

AUDAX RENOVABLES

Strong Q1 results, above estimates

- Strong Q1 results.** Gross margin grew by 41% YoY to €51m in Q1, c.15% above our €43m estimate, with a stronger-than expected-contribution from the supply business (generation was a bit below). EBITDA grew by 47% to €23m, 7% above, with higher-than-expected opex. Net profit reached €2m, below our €7m estimate, but this included €6m negative impact from FX derivatives. Excluding them, net profit would have been c.10% above estimates.
- Strong margin recovery.** Supply unitary margin increased by c.60% to €11.5/MWh, driven by the recovery of the international business (from <€3/MWh to >€8/MWh). Margin in Spain also improved (from €18/MWh to €23/MWh), showing the impact from the market access agreement. Clients fell by 19% YoY (-3% QoQ with Spain -2% & International -4%), but energy sold was flat YoY (Spain -20%, International +9%). Supply EBITDA grew by >2X YoY to €19m, above our €13m estimate.
- Generation.** Installed capacity remained stable QoQ at 179MW (excluding 66MW in Panama). Generation output grew by 13% to 76GWh, 4% below, whilst the average price reached €82/MWh, also 4% below. Generation EBITDA reached €4m, vs. our €5m estimate.
- Net debt** remained flat QoQ at €367m, in line with our estimates. This implies 5.1X EBITDA (23E), which is still too high, and should be cut.
- Our view.** Audax has reported a strong set of results, demonstrating a higher than anticipated operating recovery, mainly due to the market access agreement with Shell in Spain and the improved margins in the international division. We see some upside risk to our estimates as a result. With the operating recovery ongoing, cutting leverage remains the pending issue.

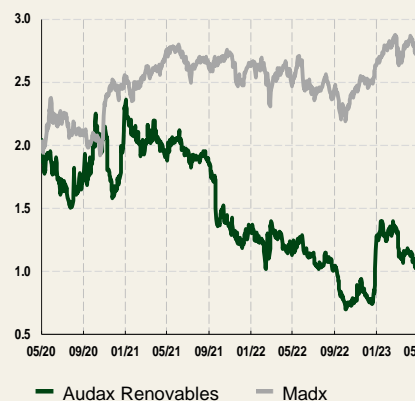
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Share Price (*) € 1.30
*Share at the close of 11 May 2023

ADX.MC / ADX SM

Market Cap € 572 m
Enterprise Value € 789 m
Free Float € 103 m
Nº Shares 440 m
Average Daily Volume € 300 k

Performance	1m	3m	12m
Absolute %	10.3	2.1	9.3
Relative %	11.3	1.5	-5.4



Financial Ratios	FY20	FY21	FY22	FY23E	FY24E	FY25E
EBITDA (€m)	66	47	54	72	89	107
Net profit (€m)	26	(2)	4	21	30	35
EPS (€)	0.06	(0.00)	0.01	0.05	0.07	0.08
Adj. EPS (*) (€)	0.03	(0.00)	0.00	0.05	0.07	0.08
P/E (x)	27.2	n.m.	n.m.	24.6	17.3	14.8
P/E Adj. (x)	50.8	n.m.	n.m.	24.5	17.3	14.8
EV/EBITDA (x)	13.7	25.9	14.9	11.3	9.9	9.2
Debt/EBITDA (x)	3.6	9.6	6.9	4.6	4.6	4.7
P/BV (x)	5.0	6.1	3.9	3.6	3.0	2.5
ROE (%)	10.6	(1.2)	1.3	16.0	19.0	18.4
DPS (€)	0.02	0.00	0.00	0.00	0.00	0.00
Dividend yield (%)	1.4	0.0	0.0	0.0	0.0	0.0

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

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Company name

KEY DATA

P&L account (€ m)	FY20	FY21	FY22	FY23E	FY24E	FY25E
Sales	969	1,684	2,633	2,252	2,324	2,460
Cost of sales	(854)	(1,561)	(2,489)	(2,086)	(2,135)	(2,245)
Gross margin	115	123	144	166	189	215
Opex	(65)	(76)	(92)	(94)	(100)	(107)
EBITDA adjusted	50	47	52	72	89	107
Assets disposals	16	(0)	2	(0)	(0)	(0)
EBITDA reported	66	47	54	72	89	107
Depreciation & Amortization	(20)	(22)	(22)	(23)	(27)	(34)
EBIT	47	25	32	48	62	73
Financial costs	(13)	(28)	(22)	(23)	(26)	(31)
Associates	(0)	(0)	3	5	5	5
Ordinary profit	34	(3)	13	31	41	47
Extraordinary items	0	2	(0)	0	0	0
Pre-tax Profit	34	(2)	13	31	41	47
Taxes	(4)	(2)	(5)	(3)	(5)	(6)
Discontinued activities	0	0	0	0	0	0
Minorities	(4)	2	(4)	(6)	(6)	(6)
Net profit	26	(2)	4	21	30	35
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	FY20	FY21	FY22	FY23E	FY24E	FY25E
Sales	(7.1%)	73.7%	56.4%	(14.5%)	3.2%	5.8%
EBITDA adjusted	(26.7%)	(6.2%)	9.9%	39.1%	23.9%	20.4%
EBITDA reported	(9.3%)	(29.5%)	15.5%	32.6%	24.0%	20.4%
Net profit	3.8%	(106.5%)	(305.8%)	498.4%	42.1%	16.7%

