JBCapital

BUY

AMPER

SPAIN | INFORMATION TECHNOLOGY

Winds of change; initiating with a Buy rating

Price (€)	0.11
Target Price (€)	0.15
Target Return	41.7%
Ticker	AMP SM
Shares Out (m)	1,109
Market Cap (€m)	118

Key Estimates	2022a	2023e	2024e
P/E (x)	198.2	nm	19.1
P/CF (x)	14.5	11.2	7.0
EV/EBITDA (x)	18.1	11.4	8.8
P/BV (x)	3.5	1.7	1.6
Div yield (%)	0.0	0.0	0.0

Performance (%)	1D	1M	YTD
Price Perf	-2.6	-6.9	-29.0
Rel IBEX 35	-1.9	-9.0	-37.3

Source: Company data, FactSet and JB Capital estimates

We initiate coverage of Amper with a Buy recommendation and a €0.150/shr YE24 target price (offering a 42% upside to current prices). The Company has industrial, engineering and technological capabilities with exposure to the energy-transition (with a leading position in the construction of offshore wind jackets – the Company's growth engine, in our view) and defence markets (advance communications and surveillance systems). We see Amper as a transformation story. Its new management team, which started in 2022, is fully aligned with shareholders to successfully reposition the business. We believe a strong balance sheet is critical to realise this turnaround story, in order to enter a period of above-historical organic growth and significant margin improvement. In this regard, a future capital increase for €30m at €0.08/shr (at a c.25% discount to the current market price) should address the Company's balance sheet issue, offering a liquidity event for investors.

Turning around the story: Amper's largest shareholder appointed a new management team in 2022 to bring more experience and exposure in Amper's targeted sectors and reposition the Company to focus on three main pillars: energy and sustainability (62% EV), defence & security (33% EV) and telecommunications (5% EV). The c.€100m (c.25% of backlog) offshore wind contract awarded in June is an indication that the new management is beginning to turn the corner. Backlog at highs provides visibility (0.9x our 2024e sales) and secures growth one year ahead.

Growth plan is ambitious, but execution is key: We expect the Company to capture sound organic growth underpinned by its presence in fast-growing niches (FY26e revenues of c.€650m revenues, 18% CAGR during 2022-26e). Profitability has been an issue in the past; however, management is repositioning its portfolio and implementing cost-control measures. Our estimates are consistent with Amper delivering EBITDA margins in line with peers (reaching c.10% EBITDA margin by end-2026e vs c.5% in 2022).

Reinforcing the balance sheet to enable execution: Amper informed the CNMV on 14 June that it intends to launch a cash rights issue for €30m at €0.08/shr to reinforce the Company's balance sheet, providing it with "operational flexibility" to deliver on its business plan. We assume a fully subscribed rights issue of €30m and estimate a 2023e net debt of €58m, significantly lowering the Company's leverage (ND/EBITDA to 2.5x vs c.4x before the rights issue). The issue has preliminary commitments by core shareholders with representation in the BoD to subscribe for 40% of the total amount.

Our €0.150/shr YE24 fully diluted target price offers a 42% upside potential. We value Amper through a discounted cash flow approach, as we believe it is the most appropriate valuation technique to capture its expected top-line growth and profitability expansion. In our view, Amper is a transformation story with an attractive risk-reward. Our bull-case scenario points to a fully diluted €0.18/shr, while our bear-case scenario yields a fully diluted TP of €0.12/shr.

Catalysts: i) Successful completion of the rights issue; ii) divestments of less value-added businesses with lower margins; iii) favorable evolution of the backlog in 3Q23 results; iv) EBIT margin expansion (in our opinion, the key value driver for the Company); and v) resultant cash flow generation improvement.


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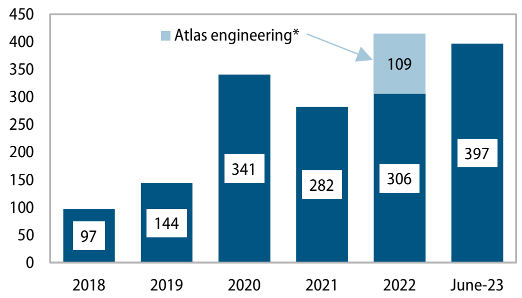
AMPER IN A SNAPSHOT

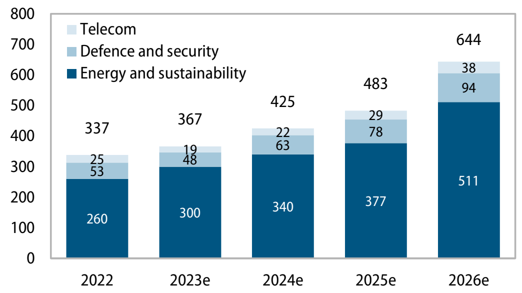
Backlog at highs provides visibility (1.1x our 2023e sales estimate) and secures growth one year ahead



Source: Company filings

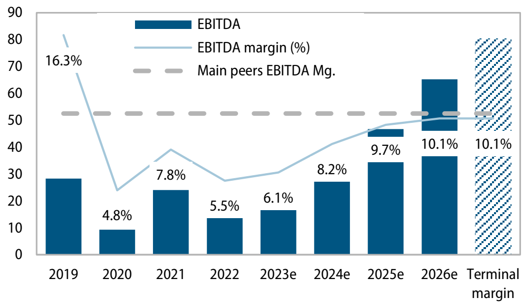
**Amper divested its 45% stake in Atlas engineering in March 2023 for €3.5m (€3.3m capital gain)*

Sound organic growth ahead in revenues (18% CAGR for 2022-26e)



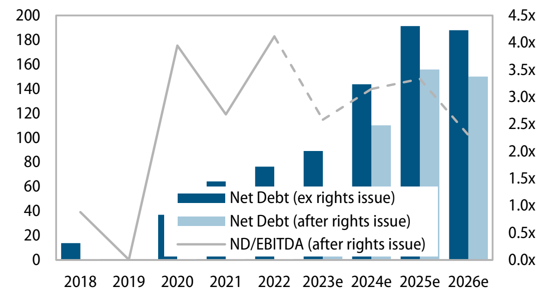
Source: Company filings and JB Capital estimates

Operational leverage should do the rest and help improve EBITDA margin up to 10% in 2026e



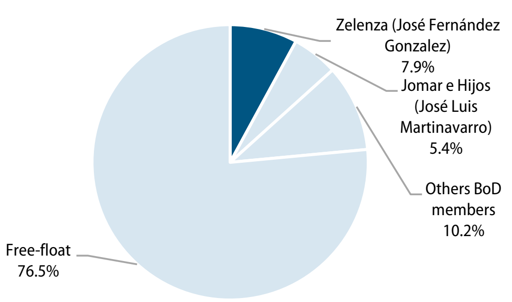
Source: JB Capital estimates

Expected €30m rights issue would clear the way (2023e ND/EBITDA of 2.5x vs 4x pre-rights issue)



Note: We assume a fully subscribed rights issue in 2023 (€30m at €0.08/share).
Source: JB Capital estimates

New core shareholder: Zelenza, an industrial player



Source: JB Capital estimates

Leading to a 42% upside to our Amper valuation

	EV	EV/EBITDA		EV/EBIT	
	€m	2023e	2024e	2023e	2024e
EV	**327**	14.6x	9.3x	31.4x	14.9x
2023e Net Debt	-58	Includes €30m share issue at 0.08€/share			
Minorities (P/BV)	-3				
Provisions and other liabilities	-41	**WACC**	**WACC**		
Factoring	-23	**Explicit**	**TV**		**g**
Expansion CAPEX tax shield (NPV)	7	8.4%	8.6%		2.0%
Deferred tax assets/liabilities	8				
Other financial assets	7				
Equity (€m)	**224**				
Shr Out (m)	1,109				
Warrants	9.1				
Number of new shared issued	375	Includes €30m share issue at 0.08€/share			
Shr fully diluted	**1,493**				
DCF valuation TP 2024e	**0.150**	**€/share (fully diluted)**			
vs Last Price	42%				

Alternative valuation methodology			
Peer Group Valuation	0.14	€/share	9.1x FY24e EV/EBITDA
vs Last Price	32%		

Source: JB Capital estimates

EXECUTIVE SUMMARY

Amper possesses industrial, engineering and technological capabilities with a wide range of products and services focused towards growth niches within the energy-transition and defence markets. Specifically, after some years of a somewhat unclear strategy, the new management incorporated in 2022 strategically focused the group towards three key areas: 1) energy and sustainability (77% of 2022 revenues) – including offshore wind foundation manufacturing and engineering, smart grid management, electrical storage systems and digitalization of spaces to optimize energy consumption; 2) defence and security (16% of 2022 revenues) – comprising naval shipbuilding, advanced communications and surveillance systems and airport management solutions; and 3) telecommunications (7% of 2022 revenues) – involving communication systems, high-capacity telecom networks and 5G infrastructure deployment. Spain remains Amper's main market (c.75% of revenues), while exports account for 25% (mainly in LatAm). Amper had c.3,500 employees as of 30 June 2023.

Low current profitability: Our investment case hinges on Amper's ability to meaningfully improve its 2022 EBIT margin of 1.2%, which is well below the median of similar-sized peers. Amper's recent track record has arguably been poor in terms of profitability, and its low EBIT margin stems from a rapid expansion sustained by M&A during the past six years, Amper was focused on securing growth as under the prior management. Consequently, it ended up with a diversified business model with exposure to growth niches but low profitability (mainly as a result of higher exposure to low-margin industrial businesses, insufficient pricing discipline when bidding for projects, and the impact of redundancies on operational efficiency generated by the companies acquired).

Turning around the story: Zelenza, an industrial player, is Amper's main shareholder with a 7.9% stake acquired in 2022. In addition, coinciding with Zelenza's entry into the capital, a new management team was incorporated in the second half of 2022, including the new CEO Enrique Lopez (on 22 November), armed with a strong track record in the defence sector (former CEO and founder of Everis Aerospace and Defence) and Pedro Morenés, former minister of defence for Spain (2011-16), as non-executive chairman. In our view, these changes imply that all executives should be working in tandem with full support of the key shareholders.

Growth plan is ambitious, but execution is key. We anticipate an 18% organic sales CAGR for 2022-26e, underpinned by Amper's presence in fast-growing niches, including: i) renewable assets (we expect suppliers to the offshore wind industry, such as Amper, to benefit from the significant investments required to reach 2030 installation objectives); ii) defence, which should benefit from the significant increase in the defence budgets expected in Europe to meet NATO commitments; and iii) telecommunications, with future FTTH and 5G deployment in Europe and LatAm (where Amper is present) suggesting an attractive growth profile.

We see a clear path to reach double-digit EBITDA margin: We believe Amper can achieve 10% EBITDA margin by end-2026e (vs 5.5% in 2022), driven by four key initiatives: i) sound organic growth in revenues; ii) combined margin expansion in its three divisions due to an improved product mix; iii) cost-control measures already in place; and iv) resultant operational leverage, with opex growing clearly below the revenue line.

Addressing the balance sheet issue is critical for the transformation story: The evolution of Amper's net debt position has worsened over the past few years due to several factors, including maintaining a demanding R&D policy while leading an aggressive inorganic growth expansion through M&A. Specifically, Amper closed 2022 with net debt amounting to €76.4m (€148m including non-recourse factoring and other long-term liabilities), thereby increasing its gearing to c.4x ND/EBITDA. Assuming a full subscription of the €30m expected rights issue, we estimate 2023 net debt would decrease to €58m, thus lowering 2023e ND/EBITDA to c.2.5x.

What could go wrong? When we talk about estimates that contemplate multiplying the 2022 EBITDA by more than 3x, there are execution risks. We see the following risks to our positive stance: i) cost overruns in the backlog; ii) insufficient pricing discipline when bidding for projects; iii) delays in realization of the offshore pipeline (due to a slow permitting process and financing and regulatory challenges); iv) the road to margin and FCF improvement could be bumpy; v) the scale of net debt (€82m as of June 2023, before the rights issue) could remain a cause of concern for investors; and vi) if the potential €30m rights issue is not carried out, it will put additional pressure on an already stretched balance sheet (implying that Amper's financial needs may require raising cash through disposals on unfavourable terms).

Bottom line: Valuation is attractive from a risk-reward perspective; initiating coverage with a Buy rating. Our €0.150/shr target price for Amper is based on a discounted cash flow methodology as we believe it is the most appropriate valuation technique to capture the Company's expected top-line growth and profitability expansion. While Amper has remained unnoticed by investors for long, we believe the conditions for a turnaround have finally been met. Amper is a transformation story with an attractive risk-reward. The future capital increase of €30m will address the Company's balance sheet issue, offering a liquidity event for investors.

AMPER AT A GLANCE

Amper's P&L

€m	2022	2023e	2024e	2025e	2026e	*22a/26e CAGR*
Total Revenues	**337**	**367**	**425**	**483**	**644**	***17.5%***
COGS	-146	-164	-196	-222	-308	*20.6%*
Personnel expenses	-147	-151	-156	-171	-210	*9.3%*
Other operating expenses	-37	-41	-47	-54	-71	*17.5%*
Capitalised expenses	11	11	9	10	11	-0.5%
EBITDA	**19**	**22**	**35**	**47**	**65**	***36.9%***
EBITDA Margin (%)	5.5%	6.1%	8.2%	9.7%	10.1%	*4.6pp*
D&A & Others	-14	-14	-14	-18	-24	*14.2%*
EBIT	**4**	**8**	**21**	**28**	**41**	***74.4%***
EBIT Margin (%)	1.3%	2.2%	4.9%	5.8%	6.4%	*5.1pp*
Financial result	-5	-6	-9	-13	-15	*29.5%*
Tax expense	2	1	-2	-3	-6	*n.m.*
Discontinued operations	-1	-2	0	0	0	*n.m.*
Minorities	1	0	-1	-1	-1	*n.m.*
Net income Common Shr.	**1**	**0**	**8**	**11**	**20**	***105.3%***

Source: Company for historical data, JB Capital for estimates

Amper's balance sheet

€m	2022	2023e	2024e	2025e	2026e
Tangible assets	21	28	83	134	134
Intangible assets	101	102	102	102	102
Financial assets	44	44	44	44	44
Inventories	16	20	24	29	39
Receivables & others assets	154	165	190	215	283
Cash & equivalents	23	23	23	23	23
TOTAL ASSETS	**359**	**382**	**466**	**546**	**625**
Shareholders' equity	**62**	**92**	**100**	**112**	**132**
Minority interests	3	3	4	5	6
Financial debt	100	81	133	179	173
Payables & other liabilities	194	205	228	251	314
Total liabilities	**296**	**290**	**366**	**435**	**493**
TOTAL LIABILITIES and EQUITY	**359**	**382**	**466**	**546**	**625**

Source: Company for historical data, JB Capital for estimates

Amper's debt and leverage

€m	2022	2023e	2024e	2025e	2026e
Net Financial Debt	76	58	110	156	150
Interest Cost	-9	-10	-9	-13	-15
Average Cost of Gross Debt	-9%	-10%	-8%	-8%	-8%
Net Financial Debt / EBITDA	4.1x	2.6x	3.1x	3.3x	2.3x
Net debt / equity (book incl. minor.)	117%	61%	106%	133%	109%
Net debt / equity (market value)	65%	49%	94%	132%	128%

Source: Company for historical data, JB Capital for estimates.
1: We are assuming a 30m capital increase in 2023e.

Amper's cash-flow statement

Amper's cash-flow statement

€m	2022	2023e	2024e	2025e	2026e
EBITDA	19	22	35	47	65
Taxes Paid	0	1	-2	-3	-6
Interest Paid/Received	-9	-10	-9	-13	-15
WC Change	-2	-5	-6	-7	-15
Capex (including R&D)	-23	-23	-19	-19	-24
Others	0	0	0	0	0
FCF	**-15**	**-15**	**-2**	**5**	**6**
Non-recurrent/Expansion Capex	0	0	-50	-50	0
Dividends	0	0	0	0	0
Capital increase	0	30	0	0	0
Others	3	4	0	0	0
Net Cash / (Debt) Generation	**-12**	**19**	**-52**	**-45**	**6**

Source: Company for historical data, JB Capital for estimates.
We are assuming a 30m capital increase in 2023e.

Amper's key financial figures by division (2022a-26e)

€m	2022	2023e	2024e	2025e	2026e	CAGR 22-26e
Energy and sustainability						
Revenues	**260**	**300**	**340**	**377**	**511**	**18.4%**
YoY%	n.a.	15%	13%	11%	36%	
% of total	77%	82%	80%	78%	79%	
EBITDA	**10**	**17**	**22**	**30**	**43**	**45.3%**
EBITDA mg	3.7%	5.6%	6.5%	7.8%	8.3%	4.7pp
YoY%	n.a.	77%	31%	34%	44%	
% of total	52%	75%	63%	63%	65%	
Defence and security						
Revenues	**53**	**48**	**63**	**78**	**94**	**15.4%**
YoY%	n.a.	-10%	31%	24%	21%	
% of total	16%	13%	15%	16%	15%	
EBITDA	**8**	**3**	**10**	**13**	**16**	**19.8%**
EBITDA mg	15.1%	6.0%	16.5%	17.0%	17.5%	2.4pp
YoY%	n.a.	-64%	261%	28%	25%	
% of total	43%	13%	30%	28%	25%	
Telecommunications						
Revenues	**25**	**19**	**22**	**29**	**38**	**11.3%**
YoY%	n.a.	-23%	17%	28%	33%	
% of total	7%	5%	5%	6%	6%	
EBITDA	**1**	**3**	**3**	**4**	**6**	**56.7%**
EBITDA mg	4%	13.8%	11.5%	13.7%	15.7%	11.7pp
YoY%	n.a.	166%	-3%	53%	52%	
% of total	5%	12%	7%	8%	9%	
Total						
Revenues	**337**	**367**	**425**	**483**	**644**	**17.5%**
YoY%	10%	9%	16%	14%	33%	
EBITDA	**19**	**22**	**35**	**47**	**65**	**36.9%**
EBITDA mg	6%	6%	8%	10%	10%	4.6pp
YoY%	-23%	21%	56%	33%	40%	
Cash EBITDA[1]	**7**	**11**	**26**	**37**	**54**	**65.3%**
Cash EBITDA mg	2%	3%	6%	8%	8%	6.3pp
YoY%	n.a.	58%	129%	41%	46%	
EBIT	**4**	**8**	**21**	**28**	**41**	**74.4%**
EBIT mg	1%	2%	5%	6%	6%	5.1pp
YoY%	n.a.	83%	154%	37%	46%	

Source: Amper for historical figures and JB Capital estimates.
Amper changed its revenue breakdown at the beginning of 2023 and outlined a new operating structure with 3 business units.
Note 1: Cash EBITDA adjusted to exclude the impact of R&D capitalised expenses.

