

## Comfortably beating revenue estimates, although margins still under pressure

### 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).

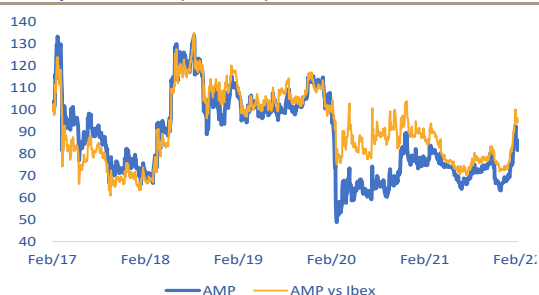
### Market Data

Market Cap (Mn EUR and USD)	231.2	256.9
EV (Mn EUR and USD) <sup>(2)</sup>	316.6	351.9
Shares Outstanding (Mn)	1,108.6	
-12m (Max/Med/Min EUR)	0.24 / 0.19 / 0.16	
Daily Avg volume (-12m Mn EUR)	0.34	
Rotation <sup>(3)</sup>	37.8	
Factset / Bloomberg	AMP-ES / AMP SM	
Close fiscal year	31-Dec	

### Shareholders Structure (%)

José Fernandez Gonzalez	5.1
Martinavarro Dealbert	5.1
Free Float	89.8

### Relative performance (Base 100)



### Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	17.8	8.6	6.2	-18.5
vs Ibex 35	20.9	16.5	7.1	-6.0
vs Ibex Small Cap Index	17.3	11.8	12.7	-44.7
vs Eurostoxx 50	24.7	21.3	2.7	-29.7
vs Sector benchmark <sup>(4)</sup>	30.3	37.3	9.2	-49.1

(1) Please refer to Appendix 2.

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

(3) vs Stoxx Europe 600 Technology.

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

**STRONG REVENUE GROWTH THAT COMFORTABLY BEAT OUR ESTIMATES: EUR 307.7MN; +53.4%...** AMP ended 2021 with very strong growth in revenue (+53.4% vs 2020) explained mainly by: (i) the growing normalisation of business after the impact of Covid-19, (ii) the focus on growth niches (such as communications infrastructure, the IoT, digitisation, and renewable energies) and (iii) non-organic growth (with the full consolidation of the businesses acquired in 2020).

**... DRIVEN BY THE TECHNOLOGICAL BUSINESS.** By divisions, we would highlight the strong growth of the technological business (+72.2% vs 2020) that already accounts for c. 32% of the revenue mix (+5.6p.p. vs 2020). Analysing 4Q21 in isolation, AMP's technological business (engineering and integration for the development of communications and the IoT, security and defence solutions and energy management) saw growth accelerate, with revenue of EUR 39.5Mn (+110% vs 3Q21!); that increased its weighting of the revenue mix to 40% in 4Q in isolation).

**... ALTHOUGH MARGINS REMAIN UNDER PRESSURE.** Despite the increased weighting of technological businesses in the revenue mix (32% vs 26% in 2020; c. 40% in 4Q) the gross margin remains under pressure: 2021 gross margin 57%, in line with the margin seen in 2020, a year impacted by Covid-19 (vs a gross margin of c. 60% in 2019).

**EBIT, EUR 12.7MN (EBIT MARGIN 4.1%).** The non-organic growth strategy adopted by AMP in recent years has resulted in significant growth in the operating structure to EUR 165Mn (+45% vs 2020). This leaves Recurrent EBITDA (stripping out capitalised R+D expenses) at EUR 11.6Mn (Rec. EBITDA margin c. 4%; vs c. 9% in 2019). Below Recurrent EBITDA, amortisation and depreciation expenses (EUR 11.3Mn; mainly intangibles generated by M&A; with no impact on FCF) are offset by capitalised R+D expenses (EUR 12.4Mn), resulting in EBIT of EUR 12.7Mn (vs EUR 2.4Mn in 2020).

**AND NET DEBT INCREASED TO EUR 64.2MN.** As a result of the strong revenue growth, AMP is paying the price of high working capital consumption (especially in its industrial division; 65% of revenue). This is reflected in an increase in net debt to EUR 64.2Mn (+74% vs 2020). Levels that hinder the capacity to continue to grow non-organically.

**MIXED 2021 RESULTS:** On the positive side, AMP confirms the capacity for growth of its business (and, specifically, of its technological division) that comfortably beat our revenue expectations, but, on the negative side, margins remain under pressure (gross margin c. 57% vs c. 60% in 2019), maintaining a very high cost structure that prevents revenue growth from being turned into profits as yet (EBIT margin c. 4%).

**AND NOW WHAT?** Now the decisive question to be answered is if the margins seen in 2021 are structural in nature or if, on the contrary, it is possible to recover the margins seen in 2019 (Rec. EBITDA margin c. 9%; that would provide the opportunity to turn the strong revenue growth into profits). Although the good performance in 4Q21 in isolation (Rec. EBITDA margin c. 6% vs c. 2% in 3Q21) suggests a recovery of margins is possible, the performance of the Rec. EBITDA margin (ex R+D capitalisations) in 2022e will be crucial for confirming this as it will be decisive for underpinning the improvement in current multiples.

## Appendix 1. Results table

EUR Mn	12m21 Real	12m20	12m21 Real vs 12m20	2021e	12m21 Real vs 2021e	4Q21	4Q21 vs 4Q20
<b>Total Revenues</b>	<b>307.7</b>	<b>200.6</b>	<b>53.4%</b>	<b>258.8</b>	<b>18.9%</b>	<b>96.8</b>	<b>48.1%</b>
Technology	98.1	57.0	72.2%	94.0	4.4%	39.5	72.6%
Industrial	201.6	135.2	49.2%	155.4	29.7%	54.9	34.5%
Engineering	8.0	8.5	-5.9%	9.3	-14.5%	2.4	47.9%
<b>Recurrent EBITDA<sup>1</sup></b>	<b>11.6</b>	<b>9.4</b>	<b>24.6%</b>	<b>15.1</b>	<b>-22.8%</b>	<b>6.2</b>	<b>88.7%</b>
<i>Rec. EBITDA/Revenues</i>	<i>3.8%</i>	<i>4.7%</i>	<i>-0.9 p.p.</i>	<i>5.8%</i>	<i>-2.0 p.p.</i>	<i>6.4%</i>	<i>1.4 p.p.</i>
<b>EBIT</b>	<b>12.7</b>	<b>-1.3</b>	<b>n.a.</b>	<b>13.2</b>	<b>-3.8%</b>	<b>8.1</b>	<b>n.a.</b>
<b>NP</b>	<b>7.2</b>	<b>1.1</b>	<b>n.a.</b>	<b>8.7</b>	<b>-17.7%</b>		
Order book	282.0	340.6	-17%	n.a.			
Net Debt	64.2	36.9	74.0%	35.4			

(1) Recurrent EBITDA adjusted to strip out the impact of the capitalisation of R+D expenses in 2021 and 2020 (EUR 12.4Mn and EUR 9.5Mn, respectively).

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

	EUR Mn	Source
Market Cap	231.2	
+ Minority Interests	3.1	12m Results 2021
+ Provisions & Other L/T Liabilities	22.0	12m Results 2021
+ Net financial debt	64.2	12m Results 2021
- Financial Investments	3.9	12m Results 2021
+/- Others		
<b>Enterprise Value (EV)</b>	<b>316.6</b>	

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25-Feb-2022	n.a.	0.208	n.a.	n.a.	12m Results 2021	David López Sánchez
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

