

EQUITY - SPAIN

Sector: Communications Equipment

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6m Results 2021

Opinion ⁽¹⁾: In lineImpact ⁽¹⁾: We will maintain our estimates

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6m, in line: business accelerating with a structure that still weighs heavy on EBIT

Business description

Amper (AMP) is a Spanish group that operates through three business lines: (i) Technology (roll-out of telecom networks and IoT, solutions for security and defense and energy control; 36% o/revenue in 2021e), (ii) Industrial (assembly and maintenance of industrial plants; 60% o/revenue in 2021e), and (iii) engineering (4% o/revenue in 2021e). Spain is its principal market (c. 85% o/revenue).

Market Data

Market Cap (Mn EUR and USD)	207.3	243.3
EV (Mn EUR and USD) ⁽²⁾	290.2	340.6
Shares Outstanding (Mn)	1,108.6	
-12m (Max/Med/Min EUR)	0.23 / 0.19 / 0.15	
Daily Avg volume (-12m Mn EUR)	0.38	
Rotation ⁽³⁾	47.3	
Factset / Bloomberg	AMP-ES / AMP SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Martinavarro Dealbert	5.1
Free Float	94.9

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	6.0	3.9	16.9	46.2
vs Ibex 35	7.1	4.8	-12.4	45.4
vs Ibex Small Cap Index	8.0	11.3	-9.3	-16.9
vs Eurostoxx 50	5.5	0.9	-11.4	5.7
vs Sector benchmark ⁽⁴⁾	1.8	-9.9	-19.6	-34.6

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 2.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) vs Stoxx Europe 600 Technology.

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

AMP'S ORDERBOOK REMAINS CLOSE TO ALL-TIME HIGHS (EUR 327MN). The integration of Sacyr Nervión in July 2020 caused a change in the mix of the orderbook, with an increase in the weighting of the industrial business to 66.5% (vs 40.7% in 1H20). The other 33.5% comes from: (i) the technological business, with a higher margin and growth capacity (27.4% of the mix; c. +47% vs 1H20) and (ii) engineering (6.1% of the mix; +22% vs 1H20).

... WITH REVENUE INCREASING TO EUR 140MN +79% Y/Y, underpinned by: (i) the strategic reorganisation of the company's businesses in 2020 (focusing on growth niches such as communications infrastructure, the IoT, digitisation, renewable energies, etc.), (ii) the increasing normalisation of business after the more restrictive period imposed by Covid-19 in 2020 (although some business continues to be affected) and (iii) the full consolidation of the businesses acquired in 2020.

WITH AN INCREASED WEIGHTING OF TECHNOLOGICAL BUSINESSES IN THE REVENUE MIX. Although the industrial business (with a smaller margin) continues to dominate the revenue mix (with a weighting of 68.5%), we would highlight the strong growth recorded by the technological businesses with EUR 39.7Mn at the 1H21 close (+118% vs 1H20; including non-organic growth). This has driven the weighting of technological businesses to 28.3% (vs 23.3% in 1H20), despite the large increase in the industrial business (+75% vs 1H20).

ALTHOUGH THE COST STRUCTURE REMAINS VERY HEAVY... The non-organic growth strategy adopted by AMP in recent years has resulted in significant growth in the operating structure, implying in 1H21: (i) EUR 65.4Mn in personnel costs (a factor that will continue to impact results in 2H) and (ii) an increase in other operating costs to EUR 12.6Mn (vs EUR 7.3Mn in 1H20).

PREVENTING (YET) THE TAKE-OFF OF EBIT (EUR 2.9MN; EBIT MARGIN 2%)... The EBIT margin was 2% (vs negative EBIT in 1H20), impacted mainly by EUR 5.4Mn of amortisation from the capitalisation of R+D costs and the amortisation of intangible generated by M&A (no impact on cash flow).

