

AUDAX RENOVABLES

2021-26 strategic plan: our views

- **>4GW in operation by 2026.** Audax presented yesterday its 2021-26 strategic plan, which is along the lines of past presentations. Audax reiterated the target of growing in renewables, and the plan integrates the new MWs in its supply business. In more detail:
 - a) Capacity in operation should reach 200-250MW by end-2021 (vs. 106MW today), in line with our estimates. Growth should accelerate from 2022, reaching a run-rate of 750MW p.a. from 2023 onwards. The target is to reach >4GW in operation in 2026 (vs. our 3.2-3.3GW estimate), for which Audax has already secured a pipeline of 2.3GW and an additional 1.8GW in early stages of development.
 - b) Electricity sold should almost double from 10.5TWh in 2020 to >20TWh in 2026, above our 19TWh estimate, with a special focus on mid-sized SMEs in Spain as they have a lower churn ratio than retail, whilst their demand curves fit better with the solar production profile.
 - c) As a result, EBITDA is expected to increase from €66m in 2020 to €400m in 2026, well above our €270-275m estimate.
- **How will the plan be financed?** According to our estimates, adding 4GW would imply a €1.8-2.0bn investment. This would push net debt up from €250m in 2020 to €1.5-2.0bn, implying >4X debt/EBITDA, above the 3.5X maximum target set by Audax. The company has ruled out a capital increase “in the short-term”, but we believe it will be needed as investments in new capacity accelerate. We include a €100m capital increase in our estimates.
- **Upside risk to estimates, but delivery is key.** Given the targets set out in the plan, we believe there is upside risk to our estimates for Audax. However, the targets look challenging, and delivery becomes key in a context in which Audax’s capacity in operation is small compared to its growth plans. Financing the growth will also be a question mark given the strong investment effort that it would imply, and we think that the company should consider strengthening its financial structure first in order to improve the visibility of the expected growth. Overall, the plan makes sense and will allow Audax to become a relevant integrated renewable player in the medium term.

Financial Ratios	FY18	FY19	FY20	FY21E	FY22E	FY23E
EBITDA (€m)	45	73	66	72	102	147
Net profit (€m)	9	25	26	27	46	75
EPS (€)	0.02	0.06	0.06	0.06	0.10	0.17
Adj. EPS (*) (€)	0.03	0.05	0.03	0.06	0.10	0.17
P/E (x)	63.1	37.1	27.2	33.8	19.6	12.1
P/E Adj. (x)	41.6	43.4	50.8	33.8	19.6	12.1
EV/EBITDA (x)	18.0	14.7	14.4	16.9	13.6	10.5
Debt/EBITDA (x)	6.8	2.5	3.7	4.5	4.8	4.4
P/BV (x)	3.5	7.7	5.0	5.6	4.4	3.2
ROE (%)	10.1	19.0	10.6	17.6	25.2	30.7
DPS (€)	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	1.4	0.0	0.0	0.0

(*) Historical multiples based on average share price of the year

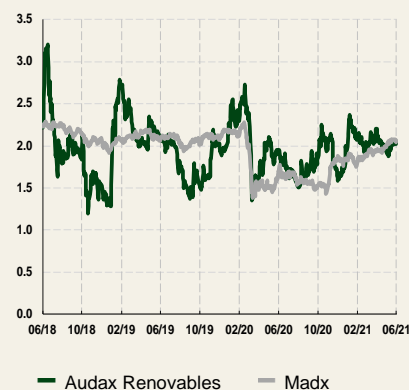
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Share Price € 2.05

ADXR.MC / ADX SM

Market Cap € 903 m
 Enterprise Value € 1,224 m
 Free Float € 204 m
 N° Shares 440 m
 Average Daily Volume € 3 m

