

AUDAX RENOVABLES

Q2 results above estimates

- Q2 results above.** Revenues fell by 29% in Q2 to €170m (1% above estimates), impacted by a mix of lower energy sales (-23%) & prices (-6%). Gross margin reached €23m, -32% YoY, but 10% above estimates. EBITDA fell by 44% in Q2 to €10m, including €1.5m Covid-related provision, 10% above our €9m estimate. Net profit reached €2.7m, above our €0.5m estimate, the difference due to a mix of lower financial costs & tax rate. Net debt reached €182m, flat vs. 4Q19, including the acquisition of minority stakes in its energy supply subsidiaries in Spain and the Netherlands for €54m (roughly in line).
- Performance by division.** 1) Generation revenues & EBITDA were down 72% & 76% to €2.7m & €1.5m respectively, in line with estimates, impacted by the asset sales made in 2019. 2) Supply gross margin reached €19.8m (-18% YoY), above our €18.2m estimate, with Spain & Portugal (€14.1m, -22%) roughly in line and Europe (€5.7m, -4%) 25% above. Supply EBITDA fell by 28% to €8.9m (€10.4m excluding provisions), above our €7.9m estimate.
- Weak energy sales, but resilient unitary margins.** Energy sales fell by 23% in Q2, 9% below estimates, accelerating vs. the -8% recorded in Q1 and impacted by the Covid-19 outbreak. The impact was more relevant in Spain & Portugal, with energy sales down 27% (vs. -5% in Q1), 13% lower than expected. The weaker sales were mitigated by stronger than expected unitary margins, which grew by 7% YoY (+28% QoQ) in Q2 to €12/MWh at group level. This is above our €10.1/MWh, driven by a combination of lower supply costs and better client mix, with increased weight of retail & SMEs vs. industrials. Margin in Iberia reached €16.9/MWh (+6% YoY, flat QoQ) and €7.0/MWh in Europe (+18% YoY).
- Strong client evolution.** Despite the pandemic, Audax added 19.1k clients to its portfolio in Q2, above our 9.5k estimate, with 14.6k in Iberia (vs. our 8.5k) and 4.5k in Europe (vs. our 1k). Clients reached 384.6k in Q2 (+21% YoY, +5% QoQ), of which 264.5k in Iberia (+32%) and 120.1k in Europe (+3%).
- Our view.** Overall, we value positively the Q2 release, which came out above expectations. Although energy sales were lower than expected, they were more than offset by higher than expected unitary margins (which is remarkable in the current context). In addition, the evolution of clients (which is the basis for future growth) surprised us positively, both in Iberia & Europe. We see some upside risk to our estimates; however, we are leaving them unchanged at this point to reflect the uncertain environment (risk of new outbreaks & lockdowns).

Financial Ratios	FY18	FY19	FY20E	FY21E	FY22E	FY23E
EBITDA (€m)	45	68	48	77	99	129
Net profit (€m)	9	25	10	33	49	71
EPS (€)	0.02	0.06	0.02	0.08	0.11	0.16
Adj. EPS (*) (€)	0.03	0.05	0.02	0.08	0.11	0.16
P/E (x)	63.1	37.1	77.5	23.0	15.5	10.7
P/E Adj. (x)	41.6	43.4	77.5	23.0	15.5	10.7
EV/EBITDA (x)	18.0	15.8	19.3	12.1	9.7	7.5
Debt/EBITDA (x)	6.8	2.7	4.9	3.1	2.7	2.2
P/BV (x)	3.5	7.7	5.8	4.6	3.6	2.7
ROE (%)	10.1	19.0	7.7	22.3	25.9	28.4
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

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

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Share Price € 1.73

Market Cap	€ 762 m
Enterprise Value	€ 925 m
Free Float	€ 127 m
Nº Shares	440 m
Average Daily Volume	€ 2 m

Performance	1m	3m	12m
Absolute %	7.3	-9.2	4.8
Relative %	13.9	-2.4	28.9



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AUDAX: QUARTERLY P&L REVIEW

(€ m)	2Q19	3Q19	4Q19	1Q20	2Q20	% YoY	2Q20E	Dif. Est
Revenues	237.5	256.4	260.7	234.2	169.6	(29%)	167.6	1%
o/w Supply	227.8	250.2	255.3	229.7	166.9	(27%)	164.9	1%
o/w Generation	9.8	6.2	5.4	4.5	2.7	(72%)	2.7	1%
Gross Margin	33.8	35.5	28.1	30.0	23.0	(32%)	20.9	10%
EBITDA	18.6	25.1	15.0	12.3	10.4	(44%)	9.4	11%
o/w Supply	12.4	15.2	9.9	8.7	8.9	(28%)	7.9	13%
o/w Generation	6.3	9.9	5.1	3.6	1.5	(76%)	1.5	0%
Net profit	5.2	11.8	6.9	1.4	2.7	(48%)	0.3	-

