Amper

EQUITY - SPAIN
Sector: Technology - Information Tech.

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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 18% of the total.

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Market Data

Market Cap (Mn EUR and USD)	281.2	315.9
EV (Mn EUR and USD)	260.4	292.6
Shares Outstanding (Mn)	1,075.3	
-12m (Max/Med/Mín EUR)	0.34 / 0.27 / 0.19	
Daily Avg volume (-12m Mn	2.0	
Rotation(1)	186.1	
Thomson Reuters / Bloomberg	APE.MC / AMP SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Amento Capital	5.0
Board of Directors	2.7
Auriga Global	2.7
Free Float	89.6

Financials (Mn EUR)	2018	2019e	2020e	2021e
Adj. nº shares (Mn)	10431	1,075	1,075	1,075
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 (2)	*13.2*	*9.4*	*14.0*	*10.7*
Net Profit	40.7	15.1	16.4	17.0
EPS (EUR)	0.039	0.014	0.015	0.016
% growth	*n.a.*	*-63.9*	*8.1*	*4.0*
Ord. EPS (EUR)	0.002	0.012	0.013	0.014
% growth	*n.a.*	*n.a.*	*9.6*	*4.6*
Rec. Free Cash Flow(3)	7.5	4.2	6.3	7.1
Pay-out (%)	*0.0*	*0.0*	*0.0*	*0.0*
DPS (EUR)	0.0	0.0	0.0	0.0
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 (%)(4)	*62.9*	*60.9*	*49.5*	*41.8*

Ratios & Multiples (x)	2018	2019e	2020e	2021e
P/E	6.7	18.6	17.2	16.5
Ord. P/E	n.a.	21.8	19.9	19.0
P/BV	6.7	4.9	3.8	3.1
Dividend Yield (%)	*0.0*	*0.0*	*0.0*	*0.0*
EV/Sales	1.94	1.69	1.57	1.51
EV/Rec. EBITDA	39.9	26.4	22.2	20.0
FCF Yield (%)(3)	*2.7*	*1.5*	*2.2*	*2.5*

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

(1) Total volume traded in the share (Mn EUR) -12m vs Mkt Cap. Represents the % of the capitalisation traded -12m.
(2) Expected EBITDA growth (consensus) for the share's benchmark sector (TRBC Europe Technology Index).
(3) Based on recurrent FCF. Please refer to Appendix 2.
(4) Calculated with a theoretical tax rate. Please refer to Appendix 2.
(5) vs TRBC Europe Technology Index.

Radical Change

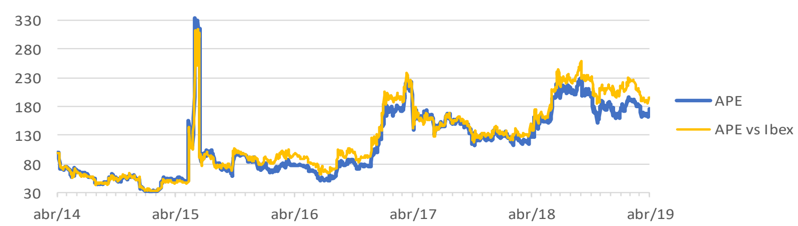
AT A TURNING POINT: The tough restructuring which AMP underwent (2013-2017) has already resulted in signs of an operating turnaround: (i) debt is no longer a problem and (ii) AMP's traditional businesses have recovered and are recording double-digit growth in EBITDA. In terms of operating profitability, the margin has recovered significantly: negative recurrent EBITDA in 2014 (EUR -3.8Mn) vs recurrent EBITDA/Sales 2018, 5%.

THE "ADJUSTMENT" HAS BEEN MADE. During the restructuring process the most indebted (Latam) and non-strategic (south Pacific) assets were sold, causing the Group's recurrent revenue to drop sharply (>80%; EUR 149Mn in 2014 vs EUR 28.3Mn in 2016). However, the acquisition of Nervión's industrial business (higher volumes but lower margins) meant a return in 2018 to the size of the company prior to the restructuring. The potential to generate NP > EUR 15 Mn (with a tax rate of <10%) has been consolidated.

TECHNOLOGY REMAINS THE CORE BUSINESS. The acquisition of Nervión in 2017 led to significant growth in size (73% of revenues in 2018), although in terms of recurrent EBITDA the situation is different (78% of 2018 recurrent EBITDA corresponds to technology). Among the technological businesses, diversification into new areas has been the strategy adopted to maintain growth and improve margins, and the recurrent EBITDA of this division should grow +28% (CAGR 18-21e; vs 18% industrial), resulting in consolidated growth of +25% CAGR 18-21e.

ALL OPTIONS ARE ON THE TABLE. The current net cash pile (> EUR 30Mn) together with the capacity for new funding (with a limit of ND/EBITDA: 2.2x) pave the way for a step-up in size via M&A, which is critical to the success of the Strategic Plan. Non-organic growth (not included in our projections) is also the quickest way to increase the FCF Yield and take it to the sector level (5%).

Relative performance -5y (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-3.7	0.8	28.8	9.4	121.4	75.2
vs Ibex 35	-6.0	-9.4	29.7	-1.5	100.7	95.4
vs Ibex Small Cap Index	-1.3	-8.4	39.6	-1.4	49.0	53.2
vs Eurostoxx 50	-7.2	-13.3	25.5	-4.4	90.3	63.5
vs Sector benchmark(5)	-9.3	-20.2	13.8	-10.0	55.5	6.0

Investment Summary

At a turning point

At present, AMP operates through two very different business lines: (i) Amper Technology, which supplies the equipment and infrastructure necessary for the roll-out of telecoms networks and control centres; and (ii) Amper Industrial (acquired with the integration of Nervión; June 2017) which is completely different to the tech business, its activity being the assembly and maintenance of large industrial installations with high exposure to the energy sector (renewables).

In recent years AMP has undergone a significant transformation which raises two key questions: where is AMP today and what can be expected from the company in the immediate future (2019-2021)?

A) 2014 -2018: Restructuring and the resumption of organic growth

2013 marked the beginning of a tough restructuring process for the company (-5y), presenting a pre-arrangement with creditors in 2014 (total debt > EUR 170Mn and negative recurrent EBITDA of EUR 3.8 Mn), and beginning a restructuring process which lasted from 2014-2017 and which was supported on two mainstays:

The change in the scope of consolidation has enabled a recovery in business profitability (rec. EBITDA/sales 2018 5% vs losses in 2014)

1. **The reorganisation of its traditional business,** with the divestment of indebted and non-strategic assets (most at a symbolic price and with the buyer pledging to take on the outstanding debt). As a result of this reorganisation, recurrent revenue fell dramatically (>80%; EUR 149Mn in 2014 vs EUR 28.3Mn in 2016). However, the integration of Nervión meant a return in 2018 to the size of the company prior to the restructuring (Revenues > EUR 130Mn, 2018). In terms of operating profitability the margin has recovered significantly: negative recurrent EBITDA in 2014 (EUR -3.8Mn) vs EBITDA/Sales 2018, 5%.

   The integration of Nervión in 2017 contributed large growth in volumes, but a business with smaller margins and higher exposure to the cycle. The change in the revenue mix after its integration (73% of total 2018 revenues) had a direct impact on AMP's operating profitability, which declined from a recurrent EBITDA margin of 14% (ex-Nervión) to a consolidated margin of 5% in 2018.

Comfortable financial situation after collection of the sale of the south Pacific business: Net cash > EUR 30Mn

2. **Debt restructuring,** through the conversion in 2014 of EUR 111Mn in equity (>65% of total 2014 debt), which also strengthened net equity. The conclusion of the south Pacific transaction and the collection of the last tranche of this sale in 2019 (EUR 44.4Mn) leave AMP with a totally healthy financial situation (Net cash > EUR 30Mn).

B) 2019e-2021e: The traditional businesses are ready to accelerate their growth

Currently, AMP is at a turning point where: (i) debt is no longer a problem and (ii) the Group's traditional businesses have recovered and are recording double-digit growth in recurrent EBITDA so there is only one question: What now?

Revenue and rec. EBITDA +8.8% and +25.9 % (CAGR 2018 – 2021e) with a 2.6 p.p. improvement in the rec. EBITDA margin

For 2019e-2021e we estimate that the core business (technology) will enable high growth rates to be maintained (Revenues: +8.8% CAGR 2018-2021e), which together with cost control and the operating leverage of the technological businesses should translate into growth of over 20% in recurrent EBITDA (+25.9% CAGR 2018-2021e). In addition, the virtual absence of minority interests after the sale of the south Pacific business, and a tax rate of less than 10%, should enable ordinary net profit to take off (+93% CAGR 2018-2021e).

AMP's aim is to diversify its traditional businesses into new areas outside telecoms (logistics, industrial infrastructure and energy), and via opportunistic acquisitions (envisaged in the Strategic Plan but not included in our projections as these have yet to materialise) which contribute new businesses to the core technology business.

By business line, we expect the driver of organic growth to be the Group's tech businesses: Spain Telecoms and Latam Integration (revenues: +13.9% and +35.9% CAGR 2018-2021e, respectively), while for the industrial business we estimate low growth rates (+2.7% CAGR 2018-2021e).

However, in terms of profitability, we think the high margins of the Latam Integration division (c. 25% in 2018) will decline by c. 4p.p. over the estimated period (tending to converge with the sector average, c. 20%), while for the Spain Telecoms and Industrial divisions, where we believe there is still room for improvement, EBITDA/Sales will increase: +3p.p. and +1p.p., respectively. All this could take the consolidated recurrent EBITDA margin to 7.5% (vs 5% in 2018).

