several thousand customers worldwide, with a consolidated expertise on small to medium-sized enterprises.

In greater detail, Growens is involved in the provisioning of email marketing services, delivery of mobile text messages (for both transactional and marketing purposes), email editing support, Predictive Marketing CDP and professional services to business clients.

Shareholders Structure



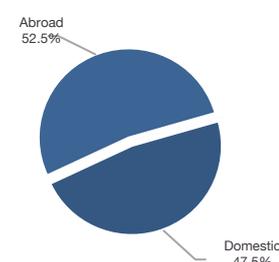
Source: Growens SpA

Key Financials

€mn	2020A	2021E	2022E	2023E
Total Revenues	65.2	70.0	80.5	92.1
Chg. % YoY	7.3%	7.3%	15.0%	14.4%
EBITDA	5.1	5.5	6.9	8.3
EBITDA Margin (%)	8.0%	7.9%	8.6%	9.0%
EBIT	1.4	1.5	2.8	4.2
EBIT Margin (%)	2.2%	2.2%	3.5%	4.6%
Net Profit	0.6	1.0	1.9	2.8
Chg. % YoY	-51.0%	79.5%	89.2%	44.9%
Adjusted Net Profit	0.6	1.0	1.9	2.8
Chg. % YoY	-51.0%	79.5%	89.2%	44.9%
Net Fin. Position	2.5	2.6	5.8	9.6
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-3.0	-3.8	-3.9	-4.0
OpFCF b.t.	1.5	0.6	4.1	5.3
OpFCF b.t. as % of EBITDA	30.3%	10.2%	59.7%	63.2%

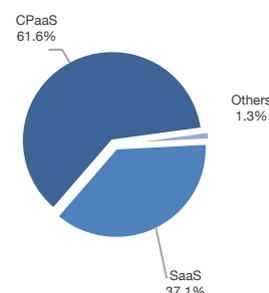
Source: Growens SpA (historical figures), Value Track (estimates)

1H21 Revenues by geography



Source: Growens SpA

1H21 Revenues by business line



Source: Growens SpA

Investment case

Strengths / Opportunities

- ◆ Full range of marketing technology services (SMS, email, email editor, CDP services, professional ones);
- ◆ Highly diversified customer base ranging from professional marketers to developers and to wholesalers both at a domestic and international level;
- ◆ Intense and effective R&D effort generating high-value opportunities.

Weaknesses / Risks

- ◆ Much smaller size if compared to Anglo-Saxons competitors;
- ◆ MarTech moves fast and Growens capability to keep up with the pace could be limited due to financial availabilities.

Stock multiples @ €6.30 Fair Value

	2021E	2022E
EV / SALES (x)	1.3	1.1
EV / EBITDA (x)	16.7	12.8
EV / EBIT (x)	nm	31.2
EV / CAP.EMP. (x)	5.8	6.1
OpFCF Yield (%)	0.6	4.7
P / E (x)	nm	49.2
P / BV (x)	5.2	4.7
Div. Yield. (%)	0.0	0.0

Source: Value Track

1H21 Interim results in line with our expectations

Growens interim results came in line with our FY21E expectations, as far as P&L is concerned, while a bit short on the Balance Sheet side.

Key messages are as follows:

- ◆ High single-digit increase of the core SaaS and CPaaS revenue components;
- ◆ Increasing EBITDA margin thanks to cost efficiencies at both corporate and BUs levels;
- ◆ Operating cash flow absorption due to adverse working capital evolution.

That said, we appreciate that Growens is further devoting effort to improve transparency / accountability of business evolution. Indeed, with the release of its 1H21 figures the company has:

- ◆ Started to disclose the main KPIs (ARPA, ARR, CAC and so on) for the various Business Units;
- ◆ Adopted a new representation of revenues, split into the SaaS and CPaaS strategic business units:
 - The SaaS division including subscription-based cloud services i.e. those provided by MailUp, BEE, Acumbamail and Datatrics, and strategically focused on speeding up as much as possible the growth rates;
 - The CPaaS division (Communication-Platform-as-a-Service) covering the messaging services provided on a wholesale basis by Agile Telecom Business Unit, and strategically focused on improving as much as possible the operating profitability.

