

MailUp Group

Sector: Marketing Technology



Analysts

Marco Greco

+39 02 80886654

marco.greco@value-track.com

Pietro Nargi

pietro.nargi@value-track.com

Fair Value (€) **5.00**

Market Price (€) **4.05**

Market Cap. (€m) **60.6**

Resiliency is the priority

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.

FY results met expectations

MailUp Group FY19 financial results record a high double-digit growth, with total turnover at €60.8mn (+51% YoY, +46% organic) and EBITDA at €4.8mn (+27% YoY or +32% if adjusted for one-off items and IFRS16).

Net Cash position 2019YE stood at ca. €2.4mn, down €4.0mn YoY mainly due to first time adoption IFRS16 effect (€4.6mn), financial investments (€1.3mn) and capex (€3.1mn), albeit still implying an OpFCF before tax at 47% of Reported EBITDA, or €2.4mn in absolute value.

Being a SaaS company is a protection against covid-19

In the light of rapid Coronavirus outbreak, and the huge impact is having on many sectors, we believe MailUp Group is somehow equipped to deal with possible impacts linked to the negative market stance, since it relies on: i) a SaaS business model, i.e. no implications from any supply chain disruption and no imposed halt to service as it is fully digital, ii) a sound capital and liquidity structure (ca. €9mn cash on hands), iii) a customer basis diversified by geography and by industry.

Revising expectations, but for investment plan

Although it is quite impossible to determine the overall impact of covid-19 outbreak on consolidated figures, we reckon that the soon to come global economy slowdown should have a negative impact on market demand and so on 2020E growth rates, but still in the double-digit field.

Overall, we are cutting our 2020E-21E EBITDA estimates by ca. 10% and we now expect Revenues and Operating Profit to increase at 15% and 51% 2yr CAGR respectively by 2021E.

Fair Value revised downwards to €5.0 per share

We revise our fair valuation on MailUp Group at €5.0 per share fully diluted (from €5.50), given by the Sum of the Parts valuation.

At fair value, shares would trade at 1.0 EV/Sales and 13.6x EV/EBITDA for 2020E.

KEY FINANCIALS (€m)	2019A	2020E	2021E
REVENUES FROM SALES	59.3	69.7	80.5
EBITDA	4.8	5.2	7.2
EBIT	1.8	2.3	4.2
NET PROFIT	1.2	1.5	2.8
NET PROFIT ADJ.	1.8	1.5	2.8
EQUITY	17.0	18.5	21.3
NET FINANCIAL POS.	2.4	4.0	8.2
EPS ADJ. (€)	0.12	0.10	0.19

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

RATIOS & MULTIPLES	2019A	2020E	2021E
EBITDA MARGIN (%) (*)	8.1	7.5	9.0
EBIT MARGIN (%) (*)	3.1	3.3	5.2
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (%)	nm	nm	nm
EV/SALES (x)	1.0	0.8	0.7
EV/EBITDA (x)	12.0	10.9	7.2
EV/EBIT (x)	31.1	24.7	12.4
P/E ADJ. (x)	33.3	39.8	21.6

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

STOCK DATA

FAIR VALUE (€)	5.00
MARKET PRICE (€)	4.05
SHS. OUT. (m)	14.9
MARKET CAP. (€m)	60.6
FREE FLOAT (%)	36.4
AVG. -20D VOL. (#)	19,675
RIC / BBG	MAIL.MI / MAIL IM
52 WK RANGE	3.04-4.85

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 (*)	2018A	2019A	2020E	2021E
Revenues from Sales	39.0	59.3	69.7	80.5
Chg. % YoY	47.6%	51.9%	17.6%	15.4%
EBITDA	3.8	4.8	5.2	7.2
EBITDA Margin (% of Net Revenues)	9.7%	8.1%	7.5%	9.0%
EBIT	1.9	1.8	2.3	4.2
EBIT Margin (% of Net Revenues)	4.9%	3.1%	3.3%	5.2%
Net Profit	1.3	1.2	1.5	2.8
Chg. % YoY	nm	-7.3%	30.8%	84.6%
Adjusted Net Profit	1.4	1.8	1.5	2.8
Chg. % YoY	nm	28.7%	-15.2%	84.6%
Net Fin. Position	6.4	2.4	4.0	8.2
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-1.2	-3.1	-2.2	-2.4
OpFCF b.t.	1.8	3.6	2.4	5.6
OpFCF b.t. as % of EBITDA	48.0%	74.6%	47.0%	77.7%

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

Investment case

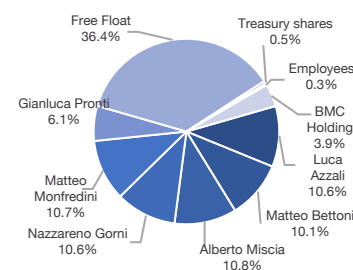
Strengths / Opportunities

- ◆ 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

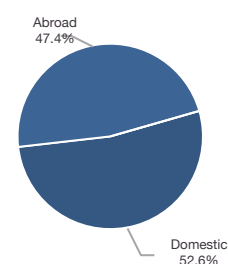
- ◆ Much smaller size if compared to Anglo-Saxons competitors;
- ◆ MarTech moves fast and MailUp group capability to keep up with the pace could be limited due to financial constraints.

