

AUDAX RENOVABLES

Sells 49% stake in a JV with 70MW in Spain

- Details.** Audax has announced it has reached an agreement with IKAV to sell a 49% stake in a portfolio of PV assets in Spain with 69.5MW for an equity value of €9m. In addition, IKAV will contribute with €30m debt to the SPV. Audax will have a call option for the stake in the future. Lastly, Both IKAV and Audax will co-develop (we understand that in similar conditions) a portfolio of up to 160MW PV assets with expected RTB in 2022-23.
- Good news.** The sale of these assets is good news for Audax, as it would allow it to reduce its corporate debt by c.8% (c.€39m including the financing contributed by IKAV), crystallise value from these assets (€2m capital gains) and finance the new 160MW that will be co-developed. That said, the price obtained (€0.69m/MW) is below our €0.8m/MW estimated value for these assets, which could be explained by the fact of IKAV is acquiring a minority stake in the assets with Audax keeping their control.
- Debt remains high.** According to our estimates, corporate debt/EBITDA will fall from 5.8X to 5.3X in 2022 following the deal. This is still very high, and we believe Audax should continue focusing on reducing its debt to levels <3X, especially in a context in which the company has a strong capex effort ahead to develop its >2GW pipeline in Spain. Further asset sales and a rights issue (€100m?) should be the way forward in our view, as we mentioned on previous occasions.
- Our view.** Audax shares are down >45% in L12M, underperforming both its peers and the Ibex 35 (-11%), and now trade at a discount to its peers given both the operating headwinds suffered in the supply business and the increase in debt. We expect this discount to narrow once the company delivers operationally and de-risks financially.

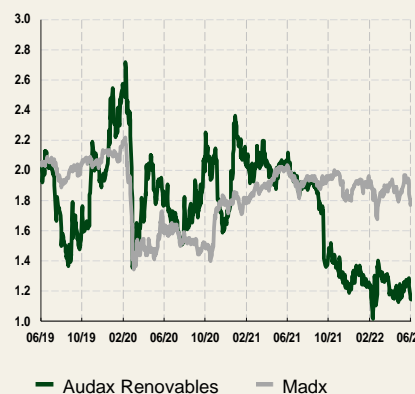
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Share Price (*) € 1.15
*Share price at the close of 15 June 2022

ADX.R.MC / ADX.SM

Market Cap € 505 m
Enterprise Value € 970 m
Free Float € 86 m
Nº Shares 440 m
Average Daily Volume € 497 k

Performance	1m	3m	12m
Absolute %	-7.9	-12.8	-45.3
Relative %	-4.3	-11.6	-37.3



Financial Ratios	FY19	FY20	FY21	FY22E	FY23E	FY24E
EBITDA (€m)	73	66	53	72	94	120
Net profit (€m)	25	26	3	11	25	43
EPS (€)	0.06	0.06	0.01	0.02	0.06	0.10
Adj. EPS (*) (€)	0.05	0.03	0.01	0.02	0.06	0.10
P/E (x)	37.1	27.2	283.6	46.7	20.2	11.7
P/E Adj. (x)	43.4	50.8	272.6	46.7	20.2	11.7
EV/EBITDA (x)	14.2	13.7	22.9	13.5	11.4	10.0
Debt/EBITDA (x)	2.0	3.6	8.4	7.0	6.4	6.1
P/BV (x)	7.7	5.0	5.9	3.4	2.9	2.3
ROE (%)	19.0	10.6	2.1	7.6	15.6	22.2
DPS (€)	0.01	0.02	0.00	0.00	0.00	0.00
Dividend yield (%)	0.5	1.4	0.0	0.0	0.0	0.0

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

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KEY DATA

P&L account (€ m)	FY19	FY20	FY21	FY22E	FY23E	FY24E
Sales	1,044	969	1,690	1,694	1,695	1,717
Cost of sales	(917)	(854)	(1,561)	(1,540)	(1,511)	(1,494)
Gross margin	127	115	129	153	185	223
Opex	(58)	(65)	(76)	(81)	(91)	(104)
EBITDA adjusted	68	50	53	72	94	120
Assets disposals	5	16	(0)	0	0	0
EBITDA reported	73	66	53	72	94	120
Depreciation & Amortization	(26)	(20)	(22)	(23)	(28)	(29)
EBIT	47	47	31	49	66	90
Financial costs	(16)	(13)	(28)	(30)	(32)	(37)
Associates	(0)	(0)	(0)	(0)	(0)	(0)
Ordinary profit	31	34	3	18	33	53
Extraordinary items	2	0	2	0	0	0
Pre-tax Profit	33	34	4	18	33	53
Taxes	(2)	(4)	(3)	(5)	(7)	(9)
Discontinued activities	0	0	0	0	0	0
Minorities	(6)	(4)	2	(3)	(2)	(1)
Net profit	25	26	3	11	25	43
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	FY21	FY22E	FY23E	FY24E
Sales	5.8%	(7.1%)	74.4%	0.2%	0.1%	1.3%
EBITDA adjusted	52.4%	(26.7%)	6.0%	35.5%	31.0%	27.0%
EBITDA reported	37.2%	(9.3%)	(20.3%)	35.9%	31.0%	27.0%
Net profit	182.5%	3.8%	(89.2%)	280.9%	131.5%	72.5%

