

AMINO TECHNOLOGIES

SOFTWARE AND COMPUTER SERVICES

AMO.L

83p

Market Cap: £62.1m

SHARE PRICE (p)



12m high/low

212p/76p

Source: LSE Data

KEY INFORMATION

Enterprise value	£46.2m
Index/market	AIM
Next news	Trading Update, Jun-19
Gearing	N/A
Interest cover	N/A

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Innovative contract win in the Netherlands

Amino has announced its first deployment of AminoTV on a multi-tenant platform, with multi-Service Operators (“MSOs”) Delta and Caiway in the Netherlands. We see a number of positive messages in the announcement. In our view the contract demonstrates the flexibility and scalability of the AminoTV platform. It also evidences the group’s ability to leverage existing client relationships and deliver transformational IPTV migrations for customers. Deployment has already commenced and we note that Caiway and Delta have a sizeable customer base. With no immediate detail on the contract size and potential value to Amino, we leave estimates unchanged following the announcement.

- AminoTV is being deployed by Delta and Caiway:** Amino has announced that Netherlands-based MSOs Delta and Caiway are to deploy AminoTV. The contract represents Amino’s first deployment of a multi-tenanted cloudTV platform, where a single cloud supports customers of more than one MSO. Each operator will maintain a separate user interface (and branding), whilst benefitting from operational efficiencies resulting from a common back-end. The AminoTV solution supports multi-screen TV functionality including linear broadcast, live pause, catch-up and network Digital Video Recording. The contract also includes the AminoOS Service Assurance solution, enabling higher quality of service and end-customer experience.
- Leveraging existing customer relationships:** Delta originally deployed the Amino cloud TV platform in 2015. In 2018 Amino announced that Delta had signed a further contract for an integrated multi-screen entertainment solution encompassing both hardware and MoveTV software. Caiway is also an existing customer, having previously deployed AminoVU devices running AminoOS. Delta and Caiway were integrated under the EQT private equity group in 2017.
- Deployment already underway:** The release confirms that deployment has already commenced and will continue throughout 2019. The release contains no detail on the size of the contract nor the value to Amino. That said, at the times of their respective acquisitions, EQT announced that Caiway provides services to over 350,000 households and Delta served over 140,000 households.

The Waverly contract (announced March 2019) and today’s announcement in the Netherlands in our view demonstrate that Amino is seeing momentum across the globe and also the value of Amino’s cloud TV solutions, particularly the software component.

FYE NOV (\$M)	2017	2018	2019E	2020E
Revenue	96.1	88.9	70.7	68.9
Adj EBITDA	20.5	16.8	16.0	16.2
Fully Adj PBT	15.2	11.2	10.0	10.2
Fully Adj EPS (c)	20.9	15.3	12.6	12.8
EV/EBITDA (x)	2.9x	3.5x	3.7x	3.6x
PER (x)	5.0x	6.9x	8.4x	8.2x
Dividend yield	8.0%	8.8%	8.8%	8.8%

Source: Company Information and Progressive Equity Research estimates

Financial Summary: Amino Technologies

Year end: November (U\$m unless shown)

	2017	2018	2019E	2020E
PROFIT & LOSS				
Revenue	96.1	88.9	70.7	68.9
Adj EBITDA	20.5	16.8	16.0	16.2
Adj EBIT	15.1	11.2	10.0	10.2
Reported PBT	13.3	8.2	5.9	6.1
Fully Adj PBT	15.2	11.2	10.0	10.2
NOPAT	15.1	11.2	10.0	10.2
Reported EPS (c)	20.8	11.2	7.0	7.2
Fully Adj EPS (c)	20.9	15.3	12.6	12.8
Dividend per share (p)	6.7	7.3	7.3	7.3
CASH FLOW & BALANCE SHEET				
Operating cash flow	22.2	14.3	15.0	16.2
Free Cash flow	15.3	9.5	10.6	11.8
FCF per share (c)	20.9	13.0	14.5	16.1
Capex	(6.3)	(4.8)	(4.4)	(4.4)
Acquisitions	(0.5)	0.0	0.0	0.0
Dividends	(5.6)	(6.8)	(7.3)	(7.3)
Net cash flow	9.6	2.9	3.4	4.6
Shares issued	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	(0.1)	(0.1)
Net (Debt)/Cash	17.4	20.3	23.6	28.0
NAV AND RETURNS				
Net asset value	73.1	73.5	78.6	83.9
NAV/share (c)	99.6	100.9	107.1	114.4
Net Tangible Asset Value	0.8	1.0	1.2	1.4
NTAV/share (c)	1.1	1.4	1.7	2.0
Average equity	59.5	73.3	76.1	81.3
Post-tax ROE (%)	25.7%	11.2%	6.8%	6.5%
METRICS		2018	2019E	2020E
Revenue growth		(7.5%)	(20.5%)	(2.5%)
Adj EBITDA growth		(18.3%)	(4.4%)	1.1%
Adj EBIT growth		(25.9%)	(10.2%)	1.8%
Adj PBT growth		(26.1%)	(10.5%)	1.8%
Adj EPS growth		(27.0%)	(17.7%)	1.8%
Dividend growth		9.9%	0.1%	0.0%
Adj EBIT margins		12.5%	14.2%	14.8%
VALUATION		2018	2019E	2020E
EV/Sales (x)	0.6	0.7	0.8	0.9
EV/EBITDA (x)	2.9	3.5	3.7	3.6
EV/NOPAT (x)	3.9	5.3	5.9	5.8
PER (x)	5.0	6.9	8.4	8.2
Dividend yield	8.0%	8.8%	8.8%	8.8%
FCF yield	19.8%	12.3%	13.7%	15.2%

Source: Company information and Progressive Equity Research estimates

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