Shareholders Structure



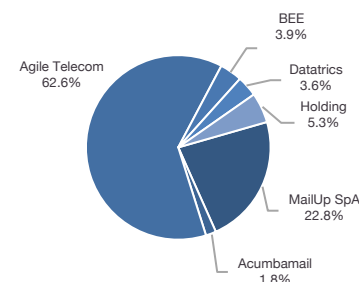
Source: MailUp SpA

Revenues by geography



Source: MailUp SpA

Revenues by legal entity



Source: MailUp SpA

Stock multiples @ €5.00 Fair Value

	2020E	2021E
EV / SALES (x)	1.0	0.8
EV / EBITDA (x)	13.6	9.2
EV / EBIT (x)	30.9	15.8
EV / CAP.EMP. (x)	4.9	5.1
OpFCF Yield (%)	3.0	8.4
P / E (x)	nm	26.6
P / BV (x)	4.0	3.5
Div. Yield. (%)	0.0	0.0

Source: Value Track

2019FY results in line with expectations

MailUp Group has recently approved its FY19 consolidated financial statements, recording a high double-digit growth in main P&L items, i.e. Revenues and EBITDA growing at 51% and 27% YoY respectively.

Overall, FY19 results mirror 1H and 9M business dynamics, and are almost in line with our forecasts, but for higher than expected D&A charges mainly due to a higher impact of RoU amortization linked to the first adoption of IFRS16 accounting principle. As a consequence, Net Profit adjusted for ca. €1.0mn one-off charge related to the purchase of telecom services back in FY18 turned out to be at €1.8mn, slightly lower than our previous forecast.

MailUp Group: 2019A vs VT 2019E

(€mn)	2019		
	Expected	Actual	A vs. E - Δ(%)
Total Revenues	61.1	60.8	-0.5%
EBITDA	4.7	4.8	+1.3%
<i>EBITDA margin (%)</i>	<i>7.8%</i>	<i>8.1%</i>	<i>+27bps</i>
EBIT	2.4	1.8	-24.0%
<i>EBIT margin (%)</i>	<i>4.0%</i>	<i>3.1%</i>	<i>+27bps</i>
Net Profit	1.6	1.2	-26.0%
Adj. Net Profit	2.0	1.8	-12.1%
Net Financial Position	2.9	2.4	-0.5

Source: Value Track Analysis

FY19 Turnover at €60.5mn, a new year record for MailUp Group

Total Turnover moved from €40.2mn as of FY18 to ca. €60.8mn in FY19, growing +51.2% YoY, 46% organic growth, i.e. Datatrics was consolidated as of Jan'19.

Hence, the group is steadily posting excellent results, with all business units recording double-digit growth rates. In more details:

- ◆ **Agile Telecom** – provider of mobile messaging services – recorded the largest top line growth in absolute terms (+ €15.3mn YoY, +58% YoY);
- ◆ **BEE** – the Silicon Valley based company – highlighted the highest growth rate in percentage terms, maintaining a 100+% YoY growth and revenue at €2.6mn, gaining worldwide market share as also shown by the sound increase in KPIs: (i) customer acquisition improvement, (ii) customer churn reduction, and (iii) higher ARPU;
- ◆ **Datatrics** – the customer data platform acquired in Dec' 18 – achieved brilliant results. Even if a YoY comparison is not possible, revenues are likely more than doubled YoY, customers increased by 3x YoY, also thanks to upselling activities exploited by MailUp Spa and indirectly through several web agencies;
- ◆ **MailUp and Acumbamail** – units mainly focused on the email channel – recorded lower growth rates, albeit in the double-digit field (+10% and +35% respectively).

Focusing on Revenues breakdown by business segments, the highest growth rates were recorded in the SMS channel (+57% YoY), as well as by the professional services business line (+70% YoY) which also includes the on-demand consulting for customisation and training on the Group platforms.

Further, the Group is delivering products and solutions to 23,000+ B2B clients in 115+ countries and 130,000+ free users, and is expanding its geographical footprint, with international revenues now at 47% of total vs. 10% at IPO (2014), and 240+ employees in three continents.

MailUp Group: Revenues breakdown by legal entity (FY18-19) (*)

€ mn	FY18	FY19	YoY Δ (%)
MailUp Spa	13.8	15.1	+10%
Agile Telecom	26.3	41.5	+58%
Acumbamail	0.9	1.2	+35%
BEE	1.2	2.6	+111%
Datatics	--	2.4	na
Other (cons. Adj)	-2.0	-2.0	nm
Total	40.2	60.8	+51%

Source: MailUp Group, Value Track Analysis (*) Unaudited, based on management account. Starting from April 1, 2019 Globase is no longer represented as separate business unit, it acts as a commercial branch for the sale of MailUp and Datatics products. Hence data for FY18 have been aggregated to MailUp Spa

MailUp Group: Revenues breakdown by product line (FY18-19)

€ mn	FY18	FY19	YoY Δ (%)
Email	11.3	13.3	+18%
SMS	27.2	42.7	+57%
Predictive Marketing	--	2.3	na
Professional Services	0.5	0.9	+70%
Other Revenues	1.2	1.5	+28%
Total	40.2	60.8	+51%

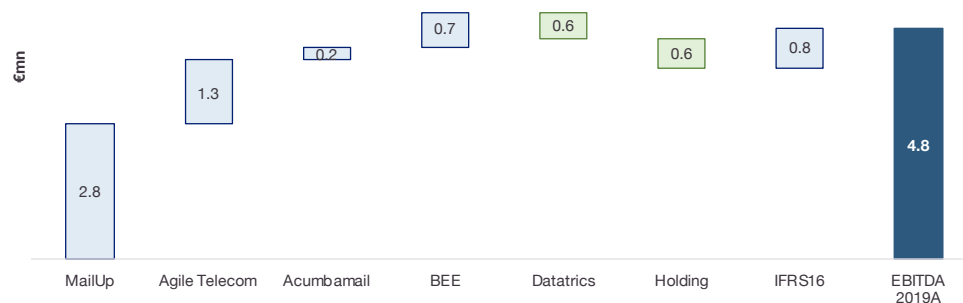
Source: MailUp Group, Value Track Analysis

Operating profitability flat YoY, due to one-off item

Reported EBITDA was around €4.8mn in FY19, increasing +27.2% YoY, while EBITDA margin on Sales (i.e. excluding Other revenues), declined by 157bps (8.1% EBITDA margin in FY19 vs. 9.7% in FY18), mainly due to:

- ◆ **Mix effect** – the abnormally high growth of SMS business, by nature highly price-oriented, is diluting group's profitability;
- ◆ **Investing heavily on future growth** – the increase in operating expenses (excluding COGS at €11.9mn, +22 % YoY), particularly those related to marketing and R&D activities (accounted as Opex) as result of the group's strategy to reinvest part of margins to keep pushing on business acceleration and further foster medium-term growth. In particular we highlight the negative contribution of Datatics start-up margin to group EBITDA;
- ◆ **One-off cost** – of ca. €1mn charge related to the purchase of telecom services in the past and not invoiced yet by the supplier.

