

6m Results 2019

Opinion ⁽¹⁾: Above expectations.

Impact ⁽¹⁾: We will have to raise our estimates.

David López Sánchez – david.lopez@lighthouse-ief.com

+34 915 904 226

Amper (AMP) is a provider of all kinds of technological solutions, focused on the supply of the hardware and software needed to roll out communications networks. In 2017 it acquired Nervi3n, a group which assembles and maintains industrial installations (mainly in Spain). Currently, after the restructuring of the business, sales outside Spain represent 17% of the total.

Dichotomy

REVENUE +37.8% (EUR 88.4MN VS EUR 64.1MN IN 1H18) underpinned by organic growth of all the business lines: with an exceptional surprise in the industrial business which contributed 56% of the increase, well above our estimates (growing +31.3% vs +3.0% estimated), although with a very small impact in terms of EBITDA (industrial EBITDA margin: c. 3%).

WITH A MUCH HIGHER THAN EXPECTED RECURRENT EBITDA MARGIN (9.4%; +3.0P.P.)... which, if the figure for capitalisations of R+D projects in 1H19 of EUR 2.4Mn is confirmed, well below the figure for the whole of 2018 (c. EUR 9.0Mn), would "boost" recurrent EBITDA to EUR 8.3Mn (vs EBITDA 2019e: EUR 9.9Mn): a spectacular result that would cause us to upgrade our EBITDA estimates for 2019 and following years.

...BUT WITH EBIT FULLY IN LINE: + 31.5%, maintaining an EBIT/Revenue margin of 10.0% (vs 10.5% in 1H18), in line with our estimates (EBIT 2019e: EUR 16.9Mn; EBIT/Revenue 11.0%).

AND NET PROFIT ALSO IN LINE: EUR 8.3Mn (-15.5% vs 1H18, that still included the discontinued activities of the South Pacific businesses in an amount of EUR 5.9Mn) and reasonably in line with our estimates (Net profit 2019e, EUR 15.1Mn). Non-organic growth (not yet included in our estimates) would be the quickest way to increase NP in 2H19.

ALTHOUGH THE GOOD PERFORMANCE BY EBITDA DID NOT TRANSLATE TO RECURRENT FCF, which remained negative in 1H19 (-EUR 14.1Mn; well below our estimate for 2019e: EUR 4.2Mn), impacted by a very significant increase in accounts receivable (+EUR 14.5Mn) driving working capital requirements to EUR 20.8Mn.

DICHOTOMY: Better than expected results for sales (due to the industrial division and with the effect of the new acquisitions still to be seen) and EBITDA (excellent margin improvement), in line for EBIT and NP, and significantly below expectations for FCF, which worsened despite the margin "rebound". The continuation of this EBITDA performance in 2H19 would lead us to raise our numbers for this line. Still work to do on FCF.

Market Data

Market Cap (Mn EUR and USD)	301.6	333.1
EV (Mn EUR and USD)	311.5	344.0
Shares Outstanding (Mn)	1,075.3	
-12m (Max/Med/Mín EUR)	0.32 / 0.26 / 0.23	
Daily Avg volume (-12m Mn EUR)	0.91	
Rotation ⁽²⁾	77.05	
Thomson Reuters / Bloomberg	APE.MC / AMP SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Martinavarro Dealbert	4.3
Board of Directors	2.7
Free Float	93.0

Financials (Mn EUR)

	2018	2019e	2020e	2021e
Adj. nº shares (Mn)	1,043.2	1,075.3	1,075.3	1,075.3
Total Revenues	134.0	153.9	166.1	172.8
Rec. EBITDA	6.5	9.9	11.7	13.0
% growth	49.6	50.9	19.0	11.1
% Rec. EBITDA/Rev.	4.9	6.4	7.1	7.5
% Inc. EBITDA sector ⁽³⁾	17.0	8.6	15.0	11.3
Net Profit	40.7	15.1	16.4	17.0
EPS (EUR)	0.04	0.01	0.02	0.02
% growth	n.a.	-63.9	8.1	4.0
Ord. EPS (EUR)	0.00	0.01	0.01	0.01
% growth	n.a.	n.a.	9.6	4.6
Rec. Free Cash Flow ⁽⁴⁾	7.5	4.2	6.3	7.1
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	11.3	-39.8	-48.6	-58.2
ND/Rec. EBITDA (x)	1.7	-4.0	-4.1	-4.5
ROE (%)	192.7	30.5	25.1	20.8
ROCE (%) ⁽⁵⁾	62.9	60.9	49.5	41.8

Ratios & Multiples (x)

	2018	2019e	2020e	2021e
P/E	7.2	19.9	18.4	17.7
Ord. P/E	n.a.	23.4	21.4	20.4
P/BV	7.2	5.3	4.1	3.3
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	2.32	2.02	1.87	1.80
EV/Rec. EBITDA	47.7	31.6	26.6	23.9
FCF Yield (%) ⁽³⁾	2.5	1.4	2.1	2.4

Relative performance -5y (Base 100)



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

- (1) The opinion about results is in respect of reported EBITDA and its relation to our estimate for the year (12m). The impact reflects whether, as a consequence of these results, we envisage a significant (>5%) upgrade or downgrade to our EBITDA estimates (for any of the estimated years).
- (2) Total volume traded in the share (Mn EUR) -12m vs Mkt Cap. Represents the % of the capitalisation traded -12m.
- (3) Expected EBITDA growth (consensus) for the share's benchmark sector (TRBC Europe Technology Index).
- (4) Based on recurrent FCF. Please refer to Appendix 2.
- (5) Calculated with a theoretical tax rate. Please refer to Appendix 2.
- (6) vs TRBC Europe Technology Index.