Revenues by business	FY20	FY21	FY22	FY23E	FY24E	FY25E
Supply	98.3%	99.0%	99.0%	98.7%	98.5%	98.1%
Generation	1.7%	1.0%	1.0%	1.3%	1.5%	1.9%

EBITDA by business	FY20	FY21	FY22	FY23E	FY24E	FY25E
Supply	76.6%	72.7%	61.7%	69.2%	71.3%	66.9%
Generation	23.4%	27.3%	38.3%	30.8%	28.7%	33.1%

Per share data	FY20	FY21	FY22	FY23E	FY24E	FY25E
EPS	0.06	(0.00)	0.01	0.05	0.07	0.08
EPS adjusted	0.03	(0.00)	0.00	0.05	0.07	0.08
CFPS	0.08	0.05	0.07	0.11	0.14	0.17
FCFPS	(0.08)	(0.40)	0.15	0.10	(0.16)	(0.22)
BVPS	0.33	0.30	0.28	0.33	0.39	0.47
DPS	0.02	0.00	0.00	0.00	0.00	0.00

Cash flow (€ m)	FY20	FY21	FY22	FY23E	FY24E	FY25E
Net profit	26	(2)	4	21	30	35
Depreciation	20	22	22	23	27	34
Minorities	4	(2)	4	6	6	6
Non-cash adjustments	(16)	4	0	(1)	(1)	(1)
Total cash-flow (CF)	33	22	30	49	62	74
Capex	(19)	(81)	(47)	(84)	(129)	(168)
Working capital	(49)	(118)	85	78	(5)	(4)
Operating FCF	(34)	(177)	68	43	(72)	(98)
Financial investments	0	0	0	0	0	0
Rights issues	0	0	0	0	0	0
Disposals/(acquisitions)	(135)	(50)	9	0	0	0
Other	81	24	(3)	0	0	0
FCF before dividends	(88)	(204)	74	43	(72)	(98)
Dividends	(5)	(10)	0	0	0	0
Free-cash-flow (FCF)	(92)	(214)	74	43	(72)	(98)
Buy-backs	0	0	0	0	0	0
FCF after buy backs	(92)	(214)	74	43	(72)	(98)

Balance sheet (€ m)	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity	143	132	122	144	174	209
Minority interests	8	12	13	13	13	13
Provisions & others	18	20	21	21	21	21
Net debt [cash]	236	450	376	333	405	503
Capital invested	405	614	533	512	613	746
Intangible assets	297	338	340	340	340	340
Tangible assets	87	117	140	201	303	438
Financial assets	16	33	10	10	10	10
Associates	7	10	13	8	3	(2)
Working capital	(2)	116	31	(47)	(43)	(39)
Capital employed	405	614	533	512	613	746
Working capital/sales	-0.2%	6.9%	1.2%	-2.1%	-1.8%	-1.6%

Financial ratios	FY20	FY21	FY22	FY23E	FY24E	FY25E
Net debt/EBITDA	3.6X	9.6X	6.9X	4.6X	4.6X	4.7X
Net debt/EBITDA (*)	4.4X	9.7X	6.8X	4.0X	3.4X	3.1X
Gearing	156.5%	311.8%	277.1%	212.3%	216.3%	226.0%
Interest cover	3.6X	0.9X	1.4X	2.1X	2.4X	2.4X

(*) Corporate net debt ate net debt

Margins & ratios	FY20	FY21	FY22	FY23E	FY24E	FY25E
EBITDA margin	5.2%	2.8%	2.0%	3.2%	3.8%	4.4%
EBIT margin	4.8%	1.5%	1.2%	2.1%	2.7%	3.0%
Effective tax rate	11.4%	(104.4%)	38.2%	11.3%	13.0%	12.9%
Pay-out	37.9%	0.0%	0.0%	0.0%	0.0%	0.0%
ROCE (EBIT/CE)	11.5%	4.1%	6.1%	9.4%	10.1%	9.8%
ROE	10.6%	(1.2%)	1.3%	16.0%	19.0%	18.4%

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