

AUDAX RENEWABLES

Fine-tuning estimates after Q1 results

- Q1 results roughly in line.** Gross margin was flat at €30m in Q1, roughly in line with our estimates. Spain gross margin fell 11% to €18m, impacted by a c.25% fall in unit margins, affected by the client mix and pool price volatility. International markets grew by 22%, driven by the Hungary acquisition. EBITDA grew by 4% to €13m, in line. Net profit grew by 6% to €1.5m.
- Solid growth in customers.** Customers grew by 5% QoQ to 540K (+25k), with Spain growing by 7% (+21K to 325k customers) and international markets by 2% (+4k to 216k). This is remarkable, especially in Spain, considering the strong competitive environment. Clients grew by 48% YoY, positively impacted by the acquisition of >80k clients in Hungary last year.
- Growth focused on renewables.** Capacity in operation grew by 15MW to 106MW (60MW in Spain & 46MW abroad). There are an additional 115MW under construction (all in Spain) that will be commissioned before year-end. Growth will accelerate from 2022 thanks to the >2GW pipeline acquired, with new capacity reaching 400MW in 2022 and 650MW in 2023 (Audax's target is to grow by 750MW p.a. from 2023).
- Net debt remains high.** Net debt increased from €248m in Q4 to €328m in Q1 (4.6X EBITDA), impacted by the renewable pipeline acquisition announced in December and an increase in WC (€45-50m) triggered by the increase in electricity & gas prices (Audax collects from clients with 1-2M delay). We expect net debt to end the year at €330m, roughly in line with current levels, as the WC improvement should be offset by capex in renewables. We expect capex to accelerate over 2022-23, pushing up net debt to €730-740m in 2023, implying 5.1X EBITDA. This is high and should be cut, either through disposals of "old" assets (91MW in operation) and/or a capital increase.
- Fine-tuning estimates.** We are making minor changes to estimates after Q1 results. Despite the seasonal impact on margins, client additions remain strong. This is key as, on the one hand, size is relevant for the supply business to improve its profitability. On the other, it increases the visibility of the growth plans in renewables, giving Audax the alternative to sell the new electricity produced to its clients and lowering its dependence on PPAs. This will allow the company to become a relevant player in the renewable sector.

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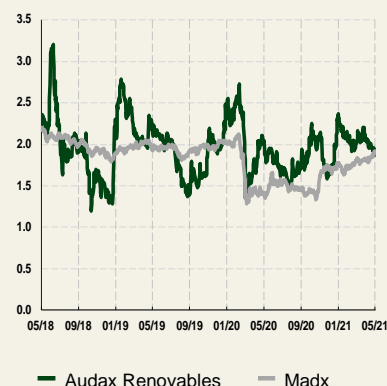
Share Price € 2.02

ADX.MC / ADX SM

Market Cap € 889 m
Enterprise Value € 1,211 m
Free Float € 148 m
Nº Shares 440 m
Average Daily Volume € 2 k

Performance 1m 3m 12m

Absolute % -6.9 -6.9 -3.1
Relative % -12.1 -19.0 -40.3



Financial Ratios	FY18	FY19	FY20	FY21E	FY22E	FY23E
EBITDA (€m)	45	68	50	71	99	144
Net profit (€m)	9	25	26	26	44	70
EPS (€)	0.02	0.06	0.06	0.06	0.10	0.16
Adj. EPS (*) (€)	0.03	0.05	0.03	0.06	0.10	0.16
P/E (x)	63.1	37.1	27.2	34.6	20.3	12.7
P/E Adj. (x)	41.6	43.4	50.8	34.6	20.3	12.7
EV/EBITDA (x)	18.0	15.8	19.1	17.0	13.9	11.2
Debt/EBITDA (x)	6.8	2.7	4.9	4.6	5.0	5.1
P/BV (x)	3.5	7.7	5.0	5.6	4.4	3.3
ROE (%)	10.1	19.0	10.6	17.0	24.2	29.5
DPS (€)	0.00	0.00	0.02	0.00	0.00	0.00
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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AUDAX: QUARTERLY P&L REVIEW