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	8.9	7.1	-8.9	17.4	135.6	230.4
vs Ibex 35	5.1	9.6	-7.0	10.4	134.2	298.0
vs Ibex Small Cap Index	6.7	10.3	4.5	10.4	74.1	167.6
vs Eurostoxx 50	3.8	3.6	-13.9	0.7	105.5	206.3
vs Sector benchmark ⁽⁶⁾	6.8	5.2	-13.3	-4.5	74.8	98.3

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This report has been prepared on the basis of information available to the public. The report includes a financial analysis of the company covered. The report does not propose any personalised investment recommendation. Investors should consider the contents of this report as just another element in their investment decision-making process. The final two pages of this report contain very important legal information regarding its contents.

1H19 Results

EUR Mn	1H19	1H18	1H19 vs 1H18	2019e	2019e vs 2018
Total Revenues ⁽¹⁾	88.4	64.1	37.8%	153.9	14.8%
Telecom and Security	18.2	14.9	22.1%	28.5	22.4%
Industrial	57.6	43.9	31.3%	100.7	3.0%
Integrator	12.6	5.3	135.9%	24.7	90.0%
Rec. EBITDA	8.3	2.7	206.9%	9.9	50.9%
<i>Rec. EBITDA / Rev.</i>	<i>9.4%</i>	<i>4.2%</i>	<i>5.2 p.p.</i>	<i>6.4%</i>	<i>-0.1 p.p.</i>
EBITDA ⁽²⁾	8.3	2.7	206.9%	12.7	36.8%
<i>EBITDA / Rev.</i>	<i>9.4%</i>	<i>4.2%</i>	<i>5.2 p.p.</i>	<i>8.2%</i>	<i>1.3 p.p.</i>
EBIT	8.9	6.8	31.5%	16.9	31.0%
NP	8.3	9.8	-15.5%	15.1	-62.8%
Ordinary NP ⁽³⁾	8.3	3.9	113.1%	12.9	525.5%
Rec. FCF	-14.1	-8.5	65.8%	4.2	-43.5%
<i>Rec. FCF Yield</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>1.4%</i>	<i>n.a.</i>
Net Debt	-11.3	11.3	n.a.	-39.8	n.a.
ND / EBITDA	n.a.	n.a.	n.a.	-3.1 x	-5.8 x

⁽¹⁾ Telecom and Security, Industrial and Integrator business lines were previously referred as: (i) Spanish Telecom, (ii) Industrial and (iii) Integrator (Latam).

⁽²⁾ Adjusted EBITDA and Rec. EBITDA excluding capitalised expenses amounting to EUR 2.4Mn and EUR 4.6Mn during 1H19 and 1H18, respectively.

⁽³⁾ Ordinary net profit before discontinued operations results (EUR 5.9Mn during 1H18).

Valuation inputs

Inputs for the DCF Valuation Approach

	2019e	2020e	2021e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	51.5	8.9	9.7	66		
Market Cap	301.6	At the date of this report				
Net financial debt	-11.3	Debt net of Cash (6m19)				
					Best Case	Worst Case
Cost of Debt	3.0%	Net debt cost			2.5%	3.5%
Effective tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	2.4%	Kd = Cost of Net Debt * (1-T)			2.0%	2.8%
Risk free rate (rf)	0.3%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.5	B (Thomson Reuters)			1.4	1.6
Cost of Equity	9.2%	Ke = Rf + (R * B)			8.0%	10.7%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	9.2%	WACC = Kd * D + Ke * E			8.0%	10.7%
G "Razonable"	2.0%				2.5%	1.0%

(1) Perpetuo calculado sobre Free Cash Flow "to the Firm" recurrente del último año estimado. Para más detalle ver Anexo 2.

