

## EQUITY - SPAIN

Sector: Communications Equipment

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9m Results 2021

Closing price: EUR 0.19 (23 Nov 2021)

### 9m Results 2021

**Opinion** <sup>(1)</sup>: In line

**Impact** <sup>(1)</sup>: We will maintain our estimates

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### 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).

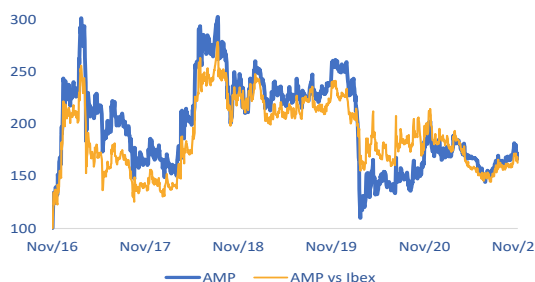
### Market Data

Market Cap (Mn EUR and USD)	208.9	234.9
EV (Mn EUR and USD) <sup>(2)</sup>	297.2	334.3
Shares Outstanding (Mn)	1,108.6	
-12m (Max/Med/Min EUR)	0.23 / 0.19 / 0.16	
Daily Avg volume (-12m Mn EUR)	0.35	
Rotation <sup>(3)</sup>	42.9	
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	0.5	6.8	-9.4	66.4
vs Ibex 35	1.6	8.7	-18.0	62.9
vs Ibex Small Cap Index	1.3	11.1	-16.2	-3.7
vs Eurostoxx 50	-1.7	4.1	-26.8	17.8
vs Sector benchmark <sup>(4)</sup>	-1.1	4.7	-36.9	-28.1

(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.

## 9m21: Mixed results (good in terms of revenue; worse in margins)

**THE PROJECT PORTFOLIO REMAINS CLOSE TO HIGHS (EUR 319.6MN).** AMP closed 3Q with a project portfolio of EUR 319.6Mn (+6.3% vs -1y; in line with the portfolio at the 1H21 close, although c. 6% smaller than at the 2020 close). By businesses, the industrial business (smaller margins) accounts for 62% of the portfolio and the other 38% comes from: (i) the technological business (32%) and (ii) engineering (6%). This underlines that today non-industrial businesses have a larger weighting of AMP's project portfolio (38% of the total vs 27% -1y).

**AND AMP'S BUSINESS CONTINUES TO GAIN TRACTION (REVENUE EUR 210.9MN; +63.1% VS 9M20).** In 9m21 AMP obtained EUR 210.9Mn in revenue, already 5% more than in the whole of 2020. This strong revenue growth (+63.1% vs 9m20) was underpinned mainly by: (i) the growing normalisation of business after the impact of Covid-19 in 2020, (ii) the strategic restructuring of its businesses carried out in 2020 (focus on growth niches such as communications infrastructure, the IoT, digitisation, renewable energies, etc.) and (iii) the full consolidation of the businesses acquired in 2020.

**ALTHOUGH THE COST STRUCTURE REMAINS VERY HEAVY...** The non-organic growth strategy adopted in recent years has resulted in significant growth in the operating structure, implying in 9m21: (i) EUR 99Mn in personnel costs (+49.1% vs 9m20) and (ii) other operating costs of EUR 18.3Mn (+53.2% vs 9m20). Operating costs amount to c. 56% of revenue (vs c. 52% in 2019), a c. 4p.p. increase explained mainly by higher personnel costs.

**... CONTINUING TO SQUEEZE MARGINS.** Although the rebound in revenue returns AMP to positive levels of EBIT (EUR 4.6Mn; vs losses in 9m20), the 1.4p.p. contraction of the gross margin and the heavy cost structure keeps the EBIT margin under pressure (9m21 EBIT margin c. 2%). EBIT that includes: (i) EUR 8.2Mn in amortisations (mainly intangibles generated by the M&A activity and by the R&D expenses capitalised in recent years) and (ii) EUR 7.5Mn of capitalised R&D expenses (c. 3% of revenues); with no impact on cash flow.

**NET DEBT INCREASED TO EUR 59.8MN (+12% VS 1H21).** With gross debt comprised of: (i) promissory notes (c. 58% of the total) and (ii) bank debt (42% of the total), that includes the line of ICO loans announced within the Covid-19 crisis framework (EUR 20.8Mn that the company will begin to repay on a quarterly basis over a 6-year period from May 2022).

**WE MAINTAIN OUR ESTIMATES IN THE LIGHT OF RESULTS THAT ARE IN LINE IN TERMS OF REVENUES, ALTHOUGH 9M21 MARGINS ARE A WAKE-UP CALL.** Our assessment of these results is neutral: on the positive side, AMP has consolidated a project portfolio close to highs (and with a larger weighting of non-industrial businesses) and has maintained high revenue growth, but, on the negative side, margins remain under pressure (9m21 EBIT margin c. 2%) and net debt has increased to EUR 59.8Mn. We maintain our estimates in the light of revenue in line (and with strong growth) and expectations for the recovery of 2019 margins in 4Q21 (thanks to the focus on niche products). This should translate to 2021e revenue of c. EUR 275Mn and c. EUR 12-13Mn of EBIT. The improvement of the margin remains pending (2021e EV/EBIT c. 25x).

## Appendix 1. Results table

EUR Mn	9m21	9m20	9m21 Real	3Q21	3Q21 vs
	Real		vs 9m20		3Q20
<b>Total Revenues</b>	<b>210.9</b>	<b>129.3</b>	<b>63.1%</b>	<b>70.7</b>	<b>38.4%</b>
Technology	58.7	28.6	105.3%	18.9	82.6%
Industrial	146.7	94.3	55.5%	50.6	27.8%
Engineering	5.6	6.4	-13.0%	1.2	5.4%
<b>Recurrent EBITDA<sup>1</sup></b>	<b>5.4</b>	<b>-1.4</b>	<b>499.3%</b>	<b>1.3</b>	<b>n.a.</b>
<i>Rec. EBITDA/Revenues</i>	<i>2.6%</i>	<i>-1.1%</i>	<i>3.6 p.p.</i>	<i>1.8%</i>	<i>2.2 p.p.</i>
<b>EBIT</b>	<b>4.6</b>	<b>-0.6</b>	<b>n.a.</b>	<b>1.8</b>	<b>447%</b>
<b>NP</b>	<b>0.1</b>	<b>-1.2</b>	<b>109.0%</b>	<b>-0.5</b>	<b>16%</b>
Order book	319.6	300.7	6%	-2.3%	
Net Debt	59.8	36.9	62.1%	11.8%	

(1) Recurrent EBITDA adjusted to strip out the impact of the capitalisation of R+D expenses in 9m21 and 9m20 (EUR 7.4Mn and EUR 4.2Mn, respectively).

## Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	208.9	
+ Minority Interests	3.4	6m Results 2021
+ Provisions & Other L/T Liabilities	29.7	9m Results 2021
+ Net financial debt	59.8	9m Results 2021
- Financial Investments	4.6	6m Results 2021
+/- Others		
<b>Enterprise Value (EV)</b>	<b>297.2</b>	

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
24-Nov-2021	n.a.	0.188	n.a.	n.a.	9m Results 2021	David López Sánchez
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