However, despite this, Group EBITDA was positively impacted by €0.8mn related by the first adoption of IFRS16 on lease accounting.

MailUp Group: Reported EBITDA bridge FY2019


Source: Company figures, Value Track Analysis

Below the Reported EBITDA, higher D&A charges makes Reported EBIT basically flat YoY at €1.8mn (-2.5% YoY), while Net Profit benefitted from a lower tax rate (not including one-off item in the computation of Pre-Tax profit).

However, if adjusted for IFRS16 first adoption and one-off telco charge, we estimate industrial profitability in FY19 to be ca. €5.0mn, €2.8mn and €1.8mn at EBITDA, EBIT and Net Profit level, corresponding to a YoY growth of 32%, 50% and 29% YoY respectively.

MailUp: P&L figures (FY18-19)

€mn (*)	FY18	FY19	YoY Δ(%)
Total Revenues	40.2	60.8	+51%
COGS	-26.8	-44.1	
Sales & Marketing costs	-2.9	-4.4	
R&D costs	-1.1	-1.6	
G&A costs	-5.6	-5.9	
EBITDA	3.8	4.8	+27%
<i>EBITDA margin (%)</i>	8.1%	9.7%	-156bps
Depreciation & Amortization	-1.9	-2.1	
RoU amortization	0.0	-0.8	
EBIT	1.9	1.8	-2.5%
<i>EBIT margin (%)</i>	4.9%	3.1%	-174bps
Net Fin. Income (charges)	-0.0	0.0	
Pre-tax Profit	1.9	1.8	-5.0%
Tax	-0.7	-0.7	
Reported Net Profit	1.3	1.2	-7%
Adjusted Net Profit	1.4 (*)	1.8 (**)	+29%

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

(*) Adjusted for €0.2mn costs for M&A consultancy and legal activities

(**) Adjusted for one-off item of ca. €1mn (telco supplier) net of tax shield

Well-balanced capital structure and good operating cash flow generation

At Balance Sheet / Cash Flow statement level, we note the following items:

- ◆ **Net Fixed Assets** up at ca.€27.6mn from €22mn of Dec'18 and €24.4mn of June 2019, also due to €4.6mn for IFRS16 effect;
- ◆ **Net Working Capital at -€10.7mn** almost flat during the last year, however it decreased as % of Sales, moving from 27% as of FY18 to 18% at the end of FY19;
- ◆ **Reported Net Cash Position at €2.4mn**, (down by €4.0mn vs. FY18) due to:
 - First time IFRS16 adoption (€4.6mn);
 - M&A cash out related to earn-out clause related to the “old” acquisition of Agile Telecom (€0.6mn), and second and third tranche related to Datatrics' acquisition (€0.75mn);
 - Tangible and Intangible including R&D activities investments for ca. €3.1mn;
 - Zero working capital change, as outlined before and €0.5mn higher provisions;
 - Close to zero net financial charges and ca. €1.0mn income tax paid.

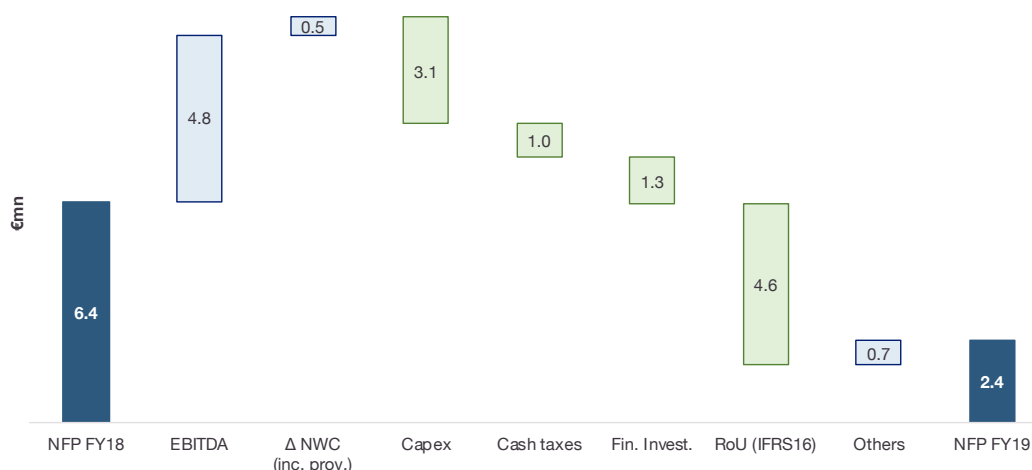
That said, **MailUp Group is still relying on a solid financial structure, and a good operating free cash generation** (i.e. OpFCF b.t. standing at 47% of Reported EBITDA), allowing the management to consider possible new M&A deals aimed at completing the product offer.

