

12m Results 2019

Opinion ⁽¹⁾: Above expectations.

Impact ⁽¹⁾: We will raise our estimates.

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

+34 915 904 226

Business description

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 Nervión, a group which assembles and maintains industrial installations (mainly in Spain). Currently, after the restructuring of the business, sales outside Spain represent 13% of the total.

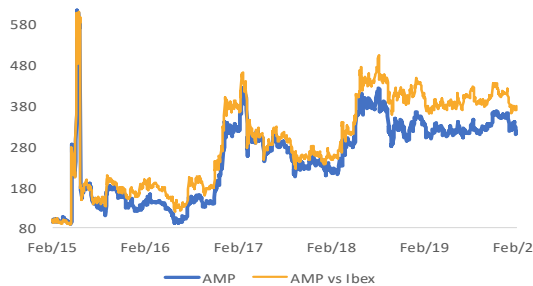
Market Data

Market Cap (Mn EUR and USD)	276.3	300.7
EV (Mn EUR and USD) ⁽²⁾	296.7	322.8
Shares Outstanding (Mn)	1,075.3	
-12m (Max/Med/Min EUR)	0.30 / 0.26 / 0.24	
Daily Avg volume (-12m Mn)	0.77	
Rotation ⁽³⁾	70.6	
Thomson Reuters / Bloomberg	APE.MC / AMP SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

José Luis Martinavarró Dealbert	5.1
Board of Directors	2.0
Free Float	92.9

Relative performance -5y (Base 100)



Stock performance

(%)	-1m	-3m	-12m	-5Y
Absolute	-9.0	-11.1	-6.7	218.1
vs Ibex 35	-6.6	-11.0	-7.6	280.3
vs Ibex Small Cap Index	-4.3	-10.4	-5.5	154.3
vs Eurostoxx 50	-3.9	-7.9	-14.2	217.8
vs Sector benchmark ⁽⁴⁾	-3.9	-13.0	-22.7	99.8

(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) Please refer to Appendix 2.

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

(4) vs TRBC Europe Technology Index.

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

High growth in all P&L lines (driven by M&A)

2019 results show an evident turning point in operating terms that puts an end to AMP's tough restructuring process: (i) core businesses now show double-digit growth, (ii) the corporate transactions carried out in 2018 and 2019 are starting to bear fruit and (iii) there is a net cash position (albeit almost exhausted). We highlight:

THE ORDER BOOK HAS INCREASED DRAMATICALLY (EUR 144.5Mn; +48.5% VS 2018), mainly due to the incorporation of the businesses acquired during the year which doubled the Telecoms and Security division's portfolio (Núcleo, acquired in July 2019 contributed a portfolio of EUR 32Mn).

STRONG REVENUE GROWTH: +25.9% (EUR 168.7Mn VS EUR 134.0Mn 2018) underpinned by: (i) organic growth of all business lines (+12% vs 2018) and (ii) the incorporation of the new businesses acquired in the previous year (2 in 4Q18 and 8 in 2019) which contributed c. EUR 19Mn (c. 55% of revenue growth; although the full impact of the latest acquisitions made from 1H19 has yet to be seen).

WITH A SIGNIFICANT IMPROVEMENT IN THE EBITDA MARGIN (10.6%; + 3.7P.P. VS 2018; +2.4 P.P. VS ESTIMATED), mainly due to a larger contribution by tech businesses to the revenue mix (33% vs 27% 2018; and that AMP expects to reach c. 50% of the mix in 2020), that have very high margins (EBITDA margin of c. 27% as a whole; vs 19% in 2018) and (ii) the small improvement in the industrial business's margin (2.5% 2019 vs 2.3% 2018), boosting 2019 EBITDA to EUR 18Mn (with an impact of IFRS 16 < EUR 1Mn; c. 5.5% of EBITDA).

... THAT WAS FULLY TRANSLATED TO EBIT 2019 (EUR 21.4Mn; +66% VS 2018): driven strongly (46% of the improvement in EBIT) by the capitalisation of R+D expenses with an impact of EUR 10.3Mn in 2019 and EUR 6.4Mn in 2018.

AND (STILL) WITH A NET CASH PILE (EUR 6.5Mn vs proforma net cash in 2018 of EUR 33Mn) that fell vs 2018 as a result of: (i) the corporate transactions carried out in 2019 (self-financed acquisition of 8 companies; impact of EUR 19.1Mn) and (ii) a business that is intensive in working capital which, logically, has a significant impact on FCF and ND. Trade receivables increased by EUR 39Mn vs 2018 (due to the step-up in size of the business), to EUR 88.3Mn (52% of 2019 revenue; vs c. 36% in 2018). If we include pledged future payments for the M&A activity (EUR 14Mn), ND would be EUR 7.5Mn.