Growens: 1H21 Key Financial Items

(€mn)	1H20	1H21	Δ YoY (%)
Total Revenues	31.7	33.7	6.3%
Gross Profit	10.3	11.6	12.2%
EBITDA	2.2	2.4	10.6%
Reported Net Profit	0.4	0.3	-26.2%
Net Fin. Position [Cash (+)]	3.7	1.6	--
Net Fin. Position [Cash (+)] ex IFRS16	7.9	5.1	--

Source: Growens, Value Track analysis

High single digit revenue increase of the core SaaS and CPaaS revenue components

Total Revenues 1H21 stood at €33.7mn, +6.3% l-f-l increase y/y mainly driven by the growth of the core SaaS and CPaaS components. Indeed:

- ◆ SaaS component was up +8% y/y to €12.5mn, (37% incidence on total);
- ◆ CPaaS component grew by more than 7% y/y to €20.7mn (61.5% incidence on total).

On the contrary, Other Revenues decreased to €0.45mn (-42.4% y/y) driven by the y/y reduction in non-refundable government grants and windfall profits.

Focusing on business units, on the positive side we note that:

- ◆ Agile Telecom Business Unit recorded concrete signs of recovery of the SMS data traffic, as a consequence of the reopening economic activities after lockdowns, especially in Italy. As an effect, its Revenues were up +7.6% y/y;
- ◆ BEE was the fastest growing Business Unit, with Revenues up +42.2% y/y at constant EUR/USD exchange rate and Annual Recurring Revenues (ARR) exceeding US\$7mn level as of August 2021.

On the contrary, on the negative side we note that

- ◆ Datatrics Business Unit recorded Revenues down by -8.8% y/y, partly as an enduring effect of the pandemic on sectors such as Tourism and Leisure, and partly due to lower intercompany sales;
- ◆ MailUp Business Unit posted flattish Revenues (+1.7% y/y) as the negative consequences of pandemic is structurally impacting with a few quarters of delay, once clients decide to renew (or not) their annual subscriptions.

Growens Group: Revenues breakdown by business unit

(€mn)	1H20	as (%)	1H21	as (%)	Δ YoY (%)
MailUp	8.1	25.4%	8.2	24.3%	1.7%
Agile Telecom	20.7	65.3%	22.3	66.1%	7.6%
Acumbamail	0.7	2.4%	1.0	2.9%	31.1%
BEE	1.8	5.8%	2.4	7.1%	30.0%
Datatrics	1.5	4.7%	1.3	4.0%	-8.8%
Holding & Consolidation Adj.	-1.2	n.m.	-1.4	n.m.	n.m.
Group Revenues	31.7	100.0%	33.7	100.0%	6.3%

Source: Growens, Value Track analysis

Increasing EBITDA margin thanks to cost efficiencies at both corporate and BUs levels

The company has announced that it sees strong evidence of operating profitability recovery, mainly driven by the positive effect of strategic optimization actions put in place in the latest quarters and by some lockdown-related cost savings, e.g. S&M due to the lack of in-person events and related travel. As an effect:

- ◆ Both Group Gross Profit and EBITDA grew more than sales. 1H21 Gross Profit margin was up y/y ca. 200 bps (from 32.6% to 34.4%), while 1H21 Consolidated EBITDA stood at €2.4mn, up +10.6% y/y (7.1% margin vs. 6.9% as of 1H20);
- ◆ Agile Telecom, BEE, Acumbamail all experienced double-digit EBITDA margin increase;
- ◆ Datatrics' operating loss was slashed by ca. 43%, down to €-0.4mn (and break even should be achieved somewhere in 2022E).

Again, on the negative side we note that MailUp, despite its very high 17.4% EBITDA margin, is lagging behind in terms of recovery. Q421 will be paramount from this point of view in order to have a sense of the magnitude of recovery also on this side.