MailUp Group: Balance Sheet figures (FY18-1H19-FY19)

(€ mn)	FY18	1H19	FY19
Net Fixed assets	22.0	24.4	27.6
Net Working Capital	-10.7	-10.3	-10.7
as % of Sales	-27.4%	-17.9%	-18.0%
Severance pay and funds	1.8	2.1	2.3
Total Capital Employed	9.6	12.1	14.6
Group Net Equity	15.9	16.4	17.0
Net Fin. Position [Net debt (-) / Cash (+)]	6.4	4.4	2.4

Source: MailUp Group, Value Track Analysis

MailUp Group: Cash flow bridge FY2019



Source: Company figures, Value Track Analysis

Updating 2020E-21E Group estimates

Assessing potential impacts from Coronavirus on MailUp Group

The impressive and rapid outbreak of Coronavirus is having a huge impact on the on the global economy and on the rating of many sectors: from travelling and hospitality to manufacturing industries.

In this perfect storm however, we MailUp Group is somehow equipped to mitigate negative implications. As also announced by the company, at the moment the estimated impact on operations, productivity and personnel availability seems to not cause relevant worries.

Further Group's activities are not included in those identified by the Italian government as "non-essential" and shutdown to fight coronavirus epidemic.

Having said that, we believe the following considerations are worthy to be mentioned:

- ◆ Operations are fully compliant and ready for remote working and collaboration: the entire workforce has been working remotely for several weeks;
- ◆ Revenues are linked to SaaS (Software as a service) solutions, so the company has no risk or disruption in the supply chain;
- ◆ Highly diversified: although clients related to travel, hospitality and retailing sectors would be negatively impacted by the current situation, other clients involved in the gaming, entertainment, online services or that have an e-commerce channel should experience a more resilient demand;
- ◆ Companies in the digital sector are going to play an important role both during the crisis and in the restart phase when the emergency is over;
- ◆ MailUp Group can rely on a well-established capital structure, with €2.4mn positive Net financial Position (ca. €9.0mn cash at hands), and on a sound operating cash flow generation, which allow the company to face in a properly way potential negative impacts of the crisis.

Summing up, we believe MailUp Group is fully qualified to deal with possible impacts related to the negative market stance.

Having said that, we believe reasonable to assume a reduction in market demand which should mean, in our view, a slower growth rate in 2020E, but not a decrease in absolute terms of revenues.

New vs old estimates

In the light of the considerations outlined above, we are fine-tuning our 2020E-'21E estimates. Main changes in our forecasts are basically driven by the following elements:

- ◆ **Revenues** – we have slightly curbed our revenues growth forecasts incorporating a different Covid-19 impact on the various business units i.e. lower than previously expected growth rates for Datatrics, a slight lower one for Bee, MailUp Spa and Agile Telecom, while remaining unchanged Acumbamail forecast.

On the back of these new estimates however, MailUp Group should still deliver a double-digit 2yr CAGR₁₉₋₂₁ (15.7%);

- ◆ **EBITDA** – we revised downwards our EBITDA estimate for 2020E at €5.2mn (down from previous €6.0mn), since corporate strategy seems to remain unchanged and still focused on speeding up investments in order to further foster medium term growth.

As announced, the Group is identifying possible cost opportunities savings (not related to investment plans or potential downsizing), as well as other government or supranational programs to mitigate the economy slowdown due to covid-19 outbreak;

- ◆ **Operating Profit** – EBIT has been revised downward also due to higher D&A charges faced in FY19 and is expected to come in at €2.3mn and €4.2mn in 2020E and 2021E respectively, still incorporating a 51.1% 2yr CAGR₁₉₋₂₁;
- ◆ **Operating Cash Flow** – expected to come in a bit lower than previously expected in 2020E, due to lower earnings, less favourable working capital dynamics, and unchanged Capex, partially offset by a gradual improvement by 2021E;
- ◆ **Net Financial Position** – as a result, Net Cash Position is expected to increase less rapidly than expected in the past, to reach €8.2mn and likely to be exploited for M&A transactions.

MailUp Group: New vs. Old estimates

€mn	2020E			2021E		
	Old	New	Δ(%)	Old	New	Δ(%)
Net Revenues	73.1	69.7	-4.6%	83.9	80.5	-4.1%
EBITDA	6.0	5.2	-13.2%	8.1	7.2	-11.0%
<i>EBITDA margin (%)</i>	8.2%	7.5%	-74bps	9.7%	9.0%	-69bps
EBIT	3.3	2.3	-30.5%	5.0	4.2	-16.0%
<i>EBIT margin (%)</i>	4.5%	3.3%	-123bps	6.0%	5.2%	-74bps
Net Profit	2.3	1.5	-33.1%	3.4	2.8	-16.9%
OpFCF a.t.	2.4	1.7	-32.2%	3.8	4.2	+8.7%
Net Cash Position post IFRS16	5.5	4.0	-1.4	9.4	8.2	-1.2

Source: Value Track Analysis

MailUp Group: 2020E-21E Revenues from Sales forecasts

€mn	2020E			2021E		
	Old	New	Δ(%)	Old	New	Δ(%)
MailUp	18.6	17.4	-6.6%	20.0	19.3	-3.5%
Agile Telecom	44.0	43.0	-2.3%	48.0	47.0	-2.1%
Acumbamail	1.7	1.7	0.0%	2.0	2.0	0.0%
BEE	5.2	4.7	-9.0%	7.6	6.9	-9.6%
Datatrix	3.7	3.0	-18.4%	6.2	5.3	-15.2%
Total Group	73.1	69.7	-4.6%	83.9	80.5	-4.0%

Source: Value Track Analysis

MailUp: P&L figures 2018A-21E

€mn	2018A	2019A	2020E	2021E
Total Revenues	39.0	60.8	70.4	81.5
COGS	-25.7	-43.0	-49.5	-56.5
Labour costs	-9.5	-13.0	-15.7	-17.7
EBITDA	3.8	4.8	5.2	7.2
<i>EBITDA margin (%)</i>	9.7%	8.1%	7.5%	9.0%
Depreciation & Amortization	-1.9	-2.9	-2.9	-3.0
EBIT	1.9	1.8	2.3	4.2
Net Fin. Income (charges)	0.0	0.0	0.0	0.0
Pre-tax Profit	1.9	1.8	2.3	4.3
Tax	-0.7	-0.7	-0.8	-1.4
Reported Net Profit	1.3	1.2	1.5	2.8
Adjusted Net Profit	1.4	1.8	1.5	2.8

