

**EQUITY - SPAIN**

Sector: Independent Power Producers (IPP)

 Closing price: EUR 5.30 (6 Mar 2023)  
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**Important news**  
 Independent Equity Research

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**Business description**

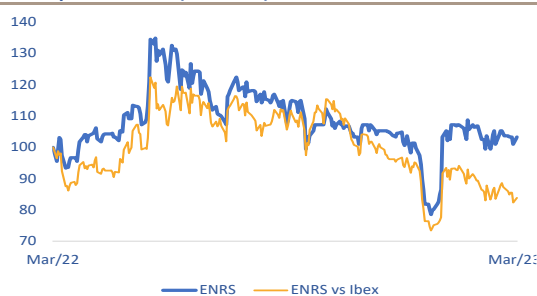
Enerside (ENRS), is a fully integrated renewables platform (in transition towards a build-to-own model) specialised in solar photovoltaic energy. It currently has a pipeline of +5.5GW of solar photovoltaic projects at various stages of development distributed in Latam (Brazil, Chile and Uruguay; 80% of the pipeline) and Europe (Spain and Italy; 20%). The Board controls 62.8% of capital.

**Market Data**

Market Cap (Mn EUR and USD)	197.8	211.3
EV (Mn EUR and USD) <sup>(2)</sup>	191.4	204.4
Shares Outstanding (Mn)	37.3	
-12m (Max/Med/Mín EUR)	6.92 / 5.56 / 4.03	
Daily Avg volume (-12m Mn EUR)	0.09	
Rotation <sup>(3)</sup>	12.2	
Factset / Bloomberg	ENRS-ES / ENRS SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)<sup>(5)</sup>**

Joatham Grange	19.2
Antoni Gash	19.2
Demonte Energy Investments	10.1
Tomás Casanovas	9.9
Free Float	19.7

**Relative performance (Base 100)**

**Stock performance (%)**

	-1m	-3m	-12m	-5Y
Absolute	0.8	1.5	3.3	n.a.
vs Ibex 35	-3.0	-11.1	-16.1	n.a.
vs Ibex Small Cap Index	-0.2	-11.2	-8.4	n.a.
vs Eurostoxx 50	-1.8	-7.3	-14.8	n.a.
vs Sector benchmark <sup>(4)</sup>	1.1	2.9	1.8	n.a.

(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 1.

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

(4) vs Stoxx Europe 600 Utilities.

(5) Others: Alternative Green Energy 8.3%, Francisco Javier García-Mateo 5.9%, Alejandro Alorda 6.4%

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

## ENRS continues to grow: agrees the creation of a 2.6GW JV in Italy. Total pipeline: 6.3GW

**ENRS AGREES TO CREATE A JV WITH A 2.6GW PIPELINE IN ITALY.** ENRS has reached a binding agreement with AGE (a shareholder of ENRS with an 8.3% stake) for the creation of a joint venture with a pipeline of 2.6GW of solar PV energy projects. AGE will contribute a pipeline of c. 1.8GW and ENRS will contribute c. 0.8GW (including the 440MW Palmadula project; currently in the process of being sold). In addition, ENRS will contribute EUR 3Mn to acquire some of AGE's shares in the JV, increasing its stake in the JV to 62% (vs 38% for AGE).

### GOOD NEWS THAT NOT ONLY GROWS THE PIPELINE (6.3GW), BUT ALSO EQUILIBRATES THE GEOGRAPHICAL MIX (WITH GREATER EXPOSURE TO EUROPE).

As a result of this deal, ENRS will increase its pipeline of projects in Italy from 0.8GW at present to c. 1.6GW. This not only means an increase in the post deal pipeline to 6.3GW of projects under development, but also "equilibrates" the geographical mix, increasing the weighting of the pipeline in Europe to c. 30% (from 18% previously). Mathematically, the weighting of the pipeline in Latam (Brazil and Chile) declines to 70% of the total (vs 80% previously).

### AND DESPITE THE FACT THAT THE DELAY IN THE SALE OF PROJECTS WILL (INEVITABLY) IMPACT 2022E RESULTS...

As announced by the company in December 2022, the sale of the Palmadula project (440MW; whose sale was expected in December 2022) is delayed until the first four months of 2023 (that will lead us to revise our estimates). Given its materiality (sale price of over EUR 150k/MW that will begin to be reflected in the company's books and on a gradual basis, depending on certain milestones, in 2023e), the impact on the 2022 P/L is inevitable: 2022 Rec. EBITDA will be negative (vs our previous estimate of a positive c. EUR 3Mn).

### ... THE EQUITY STORY REMAINS INTACT AND HINGES ESSENTIALLY ON THE DEVELOPMENT OF THE PIPELINE (SOMETHING THAT SHOULD ALREADY BE VISIBLE IN 2023).

In our view, 2022 results are of little significance. Expectations lie in the evolution of the company beyond 2023e, when the potential ramp-up of revenues and the degree of progress of its pipeline should be visible (according to the latest available information with 19MW under construction, 42MW that will begin to be built in 1H23 and an additional c. 200MW that have been secured). Looking ahead to 2024e, our numbers continue to point to a significant take-off both in revenue and EBITDA to levels of c. EUR 130Mn and EUR 35Mn, respectively.

### THE MOMENTUM OF THE BUSINESS AND THE EV/MW RATIO CONTINUE TO BE A CALL FOR ATTENTION.

Momentum because our central scenario is for a significant increase in revenue and EBITDA in 2023e (a year in which ENRS will execute the sale of the Palmadula project and start up its first PV plants). And, despite the significant increase in the exposure of its pipeline to Europe (c. 30% of the total after the deal announced today), the large penalisation of ENRS' EV/MW vs its peers continues. This is so large that, as we said in our initiation of coverage, it gives pause for thought as the value reserve and investment opportunity could be very attractive especially in a company for which the materialisation (in terms of revenue and EBITDA) of the profitability associated with its pipeline should already be visible in 2023e.

## Appendix 1. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	197.8	
+ Minority Interests	(0.0)	6m Results 2022
+ Provisions & Other L/T Liabilities	0.2	6m Results 2022
+ Net financial debt	(4.4)	6m Results 2022
- Financial Investments	2.2	6m Results 2022
+/- Others		
<b>Enterprise Value (EV)</b>	<b>191.4</b>	

## LIGHTHOUSE

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
07-Mar-2023	n.a.	5.30	n.a.	n.a.	Important news	David López Sánchez
06-Sep-2022	n.a.	5.52	n.a.	n.a.	6m 2022 Preliminary results	David López Sánchez
29-Jul-2022	n.a.	6.20	n.a.	n.a.	Initiation of Coverage	David López Sánchez

