

12m Results 2023
Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

Enrique Andrés Abad, CFA – enrique.andres@institutodeanalistas.com

+34 915 904 226

Business description

Audax Renovables (ADX) is an independent energy group whose core business is the supply of electricity and gas, focused on the Industrial and SME segment (c. 71% y 29%, respectively of the TWh sold) with an international presence. It has 263MW of installed capacity, 66MW under construction and 626MW of PV at various stages of development.

Market Data

Market Cap (Mn EUR and USD)	568.0	615.4
EV (Mn EUR and USD) ⁽²⁾	864.5	936.7
Shares Outstanding (Mn)	440.3	
-12m (Max/Med/Mín EUR)	1.40 / 1.24 / 1.03	
Daily Avg volume (-12m Mn EUR)	0.31	
Rotation ⁽³⁾	13.9	
Factset / Bloomberg	ADX-ES / ADX SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

José Elías Navarro	74.9
Indumenta Pueri	5.9
Treasury Stocks	0.2
Free Float	19.0

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	-2.6	3.7	-7.9	-46.7
vs Ibex 35	-3.8	3.0	-14.1	-50.9
vs Ibex Small Cap Index	-1.0	3.8	0.4	-53.8
vs Eurostoxx 50	-7.5	-7.7	-20.1	-64.0
vs Sector benchmark ⁽⁴⁾	2.7	11.6	-3.8	-53.7

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 2.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) vs Stoxx Europe 600 Utilities.

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

2023 results in line. We are looking for similar EBITDA in 2024e

TOPLINE SLUMP (ANTICIPATED) (-12.9% VS 2022) ON THE BACK OF LOWER PRICES...

ADX reported FY23 revenue of EUR 2.29Bn (-12.9% vs 2022), totally in line with our estimates. The (expected) slump was driven by the drop in energy prices year-on-year (of 53% in electricity and 65% in gas in ADX's operating markets), hitting sales particularly hard in Spain and Portugal, where revenue fell to EUR 733.9Mn (-42% vs 2022). That contraction was partially offset by a better performance in ADX's other markets (EUR 1.56Bn; +14% vs 2022). The volume of energy supplied increased by 5% (vs 2022) to 13.8 TWh.

... BUT THE GROSS MARGIN WIDENED BY 4.8PP VS 2022 (GROSS PROFIT: 236.3MN).

The gross margin widened to 10.3% (gross profit of EUR 236.3Mn; vs 5.5% and 9.7% in 2022 and 9M23, respectively), thanks mainly to stronger earnings in the other European markets (gross profit of EUR 134.3Mn vs EUR 55.0Mn in 2022; +144%). In Spain & Portugal, gross profit increased by 16% to EUR 102.0Mn thanks to the focus on raising the profitability of the customer portfolio.

SHARP GROWTH IN EBITDA TO EUR 96.1MN (VS 54.1MN IN 2022), IN LINE WITH OUR ESTIMATES.

The improvement in the supply business pushed EBITDA to EUR 96.1Mn in 2023. That business accounted for 85% of total EBITDA (vs 58% in 2022), i.e., c.EUR 81.7Mn (vs EUR 31.4Mn in 2022), thanks mainly to the growth in earnings in Netherlands and Hungary (due to a strategic focus on SMEs, astute price setting and entry into the Hungarian gas market).

NET DEBT: EUR 241.3MN (VS EUR 346MN IN 2022).

Net debt at year-end stood at EUR 241.3Mn (vs EUR 346Mn and EUR 272Mn at the December 2022 and September 2023 closes, respectively, excluding IFRS 16 and current and non-current borrowings from related parties of EUR 36.3Mn). Which makes a ND/recurring EBITDA 2024e ratio of c.2.4x feasible.

IN SHORT, SIGNIFICANT MARGIN EXPANSION (AS FORESHADOWED). WE ARE LOOKING FOR MORE OF THE SAME IN 2024E.