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

MailUp: Balance Sheet figures 2018A-21E

€mn	2018A	2019A	2020E	2021E
Net Working Capital	-10.7	-10.7	-10.0	-10.6
Net Fixed Assets	22.0	27.6	26.9	26.3
Provisions	1.8	2.3	2.5	2.7
Total Capital Employed	9.6	14.6	14.5	13.1
Group Net Equity	15.9	17.0	18.5	21.3
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	6.4	2.4	4.0	8.2

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

MailUp: Cash Flow figures 2018A-21E

€mn	2018A	2019A	2020E	2021E
EBITDA	3.8	4.8	5.2	7.2
Working Capital Change	-1.2	0.0	-0.7	0.6
Capex	-1.2	-3.1	-2.2	-2.4
Change in Provisions	0.4	0.5	0.2	0.2
Cash Taxes	-0.7	-1.0	-0.8	-1.4
OpFCF a.t.	1.1	1.3	1.7	4.2
Rou Assets (IFRS 16)	0.0	-4.6	0.0	0.0
Other (Incl. Fin. Inv.)	-2.0	-0.7	0.0	0.0
Net Financial Charges	0.0	0.0	0.0	0.0
Net Cash generated	-0.9	-4.0	1.7	4.2

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

Valuation Update

Taking into account revised 2020E-21E forecasts on the back of a slight reduction in market demand linked to covid-19 outbreak, we revise downwards our **fair equity value per share to €5.00 (from €5.50) on a fully diluted basis** (i.e. assuming 1.27mn shares to be issued for Datatrics earnout).

Our valuation is the result of a Sum-of-the-Parts model, fuelled by the following assumptions:

- ◆ **MailUp Spa** – an unchanged EV/Sales multiples for MailUp business unit (1.5x), together with an EV/EBITDA (10.0x) still below Dotdigital (by far the most comparable company) current multiples;
- ◆ **Agile Telecom** – unchanged EV/Sales multiple (0.9x) for Agile Telecom, combined with an EV/EBITDA multiple at 8.0x, which definitely match the industrial profitability resulting from the light capital structure characterized by low capex requirements to sustain business development (i.e. EBITDA mirrors to OpFCF);
- ◆ **Acumbamail** – an unchanged EV/Sales multiple for Acumbamail (2.0x) averaged by an EV/EBITDA multiple (10.0x), aligned to MailUp business unit;
- ◆ **BEE** – an unchanged EV/Sales at 3.5x, be consistent with our “base case” scenario coming from the user-based valuation, although we are aware that an increase in life time value would lead the valuation upwards (i.e. a 28% growth in life time, would imply 45% increase in valuation)
- ◆ **Datatrics** – similar to BEE, we assume an unchanged EV/Sales of 3.6x coming from our “base-case” scenario implied in the user-based valuation, likely to increase up to 4.6x in our best case;
- ◆ **Unallocated corporate costs** – even if the group is adopting a new internal accounting policy, with holding costs directly allocated pro-quota to single business unit, we assume some unallocated €1.0mn costs related to MailUp Spa, Agile Telecom and Acumbamail BUs.

For further info on user-based valuation run on BEE and Datatrics, please refer to our recently released analysis (Feb'20).

We underline that at fair value MailUp shares would trade in line with **small-medium sized “digital” companies listed on AIM Italia stock market** while as always, the discount vs. International marketing technology providers would remain massive.

MailUp Group: Sum-of-the-Parts valuation

Company	Stake (%)	EV (€mn)	EV (%)	Valuation Method
MailUp SpA (*)	100%	22.5	25.6%	1.5x EV/Sales '20 - 10.0x EV/EBITDA '20
Agile Telecom	100%	32.6	37.1%	0.9x EV/Sales '20 - 8.0x EV/EBITDA '20
Acumbamail	100%	3.3	3.8%	2.0x EV/Sales '20 - 10.0x EV/EBITDA '20
BEE	100%	16.5	18.7%	3.5x EV/Sales '20
Datatrics	100%	13.0	14.7%	3.6x EV/Sales '20
Gross Asset Value		87.9	100.0%	
Group Net Cash Position 2020PF (**)		3.3		
€1.0mn Unallocated holding costs @ 10.4% WACC		-9.9		
Net Asset Value		81.2		
Number of shares fully diluted		16.2		
Fair equity value per share		5.00		

Source: Value Track Analysis (*) Revenues related to CDP solutions (€0.7mn in 2020E) and generated by MailUp SpA b.u. are allocated to Datatrics for valuation purposes

(**) Pro-Forma to take into account the entire cash out for Datatrics

Appendix: MailUp Group “Identity Card”