(€ m)	1Q20	2Q20	3Q20	4Q20	1Q21	% YoY	1Q21E	Dif. Est
Gross Margin	30.0	23.0	29.0	32.9	30.0	(0%)	29.7	1%
o/w Supply	20.0	15.2	23.1	18.4	17.8	(11%)	18.0	(1%)
o/w Generation	10.1	7.8	5.9	14.5	12.2	22%	11.7	5%
EBITDA	12.3	10.4	17.4	26.4	12.8	4%	15.7	(18%)
o/w Supply	6.4	7.4	13.6	9.8	7.8	21%	7.0	11%
o/w Generation	5.8	3.0	3.7	16.6	5.0	(14%)	8.7	(43%)
Net profit	7.1	5.7	12.6	21.3	8.0	11%	11.2	(29%)

Source: Alantra Equities

AUDAX: SUPPLY BUSINESS KPIs

	1Q20	2Q20	3Q20	4Q20	1Q21	% YoY	% QoQ
Supply Points ('000)	365.5	384.6	492.3	514.9	540.1	48%	5%
o/w Iberia	249.9	264.5	286.9	303.7	324.6	30%	7%
o/w Electricity	211.4	222.0	238.7	251.4	264.1	25%	5%
o/w Gas	38.5	42.5	48.2	52.3	60.5	57%	16%
o/w Rest of Europe	115.7	120.1	205.3	211.2	215.5	86%	2%
o/w Electricity	77.7	81.1	165.9	170.7	176.1	127%	3%
o/w Gas	37.9	39.0	39.4	40.6	39.4	4%	(3%)
Energy supplied (GWh)	2,721	1,649	1,920	4,182	4,400	62%	5%
o/w Iberia	1,120	837	1,002	1,352	1,283	15%	(5%)
o/w Electricity	849	700	808	1,139	910	7%	(20%)
o/w Gas	271	137	193	214	374	38%	75%
o/w Rest of Europe	1,601	812	918	2,830	3,117	95%	10%
o/w Electricity	641	545	520	2,229	1,933	202%	(13%)
o/w Gas	960	267	398	601	1,184	23%	97%

Source: Alantra Equities

AUDAX: SUPPLY MARGINS

(€ m)	1Q20	2Q20	3Q20	4Q20	1Q21	% YoY	% QoQ
Gross Profit	25.5	20.3	25.8	27.1	26.4	3%	(3%)
o/w Spain	18.9	14.4	21.9	15.6	16.6	(13%)	7%
o/w Rest of Europe	6.6	5.8	3.9	11.5	9.8	49%	(15%)
Unitary margin (€/MWh)	9.4	12.3	13.4	6.5	6.0	(36%)	(7%)
o/w Spain	16.9	17.2	21.9	11.5	12.9	(24%)	12%
o/w Rest of Europe	4.1	7.2	4.2	4.1	3.1	(24%)	(23%)

Source: Alantra Equities

AUDAX: GENERATION BUSINESS KPIs

	1Q20	2Q20	3Q20	4Q20	1Q21	% YoY	% QoQ
Total Generation (GWh)	60	43	43	58	48	(19%)	(17%)
o/w Spain	18	17	23	24	19	4%	(21%)
o/w France	8	7	6	9	9	6%	(1%)
o/w Poland	33	20	15	25	20	(38%)	(20%)
Installed Capacity (MW)	91	91	91	91	106	16%	17%
o/w Spain	45	45	45	45	60	35%	35%
o/w France	12	12	12	12	12	1%	0%
o/w Poland	35	35	35	34	34	(2%)	0%

