

Business description

Amper (AMP) is a provider of all kinds of technological solutions, focused on the supply of the hardware and software needed to roll out communications networks. In 2017 it acquired Nervión, a group which assembles and maintains industrial installations (65% o/1H20 Revenues; mainly in Spain).

Market Data

Market Cap (Mn EUR and USD)	163.2	192.5
EV (Mn EUR and USD) ⁽¹⁾	214.1	252.5
Shares Outstanding (Mn)	1075.3	
-12m (Max/Med/Min EUR)	0.30 / 0.23 / 0.12	
Daily Avg volume (-12m Mn)	0.83	
Rotation ⁽²⁾	129.9	
Thomson Reuters / Bloomberg	APE.MC / AMP SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Martinavarro Dealbert	5.1
Board of Directors	2.0
Free Float	92.9

Relative performance -5y (Base 100)



Stock performance

(%)	-1m	-3m	-12m	-5Y
Absolute	-3.6	-13.5	-38.7	7.0
vs Ibex 35	-2.6	-15.3	-21.6	67.6
vs Ibex Small Cap Index	-4.7	-19.1	-34.9	-7.2
vs Eurostoxx 50	-5.5	-21.4	-34.5	16.0
vs Sector benchmark ⁽³⁾	-8.2	-26.1	-47.7	-37.6

(1) Please refer to Appendix 2.
(2) Rotation is the % of the capitalisation traded - 12m.
(3) vs TRBC Europe Technology Index.

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

Results that reflect the strong impact of Covid-19 with an interruption of growth

Second quarter figures show the significant impact of Covid-19 in what will probably be the worst quarter of the year for the company. We highlight:

GROWTH HAS BEEN INTERRUPTED (REVENUES -4.7% VS 1H19): due to the significant halting of business caused by Covid-19 (revenues: -30% vs 2Q19), which interrupted the growth trend seen in previous quarters (1Q20: +24%; boosted by M&A -12m) resulting in 1H20 revenue of 84.2Mn (-4.7% vs 1H19, despite M&A). A positive figure: the project portfolio remains close to highs and amounted to EUR 130Mn at the 1H20 close (-10% vs 1Q20; EUR 220Mn including the acquisition of Sacyr-Nervión in July 2020).

CAUSING A SHARP REDUCTION IN EBITDA (-41% VS 1H19). The dramatic decline in business in 2Q20 dragged 1H20 Rec. EBITDA down to EUR 4.9Mn (EBITDA margin 5.8%; -3.6p.p. vs 1H19). By division: the technological businesses provided EBITDA of c. EUR 5Mn over the period (Rec. EBITDA margin c. 16% vs > 20% in 1Q20), making up for EBITDA at breakeven of the industrial division (due to it being a business with a very heavy cost structure and little flexibility).

THAT HAS TRANSLATED TO THE BOTTOM OF THE P/L (-80% IN NP). Below EBITDA there is a EUR 4.3Mn amortisation expense (vs EUR 1.7Mn in 1Q19), that is mainly the result of the amortisation of R+D expenses capitalised in 2018 and 2019 (EUR 6.4Mn and EUR 10.3Mn).

DRIVING NET DEBT TO EUR 24MN (VS NET CASH IN 2019). AMP closed 1H20 with net debt of EUR 24Mn (including EUR 15Mn of working capital financing via promissory notes that fall due in September 2020). The increase in net debt (vs cash positions in 2019) was a result of: (i) a business that is very working capital intensive (impact of c. EUR 25Mn on FCF in 1H20) and (ii) M&A activity (cash outflow of EUR 3.2Mn in 1H20; with EUR c. 14Mn still pending payment reported under other liabilities).

AND REDUCING THE CAPACITY FOR GROWTH VIA M&A. In recent years AMP has integrated 9 companies from various sectors (IT, technology and industrial). In July 2020 the company announced the acquisition of the 50% of Sacyr-Nervión it did not own (maintenance of oil and gas storage tanks; previously consolidated by the equity method), which will contribute more volume (2019 revenues: EUR 46Mn), but little margin (2019 earnings < EUR 0.8Mn). In our opinion, the increase in ND (EUR 24Mn including promissory notes) from net cash levels in 2019, together with the liabilities pending payment for M&A (EUR 14Mn) reduces the capacity for (significant) non-organic growth via M&A in the medium term.

IN CONCLUSION: A SET OF RESULTS TOTALLY INFLUENCED BY COVID-19. 2Q will probably be the worst quarter of the year for the company, so 1H20 results cannot be extrapolated to the rest of the year. 2020 results will be determined entirely by the performance of the businesses acquired, and by the speed of the recovery of business after the re-opening of economies (2Q20 revenues: -30%). The momentum of the project portfolio (EUR 130Mn; EUR 220Mn if we include Sacyr-Nervión) should allow AMP to generate revenue in 2020e > EUR 180Mn, in other words, higher than in 2019 (thanks, in part, to the intense M&A activity -12m).

Appendix 1. Results table

EUR Mn			1H20 vs	2Q20 vs	
	1H20	1H19	1H19	2Q20	2Q19
Total Revenues¹	84.2	88.4	-4.7%	32.9	-30.1%
<i>Technology</i>	29.5	30.8	-4.2%	12.1	-22.9%
<i>Industrial</i>	54.7	57.6	-5.0%	20.7	-33.7%
EBITDA Rec. ²	4.9	8.3	-41.2%	0.0	-100.9%
<i>EBITDA/Revenues</i>	5.8%	9.4%	-3.6 p.p.	-0.1%	-8.6 p.p.
EBIT	1.4	8.9	-84.1%	-2.7	-154%
Net profit	1.6	8.3	-80.1%	-2.6	-155%
Rec. FCF	-23.9	-14.1	-70%		
Order book ³	130.6	100.1	30.5%		
Net Debt ⁴	24.3	-11.3	n.a.		

(1) The Technology division encompasses the revenue generated by what were previously called the "Telecoms and Security" and "Integration" divisions (previously reported separately). The decision to include both businesses in the same division was the result of the gradual transfer of resources from the Integration business (Latam) to the Amper Technology division (previously called Telecoms and Security).

(2) EBITDA and recurrent EBITDA adjusted for R+D expenses (EUR 0.9Mn and EUR 2.4Mn in 1H20 and 1H19, respectively).

(3) The project portfolio does not include EUR 91Mn of Nervión Energy (formerly Sacyr-Nervión; acquired in July 2020).

(4) Net debt includes EUR 15Mn of working capital financing (promissory notes maturing in September 2020). Stripping out the promissory notes, net debt would be EUR 9.3Mn.

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	163.2	
+ Minority Interests	1.9	6m Results 2020
+ Provisions & Other L/T Liabilities ⁵	29.0	6m Results 2020
+ Net financial debt	24.3	6m Results 2020
- Financial Investments	4.3	6m Results 2020
+/- Others	-	6m Results 2020
Enterprise Value (EV)	214.1	

(5) Provisions & Other L/T Liabilities mainly comprises: (i) EUR 14Mn related to the liabilities pending payment for M&A (which EUR 6.2Mn are due in 2020 and EUR 7.8Mn in the long term), (ii) Provisions (EUR 4.6Mn) and (iii) IFRS 16 impact (EUR 2.3Mn).

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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
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