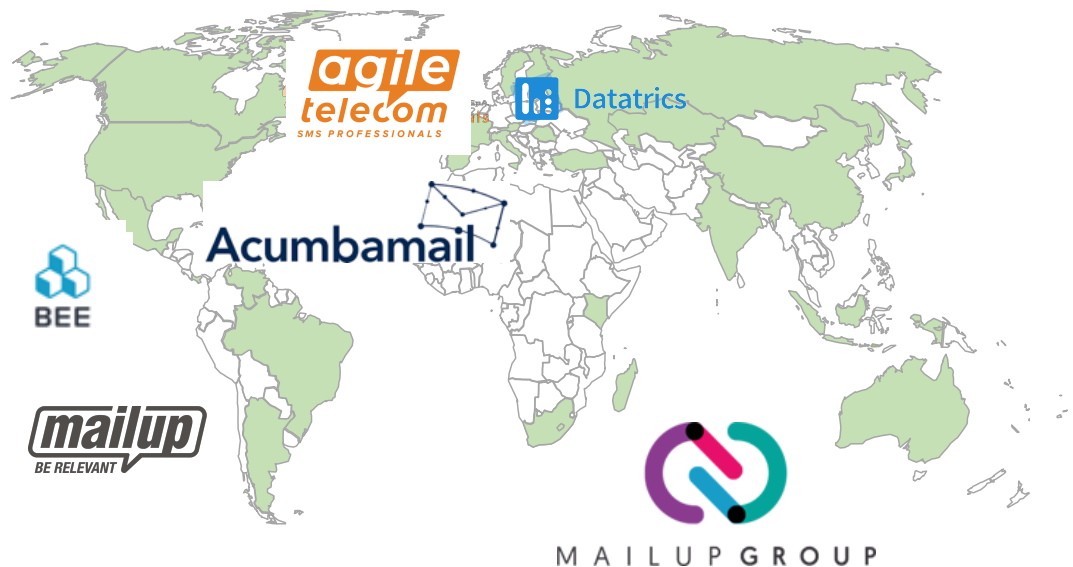
Born as email marketing provider, today is the “Italian digital marketing tech hub”

MailUp Group is a vertically integrated player active in the cloud marketing technology industry offering a wide range of solutions, with a focus on messaging and data-driven omni-channel marketing automation.

Founded back in 2002 as a digital agency with a business strategy basically focused upon the provisioning of standardized email marketing, nowadays is the **Italian digital marketing tech hub** which counts 23,000+ customers (130,000 including free users) across 115 countries worldwide, present with its offices in three continents, and relying on a staff of 240+ units.

Within the marketing technology arena, MailUp Group is one of the leading European players in cloud software (i.e. it ranks **among the top five to ten players in Europe** and the top three players in Italy), achieving a **turnover of €60.8mn** as of 2019, with top line almost 6x in just five years, and international sales now at 47% of consolidated revenues.

MailUp Group: Geographic footprint



Source: MailUp Group

Wide service offer ranging from entry level services to premium ones

MailUp Group offers to both marketers and developers a wide range of marketing technology tools and solutions going from highly standardized entry-level ones to customized, and so premium, ones.

Email service provisioning and mobile messaging delivery are the core activities, complemented by sophisticated email editing tools, innovative marketing technology solutions, such as artificial intelligence-managed Customer Data Platform services, and professional consulting services.

All tools / solutions are offered unbundled or combined into more structured workflows and are provided by the various companies of the Group in a highly synergic way. More in details:

- ◆ **Email marketing services** are mainly provided by MailUp SpA and Acumbamail, which are differentiated both in terms of geographies and client segment addressed, with solutions provided both on a pay as you go basis and annual fees model);

- ◆ As far as the **mobile messaging activity** is concerned, MailUp Group allows its corporate users to communicate with their customer base via mobile messages, both marketing oriented or, more and more, transactional ones (A2P, application-to-person).

In addition to email and mobile messaging, MailUp Group also offers:

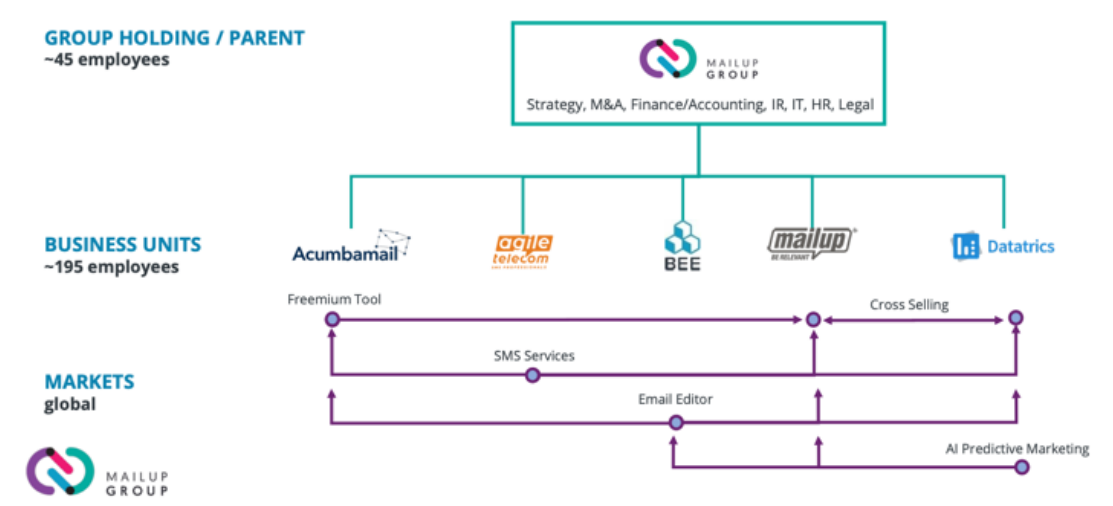
- ◆ Sophisticated but easy to use drag-&-drop **email editing tools**, named BEE, which can be used on stand-alone basis or even embedded in third-party applications, such as customers' CMS (Content Management System) and CRM (Customer Relationship Management) systems so as to have totally integrated and manageable sales and marketing experience. Such editor is offered as:
- ◆ **Professional consulting services** for customisations, dataset and management of marketing automation flows, mainly dedicated to medium-to large corporates. Indeed, the aim of MailUp Group is to scale up and increase the ARPU from clients by feeding them with more tailor-made services.
- ◆ **Predictive marketing** – through a CDP powered by AI, the group is able to combine data collected from different sources, i.e. internal data (such as CRM, email, social), and external ones (such as weather forecasts, demographic data, traffic information, etc.) to create 360-degree customer profiles aimed at building optimized customer journeys and personalized marketing approaches.

