

AMINO TECHNOLOGIES

SOFTWARE AND COMPUTER SERVICES

AMO.L

92p

Market Cap: £69.3m

SHARE PRICE (p)



12m high/low

212p/76p

Source: LSE Data

KEY INFORMATION

Enterprise value	£53.3m
Index/market	AIM
Next news	Interims, 9 July 19
Gearing	N/A
Interest cover	N/A

AMINO TECHNOLOGIES IS A RESEARCH
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FY 19E on track

Amino's trading update for the six months ending May 2019 confirms that the group is currently on track to deliver its expectations for FY 19E. The business is traditionally seasonally-weighted towards the second half, so with H1 19 revenues of approximately \$35m and a closing net cash position of \$19.3m, we believe our FY 19E forecasts of \$70.7m and \$23.6m respectively to be achievable. We leave estimates unchanged following the release, but believe the commercial progress delivered during H1 and the successful completion of the transformation programme give further grounds for optimism in the outlook.

- On track for FY 19E:** The release confirms that the Board's expectations for FY 19E financial performance are unchanged. Management expect H1 19 revenues of \$35m. Although a decline on H1 18, this is approximately half of our FY 19E forecast. With revenues being seasonally weighted to H2, we believe this is a positive signal towards the full-year outcome.
- Good commercial progress:** Amino reported a number of contract wins across the globe during H1 19. These include the first major sale of AminoOS through the group's new Original Design Manufacturer partnership (for a top-tier pay TV operator in Asia), the first deployment of Amino TV on a multi-tenanted platform (Netherlands) and the deployment of AminoOS powered devices in the USA and Bolivia.
- Transformation program complete:** The release confirms the transformation programme announced in February 2019 was successfully completed in April 2019. With an enhanced focus on software, services and value-add hardware, management is confident the resulting \$5m annual cost savings will be delivered.
- Cash position remains solid:** Net cash at 31 May 2019 was confirmed at \$19.3m, a \$4.3m improvement on H1 18, reflecting strong margins and cash flow. Cash receipts are also seasonally weighted to the second half and we note that H2 18 saw a cash inflow of \$5.3m.

As we have noted in previous reports, Amino has faced challenging market conditions over the past few years. The restructuring programme announced in February was designed to tackle these challenges and in our view, today's announcement, together with the recent contract wins provide early evidence that the programme is working. Furthermore, guidance on FY 19E results provides further grounds for reassurance around the near-term outlook for financials.

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)	3.3x	4.0x	4.2x	4.2x
PER (x)	5.6x	7.7x	9.3x	9.2x
Dividend yield	7.2%	7.9%	7.9%	7.9%

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)	0.7	0.8	1.0	1.0
EV/EBITDA (x)	3.3	4.0	4.2	4.2
EV/NOPAT (x)	4.5	6.1	6.8	6.6
PER (x)	5.6	7.7	9.3	9.2
Dividend yield	7.2%	7.9%	7.9%	7.9%
FCF yield	17.7%	11.1%	12.3%	13.7%

Source: Company information and Progressive Equity Research estimates

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