Inputs for the Multiples Valuation Approach

Company	Ticker	Reuters	Mkt. Cap	P/E 19e	EPS 19e-21e	EV/EBITDA 19e	EBITDA 19e-21e	EV/Sales 19e	Revenues 19e-21e	EBITDA/Sales 19e	FCF Yield 19e	FCF 19e-21e
Ezentis	EZEN.MC		163.0	13.6	41.4%	6.7	14.0%	0.6	5.3%	8.3%	7.1%	70.9%
Global Dominion	DOMI.MC		667.1	17.4	10.2%	7.4	18.7%	0.6	4.4%	8.4%	5.2%	16.9%
Indra	IDR.MC		1,427.7	10.2	9.4%	6.6	9.8%	0.7	4.6%	10.4%	2.9%	3.2%
Technology				13.7	20.3%	6.9	14.2%	0.6	4.7%	9.0%	5.1%	30.3%
Sacyr	SCYR.MC		1,387.9	4.3	9.1%	11.4	15.8%	1.6	7.0%	14.2%	-37.5%	-60.2%
FCC	FCC.MC		4,512.2	16.7	13.2%	8.4	5.7%	1.2	3.8%	14.8%	6.7%	19.5%
Bilfinger	GBFG.DE		1,142.7	12.3	21.4%	7.0	19.3%	0.3	5.0%	4.6%	2.4%	42.2%
Industrials				11.1	14.6%	9.0	13.6%	1.1	5.2%	11.2%	-9.5%	0.5%
Amper	APE.MC		301.6	19.9	6.0%	31.61	11.8%	2.02	6.0%	8.2%	51.1%	-56.6%

Free Cash Flow sensitivity analysis (2020e)

A) EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 20e	EBITDA 20e	EV/EBITDA 20e
Max	8.1%	13.4	23.3x
Central	7.1%	11.7	26.6x
Min	6.1%	10.1	31.0x

B) Rec. FCF and Rec. FCF - Yield sensitivity to changes in EBITDA and CAPEX/sales

Rec. FCF EUR Mn	CAPEX/Sales 20e				Scenario			FCF/Yield 20e				
EBITDA 20e	0.3%	1.3%	2.3%		Max	3.2%	2.6%	2.1%	Central	2.6%	2.1%	1.5%
13.4	9.6	7.9	6.3	➔	Min	2.1%	1.5%	1.0%				
11.7	7.9	6.3	4.6									
10.1	6.3	4.6	3.0									