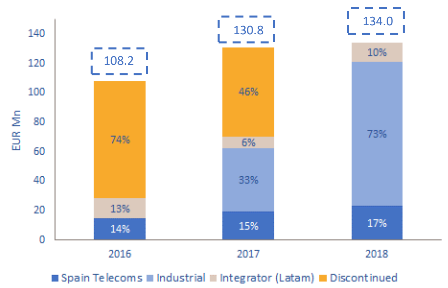
C) In conclusion: the challenge is to materialise non-organic growth

The current snapshot is of a fully restructured and growing company with a very aggressive plan for acquisitions that is pending execution but is financially credible as net cash (currently >EUR 30Mn), together with the company's current debt capacity (with maximum ND/EBITDA of 2.2x: a target set by AMP itself) could provide access to a source of significant additional growth (although not exempt from execution risk).

The success of its operating and financial restructuring should take AMP's current potential to levels of EUR 15Mn (net income) and EUR 9.5Mn (Free Cash Flow) in the next two years (assuming a favourable macro context). A step-up in size above this level requires M&A which explains the title of this section to define the company's current situation: "At a turning point". Non-organic growth (not included in our projections) is also the quickest way to increase the FCF Yield (<3%, 2021e) and take it to the sector level (5%).

The new Amper: fully restructured and with a greater growth potential

Chart 1. Total revenue mix



Note (1): Please note that 2017 total revenues only include 6 months of revenues related to the industrial business (Nervión: acquired in jun17).
Note (2): Total revenue mix includes discontinued business revenues in 2016 and 2017. In addition, 2018 total revenues exclude EUR 9.2Mn related to research and development activities (R&D). For further details, please refer to appendix 1.

Chart 2. Total financial debt (2014 – 2018)

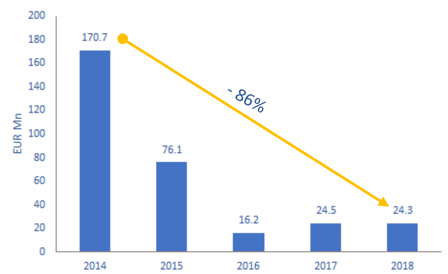
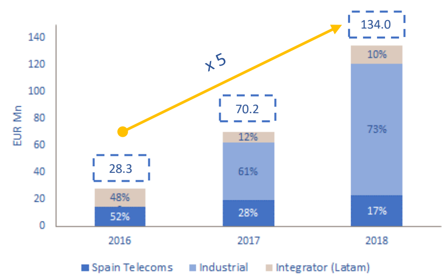


Chart 3. Revenues from continuing activities (excluding discontinued business)



Note: Please note that 2017 only include 6 months of revenue related to the industrial business (Nervión: adcquired in jun17).

The Amper group (AMP) provides all kinds of telecoms solutions, based mainly on the design, supply and maintenance of the hardware and software necessary for the roll-out of telecoms networks and control centres. In 2017 it acquired Nervión, a company that assembles and maintains industrial installations. Currently, after divesting its businesses in Latam and the south Pacific, revenue from outside Spain accounts for 18% of turnover.

2013 – 2017: Restructuring (capital structure, traditional business, board, etc.)

With current capitalisation of EUR 280Mn, AMP has experienced a very difficult operating and financial situation in recent years, even presenting a pre-arrangement with creditors in 2014 (total debt > EUR 170Mn and negative recurrent EBITDA of EUR 3.8Mn resulting in negative net equity of EUR 152Mn). In order to remedy this situation, in 2014 – 2017 AMP focused its efforts on:

1. **Restructuring debt and the capital structure:** In September 2015 it was agreed to convert part of the company's debt into capital (c. EUR 111 Mn convertible into a maximum of 185Mn shares with a par value of EUR 0.05 each; "tranche B"), the other EUR 15Mn being maintained as a secured loan ("tranche A").

   In addition, the capital structure was rectified through a number of increases in amounts of EUR 27.3Mn in 2015, EUR 17.2Mn in 2016, EUR 4.8Mn in 2017 and EUR 4.9Mn in 2018, mainly aimed at reducing debt (via the conversion of debt into equity).

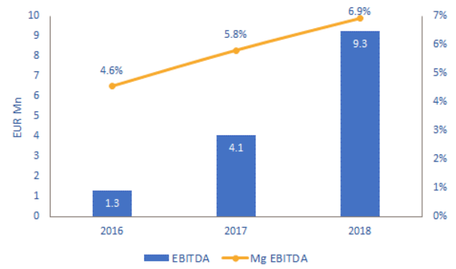
2. **Restructuring of the traditional business** (which clearly destroyed value in 2012 - 2016) via the sale of leveraged and non-strategic assets (most at the symbolic price of one euro and with the buyer undertaking to assume outstanding debt). In addition, in 2016 the company reach an agreement to sold its business in the south Pacific (Samoa) where it had been carrying out telecoms operator activities under the "BlueSky" brand name (c. 52% of revenue and 83% of EBITDA in 2016; with an EBITDA margin of 37.0%).

   As regards acquisitions, in June 2017 Amper acquired the Nervión group, which brought with it a new industrial business line with higher volumes but lower margins (73% of revenue and 22% of EBITDA from continuing activities in 2018; with an EBITDA margin in 2018 < 3%).

   This rationalisation of the company resulted in a significant loss in revenues (refer to chart 3): 2014 sales, EUR 149.5Mn vs EUR 28.3Mn in 2016 (after the south Pacific business was put up for sale). The acquisition of Nervión means a return to the size of the company prior to the restructuring (Revenues > EUR 130Mn, 2018). In terms of operating profitability the margin has undergone a significant recovery: losses in 2014 (EUR -3.8 Mn) vs recurrent EBITDA/Sales 2018, 5%.

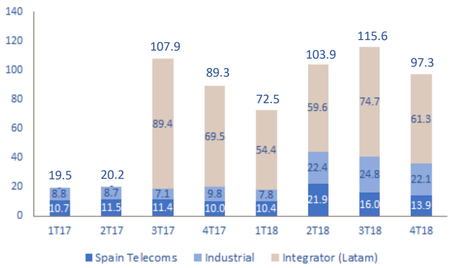
3. **Significant changes to the Board of Directors:** At the end of 2017 three new board members were appointed (out of a total of 5), including the new Executive Chair, Clemente Fernandez. During 2018, the new Board of Directors submitted the 2018-2020 Strategic Plan.

Chart 4. Total EBITDA (2016-2018)



Note (1): Please note that 2017 only include 6 months of the industrial business EBITDA (Nervión: adcquired in jun17).
Note (2): 2018 EBITDA total exclude EUR 6.4Mn related to research and development activities (R&D). For further details, please refer "financial analysis".

Chart 5. Order book (2017-2018) EUR Mn



2018: Disinvestments concluded; what business is left?

After the conclusion of the rationalisation of the traditional business with the divestment of the leveraged, non-strategic assets in Latam and the sale of the south Pacific business, there is now only one question: what businesses are left?

1. **A more industrial business... (with higher volume but with less margin):** The incorporation of the Nervión group (June 2017), provided the bulk of 2018 revenue (c.73% of the total), resulting in higher volumes but an EBITDA margin that is significantly lower than that for the traditional technological businesses (1.4% vs 14.1% for telecoms). In 2018 the recurrent EBITDA margin of the industrial business decreased c. 4p.p. producing a relevant dilutive effect at a consolidated level.

2. **Traditional businesses in recovery,** contributing revenue of EUR 23.4Mn (Spain Telecoms) and EUR 13.0Mn (Integrator in Latam) in 2018 (17% and 10% of the total), with EBITDA margins of 8% and 25%, respectively.

   In 2018 we saw a recovery vs 2017, both in volumes (revenues +20.6% and +60.9% for Spain Telecoms and Integrator in Latam, respectively) and margins (which grew +8 p.p.), mainly due to: (i) focusing on customers with high investment potential; and (ii) cost containment. We would highlight that the improvement in the telecoms business margins (Spain Telecoms and Latam) accounts for 60% of the increase in EBITDA between 2017 and 2018.

   Moreover, the order book (EUR 97.3Mn at the end of 2018; with an average duration of 6-8 months), suggests the recovery of the group's traditional businesses will continue.

3. **A business with net cash.** In 2018 the sale of the South Pacific business line was concluded for a total of EUR 79.2Mn (c. USD 90.7Mn). At the end of 2018, EUR 44.4Mn was pending collection and this was collected in January 2019e.

   With the cash inflow obtained from the business restructuring, AMP will pay down all the outstanding amount of the syndicated loan ("Tranche A"; EUR 12.9Mn), and so will be left with a healthy financial position (proforma > EUR 30Mn) which will enable it to begin the inorganic growth strategy envisaged in the 2018-2020 Strategic Plan. In addition, the group has unused tax loss carryforwards in an amount of EUR 167Mn.

Chart 6. Stategic Plan 2018 – 2020

EUR Mn	2017	2018P	2019P	2020P
Revenues	70.2	157.9	288.5	349.6
EBITDA	4.1	13.9	29.8	40.7
Net income	0.6	10.7	26.9	37.6

Note: 2018P, 2019P y 2020P refer to target figures reported in the Strategic Plan 2018 - 2020.

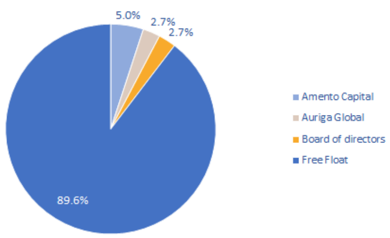
New 2018-2020 Strategic Plan: What are its main points?

In April 2018, AMP unveiled its "2018-2020 Strategic Plan", with which it aims to multiply revenues x5 and EBITDA of its continuing activities x10 vs 2017; obtaining revenues of EUR 349.6Mn and EBITDA of EUR 40.7Mn.

The 3 pillars on which this strategic plan rests are: (i) cost containment, (ii) organic growth of traditional businesses (56.4% of 2020e EBITDA) and (iii) inorganic growth via profitable businesses mainly linked to the tech sector (43.6% of 2020e EBITDA).

Growth through acquisitions (still pending execution) is the most important of these three pillars: the use of the current cash pile to achieve a significant step-up in size and profitability (with a 2020 EBITDA/Sales margin target of 11.6%). Since inorganic growth has not yet been materialized, it has not been included in our financial projections.