VALUATION: AMPER IS A TRANSFORMATION STORY WITH AN ATTRACTIVE RISK-REWARD

Valuing a company in the midst of structural change, as is the case with Amper, involves a certain amount of complexity, as it is necessary to choose a time when the Company begins to be "normalised". We value Amper through a discounted cash flow (DCF) methodology, as we believe it is the most appropriate valuation technique to capture the Company's expected top-line growth and profitability expansion in the upcoming years. Although we use Peer Group valuation for comparison purposes, we do not use it to reach our end-2024 TP due to the lack of listed pure comparable peers. We only assume organic plans in our estimates.

Our DCF model includes explicit free cash flow forecasts up to 2030e. We use a discount rate (WACC) of 8.6% for the explicit period. For the terminal value, we assume an EBIT margin of 6.4% and use a WACC of 8.4% and a long-term growth rate of 2%. Through the aforementioned exercise, we reach an enterprise value (EV) of €327m, from which we subtract i) our 2023 Net Debt estimate of €58m (which already includes the €30m rights issue); ii) minorities at book value; iii) long-term provisions (€41m; including deferred M&A payments, alternative financing and other long-term liabilities); and iv) non-recourse factoring capabilities (€22.6m) while adjusting for expansion CAPEX tax shield NPV (€7m) and net tax assets and financial assets at book value. **We reach an Equity Value of €224m for an end-2024 fully diluted TP of €0.15/shr (42% upside).**

Amper DCF valuation

DCF Analysis	2024e	2025e	2026e	2027e	2028e	2029e	2030e	T. Value
EBIT	**20**	**28**	**41**	**43**	**45**	**46**	**47**	**47**
(-) Taxes on EBIT @25%	-5	-7	-10	-11	-11	-12	-12	-12
NOPLAT	**15**	**21**	**31**	**32**	**34**	**35**	**35**	**35**
(+) D&A	15	18	24	25	26	27	28	26
(-) CAPEX	-19	-19	-24	-25	-26	-27	-28	-26
(-) Expansion CAPEX (net)	-50	-50	0	0	0	0	0	0
(-) Change in WC	-6	-7	-15	-3	-3	-1	-1	0
FCFF	**-46**	**-36**	**16**	**29**	**31**	**33**	**34**	**35**
Discount factor	1.1	1.2	1.3	1.4	1.5	1.7	1.8	1.8
PV FCFF	**-42**	**-31**	**12**	**21**	**20**	**20**	**18**	**20**

			DCF Assumptions	
			Explicit WACC	**8.4%**
EV (24e-30e)	20	6.0%	Terminal WACC	**8.6%**
EV - Terminal value	308	94.0%	LT Growth "g"	2.0%
Total EV	**327**			
(-) Net debt 23e	58	Includes €30m share issue at 0.08€/share		
(-) Minorities 23e (book value)	3			
(-) Provisions and other L/T liabilities	41			
(-) Factoring	23			
(+) Expansion CAPEX tax shield (NPV)	7	Tax rate 25%; 15y; Terminal WACC 8.6%		
(+) Deferred tax assets/(-) Liabilities	8	Book value		
(+) Other Financial Assets	7			
Total Equity	**224**			
Nº of Shares (m)	1,108.6			
Number of new shared issued	375	Includes €30m share issue at 0.08€/share		
Warrants pending to be converted	9.1			
Treasury Stock	0.0			
Effective Nº of Shares (m)	1,492.8			
Fair Value (€/Shr)	**0.150**			

Source: JB Capital estimates

DCF implicit valuation multiples

DCF Valuation Implicit Multiples	2023e	2024e	2025e	2026e
EV/Sales	0.9x	0.8x	0.7x	0.5x
EV/EBITDA (Reported)	14.6x	9.3x	7.0x	5.0x
EV/EBITDA (Cash)	28.6x	12.5x	8.9x	6.0x
EV/EBIT	40.2x	15.8x	11.6x	7.9x
P/E	n.a.	27.3x	19.6x	11.4x
FCFE yield	n.a.	n.a.	2.0%	2.5%

Source: JB Capital estimates

Comparable peers

We believe that valuing Amper by using P/E and EV/EBITDA multiples makes little sense as these methodologies do not capture the Company's earnings profile appropriately. Moreover, we believe that there is no listed peer that can be considered a pure comparable to Amper, given the differences in size, line of activity and geographical footprint, among other factors. We categorise Amper's peers into three buckets: i) Industrials and engineering (with exposure to renewables and electrification, including European wind turbine manufacturers), ii) Defence and iii) IT/Telecom services. Using such a criteria, we find the following players:

Peer analysis

	Last Price	FX	Mkt Cap	P/E (x)		EV/EBITDA		ND/EBITDA		Div. Yield (%)	
	LC		€m	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e
Energy and Sustainability											
Siemens	136.3	EUR	109,024	13.9	13.3	10.7	10.0	2.7	2.2	3.3	3.5
Vestas	155.1	DKK	21,010	--	29.6	22.6	11.8	0.3	--	0.2	0.9
SPIE	27.7	EUR	4,559	13.9	12.6	8.2	7.8	1.4	0.9	3.0	3.3
Nordex	11.7	EUR	2,755	--	65.1	--	8.4	--	0.1	0.0	0.0
SIF Holding	10.1	EUR	302	52.4	--	7.1	6.3	0.9	2.6	0.8	14.0
Average Energy and sustainability				26.7	30.1	12.1	9.0	1.3	1.5	1.5	4.3
Defence and Security											
BAE Systems	1,061.0	GBp	37,427	17.1	15.8	10.9	10.2	0.6	1.1	2.8	3.0
Thales	138.9	EUR	29,188	17.8	16.1	10.4	9.4	--	--	--	2.6
Kongsberg Gruppen	469.4	NOK	7,165	23.5	20.2	15.0	13.5	--	--	2.6	2.9
Saab	619.0	SEK	7,068	26.6	22.1	12.5	10.9	--	--	1.1	1.3
Hensoldt	30.4	EUR	3,190	20.2	16.6	11.6	10.0	0.5	0.1	1.6	2.1
Cohort	499.0	GBp	240	13.9	13.3	8.0	7.5	0.0	--	2.9	3.1
Average Defence and Security				19.8	17.3	11.4	10.2	0.4	0.6	2.2	2.5
IT/Telecom Services											
Indra	14.1	EUR	2,484	11.8	10.9	6.3	5.9	--	--	2.1	2.5
Adtran Networking	20.1	EUR	1,043	30.8	23.6	9.3	8.2	--	--	0.0	0.0
Global Dominion	3.4	EUR	519	10.7	9.7	4.2	3.9	0.9	0.6	2.9	3.2
Average IT/Telecom Services				17.8	14.7	6.6	6.0	0.9	0.6	1.7	1.9
Amper (JB Capital est.)	**0.11**	**EUR**	**118**	**nm**	**19.1**	**11.4**	**8.8**	**2.6**	**3.1**	**0.0**	**0.0**

Source: JB Capital estimates for rating and TP. Bloomberg priced on 18/09/2023.

Peer group valuation

Although we are cautious when it comes to using a peer group valuation for Amper as we acknowledge there are important differences between Amper and the selected peer group, in our view it can be a valid proxy, or at least be useful for comparative purposes. We carry out this valuation by applying peers' average EV/EBITDA (2024e) for each division. Our sum-of-the-parts model reveals a target price of €0.140/share (32% upside) on the basis of the assumptions listed in the following chart.

Amper SoTP valuation

	EV (€m)	% EV	Criteria
Energy and Sustainability	199	62.2%	9.0x FY24e EV/EBITDA
Defence and Security	105	32.9%	10.2x FY24e EV/EBITDA
Telecommunications	16	4.9%	6.0x FY24e EV/EBITDA
Total EV	**320**	**9.1x**	**FY24e EV/EBITDA**
(-) Net debt 23e	58	Includes €30m share issue at 0.08€/share	
(-) Minorities 23e (at book value)	3		
(-) Provisions and other L/T liabilities	41		
(-) Factoring	23		
(+) Deferred tax assets/(-) Liabilities	8		
(+) Other Financial Assets	7		
Total Equity	**209**		
Nº of Shares (m)	1,108.6		
Number of new shared issued	375	Includes €30m share issue at 0.08€/share	
Warrants pending to be converted	9.1		
Treasury Stock	0.0		
Effective Nº of Shares (m)	1,492.8		
Fair Value (€/Shr)	**0.140**		

Source: JB Capital estimates

Amper's multiples at current prices

Multiples at current market price	2023e	2024e	2025e	2026e
EV/EBITDA (Reported)	11.4x	8.8x	7.6x	5.4x
EV/EBITDA (Cash)	22.3x	11.8x	9.6x	6.5x
EV/EBIT	31.4x	14.9x	12.6x	8.5x
P/E	nm	19.1x	13.7x	8.0x
P/BV	1.6x	1.5x	1.3x	1.1x
FCFE yield	nm	-1.5%	2.9%	3.6%

Source: JB Capital estimates. Bloomberg priced on 18/09/2023.

Amper's multiples at €0.08/share

Multiples at €0.08/shr	2023e	2024e	2025e	2026e
EV/EBITDA (Reported)	9.7x	7.7x	6.8x	4.8x
EV/EBITDA (Cash)	19.0x	10.3x	8.6x	5.8x
EV/EBIT	26.6x	13.0x	11.2x	7.6x
P/E	nm	14.4x	10.4x	6.0x
P/BV	1.2x	1.1x	1.0x	0.9x
FCFE yield	nm	-2.0%	3.9%	4.7%

Source: JB Capital estimates. Bloomberg priced on 18/09/2023.

It's all about margins; exploring the bull and bear cases

In our view, margin performance is the cornerstone of Amper's equity story. While we believe there may not be any major surprises at the top line due to Amper's presence in fast-growing niches (furthermore, current backlog represents 0.9x of our 2024e revenues), we would warn investors that in our view the decision to invest in the Company depends on future margin performance (currently at lows).

Amper's valuation has a very significant sensitivity to EBIT margin, used for terminal value calculation. Specifically, an increase/(decrease) of 0.5pp in terminal value EBIT margin would increase/(decrease) our valuation in c.10%.

Target price sensitivity to revenue growth (2022-28e) and terminal value EBIT margin

€/share		Revenue growth (2022-2030e)						
		5.8%	7.3%	8.8%	**10.3%**	11.8%	13.3%	14.8%
EBIT margin TV	4.9%	0.076	0.087	0.099	0.112	0.126	0.142	0.159
	5.4%	0.085	0.097	0.110	0.125	0.140	0.158	0.176
	5.9%	0.094	0.107	0.122	0.137	0.155	0.173	0.194
	6.4%	0.104	0.118	0.133	**0.150**	0.169	0.189	0.211
	6.9%	0.113	0.128	0.145	0.163	0.183	0.205	0.229
	7.4%	0.122	0.138	0.156	0.176	0.197	0.220	0.246
	7.9%	0.131	0.149	0.167	0.188	0.211	0.236	0.263

Source: JB Capital estimates

Our bull-case scenario points to €0.183/shr (+22% vs. our current TP, +68% upside to current market prices), assuming higher-than-expected revenue growth (+150bps revenue growth for 2022-30e) and profitability expansion on an improved product mix and greater-than-expected operating leverage (+50bps TV EBIT margin).

Conversely, in our bear-case scenario, reducing revenue growth to 8.8% CAGR for 2022-30e (vs 10.3% in our central scenario) and profitability (-50bps EBIT margin) would yield a target price of €0.122/share (19% downside vs. our current target price and +15% upside current prices).

What would happen in an even worse scenario? If we assume revenue growth of c.6% CAGR for 2022-30e and an EBIT margin of 5% (a level we expect to be reached as early as 2024), our sensitivity analysis points towards a target price of €0.076/shr (49.5% and 30% downside vs. our current target price and current prices, respectively, although in line with the issue price of €0.08/shr of the expected €30m rights issue).

Amper valuation summary

TP at 2024 year end	€/share	Upside vs current price	Upside vs €0.08/shr
DCF Valuation	**0.150**	**42%**	**88%**
Implicit Multiples at Valuation (24e)			
EV/EBITDA	9.3x		
EV/EBIT	15.8x		
P/E	27.3x		
FCFE Yield	n.a.		
Multiples at current market price (24e)			
EV/EBITDA	8.9x		
EV/EBIT	15.1x		
P/E	19.1x		
Multiples at €0.08/shr (24e)			
EV/EBITDA	7.7x		
EV/EBIT	13.0x		
P/E	14.4x		
Alternative valuation methodologies			
Peer Group valuation	0.140	32%	75%
Bull & Bear case scenarios			
Bull Case	0.183	73%	129%
Bear Case	0.122	15%	52%

Source: JB Capital estimates

CAPITAL INCREASE: STRENGTHENING THE BALANCE SHEET

Expected €30m rights issue would clear the way

Amper's Annual General Meeting on 30 June 2023 agreed to delegate the BoD the power to increase the Company's share capital during the legal five-year period by issuing a maximum amount of 50% of share capital at the time of the authorization (on one or more times and consisting in cash contributions).

In this regard, Amper informed the CNMV of its plan to hold a cash rights issue with pre-emptive subscription rights for €30m (25.9% of the Company's market cap at the close of trading on 14 June 2023, the day of the announcement) with a unit issue price of €0.08/share (i.e., a 20% discount to the share price immediately before the announcement). The issue has preliminary commitments by core shareholders with seats on the board of directors to subscribe for 40% of the total amount, which provides comfort. However, as of the date of this report, the board of directors has not yet disclosed any further information regarding the capital increase calendar and details such as the final price and offer size (which according to the AGM agreements could be higher).

It is envisaged that the capital increase will be effective even if the subscription is not complete. In the event that the capital increase is not fully subscribed, the subscription may be declared incomplete, in which case the capital will be increased by the amount of the subscriptions made. In this context, we assume capital increases at €0.08/share (which is a c.25% discount to the current share price levels, or roughly a 25% dilution). Based on these assumptions, the estimated number of shares at end-2023 would be 1,484m shares.

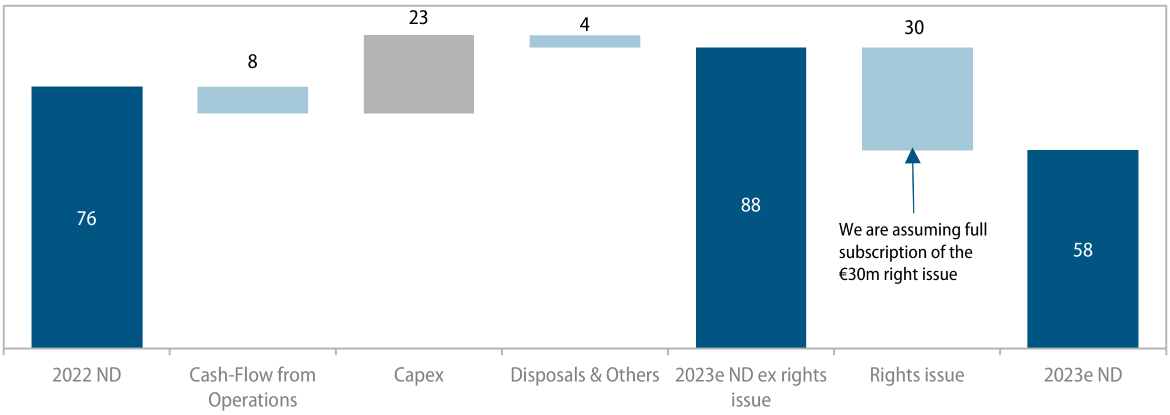
Number of shares assuming full subscription of €30m rights issue at €0.08/share

Number of shares (millions)	2019	2020	2021	2022	2023e
Beginning nº shares	1,075	1,075	1,075	1,109	1,109
Capital increase	0	0	33	0	375
Nº shares end of the period	1,075	1,075	1,109	1,109	1,484
Treasury stock	7	9	16	0	0
Average number of shares	1,069	1,067	1,093	1,109	1,202

Source: Company data and JB Capital estimates

Assuming a full subscription of the expected rights issue, we estimate 2023 net debt would decrease to €58m (vs 88m before the rights issue). This would lower 2023e ND/EBITDA after the increase to c.2.5x (vs c.4x before the rights issue).

2023e Net debt bridge (€m)



Source: JB Capital estimates

Although we expect Amper to provide details on how it will use the money, the Company intends to use the proceeds to support its balance sheet and provide it with "operational flexibility" to capture growth opportunities in its markets (especially in the Energy and Sustainability segment, likely through new investments). As a reminder, c.60% of gross debt (€62m as of June 2023) and c.50% of Amper's current market cap its financed through short-term promissory notes maturing in 2023. In our opinion, the capital raise reduces (but does not eliminate) the likelihood that the Company will have to make asset disposals on unfavourable terms.

SHAREHOLDING STRUCTURE AND BOARD OF DIRECTORS

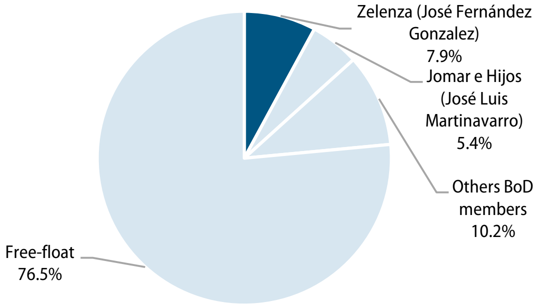
Shareholding structure: New core shareholder (Zelenza, an industrial player) heads management team

Amper's main shareholders include Zelenza, a Spanish Company with exposure to the telecom and defence sectors with a 7.9% stake (acquired in 2022), followed by Jomar e Hijos (José Luis Martinavarro Dealbert; 5.4%). Amper's share capital remains highly fragmented, with a sizeable free-float that stands at nearly 76%. Additionally, at the end of 2022, 9.1m warrants owned by the financial institutions affected by the debt restructuring in 2015 remained to be converted into 9.1m shares (0.8% of capital) at a conversion price of €0.05/warrant. The conversion windows will be opened annually until September 2025.

Zelenza, the most relevant shareholder, is a Spanish IT Company (c.€100m revenues in 2022) set up by José Fernandez Gonzalez, its chairman. He entered Amper's capital in 1H22 and is a member of the board. As a result of Zelenza's entry as a shareholder, two new board members were appointed (out of a total of eight), including José Fernandez Gonzalez (Zelenza's founder and chairman) and the new CEO, Enrique Lopez (the former head of Corporate Development in Zelenza and former CEO of Everis Aerospace and Defence).

The following chart shows the shareholding structure for Amper's current 1,109m shares.

Amper's shareholding structure (July 2023)



Source: Company data

With no shareholder holding a large stake, Amper could be vulnerable to potential M&A.