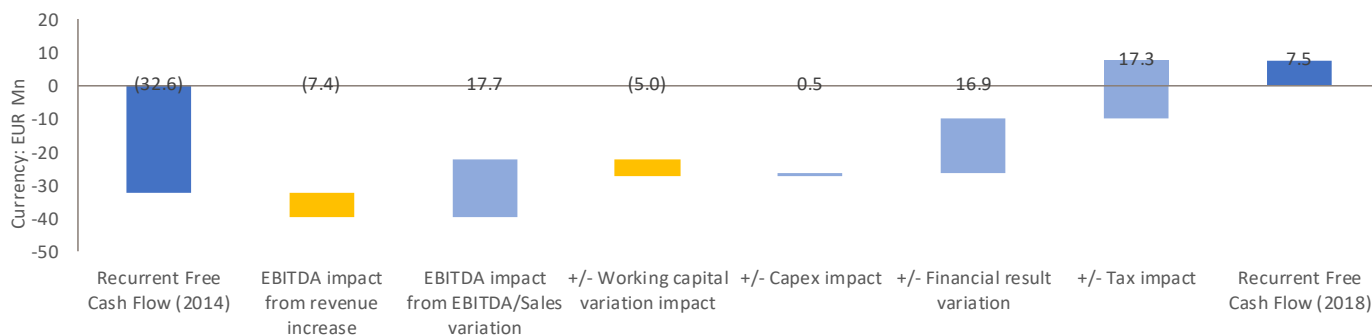
Appendix 1. Financial Statements

Balance Sheet (EUR Mn)	2014	2015	2016	2017	2018	2019e	2020e	2021e		
Intangible assets	2.1	1.6	0.4	0.7	9.1	15.5	21.8	28.2		
Fixed assets	31.1	38.4	0.6	6.1	6.3	6.2	5.4	4.2		
Other Non Current Assets	1.8	1.6	1.0	2.0	2.4	2.4	2.4	2.4		
Financial Investments	3.1	6.6	97.5	100.7	45.3	1.2	1.5	1.8		
Goodwill & Other Intangibles	31.7	41.0	14.5	14.0	13.3	13.3	13.3	13.3		
Current assets	80.0	63.1	21.1	52.1	50.2	57.6	62.3	64.8		
Total assets	149.8	152.3	135.1	175.5	126.6	96.2	106.7	114.7		
Equity	(152.7)	(20.8)	(6.8)	0.2	42.0	57.2	73.6	90.6		
Minority Interests	12.1	26.4	31.1	31.0	(0.9)	(0.6)	(0.2)	0.2		
Provisions & Other L/T Liabilities	11.3	13.8	76.3	70.2	14.1	14.1	14.1	14.1		
Net financial debt	152.4	55.8	4.0	15.8	11.3	(39.8)	(48.6)	(58.2)		
Current Liabilities	126.7	77.1	30.6	58.4	60.0	65.2	67.8	67.9		
Equity & Total Liabilities	149.8	152.3	135.1	175.5	126.6	96.2	106.7	114.7		
										CAGR
P&L (EUR Mn)	2014	2015	2016	2017	2018	2019e	2020e	2021e	14-18	18-21e
Total Revenues	149.5	129.6	28.3	70.2	134.0	153.9	166.1	172.8	-2.7%	8.8%
<i>Total Revenues growth</i>	<i>-43.3%</i>	<i>-13.3%</i>	<i>-78.2%</i>	<i>148.2%</i>	<i>90.9%</i>	<i>14.8%</i>	<i>8.0%</i>	<i>4.0%</i>		
COGS	(85.5)	(55.2)	(15.5)	(30.0)	(58.3)	(66.9)	(72.8)	(75.7)		
Gross Margin	64.1	74.4	12.8	40.3	75.7	87.0	93.3	97.1	4.3%	8.6%
<i>Gross Margin/Revenues</i>	<i>42.9%</i>	<i>57.4%</i>	<i>45.1%</i>	<i>57.3%</i>	<i>56.5%</i>	<i>56.5%</i>	<i>56.2%</i>	<i>56.2%</i>		
Personnel Expenses	(39.7)	(35.0)	(9.2)	(30.1)	(59.6)	(64.9)	(68.4)	(70.4)		
Other Operating Expenses	(28.2)	(19.9)	(1.2)	(5.8)	(9.6)	(12.2)	(13.1)	(13.7)		
Recurrent EBITDA	(3.8)	19.5	2.3	4.4	6.5	9.9	11.7	13.0	n.a.	25.9%
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>-88.2%</i>	<i>89.9%</i>	<i>49.6%</i>	<i>50.9%</i>	<i>19.0%</i>	<i>11.1%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>15.1%</i>	<i>8.1%</i>	<i>6.2%</i>	<i>4.9%</i>	<i>6.4%</i>	<i>7.1%</i>	<i>7.5%</i>		
Restructuring Expenses	(1.7)	(0.6)	(1.0)	(0.3)	(0.1)	-	-	-		
Other non-recurrent Income / Costs	-	(0.2)	-	-	2.8	2.8	2.8	2.8		
EBITDA	(5.5)	18.7	1.3	4.1	9.3	12.7	14.6	15.9	n.a.	19.6%
<i>EBITDA growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>-93.1%</i>	<i>216.0%</i>	<i>127.7%</i>	<i>36.8%</i>	<i>14.7%</i>	<i>8.9%</i>		
<i>EBITDA/Sales</i>	<i>n.a.</i>	<i>14.4%</i>	<i>4.6%</i>	<i>5.8%</i>	<i>6.9%</i>	<i>8.2%</i>	<i>8.8%</i>	<i>9.2%</i>		