IN CONCLUSION: Results that exceed our expectations both in terms of revenue (+9.6% vs estimated) and EBITDA (EBITDA/sales +2.4p.p. vs estimated; very significant margin improvement). Accordingly, we expect to upgrade our EBITDA and FCF estimates for 2020e-2022e. There is still capacity for growth via acquisitions as the quickest way to gain size (although this has decreased vs 2018, there is still additional financing capacity up to a theoretical limit of ND/EBITDA 2.3x). In 2020e the challenge is to make the acquisitions made in this period profitable.

Appendix 1. Results table

EUR Mn	12m19		12m19 Real		12m19 Real	
	Real	12m18	vs 12m18	2019e	vs 2019e	
Total Revenues¹	168.7	134.0	25.9%	153.9	9.6%	
Telecom and Security	39.2	23.3	68.2%	28.5	37.4%	
Industrial	113.5	97.7	16.1%	100.7	12.7%	
Integrator	16.1	13.0	23.5%	24.7	-35.0%	
Recurrent EBITDA	13.3	6.5	104.2%	9.9	35.3%	
<i>Rec. EBITDA/Revenues</i>	<i>7.9%</i>	<i>4.9%</i>	<i>3.0 p.p.</i>	<i>6.4%</i>	<i>1.5 p.p.</i>	
EBITDA¹	18.0	9.3	93.6%	12.7	41.5%	
<i>EBITDA/Revenues</i>	<i>10.6%</i>	<i>6.9%</i>	<i>3.7 p.p.</i>	<i>8.2%</i>	<i>2.4 p.p.</i>	
EBIT	21.4	12.9	66.2%	16.9	26.8%	
NP	20.6	40.7	-49.3%	15.1	36.2%	
Ordinary NP²	16.0	2.1	n.a.	12.9	24.3%	
Net Debt	-6.8	11.3	n.a.	-39.8	-82.8%	
ND / EBITDA	-0.4 x	1.2 x	n.a.	-3.1 x	2.8 x	

(1) Revenue and EBITDA adjusted to strip out the capitalisation of R+D expenses. In 2019 AMP's R+D activities had an impact of EUR 14.9Mn on reported revenues and EUR 10.3Mn on reported EBITDA (EUR 9.2Mn and EUR 6.3Mn, respectively in 2018). Including the capitalisation of R+D expenses above EBITDA would result in 2019 revenue of EUR 183.7Mn (+28% vs 2018) and EBITDA of EUR 28.3Mn (+81% vs 2018; EBITDA margin of 15%).

(2) 2018 ordinary NP before profit (loss) from discontinued operations and other non-recurrent items.

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	276.3	
+ Minority Interests	2.2	12m Results 2019
+ Provisions & Other L/T Liabilities ³	24.0	12m Results 2019
+ Net financial debt	(6.8)	12m Results 2019
- Financial Investments	3.0	12m Results 2019
+/- Others ⁴	4.0	12m Results 2019
Enterprise Value (EV)	296.7	

(3) Other L/T liabilities are mainly pledged future payments for M&A activity (c. EUR 10Mn).

(4) Current liabilities associated with the M&A activity (EUR 4Mn; LH estimate).

IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

IEAF Servicios de Análisis S.L.U. is a Spanish company whose corporate purpose is:

1º) To provide information and financial analysis regarding securities issued by any class of legal person traded on official secondary markets, and specifically those securities which are not the object of the recurrent provision of information and analysis by financial analysts who participate in the markets.

2º) To publicise and update the aforementioned financial reports and analysis, in addition to the monitoring and following of the securities on which the information and analysis is provided.

3º) To prepare studies and projects aimed at proposing and implementing measures to improve the information and financial analysis of securities traded on official secondary markets.

IEAF Servicios de Análisis S.L.U. is a company whose sole shareholder is the Instituto Español de Analistas Financieros (IEAF), a professional, not for profit association.

DISCLAIMER

The Instituto Español de Analistas Financieros (IEAF) hereby certifies that the analyst of IEAF Servicios de Análisis S.L.U. whose name figures as the author of this report, expresses views that reflect their personal and independent opinion of the company analysed without these implying, either directly or indirectly, a personalised recommendation of the company analysed for purposes of providing investment advice. This report is based on the preparation of detailed financial projections from information available to the public and following traditional fundamental research methodology (i.e. it is not a technical or quantitative analysis report). For the analysis methodology used in the preparation of this report, please contact the analyst directly; contact details are included on the front page of this report.

The report includes basic information regarding the main parameters to be used by an investor when making their own valuation (whether by discounted cash flows or multiples). These parameters are the personal opinion or estimate of the analyst. The person receiving this report should use their own judgement when using these parameters and should consider them as another element in their decision-making process in respect of investment. These parameters do not represent a personalised investment recommendation.