The 2023 results confirm the sharp improvement in profitability observed right throughout 2023. We think the company can defend this level of profitability in 2024e: there is still some upside as the key levers have yet to run their course (focus on more profitable customers, especially in Hungary). Earnings should continue to be a positive catalyst. Our estimates point to EBITDA of c.EUR 101Mn in 2024e and c.EUR 106Mn in 2025e, implying EV/EBITDA multiples of 8.6x and 8.2x, respectively (vs 8.3x and 7.4x for its comps on 2024e and 2025e earnings, respectively).

Table 1. Pipeline

MW	Grid				Under		Total	%
	Early Stage	Connection	Final approval	Backlog	Construction	Operation		
Spain	0	0	6	210	66	151	433	45%
Portugal	0	0	0	211	0	0	211	22%
Italy	0	170	0	29	0	0	199	21%
France	0	0	0	0	0	12	12	1%
Poland	0	0	0	0	0	34	34	4%
Panama*	0	0	0	0	0	66	66	7%
TOTAL	0	170	6	450	66	263	955	100%

* Audax has a 30% stake in the Panama wind farm (equity accounted)

Appendix 1. Results table

EUR Mn	12m23 Real		12m23 Real vs 12m22		12m23 Real vs 2023e	
	12m23 Real	12m22	vs 12m22	2023e	vs 2023e	
Total Revenues	2,293.2	2,633.0	-12.9%	2,314.8	-0.9%	
Gross Margin	236.3	143.8	64.3%	205.0	15.2%	
Gross Margin/Revenues	10.3%	5.5%	4.8 p.p.	8.9%	1.4 p.p.	
Recurrent EBITDA	99.3	51.7	92.2%	93.5	6.2%	
Rec. EBITDA/Revenues	4.3%	2.1%	2.3 p.p.	4.0%	0.3 p.p.	
EBITDA	96.1	54.1	77.6%	93.5	2.8%	
EBITDA/Revenues	4.2%	2.1%	2.1 p.p.	4.0%	0.2 p.p.	
EBIT	75.1	32.3	132.6%	73.0	2.9%	
NP	29.0	3.5	n.a.	36.1	-19.7%	
Supply points (thousand)	363	387	-6.2%			
Energy supplied (TWh)	13.8	13.1	5.3%			
MW in operation ¹	197	179	10.1%			
Electricity generation (GWh) ¹	279	258	8.1%			
Net Debt	241.3	345.6	-30.2%			

(1) Note 1: Installed capacity (MW) and energy generated (GWh) excluding the wind farm in Panamá (66MW, with a 30% stake; equity accounted).

(2) Note 2: Net debt adjusted to strip out the impact of IFRS 16 and debt with related companies on a short-term and long-term basis.

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	568.0	
+ Minority Interests	12.0	12m Results 2023
+ Provisions & Other L/T Liabilities	72.4	12m Results 2023
+ Net financial debt	241.3	12m Results 2023
- Financial Investments	29.2	12m Results 2023
+/- Others		
Enterprise Value (EV)	864.5	

LIGHTHOUSE

Calle Núñez de Balboa, 108 1ª Planta
28006 Madrid
T: +34 915 904 226
<https://institutodeanalistas.com/lighthouse>

Alfredo Echevarría Otegui

Head of research

alfredo.echevarria@lighthouse-ieaf.com

Luis Esteban Arribas, CESGA

Equity research

luis.esteban@lighthouse-ieaf.com

Enrique Andrés Abad, CFA

Equity research

enrique.andres@lighthouse-ieaf.com

José Miguel Cabrera van Grieken

Equity research

jose.cabrera@lighthouse-ieaf.com

Jesús López Gómez, CESGA

ESG Analyst & Data analytics

jesus.lopez@lighthouse-ieaf.com

All Lighthouse research documents are available simultaneously on the Lighthouse website (<https://institutodeanalistas.com/lighthouse>) and via third-party aggregators such as Bloomberg, Factset, Capital IQ and Refinitiv.

IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

IEAF Servicios de Análisis S.L.U. is a Spanish company whose corporate purpose is:

1º) To provide information and financial analysis regarding securities issued by any class of legal person traded or not on official secondary markets, and especially (but not exclusively) those securities which are not the object of the recurrent provision of information and analysis by financial analysts who participate in the markets.

2º) To publicise and update the aforementioned financial reports and analysis, in addition to the monitoring and following of the securities on which the information and analysis is provided.