Chart 7. Shareholders structure



Shareholder structure: dramatic change in 2017 and strategic change of direction

As a result of the company's situation in the last few years and the dilutive effect of the capital increases required to restructure the business (with capital increasing from EUR 2.2Mn to EUR 53.7 Mn between 2014 and 2018), there has not been a "visible" solid core of shareholders with a stake of over 10% since 2014. At the end of 2018, 46.2Mn warrants still remained to be converted into shares (of a total of 185Mn issued in 2015 as a result of the debt restructuring) with a conversion price of EUR 0.05/warrant. The conversion windows will be opened annually until September 2025.

Within the framework of the acquisition of the Nervión shareholding (June 2017), two new financial shareholders, Amento Capital and Auriga Global (5.0% and 2.7% respectively), entered the group's capital. Also, as a result of the change of shareholder control in 2017, over half the Board of Directors (linked to the previous shareholders) and the previous management team were replaced. We believe this has resulted in a dramatic change of direction in Amper's business via three far-reaching strategic decisions which explain the present and (likely) future of the company:

- The increase in size resulting from the acquisition of Nervión (multiplying turnover 2x);
- The sale of the south Pacific business, leaving the company with a net cash position of over EUR 30Mn.
- The strategic decision to use all the current cash to grow inorganically within the company's core business (technology and telecoms).

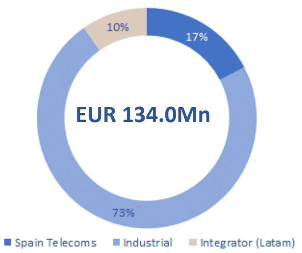
After the changes of recent years, what is AMP today (March 2019)?

At present, AMP operates through four businesses organised in 2 large divisions: Amper Technology and Amper Industrial.

A) Amper Technology: the core business

The Amper Technology division encompasses the businesses of (i) Spain Telecoms (comprising the Access and Security activities) and (ii) Integrator Latam (a telecoms business carried out only in Latam). This is an area of strong growth (revenues: +32% vs 2017), on which Amper is focusing its commercial efforts.

Chart 8: Total revenues 2018



Note: Spain Telecoms refer to "Telecom Access" and "Security" activities.

1. **Telecoms Access:** Mainly focused on the design, certification and distribution of the hardware required by the main telecoms operators (Orange, Telefónica, Vodafone and Másmovil) to roll out their FTTH last stretch optic fibre networks and fourth generation mobile telephony networks. The unit is present both in Spain (70% of unit revenues), and Latin America (30% of unit revenues). Since 2018 (specifically after the acquisition of Rubricall), new products related to the IoT[1] were incorporated (diversifying the customer base beyond telecoms operators).

   AMP has accumulated significant experience in this business unit (investments needs of Spanish telecoms operators, geographical expansion, investment criteria, etc.) where added value is found mainly in the design and certification of the products provided, making it the group's most profitable business.

   As the Spanish optic fibre market is now a mature market (low growth), the main driver in Telecoms Access is growth in the international market, mainly in Latam (in full take-off mode).

2. **Security:** This unit develops, integrates, and implements emergency control and management centres (critical communications), integrating available communications infrastructure, independently of the manufacturer and the technology. AMP has developed proprietary products (both software and hardware) in order to ensure maximum connectivity.

   The unit's main customers are public entities (law enforcement authorities, health services and transport companies), so it has high exposure to defensive businesses which guarantees the visibility of its revenues. This is an essentially domestic business (97% of revenues in Spain).

   We consider the security unit to be a recurrent business with high entry barriers (given the critical nature of the control centres implemented by AMP).

[1] Internet of things

3. **Integrator in Latam:** Provides comprehensive one-stop technological platform solutions from the design and installation of networks to their management and maintenance. The products used by this unit are made by Cisco and destined mainly for the health and security industries.

   AMP has found a niche in Latam (Peru, Costa Rica and Mexico), where it has won various contracts as an integral provider of technological platforms for hospitals and prisons. At the end of 2018 the order book was EUR 22.3Mn (with a duration of between 6 and 8 months; 2x the 2017 order book).

B) Amper Industrial: low margins and higher cycle exposure

The Amper Industrial division arose from the acquisition of the Nervión industrial group, leading to a big step-up in the company's size (providing 73% of revenue and 22% of EBITDA in 2018). At present, the core businesses of the Nervión group are: (i) the assembly and maintenance of industrial installations, and (ii) the treatment of particles in suspension (Fivemasa).

This is a low growth business with greater exposure to the cycle than the technological businesses. It provides the opportunity to grow in the construction of infrastructure for renewable energy projects.

Exposure to two very different industries: Technology and Industrial Maintenance

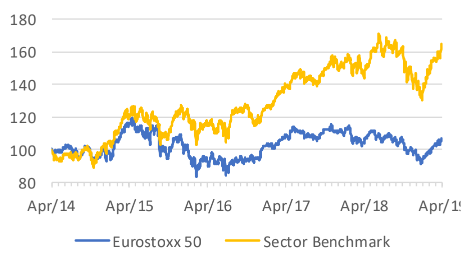
Although the market tends to classify AMP as a purely technological company, it operates through 2 large divisions which are very different: Amper Technology (27.1% of revenue and 78.5% of EBITDA) and Amper Industrial (72.9% of revenue and 21.4% of recurrent EBITDA). We describe below the main trends for the segments in which AMP operates.

Technology: diversity and exposure to big disruptive changes

The tech sector comprises a large number of companies carrying out very diverse activities but with one thing in common; innovation, a distinguishing asset of evident added value. Accordingly, the tech industry needs to make large investments in R+D and infrastructure, especially in the telecoms operators' sector to roll out networks with which to boost the use of voice and data services (where AMP is one of the main providers through its Telecoms Access unit). Focusing on Europe, the tech sector represents 5% of the Stoxx Europe 600. Expected growth in EBITDA of the companies which comprise the TRBC Europe Technology index for 2019e is c. 8%.

Within the sector, growth in the Information Technologies (IT) segment stands out, boosted by demand for Cloud Computing and Big Data services and by the development of tools for the internet of things (IoT), where AMP has begun to position itself with the acquisition of Rubricall (November 2018).

Chart 9. TRBC Technology vs Euro Stoxx 50



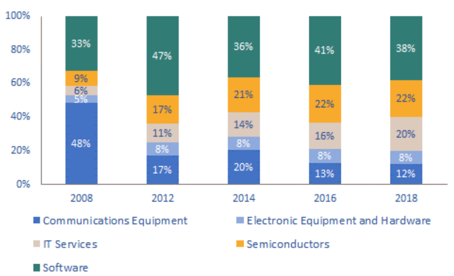
Sector Benchmark: TRBC Europe Technology Index.

Networks and IT: driven by telcos' Capex investment

Communications and network infrastructure is at the heart of the digital ecosystem on which the future is being built. Constantly evolving technology and the new trends developed in recent years mean that large telecoms operators have to maintain a constant level of investment to maintain or improve the quality and capacity of their networks. This can be difficult in a highly competitive market in which telcos' revenues are growing more slowly (revenue and EBITDA 2019e: -0.6% and -0.2% vs 2018, respectively)

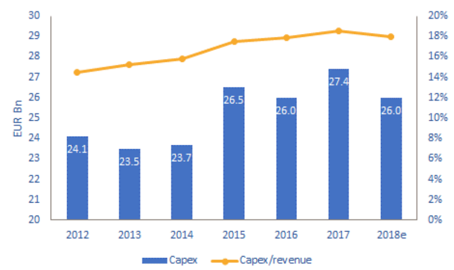
In Europe, according to the European Telecommunications Network Operators' Association (ETNO), the deployment of broadband networks is already significant (c. 97%), providing speeds above the global average (70.5MB for fixed networks). One of the main characteristics of European operators is the increase in their Capex, both in absolute terms and as a proportion of their revenue.

Chart 10. Euro Stoxx 600 technology companyes breakdown by GIGS classification



Total capex of ETNO members was EUR 27.4Bn in 2017 (+14% vs 2012) despite their revenues falling 11% in the same period (ETNO, 2019). According to the figures for the first half of 2018, Capex investment fell c.4% in 2018, but as a percentage of revenue remains higher than the average (c.18%).

Gráfico 11. Telcos CAPEX investments vs revenues

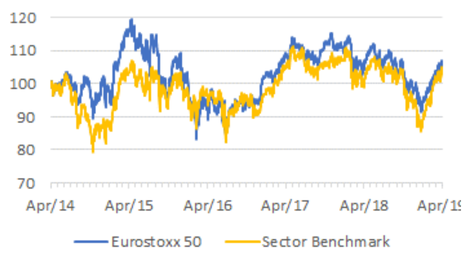


Source: (ETNO, 2019)

For ETNO, one of the main roles that Telecoms operators will take on in the near future will be the construction of network infrastructure for the new trends of the 21st century; high density fibre optic and next generation (5G) wireless networks. The quality of connectivity is, and will continue to be, one of the main drivers of value generation in the sector, where AMP will be one of the main suppliers of the products required for their roll-out.

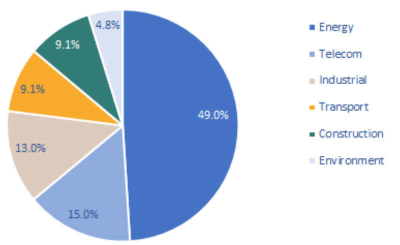
This driver explains why the companies most directly comparable to AMP's IT division show revenue growth prospects of 7.0% CAGR 2018-2021e vs 7.5% CAGR 2015-2018 (EBITDA margin of 20% in 2021e vs 18% in 2018).

Chart 12. Construction & Engenieering vs Euro Stoxx 50



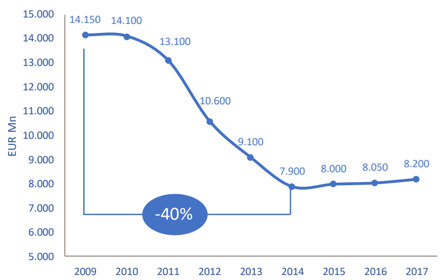
Sector Benchmark: TRBC Europe Construction & Engineering.

