

AMPLIFON

Sector: Healthcare

NEUTRAL

Price: Eu30.37 - Target: Eu35.00

Healthy 1Q Trends Despite Tougher Comparison Base and ForEx

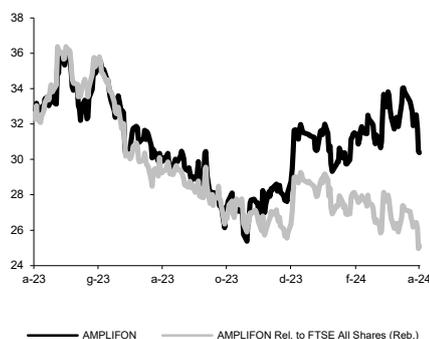
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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 36.00 to 35.00		
	2024E	2025E	2026E
Chg in Adj EPS	-2.6%	-2.4%	-2.2%

Next Event

AGM 24 April '24, 1Q24 Results 6 May '24

AMPLIFON - 12M Performance



Stock Data			
Reuters code:	AMPF.MI		
Bloomberg code:	AMP IM		
Performance	1M	3M	12M
Absolute	-7.9%	-4.0%	-6.8%
Relative	-9.1%	-14.9%	-27.6%
12M (H/L)	36.01/25.38		
3M Average Volume (th):	558.21		

Shareholder Data	
No. of Ord shares (mn):	226
Total no. of shares (mn):	226
Mkt Cap Ord (Eu mn):	6,875
Total Mkt Cap (Eu mn):	6,875
Mkt Float - Ord (Eu mn):	3,953
Mkt Float (in %):	57.5%
Main Shareholder:	
Amplifier Srl (Susan Holland)	42.1%

Balance Sheet Data	
Book Value (Eu mn):	1,229
BVPS (Eu):	5.43
P/BV:	5.6
Net Financial Position (Eu mn):	-1,332
Enterprise Value (Eu mn):	7,710

■ **1Q24 results preview.** 1Q results should confirm the supportive indications already provided by management for January and February, despite i) a tough YoY comparison (one fewer working day in 1Q24, worth ~1.6pp YoY, 1Q23 up 7.4% organically thanks in part to 3-4% price hikes), ii) a geographical mix largely skewed to EMEA (the region with the lowest growth profile), and, iii) ForEx headwinds (~2.8pp, mostly due to ARS), only partially offset by upside from bolt-on M&A (2.4pp, FY guidance: >2pp) especially after recent deals signed in the Americas (purchase of Miracle Ear's franchisee in US, entry into Uruguay) and APAC (China). Once again, AMP should have outperformed the market in all regions, beating the global market, which should have grown +4% in unit terms. In the USA, the private market grew by +10% (sell-in units, HIA data) also supported by the launch of new products; we expect the EMEA market to have risen 1% with QoQ improvements in France and Germany, with APAC forecast to have grown 4%. The group top line is expected at €566mn, up 4.7%, of which 5.1% organic (+3% EMEA, +11% Americas, +7% APAC) and adj. EBITDA at €132.5mn, up 7%, with a 23.4% margin (+0.6pp YoY, in line with the FY margin expansion target) with stronger improvements in EMEA (0.7pp, following investments primarily in field capacity to unlock constraints and boost growth) and to a lesser extent other regions (+40bp in both Americas and APAC). Net debt slightly higher QoQ, mostly due to M&A (€60mn cash-out).

■ **AGCM closed fact-finding investigation into hearing care market in Italy.** This week AGCM closed its fact-finding investigation into the hearing aids sector in Italy. We are not ruling out potential government interventions in support of greater transparency on the services offered and the price paid for hearing aids, but it is hard to envisage that any unbundling of the two components will lead to a reduction in the average selling price in Italy. On the other hand, this would improve affordability for the client with higher volumes for hearing care operators. Finally, the news should finally remove some overhang risk on the stock.

■ **Updated estimates.** Our FY24-26 top line and EBITDA estimates remain unchanged, while the increase in financial charges (+€10mn) leads to a 2-3% EPS cut.

■ **NEUTRAL confirmed; new target at €35 (from €36).** Based on our new estimates, we are lowering our DCF-based TP from €36 to €35 (15% 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 (28/26x 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	2,480	2,691	2,891
EBITDA Adj (Eu mn)	525	542	613	667	720
Net Profit Adj (Eu mn)	230	215	242	265	288
EPS New Adj (Eu)	1.018	0.949	1.068	1.170	1.273
EPS Old Adj (Eu)	1.018	0.949	1.097	1.199	1.301
DPS (Eu)	0.290	0.290	0.343	0.384	0.426
EV/EBITDA Adj	15.3	14.1	12.6	11.5	10.5
EV/EBIT Adj	28.2	27.9	24.1	21.8	19.8
P/E Adj	29.8	32.0	28.4	25.9	23.9
Div. Yield	1.0%	1.0%	1.1%	1.3%	1.4%
Net Debt/EBITDA Adj	2.5	2.5	2.2	1.9	1.6

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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&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

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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:	25.21 %
OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (50 in total) is as follows:

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OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emitente	%	Long/Short
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