Management change brings experience and exposure to the story

In October 2020, Amper appointed Pedro Morenés Eulate (Spain's Minister of Defence between 2011 and 2016) as the new chairman of the board of directors (replacing Clemente Fernandez). In addition, between 2020 and 2022, four new proprietary directors were appointed – Juan José Rodríguez-Navarro Oliver and Jose Luis Martinavarro Dealbert in 2020, Iñigo Resusta Covarrubias in 2021 and José Fernandez Gonzalez in 2022.

The board of directors comprises eight members out of which two are independent and four are dominical (50% of the board), controlling c.23.5% of capital. This brings exposure to the share price (prior to 2020, there was no shareholder with >3% direct exposure to the share capital), which means that we should now see strategic alignment at the board level.

In addition, coinciding with Zelenza's entry into the capital, a new management team was incorporated in 2022 in order to regain strategic focus. Specifically, Amper appointed Gonzalo Figueroa (former Telefonica Tech CFO) as CFO and Enrique Lopez as member of the board and CEO in November 2022 (previously, Enrique Lopez was Head of Corporate Development in Zelenza and CEO of Everis Aerospace and Defence).

Composition of the board of directors (July 2023)

Name	Position	Nature	Appointed
Juan José Rodríguez-Navarro Oliver	Board member	Proprietary	31/10/2020
Pedro Morenés Eulate	Non-Executive Chairman	Other external	09/10/2020
María Luisa Poncela García	Board member	Independent	29/06/2021
Fernando Castresana Moreno	Board member	Independent	27/06/2018
José Luis Martinavarro Dealbert	Board member	Proprietary	31/10/2020
Iñigo Resusta Covarrubias	Board member	Proprietary	29/06/2021
José Fernandez González	Board member	Proprietary	29/06/2022
Enrique López Pérez	CEO	Executive	29/06/2022
Miguel Crespo Rodríguez	Secretary	Secretary	

Source: Company data

AMPER'S BUSINESS PLAN: IN WITH THE "NEW" AMPER, OUT WITH THE "OLD"

An ambitious set of 2026 targets

Amper disclosed a new set of 2023-26e objectives on 10 May 2023. In general terms, the Company targets €1,000m of revenues and €123m in EBITDA (12% EBITDA margin) in 2026. We highlight the following aspects of Amper's new business plan:

1. Strong organic growth, with 18% revenue CAGR for 2022-26e (reaching €654m by 2026). This robust organic growth should be driven by its three divisions (all growing in double digits), especially from 2026 when Amper expects its Energy and Sustainability division to accelerate growth (powered by a burgeoning offshore wind market, net-zero goals and strong policy support).

2. M&A as a key pillar of growth: Amper aims to i) acquire companies through 2023-26 and foresees acquisitions worth €182m, enabling it to take advantage of the sector momentum and scale of operations; ii) widen its product portfolio; and iii) expand its geographical footprint, with M&A contributing to reach 55% of the growth envisaged in the business plan (accounting for €354m of sales in 2026). Specifically, Amper is looking for companies tackling current sector trends, with presence in Defence and Security as well as Telecom, where Amper foresees investments of €112m and €60m, respectively, thereby raising the contribution from these businesses in the 2026 revenue mix to c.45% (vs c.20% in 2022).

3. Margin improvement, with EBITDA margin including M&A reaching 12% in 2026 (vs 6% in 2022) on the back of the aforementioned improved revenue mix – with Defence and Security and Telecom gaining weight (which bear higher margins) – and Amper's operating leverage.

4. Leverage ratio below 3.5x, and to stand below 2x Net Debt/EBITDA in 2026e even after considering the implementation of its inorganic plan. We recall that this was one of the main reasons for the €30m announced cash rights issue, as the proceeds will be used mainly to reinforce its balance sheet.

Amper's 2023e-26e targets by division (including inorganic strategy)

€m	2022a	2023e	2024e	2025e	2026e	CAGR 22-26e
Organic Revenue	**338**	**368**	**428**	**488**	**654**	**17.9%**
Energy and sustainability	260	301	343	382	522	19.0%
Defence and security	53	48	63	78	95	15.7%
Telecom	25	19	22	28	37	10.3%
Organic Revenue Growth						
Energy and sustainability		*15.8%*	*14.0%*	*11.4%*	*36.6%*	
Defence and security		*-9.4%*	*31.3%*	*23.8%*	*21.8%*	
Telecom		*-24.0%*	*15.8%*	*27.3%*	*32.1%*	
M&A Contribution to revenue		**12**	**148**	**294**	**354**	
Energy and sustainability		0	7	26	29	
Defence and security		2	76	165	190	
Telecom		10	65	103	135	
Total Revenues (incl. Inorganic.)	**338**	**380**	**576**	**782**	**1,008**	**31.4%**
Energy and sustainability	260	301	350	408	551	20.7%
Defence and security	53	50	139	243	285	52.3%
Telecom	25	29	87	131	172	62.0%
EBITDA (incl. Inorganic.)	**19**	**24**	**56**	**89**	**123**	**59.5%**
Energy and sustainability	10	17	22	32	46	46.5%
Defence and security	8	3	24	39	50	58.1%
Telecom	1	4	10	18	27	128.0%
EBITDA margin (%)	**5.6%**	**6.3%**	**9.7%**	**11.4%**	**12.2%**	6.6p.p.
Energy and sustainability	*3.8%*	*5.6%*	*6.3%*	*7.8%*	*8.3%*	4.5p.p.
Defence and security	*15.1%*	*6.0%*	*17.3%*	*16.0%*	*17.5%*	2.4p.p.
Telecom	*4.0%*	*13.8%*	*11.5%*	*13.7%*	*15.7%*	11.7p.p.
Net Debt/EBITDA (x)	**4.7x**	**2.3x**	**3.2x**	**2.8x**	**1.9x**	

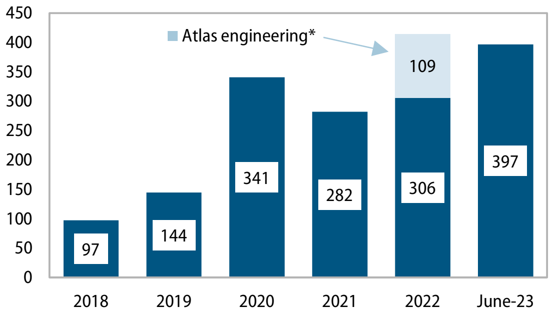
Source: Company data and estimates

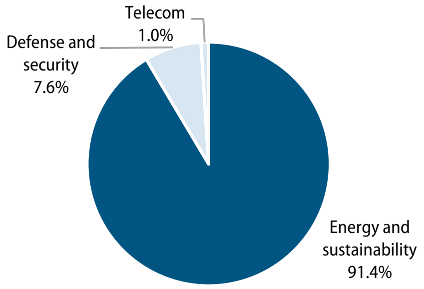
COMPANY FINANCIALS – JB CAPITAL ESTIMATES

High backlog provides visibility and secures growth one year ahead

As of June 2023, Amper's backlog remained at a high of €397m (+29% excluding the divestment of Atlas Engineering) and provides high visibility as it represents c.1.1x our FY23e revenues. During January-June 2023, backlog growth was fuelled by a significant increase in the Energy and Sustainability segment (explained with the c.€100m offshore wind contract awarded in June by Navantia and Windar), which now accounts for c.91% of the backlog (vs 62% in December 2022), more than offsetting the divestment of Atlas Engineering in March 2023 (which contributed a backlog of €109.1m within the Telecom segment, or c.25% of the December 2022 backlog).

Amper's backlog evolution in million euros (2018 – June 2023) and breakdown by segment as of June 2023





Source: Company data and JB Capital estimates. *Amper divested its 45% stake in Atlas engineering in March 2023 for €3.5m (€3.3m capital gain).

Where do we stand now: At a turning point in 2023, delivery in 2024

Our 2023e-26e numbers are aligned with the organic growth detailed in the Company's business plan, although we exclude future M&A activity as these can be analysed properly only after details are available. However, as mentioned earlier, additional M&A in 2023-26e is an explicit target set by Amper and a key pillar of its strategy.

Business outlook: Sound organic growth ahead for revenues (18% CAGR in 2022-26e)…

Amper's inorganic growth strategy executed in the past 5 years provides the necessary ingredients to boost organic growth in the coming years. Specifically, we expect the Company to deliver sound organic revenue growth for the foreseeable future in line with its business plan (18% CAGR for 2022-26e), underpinned by i) its presence in fast-growing niches (the estimated growth is roughly in line with each of its industries); ii) continued international market expansion (international exposure grew to 20% of revenues in 2022, from 10% in 2021, vs c.40% expected in Amper's business plan); and iii) high backlog (1.1x our FY23e revenues). By business, we assume the following:

1. Energy and Sustainability (18% revenue CAGR for 2022-26e): This segment should be Amper's growth engine (accounting for c.80% of 2022-26e revenue growth), backed by i) a strong backlog (€397m as of 30 June 2023, or 1.1x FY23e revenues); ii) expanding presence in offshore wind foundation manufacturing (c.20% of the division's revenues), a segment that is clearly growing on the back of the boom in renewables (BNEF's global annual offshore wind installations latest forecast implies 21% CAGR for 2022-30e); iii) its exposure to electrical storage systems and digitalization solutions for all kinds of energy systems powered by net-zero goals and strong policy support (such as smart grids, for which MarketsandMarkets expects c.19% CAGR during 2021-26).

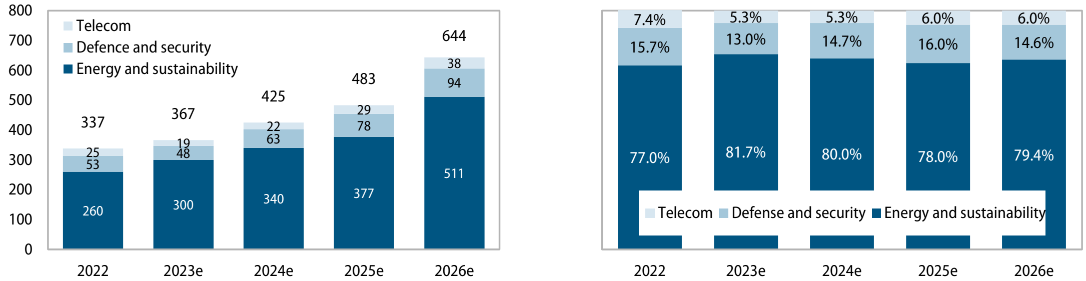
2. Defence and Security (15% revenue CAGR for 2022-26e): Although we forecast a drop in revenue in 2023e (-10% vs 2022) in the wake of the strategic restructuring and divestment of Formecal in December 2022, we believe Amper's defence business should benefit from positive prospects in the sector, driven by growing defence budgets with a strong focus on the electronics segment (where Amper's Defence and Security business is present).

As a result, we estimate a significant recovery in the business from 2024 onwards, reaching €94m in revenues in 2026 (15% 2022-26e CAGR), growing essentially in line with the sector in Spain (14% CAGR for 2023-28e, according to GlobalData).

Today, some of Amper's most relevant contracts include recurring contracts such as: i) 3D satellite imagery for the Spanish Army Geographical Centre (CEGET), ii) voice communication systems (SVC) for the management of ground-to-air communications for the Spanish Army Air Force (FAMET), and iii) 5G communications project for the Spanish Air Force (in a joint venture with Accenture).

3. Telecommunications (11% revenue CAGR for 2022-26e): We forecast this division's revenue of €38m in 2026 (11% CAGR for 2022-26e), driven mainly by the acceleration of FTTH and 5G deployment in Europe and LatAm. In this regard, some of Amper's key contracts include the sale of passive components for the deployment of FTTH both in Mexico (Total Play) and Argentina (Telefónica Argentina).

Amper's revenue growth by division (left) and revenue mix as a percentage of total (right)



Source: Company data and JB Capital estimates

In sum, our 2023-26 estimates imply double-digit organic growth in revenues to €644m by the end of 2026 (18% CAGR during 2022-26e), building on the sharp M&A-led growth of recent years and boosted by sector-wide drivers (we do not forecast significant sector outperformance in any of the business lines). In addition, we estimate the business mix to hold steady with c.80% of revenues coming from the Energy and Sustainability business (however, we also expect a change of the mix within the segments towards more value-added products and services; as an example in Energy and Sustainability, reducing the weight of low-margin industrial services in favour of offshore wind foundation manufacturing, electrical storage systems and digitalisation of spaces).

… and operational leverage should do the rest to help deliver a 37% EBITDA CAGR during 2022-26e

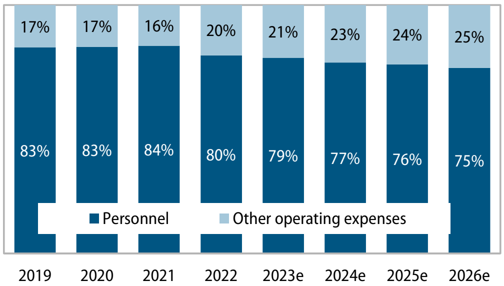
The non-organic growth strategy followed by the Company has resulted in significant growth in the operating structure, increasing opex from €88m in 2019 to €184m in 2022, thereby preventing growth in revenues to translate into profits (2022 EBIT margin was c.1%). Therefore, in our opinion, the key question to be answered is if the margins seen in 2020-22 are structural in nature, or if, on the contrary, it is possible to recover the margins seen in 2018-19 (EBIT margin of c.10%).

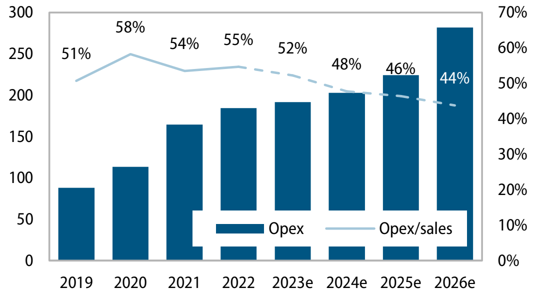
In this regard, our estimates factor in the huge margin potential from current levels. Specifically, we forecast that Amper will be able to enhance its EBITDA margins by 4.6pp in 2022-26e, up to 10% (although still below the highs reached in 2019). This will be no easy task, but we believe the Company should be able to achieve it by leveraging the following:

1. Combined margin expansion in its three divisions, as the Company benefits from i) lower raw material and energy price inflation, mainly in its Energy and Sustainability business (80% of revenues), which was heavily penalized in 2022 by cost inflation; ii) accumulated know-how and cost-control measures in acquired companies (including merging companies acquired in the past to eliminate redundancies and thus simplifying operations); and iii) a change of mix within the segments towards more value-added products and services.

2. Operating leverage should do the rest, with opex growing clearly below the revenue line. We believe Amper is at a turning point. It has sufficient scale to optimize and is well positioned to move its resources and capabilities where needed. Specifically, we forecast a rise in personnel expenses (80% of Amper's opex) clearly below the revenue line (9.3% CAGR 2022-26e vs 18% CAGR in revenues), reducing opex to 48% over sales in 2024e and to 44% in 2026e (from 55% in 2022). In other words, operating leverage should be the main lever for margin improvement from current levels.

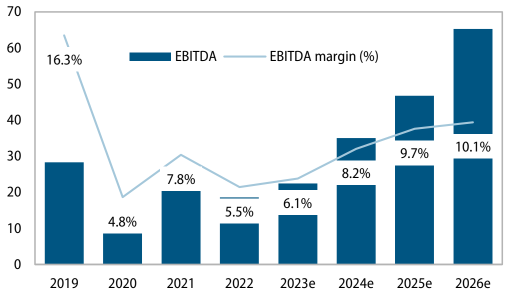
Amper's opex breakdown (left) and opex as a percentage of revenues evolution (right)

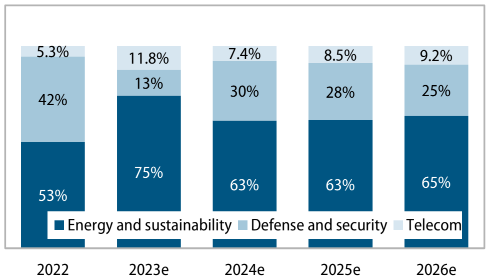




Source: Company data and JB Capital estimates

EBITDA in million euros and EBITDA margin (left) and EBITDA breakdown (right)





Source: Company data and JB Capital estimates

All in all, we expect Amper's sound organic revenue growth (18% CAGR in 2022-26e) to translate into a 37% CAGR growth in EBITDA, thereby expanding profitability by 4.6pp in 2022-26e and reach margins of 10% by 2026e.

Amper's key organic financial figures by division (2022-26e)

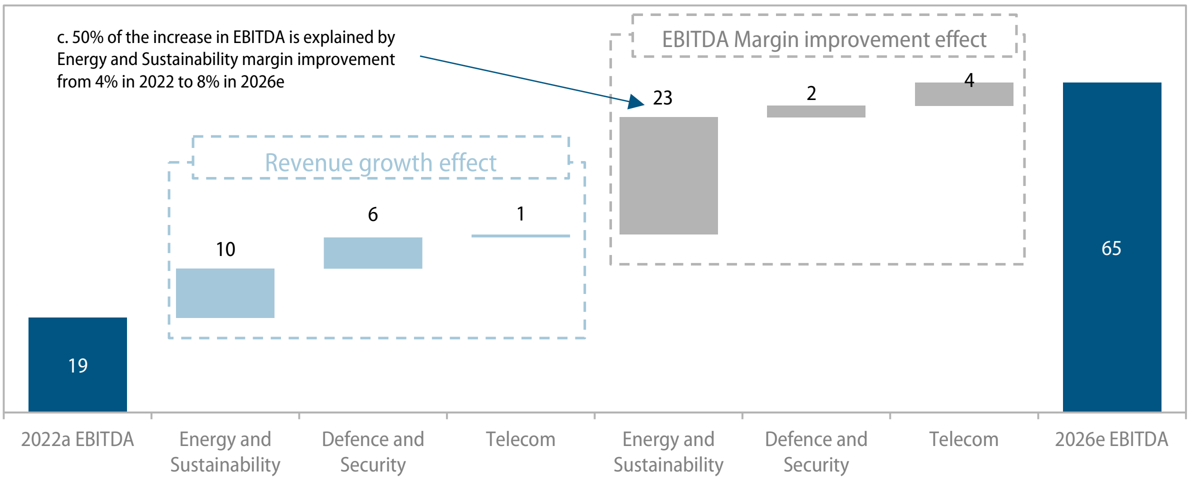
€m	2022	2023e	2024e	2025e	2026e
Revenues	337	367	425	483	644
YoY%	10%	9%	16%	14%	33%
Energy and sustainability	260	300	340	377	511
Defense and security	53	48	63	78	94
Telecom	25	19	22	29	38
Reported EBITDA	19	22	35	47	65
YoY%	-23%	21%	56%	33%	40%
margin (%)	6%	6%	8%	10%	10%
Energy and sustainability	10	17	22	30	43
margin (%)	4%	6%	7%	8%	8%
Defense and security	8	3	10	13	16
margin (%)	15%	6%	17%	17%	18%
Telecom	1	3	3	4	6
margin (%)	4%	14%	11%	14%	16%

Source: Company data and JB Capital estimates

Finally, although we expect 2023 to be a transitional year (with margins still reflecting low-margin contracts signed in the past), margin improvement should already be reflected in 2024 as cost-control measures and new contracts with higher margins begin to bear fruit; as a reminder, Amper won its largest offshore wind contract in its history (c.€100m, or c.25% of the backlog) in June 2023, with execution scheduled during 2024-25.