Chart 13. Industrial assembly and maintenance turnover breakdown" (2017)



Source: DBK informa.
Note: Figures related only to spanish companies.

Gráfico 15. Industrial assembly and maintenance total revenues in the spanish market (2009-2017)



Source: DBK informa.
Note: Figures related only to spanish companies (excluding exports).

Industrial assembly and maintenance: higher cyclical exposure and low margins

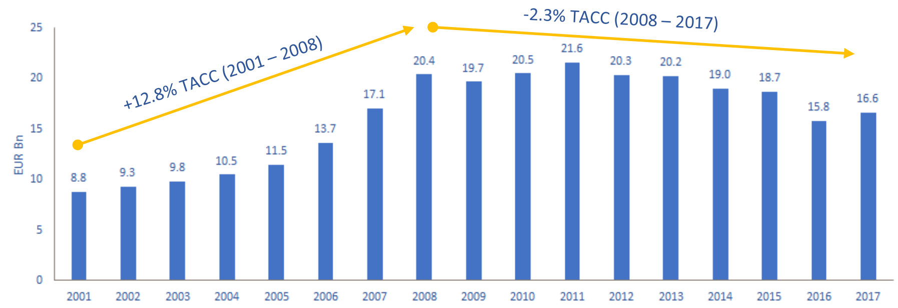
Amper Industrial operates mainly in the Industrial Assemblies, Maintenance and Services sector, one of the basic engines of industrial growth, which necessarily implies high cyclicality.

The companies classified within this sector are involved in the execution and start up of large projects and strategic works in segments such as communications, transport, electricity generation and distribution, industrial plant, renewable energies, etc., taking part not just in construction but also in maintenance (ADEMI: Spanish Association of Industrial Engineering, Assemblies and Services companies). In the Spanish market, most of the business is for the energy sector (49% of total turnover in 2017), one of the segments to which Nervión has high exposure.

In the Spanish market a large number of small companies coexist with a small number of large companies. Business is concentrated in the large companies with the ten main operators having a market share in terms of revenue of 32.4% (where Nervión is included).

In Spain (Nervión's main market; >95% of its revenues), sector companies' turnover boomed between 2001 and 2008 (13.4% CAGR), before correcting by over 15% until 2014 (>40% stripping out exports). Currently, Spanish sector companies' revenues are picking up, with the overseas market (c.50% of turnover) the main driver of activity (+8.4% in 2017 vs +1.9% for domestic turnover).

Chart 14. Industrial assembly and maintenance total revenues in Spain (2001 – 2017)

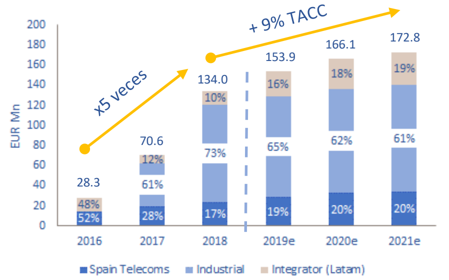


Source: DBK informa.

In Europe, after surviving the difficult years of 2009-2016, the Assemblies and Maintenance industry shows low growth (+2.8% CAGR 2014-2018) and moderate but sustainable margins (2018 EBITDA margin: c.8%). And with a certain capacity for recovery from current levels.

Rationalisation "concluded", what is the next step?

Chart 16. Revenues Mix from continuing activities (2016 – 2021e)



Note: 2016 and 2017 revenues exclude discontinued operations (mainly South Pacific business).

Due to the crisis suffered by the company (2013-2017; see Annexe 3), the business was restructured with the most indebted and least profitable assets (Ecuador, Panama, north Central America, Brazil, Argentina, Venezuela) being sold along with non-strategic ones (south Pacific). From 2014 to 2016 the concentration of activity in the most profitable businesses led to a reduction in recurrent revenue of >80% (EUR 149Mn in 2014 vs EUR 28.3Mn in 2016).

The disinvestment and restructuring of the company's traditional businesses has been concluded with the sale of the south Pacific assets in 2018 and now the focus has switched to value generation via organic growth in the core business (Spain Telecoms, Integrator in Latam and Industrial business) with cash being used to achieve non-organic growth (not included in our financial projections). As described in the Business Description section: i) Spain Telecoms provides communications access and security services both to domestic and international customers; ii) Integrator in Latam business focuses on installation and maintenance services for communications networks in Latam; and iii) the Industrial division is completely separate from the IT business, its activity being the assembly and maintenance of large industrial installations, with high exposure to the energy sector (renewables).

A return to organic growth (Revenue: +9% CAGR 2018-2021e)

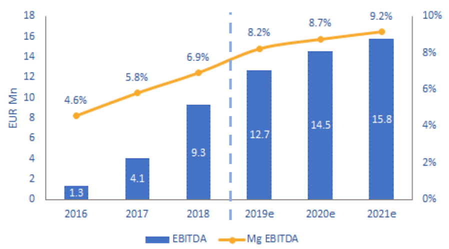
2018 results show the acceleration of growth in revenue with operating revenue (in which we do not include EUR 9.2Mn related to R+D activities) of EUR 134Mn (+90% vs. 2017), consolidating two years of double-digit revenue growth, and with a fivefold increase in continuing businesses' revenue vs 2016. Revenue growth vs 2017 is basically due to the scope of consolidation effect of the acquisition of Nervión in June 2017, as only revenue for the second half of the year was consolidated. Assuming that 100% of Nervión's revenue had been consolidated in 2017, proforma growth in Group revenue vs 2017 would have been 32.1%.

In addition, the Group's continuing businesses also contributed double-digit growth: (i) Spain Telecoms (EUR 23.3Mn in 2018) saw growth of 20.2% vs 2017, and (ii) Latam Integration (EUR 13.0Mn in 2018) growth of 60.9% vs 2017; demonstrating that AMP's traditional businesses have recovered and are growing.

2019e-2021e: margin improvement linked to the revenue mix and operating efficiency

For 2018-2021e we estimate a CAGR for organic revenue of 8.8%, mainly driven by the technological businesses: (i) Spain Telecoms (+13.9% CAGR 2018-2021e), and (ii) Latam Integration (+35.9% CAGR 2018-2021e). We estimate low growth rates for the industrial business (+2.7% CAGR), leading to an increase in the weighting of technological businesses in the revenue mix vs the industrial business (40% of the mix in 2021 vs 27% in 2018); one of the main levers for the improvement in Group margins.

Chart 17. Total EBITDA (2016 – 2021e)



Note: 2018 EBITDA (and following), do not include EUR 6,4Mn related to the research and development activities performed by AMP, which we have included below EBITDA.

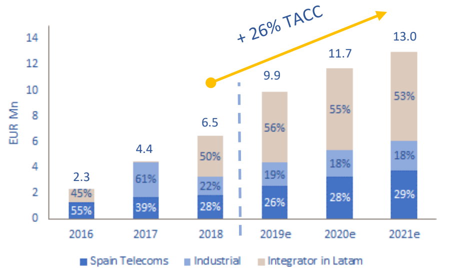
Moreover, we believe AMP still has room for improvement via operating profitability, with the EBITDA margin increasing 2.7p.p. in 2018-2021e to 7.5% (15.8% stripping out the industrial business; vs an average of 19% for the European tech sector).

Its main levers by division are as follows:

1. **Spain Telecoms: levering on its know-how,** both in the Access business line where AMP has significant knowledge of the products and solutions demanded by the main telecoms operators, and in Security.

   We estimate a CAGR for the division's recurrent EBITDA of 26.9% in 2018-2021e, to EUR 3.7Mn in 2021. EBITDA growth is explained both by growth in revenues, which we expect to continue in double digits as seen in the last two years (+13.9% CAGR

Chart 18. Recurrent EBITDA by business line 2016 – 2021e)



2018-2021e), and by the improvement in the EBITDA margin (+3p.p. between 2018 and 2021; 10.9% of revenue).

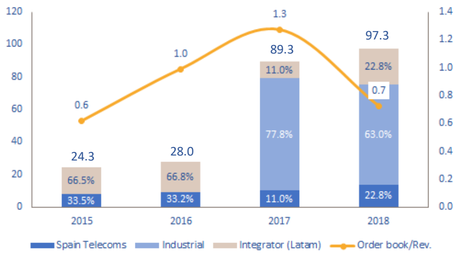
Also, within the Spain Telecoms division, we value very positively: (i) the development of products with higher added value and expansion into new areas outside telecoms (logistics, industrial infrastructure and energy), and (ii) international expansion (mainly in Latam, where the optic fibre market is growing strongly).

2. **Integrator in Latam: the big surprise in 2018.** At the 2018 close the project portfolio was EUR 22Mn (1.7x 2018 sales; 2.3x the previous year's), providing high visibility for the division's revenue and margins in 2019 (average EBITDA margin of the current portfolio c. 20%).

   For the Latam Integration division we estimate a CAGR for recurrent EBITDA of 28.8% in 2018-2021e, reaching EUR 6.9Mn in 2021. EBITDA growth is explained by growth in revenue (+35.9% CAGR; on the back of the portfolio at the 2018 close and the leading integrator position of the Peruvian subsidiary), offset by a 4 p.p. reduction in the EBITDA margin (from 25% in 2018 to 21% in 2021).

   The Integrator in Latam division's margins are well above those of the Spain Telecoms division (25% vs 8% in 2018) and of those of its sector (19%), so their sustainability over the long term is probably one of AMP's principal risks. Accordingly, we assume a noticeable reduction in these in 2018-2021e, to levels of around 20%.