Performance	1m	3m	12m
Absolute %	6.2	5.7	5.2
Relative %	5.5	-4.8	-18.9



— Audax Renovables — Madx

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KEY DATA

P&L account (EURm)	FY19	FY20	FY21E	FY22E	FY23E	FY24E
Sales	1,044	969	1,163	1,393	1,582	1,747
Cost of sales	(917)	(854)	(1,027)	(1,223)	(1,357)	(1,478)
Gross margin	127	115	136	170	225	269
Opex	(58)	(65)	(64)	(68)	(77)	(88)
EBITDA adjusted	68	50	72	102	147	181
Assets disposals	5	16	0	0	0	0
EBITDA reported	73	66	72	102	147	181
Depreciation & Amortization	(26)	(20)	(20)	(23)	(33)	(36)
EBIT	47	47	52	79	114	145
Financial costs	(16)	(13)	(21)	(24)	(28)	(33)
Associates	(0)	(0)	(0)	(0)	(0)	(0)
Ordinary profit	31	34	31	55	87	112
Extraordinary items	2	0	0	0	0	0
Pre-tax Profit	33	34	31	55	87	112
Taxes	(2)	(4)	(4)	(7)	(10)	(14)
Discontinued activities	0	0	0	0	0	0
Minorities	(6)	(4)	(1)	(2)	(1)	(1)
Net profit	25	26	27	46	75	98
Nº of shares (m)	440	440	440	440	440	440
Nº of shares adjusted (m)	440	440	440	440	440	440
Treasury stock (m)	0	0	0	0	0	0
YoY Growth	FY19	FY20	FY21E	FY22E	FY23E	FY24E
Sales	5.8%	(7.1%)	20.0%	19.8%	13.5%	10.5%
EBITDA adjusted	52.4%	(26.7%)	44.5%	40.8%	44.5%	22.9%
EBITDA reported	37.2%	(9.3%)	9.0%	40.8%	44.5%	22.9%
Net profit	182.5%	3.8%	1.3%	72.7%	61.7%	30.7%
Revenues by business	FY19	FY20	FY21E	FY22E	FY23E	FY24E
Supply	96.9%	98.3%	98.4%	97.9%	96.1%	94.5%
Generation	3.1%	1.7%	1.6%	2.1%	3.9%	5.5%
EBITDA by business	FY19	FY20	FY21E	FY22E	FY23E	FY24E
Supply	62.4%	82.4%	81.5%	79.6%	68.9%	61.2%
Generation	37.6%	17.6%	18.5%	20.4%	31.1%	38.8%
Per share data	FY19	FY20	FY21E	FY22E	FY23E	FY24E
EPS	0.06	0.06	0.06	0.10	0.17	0.22
EPS adjusted	0.05	0.03	0.06	0.10	0.17	0.22
CFPS	0.10	0.08	0.11	0.16	0.24	0.30
FCFPS	0.18	(0.04)	(0.07)	(0.38)	(0.36)	(0.44)
BVPS	0.28	0.33	0.36	0.47	0.64	0.86
DPS	0.00	0.02	0.00	0.00	0.00	0.00
Cash flow (EURm)	FY19	FY20	FY21E	FY22E	FY23E	FY24E
Net profit	25	26	27	46	75	98
Depreciation	26	20	20	23	33	36
Minorities	6	4	1	2	1	1
Non-cash adjustments	(12)	(16)	(2)	(3)	(2)	(1)
Total cash-flow (CF)	45	33	46	69	107	133
Capex	(2)	(17)	(74)	(227)	(262)	(322)
Working capital	35	(32)	(4)	(7)	(4)	(6)
Operating FCF	79	(16)	(31)	(165)	(158)	(195)
Financial investments	0	0	0	0	0	0
Rights issues	0	0	0	0	0	0
Disposals/(acquisitions)	47	(135)	(40)	0	0	0
Other	(2)	85	0	0	0	0
FCF before dividends	124	(65)	(71)	(165)	(158)	(195)
Dividends	0	0	(10)	0	0	0
Free-cash-flow (FCF)	124	(65)	(81)	(165)	(158)	(195)
Buy-backs	0	0	0	0	0	0
FCF after buy backs	124	(65)	(81)	(165)	(158)	(195)
Balance sheet (EURm)	FY19	FY20	FY21E	FY22E	FY23E	FY24E
Equity	122	143	160	206	281	378
Minority interests	33	8	8	8	8	8
Provisions & others	19	19	19	19	19	19
Net debt [cash]	182	248	329	494	652	848
Capital invested	357	418	516	727	960	1,253
Intangible assets	244	297	297	297	297	297
Tangible assets	75	87	181	385	614	900
Financial assets	108	72	72	73	73	73
Associates	7	7	7	7	7	7
Working capital	(78)	(46)	(42)	(35)	(31)	(25)
Capital employed	357	418	516	727	960	1,253
Working capital/sales	-7.4%	-4.7%	-3.6%	-2.5%	-2.0%	-1.4%
Financial ratios	FY19	FY20	FY21E	FY22E	FY23E	FY24E
Net debt/EBITDA	2.5X	3.7X	4.5X	4.8X	4.4X	4.7X
Gearing	117.1%	164.1%	196.1%	231.0%	226.1%	219.6%
Interest cover	3.0X	3.6X	2.5X	3.3X	4.1X	4.4X
Margins & ratios	FY19	FY20	FY21E	FY22E	FY23E	FY24E
EBITDA margin	6.5%	5.2%	6.2%	7.3%	9.3%	10.4%
EBIT margin	4.5%	4.8%	4.5%	5.7%	7.2%	8.3%
Effective tax rate	5.1%	11.4%	11.3%	11.8%	12.1%	12.2%
Pay-out	0.0%	37.9%	0.0%	0.0%	0.0%	0.0%
ROCE (EBIT/CE)	13.2%	11.2%	10.1%	10.9%	11.9%	11.6%
ROE	19.0%	10.6%	17.6%	25.2%	30.7%	29.6%

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