

3m Results 2022

Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: 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 2021e), (ii) Industrial (assembly and maintenance of industrial plants; 65.5% o/revenue in 2021e), and (iii) engineering (2.6% o/revenue in 2021e). Spain is its principal market (c. 85% o/revenue).

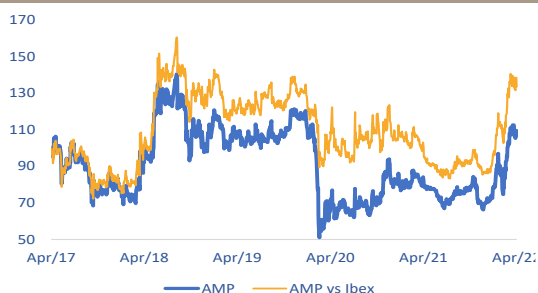
Market Data

Market Cap (Mn EUR and USD)	289.4	305.3
EV (Mn EUR and USD) ⁽²⁾	388.4	409.7
Shares Outstanding (Mn)	1,108.6	
-12m (Max/Med/Min EUR)	0.28 / 0.19 / 0.16	
Daily Avg volume (-12m Mn EUR)	0.44	
Rotation ⁽³⁾	38.5	
Factset / Bloomberg	AMP-ES / AMP SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Zelenza	5.1
Martinavarro Dealbert	5.1
Free Float	89.7

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	3.2	37.4	29.2	7.0
vs Ibex 35	3.5	37.8	32.8	33.5
vs Ibex Small Cap Index	4.2	30.3	31.2	-25.6
vs Eurostoxx 50	8.6	49.4	35.8	0.1
vs Sector benchmark ⁽⁴⁾	14.5	50.8	45.0	-28.0

(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.

1Q22: the wheel to follow is the margin

REVENUE GROWTH CONTINUES (EUR 74MN; +15% VS 1Q21), underpinned by organic growth in all business lines (and the consolidation of the M&A executed in 2021) with an exceptional surprise in the industrial business that accounts for c. 86% of the growth in revenue (industrial division growth: +19.6% vs 1Q21). The technological and engineering divisions accounted for 8.2% and 5.7% of growth respectively (with growth vs 1Q21 of +4.0% and +26.2%), maintaining their weightings in the revenue mix (c. 30%; in line with 2021).

ACCOMPANIED BY AN IMPROVEMENT IN MARGINS. Although the revenue mix is similar to 1Q21, the improvement in project margins (especially in the technological division) has led to an increase in the gross margin to 62.8% (+5p.p. vs 1Q21). A remarkable improvement in margins that puts AMP's gross margin above 2019 levels (2019 gross margin: 59.9%).

EBIT IS POSITIVE AGAIN (ALTHOUGH IT REMAINS UNDER PRESSURE FROM THE HIGH COST STRUCTURE). Revenue growth has been accompanied by a significant step-up in structural costs (+23%; explained mainly by the increase in the headcount and external services). However, the improvement in margins means EBIT is positive again (EUR 1Mn vs EUR -0.1Mn in 1Q21).

NET DEBT, EUR 77.8MN. 1Q22 results show significant growth in net debt (+21% vs 2021), driven by a business that is very intensive in working capital (especially the industrial division; c. 70% of 1Q22 revenue) that, logically, has a very significant impact on FCF and debt. In 1Q22, working capital increased by c. EUR 13Mn (that explains the EUR 13.5Mn increase in net debt between December 2021 and 1Q22).

THE CHANGE IN THE ORDERBOOK MIX SHOULD MEAN THE MARGIN IMPROVEMENT WILL CONTINUE. AMP closed 1Q22 with an orderbook worth EUR 307Mn (vs EUR 356.9 Mn in 1Q21 and EUR 282Mn at the end of 2021). An orderbook that shows an increase in the weighting of non-industrial businesses (45.1% of the orderbook at 1 April 2022 vs 33.5% in 1Q21) that should mean the margin improvement will continue.

WHAT CAN BE EXPECTED FROM 2022E? AMP has generated LTM revenue of EUR 317Mn, that leads us to estimate 2022e revenue of, at least, EUR 320Mn (+4% vs 2021). The continuing improvement in margins should translate to levels of Rec. EBITDA (excluding capitalised R+D expenses) of EUR 21Mn (Rec. EBITDA margin c. 6.5% vs 3.8% in 2021). In our view, AMP's equity story is the improvement in margins and the opportunity offered by the possibility of turning the step-up in size into profits. However, current gearing (1Q22 ND: EUR 77.8Mn) represents a limitation on the capacity to invest (working capital, Capex, M&A, etc.) in order to grow

Table 1. 2018-2022e

EUR Mn	2018	2021	2022e
Total Revenues	136.9	307.7	320.0
Recurrent EBITDA	9.3	11.6	20.6
Rec. EBITDA/Revenues	6.8%	3.8%	6.4%
Net financial debt	11.3	64.2	77.8

Note 1: Recurrent EBITDA adjusted to strip out capitalised R+D spending (c. EUR 9Mn in 2022e).

Note 2: 2022e net debt corresponds to AMP's net debt at the 1Q22 close.

Appendix 1. Results table

EUR Mn	3m22	3m22 Real	
	Real	3m21	vs 3m21
Total Revenues	74.2	64.5	15.0%
Technology	20.6	19.8	4.0%
Industrial	50.9	42.5	19.6%
Engineering	2.7	2.1	26.2%
Gross margin	46.6	37.2	25.0%
Gross margin (%)	62.8%	57.8%	5.0 p.p.
Recurrent EBITDA¹	2.0	1.2	70.9%
Rec. EBITDA/Revenues	2.7%	1.8%	0.9 p.p.
EBIT	1.0	-0.1	n.a.
PBT	0.3	-0.8	142.0%
NP	0.3	-0.6	151.3%
Order book	307.0	356.9	-14.0%
Net Debt	77.8	50.0	55.7%

(1) Recurrent EBITDA adjusted to strip out capitalised R+D spending (EUR 2.3Mn in 3m22 and EUR 1.9Mn in 3m21).

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	289.4	
+ Minority Interests	3.1	12m Results 2021
+ Provisions & Other L/T Liabilities	22.0	12m Results 2021
+ Net financial debt	77.8	3m Results 2022
- Financial Investments	3.9	12m Results 2021
+/- Others		
Enterprise Value (EV)	388.4	

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
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