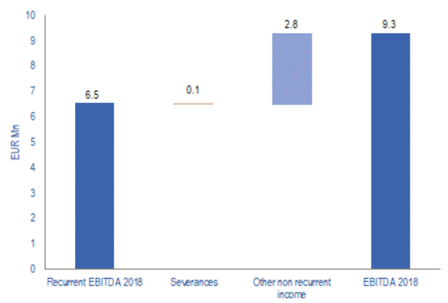
Chart 19. Order book by business line (2015-2018) EUR Mn



3. **Industrial: the fight for margins.** We expect much lower revenue growth than for the technological business lines (+2.7% CAGR 2018 -2021e). However, we think this division has room to improve its operating profitability, with the potential to achieve an EBITDA margin of 2.2% (+0.8p.p.). Within the Industrial unit a focus on building infrastructure for renewable energy projects has been the strategy adopted to maintain growth and improve margins.

At the consolidated level, operating leverage (we estimate a 5.7% CAGR for personnel costs; 3.1p.p. lower than growth in revenue), together with a larger weighting of the more profitable technological business in the total revenue mix will be the main drivers, boosting total recurrent EBITDA to EUR 13Mn in 2021e (+26% CAGR; with a margin of 7.5%).

Chart 20. Recurrent EBITDA vs EBITDA 2018



2018 EBITDA: shaped by the development of R+D

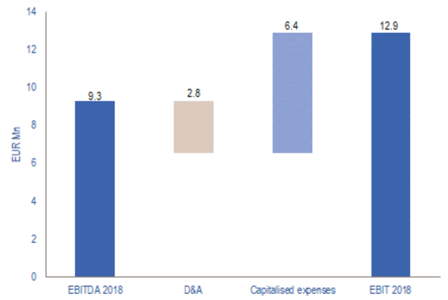
In 2018 AMP developed three technological projects (R+D) which had a significant impact on the P&L statement: (i) reporting total revenue of EUR 9.2Mn and (ii) with EUR 6.4Mn in associated costs. The projects developed are as follows:

- **E4R Gateway project.** Development of digital voice communications for complex and critical environments.

- **Military optronics project.** With the aim of developing a high capacity millimetre-wave generator with very high bandwidth modulation (up to 40 Gbps) for use in new generation wireless communications.

- **Robotics project** for the inspection, cleaning and maintenance of marine wind turbines.

Chart 21. EBIT 2018: Capitalised expenses impact

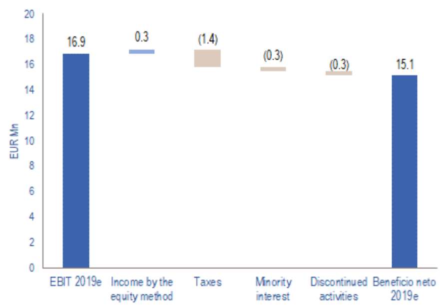


In our analysis we have included the revenue associated with these three development projects described above as follows: (i) EUR 2.8Mn as non-recurrent revenue (in 2018 EBITDA; with an impact on non-recurrent FCF), for the difference between the costs incurred in the development activities and the total amount recorded as revenue, and (ii) EUR 6.4Mn (c. 100% of recurrent EBITDA; with no impact on cash flow) as capitalised expenses (outside of EBITDA), for the capitalisation of the expenses incurred in the development activities.

We consider that the costs associated with the development of the projects described above (EUR 6.4Mn) are necessary for the Group's normal and recurrent activity, and so have been included in recurrent EBITDA. If these cost were considered as non recurrent, the impact over recurrent EBITDA will amount to EUR 6.4Mn, reaching a recurrent EBITDA of EUR 12.9Mn with a consolidated margin of 9.6% (vs 5% included in our analysis).

Also, as the Group has an R+D programme for the years of the 2018-2020 Strategic Plan, we think AMP will maintain its development policy in coming years (ending in 2021), so we maintain the amounts recorded in 2018 over the estimated period (EUR 2.8Mn as non-recurrent revenue and EUR 6.4Mn as capitalised expenses).

Chart 22. EBIT vs 2019e net income



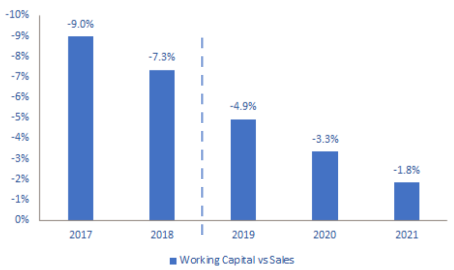
A return to positive ordinary net profit (+93% CAGR 2018-2021e)

The R+D programme begun in 2018 mentioned above has boosted ordinary net profit [2] by EUR 6.4Mn (due to the capitalisation of the costs incurred in the R+D activities) to EUR 2.1Mn in 2018. At present, AMP has a *de facto* net cash > EUR 30Mn assuming the cash from the sale of the south Pacific business as collected at the 2018 close), allowing the good performance of recurrent EBITDA (+26% CAGR 2018-2021e) to translate to double-digit growth in ordinary net profit (CAGR 2018-2021e +17%), pointing to attractive profitability in terms of ROE (c. 20% 2021e; boosted in part by the development of R+D projects).

Below the ordinary profit line we find the following items over the estimated period: (i) losses of EUR 0.3Mn mainly from the financial losses incurred by the Latam subsidiaries being wound up (Argentina, Colombia and Brazil) and (ii) minority interests in an amount of EUR 0.3Mn (2% of revenue; no impact on cash flow).

In addition, the use of tax losses (the company had EUR 166.7Mn off balance sheet at the 2018 close) will keep the tax rate below 10% (we include an average rate of 7.9% until 2021e).

Chart 23. Working capital/Sales normalization



The change in the company's profile will imply greater working capital consumption

In the last 10 years the Amper Group has reported negative working capital, especially in those years in which the Group was going through a tough financial situation (2013-2017).

However, in 2015 and 2018 AMP reduced its negative Working Capital/Sales ratio by 3.5p.p. to -7.3% (vs -10.9% in 2015), with an accumulated negative impact on free cash flow of EUR 4.2Mn.

Over the long term we assume the normalisation of working capital at levels of -1.8% of sales (the average for 2006-2012; prior to the Group's crisis), which implies a negative impact on cumulative free cash flow for 2018-2021e of EUR 6.7Mn. The normalisation of working capital may result in a greater drain on cash until average levels of the respective reference sectors are reached (7.3% and 12% of revenue for the technology and construction and engineering sectors, respectively).

CAPEX remains smaller than for comparables

AMP has maintained low levels of CAPEX in recent years (average of 3% of revenue in the last 5 years vs an average of c. 6% for European tech companies and 8% for construction and engineering). And given that the Group's Strategic Plan envisages significant business growth through non-organic growth, we believe that the net cash pile the Group has at present will be used to acquire tech businesses that complement AMP's current units.

For 2019e-2021e, we do not think CAPEX investment much higher than current levels will be required, so we expect maintenance CAPEX of 2.0Mn (c.1.3% of revenues), maintaining a level of investment close to that seen in 2018 of 1.0% of revenue (EUR 1.4Mn).

[2] Stripping out in 2018: non-recurrent expenses/revenue (EUR 2.8Mn), and discontinued activities (EUR 36Mn; especially the sale of the south Pacific business in 2018).

Chart 24. Free Cash flow generation (2018 – 2021e)

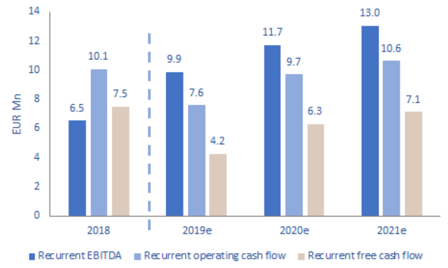
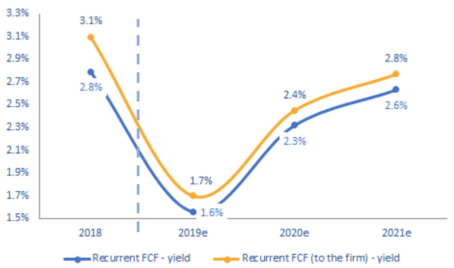


Chart 25. Rec. FCF vs Rec. FCF (to the firm) yield



How much Free Cash Flow does AMP generate?

In 2018 recurrent FCF generation was boosted by an increase in working capital financing (EUR 3.6Mn), mainly due to a reduction of inventories (EUR 1.2Mn) and an increase in accounts payable (EUR 1.8Mn).

However, in 2019e we estimate that recurrent FCF will be negatively impacted by a normalisation of working capital/sales of 2.4p.p. (negative impact of EUR 2.3Mn; 23% of the recurrent EBITDA generated). We estimate recurrent FCF of EUR 4.2Mn in 2019e and EUR 6.2Mn in 2020e with an average recurrent FCF yield of 2.2% (recurrent FCF to the firm yield of 2.3%), below the 6.5% offered by the sector, which will reach highs in 2021e.

The main items below recurrent Free Cash Flow are: (i) the impact of the Group's Latam subsidiaries being wound up (EUR -0.3Mn), (ii) the collection of the divestment of the south Pacific business (EUR 44.4Mn in 2019e; already collected at the time of writing), and (iii) EUR 2.8Mn in revenue from the R+D development projects (which will continue until 2021e).

Currently, AMP has a net cash pile > EUR 30Mn, with the capacity to convert c.50% of annual recurrent EBITDA into cash. Despite this, we do not expect any dividend payments in the mid term, as AMP will use its cash surplus to acquire new businesses through M&As.

