AMPLIFON

OUTPERFORM

Sector: Consumers

Price: Eu12.12 - **Target: Eu19.00**

Confidence in Growth and Margins; Still Wait-and-See

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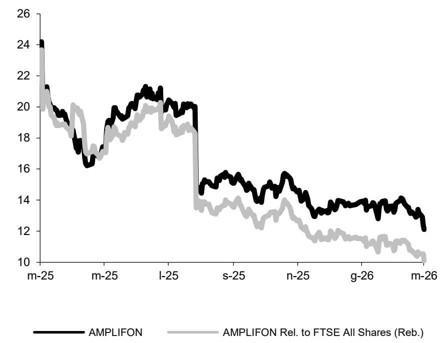
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2026E	2027E	2028E
Chg in Adj EPS	-6.4%	-5.2%	-4.2%

Next Event
1Q25 Results Out 5 May 2026

AMPLIFON - 12M Performance



Stock Data			
Reuters code:			AMPF.MI
Bloomberg code:			AMP IM
Performance	**1M**	**3M**	**12M**
Absolute	-9.5%	-9.7%	-47.9%
Relative	-6.4%	-13.4%	-67.9%
12M (H/L)			24.19/12.12
3M Average Volume (th):			1,902.77

Shareholder Data	
No. of Ord shares (mn):	226
Total no. of shares (mn):	226
Mkt Cap Ord (Eu mn):	2,744
Total Mkt Cap (Eu mn):	2,744
Mkt Float - Ord (Eu mn):	1,583
Mkt Float (in %):	57.7%
Main Shareholder:	
Amplifer Srl (Susan Holland)	42.0%

Balance Sheet Data	
Book Value (Eu mn):	1,009
BVPS (Eu):	4.46
P/BV:	2.7
Net Financial Position (Eu mn):	-1,525
Enterprise Value (Eu mn):	3,782

FY25 top line/ EBITDA came in 1/2% below consensus and our expectations. In the current highly volatile geopolitical environment, the company wisely refrained from providing a granular FY26 outlook, with more detailed guidance likely to follow in the coming quarters as visibility improves. Management reiterated its confidence in outperforming the market in each country and on the potential for margin improvement in 2026-27, supported by both the Fit4Growth implementation (ahead of initial plan) and operating leverage. We expect the market to remain in wait-and-see mode for some time, testing 1Q entry speed as a reality check for FY26 expectations. At current depressed stock levels, however, the risk-reward profile has significantly improved, offering an attractive entry point. We therefore confirm our OUTPERFORM rating, with the TP unchanged at €19.

- **4Q/FY25 results.** The FY top line rose +1.7% CER to ~€2.4bn, posting a flattish organic performance, reflecting market growth below historical levels and a high comparison base. In 4Q the company returned to positive organic growth (Group +0.6%) across all regions (EMEA +0.6%, AMERICAS +0.9%, APAC +0.8%): US saw a flattish private market, with a declining insurance segment; Europe witnessed strong volume growth in France, but the remainder stayed below historical levels; APAC saw soft market trends driven by consumer caution. M&A/scope was +0.8% in 4Q, reflecting Fit4Growth execution: bolt-on carryover (+1.3%) partly offset by the closure of selected non-performing locations (-0.5%). FY adj. EBITDA came to €540mn (22.6% margin, -0.9pp YoY), hit by lower operating leverage, dilution from strong Miracle-Ear Direct Retail growth, a less favourable EMEA country mix and higher marketing investments. FCF came to €160mn (cons. €156mn) entirely absorbed by the M&A cashout (€62mn), dividends (€65mn), buyback (€108mn) bringing net debt to €1.05bn, broadly in line with our/consensus expectations.
- **FY26 outlook:** gradual normalisation in EMEA and more positive US private market. Global demand is expected to grow ~3% (vs. 1–2% in FY25), in line with Demant's 2–4% indication; the company aims to outperform in all its key markets. Fit4Growth execution is ahead of initial plans across all 4 pillars (network efficiency, back-office efficiency, cost control, strategic review of business segments): the +150-200bp run-rate improvement in the adj. EBITDA margin by 2027 should now materialise in the high-end of the range, with one-off costs now reduced to ~€25mn (vs. €35mn previously).
- **Fit4Growth portfolio optimisation:** this week, Amplifon sold its margin-dilutive and subscale UK business (~€33mn revenues, ~1% of Group sales) to Demant, with a €18mn non-cash one-off charge in 1Q. The group also terminated a low-margin US managed care contract (~1% of Group sales) at natural expiry in 2025, with no one-off costs.
- **Change in estimates.** We are trimming our 2026 sales estimate by 2% to reflect the revised scope after the UK exit and US contract termination, while leaving organic growth and margin assumptions across the 3 regions broadly unchanged. Higher taxes and financial charges lead to a mid-single-digit EPS cut for 2026–28. We are also raising FCF estimates on lower CapEx (€-20mn in FY26 after €-30mn in FY25).

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	2,409	2,396	2,432	2,546	2,686
EBITDA Adj (Eu mn)	566	540	568	623	667
Net Profit Adj (Eu mn)	188	159	181	218	254
EPS New Adj (Eu)	0.831	0.703	0.799	0.964	1.122
EPS Old Adj (Eu)	0.831	0.760	0.853	1.017	1.171
DPS (Eu)	0.291	0.290	0.225	0.314	0.377
EV/EBITDA Adj	13.6	9.7	6.7	5.9	5.3
EV/EBIT Adj	24.5	18.6	12.2	10.2	8.8
P/E Adj	14.6	17.2	15.2	12.6	10.8
Div. Yield	2.4%	2.4%	1.9%	2.6%	3.1%
Net Debt/EBITDA Adj	2.6	2.8	2.7	2.3	1.9

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.
A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.
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BUY: stock expected to outperform the market by over 25% over a 12 month period;
OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;
UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
SELL: stock expected to underperform the market by over 25% over a 12 month period.
Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	31.58%
OUTPERFORM:	38.35%
NEUTRAL:	29.32%
UNDERPERFORM:	00.75%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (75 in total) is as follows:

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OUTPERFORM:	30.67%
NEUTRAL:	16.00%
UNDERPERFORM:	01.33%
SELL:	00.00%

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