Growens Group: EBITDA breakdown by business unit

(€mn)	1H20	as (%) of Sales	1H21	as (%) of Sales	Δ YoY (%)
MailUp	1.9	24.2%	1.4	17.4%	-26.7%
Agile Telecom	0.6	3.0%	1.1	4.9%	74.2%
Acumbamail	0.1	17.1%	0.2	21.1%	61.8%
BEE	0.1	5.1%	0.1	5.8%	47.7%
Datatrics	-0.7	n.m.	-0.4	n.m.	-43.0%
Holding & Consolidation Adj.	0.1	n.m.	0.0	n.m.	n.m.
Group EBITDA	2.2	6.9%	2.4	7.1%	10.6%

Source: Growens, Value Track analysis

Operating cash flow absorption due to adverse working capital evolution

The consolidated Net Cash Position as of 30 June 2021 amounts to €1.6mn (€1.8mn if we don't take into account cash out for shares buy-back), down from €2.5mn as of 2020-year end, entirely due to €0.9mn cash absorption at the Net Working Capital level, driven by:

- ◆ Some subscriptions expiration at the MailUp Business Unit level, negatively impacting accruals;
- ◆ Worse payment terms, especially for Agile Telecom, and temporary delays in credit collections, however successfully completed after the end of June.

Growens: Profit & Loss Statement (1H20-1H21)

(€mn)	1H20	1H21	Δ YoY (%)
Total Revenues	31.7	33.7	6.3%
COGS	-21.4	-22.1	
Gross Profit	10.3	11.6	12.2%
S&M	-3.3	-3.3	
R&D	-1.3	-1.8	
G&A	-3.5	-4.0	
EBITDA	2.2	2.4	10.6%
D&A	-1.6	-1.9	
EBIT	0.5	0.5	-9.4%
Interest expenses / income	0.0	0.0	
Taxes	-0.1	-0.1	
Net Profit	0.4	0.3	-26.2%

Source: Growens, Value Track analysis

Growens: Balance Sheet (1H20-1H21)

€ mn	1H20	2H20	1H21
Net Working Capital	-11.8	-9.9	-9.0
Net Fixed assets	27.8	27.3	27.9
Severance pay and other funds	2.3	2.6	2.8
Net Invested Capital	13.7	14.8	16.0
Group Net Equity	17.3	17.3	17.6
Net Fin. Position [Net debt (-) / Cash (+)]	3.7	2.5	1.6
Net Fin. Position ex IFRS16 effect	7.9	6.3	5.1

Source: Growens, Value Track Analysis

Growens: Cash Flow (1H20-1H21)

€ mn	1H20	2H20
EBITDA	2.2	2.4
Working Capital Needs / Chg. in Provisions	1.2	-0.7
Capex	-1.6	-2.1
Cash Taxes	-0.1	-0.1
OpFCF a.t.	1.6	-0.5
Other Op. Items (incl. Fin. Inv.)	-0.2	-0.4
Net Financial Charges	0.0	0.0
Net Cash generated	1.3	-0.9

Source: Growens, Value Track Analysis

Business Units KPIs

As we said before, Growens is further devoting effort to improve transparency / accountability of business evolution.

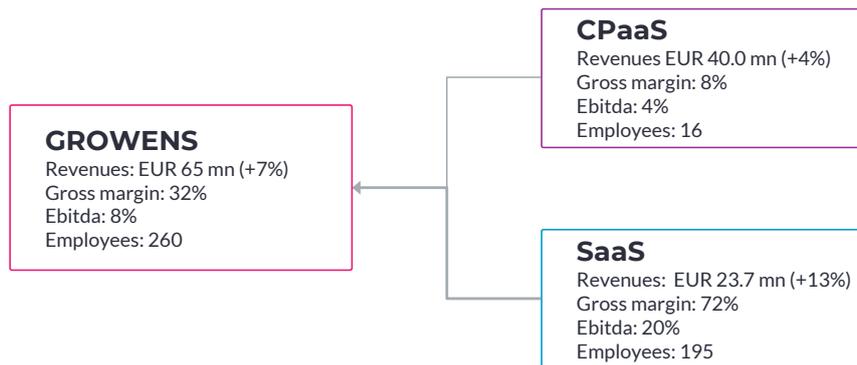
Indeed, with the release of its 1H21 figures the company has started to disclose:

- ◆ Additional data on the contribution of the various businesses to the Group’s financials;
 - ◆ The main KPIs (ARPA, ARR, CAC and so on) for the various Business Units;
- all elements adding further useful insights.