Chart 26. FCF 2020e

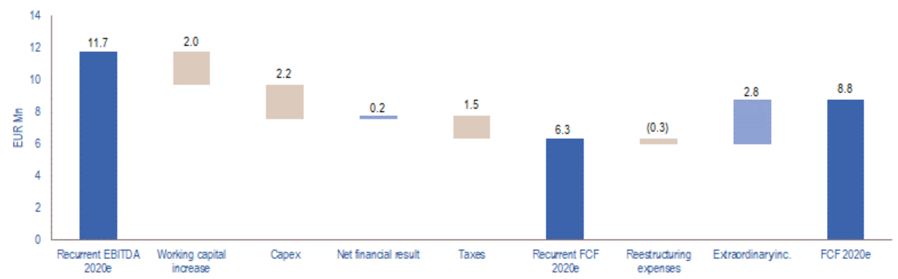
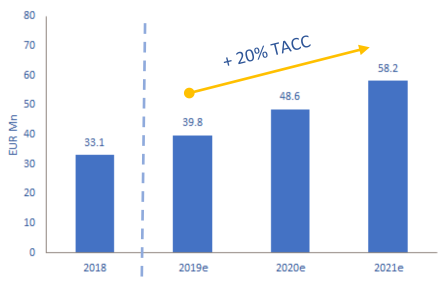


Chart 27. Net financial cash position



Note: 2018 Net cash position has been calculated under the hypothesis that EUR 44.4Mn from the sale of the south Pacific businesses were collected at the end of 2018 (instead of jan19).

Debt is no longer a problem: with a comfortable financial position to accelerate growth

One of AMP's main weaknesses during its restructuring (2013-2017) was a lack of the financial clout needed to carry out new projects with which to grow and generate earnings, which in turn prevented the recovery of cash flow and the generation of value. Now things are very different.

After the highs of 2014 (ND: EUR 152.4Mn), in 2018 the company found itself with a proforma net cash pile > EUR 30Mn (including at the 2018 close the cash inflow from the sale of the south Pacific business and the repayment in full of Tranche A of insolvency debt).

Taking into account AMP's healthy financial position at the end of 2018, and given that the success of the 2018-2020 Strategic Plan rests almost entirely on non-organic growth, the use of current net cash (> EUR 30Mn) together with the cash generation of the traditional businesses and access to new financing (while maintaining a level of debt below ND/EBITDA: 2,2x) give AMP the option of accelerating the non-organic growth envisaged in the Strategic Plan (and not included in our financial projections).

Chart 28. Latam subsidiaries winding up assets and liabilities (2018)

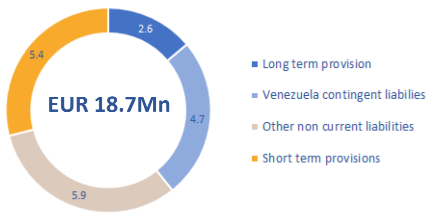
EUR Mn	Brazil	Argentina	Colombia	Total
Assets	1.1	-	0.7	1.8
Liabilities	8.5	0.4	4.3	13.2
Net	**(7.4)**	**(0.4)**	**(3.6)**	**(11.4)**

Note: excluding intercompany balances

Contingent liabilities that could impact on Free Cash Flow

At the end of 2018 the administrative procedures begun in 2016 for the closure and winding up of the subsidiaries in Brazil and Argentina were still ongoing. As regards the subsidiary in Colombia, AMP is currently looking at various options for its winding up and closure. The consolidated net assets and liabilities of the subsidiaries mentioned above amount to a net liability of EUR 11.5Mn (EUR 3.8Mn in 2017; the variation is the result of the impairment of non-current assets in 2018).

Chart 29. Contingent liabilities breakdown (EUR Mn) 2018



The Group's consolidated balance sheet includes a total provision amounting to EUR 14Mn of to cover any contingency that may arise until the closing and liquidation of these is completed.

In addition, AMP has recorded a provision of EUR 4.7Mn under long-term provisions to cover the contingent liability that may arise as subsidiary guarantor after the sale of the subsidiary in Venezuela, whose risk has been classified as probable (although this amount should be borne by the subsidiary disposed of, this does not have sufficient liquidity to make the payment).

In conclusion: the (concluded) restructuring and growth of traditional businesses give AMP significant potential for growth via acquisitions.

AMP's current situation differs radically from that of years ago: (i) debt is no longer a problem (proforma net cash pile > 30Mn), and (ii) the Group's traditional businesses have recovered and are recording double-digit growth in recurrent EBITDA.

Recurrent EBITDA generation (EUR 6.5Mn in 2018 and 26% CAGR 2018-2021e), associated mainly with the Group's core business (tech businesses) is the mainstay of organic growth and recurrent cash generation (EUR 4.2Mn in 2019e) which, together with the healthy financial situation, will be critical to funding the non-organic growth plan on which the success of the 2018-2020 Strategic Plan almost exclusively rests. However, it shouldn't be forgotten that the industrial business, with low margins and greater cyclical exposure, could reduce the Group's flexibility in a recession.

The snapshot of current financial projections shows a fully restructured and growing company with a very aggressive plan for acquisitions that is pending execution but financially credible as net cash (> EUR 30Mn at present) could provide access to additional EBITDA of up to 50% of that estimated for the current core business in 2019.

Valuation inputs

Inputs for the DCF Valuation Approach

	2019e	2020e	2021e	Terminal Value[1]
Free Cash Flow "To the Firm"	**51.5**	**9.0**	**9.8**	**88**

			Best Case	Worst Case
Market Cap	**281.2**	At the date of this report		
Net financial debt[2]	**-33.1**	Debt net of Cash (last financial year)		
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)	1.1%	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	**10.0%**	**Ke = Rf + (R * B)**	**8.8%**	**11.5%**
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)	=	=
Net Debt / (Equity + Net Debt)	0.0%	D	=	=
WACC	**10.0%**	**WACC = Kd * D + Ke * E**	**8.8%**	**11.5%**
G "Razonable"	**2.0%**		**2.5%**	**1.0%**

(1) Terminal value calculated over recurrent Free Cash Flow "to the Firm" in the last estimated year. For further details, please refer to appendix 2.
(2) Net cash position includes EUR 44.4Mn from the sale of the south Pacific businesses collected during jan19.
(3) AMP consolidated balance sheet includes provisions and other contingent liabilities amounting to EUR 18.7Mn which should be considered when calculating the company EV.

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 18e	Revenues 19e-21e	EBITDA/Sales 19e	FCF Yield 19e
Ezentis	EZEN.MC	171.3	18.8	n.a.	5.9	n.a.	0.5	n.a.	8.4%	4.4%
Global Dominion	DOMI.MC	801.1	19.1	5.8%	8.1	4.4%	0.7	5.1%	8.8%	5.6%
Indra	IDR.MC	1,712.4	12.3	-0.5%	6.3	1.0%	0.7	3.1%	10.8%	8.2%
Technology			**16.7**	**2.7%**	**6.8**	**2.7%**	**0.6**	**4.1%**	**0.1**	**6.1%**
Sacyr	SCYR.MC	1,265.9	5.7	13.9%	8.9	11.4%	1.4	-0.1%	15.2%	-35.2%
FCC	FCC.MC	4,359.4	16.4	n.a.	7.8	n.a.	1.2	n.a.	14.8%	7.0%
Bilfinger	GBFG.DE	1,342.8	14.8	22.8%	6.2	16.5%	0.3	4.4%	4.6%	3.1%
Construction and engineering			**12.3**	**0.2**	**7.7**	**0.1**	**0.9**	**0.0**	**0.1**	**-8.4%**
Amper		**281.2**	**18.6**	**7.1%**	**26.43**	**11.8%**	**1.69**	**6.0%**	**6.4%**	**1.5%**

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**	**19.5x**
Central	**7.1%**	**11.7**	**22.2x**
Min	**6.1%**	**10.1**	**25.9x**

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

	CAPEX/Sales 20e		
EBITDA 20e	**0.3%**	**1.3%**	**2.3%**
13.4	**9.6**	**7.9**	**6.3**
11.7	**7.9**	**6.3**	**4.6**
10.1	**6.3**	**4.6**	**3.0**

Scenario	FCF/Yield 20e		
Max	**3.4%**	**2.8%**	**2.2%**
Central	**2.8%**	**2.2%**	**1.6%**
Min	**2.2%**	**1.6%**	**1.1%**

What could go wrong?

We consider risks to be those that could have a significant negative impact on our projections, mainly those for operating profit and free cash flow:

1. **Lack of discipline in M&A.** The company has a *de facto* net cash position > EUR 30Mn after collecting EUR 44.4Mn in January 2019 from the sale of the south Pacific businesses.

   The ambitious goals of the 2018-2020 Strategic Plan (multiply 2017 revenue x5 and 2017 EBITDA x10; 43% of 2020 EBITDA is directly dependent on acquisitions) could accelerate corporate transactions to achieve inorganic growth (never free of risks). The growing corporate activity, together with the interest in small players with growth potential, may result in increased competition in acquisition processes, generating significant goodwill for the acquirers with the risk of value destruction.

2. **Customer and supplier concentration.** High concentration of customers in the Telecoms Access; (were a high percentage of revenues is concentrated among the main telecoms operators), and Engineering (+30% of revenue comes from Navantia) units. The loss of one of its main clients, or a loss of market share of these due to changes in market trends would negatively impact our revenue estimates.

   The revenue of the Integrator in Latam Integration unit (10% of 2018 revenues) is concentrated in a single supplier (Cisco). The increase in the number of distributors of Cisco's products in Latam will increase price competition with the risk of a reduction in margins.

3. **Margin sustainability.** The company's efforts to rein in costs and a focus on more profitable customers resulted in an improvement in the 2018 EBITDA margin of 1 p.p. (6.9% vs 5.8% in 2017). However, the quest for growth (through volumes) in the current business lines and in the new industrial business line (where the company has less experience) could lead to a narrowing of margins at the consolidated level. A shrinking of the margin of 2p.p. would imply a reduction in EBITDA of 15%.

4. **Latam expansion.** Growth in Latam, where the company currently has operations in Mexico, Costa Rica and Peru, is probably one of the best opportunities for expanding and diversifying its business (c. 20% of revenues in 2019e). However, this would increase AMP's exposure to the region's macro which would become a clear risk factor for the company (assuming that at present Latam has a positive growth spread vs the EU in terms of 2019-2020e GDP).

