

Growens

Sector: Marketing Technology



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Double digit growth pace is in the cards

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.

Business KPIs suggest a double-digit growth pace

Growens has released some business KPIs recorded as of Dec'21:

- ◆ ARR (Annual Recurring Revenues) of the SaaS business line at €23.2mn (+16.3% y/y), with positive year-on-year change across all business units but for Datatrics. ARR is calculated as the sum of untermiated annual subscription and do not include professional services, SMS traffic and other one-off services.;
- ◆ Gross Sales from CPaaS business line at €43.4mn in FY21 (+6.5%), with a strong acceleration in 4Q21 (+22.2% YoY).

SaaS: BEE rising again and again

Within the SaaS business division, BEE (beefree.io) kept growing at full speed, recording the highest growth rate (+57% y/y), with ARR at €7.3mn, thanks to a healthy increase in both volumes and customer base.

Acumbamail confirmed a positive momentum with ARR at €1.9mn (+24% y/y), while MailUp recorded a mid-single digit increase in ARR at €11.5mn, negatively affected by the early termination of certain recurring contracts in the previous quarters. On the other side, Datatrics ARR was still down (-10% y/y) at €2.5mn, due to the negative impact of covid-19 outbreak on some big clients that were forced to terminate their contract. However, the reorganization process launched in 2021 is showing its initial positive effects as the company is recording an increase in lead generation and clients pipeline. Indeed, ARR is up +0.3% vs. September 2021.

CPaaS: Agile Telecom performance is booming "again"

Agile Telecom faced a strong traction in Gross Sales in 4Q, at €12.7mn (+22.2% y/y), confirming an important recovery of economic activities and marked by relevant commercial events like Black Friday and Christmas holidays. More, AT also achieved a new all-time high in November 2021 with more than 200mn messages sent to users.

Estimates and fair value unchanged, but changes in mix

We are fine tuning our expected revenue mix for 2022E, with slower sales growth for Datatrics, offset by a further acceleration from BEE and Agile Telecom. The same works for our SOP based valuation but, overall, our Group fair valuation remains unchanged a €6.30 p/s, which implies 1.1x EV/Sales and 12.8x EV/EBITDA on our 2022E financial estimates

Fair Value (€) 6.30

Market Price (€) 5.36

Market Cap. (€m) 80.2

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)	1.2	1.1	0.9
EV/EBITDA (x)	15.3	14.1	10.7
EV/EBIT (x)	nm	nm	26.2
P/E ADJ. (x)	nm	nm	41.8

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

STOCK DATA

FAIR VALUE (€)	6.30
MARKET PRICE (€)	5.36
SHS. OUT. (m)	15.0
MARKET CAP. (€m)	80.2
FREE FLOAT (%)	37.0
AVG. -20D VOL. (#)	13,133
RIC / BBG	GROW.MI / GROW IM
52 WK RANGE	3.81-5.48

Source: Stock Market Data

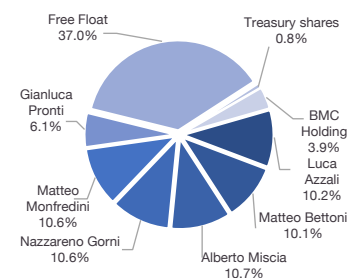


Business Description

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



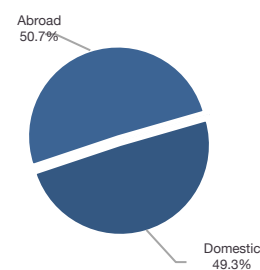
Source: Growens SpA

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%

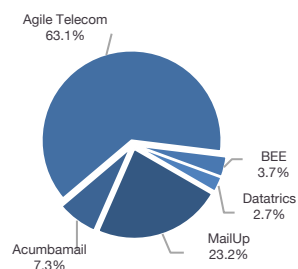
Source: Growens SpA (historical figures), Value Track (estimates)

9M21 Revenues by geography



Source: Growens SpA

9M21 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

	2022E	2023E
EV / SALES (x)	1.1	0.9
EV / EBITDA (x)	12.8	10.2
EV / EBIT (x)	31.2	20.0
EV / CAP.EMP. (x)	6.1	6.3
OpFCF Yield (%)	4.7	6.2
P / E (x)	49.2	33.9
P / BV (x)	4.7	4.1
Div. Yield. (%)	0.0	0.0

Source: Value Track

Growens: SaaS Annual Recurring Revenue (ARR) as of Dec'21

€mn	Dec'20	Dec'21	Δ y/y
MailUp	11.0	11.5	4.6%
BEE	4.6	7.3	57.3%
Acumbamail	1.5	1.9	23.9%
Datatics	2.8	2.5	-10.2%
Group	19.9	23.2	16.3%

Source: Growens

Growens: CPaaS Annual and quarterly Gross Sales as of Dec'21

€mn	4Q20	4Q21	Δ y/y (%)	FY20	FY21	Δ y/y
Agile Telecom	10.4	12.7	22.2%	40.7	43.4	6.5%
Group	10.4	12.7	22.2%	40.7	43.4	6.5%

Source: Growens

Growens: Sum-of-the-Parts valuation

Company	Stake (%)	EV (€mn)	EV (%)	Valuation Method
MailUp	100%	41.4	35.5%	1.7x EV/Sales '21 – 15.0x EV/EBITDA '21
Agile Telecom	100%	31.6	26.6%	1.0x EV/Sales '21 – 10.0x EV/EBITDA '21
Acumbamail	100%	6.8	4.3%	1.7x EV/Sales '21 – 15.0x EV/EBITDA '21
BEE	95.2%	34.7	29.3%	5.0x EV/ARR (Annual Recurring Revenue)
Datatics	100%	10.0	8.4%	User-based Valuation
Gross Asset Value		123.6	100.0%	
Group Net Cash Position 2021E		2.6		
€2.0mn Unallocat. holding costs @ 8.5% WACC		-23.5		
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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