We note that these figures do not include Amper's inorganic plan, through which the Company believes it should be able to add c.13pp to its organic top-line growth (reaching 31.4% CAGR in 2022-25e vs. its 18% organic target) and 2.2pp margin expansion (reaching 12.2% EBITDA margin by 2026 vs. 10% in our estimates).

EBITDA bridge (2022-26e)



Source: Company data and JB Capital estimates

This should cause Cash EBITDA to improve significantly…

We forecast a continuation of Amper's R&D cost capitalization policy, which implies that 2022-26e Cash EBITDA will be lower-than-reported EBITDA. Specifically, our model call for capitalized expenses amount to €11m in 2023e (3% of 2023e revenue, in line with the amount seen in 2022); this would translate into a 2023e cash EBITDA of €11.4m (51% of 2023e reported EBITDA). However, we expect a 2022-26e Cash EBITDA CAGR of 65% supported by solid organic growth (as R&D capitalised expenses becomes a smaller percentage of revenues). The following table summarizes our forecast for R&D capitalised expenses and its impact on the EBITDA margin.

Evolution of EBITDA and Cash EBITDA

€m	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	CAGR 22-26e
Reported EBITDA	4	16	28	9	24	19	22	35	47	65	36.9%
Adj. Capitalised expenses	0	-6	-12	-11	-14	-11	-11	-9	-10	-11	
Cash EBITDA	4	9	16	-1	10	7	11	26	37	54	65.3%
Cash conversion	100%	59%	56%	-16%	41%	39%	51%	75%	79%	83%	
Reported EBITDA margin	11.4%	16.3%	4.8%	7.8%	5.5%	6.1%	8.2%	9.7%	10.1%	10.1%	
Cash EBITDA margin	5.8%	6.8%	9.2%	-0.8%	3.2%	2.1%	3.1%	6.2%	7.6%	8.4%	
Capitalised expenses/revenue	0.0%	4.7%	7.2%	5.6%	4.6%	3.4%	3.0%	2.1%	2.0%	1.7%	

Source: Company data and JB Capital estimates.

… with gradual improvement in net profit

We believe it is too early to be sure that Amper has reached an inflection point in all aspects; however, we expect the good performance of EBITDA to translate into Net Income attributable to shareholders, reaching c.€20m by 2026e (vs breakeven in 2022 and 2023e). Specifically, the main impact of EBITDA and Net Profit lines are:

1. Higher D&A (c.10% of depreciable assets during 2022-26e), as a result of i) the increase in the Company's assets due to the expected investment for capacity growth in 2024e and 2025e (€100m, mainly in new locations to increase its production capacity for offshore wind foundations) and ii) the D&A associated with M&A and R&D capitalised expenses (c.45% over depreciable assets during the 2022-26 period).

2. Higher financial expenses, due to higher net debt levels as a result of the expansion Capex expected in 2024e and 2025e. We forecast an average cost of debt of c.8% during the period. In addition, our 2023e financial result numbers include the extraordinary capital gain for €3.6m related to the sale of the 45% interest in Atlas Engineering in February 2023.

3. Minority interest. In this regard, we expect minorities in an amount of c.0.5% of Energy and Sustainability revenue.

4. Tax rate, c.20% (vs the Spanish general CIT of 25%): We highlight that the situation of prolonged losses (2009-22) led to a very high level of tax loss carryforwards, estimated at €201m as of December 2022 (of which €44m were generated during 2014-22) that can be recovered with no timeframe by virtue of the 27/2014 Law that came into force in January 2015. Such regulation eliminated the 18-year timeframe and therefore set no limit for recovery, which can result in a lower tax rate in the future. In this regard, we include the use of tax losses of up to €1m/year in our model.

Cash flow estimates: EBITDA growth will fuel free cash flow generation

The Company's high capex levels (c.€20m/year, of which c.50% are related to capitalised R&D) and rising financial expenses (c.€10m) will continue to prevent the generation of positive FCF in 2023. However, we believe that Amper is at a turning point, as the strong EBITDA growth expected in 2025 (€47m) should enable the Company to generate positive FCF for the first time in five years.

Specifically, our main assumptions on the cash flow front are:

- **Maintenance capex** is expected to be c.€20m per annum, of which c.45-50% will be used to develop new products and technologies (R&D capitalized expenses).

- **We expect the NWC/sales ratio** to increase from 8% in 2022 (14% if we include non-recourse factoring) to 10% in 2026e, mainly as a result of higher inventory levels needed as the offshore wind division gains weight in the revenue mix.

- **Cash taxes and interest** linked to expected taxes and interest from our P&L forecast.

- **Expansion capex:** Below Free Cash Flow, our expansion-related capex projections assume €50m in 2024 and 2025 (total investment needed is €100m) for the development of 4 facilities for the construction and assembly of offshore wind foundations to capture the industry's high expected growth. The first facility to be built will be in Ferrol, Spain (strategically located in the Atlantic corridor, which is expected to be operating at the end of 2024).

All in all, although cash generation will remain weak in 2023, we expect the cash conversion ratio likely to reach c.30% of EBITDA in 2027, which means that we expect cash generation will become attractive after 2026 (after more than five years of negative free cash flow generation, reflecting the Company's turning point. Specifically, we forecast positive free cash flow from 2025 onwards up to €6m in 2026e.

Free Cash Flow generation (2022-26e)

€m	2022	2023e	2024e	2025e	2026e
EBITDA	19	22	35	47	65
Taxes Paid	0	1	-2	-3	-6
Interest Paid/Received	-9	-10	-9	-13	-15
WC Change	-2	-5	-6	-7	-15
Capex (including R&D)	-23	-23	-19	-19	-24
Others	0	0	0	0	0
FCF	**-15**	**-15**	**-2**	**5**	**6**
Non-recurrent/Expansion Capex	0	0	-50	-50	0
Dividends	0	0	0	0	0
Capital increase	0	30	0	0	0
Others	3	4	0	0	0
Net Cash / (Debt) Generation	**-12**	**19**	**-52**	**-45**	**6**

Source: Company data and JB Capital estimates

Balancing the books (€30m rights issue will clear the way)

Regarding leverage, although we expect it to remain above 2.5x ND/EBITDA in 2023-2025 period, if the Company delivers our estimates net debt should decrease to reasonable levels in 2026, reaching c.2x in 2026e (after investing c.€100m for the development of new facilities for the construction and assembly of offshore wind foundations to capture the industry's high expected growth).

We highlight that without the subscription of the €30m expected right issue, and depending exclusively on recurrent generation of FCF to delever, we expect Amper's net debt position to reach 4x in 2023e, backed mainly by the short-term promissory note (implying that Amper's financial needs might require raising cash through disposals).

Net debt evolution (2018-26e)

€m	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Gross financial Debt	24	23	71	96	100	81	133	179	173
Cash and Equivalents	10	23	34	32	23	23	23	23	23
Net Financial Debt	14	0	37	64	76	58	110	156	150
Net Financial Debt / EBITDA	0.9	0.0	3.9	2.7	4.1	2.6	3.1	3.3	2.3
Interest Cost	-2	-1	-3	-4	-9	-10	-9	-13	-15
Average Cost of Gross Debt	-8%	-6%	-6%	-5%	-9%	-10%	-8%	-8%	-8%
Working Capital Consumption	-11	39	-13	-20	-2	-5	-6	-7	-15
CAPEX	-8	-30	-11	-22	-23	-23	-19	-19	-24
Expansion CAPEX	0	0	0	0	0	0	-50	-50	0
Debt / Assets	17%	12%	29%	31%	28%	21%	29%	33%	28%

Source: Company data and JB Capital estimates.

What could go wrong? Main risks to our current scenario

When we are talking about estimates that contemplate multiplying the 2022 EBITDA by more than 3x, there are execution risks. We acknowledge that it may be difficult for Amper to drive top-line growth while increasing its margins and improve its FCF metrics. Specifically, we see the following risks to our positive stance:

- Cost overruns in the backlog;
- Insufficient pricing discipline when bidding for projects;
- Delays in the realization of the offshore pipeline (due to a slow permitting process and regulatory and financing challenges);
- The road to margin and FCF improvement could be bumpy;
- We believe that given the scale of net debt (€82m as of June 2023, before the rights issue), leverage could remain a cause of concern for investors; and
- If the potential €30m rights issue is not carried out it will put additional pressure on an already stretched balance sheet (which would mean that Amper's financial needs might require raising cash through disposals on unfavorable terms).

SECTOR DYNAMICS: AMPER BENEFITS FROM SECTOR TAILWINDS

Having followed an intense acquisitive path during 2017-22 with the major acquisitions of Nervión (engaged in assembly of industrial installations, the origin of today's Amper offshore wind foundations business), Núcleo, Proes and Elinsa among others, Amper has positioned its business in fast-growing trends such as i) Energy and Sustainability (77% of 2022 revenues), ii) Defence and Security (16%) and iii) Telecommunications (7%). In the following pages we highlight the main growth drivers within the segments in which Amper operates.

Energy and Sustainability: Energy transition is already a reality, and requires significant investments

In this regard, Amper's Energy and Sustainability business (77% of 2022 revenues) includes a wide range of industrial and technological services related to energy transition, from the installation and assembly of fixed and floating offshore wind structures to solutions for energy production and distribution (including smart grids, smart water systems and electrical systems) and space digitalization (with IoT applications to optimize production and improve energy efficiency). In addition, regarding the installation and assembly operations for offshore wind projects, Amper, through its subsidiary Nervión Offshore, has extensive experience in the offshore market. The latter has been involved in some of the most significant offshore wind projects globally in a tight collaboration with Navantia, stablishing strong relationships with key players such as EDPR and Iberdrola. Among the main offshore wind projects, the Company has worked with i) Saint Brieuc in France (62 jackets), Moray East and East Anglia One in the UK (20 and 41 jackets, respectively) and Wikinger in Germany (29 jackets). According to our estimates, the offshore wind subdivision represents c.20% of 2022 Amper's Energy and Sustainability business, although we expect it to be the main driver of the Company's revenue growth in the near future, reaching c.50% of the revenues generated by the Energy and Sustainability segment in 2026 (c.40% of total revenues).

We believe that growth in this segment should accelerate on the back of rising investments in infrastructure, due to the increasing need for energy, sophistication of networks and intense efforts towards energy transition. Although global investment across all energy-transition technologies reached a record high US$1.3tr in 2022, according to the International Renewable Energy Agency (IRENA), annual investment must more than quadruple by 2050 to remain on the 1.5ºC pathway that envisages a continuous decline to zero CO_2 emissions.

Renewables to grow but not at same pace for all technologies (while the Offshore wind pipeline increases rapidly)

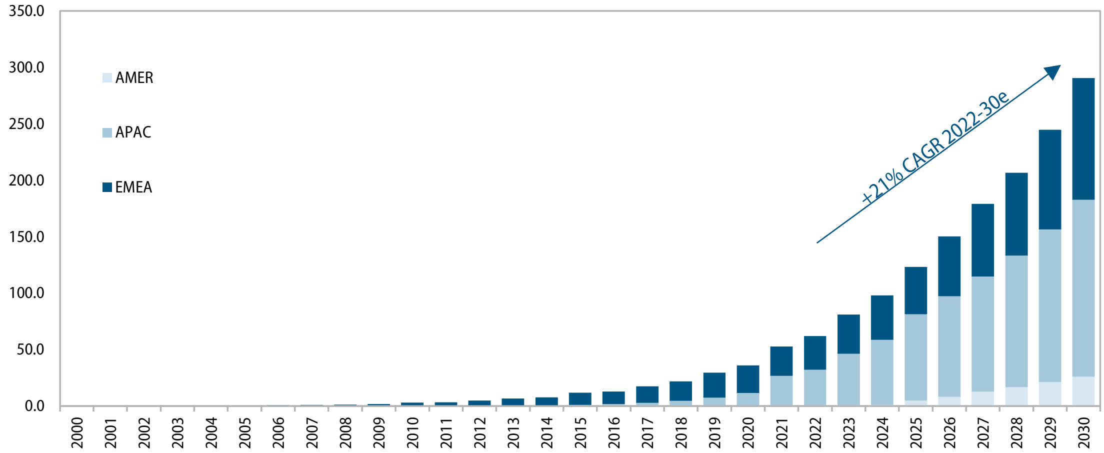
Equipment for renewables is one of the markets in Capital Goods where we expect strong growth driven by the push for decarbonization as they have become the lowest-cost source of new power generation. According to IRENA's Global Renewables Outlook, the share of renewable energy in the global energy mix would need to rise from 16% to 77% by 2050 on the 1.5ºC pathway, and wind power would be a major generation source (meeting roughly 1/3 of the total electricity demand).

Furthermore, although the offshore wind market remains smaller than the onshore one, the IEA forecasts that offshore wind will be the main source of European energy in 2040. In this scenario, we believe the strong growth outlook for renewables will benefit offshore as cost are declining because of bigger turbines, which are more suitable in offshore (especially in deeper waters).

Specifically, according to BNEF, global annual offshore wind installations have seen c.28% CAGR since 2017, reaching 62GW in 2022. It forecasts 21% CAGR over the next 8 years, leading to c.290GW of installations in 2030. This forecast implies average yearly installation rates of c.25-30GW per year from 2023 until 2030 for offshore wind (vs 9GW on average in the past 5 years).

However, these growth prospects also imply greater risks as offshore wind projects are typically complex with multiyear development timelines, which necessarily imply higher uncertainties and chances of a delay (large-scale offshore wind farm developers have begun to raise concerns about profitability; the impairments announced by Orsted on 29 August for its US wind offshore projects are an example).

Offshore wind capacity forecast value (GW)



Source: BNEF

By geography, Europe concentrates the most current installed capacity. The European Commission expects offshore wind to grow from the current 14.5GW to 60GW developed in 2030, and to c.300GW by 2050.

Latest offshore wind targets in Europe (July 2023)

GW	2027	2030	2035	2040	2045	2050
EU		>60				>300
UK		50				
Germany		30	40		>70	
Netherlands		22.2		50		70
Denmark		12.9				
Belgium		5.7				
France			18			40
Poland	10.9*					
Norway				30		
Ireland		7				30
Spain		3				
Greece		2				
Portugal		10**				

* Either in operation or under development by 2027 ** Capacity to be awarded through actions
Source: GWEC Market Intelligence, July 2023.

Such an ambitious scenario bodes well not only for wind turbine manufacturers (such as Vestas, Nordex and Siemens Gamesa) but also for most segments in the wind supply chain, including float foundations, with the production of fixed foundations (monopiles, jackets…) and floating offshore wind structures (which, in our view, would be one of the main growth drivers for Amper's Energy and Sustainability division).

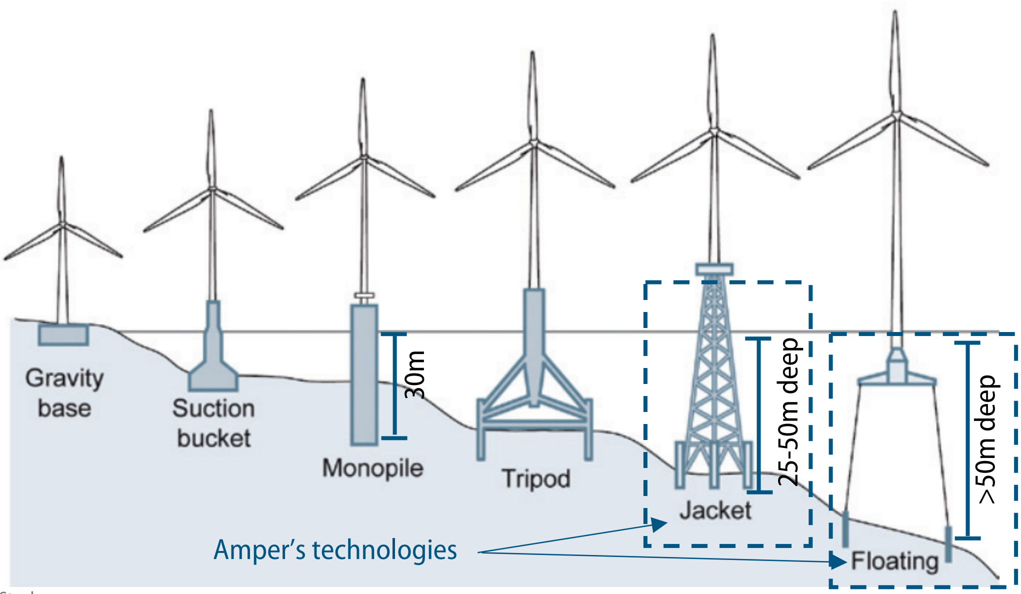
Regarding float foundations, an unseen and yet critical part of the structure and key drivers of cost (c.10-15% of offshore wind farm cost, according to Orsted), the choice is a function of the seabed depth and ground conditions (fixed-bottom foundations are the most common types, while floating foundations can be deployed in deeper waters where fixed-bottom foundations are not feasible due to water depth or economics).

Amongst fixed-bottom offshore wind foundations, monopiles (made up of a thick steel cylinder anchored directly to the seabed) are used in installations at depths below 15m, while jackets (foundations with a reinforced and welded lattice) are cost-efficient at greater depths, enabling the wind turbine to stay 25-50 metres deep).

Regarding the player landscape, while the market for monopiles manufacturing has been dominated by specialized players (such as Sif Group, engaged in the manufacturing of steel foundations for the offshore wind and oil and gas markets in the Netherlands), the jacket-type market is much more open to general steel construction. Others key players in the offshore wind foundations market are EEW (Germany, the market leader) and Bladt Industries (Denmark).

As shallow-water areas get more populated, new offshore wind capacity must look towards deeper waters where wind conditions are more favourable, requiring a higher share of jacket foundations and floating structures. Specifically, according to Wind Europe, the average depth of offshore wind farms currently under construction in Europe stands at c.36 meters. The following chart depicts the common types of foundations.