5. **Increased competition and commercial risk.** The high margin businesses, such as the company's telecoms division (ex-Nervión; EBITDA margin of 14.1% in 2018) necessarily attract new market players, increasing competition and the commercial risk of a loss of customers and share. There is also a possible impact on margins from price wars to retain customers. This is a possible risk both in the domestic market and in Latam.

6. **Working capital management.** Currently, Amper obtains EUR 9.8Mn (6.4% of sales) in funding through negative working capital (mainly from the technological business), which could imply cash outflows going forward in the event of normalisation. If the working capital situation were to normalise (to zero in 2021e), the impact on cash flow would be EUR 3,0Mn.

7. **Technology.** The Telecoms, Security and Integration units' businesses (78% of recurrent EBITDA in 2018) depend directly on products and services with a significant technological component and so with a high risk of possible disruptions and changes. The technological changes adopted by consumers can affect demand in the mid and long term.

A time of renewal (and not just of the core business)

The changes implemented by Amper in the last five years have not just affected the company's core business model and revenue mix. At the end of 2017 there was a significant overhaul both of (i) the board of directors (with 4 new board members out of a total of 5, including a new Executive Chair, Clemente Fernandez) and (ii) the management team, which went from 11 members in 2014 to an executive committee of the board of directors which has taken on the functions of the previous management team (with a reduction in compensation of > EUR 0.4Mn in 2018 vs 2017).

1. **Capital increases and new core shareholders.** As a result of the debt restructuring begun in 2015 involving the conversion of EUR 111 Mn in capital (through the issuance of 185 Mn warrants with a par value of EUR 0.05/share), there is now no core shareholder with a stake of over 10% (Jaime Espinosa de los Monteros, Executive Chair of AMP between 2012 and 2017, held c. 20% of share capital in 2014). The successive capital increases needed to complete the debt restructuring and the reorganisation of the core business have meant that AMP's share capital increased c. 24 times in 2014-2018 (40.4Mn warrants out of a total of 1,075.3 Mn shares in 2018 are still pending conversion; c.3.7% of capital). The free float grew from 55% in 2013 to 89% in 2018.

   Since 2017, the core shareholders are Amento Capital and Auriga (5.0% and 2.8% of capital respectively). Accordingly, capital is mainly held by financial shareholders. Between 2017 and 2018 Auriga's stake in AMP's capital declined from 4.0% to 2.8%.

2. **Compensation of the board of directors and management team**. The board comprises 5 members (1 executive, 1 external and 3 independent, only one of whom has been a member of the board since before 2017). In 2018 the total compensation of the board in respect of fixed assignations and attendance per diems was EUR 0.2 Mn (out of a stipulated maximum of EUR 0.7 Mn). As part of the optimisation of costs, the current Executive Chair, Clemente Fernandez, received no compensation for his executive functions in 2018 (vs 0.3Mn in 2017 for the previous incumbent).

   As a whole, the board of directors directly controls 2.7% of capital.

3. **New performance incentives for the Board, tied to meeting the goals of the Strategic Plan.** AMP has a variable compensation system for the board of directors which seeks to increase their focus on the company's results both (i) in the long term, with a bonus of 0.7% of capital linked to achieving all the targets of the 2018-2020 Strategic Plan, and (ii) in the short term, with an additional payment of 0.2% of capital (in each year during the Strategic Plan 2018-2020) when two of the three key figures on which the plan is based (sales, EBITDA and net profit) are exceeded by 10%.

4. **The management team is clearly intent on inorganic growth,** as 65% of the growth in EBITDA pledged in the 2018-2020 Strategic Plan corresponds to acquisitions. M&A expectations for 2019 are high (the board has promised to carry out two significant corporate operations in the first half), and obviously the value generation of these is not guaranteed. The Strategic Plan and its extremely aggressive nature have a clear impact on the company's governance.

5. **No shareholder remuneration in the mid term.** In order to be able to finance business growth, our projections envisage the continuation of the current dividend policy (Pay Out, 0%). Moreover, the company has made no commitment as regards beginning to pay dividends and this is not envisaged in the Strategic Plan.

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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 Intangilbles	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%***
Total Revenues growth	*-43.3%*	*-13.3%*	*-78.2%*	*148.2%*	*90.9%*	*14.8%*	*8.0%*	*4.0%*		
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%***
Gross Margin/Revenues	*42.9%*	*57.4%*	*45.1%*	*57.3%*	*56.5%*	*56.5%*	*56.2%*	*56.2%*		
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%***
Recurrent EBITDA growth	*n.a.*	*n.a.*	*-88.2%*	*89.9%*	*49.6%*	*50.9%*	*19.0%*	*11.1%*		
Rec. EBITDA/Revenues	*n.a.*	*15.1%*	*8.1%*	*6.2%*	*4.9%*	*6.4%*	*7.1%*	*7.5%*		
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%***
EBITDA growth	*n.a.*	*n.a.*	*-93.1%*	*216.0%*	*127.7%*	*36.8%*	*14.7%*	*8.9%*		
EBITDA/Sales	*n.a.*	*14.4%*	*4.6%*	*5.8%*	*6.9%*	*8.2%*	*8.8%*	*9.2%*		
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%***
EBIT growth	*60.6%*	*n.a.*	*-90.2%*	*261.9%*	*293.7%*	*31.0%*	*6.9%*	*3.7%*		
EBIT/Revenues	*n.a.*	*7.1%*	*3.2%*	*4.7%*	*9.6%*	*11.0%*	*10.9%*	*10.8%*		
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%***
Ordinary Profit Growth	*-5.4%*	*n.a.*	*18.9%*	*23.5%*	*n.a.*	*32.0%*	*8.0%*	*3.9%*		
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)		
Effective Tax Rate	*n.a.*	*3.7%*	*9.2%*	*40.3%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*		
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%***
Net Profit growth	*0.1%*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*-62.8%*	*8.1%*	*4.0%*		
Ordinary Net Profit	**(54.3)**	**(2.1)**	**(3.0)**	**(5.4)**	**2.1**	**12.9**	**14.1**	**14.8**	***n.a.***	***92.8%***
Ordinary Net Profit growth	*0.5%*	*-96.2%*	*44.7%*	*81.2%*	*n.a.*	*525.5%*	*9.6%*	*4.6%*		

									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)**		

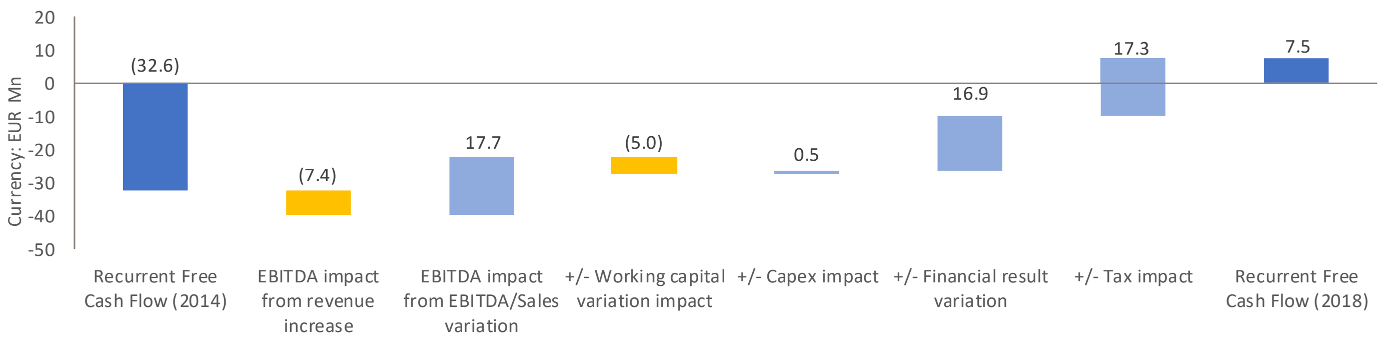
Appendix 2. Free Cash Flow

								CAGR	
A) Cash Flow Analysis (EUR Mn)	**2015**	**2016**	**2017**	**2018**	**2019e**	**2020e**	**2021e**	**15-18**	**18-21e**
Recurrent EBITDA	**19.5**	**2.3**	**4.4**	**6.5**	**9.9**	**11.7**	**13.0**	***-30.6%***	***25.9%***
Recurrent EBITDA growth	*n.a.*	*-88.2%*	*89.9%*	*49.6%*	*50.9%*	*19.0%*	*11.1%*		
Rec. EBITDA/Revenues	*15.1%*	*8.1%*	*6.2%*	*4.9%*	*6.4%*	*7.1%*	*7.5%*		
+/- 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**	***n.a.***	***1.8%***
Rec. Operating Cash Flow growth	*n.a.*	*-82.5%*	*n.a.*	*757.0%*	*-24.8%*	*27.9%*	*9.6%*		
Rec. Operating Cash Flow / Sales	*n.a.*	*n.a.*	*1.7%*	*7.5%*	*4.9%*	*5.8%*	*6.2%*		
- 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**	***n.a.***	***-1.6%***
Rec. Free Cash Flow growth	*-11.1%*	*-90.0%*	*114.9%*	*n.a.*	*-43.5%*	*48.5%*	*13.6%*		
Rec. Free Cash Flow / Revenues	*n.a.*	*n.a.*	*n.a.*	*5.6%*	*2.7%*	*3.8%*	*4.1%*		
- 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%***
Free Cash Flow growth	*n.a.*	*-56.7%*	*n.a.*	*n.a.*	*502.0%*	*-82.8%*	*9.7%*		
Recurrent Free Cash Flow - Yield (s/Mkt Cap)	*n.a.*	*n.a.*	*n.a.*	*2.7%*	*1.5%*	*2.2%*	*2.5%*		
Free Cash Flow Yield (s/Mkt Cap)	*17.1%*	*7.4%*	*n.a.*	*3.0%*	*18.2%*	*3.1%*	*3.4%*		