Rules governing confidentiality and conflicts of interest

None of the following rules governing confidentiality and conflicts of interest (12) is applicable to this report:

1. This report is non-independent research as it has been commissioned by the company analysed (issuer).
2. In the last 12 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., has had Investment Banking mandates or has managed or co-managed a public offering of the securities of the issuer, or has received compensation from said issuer for Investment Banking services, that exclude brokerage services for prepaid fees.
3. In the next 6 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., expects to receive or intends to obtain compensation for Investment Banking services provided to this company that exclude brokerage services for prepaid fees.
4. The Investment Analyst or a member of the Research Department or a member of their household has a long position in the shares or derivatives of the corresponding issuer.
5. The Investment Analyst or a member of the Research Department or a member of their household has a short position in the shares or derivatives of the corresponding issuer.
6. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a long position of over 0.5% of the issuer's capital.
7. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a short position of over 0.5% of the issuer's capital.
8. At the end of the month immediately prior to the publication of this report, or of the previous month if the report is published in the ten days following the end of the month, the company analysed (the issuer) or any of its subsidiaries held 5% or more of any class of equity security of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U.
9. A senior director or officer of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., or a member of their department is a director, officer, advisor or member of the Board of Directors of the issuer and/or one of its subsidiaries.
10. The Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., acts as broker for the Issuer for the corresponding prepaid fees.
11. The contents of this report have been reviewed by the issuer prior to its publication.
12. The issuer has made changes to the contents of this report prior to its distribution.

The Investment Analysts who have prepared this Investment Analysis are employees of IEAF Servicios de Análisis S.L.U. These analysts have received (or will receive) compensation according to the general earnings of IEAF Servicios de Análisis S.L.U. To obtain a copy of the Code of Conduct of IEAF Servicios de Análisis S.L.U. (in respect of the Management of Conflicts of Interest in the research department), please use the e-mail address secretaria@ieaf.es or consult the contents of this Code at www.ieaf.es.

IEAF Servicios de Análisis S.L.U. is compensated by Bolsas y Mercados Españoles, S.A. for the preparation of this report. This report should be considered as just another element in the taking of investment decisions.

A report issued by IEAF servicios de análisis S.L.U.

All rights reserved. The unauthorised use or distribution of this report is prohibited. This document has been prepared and distributed, according to the provisions of the MiFID II by IEAF Servicios de Análisis S.L.U. Its corporate activity is regulated by the CNMV (the Spanish Securities Exchange Commission). The information and opinions expressed in this document do not represent nor are they intended to represent an offer or a solicitation to buy or sell the securities (in other words, the securities mentioned in this report and related warrants, options, rights or interests). The information and opinions contained in this document are based upon information available to the public and have been obtained from sources believed to be reliable by IEAF Servicios de Análisis S.L.U., but no guarantee is given regarding their accuracy or completeness. All comments and estimates reflect solely the opinion of IEAF Servicios de Análisis S.L.U. and do not offer any implicit or explicit guarantee. All the opinions expressed are subject to change without prior warning. This document does not take into account the specific investment objectives, financial position, risk profile or other specific aspects of the person who receives this document, and accordingly they should exercise their own judgement in this respect. Neither the Instituto Español de Analistas Financieros nor its subsidiary, IEAF Servicios de Análisis S.L.U., assumes any responsibility for direct or indirect losses arising from the use of the published research, except in the event of negligent conduct by IEAF Servicios de Análisis S.L.U. The information contained in this report is approved for distribution to professional clients, eligible counterparties and professional advisers, but not for distribution to private individuals or retail clients. Its reproduction, distribution or publication for any purpose without the written authorisation of IEAF Servicios de Análisis S.L.U. is prohibited. The Instituto Español de Analistas Financieros (IEAF) and/or its subsidiary

IEAF Servicios de Análisis S.L.U., their employees and directors, may hold a position (long or short) in an investment knowing that this issuer will be the object of analysis and that this analysis will be distributed to institutional investors. Any further information regarding the contents of this report will be provided upon request. IEAF Servicios de Análisis S.L.U. intends to publish (at least) one quarterly report or note updating the information on the company analysed.

United States. IEAF Servicios de Análisis S.L.U. is not registered in the United States and, consequently, is not subject to the regulations of that country governing the preparation of research and the independence of analysts. This report is distributed solely to major US institutional investors, in reliance on the exemption from registration provided by Rule 15a-6 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), and interpretations of this made by the US Securities Exchange Commission.

Major US Institutional Investors. This report will be distributed to "major US institutional investors", as defined by Rule 15a-6 of the US Securities Exchange Commission and of the US Securities Exchange Act of 1934.

Recommendation History

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