As far as the contribution of the various businesses to the Group’s financials, we note the following:

- ◆ CPaaS business (Agile Telecom) accounts for two thirds of Group’s revenues, but it boasts very limited profitability ratios (8% Gross Margin, 4% EBITDA margin);
- ◆ SaaS business (MailUp, BEE, Acumbamail and Datatrics) accounts for the remaining one third of group revenues, but it boasts very high profitability ratios (72% Gross Margin, 20% EBITDA margin);
- ◆ MailUp Business Unit is the more mature business, with high single digit growth rate, and accounting for ca. two thirds of Group’s cumulated 2017-20 EBITDA.

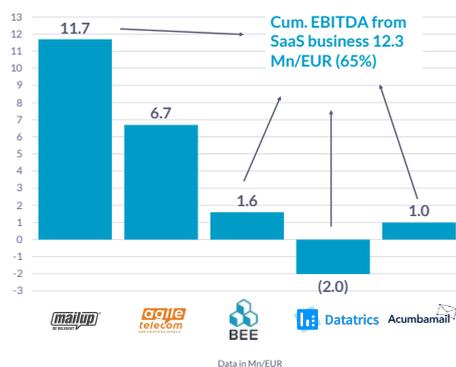
Growens: Split between CPaaS and SaaS businesses (FY20 figures, €mn)



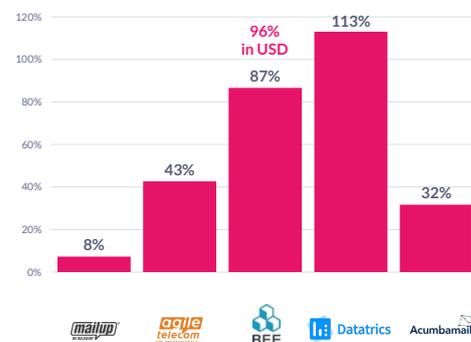
Source: Growens

Growens: Mature vs. Innovative businesses contribution to Group Sales growth and EBITDA generation

Cumulated EBITDA 2017-2020



Sales CAGR 2017-2020



Source: Growens

As far as the main KPIs (ARPA, ARR, CAC and so on) for the various Business Units, we note the following:

- ◆ MailUp Business Unit boasts an outstanding 67% Gross Margin, 70% incidence of Recurring Revenues and 96% of retention rate;
- ◆ Agile Telecom is the #1 Italian player in the A2P business with ca. 1.9bn messages sent annually and €43mn Revenues managed by only 16 people. Profitability, however, is currently very low;
- ◆ BEE is the fastest growing Business Unit, with 96% 3yy CAGR and having recently achieved US\$7mn Annual Recurring Revenues (ARR) figure. Gross Margin stands at a sky-scraping 80+% level, a sign that operating profitability at the EBITDA level is potentially very high and that it only depends on how much money the Group wants to devote to growth marketing;
- ◆ Datatrics as well has a very high Gross Margin (75%), and boasts Recurring Revenues accounting for ca. 95% of total;
- ◆ Acumbamail as well boasts brilliant financial profile: Recurring Revenues at 90% of total, Gross Margin at 85+%, EBITDA margin at 20%.

MailUp Business Unit: FY20 KPIs

Company	Market	Strategy	KPIs
<ul style="list-style-type: none"> • Bootstrapped 2002, always profitable • 10,000 clients across industries • 22bn+ messages sent yearly • 1bn unique email addresses managed • 100+ employees 	<ul style="list-style-type: none"> • #1 in Italy (second player has 800 clients) • Among top 5 players in Latam countries • One of ~300 players worldwide, among which only a few support both Email & SMS 	<ul style="list-style-type: none"> • Strengthen market position in Italy and Latam • Higher ARPA by introducing new add-on products 	<ul style="list-style-type: none"> • Revenues: EUR 15.7 mn • Gross Margin: 67+ • EBITDA: 27+ • ARPA: EUR 100/month • NPS: 35 • CAC: EUR 2.100 • Net retention: 96% • Recurring revenues: 70%

