

9m Results 2022

Opinion ⁽¹⁾: Below expectations

Impact ⁽¹⁾: We will have to lower our estimates

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

+34 915 904 226

9m22: good revenue, although the current context will continue to squeeze margins

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 defence 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).

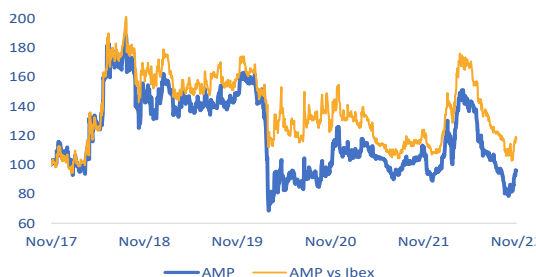
Market Data

Market Cap (Mn EUR and USD)	193.6	200.0
EV (Mn EUR and USD) ⁽²⁾	281.7	291.0
Shares Outstanding (Mn)	1,108.6	
-12m (Max/Med/Min EUR)	0.28 / 0.20 / 0.14	
Daily Avg volume (-12m Mn EUR)	0.46	
Rotation ⁽³⁾	61.0	
Factset / Bloomberg	AMP-ES / AMP SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Zelenza	7.9
Martinavarro Dealbert	5.2
Free Float	87.0

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	22.4	-7.6	-14.6	-3.8
vs Ibex 35	10.7	-5.0	-5.1	17.7
vs Ibex Small Cap Index	9.6	-1.7	-1.2	-19.2
vs Eurostoxx 50	6.5	-10.2	-4.0	-12.0
vs Sector benchmark ⁽⁴⁾	-1.6	-8.1	13.2	-31.3

(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.

STRONG SALES GROWTH CONTINUES (EUR 254.9MN; +21% VS 9M21) ... On the one hand there was strong growth in the tech businesses (engineering and integration for the development of communications and the IoT, security and defence solutions and energy management) that already account for c. 35% of the revenue mix (+7.2p.p. vs 9m21) with revenue of EUR 89.2Mn (+51.9% vs 9m21). On the other, the industrial business saw revenue grow +6.8% to EUR 156.7Mn and revenue from engineering (that still represents < 5% of the mix) increased +62.3% to EUR 9Mn.

... BUT THE GROSS MARGIN FELL BACK TO 55.4% SQUEEZING EBIT (EUR 4.5MN). Despite the increased weighting of the technological businesses, the rising cost of supplies and energy is squeezing the gross margin, that fell to 55.4% in 9m22 (vs 58.2% in 9m21 and vs 64% in 9m19). This, together with a heavy cost structure and amortisation that increased by EUR 2Mn (+25%; with no impact on FCF) translates to EBIT of EUR 4.5Mn (in line with 9m21).

THE REPAYMENT OF PROMISSORY NOTES REDUCED NET DEBT (-16% VS 2Q22). AMP closed 3Q22 with net debt of EUR 82.4Mn (vs EUR 64.2Mn in 2021 and net cash of EUR 6.8Mn in 2019; a result of the policy of non-organic growth that has underpinned the strong growth in revenue of recent years). However, the repayments of promissory notes made between September and the first few days of October (EUR 6.7Mn and EUR 8.8Mn, respectively) and working capital management, reduced the pro-forma net debt position to EUR 73.6Mn (-16% vs June 2022).

THE PROJECT ORDERBOOK REMAINS CLOSE TO HIGHS. AMP closed 9m22 with an orderbook of EUR 395Mn (+23.6% vs 9m21) with a very significant increase in the tech businesses that now account for 56% of the orderbook (vs 32% in 9m21) and that, once the current situation has ended, should allow margins to recover (in 2023e).

WE WILL HAVE TO DOWNGRADE OUR ESTIMATES. 9m22 results are mixed: good in revenue, but with lower than expected margins. In the short term (2022e and 2023e) the macro will clearly be a headwind, both due to the stagnation of inflation at c.8% (that will maintain margins under pressure) and the inevitable scenario of rising rates and falling GDP. So, despite the strong growth in revenue, we will have to downgrade our estimates. The repeat in 4Q22 of similar levels of revenue and Rec. EBITDA to those of 4Q21 (our central scenario) would imply 2022e revenue of c. EUR 350Mn and Rec. EBITDA of EUR 14.1Mn (vs previous estimate EUR 17Mn).

