

MailUp Group

Sector: Marketing Technology



Analysts

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3Q Gross Sales in line with our full-year forecasts

MailUp Group is a leading cloud-based marketing technology provider offering its solutions to several thousand customers worldwide, with a consolidated expertise on small to medium-sized enterprises.

Gross sales +6.8% YoY in 3Q, +9.9% YoY in 9M

MailUp Group released consolidated unaudited 3Q gross sales up +6.8% YoY at €16.4mn, of which €8.5mn (ca. 55%) foreign sales, despite the material impact of Covid-19-related global crisis, and implying 9M20 gross sales at €48.3mn, still growing at healthy pace (+9.9% YoY).

Agile Telecom was the business unit which recorded the largest increase, with gross Sales at €10.0mn, +4.5% YoY, showing first signs of recovery from the slowdown of drive to store SMS occurred in 2Q.

On the other side, Acumbamail marked the highest growth, with gross sales at €0.4mn in 3Q (+47.7% YoY), mostly thanks to its business model based on self-provisioning sales of services (directly purchased and activated by the subscriber without a physical interaction in the sales process).

MailUp business unit was up 7.0% YoY, (i.e. gross sales at €3.5mn), highlighting reassuring regains in market demand from email services, while SMS and professional services were still penalized by the negative momentum. Some slowdown in growth was recorded (as expected) by BEE, with gross sales at €1.0mn, however still up at double-digit rate (i.e. +20.1% YoY) and mainly linked to a lower demand faced by BEEPlugin on enterprise clients. A more severe slowdown was experienced instead by Datatrics, with gross sales at €0.7mn, +6.0% YoY negatively impacted by the postponement of marketing and sales activities caused by pandemic, and by the higher churn rate of expired subscriptions particularly in the travel & hospitality industries. We also spot that the Group is reorganizing Datatrics towards a more scalable and self-provisioning mode.

2020-22 estimates unchanged

We are leaving unchanged our 2020E-22E estimates, which imply 4Q20E sales growing at similar speed as of 3Q (+7.8% YoY). Hence, we expect revenues to increase at 15% CAGR up to 2022E, fed by higher incidence of recurring fees (at 28% in 3Q), business expansion abroad and successful scale up (albeit with some delays) of BEE and Datatrics.

Fair Value unchanged at €5.65 per share

We confirm our valuation at €5.65 per share, with upward potential in the future. At such fair value, MailUp would trade at 1.0x EV/Sales and 11.6x EV/EBITDA 2021E, still embedding a high discount vs. UK and US peers.

Fair Value (€) 5.65

Market Price (€) 5.00

Market Cap. (€m) 74.9

KEY FINANCIALS (€m)	2019A	2020E	2021E
TOTAL REVENUES	60.8	66.9	78.2
EBITDA	4.8	5.0	6.7
EBIT	1.8	1.6	3.0
NET PROFIT	1.2	1.0	2.1
NET PROFIT ADJ.	1.8	1.0	2.1
EQUITY	17.0	18.0	20.1
NET FINANCIAL POS.	2.4	4.1	7.6
EPS ADJ. (€)	0.12	0.07	0.14

Source: MailUp Group (historical figures), Value Track (2020E-21E estimates)

RATIOS & MULTIPLES	2019A	2020E	2021E
EBITDA MARGIN (%) (*)	8.1	7.6	8.6
EBIT MARGIN (%) (*)	3.1	2.4	3.9
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (%)	nm	nm	nm
EV/SALES (x)	1.1	1.2	1.0
EV/EBITDA (x)	13.0	15.8	11.4
EV/EBIT (x)	33.8	nm	25.2
P/E ADJ. (x)	36.1	nm	40.3

Source: MailUp Group (2019A), Value Track (2020E-21E estimates)
(*) As % of Revenues from Sales

STOCK DATA

FAIR VALUE (€)	5.65
MARKET PRICE (€)	5.00
SHS. OUT. (m)	15.0
MARKET CAP. (€m)	79.4
FREE FLOAT (%)	36.5
AVG. -20D VOL. (#)	20,507
RIC / BBG	MAIL.MI / MAIL IM
52 WK RANGE	3.79-5.68

Source: Stock Market Data



Business Description

MailUp Group 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, MailUp Group 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.

Key Financials

€mn (*)	2019A	2020E	2021E	2022E
Total Revenues	60.8	66.9	78.2	89.7
Chg. % YoY	51.2%	10.1%	16.8%	16.2%
EBITDA	4.8	5.0	6.7	8.0
EBITDA Margin (% of Rev. from Sales)	8.1%	7.6%	8.6%	8.9%
EBIT	1.8	1.6	3.0	4.1
EBIT Margin (% of Rev. from Sales)	3.1%	2.4%	3.9%	4.6%
Net Profit	1.2	1.0	2.1	2.8
Chg. % YoY	-7.3%	-11.2%	nm	34.1%
Adjusted Net Profit	1.8	1.0	2.1	2.8
Chg. % YoY	28.7%	-42.4%	nm	34.1%
Net Fin. Position	2.4	4.1	7.6	11.9
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-3.1	-3.1	-3.3	-3.6
OpFCF b.t.	2.2	2.3	4.4	5.6
OpFCF b.t. as % of EBITDA	46.5%	45.0%	66.5%	70.6%

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

Investment case

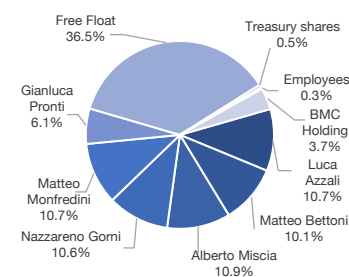
Strengths / Opportunities

- ◆ 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

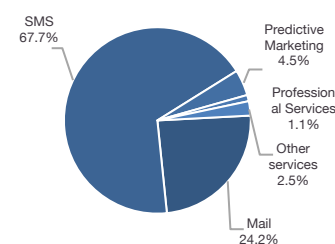
- ◆ Much smaller size if compared to Anglo-Saxons competitors;
- ◆ MarTech moves fast and MailUp group capability to keep up with the pace could be limited due to financial constraints.