Source: Growens

Agile Telecom Business Unit: FY20 KPIs

Company	Competition	Strategy	KPIs
<ul style="list-style-type: none"> • Acquired 2015 (1x EV/Sales), profitable since 1998 • 16 employees 	<ul style="list-style-type: none"> • #1 Italian player with ~2b sms sent yearly • Price leadership thanks to complete coverage, scale economies and proprietary technology 	<ul style="list-style-type: none"> • Consolidate the Italian market leadership, focus on margins • Expand coverage through agreements with Mobile Carriers in other European and emerging countries • Cash productive: mature business allowing investments into most innovative areas 	<ul style="list-style-type: none"> • 1.9 bn messages sent • 300+ wholesale clients • Revenues: EUR 43 mn (+4%) • Gross Margin: 8-10% • EBITDA: 3-4%

Source: Growens

BEE Business Unit: FY20 KPIs

Company	Competition	Strategy	KPI
<ul style="list-style-type: none"> • MailUp technology spin-off > Startup in Silicon Valley (2017) • Business team and IP in USA. technological team in Italy • 10.500+ Clients • 300.000+ free users • 50 employees 	<ul style="list-style-type: none"> • #1 player worldwide • Few players, mainly start-ups and followers of BEE • Upmarket: companies focused on enterprise clients: Stensul, Knak 	<ul style="list-style-type: none"> • To become the world leading standard for digital content creation, starting from email and landing pages • Leverage the free version to build a worldwide community of Designers to build the richest template catalog 	<ul style="list-style-type: none"> • Growth: 96% 3Y CAGR • Revenues: USD 3.4 mn • Gross Margin: 80+% • EBITDA: 13% • NPS: 56 • CAC = USD 100 • ARR: USD 7 mn (Aug. 21) • Recurring revenues: 100%

Source: Growens

Datetrics Business Unit: FY20 KPIs

Company	Competition	Strategy	KPIs
<ul style="list-style-type: none"> • Fast-growing startup acquired in the Netherlands in 2018 • 40+ employees • 300+ clients including LeasePlan, BP, CarGlass, Rabobank • Ready for international expansion 	<ul style="list-style-type: none"> • Mid-market positioning where large US players (Adobe, Salesforce, Acoustic) focus on enterprise clients • #1 player in the Netherlands • Around 80 competitors worldwide, mostly VC-backed startups (Blueconic, Agillic) • More advanced than traditional personalization engines (Barilliance, Dynamic Yield, Clerk.io) 	<ul style="list-style-type: none"> • Self-provisioning and freemium • Expansion in Europe and Latam through partners • Data-core that enables further innovations and acquisitions 	<ul style="list-style-type: none"> • EV: EUR 3.8 mn (EUR 2.3 mn in cash; EUR 1.5 mn in newly issued shares) + Earn-out scheme (max EUR 3 mn in shares in max 4Y) • Founder / CEO paid only in shares (3-4 years lock-up) • Revenues: EUR 2.9 mn • Gross Margin: 75% • ARPA: EUR 715+/month • Recurring revenues: 95+%

Source: Growens

Acumbamail Business Unit: FY20 KPIs

Company	KPIs
<ul style="list-style-type: none"> • Low-touch solution for SMEs in Spain and LatAm offering email, SMS, landing pages and marketing automation • Self provisioning solution sold with a freemium model • 55,000+ users o/w 3,000+ paying • 11 employees • New product launched: gumbamail.com 	<ul style="list-style-type: none"> • Revenues: EUR 1.5 mn • Growth: 30% • Gross Margin: 85+% • EBITDA: 20% • ARPA: EUR 40/month • Recurring revenues: 90+%

Source: Growens

Estimates Update

We are fine-tuning our 2021E-22E estimates and extending our forecasts to 2023E, basically driven by:

- ◆ **Higher D&A charges**, resulting from higher investments in development Capex mainly related to R&D activities;
- ◆ **A slightly worse NWC management**, following some temporary delays in credit collections.

