

**EQUITY - SPAIN**

Sector: Communications Equipment

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**12m Results 2022**  
 Independent Equity Research

**12m Results 2022**
**Opinion** <sup>(1)</sup>: Below expectations

**Impact** <sup>(1)</sup>: We will have to lower our estimates

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**Business description**

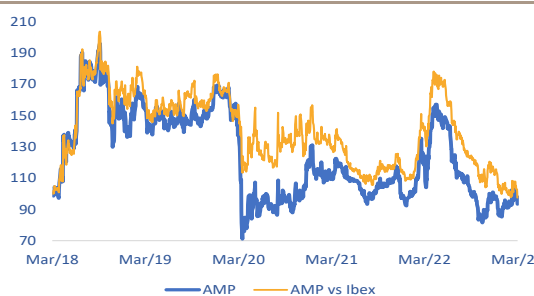
**Amper (AMP)** is a Spanish group that operates through three business lines: (i) Technology (roll-out of telecom networks and IoT, solutions for security and defense and energy control; 31.9% o/revenue in 2021), (ii) Industrial (assembly and maintenance of industrial plants; 65.5% o/revenue in 2021), 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)	181.2	193.3
EV (Mn EUR and USD) <sup>(2)</sup>	299.0	319.1
Shares Outstanding (Mn)	1,108.6	
-12m (Max/Med/Mín EUR)	0.28 / 0.19 / 0.14	
Daily Avg volume (-12m Mn EUR)	0.37	
Rotation <sup>(3)</sup>	51.8	
Factset / Bloomberg	AMP-ES / AMP SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)**

Zelena	7.9
Martinavarro Dealbert	5.2
Free Float	87.0

**Relative performance (Base 100)**

**Stock performance (%)**

	-1m	-3m	-12m	-5Y
Absolute	-0.4	-3.3	-20.7	-6.6
vs Ibex 35	-2.8	-12.8	-30.3	-2.5
vs Ibex Small Cap Index	-2.4	-15.4	-25.1	-23.5
vs Eurostoxx 50	-1.4	-8.6	-29.1	-24.7
vs Sector benchmark <sup>(4)</sup>	1.5	-5.6	-21.5	-37.9

(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.

## A 2022 marked by cost inflation. Margins still under significant pressure

**REVENUE GROWTH SLOWING (EUR 337.5Mn; +9.7% VS 2021)...** AMP's revenue grew 10% in 2022 to EUR 337.5Mn, decelerating from the +21% seen in 9m22 results. By businesses, on the one hand, strong growth in the technological business stands out, this already accounting for c.35% of the revenue mix (+3p.p. vs 2021) with revenue of EUR 117.8Mn (+20% vs 2021). On the other, the industrial business repeated revenue (EUR 205.0Mn; +1.7% vs 2021) and revenue from engineering (that still represents < 5% of the mix) grew to EUR 14.6Mn.

**... AND SHARPLY RISING COSTS CONTINUE TO SQUEEZE MARGINS (MORE THAN EXPECTED).** Despite the gross margin remaining at levels of 57% (in line with 2021 and 2020), the increase in operating costs (personnel and external services: +12.1% vs 2021; mainly due to the increase in energy and components prices) continues to squeeze margins. The above, plus the combination of: 1) lower capitalised expenses (-26%) and 2) higher amortisation (+22%), both items without an impact on CF, reduced the EBIT margin to 1.3% (vs 4.1% in 2021). 2022 EBIT: EUR 4.4Mn (-65%).

**NET PROFIT, EUR 1.1Mn (VS EUR 7Mn IN 2021).** Below EBIT, financial expenses remain the principal item and are at similar levels to those seen in 2021 (EUR 5.3Mn). The sale of Formecal (finalised at the end of 2022 for EUR 7Mn) generated a loss of EUR 1.2Mn for discontinued operations. 2022 net profit: EUR 1.1Mn (vs EUR 7Mn in 2021).

