

**9m Results 2024**

 Opinion <sup>(1)</sup>: In line

 Impact <sup>(1)</sup>: We will maintain our estimates

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**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 (68% o/sales 2023, excl. Portugal). It has 267MW of installed capacity, 62MW under construction and 626MW of PV at various stages of development.

**Market Data**

Market Cap (Mn EUR and USD)	763.6	808.6
EV (Mn EUR and USD) <sup>(2)</sup>	1,003.5	1,062.7
Shares Outstanding (Mn)	453.4	
-12m (Max/Med/Min EUR)	1.95 / 1.61 / 1.13	
Daily Avg volume (-12m Mn EUR)	0.53	
Rotation <sup>(3)</sup>	17.5	
Factset / Bloomberg	ADX-ES / ADX SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)**

José Elías Navarro	74.9
BNP Paribas	6.3
Indumenta Pueri	5.9
Treasury stock	1.2
Free Float	11.6

**Relative performance (Base 100)**

**Stock performance (%)**

	-1m	-3m	-12m	-5Y
Absolute	-9.0	-6.1	49.3	-18.8
vs Ibex 35	-6.2	-11.5	24.2	-34.4
vs Ibex Small Cap Index	-5.1	-1.3	40.3	-33.3
vs Eurostoxx 50	-3.9	-7.0	33.3	-36.7
vs Sector benchmark <sup>(4)</sup>	-4.4	-5.7	40.9	-27.8

(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.

## 9m24 results: margins more than offset the drop in revenues.

**REVENUE CONTINUES TO FALL...** 9m24 revenues of EUR 1,388.8Mn (vs EUR 1.788.1Mn 9m23; -22.3%). A decline explained by lower energy prices compared to the same period last year which cannot be offset by growth in the volume of energy supplied (+9.2%; +7.9% in electricity; +15.0% in gas).

**...AND THE STRONG IMPROVEMENT IN GROSS MARGIN ALSO CONTINUES, WHICH "MORE THAN COMPENSATES"...** The gross margin data in 2023-2024 is self-explanatory of the company's strength in managing (strongly) downward energy price environments: revenue, gross margin and margin growth 2023 (-12.9%, 10.3% and +4.8 pp, respectively) and 9m24 (-22.3%, 12.4%, +2.7 pp). The 9m24 results confirm one of the pillars on which ADX's equity story pivots: margin management.

**...AND LEADS TO A +14% GROWTH IN EBITDA.** With a margin of 6.4% (+2.0 pp vs 9m23), and above our estimate for the full year (5.6%). The growth in EBITDA is again based (as seen in 1S) on the markets of the rest of Europe, which have achieved EBITDA growth of 35.4%.

The growth of consolidated EBITDA reflects the interaction of poor performance in revenues with a significant improvement in gross margin and optimization of structural costs. We will adjust 2024e revenues downwards (c.-5%; to c. EUR 1,850 – 1,900 Mn) but the better performance in margins allows us to maintain 2024e EBITDA estimates (EUR 110.9Mn, +11.6% vs 2023).

**NET DEBT OF EUR 247MN 9M24 AND IN LINE WITH THE CLOSING OF 2023** (net debt excluding the impact of IFRS 16). We expect ADX to maintain the strategic objective of rationalizing its leverage and continuing to reduce its debt level (as seen in the 3Q24 quarter, with a reduction of -12% vs 1S24). ADX remains in a clear position of positive FCF generation which allows it to aspire to an effective reduction of net debt. FCF yield 2026e c.6%.

**IN CONCLUSION, VERY GOOD MOMENTUM (DUE TO MARGIN IMPROVEMENT) AND THAT EXPLAINS THE EXCELLENT PERFORMANCE OF THE SHARE PRICE YTD.** Very complicated environment due to the sharp fall in energy prices, and in which ADX improves margins and stands out from its sector. Results in line that lead us to maintain 2024e EBITDA estimates.

So far this year, the share has risen by +31.8% absolute, +17.1% vs Ibex35 and +34.6% vs sector (although with some slowdown -3m). This indicates that the market already recognizes ADX's favorable results momentum and, more importantly, its business model and differential equity story within the utility sector, with a lower level of operational risk than comparables. EV/EBITDA 2024e 9.1x with a CAGR EBITDA 2024e-2026e of +6.8% (vs 7.6x for large integrated utilities and CAGR of +1.1%: a growth differential that explains the market's preference YTD for ADX).