Group services provided by different but synergic legal entities

The current organizational structure involves one parent company and five business units. The parent company (i.e. the holding) provides centralized services to all legal entities in terms of business strategy, M&A and fund-raising operations, IT and administration activities as well as HR and legal support.

Companies within the group share know-how, providing valuable advantages to every member of the organization and making easier the generation of cross selling opportunities / costs synergies.

MailUp Group: Synergies among the various business units



Source: MailUp Group

A mix of solutions to meet all users’ needs in the digital marketing space

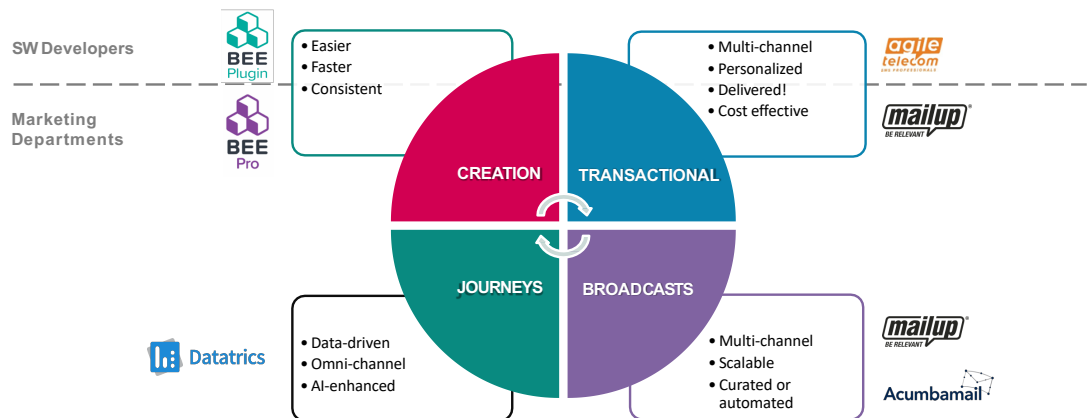
The most relevant needs that digital marketers and software developers are currently facing rely heavily on the following items:

- ◆ **Creation** of templates for receipts, newsletter, welcome series, etc;
- ◆ **Send messages** both for marketing and transactional purposes (notices, order receipts, password reminders, ...);
- ◆ **Engage** prospects & customers during their personal journey;
- ◆ **Send broadcasts** (promos, newsletter, blog updates and so on).

In such context, MailUp Group is well positioned thanks to a state-of-the-art offer mix of solutions and capabilities either developed in house (e.g. BEE, MailUp) or acquired outside (Agile Telecom, Datatrics).

Thus, maintaining an unbundled offer proposition and allowing each company to sell every product included in the Group set of possible solutions, leads to the generation of material synergies across the various business units.

MailUp Group: a mix of solution to meet marketers needs



Source: MailUp Group

In our opinion, the winning ingredient of MailUp’s business development lies on its outstanding ability of coupling organic growth and continuous development of innovative solutions plus the scouting, acquisition and integration of companies, also from abroad.

That’s why, we believe the Group is able to offer the right solution for help marketers in achieving their goals, albeit a carefully acquisition in the AdTech space could further strengthen the completeness of its offer.

