

## EQUITY - SPAIN

Sector: Communications Equipment

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6m Results 2022

Closing price: EUR 0.20 (29 Jul 2022)

### 6m Results 2022

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; 31.9% o/revenue in 2021), (ii) Industrial (assembly and maintenance of industrial plants; 65.5% o/revenue in 2021), and (iii) engineering (2.6% o/revenue in 2021). Spain is its principal market (c. 85% o/revenue).

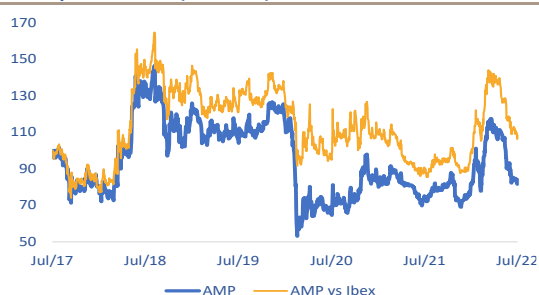
### Market Data

Market Cap (Mn EUR and USD)	218.0	222.2
EV (Mn EUR and USD) <sup>(2)</sup>	311.7	317.9
Shares Outstanding (Mn)	1,108.6	
-12m (Max/Med/Mín EUR)	0.28 / 0.21 / 0.16	
Daily Avg volume (-12m Mn EUR)	0.48	
Rotation <sup>(3)</sup>	56.2	
Factset / Bloomberg	AMP-ES / AMP SM	
Close fiscal year	31-Dec	

### Shareholders Structure (%)

Zelena	7.9
Martinavarro Dealbert	5.2
Free Float	87.0

### Relative performance (Base 100)



### Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	-6.4	-24.7	13.0	-16.1
vs Ibex 35	-6.0	-20.7	21.7	8.4
vs Ibex Small Cap Index	-2.9	-17.3	24.9	-36.0
vs Eurostoxx 50	-11.3	-22.7	25.4	-21.5
vs Sector benchmark <sup>(4)</sup>	-15.7	-23.8	39.3	-43.0

(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.

## 1H22, in line: sales growth continues, while waiting for margins to recover

**REVENUES CONTINUE TO GROW (EUR 166.MN; +19% VS 1H21)...** By divisions, we would highlight the strong growth of the technological business (+50.1% vs 1H21) that already accounts for c. 36% of the revenue mix (+7.4p.p. vs 1H21). Analysing 2Q22 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 39.1Mn (vs EUR 19.9Mn in 2Q21; that increased its weighting of the revenue mix to 42% in 2Q in isolation).

**ACCOMPANIED BY A SMALL IMPROVEMENT IN MARGINS.** In 1H22 AMP generated Rec. EBITDA (adjusted for capitalised R+D expenses) of EUR 5.9Mn (+40.2% vs 1H21). A sharp increase explained both by the increase in volume (1H22 revenue: +19%) and by a slight improvement in margins (1H22 Recurrent EBITDA margin of 3.5% vs 3% in 1H21) the result of a higher weighting in the revenue mix of the technological business (with higher margins).

**... THAT SHOULD CONTINUE THANKS TO THE CHANGE IN THE ORDER BOOK MIX.** AMP closed 1H22 with a project orderbook of EUR 413Mn (+46% vs 2021; +26% vs -1y). An orderbook that shows a very significant increase, explained mainly by the acquisition of 45% of Atlas Engineering (network project management, roll-out of fibre and its equipment for telcos in Germany; controlling stake) that contributes an orderbook of c. EUR 110Mn (to execute in 3 years) and with a significant increase too in the weight of the technological business in the project orderbook (52% vs 27% in 1H21; that should mean the margin improvement will continue in the second half).

**NET DEBT, EUR 88.1MN (+37.2% VS 2021).** As a result of the strong revenue growth, AMP is paying the price of high working capital consumption (impact of c. EUR 29Mn vs increase in net debt of EUR 24Mn). This is reflected in an increase in net debt to EUR 88.1Mn (+37.2% vs the 2021 close) that includes EUR 57.6Mn of promissory notes (c. 55% of total gross debt; with maturities between October 2022 and March 2023).

**THE STRONG GROWTH IN REVENUE ALLOWS US TO MAINTAIN ESTIMATES (ALTHOUGH EVERYTHING DEPENDS ON THE MARGIN IMPROVEMENT IN 2H).** The recovery of 2019 level margins is still pending (Recurrent EBITDA margin: c. 8%). However, the strong revenue growth and the orderbook figure (at highs; with a larger weighting of technology) leads us to estimate 2022e revenue of c. EUR 335Mn (in line with revenue LTM; +8.5% vs 2021) and maintain our estimate for EBITDA of c. EUR 17-20Mn (EBITDA margin 5%-5.5%); a margin improvement underpinned mainly by the change in the orderbook nmix (c. 52% explained by the technological business vs c. 27% -1y). In the long term the equity story remains intact and hinges on margin improvement (and the opportunity offered by the possibility of turning the step-up in size executed in recent years into profits). However, the current level of gearing (1H22 ND: EUR 88Mn) is the main limitation on continued inorganic growth.

## Appendix 1. Results table

EUR Mn	6m22		6m22 Real
	Real	6m21	vs 6m21
<b>Total Revenues</b>	<b>166.9</b>	<b>140.2</b>	<b>19.0%</b>
Technology	59.7	39.7	50.1%
Industrial	101.0	96.1	5.1%
Engineering	6.2	4.4	42.0%
<b>Gross margin</b>	<b>93.7</b>	<b>82.2</b>	<b>14.0%</b>
<i>Gross margin (%)</i>	<i>56.1%</i>	<i>58.6%</i>	<i>-2.5 p.p.</i>
<b>Recurrent EBITDA<sup>1</sup></b>	<b>5.9</b>	<b>4.2</b>	<b>40.2%</b>
<i>Rec. EBITDA/Revenues</i>	<i>3.5%</i>	<i>3.0%</i>	<i>0.5 p.p.</i>
<b>EBIT</b>	<b>4.3</b>	<b>2.9</b>	<b>48.0%</b>
<b>NP</b>	<b>0.8</b>	<b>0.6</b>	<b>45.4%</b>
Order book	413.5	327.1	26.4%
Net Debt	88.1	64.2	37.2%

(1) Rec. EBITDA adjusted to strip out the impact of capitalised R+D expenses (EUR 4.8Mn in 1H22 and EUR 4.1Mn in 1H21).

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

	EUR Mn	Source
Market Cap	218.0	
+ Minority Interests	3.6	6m Results 2022
+ Provisions & Other L/T Liabilities	5.8	6m Results 2022
+ Net financial debt	88.1	6m Results 2022
- Financial Investments	3.7	6m Results 2022
+/- Others		
<b>Enterprise Value (EV)</b>	<b>311.7</b>	

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
01-Aug-2022	n.a.	0.197	n.a.	n.a.	6m Results 2022	David López Sánchez
02-May-2022	n.a.	0.261	n.a.	n.a.	3m Results 2022	David López Sánchez
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