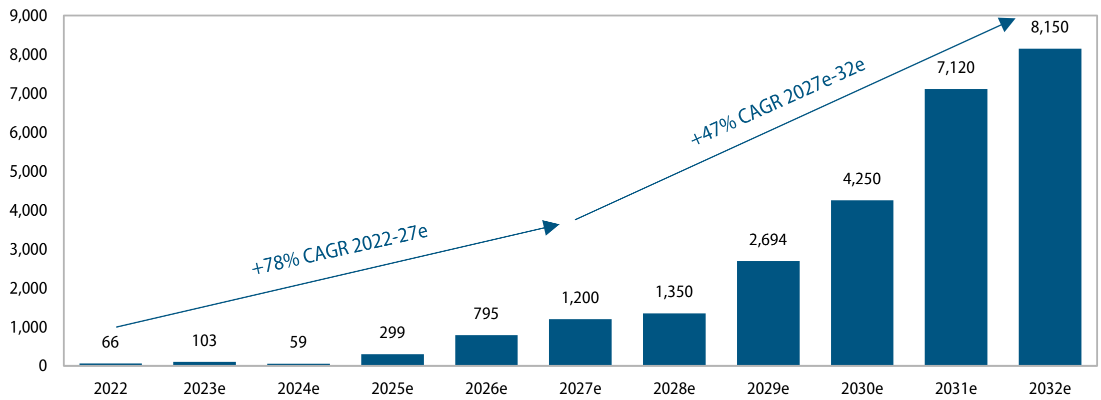
Foundation types for offshore wind projects



Source: World Steel

Although floating foundations (anchored with cables to the seafloor) are still an incipient technology and should undergo a steep learning curve, it offers outstanding prospects, as floating wind is the best alternative for greater depths (>50m) and will unlock the potential in deep waters such as the Mediterranean Sea and Atlantic Ocean. Specifically, according to the Global Wind Energy Council (GWEC), about 80% of the world's offshore wind resource potential is located in areas deeper than 60m. It forecasts 10.9 GW of floating projects to be built globally by 2030.

New floating wind installations, global (MW)



Source: GWEC Market Intelligence, July 2023

Finally, we note that offshore foundations cannot be transported by road (due to their size and weight), which implies that manufacturing facilities must have access to the sea (which is one of the main barriers to entry for new entrants, due to limited availability of space in ports). Historically, Amper had carried out works in third-party facilities such as Navantia's facilities in the port of Fene in Ferrol (A Coruña), where 29 jackets for Iberdrola Wikinger project were built; Puerto Real (Cádiz), where Navantia has one of its shipyards; port of Brest (France); and at the SDMS shipyard in Taiwan. In addition, Amper recently acquired its first site in the port of Ferrol, strategically located in the Atlantic corridor; this is expected to start operating at the end of 2024 (with an expected investment of c.€25m).

Navantia's Wind Power facilities

Source: Company data. * In Addition, to Navantia facilities in Ferrol, Amper is investing in its own facilities that will be operating at the end of 2024.

Offshore wind remains a niche industry and the prospects for growth in this market are increasing corporate interest (M&A) in small companies with evident growth potential (due to their specialization in a specific market niche). In May 2023, Bridgepoint acquired Windar Renovables, a leading Spanish manufacturer of wind turbine towers and substructures for the offshore wind industry, for €700m (c.10x EV/EBITDA according to our estimates). In June 2023, Bladt Industries (Danish foundation company) was taken over by larger peer CS Wind (8.3x TV/EBITDA).

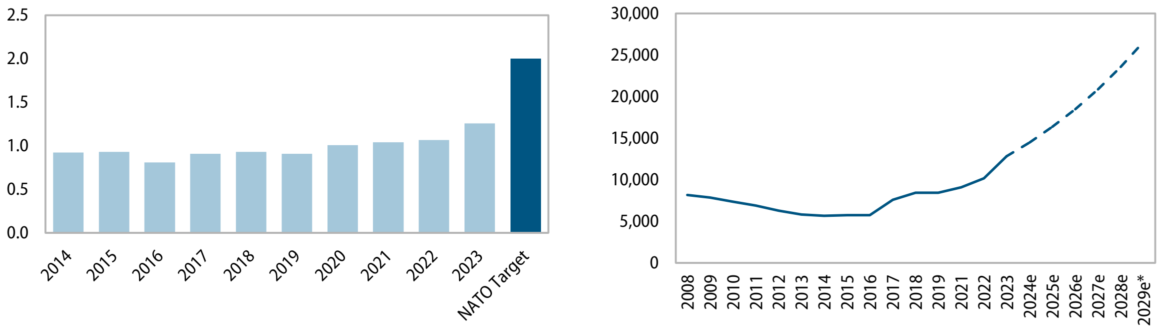
Defence and security: Positive prospects in a strategic national industry

Amper's defence business segment includes: i) defence (electronic warfare, manufacturing of electrical panels for ships of the Spanish Navy and naval platform development, essentially for Navantia, the Spanish state-owned company reference engaged in the design and construction of high technology military and civilian vessels); ii) security (border control and customised security solutions, critical infrastructure, prison infrastructure and anti-drone systems); and iii) aerospace – providing advanced communication, navigation and surveillance system for airports (CNS).

The defence market is characterized by rigorous technological demands, as defence services require high levels of reliability and security (which need intensive R&D activity). The market in Spain has seen stable performance in recent years, evidenced by 1.7% CAGR growth during 2008-22 in the budget of the Spanish Ministry of Defence. Furthermore, the current geopolitical situation has motivated many European countries to prioritise defence budgets by announcing plans to boost their defence spending. In fact, according to SIPRI Military Expenditure Database, in 2022, military expenditure in Europe increased by 13% (the largest increase in the post-cold war era), although despite this increase, only 7 of the 30 countries that make up NATO fulfilled the spending commitment of 2% of GDP in 2022. Among these countries, Greece, the US and Poland spend the highest percentage of their GDP on defence (exceeding 2%); on the other side, we find Belgium, Spain and Luxembourg spending the lowest.

Nevertheless, European NATO members such as Spain are projected to exhibit faster defence spending rates than the European "big four" (the UK, Germany, France and Italy), as they seek to rapidly advance their capabilities in select areas. Specifically, Spain is increasing its military spending budget to €12.8bn in 2023 (+26% vs 2022), or c.1.2% of GDP (still far from the 2% target). Spain has committed to reach 2% of GDP in military spending by 2029, which would imply an expenditure of c.€25bn in 7 years (estimated by using the latest GDP data for Spain in 2022), or 13% CAGR during 2023-29e, showcasing this market's ability to grow.

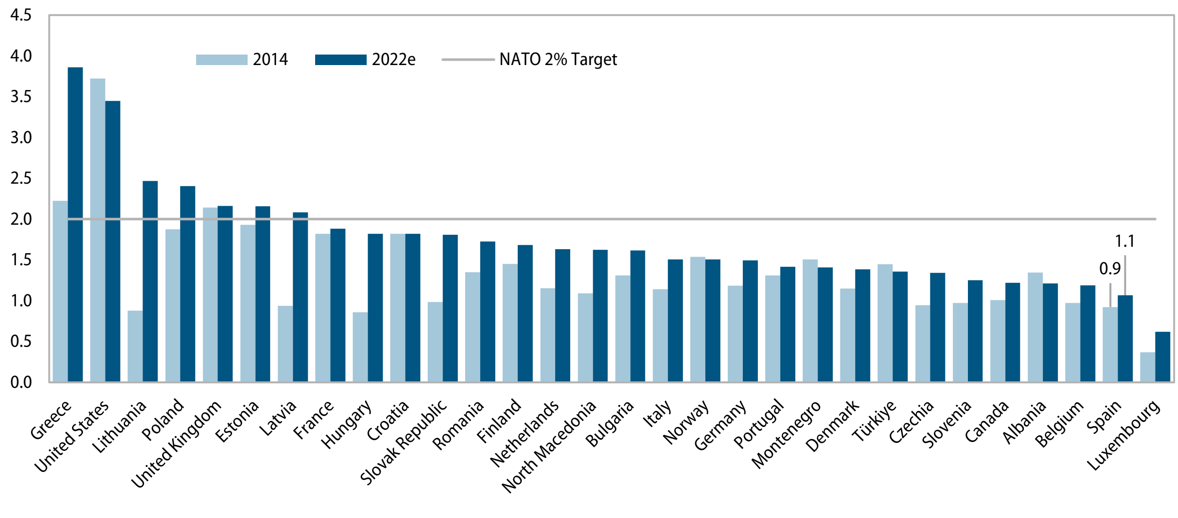
Spain's defence expenditure as share of GDP (left) and its military budget in million euros (right)



Source: General State Budget (Spain)
*2029e forecast based on 2022 GDP data for Spain

The forecasted increase in NATO defence spending would be driven essentially by equipment spending, including R&D, for which strong growth is expected as new technologies are being developed. Additionally, there is a strong focus on the electronics segment of the market, as significant efforts are being made to develop new forms of communications, sensors, and electronic warfare tools (where Amper's defence business is present).

NATO military expenditure in defence (% of GDP)

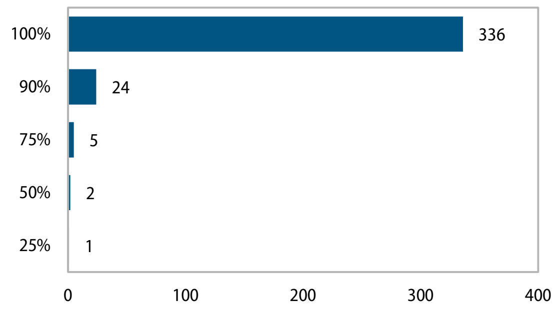


Source: NATO

In conclusion, large armament programmes serve as a crucial driving force for the defence sector, which should benefit from the significant increase in the defence budgets expected in Europe to meet NATO commitments (specially in Spain, which remains one of the countries with the lowest defence spending as a percentage of GDP).

This context is favourable not only for Tier 1 (Navantia, Airbus, Indra, Thales, Sener, etc.) and Tier 2 (Amper, Tecnobit, Crisa, GMV, Aciturri, etc.) companies but also for other subcontractors and SME companies in the supply chain. Specifically, according to the Spanish Ministry of Defence, subcontractors and SME companies represent c.85% of all the defence industry in Spain; while by the volume of sales coverage, only 5 companies (out of c.350) account for c.75% of the entire market sales.

Volume of Spanish defence sales coverage by number of companies



Source: Spanish Defence Industry Catalogue 2023-2024 (Ministry of Defence)

In our view, this trend towards consolidation favours M&A and the development of profitable niches (e.g. Indra's recently announced acquisition of a financial stake in ITP, an aero engine manufacturer, for €175m, at 11x EV/EBITDA). In fact, M&A is a key pillar in Amper's business plan, with special focus on SMEs in the defence and security sectors (which should account for c.60% of acquisitions during 2023-26).

Telecommunications: FTTH and 5G deployment suggest further growth

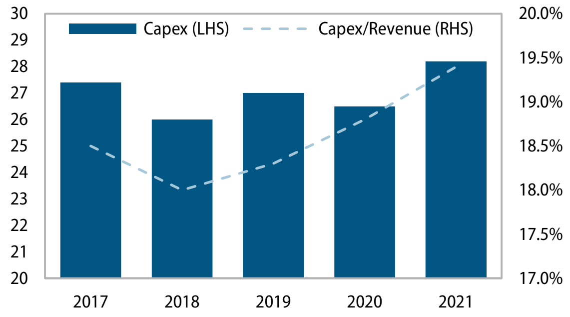
Although the telecommunications segment represents a small part of Amper's revenue mix (<10% in 2022), it has extensive experience in this business, offering cutting-edge products and services with a comprehensive approach that range from planning and design to implementation and maintenance, thereby ensuring reliable and efficient connectivity.

Amper's telecommunications segment includes i) high-capacity networks (telco network engineering and deploying last-mile products, including fibre-to-the-home (FTTH) and 5G) for telco companies such as Telefónica, Vodafone, Orange and Másmóvil; and ii) secure communication in critical situations (through data networks, radio systems and satellites for sectors such as public safety, transport, energy and industry for clients such as Aena and Madrid Metro).

High-capacity telecommunication networks are the backbone of digital transformation as they enable fast and reliable transmission of voice, data and video – driving efficiency and productivity – and Amper's solutions are in line with the latest technologies deployed, including 5G and FTTH. In fact, according to the European telecommunications Network Operators' Association (ETNO), population coverage for FTTH reached 55.6% in 2022 (vs 50% in 2021) and is expected to reach c.90% by 2030. On the other hand, population coverage for 5G has increased to 73% (from 62% in 2021) but continues still far behind other regions: 5G population coverage is approaching 96% in the US, 95% in South Korea, 90% in Japan and 86% in China. Nonetheless, 5G spectrum deployment acceleration in 2022 provides hope that Europe can start to catch up on its "5G gap".

With regard to the investments of the European telecom sector, capex from ETNO members continued to grow in 2021, reaching c.20% of their revenues (vs c.18% in 2018). Specifically, Capex/Revenue has been rising steadily over the past decade in Europe as telcos have upgraded their traditional copper networks with fibre-to-the-cabinet (FTTC) and are now investing in FTTH and 5G networks.

European telcos capex in billion euros and capex as % of revenue (2017-21)



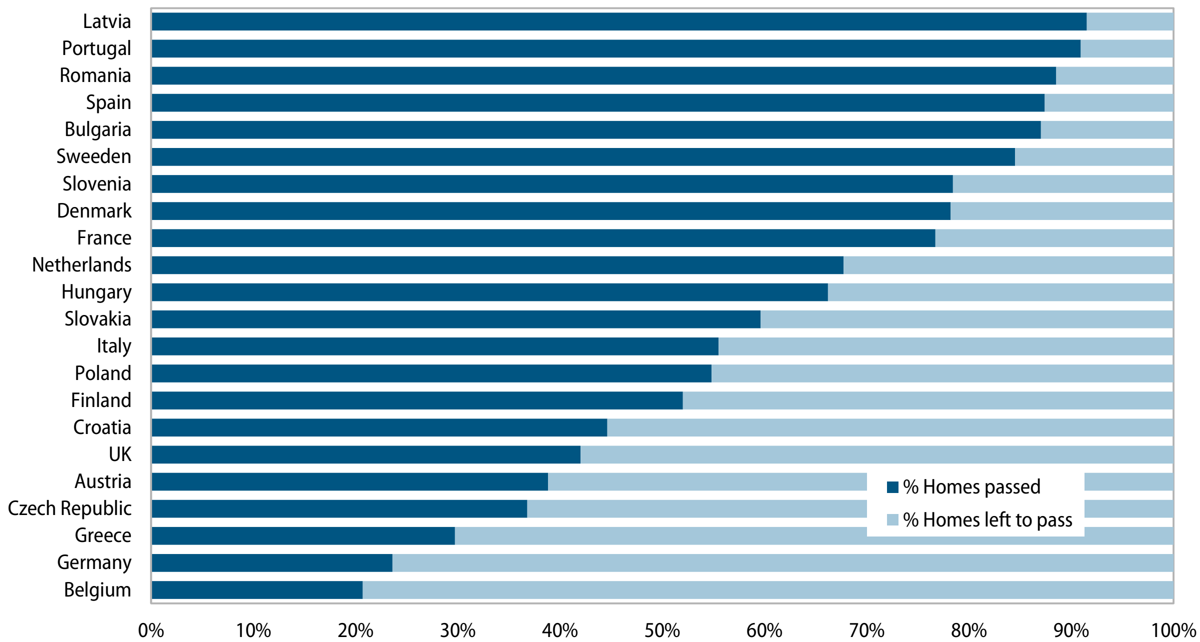
Source: ETNO State of Digital communications.

According to ETNO data, telecom investment in Europe reached its highest level in 2021 since 2016, although the need to achieve FTTH and 5G targets suggest that telecom operators will continue to invest heavily in upgrading their infrastructure, and Amper will be one of the suppliers of the products required for their rollout.

In addition, the investment needs in telecommunication networks in Latin America (which accounts for c.5% of Amper's revenues) still offer huge opportunities, as the Company could benefit from the strong presence of Spanish companies in the region (such as Telefónica, which operates in many of its Latin American markets). Moreover, the last-mile business in LatAm is highly fragmented, dominated by small and local companies (implying opportunities for inorganic growth in the region).

Among Amper's main clients in its high-capacity telecom networks, we highlight companies such as Movistar and UGG (Telefónica and Allianz JV for FTTH deployment in Germany) in Europe and TotalPlay, Claro and Telmex in LatAm. On the other hand, its main competitors include Accenture, Ezentis, Lyntia, Axent or Reintel (REE).

Percentage of homes passed with fibre-to-the-home (FTTH) and fibre-to-the-building (FTTB)



Source: FTTH Council Europe's Market Intelligence Committee (updated September 2022)

In summary, regarding Amper's telecommunications business, we believe the quality and reliability of communications is, and will continue to be, one of the main drivers of value generation in the telecommunications sector. Hence, the future FTTH and 5G deployment in Europe and LatAm along with further network densification suggest an attractive growth profile for Amper's telecommunications segment, though this segment accounts for only 5% of our valuation.

COMPANY DESCRIPTION

The re-structuring in recent years has led to a radical change in Amper's business model towards new activities (with a greater industrial component than in the past). In other words, Amper is a company with industrial, engineering and technological capabilities with exposure to growth niches within i) energy and sustainability (such as offshore wind foundations manufacturing and engineering, smart grid management, electrical storage systems and digitalization of spaces to optimize energy consumption); ii) defence and security (such as naval shipbuilding, advanced communication and surveillance systems, including airport management solutions); and iii) telecommunications markets (such as high-capacity telecom networks and 5G infrastructure deployment).

Rapid expansion sustained by M&A

M&A has been a pillar of growth for Amper through opportunistic acquisitions during the past six years. Since 2017, Amper has acquired 19 companies, all of them operating in Spain, mainly in its Energy and Sustainability division (accounting for c.90% of total revenues), including a wide range of activities in growth niches. During 2017-22, total cash funds devoted to the deals amounted to €49.4m and contributed <0.5x EV/Sales on average. We attribute this high number of acquisitions to the following two reasons:

1. The need to reach a critical size: Over the past few years, Amper has executed an aggressive expansion process in order to gain a significant step-up in size with revenues increasing from €28.3m in 2016 to c.€337.5m in 2022 (with M&A accounting for c.85% of the growth).

2. To incorporate growth niches: Acquisitions have enabled Amper to transform its offering and expand its reach to new verticals such as: i) energy and sustainability (offshore wind foundations manufacturing and engineering, smart grid management, digitalization of spaces to optimize energy consumption, etc.); ii) defence and security (naval shipbuilding, advanced communication and surveillance systems); and iii) telecommunications (high-capacity telecom networks and 5G infrastructure deployment).