Depreciation & Provisions	(8.8)	(9.6)	(0.4)	(0.8)	(2.8)	(2.2)	(2.9)	(3.5)		
Capitalized Expense	0.0	0.1	-	-	6.4	6.4	6.4	6.4		
EBIT	(14.4)	9.2	0.9	3.3	12.9	16.9	18.1	18.7	n.a.	13.3%
<i>EBIT growth</i>	<i>60.6%</i>	<i>n.a.</i>	<i>-90.2%</i>	<i>261.9%</i>	<i>293.7%</i>	<i>31.0%</i>	<i>6.9%</i>	<i>3.7%</i>		
<i>EBIT/Revenues</i>	<i>n.a.</i>	<i>7.1%</i>	<i>3.2%</i>	<i>4.7%</i>	<i>9.6%</i>	<i>11.0%</i>	<i>10.9%</i>	<i>10.8%</i>		
Impact of Goodwill & Others	(24.6)	(2.8)	(0.1)	-	-	-	-	-		
Net Financial Result	(17.1)	(5.7)	0.0	(2.4)	(0.2)	0.0	0.2	0.3		
Income by the Equity Method	-	-	-	0.2	0.3	0.3	0.3	0.3		
Ordinary Profit	(56.1)	0.7	0.9	1.1	13.0	17.2	18.6	19.3	n.a.	14.0%
<i>Ordinary Profit Growth</i>	<i>-5.4%</i>	<i>n.a.</i>	<i>18.9%</i>	<i>23.5%</i>	<i>n.a.</i>	<i>32.0%</i>	<i>8.0%</i>	<i>3.9%</i>		
Extraordinary Results	-	93.5	4.7	-	-	-	-	-		
Profit Before Tax	(56.1)	94.2	5.6	1.1	13.0	17.2	18.6	19.3	n.a.	14.0%
Tax Expense	(18.3)	(3.5)	(0.5)	(0.4)	(1.0)	(1.4)	(1.5)	(1.5)		
<i>Effective Tax Rate</i>	<i>n.a.</i>	<i>3.7%</i>	<i>9.2%</i>	<i>40.3%</i>	<i>7.9%</i>	<i>7.9%</i>	<i>7.9%</i>	<i>7.9%</i>		
Minority Interests	0.1	(3.5)	(4.7)	(6.4)	(7.4)	(0.3)	(0.4)	(0.4)		
Discontinued Activities	(0.8)	2.9	(3.1)	6.9	36.1	(0.3)	(0.3)	(0.3)		
Net Profit	(75.1)	90.0	(2.7)	1.1	40.7	15.1	16.4	17.0	n.a.	-25.2%
<i>Net Profit growth</i>	<i>0.1%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>-62.8%</i>	<i>8.1%</i>	<i>4.0%</i>		
Ordinary Net Profit	(54.3)	(2.1)	(3.0)	(5.4)	2.1	12.9	14.1	14.8	n.a.	92.8%
<i>Ordinary Net Profit growth</i>	<i>0.5%</i>	<i>-96.2%</i>	<i>44.7%</i>	<i>81.2%</i>	<i>n.a.</i>	<i>525.5%</i>	<i>9.6%</i>	<i>4.6%</i>		
										CAGR
Cash Flow (EUR Mn)	2014	2015	2016	2017	2018	2019e	2020e	2021e	14-18	18-21e
Recurrent EBITDA						9.9	11.7	13.0	n.a.	25.9%
Working Capital Increase						(2.3)	(2.0)	(2.4)		
Recurrent Operating Cash Flow						7.6	9.7	10.6	20.9%	1.8%
CAPEX						(2.0)	(2.2)	(2.2)		
Net Financial Result affecting the Cash Flow						0.0	0.2	0.3		
Tax Expense						(1.4)	(1.5)	(1.5)		
Recurrent Free Cash Flow						4.2	6.3	7.1	n.a.	-1.6%
Restructuring Expense & Others						(0.3)	(0.3)	(0.3)		
- Acquisitions / + Divestures of assets						44.4	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						2.8	2.8	2.8		
Free Cash Flow						51.1	8.8	9.6	n.a.	4.2%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						(51.1)	(8.8)	(9.6)		