Shareholders Structure



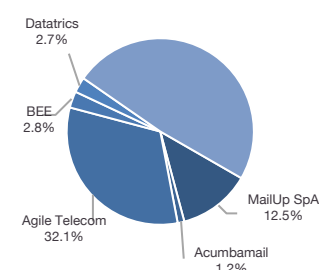
Source: MailUp SpA

1H20 Sales by business line



Source: MailUp SpA

1H20 Sales by legal entity



Source: MailUp SpA

Stock multiples @ €5.65 Fair Value

	2020E	2021E
EV / SALES (x)	1.2	1.0
EV / EBITDA (x)	16.0	11.6
EV / EBIT (x)	nm	25.6
EV / CAP.EMP. (x)	5.8	6.2
OpFCF Yield (%)	2.8	5.8
P / E (x)	nm	40.9
P / BV (x)	4.7	4.2
Div. Yield. (%)	0.0	0.0

Source: Value Track

Gross Sales still up in 3Q20

MailUp Group highlights once again its fast-growing profile, still posting positive YoY growth rates despite pandemic.

According to recently released gross Sales, the Group shows a steady organic business development across all business units, with consolidated gross sales up 6.8% and 9.9% YoY in 3Q and 9M 2020 respectively. Some slowdown in growth came in from BEE and Datatrics, mainly due to the crisis impact on BEEPlugin (especially on enterprise clients) and to summer business seasonality.

MailUp Group: 3Q and 9M Gross Sales in 2019-20

(€'000)	Gross Sales					
	3Q19	3Q20	Chg. YoY	9M19	9M20	Chg. YoY
MailUp SpA	3,267	3,496	7.0%	11,287	11,564	2.5%
Acumbamail	276	408	47.7%	877	1,173	33.8%
Agile Telecom	9,543	9,969	4.5%	28,236	30,478	7.9%
BEE	835	1,003	20.1%	2,021	2,811	39.1%
Datatrics	642	680	6.0%	1,488	2,229	49.8%
Total	15,563	15,556	6.8%	43,909	48,255	9.9%

Source: MailUp Group, Value Track Analysis

MailUp Group: 1Q18-3Q20 quarterly evolution of Gross Sales

(€mn)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
MailUp SpA	3.54	3.64	2.78	3.98	4.04	3.98	3.27	4.54	4.21	3.86	3.50
Acumbamail	0.23	0.26	0.24	0.26	0.28	0.32	0.28	0.37	0.36	0.41	0.41
Agile Telecom	5.04	5.30	5.27	7.92	8.43	10.26	9.54	9.98	10.03	10.48	9.97
BEE	0.24	0.34	0.39	0.47	0.50	0.69	0.84	0.91	0.86	0.95	1.00
Datatrics	--	--	--	--	0.37	0.48	0.64	0.78	0.83	0.72	0.68
Aggregate	9.05	9.53	8.68	12.62	13.62	15.72	14.56	16.59	16.28	16.42	15.60

Source: MailUp Group, Value Track Analysis

MailUp Group: P&L figures 2019A-22E

€mn	2019A	2020E	2021E	2022E
Net Revenue	59.3	66.2	77.2	89.7
Other Revenue	1.5	0.7	1.0	1.0
Total Revenues	60.8	66.9	78.2	90.7
COGS	-43.0	-46.4	-54.2	-63.0
Labour costs	-13.0	-15.5	-17.4	-19.7
EBITDA	4.8	5.0	6.7	8.0
EBITDA Margin (%)	8.1%	7.6%	8.6%	8.9%
Depreciation & Amortization	-2.9	-3.5	-3.7	-3.9
EBIT	1.8	1.6	3.0	4.1
Net Fin. Income (charges)	0.0	-0.1	0.0	0.0
Pre-tax Profit	1.8	1.5	3.0	4.1
Taxes	-0.7	-0.5	-1.0	-1.3
Reported Net Profit	1.2	1.0	2.1	2.8

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

MailUp Group: Balance Sheet figures 2019A-22E

€mn	2019A	2020E	2021E	2022E
Net Working Capital	-10.7	-10.9	-11.8	-12.6
as (%) of Sales	-18.0%	-16.4%	-15.3%	-14.1%
Net Fixed Assets	27.6	27.3	26.9	26.6
Provisions	2.3	2.5	2.7	3.1
Total Capital Employed	14.6	13.9	12.5	11.0
Group Net Equity	17.0	18.0	20.1	22.9
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	2.4	4.1	7.6	11.9

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

MailUp Group: Cash Flow figures 2019A-22E

€mn	2019A	2020E	2021E	2022E
EBITDA	4.8	5.0	6.7	8.0
Change in NWC	0.0	0.2	0.9	0.9
Capex	-3.1	-3.1	-3.3	-3.6
Change in Provisions	0.5	0.2	0.2	0.4
Cash Taxes	-1.0	-0.5	-1.0	-1.3
OpFCF a.t.	1.3	1.8	3.5	4.3
Rou Assets (IFRS 16)	-4.6	0.0	0.0	0.0
Other (Incl. Fin. Inv.)	-0.7	0.0	0.0	0.0
Net Financial Charges	0.0	-0.1	0.0	0.0
Net Cash generated	-4.0	1.7	3.5	4.3

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

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