3º) To prepare studies and projects aimed at proposing and implementing measures to improve the information and financial analysis of securities traded on official secondary markets.

IEAF Servicios de Análisis S.L.U. is a company whose sole shareholder is the Instituto Español de Analistas Financieros, a professional, not for profit association.

DISCLAIMER

The Instituto Español de Analistas Financieros hereby certifies that the analyst of IEAF Servicios de Análisis S.L.U. whose name figures as the author of this report, expresses views that reflect their personal and independent opinion of the company analysed without these implying, either directly or indirectly, a personalised recommendation of the company analysed for purposes of providing investment advice. This report is based on the preparation of detailed financial projections from information available to the public and following traditional fundamental research methodology (i.e. it is not a technical or quantitative analysis report). For the analysis methodology used in the preparation of this report, please contact the analyst directly; contact details are included on the front page of this report.

The report includes basic information regarding the main parameters to be used by an investor when making their own valuation (whether by discounted cash flows or multiples). These parameters are the personal opinion or estimate of the analyst. The person receiving this report should use their own judgement when using these parameters and should consider them as another element in their decision-making process in respect of investment. These parameters do not represent a personalised investment recommendation.

Rules governing confidentiality and conflicts of interest

None of the following rules governing confidentiality and conflicts of interest (12) is applicable to this report:

1. This report is non-independent research as it has been commissioned by the company analysed (issuer).
2. In the last 12 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., has had Investment Banking mandates or has managed or co-managed a public offering of the securities of the issuer, or has received compensation from said issuer for Investment Banking services, that exclude brokerage services for prepaid fees.
3. In the next 6 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., expects to receive or intends to obtain compensation for Investment Banking services provided to this company that exclude brokerage services for prepaid fees.
4. The Investment Analyst or a member of the Research Department or a member of their household has a long position in the shares or derivatives of the corresponding issuer.
5. The Investment Analyst or a member of the Research Department or a member of their household has a short position in the shares or derivatives of the corresponding issuer.
6. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a long position of over 0.5% of the issuer's capital.
7. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a short position of over 0.5% of the issuer's capital.
8. At the end of the month immediately prior to the publication of this report, or of the previous month if the report is published in the ten days following the end of the month, the company analysed (the issuer) or any of its subsidiaries held 5% or more of any class of equity security of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U.
9. A senior director or officer of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., or a member of their department is a director, officer, advisor or member of the Board of Directors of the issuer and/or one of its subsidiaries.
10. The Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., acts as broker for the Issuer for the corresponding prepaid fees.
11. The contents of this report related to the financial analysis, financial projections, valuation, investment summary and opinion of the analyst have been reviewed by the issuer prior to its publication.
12. The issuer has made changes to the contents of this report prior to its distribution.

The Investment Analysts who have prepared this Investment Analysis are employees of IEAF Servicios de Análisis S.L.U. These analysts have received (or will receive) compensation according to the general earnings of IEAF Servicios de Análisis S.L.U. To obtain a copy of the Code of Conduct of IEAF Servicios de Análisis S.L.U. (in respect of the Management of Conflicts of Interest in the research department), please use the e-mail address secretaria@institutodeanalistas.com or consult the contents of this Code at <https://institutodeanalistas.com>.

IEAF Servicios de Análisis S.L.U. is compensated by Bolsas y Mercados Españoles, S.A. for the preparation of this report. This report should be considered as just another element in the taking of investment decisions.

A report issued by IEAF servicios de análisis S.L.U.

