

# AMPLIFON

Sector: Consumers

## NEUTRAL

Price: Eu27.26 - Target: Eu31.00

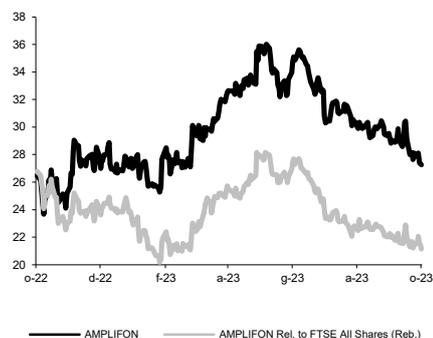
## 3Q Hit by Ongoing EMEA Weakness and ForEx Headwinds

**Giorgio Tavolini +39-02-77115.279**  
 giorgio.tavolini@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 35.00 to 31.00		
	2023E	2024E	2025E
Chg in Adj EPS	-0.8%	-1.2%	-1.2%

**Next Event**  
 3Q23 Results Out 30 October

### AMPLIFON - 12M Performance



Stock Data			
Reuters code:	AMPF.MI		
Bloomberg code:	AMP IM		
Performance	1M	3M	12M
Absolute	-6.8%	-11.5%	1.8%
Relative	-5.0%	-11.9%	-27.1%
12M (H/L)	36.01/23.66		
3M Average Volume (th):	643.65		

Shareholder Data	
No. of Ord shares (mn):	226
Total no. of shares (mn):	226
Mkt Cap Ord (Eu mn):	6,171
Total Mkt Cap (Eu mn):	6,171
Mkt Float - Ord (Eu mn):	3,314
Mkt Float (in %):	53.7%
Main Shareholder:	
Ampliter Srl (Susan Holland)	42.2%

Balance Sheet Data	
Book Value (Eu mn):	1,150
BVPS (Eu):	5.07
P/BV:	5.4
Net Financial Position (Eu mn):	-1,254
Enterprise Value (Eu mn):	6,943

■ **3Q23 results to be affected by geographical mix.** Despite the strong start in July, EMEA (c. two-thirds of the group's top line) should have remained weak in 3Q, coupled with a decline in profitability, while double-digit organic growth rates in AMERICAS and APAC should have been offset by stronger ForEx headwinds. In EMEA, Amplifon should have outperformed the larger market (-2% sell-in volumes, with France down double-digit and Germany mildly negative), with low single-digit top line growth in line with 2Q, but we expect a 1.5pp margin reduction despite price hikes. In the USA, the overall market increased by 10% YoY in July-August (HIA data, sell-in volumes), thanks to better comps, but Amplifon's top line growth in AMERICAS (+15% organic + 7pp scope) should have largely been absorbed by ForEx headwinds (-15pp in the quarter, linked to strong depreciation of the ARS associated with hyperinflation accounting and, to a lesser extent, a weaker US dollar). Amplifon should also have outperformed the overall market in APAC (slightly positive), although performance is again likely to have been hindered by 11pp of ForEx headwinds. At Group level, we estimate 3% market growth, primarily driven by the US. Under these assumptions, we see 3Q group sales at €523mn and adj. EBITDA at €110mn, reported profit in the €25mn area, and net debt broadly in line with 1H (c.€880mn) to factor in a negligible WKC change in 3Q and a steady pace of investments (c.€36mn in 3Q) and bolt-on M&A activity (€21mn).

■ **Updated estimates.** Assuming a lacklustre 3Q and a seasonally more robust 4Q, we believe our FY expectations, aside from a few minor tweaks (top line at €2.27bn, adj. EBITDA at €557mn), are still enough to account for stronger ForEx headwinds; we are 1-2% below the lower end of FY guidance (top line €2.30-2.35bn, adj. EBITDA €570-585mn). We note that the company outlook on FY23 is based on ForEx assumptions (namely, EUR/ARS at 227) that are no longer reasonable (EUR/ARS spot rate currently 369).

■ **NEUTRAL confirmed; new target €31 (from €35).** We are lowering our DCF-based target price from €35 to €31 to reflect a higher risk-free rate (from 4.0% to 4.5%), while we reiterate our NEUTRAL rating on both valuation grounds and an unfavourable geographical mix, with continued weakness in EMEA (two-thirds of group top line) outweighing solid trends elsewhere. As we approach 2024, we still see some downside risk, as we assume a likely drop in consumer spending, with inflation biting pensions/wages and in particular the out-of-pocket portion (75%) of the hearing care spend. Apart from very minor revisions to FY24-26 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 (25x P/E'24E). Furthermore, recent news on the competitive environment (launch of public consultation on the local hearing care market by the Italian antitrust authority, Essilux to expand into the hearing solutions market) could cause some concern and may contribute to a further stock de-rating.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	1,948	2,119	2,270	2,394	2,507
EBITDA Adj (Eu mn)	483	525	557	585	615
Net Profit Adj (Eu mn)	219	230	232	250	264
EPS New Adj (Eu)	0.969	1.018	1.024	1.105	1.164
EPS Old Adj (Eu)	0.969	1.018	1.032	1.118	1.178
DPS (Eu)	0.260	0.290	0.289	0.332	0.356
EV/EBITDA Adj	20.2	15.3	12.5	11.7	11.0
EV/EBIT Adj	37.4	28.2	23.2	21.4	20.0
P/E Adj	28.1	26.8	26.6	24.7	23.4
Div. Yield	1.0%	1.1%	1.1%	1.2%	1.3%
Net Debt/EBITDA Adj	2.7	2.5	2.3	2.0	1.7