## Appendix 1. Results table

EUR Mn	9m24	9m23	9m24 vs
			9m23
<b>Total Revenues</b>	<b>1,388.8</b>	<b>1,788.1</b>	<b>-22.3%</b>
<b>Gross Margin</b>	<b>172.0</b>	<b>173.8</b>	<b>-1.1%</b>
<i>Gross Margin/Revenues</i>	<i>12.4%</i>	<i>9.7%</i>	<i>2.7 p.p.</i>
<b>EBITDA Rec.</b>	<b>88.3</b>	<b>77.4</b>	<b>14.1%</b>
<i>rec. EBITDA /Revenues</i>	<i>6.4%</i>	<i>4.3%</i>	<i>2.0 p.p.</i>
<b>EBIT</b>	<b>71.9</b>	<b>61.3</b>	<b>17.3%</b>
<i>EBI/Revenues</i>	<i>5.2%</i>	<i>3.4%</i>	<i>1.7 p.p.</i>
<b>NP</b>	<b>45.5</b>	<b>23.1</b>	<b>97.4%</b>
Supply points (thousand)	431	373	15.5%
Energy supplied (TWh)	11.1	10.1	9.9%
MW in operation <sup>1</sup>	201	179	12.3%
Electricity generation (GWh) <sup>1</sup>	231	214	7.9%
		<b>2023</b>	
Net Debt <sup>(2)</sup>	246.6	241.3	2.2%

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

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.

MW	Grid		Environmental	Under			Total	%
	Early Stage	Connection	approval	Backlog	Construction	Operation		
Spain	0	0	6	210	62	155	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%
<b>TOTAL</b>	<b>0</b>	<b>170</b>	<b>6</b>	<b>450</b>	<b>62</b>	<b>267</b>	<b>955</b>	<b>100%</b>

\* Excluding the wind farm in Panamá (66MW; 30% stake, equity accounted).

## Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	763.6	
+ Minority Interests	13.4	9m Results 2024
+ Provisions & Other L/T Liabilities	50.1	9m Results 2024
+ Net financial debt	246.6	9m Results 2024
- Financial Investments	70.2	9m Results 2024
+/- Others		
<b>Enterprise Value (EV)</b>	<b>1,003.5</b>	

## LIGHTHOUSE

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
14-Nov-2024	n.a.	1.68	n.a.	n.a.	9m Results 2024	Alfredo Echevarría Otegui
01-Oct-2024	n.a.	1.83	n.a.	n.a.	6m Results 2024	Alfredo Echevarría Otegui
27-May-2024	n.a.	1.86	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
15-May-2024	n.a.	1.88	n.a.	n.a.	3m Results 2024	Enrique Andrés Abad, CFA
29-Feb-2024	n.a.	1.27	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
13-Nov-2023	n.a.	1.10	n.a.	n.a.	9m Results 2023 - Estimates upgrade	Enrique Andrés Abad, CFA
29-Sep-2023	n.a.	1.25	n.a.	n.a.	6m Results 2023	Enrique Andrés Abad, CFA
12-Jun-2023	n.a.	1.23	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
12-May-2023	n.a.	1.28	n.a.	n.a.	3m Results 2023 - Estimates upgrade	David López Sánchez
27-Feb-2023	n.a.	1.28	n.a.	n.a.	12m Results 2022	David López Sánchez
16-Nov-2022	n.a.	0.87	n.a.	n.a.	9m Results 2022	David López Sánchez
03-Oct-2022	n.a.	0.82	n.a.	n.a.	6m Results 2022	David López Sánchez
13-May-2022	n.a.	1.17	n.a.	n.a.	3m Results 2022	David López Sánchez
01-Mar-2022	n.a.	1.28	n.a.	n.a.	12m Results 2021	David López Sánchez
16-Nov-2021	n.a.	1.27	n.a.	n.a.	9m Results 2021	David López Sánchez
01-Oct-2021	n.a.	1.48	n.a.	n.a.	6m Results 2021	David López Sánchez
14-May-2021	n.a.	1.89	n.a.	n.a.	3m Results 2021	David López Sánchez
02-Mar-2021	n.a.	1.99	n.a.	n.a.	12m Results 2020	David López Sánchez
12-Nov-2020	n.a.	2.01	n.a.	n.a.	9m Results 2020	David López Sánchez
13-Oct-2020	n.a.	2.03	n.a.	n.a.	Estimates downgrade	David López Sánchez
24-Sep-2020	n.a.	1.68	n.a.	n.a.	6m Results 2020	David López Sánchez
14-May-2020	n.a.	1.90	n.a.	n.a.	3m Results 2020	David López Sánchez
28-Feb-2020	n.a.	2.37	n.a.	n.a.	12m Results 2019	David López Sánchez
14-Nov-2019	n.a.	2.07	n.a.	n.a.	9m Results 2019	David López Sánchez
24-Sep-2019	n.a.	1.66	n.a.	n.a.	Initiation of Coverage	David López Sánchez