All rights reserved. The unauthorised use or distribution of this report is prohibited. This document has been prepared and distributed, according to the provisions of the MiFID II by IEAF Servicios de Análisis S.L.U. Its corporate activity is regulated by the CNMV (the Spanish Securities Exchange Commission). The information and opinions expressed in this document do not represent nor are they intended to represent an offer or a solicitation to buy or sell the securities (in other words, the securities mentioned in this report and related warrants, options, rights or interests). The information and opinions contained in this document are based upon information available to the public and have been obtained from sources believed to be reliable by IEAF Servicios de Análisis S.L.U., but no guarantee is given regarding their accuracy or completeness. All comments and estimates reflect solely the opinion of IEAF Servicios de Análisis S.L.U. and do not offer any implicit or explicit guarantee. All the opinions expressed are subject to change without prior warning. This document does not take into account the specific investment objectives, financial position, risk profile or other specific aspects of the person who receives this document, and accordingly they should exercise their own judgement in this respect. Neither the Instituto Español de Analistas Financieros nor its subsidiary, IEAF Servicios de Análisis S.L.U., assumes any responsibility for direct or indirect losses arising from the use of the published research, except in the event of negligent conduct by IEAF Servicios de Análisis S.L.U. The information contained in this report is approved for distribution to professional clients, eligible counterparties and professional advisers, but not for distribution to private individuals or retail clients. Its reproduction, distribution or

publication for any purpose without the written authorisation of IEAF Servicios de Análisis S.L.U. is prohibited. The Instituto Español de Analistas Financieros and/or its subsidiary IEAF Servicios de Análisis S.L.U., their employees and directors, may hold a position (long or short) in an investment knowing that this issuer will be the object of analysis and that this analysis will be distributed to institutional investors. Any further information regarding the contents of this report will be provided upon request. IEAF Servicios de Análisis S.L.U. intends to publish (at least) one quarterly report or note updating the information on the company analysed.

United States. IEAF Servicios de Análisis S.L.U. is not registered in the United States and, consequently, is not subject to the regulations of that country governing the preparation of research and the independence of analysts. This report is distributed solely to major US institutional investors, in reliance on the exemption from registration provided by Rule 15a-6 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), and interpretations of this made by the US Securities Exchange Commission.

Major US Institutional Investors. This report will be distributed to "major US institutional investors", as defined by Rule 15a-6 of the US Securities Exchange Commission and of the US Securities Exchange Act of 1934.

Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
29-Feb-2024	n.a.	1.29	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
13-Nov-2023	n.a.	1.12	n.a.	n.a.	9m Results 2023 - Estimates upgrade	Enrique Andrés Abad, CFA
29-Sep-2023	n.a.	1.27	n.a.	n.a.	6m Results 2023	Enrique Andrés Abad, CFA
12-Jun-2023	n.a.	1.25	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
12-May-2023	n.a.	1.30	n.a.	n.a.	3m Results 2023 - Estimates upgrade	David López Sánchez
27-Feb-2023	n.a.	1.30	n.a.	n.a.	12m Results 2022	David López Sánchez
16-Nov-2022	n.a.	0.89	n.a.	n.a.	9m Results 2022	David López Sánchez
03-Oct-2022	n.a.	0.84	n.a.	n.a.	6m Results 2022	David López Sánchez
13-May-2022	n.a.	1.19	n.a.	n.a.	3m Results 2022	David López Sánchez
01-Mar-2022	n.a.	1.30	n.a.	n.a.	12m Results 2021	David López Sánchez
16-Nov-2021	n.a.	1.30	n.a.	n.a.	9m Results 2021	David López Sánchez
01-Oct-2021	n.a.	1.50	n.a.	n.a.	6m Results 2021	David López Sánchez
14-May-2021	n.a.	1.94	n.a.	n.a.	3m Results 2021	David López Sánchez
02-Mar-2021	n.a.	2.04	n.a.	n.a.	12m Results 2020	David López Sánchez
12-Nov-2020	n.a.	2.07	n.a.	n.a.	9m Results 2020	David López Sánchez
13-Oct-2020	n.a.	2.09	n.a.	n.a.	Estimates downgrade	David López Sánchez
24-Sep-2020	n.a.	1.73	n.a.	n.a.	6m Results 2020	David López Sánchez
14-May-2020	n.a.	1.95	n.a.	n.a.	3m Results 2020	David López Sánchez
28-Feb-2020	n.a.	2.44	n.a.	n.a.	12m Results 2019	David López Sánchez
14-Nov-2019	n.a.	2.13	n.a.	n.a.	9m Results 2019	David López Sánchez
24-Sep-2019	n.a.	1.70	n.a.	n.a.	Initiation of Coverage	David López Sánchez