Revenues by business	FY19	FY20	FY21	FY22E	FY23E	FY24E
Supply	96.9%	98.3%	99.0%	98.4%	97.6%	96.5%
Generation	3.1%	1.7%	1.0%	1.6%	2.4%	3.5%

EBITDA by business	FY19	FY20	FY21	FY22E	FY23E	FY24E
Supply	62.4%	76.6%	75.7%	72.4%	71.1%	69.7%
Generation	37.6%	23.4%	24.3%	27.6%	28.9%	30.3%

Per share data	FY19	FY20	FY21	FY22E	FY23E	FY24E
EPS	0.06	0.06	0.01	0.02	0.06	0.10
EPS adjusted	0.05	0.03	0.01	0.02	0.06	0.10
CFPS	0.10	0.08	0.06	0.08	0.13	0.17
FCFPS	0.18	(0.04)	(0.24)	(0.13)	(0.23)	(0.29)
BVPS	0.28	0.33	0.31	0.34	0.39	0.49
DPS	0.01	0.02	0.00	0.00	0.00	0.00

Cash flow (€ m)	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net profit	25	26	3	11	25	43
Depreciation	26	20	22	23	28	29
Minorities	6	4	(2)	3	2	1
Non-cash adjustments	(12)	(16)	4	(0)	1	2
Total cash-flow (CF)	45	33	28	36	56	75
Capex	(2)	(19)	(81)	(110)	(171)	(215)
Working capital	35	(32)	(52)	16	14	10
Operating FCF	79	(17)	(106)	(58)	(101)	(130)
Financial investments	0	0	0	0	0	0
Rights issues	0	0	0	0	0	0
Disposals/(acquisitions)	47	(135)	(50)	0	0	0
Other	38	64	(43)	0	0	0
FCF before dividends	164	(88)	(200)	(58)	(101)	(130)
Dividends	(2)	(5)	(10)	0	0	0
Free-cash-flow (FCF)	163	(92)	(210)	(58)	(101)	(130)
Buy-backs	0	0	0	0	0	0
FCF after buy backs	163	(92)	(210)	(58)	(101)	(130)

Balance sheet (€ m)	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity	122	143	137	148	173	216
Minority interests	33	8	12	12	12	12
Provisions & others	24	24	26	26	26	26
Net debt [cash]	144	236	446	504	604	734
Capital invested	323.8	411.387	621.369	689.8355	815.4867	988.2576
Intangible assets	244	297	338	338	338	338
Tangible assets	75	87	117	204	347	532
Financial assets	75	65	149	147	144	141
Associates	7	7	10	10	10	10
Working capital	(78)	(46)	7	(9)	(23)	(33)
Capital employed	323.8	411.387	621.369	689.8355	815.4867	988.2576
Working capital/sales	-7.4%	-4.7%	0.4%	-0.5%	-1.4%	-1.9%

Financial ratios	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net debt/EBITDA	2.0X	3.6X	8.4X	7.0X	6.4X	6.1X
Net debt/EBITDA (*)	2.0X	4.4X	8.4X	6.3X	5.2X	4.6X
Gearing	92.6%	156.5%	299.6%	315.4%	327.2%	322.1%
Interest cover	301.6%	362.3%	110.0%	161.0%	203.4%	245.8%

(*) Corporate net debt

Margins & ratios	FY19	FY20	FY21	FY22E	FY23E	FY24E
EBITDA margin	6.5%	5.2%	3.1%	4.2%	5.6%	7.0%
EBIT margin	4.5%	4.8%	1.8%	2.9%	3.9%	5.2%
Effective tax rate	5.1%	11.4%	72.1%	26.9%	20.4%	17.5%
Pay-out	18.5%	37.9%	0.0%	0.0%	0.0%	0.0%
ROCE (EBIT/CE)	14.5%	11.4%	5.0%	7.1%	8.1%	9.1%
ROE	19.0%	10.6%	2.1%	7.6%	15.6%	22.2%

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