Source: Alantra Equities

AUDAX: SUPPLY BUSINESS KPIs

	2Q19	3Q19	4Q19	1Q20	2Q20	% YoY	% QoQ
Supply Points ('000)	317.2	326.4	338.1	365.5	384.6	21%	5%
o/w Iberia	200.3	210.3	224.5	249.9	264.5	32%	6%
o/w Electricity	176.0	183.1	192.8	211.4	222.0	26%	5%
o/w Gas	24.3	27.1	31.7	38.5	42.5	75%	10%
o/w Rest of Europe	117.0	116.1	113.6	115.7	120.1	3%	4%
o/w Electricity	76.6	76.9	76.4	77.7	81.1	6%	4%
o/w Gas	40.4	39.2	37.2	37.9	39.0	(3%)	3%
Energy supplied (GWh)	2,142	2,148	2,679	2,721	1,649	(23%)	(39%)
o/w Iberia	1,146	1,257	1,242	1,120	837	(27%)	(25%)
o/w Electricity	968	1,093	964	849	700	(28%)	(18%)
o/w Gas	178	164	278	271	137	(23%)	(49%)
o/w Rest of Europe	996	891	1,437	1,601	812	(18%)	(49%)
o/w Electricity	650	671	666	641	545	(16%)	(15%)
o/w Gas	346	220	771	960	267	(23%)	(72%)

Source: Alantra Equities

AUDAX: SUPPLY MARGINS

(€ m)	2Q19	3Q19	4Q19	1Q20	2Q20	% YoY	% QoQ
Gross Profit	24.0	29.4	22.7	25.5	19.8	(18%)	(23%)
o/w Spain	18.2	22.5	19.0	18.9	14.1	(22%)	(25%)
o/w Rest of Europe	5.9	6.9	3.7	6.6	5.7	(4%)	(14%)
Unitary margin (€/MWh)	11.2	13.7	8.5	9.4	12.0	7%	28%
o/w Spain	15.8	17.9	15.3	16.9	16.9	6%	(0%)
o/w Rest of Europe	5.9	7.7	2.6	4.1	7.0	18%	69%

Source: Alantra Equities

AUDAX: GENERATION BUSINESS KPIs

	2Q19	3Q19	4Q19	1Q20	2Q20	% YoY	% QoQ
Total Generation (GWh)	108.1	69.2	63.0	59.6	43.4	(60%)	(27%)
o/w Spain	82.6	48.0	29.7	18.3	17.2	(79%)	(6%)
o/w France	7.8	5.3	6.9	8.3	6.5	(17%)	(22%)
o/w Poland	17.7	15.9	26.4	33.0	19.7	11%	(40%)
Installed Capacity (MW)	185	127	91	91	91	(51%)	0%
o/w Spain	139	81	45	45	45	(68%)	0%
o/w France	12	11	12	12	12	(1%)	0%
o/w Poland	34	34	35	35	35	2%	0%

Source: Alantra Equities

KEY DATA

P&L account (EURm)	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Sales	987	1,044	821	1,261	1,446	1,608
Cost of sales	(883)	(917)	(717)	(1,129)	(1,289)	(1,416)
Gross margin	104	127	103	132	157	192
Opex	(59)	(58)	(55)	(55)	(59)	(63)
EBITDA adjusted	45	68	48	77	99	129
Assets disposals	9	5	0	0	0	0
EBITDA reported	53	73	48	77	99	129
Depreciation & Amortization	(25)	(26)	(20)	(21)	(24)	(31)
EBIT	28	47	28	56	75	98
Financial costs	(16)	(16)	(16)	(17)	(17)	(17)
Associates	(0)	(0)	(0)	(0)	(0)	(0)
Ordinary profit	12	31	12	39	58	81
Extraordinary items	(0)	2	0	0	0	0
Pre-tax Profit	12	33	12	39	58	81
Taxes	(2)	(2)	(1)	(5)	(7)	(10)
Discontinued activities	0	0	0	0	0	0
Minorities	(1)	(6)	(0)	(1)	(1)	(0)
Net profit	9	25	10	33	49	71
Nº of shares (m)	440	440	440	440	440	440
Nº of shares adjusted (m)	290	440	440	440	440	440
Treasury stock (m)	0	0	0	0	0	0