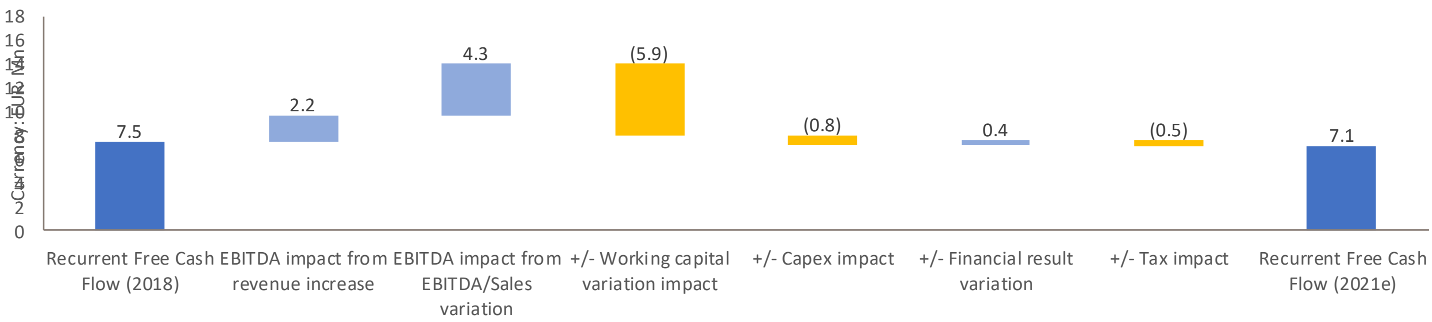
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)	**2015**	**2016**	**2017**	**2018**	**2019e**	**2020e**	**2021e**
Recurrent FCF(FY - 1)	**(32.6)**	**(29.0)**	**(2.9)**	**(6.2)**	**7.5**	**4.2**	**6.3**
EBITDA impact from revenue increase	0.5	(15.3)	3.4	4.0	1.0	0.8	0.5
EBITDA 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)								CAGR	
	2015	**2016**	**2017**	**2018**	**2019e**	**2020e**	**2021e**	**15-18**	**18-21e**
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)(1)	(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**	***n.a.***	***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**	***n.a.***	***-3.4%***
Rec. Free Cash Flow (To the Firm) growth	*n.a.*	*-87.7%*	*69.3%*	*n.a.*	*-44.5%*	*44.0%*	*13.0%*		
Rec. Free Cash Flow (To the Firm) / Revenues	n.a.	n.a.	n.a.	0.1	0.0	0.0	0.0		
- 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"	**n.a.**	**n.a.**	**n.a.**	**8.8**	**51.5**	**9.0**	**9.8**	***n.a.***	***3.6%***
Free Cash Flow (To the Firm) growth	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*484.7%*	*-82.6%*	*8.9%*		
Rec. Free Cash Flow To the Firm Yield (o/EV)	*n.a.*	*n.a.*	*n.a.*	*2.9%*	*1.6%*	*2.3%*	*2.7%*		
Free Cash Flow "To the Firm" - Yield (o/EV)	*n.a.*	*n.a.*	*n.a.*	*3.4%*	*19.8%*	*3.4%*	*3.8%*		

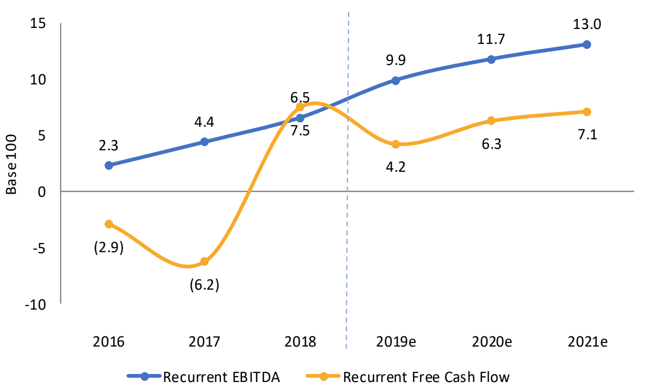
Recurrent Free Cash Flow accumulated variation analysis (2014 - 2018)



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)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019e	CAGR 08 - 18
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**	*-9.4%*
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%*	
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**	*-11.2%*
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%*	
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%*	
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**	*6.9%*
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%*	
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	
EPS (EUR)	0.088	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.276	n.a.	0.001	0.039	0.014	
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%*	
Ord. EPS (EUR)	0.062	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.002	0.012	
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.*	
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)	
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%*	
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**	*36.9%*
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*	
P/E (x)	*6.3x*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*1.22x*	*n.a.*	*n.a.*	*6.1x*	*18.6x*	
EV/Sales (x)	*0.35x*	*0.55x*	*0.21x*	*0.40x*	*0.44x*	*0.14x*	*1.20x*	*1.22x*	*7.55x*	*3.39x*	*1.99x*	*1.69x*	
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*	*20.5x*	
Absolute performance	*-59.5%*	*39.6%*	*-48.6%*	*-42.8%*	*-3.6%*	*-33.8%*	*-67.0%*	*154.5%*	*76.8%*	*-13.1%*	*27.5%*	*9.4%*	
Relative performance vs Ibex 35	*-33.1%*	*7.5%*	*-37.8%*	*-34.1%*	*1.1%*	*-45.4%*	*-68.1%*	*174.1%*	*80.5%*	*-19.1%*	*50.0%*	*-1.5%*	

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**	
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	171.3	801.1	1,712.4	7,724.3	23,024.8	6,686.8	1,265.9	4,359.4	1,342.8	281.2
	Enterprise value (EV)	260.2	719.2	2,202.7	11,005.6	28,405.4	8,518.6	5,669.4	7,111.0	1,233.7	260.4
Basic financial information	**Total Revenues**	522.8	1,016.4	3,265.8	949.6	10,657.7	3,282.4	4,185.4	6,122.6	4,297.8	153.9
	Total Revenues growth	*-0.7%*	*6.7%*	*4.3%*	*9.5%*	*8.3%*	*5.6%*	*8.9%*	*2.2%*	*3.5%*	*14.8%*
	2y CAGR (2019e - 2021e)	*n.a.*	*5.1%*	*3.1%*	*5.9%*	*6.3%*	*5.1%*	*-0.1%*	*n.a.*	*4.4%*	*6.0%*
	EBITDA	44.0	89.0	351.6	498.4	3,237.0	844.0	635.2	906.3	199.2	12.7
	EBITDA growth	*0.4%*	*11.0%*	*8.6%*	*-3.5%*	*28.6%*	*9.0%*	*16.5%*	*5.3%*	*17.5%*	*36.8%*
	2y CAGR (2019e - 2021e)	*n.a.*	*4.4%*	*1.0%*	*15.6%*	*4.1%*	*6.3%*	*11.4%*	*n.a.*	*16.5%*	*11.8%*
	EBITDA/Revenues	*8.4%*	*8.8%*	*10.8%*	*52.5%*	*30.4%*	*22.2%*	*15.2%*	*14.8%*	*4.6%*	*8.2%*
	Net Profit	12.9	48.6	161.6	98.2	1,587.3	381.7	258.9	265.7	77.2	15.1
	Net Profit growth	*8.6%*	*15.7%*	*9.9%*	*n.a.*	*70.8%*	*26.2%*	*14.9%*	*-5.0%*	*n.a.*	*-62.8%*
	2y CAGR (2019e - 2021e)	*n.a.*	*5.4%*	*-0.5%*	*21.2%*	*6.5%*	*8.2%*	*13.9%*	*n.a.*	*27.1%*	*7.1%*
	Capex	*9*	*21.4*	*67.6*	*244.7*	*1,571.8*	*382.9*	*695.7*	*346.7*	*88.0*	*2.0*
	CAPEX/Sales %	*1.8%*	*2.1%*	*2.1%*	*25.8%*	*14.7%*	*9.3%*	*16.6%*	*5.7%*	*2.0%*	*1.3%*
	Free Cash Flow	13.2	50.3	165.5	167.4	998.2	278.9	(228.3)	303.7	63.7	51.1
	Net financial debt	91.0	(128.7)	418.3	2,247.7	3,686.4	1,263.0	3,616.5	2,378.5	144.7	(39.8)
	ND/EBITDA (x)	2.1	(1.4)	1.2	4.5	1.1	1.5	5.7	2.6	0.7	(4.0)
	Outstanding Shares	n.a.	168.2	193.2	245.7	941.0	387.0	555.4	378.4	41.5	1,075.3
	Pay-out	*n.a.*	*0.0%*	*17.3%*	*27.9%*	*41.3%*	*21.6%*	*16.5%*	*9.1%*	*55.9%*	*0.0%*
Multiples and Ratios	**P/E (x)**	18.8	19.1	12.3	80.3	16.2	29.3	5.7	16.4	14.8	18.6
	P/BV (x)	6.5	n.a.	2.2	8.7	2.1	4.8	0.8	2.9	0.9	4.9
	EV/Revenues (x)	0.5	0.7	0.7	11.6	2.7	3.2	1.4	1.2	0.3	1.7
	EV/EBITDA (x)	5.9	8.1	6.3	22.1	8.8	10.2	8.9	7.8	6.2	26.4
	ROE	*18.4*	*11.4*	*19.5*	*14.2*	*13.8*	*15.5*	*14.6*	*19.2*	*6.1*	*30.5*
	FCF Yield (%)	*4.4*	*5.6*	*8.2*	*2.2*	*4.5*	*5.0*	*(35.2)*	*7.0*	*3.1*	*1.5*
	DPS	*-*	*-*	*0.1*	*0.1*	*0.7*	*0.2*	*0.1*	*0.1*	*1.0*	*-*
	Price Close	*0.5*	*4.7*	*9.7*	*25.8*	*29.3*	*14.0*	*2.2*	*11.5*	*30.3*	*0.262*
	Dvd Yield	*0.0%*	*0.0%*	*1.5%*	*0.4%*	*2.4%*	*0.9%*	*3.5%*	*0.6%*	*3.4%*	*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
04-Apr-2019	n.a.	0.262	n.a.	n.a.	Initial Coverage	David Lopez Sanchez