Milan, 07 May 2025

Italian Equity Research – 1Q25 Results

AMPLIFON

OUTPERFORM

Sector: Consumers

Price: Eu18.54 - **Target: Eu29.00**

Stronger Margin Led by EMEA; FY Guidance Confirmed

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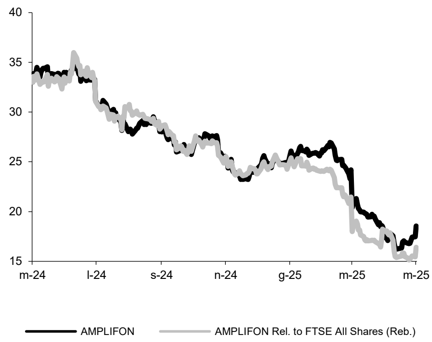
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 30.00 to 29.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-3.9%	-2.8%	-2.9%

Next Event
2Q25 Results 29 July 2025

AMPLIFON - 12M Performance



Stock Data			
Reuters code:			AMPF.MI
Bloomberg code:			AMP IM
Performance	**1M**	**3M**	**12M**
Absolute	0.2%	-29.2%	-43.8%
Relative	-11.3%	-33.1%	-56.9%
12M (H/L)			34.64/16.21
3M Average Volume (th):			1,275.54

Shareholder Data	
No. of Ord shares (mn):	226
Total no. of shares (mn):	226
Mkt Cap Ord (Eu mn):	4,197
Total Mkt Cap (Eu mn):	4,197
Mkt Float - Ord (Eu mn):	2,422
Mkt Float (in %):	57.7%
Main Shareholder:	
Ampliter Srl (Susan Holland)	42.0%

Balance Sheet Data	
Book Value (Eu mn):	1,259
BVPS (Eu):	5.56
P/BV:	3.3
Net Financial Position (Eu mn):	-1,432
Enterprise Value (Eu mn):	5,114

- **1Q results.** The top line was €588mn, up 2.6%, YoY, with flat organic growth (EMEA -0.7%, Americas +2.5%, APAC +0.5%) showing no material improvement vs 4Q. In contrast, the Group EBITDA margin was 23.9%, improving by +20bps YoY and +80bps vs consensus, mainly thanks to EMEA (29.4%, +30bps YoY), despite a tough comparison base (1Q24 peak, +100bps vs 1Q23). In most geographies, Amplifon outperformed the market, which slightly declined in 1Q. Sell-out in France remained subdued as expected, while Germany showed better momentum. EMEA is expected to accelerate in the coming quarters, driven by a recovery in France. In the US, the private market declined mid-single digit due to a tough comp, adverse January weather, and softer consumer sentiment. However, management expects a return to growth in the coming quarters. APAC showed slight weakness. M&A added 2.6pp to growth, with 195 new PoS added for a total investment of €41mn. Expansion in the US continued in 2Q, following the recent acquisition of the 4th largest franchisee (24 clinics in Arizona), bringing the total directly operated US clinics to 420. Adjusted net profit was not fully comparable, as historical 2024 trends were restated to exclude PPA effects, in addition to M&A transaction costs. Net debt came to €997mn, slightly above our estimate (€985mn), mostly due to a higher M&A cashout.
- **FY25 outlook confirmed.** Management expects the US market to improve vs. 1Q, supported by a more favorable comparison base, while EMEA is expected to accelerate in the coming quarters, driven by a recovery in France. Encouragingly, trial activation rates in France are in line with management's projections, supporting a rebound in growth from 2Q onwards. Recent trends may have also created pent-up demand that could be released soon. The M&A environment remains highly favorable, with attractive targets coming within range of Amplifon at compelling valuations; recent deals, such as the acquisition of the 4th largest US franchisee, support continued DTC network expansion. FX is expected to weigh moderately on Group sales (~-2pp). US tariffs remain a limited risk due to diversified sourcing and flexible supply agreements.
- **Change in Estimates.** We have trimmed 2025 revenue estimates by 2% to incorporate c. 2pp FX headwinds, while we confirm 7% growth at CER (although with a higher mix from M&A), in line with the mid-point of guidance. Assuming a 60bp margin expansion to c. 24.1% in FY25 and higher ordinary D&A, this leads to a 3-4% cut in adj. EPS.
- **OUTPERFORM confirmed; new target €29 (from €30).** AMP's positive tone on the US market contrasts with Demant's revised 2025 global hearing aid growth forecast (2–4% vs. 4–6%), mainly due to weaker 1Q growth in the US market. However, in the US we believe AMP is better positioned than manufacturers thanks to diversified supply agreements as clearly explained by management during the call. Following our estimate revision, we lower our DCF-based TP from €30 to €29 (>50% upside) while reiterating OUTPERFORM, as we remain confident in the long-term story. After two years of volatility, we expect EMEA trends to improve from 2Q, boosting sentiment ahead of the 4th anniversary of the French reform (mid-2025), which could spark a structural rebound. While major M&A is unlikely, downside risk to our estimates remains limited. At our TP, the stock would trade at 28x adj. P/E'25 (vs. 18x current), still well below its 5Y average of 35x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	2,260	2,409	2,538	2,745	2,949
EBITDA Adj (Eu mn)	542	566	612	665	719
Net Profit Adj (Eu mn)	215	188	232	266	299
EPS New Adj (Eu)	0.949	0.831	1.024	1.174	1.322
EPS Old Adj (Eu)	0.949	0.901	1.066	1.208	1.361
DPS (Eu)	0.290	0.291	0.311	0.374	0.431
EV/EBITDA Adj	14.1	13.6	8.4	7.6	6.9
EV/EBIT Adj	27.9	29.4	17.2	14.7	12.9
P/E Adj	19.5	22.3	18.1	15.8	14.0
Div. Yield	1.6%	1.6%	1.7%	2.0%	2.3%
Net Debt/EBITDA Adj	2.5	2.6	2.3	2.0	1.7

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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 of 5.5% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the S&PMIB40 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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As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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