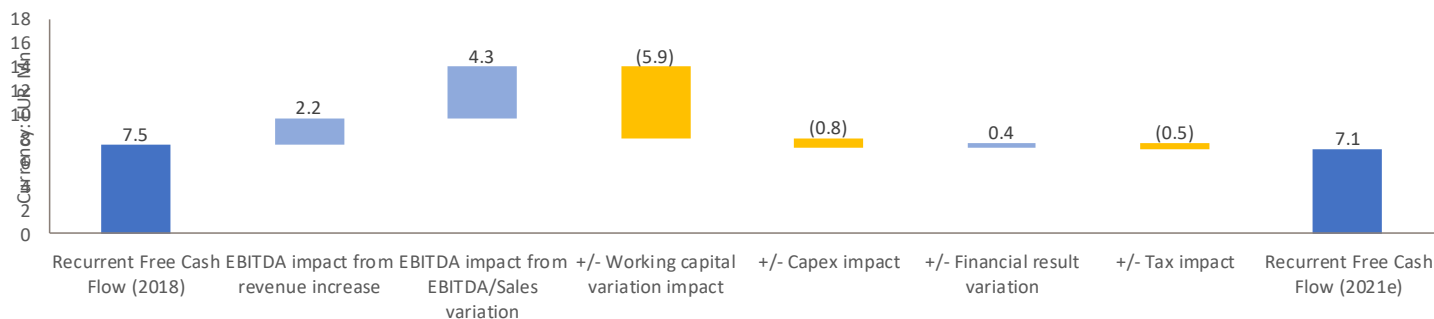
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2015	2016	2017	2018	2019e	2020e	2021e	CAGR	
								15-18	18-21e
Recurrent EBITDA	19.5	2.3	4.4	6.5	9.9	11.7	13.0	-30.6%	25.9%
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>-88.2%</i>	<i>89.9%</i>	<i>49.6%</i>	<i>50.9%</i>	<i>19.0%</i>	<i>11.1%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>15.1%</i>	<i>8.1%</i>	<i>6.2%</i>	<i>4.9%</i>	<i>6.4%</i>	<i>7.1%</i>	<i>7.5%</i>		
+/- Working Capital increase	(32.6)	-4.6	(3.2)	3.6	(2.3)	(2.0)	(2.4)		
= Recurrent Operating Cash Flow	(13.1)	(2.3)	1.2	10.1	7.6	9.7	10.6	<i>n.a.</i>	1.8%
<i>Rec. Operating Cash Flow growth</i>	<i>n.a.</i>	<i>-82.5%</i>	<i>n.a.</i>	<i>757.0%</i>	<i>-24.8%</i>	<i>27.9%</i>	<i>9.6%</i>		
<i>Rec. Operating Cash Flow / Sales</i>	<i>n.a.</i>	<i>n.a.</i>	<i>1.7%</i>	<i>7.5%</i>	<i>4.9%</i>	<i>5.8%</i>	<i>6.2%</i>		
- CAPEX	(6.7)	(0.1)	(4.6)	(1.4)	(2.0)	(2.2)	(2.2)		
- Net Financial Result affecting Cash Flow	(5.7)	0.0	(2.4)	(0.2)	0.0	0.2	0.3		
- Taxes	(3.5)	(0.5)	(0.4)	(1.0)	(1.4)	(1.5)	(1.5)		
= Recurrent Free Cash Flow	(29.0)	(2.9)	(6.2)	7.5	4.2	6.3	7.1	<i>n.a.</i>	-1.6%
<i>Rec. Free Cash Flow growth</i>	<i>-11.1%</i>	<i>-90.0%</i>	<i>114.9%</i>	<i>n.a.</i>	<i>-43.5%</i>	<i>48.5%</i>	<i>13.6%</i>		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>5.6%</i>	<i>2.7%</i>	<i>3.8%</i>	<i>4.1%</i>		
- Restructuring expenses & others	(0.6)	(1.0)	(0.3)	(0.1)	(0.3)	(0.3)	(0.3)		
- Acquisitions / + Divestments	(16.0)	-	(2.9)	(1.7)	44.4	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	93.5	24.7	3.3	2.7	2.8	2.8	2.8		
= Free Cash Flow	48.0	20.8	(6.0)	8.5	51.1	8.8	9.6	-43.9%	4.2%
<i>Free Cash Flow growth</i>	<i>n.a.</i>	<i>-56.7%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>502.0%</i>	<i>-82.8%</i>	<i>9.7%</i>		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>2.5%</i>	<i>1.4%</i>	<i>2.1%</i>	<i>2.4%</i>		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>15.9%</i>	<i>6.9%</i>	<i>n.a.</i>	<i>2.8%</i>	<i>16.9%</i>	<i>2.9%</i>	<i>3.2%</i>		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2015	2016	2017	2018	2019e	2020e	2021e		
Recurrent FCF(FY - 1)	(32.6)	(29.0)	(2.9)	(6.2)	7.5	4.2	6.3		
EBITDA impact from revenue increase	0.5	(15.3)	3.4	4.0	1.0	0.8	0.5		
EBITDA impact from EBITDA/Sales variation	22.8	(2.0)	(1.3)	(1.8)	2.4	1.1	0.8		
= Recurrent EBITDA variation	23.4	(17.2)	2.1	2.2	3.3	1.9	1.3		
+/- Working capital variation impact	(41.2)	28.0	1.4	6.7	(5.8)	0.2	(0.4)		
= Recurrent Operating Cash Flow variation	(17.8)	10.8	3.5	8.9	(2.5)	2.1	0.9		
+/- CAPEX impact	(4.8)	6.6	(4.5)	3.2	(0.6)	(0.2)	(0.1)		
+/- Financial result variation	11.4	5.7	(2.4)	2.2	0.2	0.2	0.1		
+/- Tax impact	14.8	3.0	0.1	(0.6)	(0.3)	(0.1)	(0.1)		
= Recurrent Free Cash Flow variation	3.6	26.1	(3.3)	13.7	(3.3)	2.0	0.9		
Recurrent Free Cash Flow	(29.0)	(2.9)	(6.2)	7.5	4.2	6.3	7.1		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2015	2016	2017	2018	2019e	2020e	2021e	CAGR	
EBIT	9.2	0.9	3.3	12.9	16.9	18.1	18.7	11.7%	13.3%
* Theoretical tax rate	3.7%	9.2%	25.0%	7.9%	7.9%	7.9%	7.9%		
= Taxes (pre- Net Financial Result)	(0.3)	(0.1)	(0.8)	(1.0)	(1.3)	(1.4)	(1.5)		
Recurrent EBITDA	19.5	2.3	4.4	6.5	9.9	11.7	13.0	-30.6%	25.9%
+/- Working Capital increase	(32.6)	(4.6)	(3.2)	3.6	(2.3)	(2.0)	(2.4)		
= Recurrent Operating Cash Flow	(13.1)	(2.3)	1.2	10.1	7.6	9.7	10.6	<i>n.a.</i>	1.8%
- CAPEX	(6.7)	(0.1)	(4.6)	(1.4)	(2.0)	(2.2)	(2.2)		
- Taxes (pre- Financial Result)	(0.3)	(0.1)	(0.8)	(1.0)	(1.3)	(1.4)	(1.5)		
= Recurrent Free Cash Flow (To the Firm)	(20.1)	(2.5)	(4.2)	7.7	4.2	6.1	6.9	<i>n.a.</i>	-3.4%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	<i>n.a.</i>	<i>-87.7%</i>	<i>69.3%</i>	<i>n.a.</i>	<i>-44.5%</i>	<i>44.0%</i>	<i>13.0%</i>		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.1</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>		
- Acquisitions / + Divestments	(16.0)	-	(2.9)	(1.7)	44.4	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	93.5	24.7	3.3	2.7	2.8	2.8	2.8		
= Free Cash Flow "To the Firm"	57.4	22.2	(3.7)	8.7	51.5	8.9	9.7	-46.6%	3.6%
<i>Free Cash Flow (To the Firm) growth</i>	<i>n.a.</i>	<i>-61.3%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>488.2%</i>	<i>-82.6%</i>	<i>8.9%</i>		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>2.5%</i>	<i>1.4%</i>	<i>2.0%</i>	<i>2.2%</i>		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>18.4%</i>	<i>7.1%</i>	<i>n.a.</i>	<i>2.8%</i>	<i>16.5%</i>	<i>2.9%</i>	<i>3.1%</i>		

