

AUDAX RENOVABLES

Good Q4 results, but leverage remains high

- Good Q4 results.** Gross margin grew by 30% to c.€43m in Q4, above our €33m estimate. The difference came from Spain, whose gross margin grew by >60% to c.€30m, (vs. our €20m estimate). Reported EBITDA fell by 18% to c.€22m, above our €16m estimate, with Spain growing by c.90% to €18m (above our c.€10m estimate). International EBITDA fell by 63% to €3m (below our c.€6m). Net profit reached €4.7m, below our €5.2m due to higher than expected financial expenses.
- Client evolution.** Audax's client base fell by 26K in Q4, from 544K to 518K, driven by Iberia, going down from 324K to 297K (international clients increased QoQ by 1K to 221K). This is below our 543K estimate, the difference coming from Spain (International was in line).
- Renewable capacity.** Audax connected 34MW in Q4, including 14MW in Spain and 20MW in Panama (net for its 30% stake in the project). Capacity in operation (ex-Panama, which is equity-accounted) reached 160MW, roughly in line with estimates.
- Net debt** increased from €384m to €443m, slightly above our €420m estimates. This implies 8.3XEbitda, which we believe is too high in a context in which debt will continue increasing in the coming years given the expected increase in renewable capacity. As a result, we believe Audax should cut its debt, either through asset sales or through a capital increase.
- Our view.** Q4 results came a bit above our estimates, showing a progressive recovery from the Q2 trough. We expect this operating recovery trend to continue, and in parallel, we expect the company to continue increasing its renewable capacity. This integrated strategy is positive in our view, and very attractive in the current context of high energy prices. Leverage, however, remains the company's weak spot for the company's equity story.

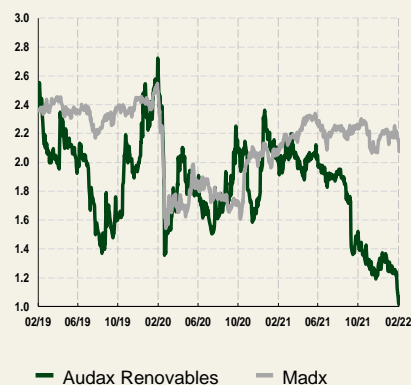
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Share Price € 1.06

ADXR.MC / ADX SM

Market Cap € 468 m
Enterprise Value € 1,216 m
Free Float € 106 m
Nº Shares 440 m
Average Daily Volume € 1 m

Performance	1m	3m	12m
Absolute %	-14.5	-16.9	-44.4
Relative %	-8.7	-10.3	-46.3



Financial Ratios	FY18	FY19	FY20	FY21E	FY22E	FY23E
EBITDA (€m)	45	68	66	47	81	103
Net profit (€m)	9	25	26	3	26	42
EPS (€)	0.02	0.06	0.06	0.01	0.06	0.10
Adj. EPS (*) (€)	0.03	0.05	0.03	0.01	0.06	0.10
P/E (x)	63.1	37.1	27.2	238.1	17.8	11.0
P/E Adj. (x)	41.6	43.4	50.8	238.1	17.8	11.0
EV/EBITDA (x)	18.0	15.2	14.2	26.0	10.7	9.1
Debt/EBITDA (x)	0.0	0.0	4.4	8.8	4.4	3.4
P/BV (x)	3.5	7.7	5.0	5.9	2.9	2.3
ROE (%)	10.1	19.0	10.6	2.4	17.5	23.1
DPS (€)	0.00	0.01	0.02	0.00	0.00	0.00
Dividend yield (%)	0.3	0.5	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)	4Q20	1Q21	2Q21	3Q21	4Q21	YoY	4Q21E	Dif. Est
Gross Margin	32.9	30.0	23.9	32.1	42.7	30%	33.4	28%
o/w Spain	18.4	17.8	11.2	16.7	29.8	62%	20.4	46%
o/w International	14.5	12.2	12.7	15.4	12.9	(11%)	13.1	(1%)
EBITDA	26.4	12.8	5.4	13.0	21.7	(18%)	15.5	40%
o/w Spain	9.8	7.8	0.4	5.1	18.3	87%	9.6	91%
o/w International	16.6	5.0	5.0	7.9	3.4	(79%)	5.9	(42%)
EBIT	21.3	8.0	0.5	6.7	15.9	(25%)	10.3	54%
Net profit attributable	17.9	1.5	(5.1)	1.8	4.7	(74%)	5.2	(10%)