MAINTAINING DEBT STABLE (ND: EUR 53.5MN). With a business that is very intensive in working capital (clients/sales LTM: c. 40%; mainly due to the industrial division), AMP closed 1H21 with ND of EUR 53.5Mn (in line with the 1Q21 close). In our view, the current balance sheet structure does not seem to be a problem and should allow AMP to handle the organic growth expected in 2021e-2023e (c. 15% CAGR). And, although the ability to continue to grow via M&A persists (with a ND/EBITDA limit of c. 3x), current ND levels reduce the capacity for significant non-organic growth in the short term.

A COMBINATION OF MORE REVENUE BUT ALSO MORE COSTS THAT ALLOWS US TO MAINTAIN OUR ESTIMATES FOR THE MOMENT. The good performance by revenue in 1H21 (EUR 140Mn vs EUR 259Mn estimated for the whole year), points to a faster than expected acceleration of growth (2Q21 revenue: +17% vs 1Q21). Although with a fixed cost structure that is also growing and that remains very heavy (1H21 EBIT margin: c. 2% vs c. 5% estimated). In this situation (higher revenues but also higher costs), we maintain our estimates: 2021e EBIT: c. EUR 12-13Mn (2021e EV/EBIT: 22x; c. 15x 2022e).

Appendix 1. Results table

EUR Mn	6m21	6m21 Real		2021e vs	
	Real	6m20	vs 6m20	2021e	2020
Total Revenues	140.2	78.2	79.3%	258.8	32.0%
Technology	39.7	18.2	118.2%	94.0	74.7%
Industrial	96.1	54.7	75.6%	155.4	16.2%
Engineering	4.4	5.3	-16.9%	9.3	10.0%
Recurrent EBITDA¹	4.1	-1.2	450.3%	15.1	n.a.
<i>Rec. EBITDA/Revenues</i>	<i>3.0%</i>	<i>-1.5%</i>	<i>4.5 p.p.</i>	<i>5.8%</i>	<i>5.9 p.p.</i>
EBIT	2.9	-0.1	n.a.	13.2	n.a.
NP	0.6	-0.6	190.6%	8.7	n.a.
Order book	327.1	130.6	150%	n.a.	n.a.
Net Debt	53.5	36.9	45.1%	35.4	-0.4%

(1) Recurrent EBITDA adjusted to strip out the impact of revenue associated with the capitalisation of R+D costs (EUR 4.1Mn in 1H21 y EUR 6.2Mn in 1H20)

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	207.3	
+ Minority Interests	3.4	6m Results 2021
+ Provisions & Other L/T Liabilities	30.6	6m Results 2021
+ Net financial debt	53.5	6m Results 2021
- Financial Investments	4.6	6m Results 2021
+/- Others		
Enterprise Value (EV)	290.2	

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
24-Sep-2021	n.a.	0.187	n.a.	n.a.	6m Results 2021	David López Sánchez
30-Apr-2021	n.a.	0.202	n.a.	n.a.	3m Results 2021	David López Sánchez
18-Mar-2021	n.a.	0.209	n.a.	n.a.	Review of estimates	David López Sánchez
01-Mar-2021	n.a.	0.191	n.a.	n.a.	12m Results 2020	David López Sánchez
16-Nov-2020	n.a.	0.182	n.a.	n.a.	9m Results 2020	David López Sánchez
30-Jul-2020	n.a.	0.152	n.a.	n.a.	6m Results 2020	David López Sánchez
06-May-2020	n.a.	0.188	n.a.	n.a.	3m Results 2020	David López Sánchez
27-Feb-2020	n.a.	0.257	n.a.	n.a.	12m Results 2019	David López Sánchez
13-Nov-2019	n.a.	0.268	n.a.	n.a.	9m Results 2019	David López Sánchez
11-Sep-2019	n.a.	0.280	n.a.	n.a.	6m Results 2019	David López Sánchez
09-May-2019	n.a.	0.268	n.a.	n.a.	3m Results 2019	David López Sánchez
04-Apr-2019	n.a.	0.262	n.a.	n.a.	Initiation of Coverage	David López Sánchez