**NET DEBT, EUR 76.3Mn (+18.8% VS 2021).** AMP closed 2022 with net debt of EUR 76.3Mn (vs EUR 64.2Mn in 2021 and net cash of EUR 6.8Mn in Dec. 2019; a result of the policy of non-organic growth that has underpinned the strong growth in revenue of recent years). A level of net debt that, bearing in mind the current context (sharp rise in rates), seems the main restriction on the capacity to invest (working capital, Capex, M&A...) in growth.

**THE GOOD NEWS: THE ORDER BOOK REMAINS AT HIGHS (EUR 414.8Mn; +47.1%) AND THE TECH BUSINESSES CONTINUE TO GAIN WEIGHT.** Despite the climate of deceleration, AMP closed 2022 with its order book at highs (EUR 414.8Mn; +47.1% vs 2021) with a very significant increase in the tech businesses that now account for 53% of the orderbook (vs 37% in 2021) and that, once the current situation has ended, should allow margins to recover.

**WEAK RESULTS THAT LEAD US TO DOWNGRADE OUR ESTIMATES. VISIBILITY REMAINS LOW.** Despite the growth in revenue, these 2022 results illustrate the difficulty of improving margins in the current environment. This will lead us to revise our estimates for 2023 and following years. Although visibility is still very low, an option for margin recovery persists that would provide an opportunity to profit from the strong growth already achieved in revenue (c. 2x vs 2019). A recovery of margins that is possible (due to the increased weighting of the tech business in the orderbook; c. 50% vs 37% -1y) although, in our view, the current macro situation (that continues to be characterised by high inflation) will delay this until the second half of 2023e.

AMP intends to present a new strategic plan (2023e-2026e) during the first four-month period of 2023.

## Appendix 1. Results table

EUR Mn	12m22	12m22 Real		4Q22 vs	
	Real	12m21	vs 12m21	4Q22	4Q21
<b>Total Revenues</b>	<b>337.5</b>	<b>307.7</b>	<b>9.7%</b>	<b>82.6</b>	<b>-14.7%</b>
Technology	117.8	98.1	20.0%	28.7	-27.4%
Industrial	205.0	201.6	1.7%	48.3	-12.0%
Engineering	14.6	8.0	83.7%	5.6	133.0%
<b>Gross margin</b>	<b>191.8</b>	<b>174.6</b>	<b>9.9%</b>	<b>50.5</b>	<b>-2.6%</b>
<i>Gross margin (%)</i>	<i>56.8%</i>	<i>56.7%</i>	<i>0.1 p.p.</i>	<i>61.2%</i>	<i>7.6 p.p.</i>
<b>Recurrent EBITDA<sup>1</sup></b>	<b>9.4</b>	<b>11.6</b>	<b>-19.3%</b>	<b>1.5</b>	<b>-75.5%</b>
<i>Rec. EBITDA/Revenues</i>	<i>2.8%</i>	<i>3.8%</i>	<i>-1.0 p.p.</i>	<i>1.8%</i>	<i>-4.6 p.p.</i>
<b>EBIT</b>	<b>4.5</b>	<b>12.5</b>	<b>-64.4%</b>	<b>-0.1</b>	<b>-101%</b>
<b>NP</b>	<b>1.1</b>	<b>7.1</b>	<b>-84.3%</b>	<b>0.5</b>	<b>-93%</b>
Order book	414.8	282.1	47.1%		
Net Debt	76.3	64.2	18.8%		

(1) Rec. EBITDA adjusted to exclude the impact of capitalised expenses (EUR 9.2Mn in 2022 and EUR 12.4Mn in 2021).

## Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	181.2	
+ Minority Interests	3.1	12m Results 2022
+ Provisions & Other L/T Liabilities	40.0	12m Results 2022
+ Net financial debt	76.3	12m Results 2022
- Financial Investments	1.5	12m Results 2022
+/- Others		
<b>Enterprise Value (EV)</b>	<b>299.0</b>	

## LIGHTHOUSE

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#### Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
02-Mar-2023	n.a.	0.163	n.a.	n.a.	12m Results 2022	David López Sánchez
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

