

AMPLIFON

Sector: Healthcare

NEUTRAL

Price: Eu33.00 - Target: Eu35.00

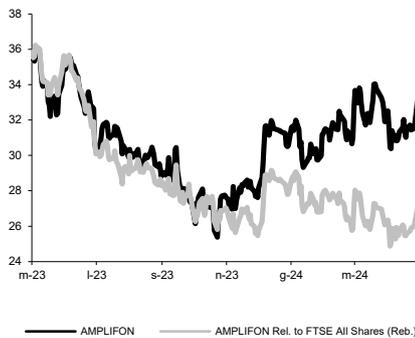
Europe Back to Growth, but Still Early to Improve FY Outlook

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	-2.9%	-1.3%	-1.3%

Next Event
 2Q24 Results 20 July 2024

AMPLIFON - 12M Performance



Stock Data				
Reuters code:	AMPF.MI			
Bloomberg code:	AMP IM			
Performance	1M	3M	12M	
Absolute	3.4%	5.8%	-8.1%	
Relative	3.5%	-3.0%	-30.7%	
12M (H/L)	36.01/25.38			
3M Average Volume (th):	583.38			

Shareholder Data	
No. of Ord shares (mn):	226
Total no. of shares (mn):	226
Mkt Cap Ord (Eu mn):	7,471
Total Mkt Cap (Eu mn):	7,471
Mkt Float - Ord (Eu mn):	4,296
Mkt Float (in %):	57.5%
Main Shareholder:	
Amplifier Srl (Susan Holland)	42.1%

Balance Sheet Data	
Book Value (Eu mn):	1,221
BVPS (Eu):	5.39
P/BV:	6.1
Net Financial Position (Eu mn):	-1,374
Enterprise Value (Eu mn):	8,338

■ **1Q24 results.** 1Q results were 1-3% above our/consensus estimates on top-line/EBITDA but 3/5% below on the bottom line as a result of higher D&A, financial charges, and taxes. Results confirmed the positive hints already provided by management for January and February, with strong and above-market organic growth as a result of: a) global market demand driven by a strong US market, Europe back to growth and progressively normalizing; b) negative impact of early Easter in March and one fewer trading day in the quarter (~1.5% growth); c) a very challenging comparison base (+9% in 1Q23 vs 1Q22); d) significant share gains across all major markets. In particular, the 5.6% organic growth (EMEA +2.9%, AMERICAS +13.0%, APAC +8.8%) saw a 3.2pp additional contribution from bolt-on M&A (mostly AMERICAS and APAC), offsetting ForEx headwinds (-2.7pp, mostly due to ARS). Field productivity measures taken in 2H23 started to pay-off: the EBITDA margin reached a 1Q all-time-high of 23.9% (+1pp YoY) led by EMEA (29.1%, +1.3pp) and APAC (28.1%, +0.8pp), while AMERICAS saw a declining margin (23.7%, -0.9pp) on the dilutive impact from bolt-on M&A and the push for directly operated stores (lower margin vs franchised shops). Acquisition of >150 point of sales in core markets (US, France, China, Germany, Uruguay) for >€70mn cashout; in the US, AMP now has around 400 directly run stores.

■ **Neutral feedback from call.** The conference call did not provide any major hints to improve estimates. Some bullish messages on EMEA market demand, especially in France, which accounts for over 10% of AMP sales, appear to contrast with those provided yesterday by Demant (traffic and conversion rates lower than expected in 1Q, slightly negative growth expected for the year). In 1Q, AMP saw demand for the EMEA broader market return to growth (~1%), with no market significantly deviating from the average. The very strong start in 2Q as well, with April up high-teens at constant FX, looks mostly due to the 2024 early Easter effect (high single-digit benefit from 2 extra working days vs previous year). On bolt-on M&A, management remains confident of >2pp boost to sales for this year, despite the 3pp in 1Q.

■ **Updated estimates.** Our FY24-26 top-line and EBITDA estimates remain broadly unchanged, compensating stronger growth with higher FX headwinds, while the increase in D&A leads to a 3% EPS cut for this year and 1% for next year.

■ **NEUTRAL confirmed; target still €35.** Based on our new estimates, we confirm the DCF-based TP at €35 (7% upside), confirming our NEUTRAL rating, mostly on valuation grounds. Apart from the potential for a very minor uplift to consensus, we see limited upside risk, as further transformational M&A looks unlikely (after GAES, Attune, Bay Audio), and current expectations already factor in sound growth prospects at demanding multiples (32/29x P/E'24/25). It is too early to say whether the productivity gains, last year's investments (hiring new audiologists) and potential new initiatives (cost efficiencies and selective price rises) will be enough to manage any further slowdown in the near future, especially in the current market environment.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	2,119	2,260	2,470	2,688	2,896
EBITDA Adj (Eu mn)	525	542	609	672	727
Net Profit Adj (Eu mn)	230	215	235	261	284
EPS New Adj (Eu)	1.018	0.949	1.037	1.155	1.256
EPS Old Adj (Eu)	1.018	0.949	1.068	1.170	1.273
DPS (Eu)	0.290	0.290	0.327	0.376	0.417
EV/EBITDA Adj	15.3	14.1	13.7	12.3	11.2
EV/EBIT Adj	28.2	27.9	26.9	23.9	21.7
P/E Adj	32.4	34.8	31.8	28.6	26.3
Div. Yield	0.9%	0.9%	1.0%	1.1%	1.3%
Net Debt/EBITDA Adj	2.5	2.5	2.3	1.9	1.6

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- 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)

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Frequency of research: quarterly.

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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.

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OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

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OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
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Emitente	%	Long/Short
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