YoY Growth	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Sales	46.1%	5.8%	(21.4%)	53.6%	14.7%	11.2%
EBITDA adjusted	20.7%	52.4%	(30.0%)	60.5%	28.8%	30.7%
EBITDA reported	44.0%	37.2%	(34.7%)	60.5%	28.8%	30.7%
Net profit	9.1%	182.5%	(61.4%)	237.2%	48.4%	44.3%

Revenues by business	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Supply	96.4%	96.9%	98.1%	98.4%	98.1%	97.5%
Generation	3.6%	3.1%	1.9%	1.6%	1.9%	2.5%

EBITDA by business	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Supply	44.0%	62.4%	74.3%	79.2%	79.0%	76.2%
Generation	56.0%	37.6%	25.7%	20.8%	21.0%	23.8%

Per share data	FY18	FY19	FY20E	FY21E	FY22E	FY23E
EPS	0.03	0.06	0.02	0.08	0.11	0.16
EPS adjusted	0.03	0.06	0.02	0.08	0.11	0.16
CFPS	0.12	0.10	0.07	0.12	0.17	0.23
FCFPS	0.27	0.18	(0.02)	(0.00)	(0.07)	(0.04)
BVPS	0.37	0.28	0.30	0.38	0.49	0.65
DPS	0.00	0.00	0.00	0.00	0.00	0.00

Cash flow (EURm)	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Net profit	9	25	10	33	49	71
Depreciation	25	26	20	21	24	31
Minorities	1	6	0	1	1	0
Non-cash adjustments	(1)	(12)	(0)	(1)	(1)	(0)
Total cash-flow (CF)	34	45	30	54	73	102
Capex	(0)	(2)	(14)	(71)	(100)	(116)
Working capital	43	35	(23)	16	(6)	(2)
Operating FCF	77	79	(8)	(0)	(32)	(16)
Financial investments	0	0	0	0	0	0
Rights issues	0	0	0	0	0	0
Disposals/(acquisitions)	0	47	(45)	0	0	0
Other	(74)	(2)	0	0	0	0
FCF before dividends	3	124	(53)	(0)	(32)	(16)
Dividends	0	0	0	0	0	0
Free-cash-flow (FCF)	3	124	(53)	(0)	(32)	(16)
Buy-backs	0	0	0	0	0	0
FCF after buy backs	3	124	(53)	(0)	(32)	(16)

Balance sheet (EURm)	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Equity	106	122	132	165	214	285
Minority interests	33	33	18	18	18	18
Provisions & others	21	20	20	20	20	20
Net debt [cash]	307	182	235	236	267	284
Capital invested	468	358	406	439	520	608
Intangible assets	250	244	244	244	244	244
Tangible assets	167	75	99	148	224	310
Financial assets	87	109	109	109	109	109
Associates	7	7	7	7	7	7
Working capital	(43)	(78)	(54)	(70)	(65)	(63)
Capital employed	468	358	406	439	520	608
Working capital/sales	-4.3%	-7.4%	-6.6%	-5.6%	-4.5%	-3.9%

Financial ratios	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Net debt/EBITDA	5.7X	2.5X	4.9X	3.1X	2.7X	2.2X
Gearing	219.8%	117.1%	156.4%	128.4%	115.0%	93.5%
Interest cover	1.7X	3.0X	1.7X	3.3X	4.5X	5.7X

Margins & ratios	FY18	FY19	FY20E	FY21E	FY22E	FY23E
EBITDA margin	4.5%	6.5%	5.8%	6.1%	6.8%	8.0%
EBIT margin	2.9%	4.5%	3.4%	4.4%	5.2%	6.1%
Effective tax rate	15.1%	5.1%	12.5%	12.5%	12.5%	12.5%
Pay-out	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ROCE (EBIT/CE)	6.1%	13.1%	6.8%	12.6%	14.3%	16.2%
ROE	10.1%	19.0%	7.7%	22.3%	25.9%	28.4%

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