Source: Alantra Equities

AUDAX: SUPPLY BUSINESS KPIs

	4Q20	1Q21	2Q21	3Q21	4Q21	YoY	QoQ
Supply Points ('000)	515	540	549	544	518	1%	(5%)
Iberia	304	325	329	324	297	(2%)	(8%)
Electricity	251	266	270	268	243	(3%)	(9%)
Gas	52	59	59	57	54	3%	(5%)
Rest of Europe	211	216	220	220	221	4%	0%
Electricity	171	174	178	178	176	3%	(1%)
Gas	41	41	41	41	44	9%	8%
Energy supplied (GWh)	4,182	4,421	3,456	3,523	4,000	(4%)	14%
o/w Iberia	1,352	1,291	1,133	1,240	1,226	(9%)	(1%)
o/w Electricity	1,139	914	934	997	966	(15%)	(3%)
o/w Gas	214	377	199	243	259	21%	7%
o/w Rest of Europe	2,830	3,130	2,323	2,283	2,774	(2%)	22%
o/w Electricity	2,229	1,941	1,866	1,716	2,216	(1%)	29%
o/w Gas	601	1,189	457	568	558	(7%)	(2%)

Source: Alantra Equities

AUDAX: GENERATION BUSINESS KPIs

	4Q20	1Q21	2Q21	3Q21	4Q21	YoY	QoQ
Total Generation (GWh)	58	48	49	44	60	2%	36%
o/w Spain	24	19	24	25	27	11%	9%
o/w France	9	9	7	4	8	(15%)	81%
o/w Poland	25	20	18	15	25	(1%)	69%
Installed Capacity (MW)	91	106	146	146	180	98%	23%
o/w Spain	45	60	100	100	114	156%	14%
o/w France	12	12	12	12	12	0%	0%
o/w Poland	34	34	34	34	34	0%	0%
o/w Panama	0	0	0	0	20	-	-

Source: Alantra Equities

KEY DATA

P&L account (€ m)	FY20	FY21E	FY22E	FY23E	FY24E
Sales	969	1,881	2,096	1,819	1,758
Cost of sales	(854)	(1,762)	(1,940)	(1,636)	(1,549)
Gross margin	115	119	157	183	209
Opex	(65)	(73)	(75)	(80)	(86)
EBITDA adjusted	50	47	81	103	123
Assets disposals	16	0	0	0	0
EBITDA reported	66	47	81	103	123
Depreciation & Amortization	(20)	(21)	(22)	(26)	(27)
EBIT	47	25	59	77	96
Financial costs	(13)	(25)	(27)	(27)	(30)
Associates	(0)	(0)	(0)	(0)	(0)
Ordinary profit	34	1	32	50	66
Extraordinary items	0	0	0	0	0
Pre-tax Profit	34	1	32	50	66
Taxes	(4)	0	(4)	(6)	(8)
Discontinued activities	0	0	0	0	0
Minorities	(4)	3	(2)	(1)	(1)
Net profit	26	3	26	42	57
Nº of shares (m)	440	440	440	440	440
Nº of shares adjusted (m)	440	440	440	440	440
Treasury stock (m)	0	0	0	0	0