Growens: New vs. Old estimates

€mn	2021E			2022E		
	Old	New	Δ(%)	Old	New	Δ(%)
Total Revenues	70.0	70.0	0.0%	80.5	80.5	0.0%
EBITDA	5.5	5.5	0.0%	6.9	6.9	0.0%
<i>EBITDA Margin (%)</i>	7.9%	7.9%	0bps	8.6%	8.6%	0bps
EBIT	1.7	1.5	-11.7%	3.0	2.8	-6.6%
<i>EBIT Margin (%)</i>	2.5%	2.2%	-32bps	3.8%	3.5%	-30bps
Net Profit	1.2	1.0	-11.8%	2.1	1.9	-6.6%
Capex	-3.3	-3.8		-3.6	-3.9	
OpFCF a.t.	0.6	0.1		3.5	3.2	
Net Cash Position	3.1	2.6		6.6	5.8	

Source: Value Track Analysis

That said, the impact on our 2021E-23E financial forecasts can be summarized as follows:

- ◆ **Revenues** – unchanged estimates, with total turnover likely to grow at double-digit pace (12.2% CAGR₂₀₋₂₃), moving from €65.2mn as of 2020A to ca. €90mn at the end of forecast period. SaaS revenues are expected to experience the highest annual growth rate (+20% y/y on average), while CPaaS revenues – mostly linked to Agile Telecom performance – are projected to increase mid-single digit per year. Overall, we expect a gradual rebound in growth in 2022 for Datatrics, following the reorganisation initiatives launched in 2020 and the launch of a disruptive freemium commercial proposition.

Growens: 2020A-23E Revenues forecasts

(€mn)	2020A	2021E	2022E	2023E	CAGR 20-23
MailUp	15.7	17.4	19.0	20.2	8.7%
Agile Telecom	43.0	42.1	47.0	51.0	5.9%
Acumbamail	1.6	2.0	2.5	3.1	25.3%
BEE	3.9	5.6	7.2	9.6	35.2%
Datatrics	2.9	2.9	4.8	8.1	40.9%
Consolidation Adj.	-1.9	--	--	--	nm
Total Revenues	65.2	70.0	80.5	92.1	12.2%

Source: Value Track analysis

- ◆ **EBITDA** – unchanged estimates, EBITDA expected up more than revenues (14.8% CAGR₂₀₋₂₃), driven by higher-than average growth of SaaS components and Datatrics break-even in 2022E;

- ◆ **EBIT** – expected to be negatively impacted by higher D&A charges, due to higher investments;
- ◆ **Net Cash Position** – expected at €2.6mn in 2021E, some €0.5mn than previously expected and to progressively improve up to €9.6mn by 2023E year-end.

Growens: P&L figures 2020A-23E

€mn	2020A	2021E	2022E	2023E
Total Revenues	65.2	70.0	80.5	92.1
COGS	-44.6	-47.1	-54.6	-63.3
Other Opex	-15.5	-17.4	-18.9	-20.4
EBITDA	5.1	5.5	6.9	8.3
EBITDA Margin (%)	7.8%	7.9%	8.6%	9.0%
Depreciation & Amortization	-3.7	-4.0	-4.1	-4.1
EBIT	1.4	1.5	2.8	4.2
Net Fin. Income (charges)	-0.2	0.0	0.0	0.0
Pre-tax Profit	1.2	1.5	2.8	4.2
Taxes	-0.6	-0.5	-0.9	-1.4
Reported Net Profit	0.6	1.0	1.9	2.8

Source: Growens (historical figures), Value Track (forecasts)

Growens: Balance Sheet figures 2020A-23E

€mn	2020A	2021E	2022E	2023E
Net Working Capital	-9.9	-8.6	-9.3	-9.8
as (%) of Sales	-15.2%	-12.3%	-11.6%	-10.7%
Net Fixed Assets	27.3	27.1	26.9	26.8
Provisions	2.6	2.8	3.2	3.6
Total Capital Employed	14.8	15.7	14.4	13.4
Group Net Equity	17.3	18.3	20.2	23.0
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	2.5	2.6	5.8	9.6

