

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 (c. 70% 12m20 Revenues; mainly in Spain).

Market Data

Market Cap (Mn EUR and USD)	205.4	248.0
EV (Mn EUR and USD) ⁽²⁾	259.4	313.2
Shares Outstanding (Mn)	1,075.3	
-12m (Max/Med/Min EUR)	0.26 / 0.18 / 0.12	
Daily Avg volume (-12m Mn EUR)	0.65	
Rotation ⁽³⁾	80.5	
Refinitiv / Bloomberg	APE.MC / AMP SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Martinavarro Dealbert	5.1
Free Float	94.9

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	-2.7	-7.1	-25.7	61.7
vs Ibex 35	-5.7	-8.4	-15.8	64.2
vs Ibex Small Cap Index	-9.4	-15.4	-40.8	-20.8
vs Eurostoxx 50	-3.8	-10.3	-26.9	30.3
vs Sector benchmark ⁽⁴⁾	-1.7	-14.2	-39.1	-20.4

(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 TRBC Europe Technology Index.

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

2020: a year totally impacted by Covid-19, leaving EBIT in breakeven

A RETURN TO GROWTH IN REVENUE (+9% VS 2019)... underpinned by the inclusion in the sphere of consolidation of the new businesses acquired in the last year (4 in 2020 in addition to 8 in 2019), resulting in revenue of c. EUR 200Mn (+9% vs 2019). 4Q20 shows a clear change of trend, recovering the growth seen until 1Q20 and allowing the company to already significantly exceed pre-Covid levels (4Q20 revenue: +28%; supported by M&A).

... ALTHOUGH MARGINS REMAIN UNDER PRESSURE, the gross margin declining to 59% (vs 62% in 2019) mainly due to the paralysis of activity in the second quarter (that significantly reduced the margins of projects in progress).

THAT, TOGETHER WITH A VERY HEAVY COST STRUCTURE, LEFT EBIT IN BREAKEVEN.

The non-organic growth strategy adopted by AMP in recent years has resulted in significant growth in the operating structure: (i) EUR 94.3Mn in personnel costs (+29% vs 2019; 2,498 employees at the 2020 close vs 1,876 in 2019) and (ii) an increase in other operating costs to EUR 19.1Mn (+27% vs 2019). This has prevented revenue growth being translated to EBIT, which is at breakeven (EUR -1.2Mn; excluding the impact of goodwill).

RESULTING IN HIGHER DEBT (ND: EUR 36.9MMN).

AMP closed 2020 with net debt of EUR 36.8Mn. The increase in net debt (vs cash positions in 2019) is a result of: (i) the significant slowdown in activity in the second quarter, which reduced 1H20 EBIT by 85%, (ii) a business that is highly intensive in working capital (especially the industrial division: c. 33% of 2020 revenue) and (iii) payments associated with the intense M&A activity of recent years (buying c. 12 companies between 2019 and 2020).

WITH AN ORDERBOOK AT HIGHS (EUR 341MMN; +136% VS 2019),

mainly due to the incorporation of the businesses acquired during the year. An orderbook that is more industrial and less technological than at the 2019 close: c. 66% of the portfolio is accounted for by the industrial business (smaller margins). The other 34% is accounted for by the technological business (c. 30% vs 44% in 2019) and engineering (c. 4%; integrated in January 2020 with the acquisition of Proes Consultores).

2020: RESULTS THAT SUFFER FROM THE STRONG IMPACT OF COVID-19.

And that, in our view, have a mixed reading. On the positive side, AMP regained double-digit revenue growth in 4Q20 (boosted by M&A), that should allow it to continue to grow in 2021e; but, on the negative side, margins are still under pressure (EBIT 2020 in breakeven) and net debt has risen to c. EUR 37Mn (vs cash positions in 2019).

AND IN 2021? FACING THE CHALLENGE OF MAKING M&A PROFITABLE.

The momentum of the orderbook (EUR 341Mn) should enable AMP to continue to grow and exceed revenue of c. EUR 260Mn in 2021e (+30% vs 2020). The challenge in 2021e will be to make the M&A activity developed since 2018 profitable and translate the expected growth in volumes to EBITDA and Recurrent Free Cash Flow.

Appendix 1. Results table

EUR Mn	12m20		12m20 Real	4Q20 vs	
	Real	12m19	vs 12m19	4Q20	4Q19
Total Revenues¹	200.6	183.7	9.2%	65.3	28.3%
Technology	57.0	65.7	-13.3%	22.9	38.5%
Industrial	135.2	118.0	14.6%	40.8	18.7%
Engineering	8.5	0.0	n.a.	1.6	n.a.
EBITDA²	9.4	28.3	-67.0%	3.3	-62.3%
<i>EBITDA/Revenues</i>	<i>4.7%</i>	<i>15.4%</i>	<i>-10.7 p.p.</i>	<i>5.0%</i>	<i>-12.1 p.p.</i>
EBIT³	-1.3	20.2	-106.2%		
NP	1.1	19.4	-94.1%		
Order book	340.6	144.5	136%		
Net Debt	36.9	0.2	n.a.		

(1) The revenues heading includes revenue from R+D projects (EUR 5.8Mn and EUR 14.9Mn in 2020 and 2019, respectively), with associated costs that were fully capitalised (EUR 4.5Mn and EUR 10.3Mn in 2020 and 2019, respectively).

(2) Including work carried out on fixed assets (EUR 4.9Mn in 2020 and EUR 2.1Mn in 2019).

(3) EBIT adjusted to strip out the impact of goodwill (EUR 3.6Mn in 2020).

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	205.4	
+ Minority Interests	2.3	12m Results 2020
+ Provisions & Other L/T Liabilities	18.6	12m Results 2020
+ Net financial debt	36.9	12m Results 2020
- Financial Investments	3.8	12m Results 2020
+/- Others		
Enterprise Value (EV)	259.4	

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

