

AMPLIFON

Sector: Healthcare

OUTPERFORM

Price: Eu25.20 - Target: Eu33.00

Well Positioned to Exploit French Anniversary: Upgrade to OP

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Stock Rating

Rating: from NEUTRAL to OUTPERFORM

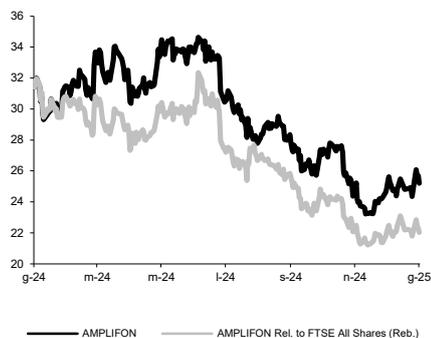
Target Price (Eu): from 28.00 to 33.00

	2024E	2025E	2026E
Chg in Adj EPS	0.0%	12.8%	17.3%

Next Event

FY24 Results 6 March 2025

AMPLIFON - 12M Performance



Stock Data

Reuters code: AMPF.MI

Bloomberg code: AMP IM

Performance	1M	3M	12M
Absolute	1.3%	-6.9%	-19.7%
Relative	0.0%	-9.8%	-34.2%
12M (H/L)	34.64/23.23		
3M Average Volume (th):	663.93		

Shareholder Data

No. of Ord shares (mn):	226
Total no. of shares (mn):	226
Mkt Cap Ord (Eu mn):	5,705
Total Mkt Cap (Eu mn):	5,705
Mkt Float - Ord (Eu mn):	3,292
Mkt Float (in %):	57.7%
Main Shareholder:	
Ampliter Srl (Susan Holland)	42.0%

Balance Sheet Data

Book Value (Eu mn):	1,308
BVPS (Eu):	5.77
P/BV:	4.4
Net Financial Position (Eu mn):	-1,524
Enterprise Value (Eu mn):	6,722

■ **Growth story set to regain momentum in EMEA.** In recent quarters, AMP has faced challenges including a downward revision of EPS estimates—closely tied to the stock performance—and an organic growth slowdown, especially in EMEA, which contributes roughly 2/3 of revenues. Growth in France and Germany was subdued in 2024, with Germany hit by weak consumer confidence and insurance changes. The 2025 anniversary of France's hearing aid reform is set to boost growth in the country, which represents 12% of Group sales. The reform allows users to replace their hearing aids free of charge every four years, creating a cyclical surge in demand, with 2025 marking the start of a new replacement window. The 2021 "full reimbursement" policy, which eliminated the average €1,000 out-of-pocket cost, nearly doubled annual unit volumes to 1.7 million. Since then, the market has stabilised. Benefits are expected from late 1Q25, with leading players, including AMP, forecasting double-digit growth, mostly materializing between 2Q and 4Q. Amplifon expects the French market to grow >10% in 2025 and is positioned to outperform. 50% of AMP customers are typically repeat buyers, so if French volume growth rises from 10% to 20% or even 30%, we estimate an additional 2-3% contribution to Group top-line growth. In the rest of EMEA, we see Germany stabilising this year, and Spain and Italy experiencing moderate growth, also supported by October's awareness campaign.

■ **Margin recovery across regions.** We expect EMEA organic growth to drive Group margin recovery in 2025 (24.3%, +30 bps YoY), with dilution factors remaining under control unless there is a significant increase in M&A, or there are further rises in audiologist recruitment and marketing expenses (currently ~10% of sales). In the US, AMP's direct-to-retail strategy, supported by bolt-on M&A, is driving growth, with franchisee-related margin dilution likely past the 2024 peak, and stable acquisition rates should provide additional profitability. In APAC, M&A expansion in China is driving strong market penetration, with revenues projected to exceed €100mn by 2027, contributing 20% to the region and 3% to the Group, while margins are expected to remain above 2024 levels (26.7%).

■ **Updated estimates.** We are fine-tuning our projections, increasing bolt-on M&A cash-out to reflect growth acceleration in France and a full normalisation of European organic growth (excluding France) to mid-to-high single digit in 2026. Our estimates now assume organic top-line growth of 4.3% in 2024 (unchanged), 7.6% in 2025, and 6.6% in 2026, with EMEA growth moving from 1.3% in 2024 to 6.9% in 2025 and 6.0% in 2026. We expect Americas and APAC to maintain HSD growth through 2026-27. These changes lead to estimates marginally above consensus and a double-digit uplift to 2025-27 EPS.

■ **Upgrade to OUTPERFORM; target up to €33 (from €28).** On improved estimates, we raise our DCF-based target price to €33 (31% upside) and upgrade from NEUTRAL to OUTPERFORM. At our TP, the stock would trade at 30x Adj. PE'25 (currently 23-25x), well below the historical 5-year average (35x). After a period of persistent volatility, we believe EMEA trends are poised to improve, driving stronger investor sentiment in the near term, especially approaching the boost from the 4th anniversary in mid-2025 of the French reform, which could spark a structural rebound. While further major M&A is unlikely, we see minimal downside risk to our estimates, positioning the company for a favourable outlook. In particular, EssilorLuxottica's OTC hearing glasses (launch expected 1H25) target mild hearing loss in younger people, while Amplifon focuses on severe hearing loss in older adults, reducing overlap and competitive threat. In the US, AMP's lower exposure and vendor diversification help mitigate tariff risks under the Trump administration, mainly impacting wholesalers and hearing manufacturers.

Key Figures & Ratios	2023A	2024E	2025E	2026E	2027E
Sales (Eu mn)	2,260	2,403	2,641	2,872	3,111
EBITDA Adj (Eu mn)	542	577	642	703	771
Net Profit Adj (Eu mn)	215	215	253	286	325
EPS New Adj (Eu)	0.949	0.950	1.120	1.265	1.435
EPS Old Adj (Eu)	0.949	0.949	0.993	1.078	
DPS (Eu)	0.290	0.305	0.357	0.415	0.484
EV/EBITDA Adj	14.1	13.5	10.5	9.5	8.6
EV/EBIT Adj	27.9	27.7	20.2	17.7	15.5
P/E Adj	26.6	26.5	22.5	19.9	17.6
Div. Yield	1.2%	1.2%	1.4%	1.6%	1.9%
Net Debt/EBITDA Adj	2.5	2.7	2.4	2.1	1.8

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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&PMB40 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:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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