DISCLAIMER

THIS DOCUMENT IS PREPARED BY VALUE TRACK S.R.L. THIS DOCUMENT IS BEING FURNISHED TO YOU SOLELY FOR YOUR INFORMATION ON A CONFIDENTIAL BASIS AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON, IN WHOLE OR IN PART, TO ANY OTHER PERSON. IN PARTICULAR, NEITHER THIS DOCUMENT NOR ANY COPY THEREOF MAY BE TAKEN OR TRANSMITTED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, INTO CANADA OR JAPAN OR AUSTRALIA TO ANY RESIDENT THEREOF OR INTO THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTION. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE LAWS OF ANY SUCH OTHER JURISDICTION. THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, AN OFFER, INVITATION OR INDUCEMENT TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES, AND NEITHER THIS DOCUMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH OR ACT AS AN INVITATION OR INDUCEMENT TO ENTER INTO ANY CONTRACT OR COMMITMENT WHATSOEVER. THIS DOCUMENT HAS NOT BEEN PUBLISHED GENERALLY AND HAS ONLY BEEN MADE AVAILABLE TO INSTITUTIONAL INVESTORS. IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND ITS GROUP INCLUDING THE MERITS AND RISKS INVOLVED. THIS DOCUMENT IS FOR DISTRIBUTION IN OR FROM THE UNITED KINGDOM ONLY TO PERSONS WHO: (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE “**FINANCIAL PROMOTION ORDER**”), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.”) OF THE FINANCIAL PROMOTION ORDER, (III) ARE OUTSIDE THE UNITED KINGDOM, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THIS DOCUMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. IN ITALY THIS DOCUMENT IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED AT QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 100 OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS AMENDED, AND ARTICLE 34-TER, PARAGRAPH 1, LETTER B), OF CONSOB REGULATION ON ISSUERS NO. 11971 OF MAY 14, 1999, AS SUBSEQUENTLY AMENDED (THE “**ISSUERS’ REGULATION**”) PROVIDED THAT SUCH QUALIFIED INVESTORS WILL ACT IN THEIR CAPACITY AND NOT AS DEPOSITARIES OR NOMINEES FOR OTHER SHAREHOLDERS, SUCH AS PERSONS AUTHORISED AND REGULATED TO OPERATE IN FINANCIAL MARKETS, BOTH ITALIAN AND FOREIGN, I.E.: A) BANKS; B) INVESTMENT FIRMS; C) OTHER AUTHORISED AND REGULATED FINANCIAL INSTITUTIONS; D) INSURANCE COMPANIES; E) COLLECTIVE INVESTMENT UNDERTAKINGS AND MANAGEMENT COMPANIES FOR SUCH UNDERTAKINGS; F) PENSION FUNDS AND MANAGEMENT COMPANIES FOR SUCH FUNDS; G) DEALERS ACTING ON THEIR OWN ACCOUNT ON COMMODITIES AND COMMODITY-BASED DERIVATIVES; H) PERSONS DEALING EXCLUSIVELY ON THEIR OWN ACCOUNT ON FINANCIAL INSTRUMENTS MARKETS WITH INDIRECT MEMBERSHIP OF CLEARING AND SETTLEMENT SERVICES AND THE LOCAL COMPENSATORY AND GUARANTEE SYSTEM; I) OTHER INSTITUTIONAL INVESTORS; L) STOCKBROKERS; (2) LARGE COMPANIES WHICH AT INDIVIDUAL COMPANY LEVEL MEET AT LEAST TWO OF THE FOLLOWING REQUIREMENTS: – BALANCE SHEET TOTAL: 20,000,000 EURO, – NET REVENUES: 40,000,000 EURO, – OWN FUNDS: 2,000,000 EURO; (3) INSTITUTIONAL INVESTORS WHOSE MAIN ACTIVITY IS INVESTMENT IN FINANCIAL INSTRUMENTS, INCLUDING COMPANIES DEDICATED TO THE SECURITISATION OF ASSETS AND OTHER FINANCIAL TRANSACTIONS (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THIS DOCUMENT IS NOT ADDRESSED TO ANY MEMBER OF THE GENERAL PUBLIC IN ITALY. UNDER NO CIRCUMSTANCES SHOULD THIS DOCUMENT CIRCULATE AMONG, OR BE DISTRIBUTED IN ITALY TO (I) A MEMBER OF THE GENERAL PUBLIC, (II) INDIVIDUALS OR ENTITIES FALLING OUTSIDE THE DEFINITION OF “QUALIFIED INVESTORS” AS SPECIFIED ABOVE OR (III) DISTRIBUTION CHANNELS THROUGH WHICH INFORMATION IS OR IS LIKELY TO BECOME AVAILABLE TO A LARGE NUMBER OF PERSONS. THIS DOCUMENT IS BEING DISTRIBUTED TO AND IS DIRECTED ONLY AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (“**EEA**”) WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC), (“**QUALIFIED INVESTORS**”). ANY PERSON IN THE EEA WHO RECEIVES THIS DOCUMENT WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS A QUALIFIED INVESTOR. ANY SUCH RECIPIENT WILL ALSO BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT HAS NOT RECEIVED THIS DOCUMENT ON BEHALF OF PERSONS IN THE EEA OTHER THAN QUALIFIED INVESTORS OR PERSONS IN THE UK, ITALY AND OTHER MEMBER STATES (WHERE EQUIVALENT LEGISLATION EXISTS) FOR WHOM THE INVESTOR HAS AUTHORITY TO MAKE DECISIONS ON A WHOLLY DISCRETIONARY BASIS. THE COMPANY, VALUE TRACK S.R.L. AND THEIR AFFILIATES, AND OTHERS WILL RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS AND AGREEMENTS. ANY PERSON IN THE EEA WHO IS NOT A QUALIFIED INVESTOR SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THE EXPRESSION “PROSPECTUS DIRECTIVE” MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING THE 2010 PD AMENDING DIRECTIVE, TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE AND THE EXPRESSION “2010 PD AMENDING DIRECTIVE” MEANS DIRECTIVE 2010/73/EU. **MAILUP SPA (THE “COMPANY”) IS A RESEARCH CLIENT OF VALUE TRACK S.R.L.** HOWEVER ANY FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE ENTIRELY THOSE OF VALUE TRACK S.R.L. AND ARE GIVEN AS PART OF ITS NORMAL RESEARCH ACTIVITY AND SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED OR APPROVED BY ANY OTHER PERSON. VALUE TRACK S.R.L. HAS NO AUTHORITY WHATSOEVER TO MAKE ANY REPRESENTATION OR WARRANTY ON BEHALF OF THE COMPANY, ITS SHAREHOLDERS, ANY OF ITS ADVISORS, OR ANY OTHER PERSON IN CONNECTION THEREWITH. WHILE ALL REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE FACTS STATED HEREIN ARE ACCURATE AND THAT THE FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE FAIR AND REASONABLE, VALUE TRACK S.R.L. HAS NOT VERIFIED THE CONTENTS HEREOF AND ACCORDINGLY NONE OF VALUE TRACK S.R.L., THE COMPANY, ITS SHAREHOLDERS, ANY ADVISORS TO THE COMPANY OR ITS SHAREHOLDERS OR ANY OTHER PERSON IN CONNECTION THEREWITH NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS OR EMPLOYEES, SHALL BE IN ANY WAY RESPONSIBLE FOR THE CONTENTS HEREOF AND NO RELIANCE SHOULD BE PLACED ON THE ACCURACY, FAIRNESS, OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DOCUMENT. NO PERSON ACCEPTS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM THE USE OF THIS DOCUMENT OR OF ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH. TO THE EXTENT PERMITTED BY LAW AND BY REGULATIONS, VALUE TRACK S.R.L. (OR ITS OFFICERS, DIRECTORS OR EMPLOYEES) MAY HAVE A POSITION IN THE SECURITIES OF (OR OPTIONS, WARRANTS OR RIGHTS WITH RESPECT TO, OR INTEREST IN THE SHARES OR OTHER SECURITIES OF) THE COMPANY AND MAY MAKE A MARKET OR ACT AS A PRINCIPAL IN ANY TRANSACTIONS IN SUCH SECURITIES.