Source: Alantra Equities

KEY DATA

P&L account (EURm)	FY19	FY20	FY21E	FY22E	FY23E	FY24E
Sales	1,044	969	1,162	1,391	1,578	1,754
Cost of sales	(917)	(854)	(1,027)	(1,223)	(1,357)	(1,478)
Gross margin	127	115	135	167	221	276
Opex	(58)	(65)	(64)	(68)	(77)	(91)
EBITDA adjusted	68	50	71	99	144	186
Assets disposals	5	16	0	0	0	0
EBITDA reported	73	66	71	99	144	186
Depreciation & Amortization	(26)	(20)	(20)	(23)	(33)	(38)
EBIT	47	47	51	76	111	147
Financial costs	(16)	(13)	(21)	(24)	(29)	(36)
Associates	(0)	(0)	(0)	(0)	(0)	(0)
Ordinary profit	31	34	30	52	81	111
Extraordinary items	2	0	0	0	0	0
Pre-tax Profit	33	34	30	52	81	111
Taxes	(2)	(4)	(3)	(6)	(10)	(14)
Discontinued activities	0	0	0	0	0	0
Minorities	(6)	(4)	(1)	(2)	(1)	(1)
Net profit	25	26	26	44	70	97
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%)	19.9%	19.7%	13.5%	11.2%
EBITDA adjusted	52.4%	(26.7%)	42.2%	39.5%	44.8%	29.0%
EBITDA reported	37.2%	(9.3%)	7.2%	39.5%	44.8%	29.0%
Net profit	182.5%	3.8%	(2.7%)	70.7%	60.1%	37.8%

Revenues by business	FY19	FY20	FY21E	FY22E	FY23E	FY24E
Supply	96.9%	98.3%	98.5%	98.1%	96.3%	94.1%
Generation	3.1%	1.7%	1.5%	1.9%	3.7%	5.9%

EBITDA by business	FY19	FY20	FY21E	FY22E	FY23E	FY24E
Supply	62.4%	82.4%	82.8%	81.7%	70.6%	59.7%
Generation	37.6%	17.6%	17.2%	18.3%	29.4%	40.3%

Per share data	FY19	FY20	FY21E	FY22E	FY23E	FY24E
EPS	0.06	0.06	0.06	0.10	0.16	0.22
EPS adjusted	0.05	0.03	0.06	0.10	0.16	0.22
CFPS	0.10	0.08	0.10	0.15	0.23	0.31
FCFPS	0.18	(0.04)	(0.07)	(0.38)	(0.54)	(0.50)
BVPS	0.28	0.33	0.36	0.46	0.62	0.84
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	26	44	70	97
Depreciation	26	20	20	23	33	38
Minorities	6	4	1	2	1	1
Non-cash adjustments	(12)	(16)	(2)	(3)	(2)	(1)
Total cash-flow (CF)	45	33	45	66	103	135
Capex	(2)	(17)	(74)	(227)	(339)	(346)
Working capital	35	(32)	(4)	(7)	(4)	(6)
Operating FCF	79	(16)	(32)	(167)	(240)	(218)
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)	(72)	(167)	(240)	(218)
Dividends	0	0	(10)	0	0	0
Free-cash-flow (FCF)	124	(65)	(82)	(167)	(240)	(218)
Buy-backs	0	0	0	0	0	0
FCF after buy backs	124	(65)	(82)	(167)	(240)	(218)

Balance sheet (EURm)	FY19	FY20	FY21E	FY22E	FY23E	FY24E
Equity	122	143	159	203	273	370
Minority interests	33	8	8	8	8	8
Provisions & others	19	19	19	19	19	19
Net debt [cash]	182	248	330	498	737	955
Capital invested	357	418	516	727	1,037	1,351
Intangible assets	244	297	297	297	297	297
Tangible assets	75	87	181	385	691	999
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	1,037	1,351
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	4.6X	5.0X	5.1X	5.1X
Gearing	117.1%	164.1%	198.0%	236.3%	262.6%	253.0%
Interest cover	3.0X	3.6X	2.5X	3.2X	3.8X	4.1X

Margins & ratios	FY19	FY20	FY21E	FY22E	FY23E	FY24E
EBITDA margin	6.5%	5.2%	6.1%	7.1%	9.1%	10.6%
EBIT margin	4.5%	4.8%	4.4%	5.5%	7.0%	8.4%
Effective tax rate	5.1%	11.4%	11.3%	11.8%	12.0%	12.2%
Pay-out	0.0%	37.9%	0.0%	0.0%	0.0%	0.0%
ROCE (EBIT/CE)	13.2%	11.2%	9.9%	10.5%	10.7%	10.9%
ROE	19.0%	10.6%	17.0%	24.2%	29.5%	30.1%

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