Milan, 20 January 2025

Italian Equity Research – 4Q24 Preview

AMPLIFON

OUTPERFORM

Sector: Healthcare

Price: Eu26.14 - **Target: Eu33.00**

FY24 Results Set to Match Guidance; Focus Moves to 2025

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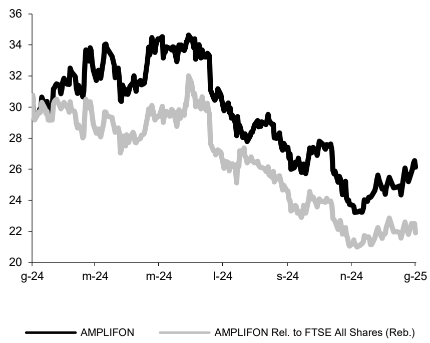
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2024E	**2025E**	**2026E**
Chg in Adj EPS	-0.1%	-0.1%	-0.1%

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	5.6%	-6.0%	-15.0%
Relative	0.3%	-9.4%	-34.5%
12M (H/L)			34.64/23.23
3M Average Volume (th):			687.50

Shareholder Data	
No. of Ord shares (mn):	226
Total no. of shares (mn):	226
Mkt Cap Ord (Eu mn):	5,918
Total Mkt Cap (Eu mn):	5,918
Mkt Float - Ord (Eu mn):	3,415
Mkt Float (in %):	57.7%
Main Shareholder:	
Ampliter Srl (Susan Holland)	42.0%

Balance Sheet Data	
Book Value (Eu mn):	1,302
BVPS (Eu):	5.75
P/BV:	4.5
Net Financial Position (Eu mn):	-1,529
Enterprise Value (Eu mn):	6,940

FY24 trends (revenues forecast up 7.6% at constant exchange rates - CER, margin ~24.0%) to match company guidance, envisaging high single-digit top line growth at CER and a flat EBITDA margin at ~24%, consistent with current consensus. Our recent upgrade remains tied to 2025: we expect a significant mid-year acceleration in France (12% of Group revenue) as the anniversary of the hearing care reform should drive a substantial replacement cycle for devices reimbursed by the NHS after 4 years. Our 2025 estimates are consistent with the company- compiled consensus, with revenues at €2,642mn (consensus: €2,620mn) and EBITDA at €641mn (consensus: €640mn), envisaging a 30-40bp margin expansion.

- **4Q preview:** we expect sales up 7.1% to €658mn (+3.0% organic) and adj. EBITDA at €164mn (+5.5% YoY), a 25.0% margin (-0.4pp YoY). Group revenues remain heavily skewed towards Europe, which accounts for ~65% of total sales. 4Q performance faced a challenging comparison base, as in 4Q23 group growth was +11.2% (CER), including 9% organic growth (>26% in Americas) while the 3-4% global price hike implemented in 2023 was not repeated in 2024. In 4Q, the US market grew by c.6% according to HIA, bringing full-year growth to around 6%, in line with the company's 6-7% forecast. While market data for Europe is not yet available, the region remained weak, lagging behind expectations as indicated by management in 3Q. No official market data has been reported for APAC. M&A should have contributed over 3% to FY revenue, consistent with the 9M period, during which €184mn was spent on acquisitions. ForEx had a positive impact in 4Q, driven by the slight depreciation of the euro against the USD and AUD. However, the ForEx tailwind from ARS accounting partially reversed, contributing to slower organic growth in the Americas. Profitability remains tied to market dynamics, reflecting a shift to a more direct-to-retail business mix at Miracle Ear and the growing importance of China within APAC.
- **Updated estimates.** Minor tweaks to our estimates, with a neutral impact on EPS.
- **OUTPERFORM confirmed; target still €33.** We are maintaining our DCF-based target price at €33 (27% upside) and OUTPERFORM rating. At our TP, the stock would trade at 30x adj. P/E'25 (currently 23x), well below the historical 5-year average (35x). After a period of persistent volatility in FY24, we believe EMEA trends are poised to improve, driving stronger investor sentiment in the near term, especially approaching the boost from the 4th anniversary of the French reform in mid-2025, 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, Essilux's OTC hearing glasses (launch expected in 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 affecting wholesalers and hearing-aid manufacturers.

Key Figures & Ratios	2023A	2024E	2025E	2026E	2027E
Sales (Eu mn)	2,260	2,403	2,642	2,873	3,111
EBITDA Adj (Eu mn)	542	577	641	703	771
Net Profit Adj (Eu mn)	215	215	253	286	324
EPS New Adj (Eu)	0.949	0.949	1.118	1.263	1.433
EPS Old Adj (Eu)	0.949	0.950	1.120	1.265	1.435
DPS (Eu)	0.290	0.305	0.356	0.415	0.483
EV/EBITDA Adj	14.1	13.5	10.8	9.8	8.9
EV/EBIT Adj	27.9	27.8	20.9	18.3	16.0
P/E Adj	27.6	27.6	23.4	20.7	18.2
Div. Yield	1.1%	1.2%	1.4%	1.6%	1.8%
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&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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BUY:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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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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