Amper's acquisitions, 2017-22

Year	Target	Division	Acquisition price	Net Debt	Proforma Revenue	EV/Sales
2017	Nervion	Energy and sustainability	6.1	13.7	161.5	0.1x
2018	Rubricall	Telecom	1.1	-0.1	1.2	1.2x
2018	Ingenio 3000	Telecom	0.6	0.0	0.2	7.0x
2019	Sensing and Control	Energy and sustainability	1.5	0.6	1.6	2.1x
2019	Amper Iberwave	Energy and sustainability	0.6	0.0	0.2	5.1x
2019	Wireless Watts	Defence & Security	9.0	0.0	3.5	3.4x
2019	Núcleo	Telecom	5.5	0.0	20.7	0.4x
2019	Formecal*	Energy and sustainability	7.2	-0.3	5.0	1.4x
2019	Setelsa	Defence & Security	4.0	0.0	4.9	0.8x
2020	Proes Consultores	Energy and sustainability	2.7	0.1	12.6	0.2x
2020	Sacyr Nervion	Energy and sustainability	6.0	-0.5	38.3	0.3x
2020	ELINSA	Energy and sustainability	1.5	5.2	11.6	0.7x
2020	TFS	Energy and sustainability	0.3	0.1	0.2	7.1x
2021	Energy Computer System	Energy and sustainability	0.8	0.2	0.5	2.4x
2021	VDI Channel Spain	Telecom	2.0	0.0	0.0	n.a.
2021	Alfred Smart Systems	Energy and sustainability	0.3	0.0	1.9	0.6x
2022	Robert west Consulting	Energy and sustainability	0.50	-0.15	3.8	0.1x
2022	Optimus Services Iberia	Energy and sustainability	0.84	-0.13	1.2	0.6x
2022	Atlas**	Telecom	0.23	0.00	0.8	0.6x
	Inorganic Contribution		49.4	18.8	269.8	0.3x

Source: Company data *Amper sold Formecal in December 2022 for €7m. ** Amper sold its stake in Atlas for €3.5m in 2023 (€3.3m capital gain).

Inorganic contribution to revenue growth (2017-2023e)

€m	Business Unit	2016	2017	2018	2019	2020	2021	2022	2023e
Nervión	Energy and sustainability	0	43	118	0	0	0	0	0
Formecal*	Energy and sustainability	0	0	0	2	3	0	0	0
Proes Consultores	Energy and sustainability	0	0	0	0	13	0	0	0
Sacyr Nervión	Energy and sustainability	0	0	0	0	20	19	0	0
ELINSA	Energy and sustainability	0	0	0	0	5	7	0	0
TFS	Energy and sustainability	0	0	0	0	0	0	0	0
Energy Computer System	Energy and sustainability	0	0	0	0	0	0	0	0
Alfred Smart Systems	Energy and sustainability	0	0	0	0	0	1	1	0
Robert west Consulting	Energy and sustainability	0	0	0	0	0	0	2	2
Optimus Services Iberia	Energy and sustainability	0	0	0	0	0	0	0	1
Amper Iberwave	Defence & Security	0	0	0	0	0	0	0	0
Sensing and Control	Defence & Security	0	0	0	1	0	0	0	0
Energy and sustainability		0	43	118	3	40	26	4	3
Setelsa	Defence & Security	0	0	0	1	4	0	0	0
Wireless Watts	Defence & Security	0	0	0	1	3	0	0	0
Defence & Security		0	0	0	2	7	0	0	0
Rubricall	Telecom	0	0	0	1	0	0	0	0
Ingenio 3000	Telecom	0	0	0	0	0	0	0	0
Núcleo	Telecom	0	0	0	14	6	0	0	0
VDI Channel Spain	Telecom	0	0	0	0	0	0	0	0
Atlas**	Telecom	0	0	0	0	0	0	1	0
Telecommunications		0	0	0	15	6	0	1	0
Inorganic contribution		0	43	119	21	54	26	5	3
Organic		28	27	18	153	141	282	333	365
Total Revenues		**28**	**71**	**137**	**173**	**195**	**308**	**337**	**368**
% Inorganic		*0%*	*61%*	*87%*	*12%*	*28%*	*8%*	*1%*	*1%*
% Organic		*100%*	*39%*	*13%*	*88%*	*72%*	*92%*	*99%*	*99%*

Source: Company data

Amper's list of acquired companies (2017-23) by division

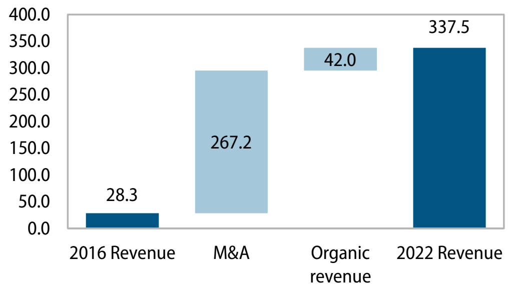
€m	Business Unit	Description
Nervión	E&S	Assembly and maintenance of industrial installations (origin of Amper's offshore wind foundations business)
Formecal*	E&S	Manufacturer of high-precision parts for the aerospace industry, specialising in hot stamping, precision machining and assembly of complex parts for aerostructures
Proes Consultores	E&S	Consultants in the civil engineering, building, transport, and energy engineering markets
Sacyr Nervión	E&S	Construction and assembly of storage tanks including LNG, hydrocarbon, high temperature, special storage, etc.
ELINSA	E&S	Carrying out and maintenance of electrical installations and designing and manufacturing of electrical switchboards and power electronics
TFS	E&S	Solutions for instrumentation and circuit components in the monitoring of pressure devices (water, fire, oil & gas, etc.) using IoT technologies
Energy Computer System	E&S	Software for distribution and electric transmission systems to analyze, optimize, operate and manage the electrical network
Alfred Smart Systems	E&S	IoT technology to provide solutions for the digitalisation of spaces with sensors, thermostats, cameras and actuators in areas such as SmartHome and SmartIndustry
Robert West Consulting	E&S	Civil and structural engineers and transport planners based in Southwark and Worcester
Optimus Services Iberia	E&S	Engineering solutions for onshore, offshore and subsea facilities and plants related to oil and gas processing, storage and transportation
Amper Iberwave	E&S	IoT software to provide solutions for the digitalisation of spaces
Sensing and Control	E&S	Providing services, devices and solutions to companies seeking security solutions related to IoT
Setelsa	D&S	Security systems business applied mainly to buildings and infrastructures
Wireless Watts	D&S	Development of radio transmission technology for critical communications, with applications in the security, defence and mobile services sectors
Rubricall	Telecom	Blockchain systems, artificial intelligence, biometrics and big data solutions
Ingenio 3000	Telecom	Data collection in power transmission networks for automatic monitoring and fault detection
Núcleo	Telecom	Communications solutions based on proprietary technology for the aeronautical, maritime, energy, intelligent infrastructure control and security and defence markets
VDI Channel Spain	Telecom	VDI channel specialising in offering solutions for over the top (OTT) services, VDI channel housing and CCTV services in the cloud and capacity circuits
Atlas**	Telecom	Management of network infrastructures including FTTH deployment for the German market

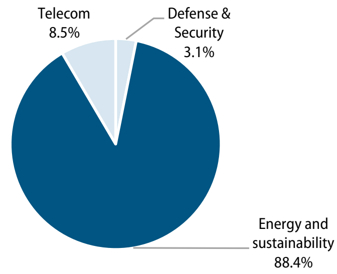
Source: Company data

*Amper sold Formecal in December 2022 for €7m.

** Amper sold its stake in Atlas for €3.5m in 2023 (€3.3m capital gain).

Impact of M&A on revenues (left) and revenue mix acquired (right)





Source: Company data

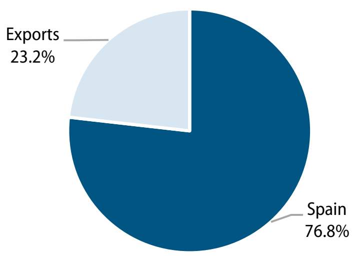
In addition, in 2021 Amper started to merge some of the companies acquired in the past (such as Rubricall) in order to achieve operational efficiencies. As of today, Amper operates through a structure of 36 subsidiaries. In our view, merging some of these entities (thereby eliminating redundancies and simplifying operations) could serve as a potential catalyst for enhancing profit margins and ultimately improving overall financial performance.

M&A should continue to be the key pillar of Amper's growth strategy with focus on the Defence-and-Security and Telecom businesses (in order to gain critical size; currently, these account for less than 25% of 2022 revenues). The high fragmentation of these markets in Spain should favour acquisitions at reasonable multiples (Amper has committed to maintaining ND/EBITDA below 3x to achieve its strategic plan).

After the changes of recent years, what is Amper today?

Amper offers technological, strategic industrial and engineering capabilities within the energy and sustainability, defence and security and telecommunications markets. In terms of geographical diversification, Spain remains Amper's main market (c. 75% of revenues), while exports account for 25% (mainly LatAm, Brazil, Colombia, Peru and Mexico).

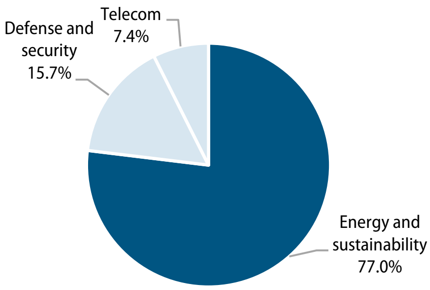
FY22 revenue breakdown by geography

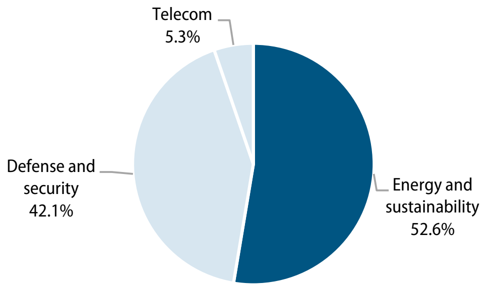


Source: Company data

With a wide range of products and services, Amper changed its revenue breakdown at the beginning of 2023 and outlined a new operating structure with 3 business units: i) Energy and Sustainability (77% of revenues), ii) Defence and Security (16% of revenues) and iii) Telecommunications (6% of revenues).

FY22 revenue (left) and EBITDA breakdown by division (right)





Source: Company data

Energy and Sustainability: (77% of revenue and 53% of EBITDA in 2022): This division arose with the acquisition of the Nervion group in 2017 and encompasses the 5 subdivisions that in 2022 represented 77% of total revenues: i) offshore wind foundations, ii) green power, iii) production and distribution, iv) green industry and v) digitalization spaces. This business is labour-intensive and has the lowest margins (2022 EBITDA margin of 3.8%), which reduces its weight in terms of EBITDA to c.54%.

Through this division Amper provides a wide range of industrial and technological services in renewable energy, including offshore wind and photovoltaic component manufacturing, solutions for energy production and distribution, waste management and space digitalization (with IoT applications to optimize production and improve energy efficiency).

- **Offshore wind:** Amper is positioned as a key player in the manufacturing of offshore foundations for offshore wind farms, both components for floating foundations and fixed structures, through its company Nervion Naval-Offshore. These structures are crucial for the installation of wind turbines in deep waters, and their construction requires great technical skill in the naval industry. Currently, the offshore wind subdivision represents c.20% of the Energy and Sustainability business, although we expect it to be the main driver of revenue growth in the near future (reaching c.50% of the division revenues in 2026).

  In particular, Nervion Naval-Offshore has applied its experience and knowledge in the naval industry to the construction of fixed foundations (jackets) and floating foundations for offshore wind turbines (having participated in 80% of the floating foundations installed in Europe). Amper's Offshore Wind division's main clients are Navantia (Spanish state-owned company reference engaged in the design and construction of high-technology military and civilian vessels and a global supplier of structures for offshore wind energy through its division Navantia Seaenergies) and Windar (engaged in designing and manufacturing of wind turbine towers and offshore wind foundations). In June 2023, Navantia and Windar awarded Amper the largest offshore wind contract in its history: the Company will build components and carry out assembly work for the offshore wind structures (jackets) for the Le Tréport wind farm (off the French coast, 496 MW, 62 turbines) owned by Ocean Winds (EDPR and Engie Offshore JV). It is the largest order in Amper's history and will increase Amper's offshore order book to about €140m (33% of Amper's order book in May 2023). Its execution is scheduled between 2023 and 2025 at the facilities of Navantia Fene (A Coruña).

  Amper is investing in new locations to increase its production capacity for offshore wind structures construction. In 2022, Amper won a concession of 69,385 sqm of land in Ferrol (A Coruña, Spain) for a period of 30 years (with an expected investment of c.€25m, the plant will be operating at the end of 2024). Additionally, to complement the activity in the Ferrol assembly plant, in February 2023, Amper acquired Siemens Gamesa facilities in As Somozas (A Coruña) with c.65,000 sqm of land (c.32.000 sqm of covered warehouses) for c.€6.5m.

- **Green power, with an EPC provider in the photovoltaic field,** for services ranging from the design and supply of equipment to the construction and commissioning of photovoltaic plants.

- **Production and distribution:** Amper provides digitalization, automation and control solutions for all kinds of energy systems with solutions for energy and water management through innovative technologies such as electrical storage systems, smart grids and smart water systems.

- **Green industry:** These include industrial services with applications in industrial production of technologies and processes (based on hardware and IoT software) to optimize production, improve energy efficiency, reduce maintenance downtime and increase the lifespan of assets. The services offered include remote management systems for GNP and GNL tanks and an intelligent pressure gauge for predictive and corrective fluid pressure measurement.

- **Digitalisation of spaces,** through Smart building, Smart home and Smart city solutions (with a proprietary cloud platform that enables remote asset monitoring and management). These solutions make it possible to monitor, automate and optimize energy consumption, reduce Co2 emission and contribute to environmental protection. Amper's solutions are aimed at B2B asset management (such as build-to-rent, offices and hotels) and B2C (for consumer-oriented residential environments). It represents c.10% of the Energy and Sustainability business unit and 7.5% of total revenues.

Defence and Security (16% of revenue and 42% of EBITDA in 2022): Amper operates in the defence sector (a strategic national industry) with services ranging from shipbuilding to advanced communication and surveillance systems and innovative detection and response technologies. Amper's Defence and Security business is essentially a domestic business, and its main customers are public institutions (such as security forces, health services and transport). It has a high exposure to defensive businesses that provide recurrence and reduce cyclicality. Specifically, we highlight:

- **Defence:** Construction and assembly of ships with the capacity to carry out steel manufacturing and pre-armament packages at Navantia (Spanish state-owned Company reference engaged in the design and construction of high-technology military and civilian vessels) and manufacturing of electrical panels for practically all the ships of the Spanish Navy.

- **Security,** offering solutions to: i) protect borders (surveillance, communication and access control systems); ii) critical infrastructures (data processing centres in large corporations and airports); iii) prison infrastructures (turnkey solutions for all technological components of a prison, from perimeter sensors based on microphone cables to the management of access to security areas through locks controlled by biometrics); and iv) anti-drone systems based on the detection and inhibition of the drone's radio frequency signal.

- **Aerospace,** with technological solutions for the aeronautical sector – providing advanced communication, navigation and surveillance systems for airports. Specifically, Amper focuses its activity on two areas, airport management and the development of unmanned air traffic management (UTM) systems. Amper's airport solutions include airport beacon command and display systems, airport electrical control systems, airfield and apron lighting installation, design, development and manufacture of MCS, gateways and ETMs, and radio systems integration.

Telecommunications (7% of revenue and 5% of EBITDA in 2022), with high-capacity networks, 5G communication services and secure communication systems. Specifically, we highlight:

- **High-capacity telecommunications networks,** delivering telco network engineering solutions and last-mile deployment services (including 5G and FTTH). Amper provides these services not only in Spain but also in LatAm.

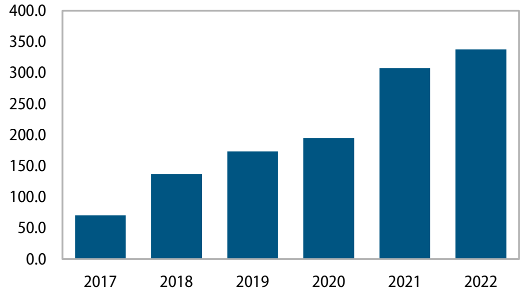
- **Communication systems,** enabling the efficient and reliable transmission of information through data networks, radio systems, satellites and more, including critical communications solutions (such as radio systems integration, TETRA, LTE and DMR systems).

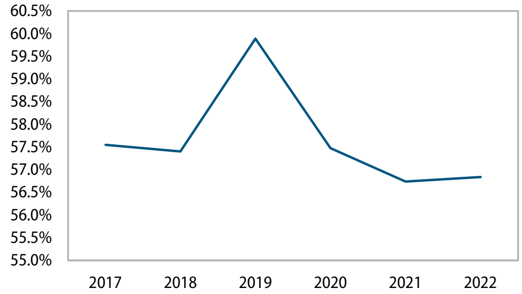
Recent financial performance

Amper closed 2022 with revenues of €337m (vs €71m in 2017). We attribute this significant step-up in size mainly to its intense M&A strategy in order to accelerate growth. Specifically, acquisitions accounted for c.85% of revenue growth in the period.

Despite the growing sales, Amper's recent track record has arguably been poor in terms of margins. These have been under consistent pressure since 2020. Specifically, the EBIT margin reached highs in 2019 at 11.7%, driven by a 2.5pp improvement at the gross margin level; however, this was significantly affected in 2020-22 by Covid-19 (due to reprogramming of projects and extraordinary costs affecting project execution) and cost inflation-related issues, leading to a decline in gross margin to 56.8% of net turnover in 2022 (-3.1pp vs the 2019 peak).

Amper's FY17-22 revenue in million euros (left) and gross margin (right)



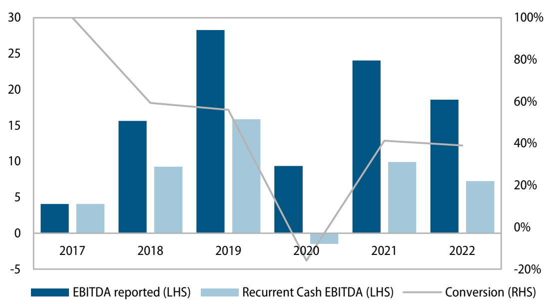


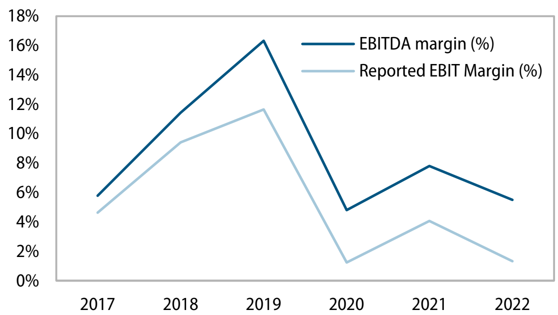
Source: Company data

Meanwhile, Amper's M&A strategy has resulted in significant growth in its operating structure, which has grown faster than revenues. Specifically, the average number of employees has grown from c.1,700 in 2019 to more than 3,000 in 2022, with personnel expenses amounting to c.44% of Amper's revenues (vs 42% in 2019), while other operating expenses increased to c.11% (vs 9% in 2019), mainly due to an increase in energy and component prices. These factors have restricted revenue growth being translated into the EBITDA margin, which declined to 5.5% in 2022 (from 7.8% in 2021 and more than 10% in 2019).

