

AMINO TECHNOLOGIES

TECHNOLOGY HARDWARE AND EQUIPMENT

AMO.L

89.50p

Market Cap: £49.3m

SHARE PRICE (p)



12m high/low

102.75p/77.67p

Source: LSE Data

KEY INFORMATION

Enterprise value	£29.8m
Index/market	AIM/LSE
Next news	Interims, 14 July 2014
Gearing	N/A
Interest cover	N/A

**AMINO TECHNOLOGIES IS A RESEARCH
CLIENT OF PROGRESSIVE**

ANALYSTS

Gareth Evans
 +44 (0)20 7349 5156
 gevens@progressive-research.com

Ian Poulter
 +44 (0)20 7349 5156
 ipoulter@progressive-research.com

In-line interim trading update

Progressive dividend policy extended

At the time of its FY13 results announcement in January, Amino's outlook statement anticipated delivery of a financial performance in line with market expectations for both profitability and cash generation in FY14. It also noted that revenue would show a second half seasonal weighting in line with that seen in prior years. Today's trading update for the first half of FY14 supports those comments and includes a strong closing net cash balance of £19.7 million. It also flags growing success in Latin America and Eastern Europe. In addition, the company's commitment to a progressive dividend policy is extended by a further two years. This solid update provides support for our full year estimates and we leave them unchanged.

- Amino reiterates guidance on seasonality in noting that it expects to report revenue returning to a traditional second half weighting. We expect this to be realised in something like a 45/55 split compared to a 56/44 first-half biased outturn in FY13 - which is likely to produce a lower year-on-year comparison.
- The update also reports continued good performance from its US operations and 'growing levels of engagement' in Latin America and Eastern Europe. The latter two markets are likely to produce higher volumes of sales at the lower-priced end of Amino's product range, but with margins comparable to their higher-priced products normally sold to wealthier economies.
- The company continues to invest in the development of a broader-based solutions offering which is directed at underpinning Amino's positive momentum in existing markets as well as increasing its total addressable market. The Board has previously expressed confidence that these measures will have a positive effect on revenues from 2015.
- Amino is pre-announcing an interim dividend of 1.15p per share - a 15% increase on H1 13. It also says that it is extending its commitment to a progressive dividend policy for a further two years up to and including the year ending November 2016. It will give further details on its dividend policy at the time of the interim results announcement in July. Our current estimates include a 15% increase in the dividend for FY14 and 12.5% for FY15. Those compare to growth in our estimates for Adjusted EPS of around 8% in each period.

Overall a solid update, and we leave forecasts unchanged.

FYE NOVEMBER	2011	2012	2013	2014E	2015E
Revenue (£m)	51.8	41.7	35.9	35.9	38.6
Adjusted EBITDA (£m)	4.5	6.2	6.0	6.3	6.7
Adjusted PBT (£m)	1.8	2.9	3.4	3.6	3.9
Adjusted EPS (p)	3.3	5.6	6.3	6.8	7.3
EV/Sales	0.6x	0.7x	0.8x	0.8x	0.8x
EV/ Adj. EBITDA	6.7x	4.8x	4.9x	4.7x	4.4x
P/E	27.5x	16.0x	14.2x	13.1x	12.2x
Dividend Yield (%)	2.2%	3.4%	3.9%	4.4%	5.0%

Source: Company Information and Progressive Equity Research estimates

AMINO FINANCIAL FORECASTS

Year ended November	FY-11	FY-12	FY-13	FY-14	FY-15
	£m	£m	£m	£m	£m
Profit & Loss	Act	Act	Act	Est	Est
Revenue £m	51.8	41.7	35.9	35.9	38.6
Adj EBITDA £m	4.5	6.2	6.0	6.3	6.7
Adj EBIT £m	1.8	2.9	3.3	3.6	3.9
Reported PBT	(0.6)	2.9	4.2	3.6	3.9
PBT before exceptionals and AAG	1.7	2.9	3.4	3.6	3.9
Fully adj PBT	1.8	2.9	3.4	3.6	3.9
NOPAT	1.8	2.9	3.3	3.6	3.9
Reported EPS	(0.4)	5.4	7.8	6.7	7.2
EPS before exceptionals and AAG	3.1	5.5	6.4	6.7	7.2
Fully adj EPS	3.3	5.6	6.3	6.8	7.3
Dividend per share p	2.0	3.0	3.5	4.0	4.5
Cash flow & Balance sheet					
Operating cash flow	13.7	6.0	7.1	6.0	6.4
Free Cash flow £m	11.6	3.0	4.4	3.3	3.6
FCF per share p	21.4	5.7	8.3	6.3	6.8
Capex	(2.7)	(2.3)	(2.9)	(2.5)	(3.5)
Acquisitions	0.0	0.0	0.0	0.0	0.0
Net cash flow	11.6	3.0	2.1	1.7	0.8
Shares issued	(1.1)	0.0	0.3	0.0	0.0
Net cash/(debt)	14.1	17.1	19.5	21.2	22.1
Metrics	FY-11	FY-12	FY-13	FY-14	FY-15
Revenue growth	17.8%	-19.5%	-14.0%	0.0%	7.7%
Adj EBITDA growth	496.7%	40.0%	-3.2%	4.9%	5.5%
Adj EBIT growth	69.2%	63.9%	14.8%	9.1%	7.7%
Adj PBT growth	67.8%	66.3%	16.4%	6.0%	7.7%
Adj EPS growth	75.6%	72.0%	12.8%	8.1%	7.7%
Dividend growth		50.0%	15.0%	15.0%	12.5%
Adj EBIT margins	3.4%	6.9%	9.2%	10.1%	10.1%
Operating cash conversion	308.1%	95.5%	116.7%	95.3%	95.5%
Capex/Depreciation	99%	67%	106%	91%	125%
Valuation	FY-11	FY-12	FY-13	FY-14	FY-15
EV/sales	0.6	0.7	0.8	0.8	0.8
EV/EBITDA	6.7	4.8	4.9	4.7	4.4
EV/NOPAT	16.9	10.3	9.0	8.2	7.6
PER	27.5	16.0	14.2	13.1	12.2
Dividend yield	2.2%	3.4%	3.9%	4.4%	5.0%
FCF yield	23.9%	6.3%	9.2%	7.0%	7.6%

Source: Progressive Equity Research estimates

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