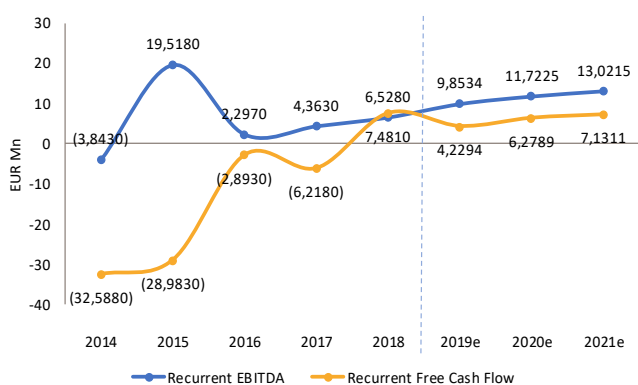
Recurrent Free Cash Flow accumulated variation analysis (2014 - 2018)



Recurrent Free Cash Flow accumulated variation analysis (2018 - 2021e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. Historical performance ⁽¹⁾

Historical performance (EUR Mn)														CAGR		
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e	08 - 18	18-21e
Total Revenues	359.1	285.6	261.8	392.7	348.1	263.6	149.5	129.6	28.3	70.2	134.0	153.9	166.1	172.8	-9.4%	8.8%
Total Revenues growth	15.8%	-20.5%	-8.3%	50.0%	-11.4%	-24.3%	-43.3%	-13.3%	-78.2%	148.2%	90.9%	14.8%	8.0%	4.0%		
EBITDA	30.3	5.5	(9.2)	22.7	10.1	8.0	(5.5)	18.7	1.3	4.1	9.3	12.7	14.6	15.9	-11.2%	19.6%
EBITDA growth	-0.4%	-81.9%	n.a.	n.a.	-55.7%	-20.4%	n.a.	n.a.	-93.1%	216.0%	127.7%	36.8%	14.7%	8.9%		
EBITDA/Sales	8.5%	1.9%	n.a.	5.8%	2.9%	3.0%	n.a.	14.4%	4.6%	5.8%	6.9%	8.2%	8.8%	9.2%		
Net Profit	20.9	(15.1)	(32.7)	(4.4)	(24.6)	(72.1)	(75.1)	90.0	(2.7)	1.1	40.7	15.1	16.4	17.0	6.9%	-25.2%
Net Profit growth	15.5%	n.a.	117.2%	-86.6%	459.0%	193.2%	4.2%	n.a.	n.a.	n.a.	n.a.	-62.8%	8.1%	4.0%		
Adjusted number shares (Mn)	236.3	215.2	215.6	230.6	237.0	289.1	317.7	326.3	698.3	856.4	1,043.2	1,075.3	1,075.3	1,075.3		
EPS (EUR)	0.09	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.28	n.a.	0.00	0.04	0.01	0.02	0.02		
EPS growth	15.7%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-63.9%	8.1%	4.0%		
Ord. EPS (EUR)	0.06	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.00	0.01	0.01	0.01		
Ord. EPS growth	12.9%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.6%	4.6%		
CAPEX	(3.8)	(1.4)	(1.3)	(1.2)	(12.0)	(3.9)	(1.9)	(6.7)	(0.1)	(4.6)	(1.4)	(2.0)	(2.2)	(2.2)		
CAPEX/Sales %	1.1%	0.5%	0.5%	0.3%	3.4%	1.5%	1.3%	5.2%	0.4%	6.5%	1.0%	1.3%	1.3%	1.3%		
Free Cash Flow	0.4	19.3	(13.9)	25.0	(15.9)	9.2	(34.3)	48.0	20.8	(6.0)	8.5	51.1	8.8	9.6	36.9%	4.2%
ND/EBITDA (x) ⁽²⁾	-0.7x	-7.3x	n.a.	3.3x	9.2x	-2.7x	n.a.	3.0x	3.1x	3.9x	1.2x	-3.1x	-3.3x	-3.7x		
P/E (x)	6.3x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.1x	19.9x	18.4x	17.7x		
EV/Sales (x)	0.4x	0.5x	0.2x	0.4x	0.4x	0.1x	1.2x	1.2x	7.6x	3.4x	2.0x	2.0x	1.9x	1.8x		
EV/EBITDA (x) ⁽²⁾	4.2x	28.4x	n.a.	6.9x	15.1x	4.7x	n.a.	8.5x	n.a.	n.a.	28.8x	24.6x	21.4x	19.6x		
Absolute performance	-59.5%	39.6%	-48.6%	-42.8%	-3.6%	-33.8%	-67.0%	154.5%	76.8%	-13.1%	27.5%	17.4%				
Relative performance vs Ibx 35	-33.1%	7.5%	-37.8%	-34.1%	1.1%	-45.4%	-68.1%	174.1%	80.5%	-19.1%	50.0%	10.4%				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Thomson Reuters.