Furthermore, Amper's high R&D capitalized expenses (on average c.5% of revenues, 3.4% in 2022) registered as intangible assets, are of utmost importance to reconcile between reported EBITDA and cash EBITDA. Therefore, to obtain cash EBITDA, we have to adjust reported EBITDA by R&D capitalized expenses. During 2018-22 (excluding 2020), cash EBITDA represented 40%-60% of reported EBITDA. Strong R&D capitalisation on the P&L means that cash generation remains weak.

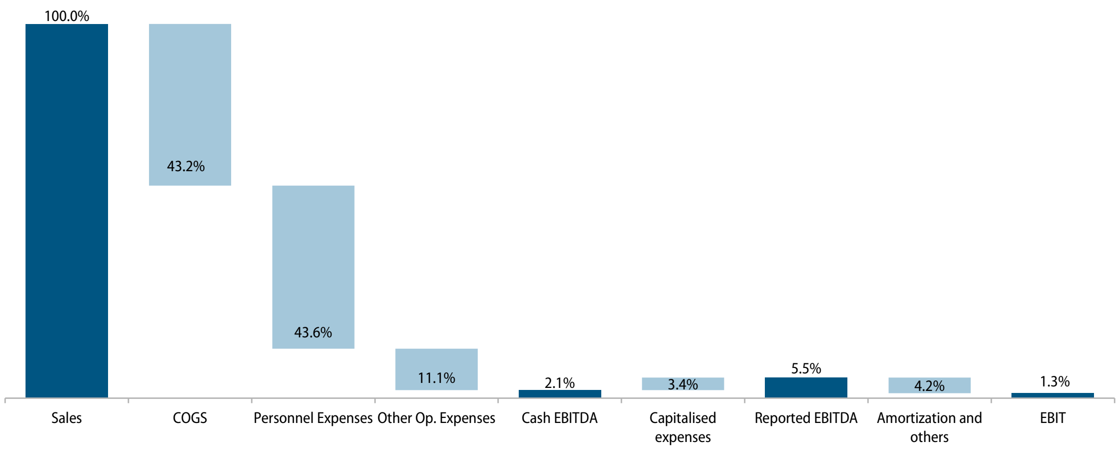
Amper's FY17-22 reported EBITDA vs cash EBITDA (left), and EBITDA and EBIT margins (right)





Source: Company data

Amper's FY22 cost structure (as % of net turnover)



Source: Company data

Working capital analysis

Amper's change in its business model towards providing more industrial services has resulted in greater working capital consumption. Specifically, working capital has increased from a negative working capital/sales ratio of -1.5% in 2019 to 8.1% in 2022, mainly as a result of suppliers' worsening evolution (from 50% of sales to 40%) and higher inventories (due to higher inventories needed in the offshore wind division). Additionally, the reduction in the collection period from clients has been partially funded by non-recourse factoring, which increased from €12m in 2019 to €23m in 2022 (c. 7% of 2022 sales).

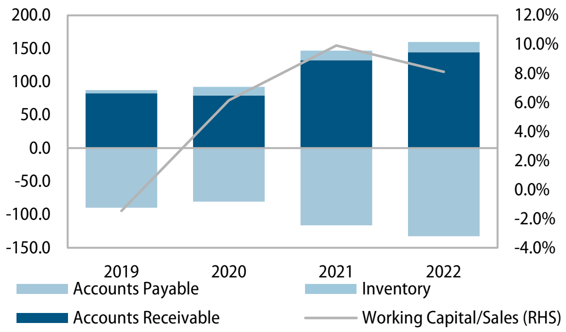
If we include the factoring used by the Company, we see 2022 WC/Sales increasing from 8.1% to 14.8%. Additionally, we note that unbilled revenue increased from c.5% of revenues in 2019 to 19% in 2022 (adding pressure on the Company's cash flow generation capacity). The risk of the delay in cash conversion from its clients, unbilled revenue and the impact from variation orders on the business cannot be overlooked.

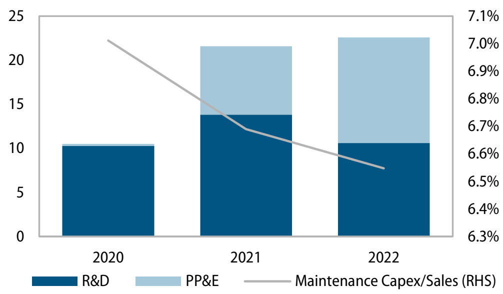
CAPEX

Over the past few years, Amper's capex figure (including capitalised R&D expenses) has increased from 5.7% of sales in 2018 to 6.7% as of 2022. We note that investments in R&D are especially relevant for Amper, as one of its goals is to be at the forefront of technological innovation in order to achieve competitive advantages in its businesses (especially relevant in its Energy and Sustainability business, where the Company has made most of its investments over the past few years).

In this regard, R&D capitalised investments made during 2018-22 accounted for c.€45m, representing 50% of the total capex invested in the period.

Evolution of working capital (left) and capex including R&D investments (right)





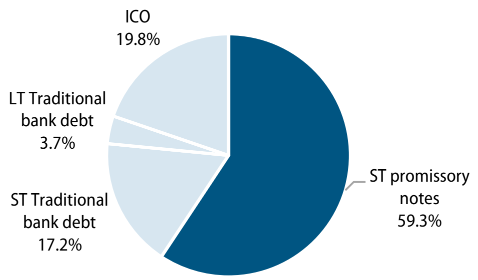
Source: Company data

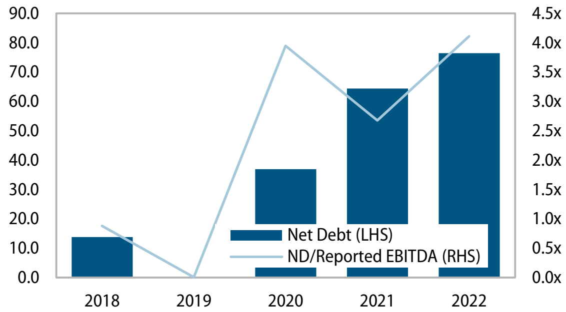
Debt structure

Amper's debt structure is the result of its pre-arrangement with creditors in 2014. This explains why traditional bank debt still has a limited weight in the Company's debt structure. As of December 2022, Amper's gross debt stood at €99.5m, of which c.21% is considered traditional bank debt (i.e. loans with credit institutions), c.20% corresponds to institutional debt (i.e. ICO), and the remaining 59.3% was raised in the financial markets (through short-term promissory notes). Specifically, the amount financed through promissory notes totalled €59m as of December 2022 (c.75% of the total maximum nominal amount of the programme, up to €80m). According to our estimates, the average cost of gross debt increased to 9% in 2022 (vs c.5% in 2021).

The evolution of Amper's net debt position has worsened over the past few years due to several factors, including maintaining a demanding R&D policy (€45m in 2017-22) while leading an aggressive inorganic growth expansion (€44m in 2017-22). Amper closed 2022 with net debt amounting to €76.4m (vs a net cash position in 2019), increasing its gearing to 4.1x ND/EBITDA.

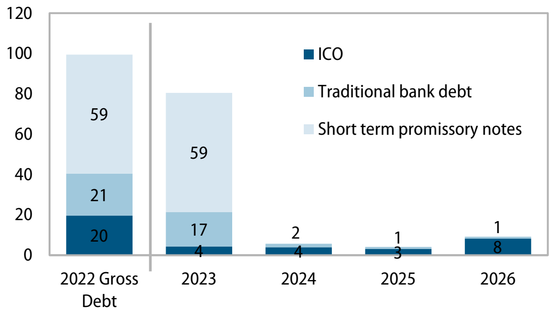
Amper's 2022 debt structure by type (left) and net debt evolution, 2017-22 (right)





Source: Company data

Amper's 2022 debt maturities



Source: Company data

Regarding short-term (ST) promissory notes, Zelenza (owner of a 7.9% stake in Amper's share capital) has subscribed €5m (8% of the total amount outstanding as at 30 June 2023).

Amper's other long-term liabilities (€49m) not included in its net debt mainly include:

- R&D financing (€15m) obtained by Growth Partners Capital do Risco in advance for the investment in Amper's R&D projects, which will be managed by a Portuguese subsidiary certified for this purpose by the Portuguese National Innovation Agency. If the R&D investment is not realised, Amper will repay the €15m received.

  After the formalisation of the investment agreement, Growth Partners Capital will subscribe 25% of the share capital of Amper's subsidiary in Portugal and Amper has undertaken to invest €15m in R&D projects. As regards the financial terms, Growth Partners Capital has been granted a put option for 25% of the share capital of Amper's subsidiary in Portugal, to be exercised between the fourth and fifth year after the subscription of the aforementioned percentage of the capital of Amper's subsidiary in Portugal.

If the put option is exercised, the sale price of the shares would consist of: (i) 128% of the amount invested (i.e. €15m), (ii) a right to the increase in the value of Amper's shares, and (iii) €3m. Growth Partners Capital is a related party as Juan José Rodriguez-Navarro, Amper's proprietary director, is a managing partner and shareholder of Growth Partners Capital.

- Alternative financing (€10m, Euribor plus a spread), with a grace period of 4 years and 2 years of linear quarterly amortisations.
- Pledged future payments for M&A activity (€7m).

Amper's net debt, non-recourse factoring and other long-term liabilities evolution (2018-22)

€m	2018	2019	2020	2021	2022
Gross financial Debt	24	23	71	96	100
Cash and Equivalents	10	23	34	32	23
Net Financial Debt	**14**	**0**	**37**	**64**	**76**
Net Financial Debt / EBITDA	*0.9x*	*0.0x*	*3.9x*	*2.7x*	*4.1x*
Interest Cost	*-2*	*-1*	*-3*	*-4*	*-9*
Average Cost of Gross Debt	*7.6%*	*5.8%*	*5.7%*	*5.3%*	*9%*
Other long term liabilities					
Growth Partners Capital financing for R&D	0	0	0	0	15
Alternative financing (grace period of 4 years)	0	0	0	0	10
IFRS 16 (leases)	0	3	7	8	9
M&A pending to be paid	0	3	4	4	7
LT creditors	7	9	10	9	6
Others	0	2	0	0	2
Other L/T liabilities	**7**	**17**	**21**	**22**	**49**
Non- recourse factoring	**8**	**12**	**6**	**29**	**23**
Total	**29**	**29**	**65**	**115**	**148**

Source: Company data

APPENDIX I – HISTORY AT A GLANCE

The origin of the Amper Group dates back to 1951, when the Company started manufacturing and selling radio sets and intercoms. Amper was acquired by Telefónica in 1982 and became one its main telecom equipment providers thereafter. The Group started trading on the stock exchange in 1986 with the incorporation of new shareholders, and Telefónica sold its remaining position in 2013.

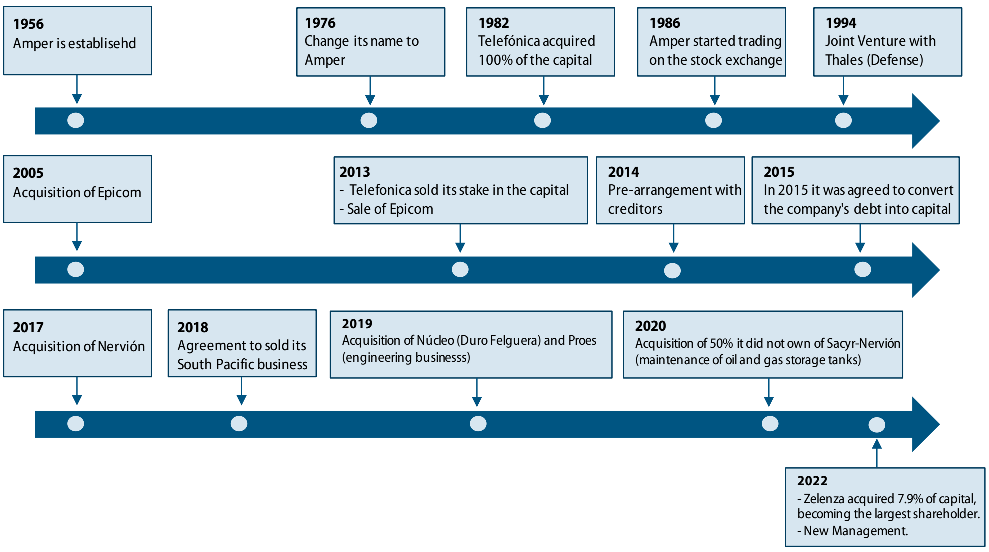
In the 1990s, the telecom market liberalization forced Amper to restructure its business towards new clients and businesses (beyond Telefónica and telecom). Amper implemented an expansion process by: i) bolstering its defence and security business (reaching c.60% of EBITDA in 2007, including a joint venture with Thales); and ii) diversifying its telecom business into network/IT integration through M&A. The strategy followed by the Company, together with the Spanish government's cutbacks in defence during the 2008 crisis, resulted in a significant increase of the Company's debt, especially during 2010-13.

Amper has undergone a delicate operational and financial situation during the past 10 years, including a tough restructuring process (even presenting a pre-arrangement with creditors in 2014) to radically transform the business. We highlight the following key aspects of this restructuring process in recent years:

1. Divestment of its traditional business in 2016, with the sale of its i) leveraged assets in LatAm (mainly systems and networks integration business) and ii) non-strategic business in the South Pacific (where Amper carried out telecom operator activities) for €79m. The divestment of these activities solved the high debt problem of the Company but caused revenues to drop sharply, from €149m in 2014 to €28m in 2016.

2. Significant change in its revenue mix with intense M&A activity of an opportunistic nature: Year 2017 saw the commencement of refocusing towards strategic industrial services for the energy sector with the acquisition of Nervion (engaged in assembly and maintenance of industrial installations – the origin of Amper's current offshore wind foundations business). The opportunistic acquisition of Nervion (€6.1m, 0.1x EV/Sales, €161.5m of revenues) led to a significant growth in size, enabling Amper to "catch up" with its revenues prior to the divestments of its traditional business (although the change in the revenue mix led to reduced margins due to lower margins in the industrial business).

Amper's timeline



Source: Company data

APPENDIX II – Board of Directors

As of 30 July 2023, the composition of the Company's board of directors was as follow:

Pedro Morenés (Chairman; non-executive) held the position of Executive Chairman of Amper from October 2020 until 2 November 2022, when the Company's board agreed to change his position to Non-Executive Chairman. Pedro Morenés is a Spanish politician who was the Minister of Defence (2011-16) and Ambassador of Spain to the United States of America. Prior to his appointment as minister, he was Secretary of State for Security in the Ministry of the Interior (2000) and Secretary of State for Scientific and Technological Policy in the Ministry of Science and Technology (2002-05). He was also appointed Chairman of the board of directors of Construcciones Navales del Norte (2009-11).

Enrique López Pérez (CEO; executive appointed by Zelenza): Enrique López Pérez holds a degree in Technical Engineering in Computer Management and Computer Science from the University of Valladolid and an MBA from Thales University in Paris. His professional career includes 10 years with the Thales Group as General Manager of Business Services for Thales Spain, General Manager of Defence Services for Thales Spain and Global Corporate Key Account Manager for the Telefónica Group. He was also the founder and CEO of Everis Aerospace and Defence, and a member of the board of directors of several technology companies in the defence and security sector (Herta Security, Ibetor, SCR, Simumak, ISID, Embention). He then spent two years with the Zelenza Group, where he held the positions of Director and Vice President of Corporate Development.

José Fernandez Gonzalez (Proprietary; Zelenza): José Fernández González is a telecommunications engineer (ETSIT- Universidad Politécnica de Madrid) and holds a Ph.D. in Computer Electrical Engineering (University of Waterloo, Ontario, Canada). His professional experience includes: i) founder of Arcitel in 1998 (company dedicated to the provision of professional services in the ICT field, sold in 2001 to the French multinational GFI Informátique, with 380 employees and €25.5m turnover); ii) founder of Alalza in 2005, a company specialising in ICT process management and business process support and optimisation, and managed services consultancy (in 2017 it had 1,000 employees and €32m in revenues); iii) acquisition of Grupo Poas (2017), focused on installation, maintenance and repair of electronic equipment and design of telecommunications infrastructures (850 employees and €63m in revenues); and iv) founder of Zelenza (with the merger of Alalza and Grupo Poas), a company with more than 2,500 professionals and more than €120m in revenues, with a presence throughout Spain, the United States (Miami) and Brazil (Sao Paulo). Currently, Zelenza is Amper's main shareholder with a 7.9% stake.

Juan José Rodríguez-Navarro Oliver (Proprietary): Juan José Rodríguez-Navarro Oliver has over 20 years of experience in financial asset management and private equity investment. After working for BBVA in Madrid and Lehman Brothers in London, in 2000 Juan José co-founded Opencapital, an asset management company based in Spain; and Global Income (2004), an asset management company based in Belgium. Mr Juan José Rodríguez-Navarro Oliver holds several senior positions in various financial investment companies, including Director and Investment Manager of Global Income SA-SIF in Luxembourg, Founder and Major Shareholder of Trinity Place Fund, Director of Finen SICAV and Maver21 SICAV in Spain and Non-Executive Chairman of BMI Insurance Brokers.

José Luis Martinavarro Dealbert (Proprietary): José Luis Martinavarro Dealbert founded Rufinco and its investment arm Jomar e Hijos in 1992 (owner of 5.4% of Amper's share capital). He is currently Chairman of Rufinco and Managing Director of Jomar e Hijos. He is also Chairman or Director of several other companies: Cítrico Global, Inversora Hotelera Azteca, Acorbil, Bluevert, Agrihold, and Amper, among others. From 1962 to 1970 he worked in the production and purchasing departments of E. Martinavarro, S.A., a citrus fruit producer and exporter. From 1970 to 1995 he was Deputy General Manager of the same company.

Iñigo Resusta Covarrubias (Proprietary): Graduate in Business and Economics from Universidad Pontificia Comillas (ICADE) and IESE MBA. Iñigo Resuste Covarrubias is the Chairman and co-founder of Auriga Global Investors, SV, S.A., a Spanish company in the financial sector, and a member of various stock exchanges specialising in asset management and fixed income and equity brokerage.

María Luisa Poncela García (Independent): She has been a member of the High Corps of Spanish State Economists and Trade Experts since 1989. She has developed his career in both the public and private sectors, linked to the business world, mainly in the areas of innovation and internationalisation.