YoY Growth	FY20	FY21E	FY22E	FY23E	FY24E
Sales	(7.1%)	94.1%	11.4%	(13.2%)	(3.3%)
EBITDA adjusted	(26.7%)	(6.8%)	73.8%	26.7%	19.3%
EBITDA reported	(9.3%)	(29.7%)	73.8%	26.7%	19.3%
Net profit	3.8%	(87.2%)	676.4%	62.0%	35.0%

Revenues by business	FY20	FY21E	FY22E	FY23E	FY24E
Supply	98.3%	99.1%	98.9%	98.2%	97.3%
Generation	1.7%	0.9%	1.1%	1.8%	2.7%

EBITDA by business	FY20	FY21E	FY22E	FY23E	FY24E
Supply	76.6%	72.6%	78.0%	76.9%	71.7%
Generation	23.4%	27.4%	22.0%	23.1%	28.3%

Per share data	FY20	FY21E	FY22E	FY23E	FY24E
EPS	0.06	0.01	0.06	0.10	0.13
EPS adjusted	0.03	0.01	0.06	0.10	0.13
CFPS	0.08	0.06	0.11	0.15	0.19
FCFPS	(0.04)	(0.20)	0.01	(0.14)	(0.24)
BVPS	0.33	0.31	0.37	0.47	0.60
DPS	0.02	0.00	0.00	0.00	0.00

Cash flow (€ m)	FY20	FY21E	FY22E	FY23E	FY24E
Net profit	26	3	26	42	57
Depreciation	20	21	22	26	27
Minorities	4	(3)	2	1	1
Non-cash adjustments	(16)	2	(2)	(2)	(1)
Total cash-flow (CF)	33	24	48	68	84
Capex	(17)	(37)	(80)	(143)	(189)
Working capital	(32)	(73)	38	14	(1)
Operating FCF	(16)	(86)	6	(61)	(105)
Financial investments	0	0	0	0	0
Rights issues	0	0	0	0	0
Disposals/(acquisitions)	(135)	(48)	0	0	0
Other	63	(40)	0	0	0
FCF before dividends	(88)	(174)	6	(61)	(105)
Dividends	(5)	(10)	0	0	0
Free-cash-flow (FCF)	(92)	(184)	6	(61)	(105)
Buy-backs	0	0	0	0	0
FCF after buy backs	(92)	(184)	6	(61)	(105)

Balance sheet (€ m)	FY20	FY21E	FY22E	FY23E	FY24E
Equity	143	137	163	205	263
Minority interests	8	8	8	8	8
Provisions & others	19	19	19	19	19
Net debt [cash]	236	420	414	475	581
Capital invested	406.434	583.72034	603.91567	707.5896	870.29663
Intangible assets	297	297	297	297	297
Tangible assets	87	151	209	325	487
Financial assets	61	101	101	102	102
Associates	7	7	7	7	7
Working capital	(46)	28	(10)	(24)	(23)
Capital employed	406.434	583.72034	603.91567	707.5896	870.29663
Working capital/sales	-4.7%	1.5%	-0.5%	-1.3%	-1.3%

Financial ratios	FY20	FY21E	FY22E	FY23E	FY24E
Net debt/EBITDA	3.6X	9.0X	5.1X	4.6X	4.7X
Net debt/EBITDA (*)	4.4X	8.8X	4.4X	3.4X	3.1X
Gearing	156.5%	291.0%	242.7%	223.0%	214.7%
Interest cover	362.3%	102.5%	217.5%	283.7%	320.9%

(*) Corporate net debt

Margins & ratios	FY20	FY21E	FY22E	FY23E	FY24E
EBITDA margin	5.2%	2.5%	3.9%	5.7%	7.0%
EBIT margin	4.8%	1.3%	2.8%	4.2%	5.4%
Effective tax rate	11.4%	(53.1%)	11.3%	11.7%	11.9%
Pay-out	37.9%	0.0%	0.0%	0.0%	0.0%
ROCE (EBIT/CE)	11.5%	4.3%	9.7%	10.8%	11.0%
ROE	10.6%	2.4%	17.5%	23.1%	24.5%

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