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 4. Main Competitors 2019e

		Telecom					Industrial				
EUR Mn		Ezentis	Global Dominion	Indra	Cellnex	Corning	Average	Sacyr	FCC	Bilfinger	Amper
Market data	Ticker (Reuters)	EZEN.MC	DOMI.MC	IDR.MC	CLNX.MC	GLW		SCYR.MC	FCC.MC	GBFG.DE	APE.MC
	Country	Spain	Spain	Spain	Spain	USA		Spain	Spain	Germany	Spain
	Market cap	163.0	667.1	1,427.7	10,728.2	20,640.6	6,725.3	1,387.9	4,512.2	1,142.7	301.6
	Enterprise value (EV)	294.1	593.0	2,166.6	13,160.1	27,661.4	8,775.0	6,235.7	7,651.6	1,400.2	311.5
Basic financial information	Total Revenues	526.3	952.3	3,138.6	949.6	10,657.7	3,244.9	3,841.8	6,122.6	4,297.8	153.9
	Total Revenues growth	20.4%	-12.2%	0.3%	9.5%	8.3%	5.3%	1.2%	2.2%	3.5%	14.8%
	2y CAGR (2019e - 2021e)	5.3%	4.4%	4.6%	25.0%	6.4%	9.1%	7.0%	3.8%	5.0%	6.0%
	EBITDA	43.9	80.2	326.0	498.4	3,237.0	837.1	545.3	906.3	199.2	12.7
	EBITDA growth	152.8%	10.1%	11.6%	-3.5%	28.6%	39.9%	8.4%	5.3%	17.5%	36.8%
	2y CAGR (2019e - 2021e)	14.0%	18.7%	9.8%	46.3%	5.4%	18.9%	15.8%	5.7%	19.3%	11.8%
	EBITDA/Revenues	8.3%	8.4%	10.4%	52.5%	30.4%	22.0%	14.2%	14.8%	4.6%	8.2%
	Net Profit	11.7	42.1	147.4	85.3	1,587.3	374.7	225.4	265.7	77.2	15.1
	Net Profit growth	n.a.	23.6%	20.6%	n.a.	70.8%	38.3%	8.1%	-5.0%	n.a.	-62.8%
	2y CAGR (2019e - 2021e)	37.4%	9.7%	9.1%	11.3%	5.0%	14.5%	6.2%	13.7%	26.4%	7.1%
	Capex	8.5	26.4	75.9	372.0	1,860.3	468.6	892.2	336.7	78.7	-2.0
	CAPEX/Sales %	1.6%	2.8%	2.4%	39.2%	17.5%	12.7%	23.2%	5.5%	1.8%	-1.3%
	Free Cash Flow	7.5	45.3	152.4	147.1	998.2	270.1	(396.2)	303.7	63.7	51.1
Net financial debt	106.6	(111.2)	443.7	3,132.0	5,068.5	1,727.9	4,697.3	2,703.1	204.1	(39.8)	
ND/EBITDA (x)	2.4	(1.4)	1.4	6.3	1.6	2.1	8.6	3.0	1.0	(4.0)	
Outstanding Shares	313.1	169.3	202.2	245.7	941.0	n.a.	620.9	405.9	41.5	1,075.3	
Pay-out	0.0%	27.4%	33.6%	28.9%	42.5%	26.5%	25.5%	63.5%	54.7%	0.0%	
Multiples and Ratios	P/E (x)	13.6	17.4	10.2	65.4	14.9	24.3	4.3	16.7	12.3	19.9
	P/BV (x)	4.5	n.a.	1.9	6.8	1.9	3.8	1.1	2.3	0.8	5.3
	EV/Revenues (x)	0.6	0.6	0.7	13.9	2.6	3.7	1.6	1.2	0.3	2.0
	EV/EBITDA (x)	6.7	7.4	6.6	26.4	8.5	11.1	11.4	8.4	7.0	31.6
	ROE	19.1	11.7	19.0	4.7	12.7	13.4	15.7	15.8	5.3	30.5
	FCF Yield (%)	7.1	5.2	2.9	1.8	3.3	4.0	(37.5)	6.7	2.4	1.4
	DPS	-	0.1	0.2	0.1	0.7	0.2	0.1	0.4	1.0	-
	Price Close	0.49	3.94	8.08	35.91	26.43	n.a.	2.38	11.50	25.84	0.28
Dvd Yield	0.0%	1.7%	3.0%	0.3%	2.7%	1.5%	3.9%	3.6%	3.9%	0.0%	

Note 1: Financial data, multiples and ratios based on market consensus (Thomson Reuters). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Recommendation History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
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.	Initial Coverage	David López Sánchez