In the private sector, she is currently a member of the board of directors of several companies (Amper, Talgo, Idom and Laboratorios Salvat), an independent strategic consultant, a member of the Advisory Board of the Greek Empress Theophano Foundation and a lecturer in various Master's courses at business schools and universities. She was also the Director of Institutional Relations at Abbott Laboratories SA and Director General of the Abbott Foundation.

In the public sector, she has been the Secretary of State for Trade and President of ICEX, Secretary of State for Science and Innovation and President of the Centre for the Development of Industrial Technology (CDTI), President of the Barcelona Supercomputing Centre (BSC) and President of two venture capital companies.

Fernando Castresana Moreno (Independent): Fernando Castresana began his career at Arthur Andersen (1993-97), from where he joined Corporación IBV (1997-2011), an industrial holding company, where he held the positions of Head of Controlling, CFO and CEO (2004-11). In 2011 he participated in an MBO with the private equity firm Alantra (former N+1) to create the Tryo Group (based on the Electronics Division of IBV), where he held the position of CEO from the beginning until June 2018, the date of the sale of the Group to Sener.

He has been/is a member of the board of directors of listed and unlisted industrial companies in various sectors (electronics, automotive, information technology, telecommunications, industrial services, etc.). He is currently Chairman and CEO of Induhold, an industrial investment company; CEO of Azol Gas Group and Pimesa Group; and Chairman of Commtia Systems.

APPENDIX III – Comparable peers

Industrial and engineering services

- **Siemens (DE, Industrial Conglomerates, €110.8bn mkt. cap)** is an electronics and electrical engineering company focused on electrification, automation and digitalization. It develops energy-efficient technologies and is a leading supplier of systems for power generation and transmission.

- **Vestas (DK, Heavy Electrical Equipment, €21.1bn mkt. cap)** develops, manufactures, installs and services onshore and offshore wind turbines. Vestas is the market leader in the onshore wind and generates about 55% of its sales in the Europe, Middle East and Africa.

- **SPIE (FR, Engineering Services, €4.6bn mkt. cap)** is a multi-technical services provider in the areas of energy and communications. SPIE provides with support to design, build, operate and maintain energy-efficient and environmentally friendly facilities. Its business is generated mainly in Europe (72% of sales).

- **Nordex (DE, Heavy Electrical Equipment, €2,8bn mkt. cap)** engages in the development, production, servicing and marketing of wind turbines. The Company also designs and produces blades and control systems. 65% of sales come from Europe.

- **SIF Holding (NL, Renewable Energy Equipment, €306m mkt. cap)** manufactures large steel tubulars, which are used as foundation components for the offshore energy markets. It primarily produces monopiles, transition pieces and piles that are used to anchor jacket foundations in the seabed for offshore wind turbines. SIF Holding is Amper's offshore wind business' close peer.

Defence and security

- **BAE Systems (GB, Aerospace & Defence, €37.4bn mkt. cap)** offers a competitive edge across the air, maritime, land and cyber domains. BAE employs 93,000 people in more than 40 countries while working closely with local partners. The company has five key long-term areas of focus: Cyber & Intelligence (5% of FY22 sales), Air (55% of FY22 sales), Maritime (25% of FY22 sales) and Land (15% of FY22 sales). BAE Systems operates in four main geographies: the US (45% of sales), the UK (20% of sales), Saudi Arabia (15% of sales) and Australia (5% of sales).

- **Thales (FR, Aircraft & Parts, €29.2bn mkt. cap)** was founded in 1968 in France when Thomson-Brandt and Compagnie Général de Télégraphie Sans Fil merged. Today, the Group and its 77,000 employees in 56 countries are fully mobilised to service civilian and military customers. Thales has presence in Defence and Security, Digital Identity & Security, Aerospace, Space and Transportation. Thales designs and builds aerospace and defence electrical systems; it offers flight deck systems, avionic equipment and navigation solutions.
- **Kongsberg (NO, Aerospace & Defence, €7.2bn mkt. cap)** was founded in Norway in 1814 as a weapons factory. Today, it specialises in developing advanced technologies for extreme conditions. It has created an integrated portfolio of solutions from the depths of the sea to outer space and the digital frontier. While Kongsberg operates in different sectors, over 80% of its business is related to maritime solutions. The company employees over 12,000 people.

- **SAAB (SE, Aerospace & Defence, €7.0bn mkt. cap)** engages in the production and sale of products, services and solutions for military defence, commercial aviation and civil security. Saab's operations include defence technology, command and control systems, military and commercial aircraft, and technical services, as well as missiles, space equipment, and aviation services.

- **Hensoldt (DE, Aerospace & Defence, €3,2bn mkt. cap)** provides defence and security sensor solutions and systems for protection, surveillance, and situational awareness in the fields of radar, optronics, electronic warfare, and avionics. Hensoldt offers space radars, direction finders, electronic warfare systems and night vision attachments worldwide.

- **Cohort (GB, Aerospace & Defence, €236m mkt. cap)** engages in the provision of defence solutions, including the design, supply, and support of equipment and its associated embedded software, as well as the integration of commercial equipment for specialist applications. It also provides security services including advice and system implementation to protect against cyberattacks and other threats for a range of clients in the defence and non-defence sectors.

IT / Telecom services

- **Indra (Buy, TP €14.6; ES, IT Consulting and other, €2.5bn mkt. cap)** one of the world's largest providers of proprietary solutions in certain segments of the Transport and Defence markets, as well as a pioneer in Information Technologies in Spain, Latin America and select European countries. The Group holds a 10% market share in the Spanish IT market, a highly fragmented sector. It provides a comprehensive range of high-value-added proprietary solutions and technology services. Indra is a world leader in the development of end-to-end technology solutions in fields such as defence and security, transport and traffic, energy and industry, telecommunications and media, financial services, public administration and healthcare.

- **Adtran Networks (DE, Communications Equipment, €1.0bn market cap)** provides end-to-end fibre networking solutions for communication service providers, enterprises and government customers. The Company offers open optical networking, network infrastructure, fibre access and aggregation and cloud software solutions. Germany is its largest single market with about 25% of sales, while the rest of Europe, Middle East, and Africa accounts for nearly 40%.

- **Global Dominion (Buy, TP €6.3; ES, IT Consulting and other, €525m market cap)** aims to improve the efficiency of its clients' productive processes by using technology. It is present in 35 countries with more than 8,000 employees. Dominion offers B2B Services (>50% of revenues, recurrent and low capital-intensive) and B2B Projects (c.30% of revenues, backlog-oriented with positive working capital) in the fields of Telecom & Technology, Industry and Energy. Through its Smart House business, the Company aims to offer a one-stop shop for home services with >300K customers within its Electricity, Gas & Telecommunications services.

Overview and strategy

Amper is a company with industrial, engineering and technological capabilities with a wide range of products and services. After some years of a somewhat unclear strategy, the new management incorporated in 2022 strategically focused the group towards growth niches within 1) energy and sustainability (77% of 2022 revenues), including offshore wind foundations manufacturing and engineering, smart grid management, electrical storage systems and digitalization of spaces to optimize energy consumption; 2) defence and security (16% of 2022 revenues), comprising naval shipbuilding, advanced communication and surveillance systems, as well as airport management solutions; and 3) telecommunications markets (7% of 2022 revenues, involving high-capacity telecom networks and 5G infrastructure deployment). Spain remains Amper's main market (c.75% of revenues), while exports account for 25% (mainly in LatAm: Brazil, Colombia, Peru and México). Amper had c.3,500 employees as of 30 June 2023.

Amper's recent track record has arguably been poor both in terms of profitability and working capital management (a situation that was amplified by the impact of Covid-19). However, we believe the conditions for a turnaround have finally been met and the Company should benefit from its strategy towards growth niches. In addition, a new management team has been in place since November 2022, with the full support of the key shareholders.

Valuation and catalyst

We reach a fully diluted end-2024 TP of €0.15/shr (42% upside). We value Amper through a discounted cash flow (DCF) methodology, as we believe it is the most appropriate valuation technique to capture the Company's expected top-line growth and profitability expansion in the upcoming years. Our DCF model includes explicit free cash flow forecasts up to 2030e. We use a discount rate (WACC) of 8.6% for the explicit period. For the terminal value, we assume an EBIT margin of 6.4% and use a WACC of 8.4% and a long-term growth rate of 2%. Through the aforementioned exercise, we reach an enterprise value (EV) of €327m, from which we subtract i) our 2023 Net Debt estimate of €58m (which already includes the €30m rights issue); ii) minorities at book value; iii) long-term provisions (€41m; including deferred M&A payments, alternative financing and other long-term liabilities); and iv) non-recourse factoring capabilities (€22.6m) while adjusting for expansion CAPEX tax shield NPV (€7m) and net tax assets and financial assets at book value.

Main catalysts for the stock include the following: i) Successful completion of the rights issue; ii) divestments of less value-added businesses with lower margins; iii) favorable evolution of the backlog in 3Q23 results and news flow on new offshore wind developments; iv) EBIT margin expansion (in our opinion, the most important value driver for the Company); and v) resultant cash generation improvement.

Recommendation

We base our Buy rating on the following factors: 1) focus towards growth niches within energy-transition and defence markets; 2) continued international market expansion; 3) significant margin potential from current levels (as a result of a better product mix, cost-control measures and operating leverage); and 4) valuation-wise, we reach an end-2024 target price of €0.15/shr through our DCF methodology, which offers a 42% upside to current prices.

We see Amper as a transformation story with an attractive risk-reward. The future capital increase for €30m with a unit price of €0.08/share (c.25% discount on current market price) will address the Company's balance sheet issue, offering liquidity event for investors.

P&L

€m	2019a	2020a	2021a	2022a	2023e	2024e	2025e
Revenues	173	195	308	337	367	425	483
EBITDA	28	9	24	19	22	35	47
Depreciation	-8	-11	-12	-14	-14	-14	-18
Provisions	0	0	0	0	0	0	0
Other	0	4	0	0	0	0	0
EBIT	20	2	13	4	8	21	28
Net financial result	1	-3	-4	-6	-6	-9	-13
Associates	0	0	0	0	0	0	0
Non-recurrent results & others	0	1	-1	1	0	0	0
PBT	22	1	7	-1	2	11	15
Taxes	-1	0	2	2	1	-2	-3
Results from discontinued operations	0	-1	-1	-1	-2	0	0
Minorities	-1	1	-1	1	0	-1	-1
Net Attributable profit	19	2	8	2	2	8	11

BALANCE SHEET

€m	2019a	2020a	2021a	2022a	2023e	2024e	2025e
Tangible assets	10	16	20	21	28	83	134
Intangible assets	70	89	98	101	102	102	102
Financial assets & Associates	1	1	1	1	1	1	1
Other L/T assets	6	11	11	42	42	42	42
Inventories	5	13	14	16	20	24	29
Account Receivable	83	79	132	144	157	182	206
Other S/T assets	6	1	3	7	7	7	7
Cash & cash equivalents	23	34	32	23	23	23	23
TOTAL ASSETS	203	244	314	359	382	466	546
Shareholders' equity	58	55	64	62	92	100	112
Minority interests	2	3	4	3	3	4	5
L/T Financial debt	2	40	27	19	10	36	59
L/T Provisions	6	5	3	3	3	3	3
Other L/T liabilities	22	29	28	53	53	53	53
S/T Financial debt	21	31	69	80	71	97	120
Accounts payable	90	80	116	133	144	167	190
Other S/T liabilities	2	1	0	0	0	0	0
TOTAL LIABILITIES	203	244	314	359	382	466	546

Source: Company data, FactSet and JB Capital estimates

CASH FLOW STATEMENT

€m	2019a	2020a	2021a	2022a	2023e	2024e	2025e
EBITDA	28	9	24	19	22	35	47
Net financial result	-2	-4	-4	-9	-10	-9	-13
Dividends collected	0	0	0	0	0	0	0
Taxes	0	0	0	0	1	-2	-3
Change in Working Capital	39	-13	-20	-2	-5	-6	-7
Other CF from operations	0	0	0	0	0	0	0
Cash Flow from Operations	**66**	**-8**	**0**	**7**	**8**	**17**	**24**
CAPEX	-61	-21	-23	-24	-19	-19	-19
Disposals	0	0	0	0	0	0	0
Financial investments	0	0	0	0	0	0	0
Other CF from investments	10	-12	-4	0	0	-50	-50
Cash Flow from Investments	**-51**	**-32**	**-27**	**-24**	**-19**	**-69**	**-69**
Dividends	0	0	0	0	0	0	0
Change in capital stock	0	0	0	0	30	0	0
Treasury stock variation	0	0	0	0	0	0	0
Debt variation (net)	-8	48	25	4	0	0	0
Other CF from financing	6	2	1	4	0	0	0
Cash Flow from Financing	**-2**	**50**	**26**	**8**	**30**	**0**	**0**
Exchange rate effect	0	1	-1	1	0	0	0
Net increase in cash & cash equivalents	**13**	**11**	**-3**	**-8**	**19**	**-52**	**-45**
Net debt variation	**-14**	**37**	**27**	**12**	**-19**	**52**	**45**

Per share data/ Leverage/ Profitability/ Valuation

	2019a	2020a	2021a	2022a	2023e	2024e	2025e
Last price (€)	0.3	0.2	0.2	0.1	0.1	0.1	0.1
Number of shares (m)	1,067	1,067	1,100	1,109	1,484	1,484	1,484
Market capitalization (€m)	282	201	206	220	157	157	157
Net Debt	0	37	64	76	58	110	156
EV (€)	298	255	287	337	255	309	355
EPS (€)	0.02	0.00	0.01	0.00	-0.00	0.01	0.01
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ND/EBITDA (x)	0.0	3.9	2.7	4.1	2.6	3.1	3.3
ND/(Equity + ND) (%)	0.3	40.2	50.2	55.0	38.6	52.3	58.2
EBITDA margin (%)	16.3	4.8	7.8	5.5	6.1	8.2	9.7
EBIT margin (%)	11.7	1.2	4.1	1.3	2.2	4.9	5.8
ROE (%)	33.6	2.3	11.1	1.8	-0.3	8.2	10.3
ROCE (pre-tax) (%)	22.5	1.8	9.8	3.1	4.9	10.3	12.0
EV/EBITDA	10.5	27.3	11.9	18.1	11.4	8.8	7.6
EV/EBIT	14.7	105.5	22.9	75.6	31.4	14.9	12.6
FCFe yield (%)	4.5	5.6	nm	nm	11.8	nm	nm
FCF/EV (%)	3.8	5.4	0.5	nm	9.8	nm	nm
P/E	14.7	165.0	29.0	198.2	nm	19.1	13.7
P/CF	10.4	17.3	11.0	14.5	11.2	7.0	5.3
P/B	4.9	3.7	3.2	3.5	1.7	1.6	1.4
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data, FactSet and JB Capital estimates

PROFITABILITY

FY End Dec (%)	2019a	2020a	2021a	2022a	2023e	2024e	2025e
Gross Margin	59.9	57.5	56.7	56.8	55.4	53.9	54.1
EBITDA Margin	16.3	4.8	7.8	5.5	6.1	8.2	9.7
EBIT Margin	11.7	1.2	4.1	1.3	2.2	4.9	5.8
EBT Margin	12.7	0.7	2.3	-0.2	0.5	2.7	3.1
Net Margin	11.2	0.6	2.3	0.3	-0.1	1.9	2.4
Return on Assets	9.6	0.5	2.3	0.3	nm	1.8	2.1
Return on Equity	33.6	2.3	11.1	1.8	-0.3	8.2	10.3
Return on Capital Employed	22.5	1.8	9.8	3.1	4.9	10.3	12.0
Return on Investment	10.3	-0.5	0.9	-1.4	-1.8	-0.2	-0.3

VALUATION

FY End Dec (x)	2019a	2020a	2021a	2022a	2023e	2024e	2025e
P/E	14.7	165.0	29.0	198.2	nm	19.1	13.7
P/E (diluted)	15.3	171.1	29.3	199.8	nm	19.2	13.8
P/BVPS	4.9	3.7	3.2	3.5	1.7	1.6	1.4
P/Tangible BVPS	4.9	3.7	3.2	3.5	1.7	1.6	1.4
P/CFPS	10.4	17.3	11.0	14.5	11.2	7.0	5.3
P/FCFPS	19.0	nm	nm	nm	nm	nm	nm
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Div payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV	298	255	287	337	255	309	355
EV/Sales	1.7	1.3	0.9	1.0	0.7	0.7	0.7
EV/EBIT	14.7	105.5	22.9	75.6	31.4	14.9	12.6
EV/EBITDA	10.5	27.3	11.9	18.1	11.4	8.8	7.6
Net Debt/EBITDA	0.0	3.9	2.7	4.1	2.6	3.1	3.3
FCFe yield (%)	4.5	5.6	nm	nm	11.8	nm	nm
FCF / EV (%)	3.8	5.4	0.5	nm	9.8	nm	nm
Net Debt /(Equity + Net Debt)	0.3	40.2	50.2	55.0	38.6	52.3	58.2

Source: Company data, FactSet and JB Capital estimates

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July 2022 with Parlem Telecom Companyia de Telecomunicacions, S.A. and in October 2022 with Izertis, S.A. about "sponsoring research". Furthermore, JB Capital is liquidity provider of Metrovacesa S.A., Gestamp Automocion, S.A., Promotora de Informaciones S.A. (PRISA), Prosegur Cash, S.A., Tubacex, S.A., Pharma Mar, S.A., Arima Real Estate Socimi, S.A., Merlin Propierties Socimi, S.A., Grenergy Renovables, S.A.,Soltec Power Holdings S.A, CIE Automotive, S.A. 's and Opdenergy Holding S.A.; it carries out Arima Real Estate Socimi, S.A.'s and Pharma Mar S.A.'s share buyback plan and it carries out Ibersol, SGPS, S.A.'s, Aedas Homes, S.A.'s, Promotora de Informaciones S.A. (PRISA)'s and Prosegur Cash, S.A.'s buy-back programmes. Additionally, it was liquidity provider of Codere, S.A., CIE Automotive, S.A and Lar España Real Estate Socimi, S.A., and it carried out CIE Automotive, S.A., Pharma Mar, S.A., CTT - Correios de Portugal, S.A.'s, Promotora de Informaciones S.A. (PRISA)'s, Prosegur Cash, S.A.'s, Prosegur, Compañía de Seguridad, S.A.'s, Tubacex, S.A.´s, Neinor Homes, S.A.'s, Lar España Real Estate Socimi, S.A.'s, CIE Automotive, S.A. 's and Arima Real Estate Socimi, S.A.'s and Grenergy Renovables, S.A.'s buy-back programmes. JB Capital provides brokerage services to Iberdrola S.A. Furthermore, JB Capital has provided and may provide brokerage services to the issuers listed above and JB Capital may be involved in other programmes involving shares of the companies included in this report. As a result, investors should be aware that JB Capital may have a conflict of interest that could reasonably affect the objectivity of this research report.

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