Source: Growens (historical figures), Value Track (forecasts)

Growens: Cash Flow figures 2020A-23E

€mn	2020A	2021E	2022E	2023E
EBITDA	5.1	5.5	6.9	8.3
Change in NWC	-0.8	-1.3	0.7	0.5
Capex	-3.0	-3.8	-3.9	-4.0
Change in Provisions	0.3	0.2	0.4	0.4
Cash Taxes	-0.1	-0.5	-0.9	-1.4
OpFCF a.t.	1.5	0.1	3.2	3.8
Other (Incl. Fin. Inv.)	-1.1	0.0	0.0	0.0
Net Financial Charges	-0.2	0.0	0.0	0.0
Net Cash generated	0.2	0.1	3.2	3.8

Source: Growens (historical figures), Value Track (forecasts)

Valuation Update

MarTech M&A activity is rebounding from pandemic lows and ca. 80 deals have been finalized in 1H21 compared to ca. 30 as of 1H20, a few related to companies somehow similar to Growens, i.e. SharpSpring, whose US\$240mn worth acquisition has been recently finalized at 8.2x – 6.9x EV/Sales FYo-FY1 multiples, and Mailchimp, acquired in the latest days by Intuit at ca. 20x EV/Sales.

Most relevant M&A deals in the MarTech arena

Date	Bidder	Target	Target Business Profile
Jan '21	Bloomreach	Exponea	Customer data platform (CDP)
Feb '21	Cisco	IMImobile	Cloud communication platform
Feb '21	Kaleyra	mGage	Global mobile messaging provider
Mar '21	Upland	BlueVenn	Customer data platform (CDP)
Mar '21	Optimizely	Zaius	Customer data platform (CDP)
Apr '21	Attentive	Privy	Email marketing platform
May '21	Twilio	Sipwhip	Omnichannel cloud communication platform
Jun '21	Constant Contact	SharpSpring	Marketing Automation Platform
Sept '21	Intuit	Mailchimp	Email marketing platform

Source: Luma Partners

That said, taking into account updated Growens financial forecasts and comparable stocks' rerating, **we revise upwards our S-O-P based fair value at €6.30 per share**, (from previous €5.65 per share), that would imply 1.1x EV/Sales and 12.8x EV/EBITDA 2022E multiples, still at an amazingly wide discount vs. UK and US peers. Our valuation is based on the following key updated assumptions:

- ◆ Upward revision of MailUp and Acumbamail valuation, driven by sector rerating. At fair 1.7x EV/Sales and 15.0x EV/EBITDA 2021E, they would still be well below the peer DotDigital;
- ◆ Unchanged “fair” multiples for Agile Telecom i.e. 1.1x EV/Sales and 10.0x EV/EBITDA 2021E.
- ◆ Upward revision of BEE valuation at ca. €30mn, based on 5.0x EV/ ARR fair multiple, justified by its impressive growth performance;
- ◆ 5% downward revision to our user based Datatrics valuation, to point out the current negative market stance and the uncertainty still affecting the hospitality and travel industries.

Growens: Sum-of-the-Parts valuation

Company	Stake (%)	EV (€mn)	EV (%)	Valuation Method
MailUp	100%	42.4	36.1%	1.7x EV/Sales '21 – 15.0x EV/EBITDA '21
Agile Telecom	100%	31.1	26.4%	1.1x EV/Sales '21 – 10.0x EV/EBITDA '21
Acumbamail	100%	4.3	3.7%	1.7x EV/Sales '21 – 15.0x EV/EBITDA '21
BEE	100%	29.8	25.3%	5.0x EV/ARR (Annual Recurring Revenue)
Datatrics	100%	10.0	8.5%	User-based Valuation
Gross Asset Value		117.6	100.0%	
Group Net Cash Position 2021E		2.6		
€1.5mn Unallocat. holding costs @ 8.5% WACC		-17.6		
Net Asset Value (€mn)		102.5		
Fair equity value per share (€ p.s.)		6.30		(Based on 16.2mn fully diluted number of shares)

Source: Value Track Analysis

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