THE EQUITY STORY REMAINS MARGIN IMPROVEMENT (BUT TODAY VISIBILITY IS LOW). We draw the following conclusions from 3Q results: i) AMP has materialised a significant step-up in size (visible in revenue), but ii) margins remain under pressure and the current context will prevent their recovery in the short term and iii) the current level of gearing is the main restriction on the capacity to invest (working capital, Capex, M&A...) in growth (organic or inorganic). However, an option for margin recovery persists that would provide an opportunity to profit from the strong growth already achieved in revenue (c. x2 vs 2019). A recovery that is possible (due to the increased weighting of technological businesses in the orderbook; see chart 1 in next page), but that the macro context will delay until, at least, the 2H 23e. FCF yield 2023e < 5%.

Appendix 1. Results table

EUR Mn	9m22		9m22 Real	3Q22 vs	
	Real	9m21	vs 9m21	3Q22	3Q21
Total Revenues	254.9	210.9	20.8%	88.0	24.4%
Technology	89.2	58.7	51.9%	29.5	55.8%
Industrial	156.7	146.7	6.8%	55.7	10.0%
Engineering	9.0	5.6	62.3%	2.8	137.8%
Gross margin	141.3	122.7	15.1%	47.6	17.4%
<i>Gross margin (%)</i>	<i>55.4%</i>	<i>58.2%</i>	<i>-2.8 p.p.</i>	<i>54.1%</i>	<i>-3.2 p.p.</i>
Recurrent EBITDA¹	7.9	5.8	34.7%	2.0	15.9%
<i>Rec. EBITDA/Revenues</i>	<i>3.1%</i>	<i>2.8%</i>	<i>0.3 p.p.</i>	<i>2.2%</i>	<i>-0.2 p.p.</i>
EBIT	4.6	4.6	-1.9%	0.3	-83%
NP	0.6	0.1	456.6%	-0.2	48%
Order book	394.9	319.6	23.6%		
Net Debt ²	82.4	64.2	28.3%		

Note 1: Rec. EBITDA adjusted to exclude the impact of capitalised expenses (EUR 6.9Mn in 9m22 and EUR 7.0Mn in 9m21).

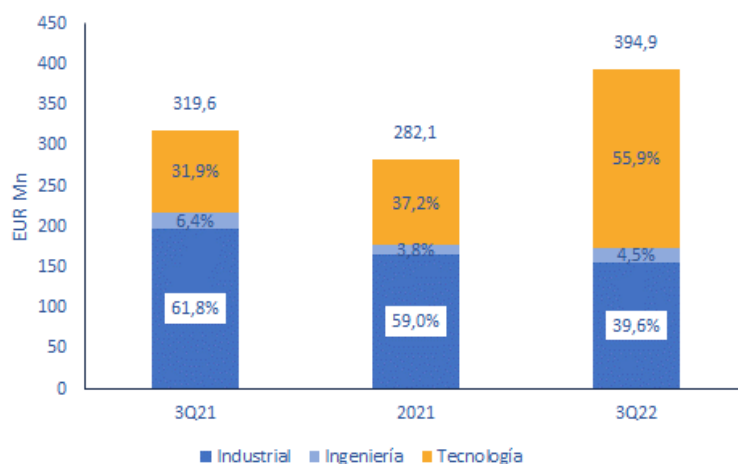
Note 2: Some EUR 8.8Mn in promissory notes were repaid in the first few days of October. Taking into account the impact of this repayment, proforma ND at September was EUR 73.6Mn (-16% vs June 2022).

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	193.6	
+ Minority Interests	3.6	6m Results 2022
+ Provisions & Other L/T Liabilities	5.8	6m Results 2022
+ Net financial debt	82.4	9m Results 2022
- Financial Investments	3.7	6m Results 2022
+/- Others		
Enterprise Value (EV)	281.7	

Note 1: Of total debt at September (EUR 105.3Mn), c. 50% corresponds to promissory notes.

Chart 1. Orderbook breakdown



LIGHTHOUSE

Calle Basílica, 17, 1ª Planta, Oficinas
28020 Madrid
T: +34 915 904 226
www.ieaf.es/lighthouse

Alfredo Echevarría Otegui

Head of research

alfredo.echevarria@lighthouse-ieaf.com

David López Sánchez

Equity research

david.lopez@lighthouse-ieaf.com

Luis Esteban Arribas

Equity research

luis.esteban@lighthouse-ieaf.com

Enrique Andrés Abad

Equity research

enrique.andres@lighthouse-ieaf.com

Jesús López Gómez

ESG Analyst & Data analytics

jesus.lopez@lighthouse-ieaf.com

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
15-Nov-2022	n.a.	0.175	n.a.	n.a.	9m Results 2022	David López Sánchez
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

