

**EQUITY - SPAIN**  
 Sector: Electric Utilities

 Closing price: EUR 2.47 (28 Mar 2025)  
 Report date: 31 Mar 2025 (9:30h)

**12m Results 2024**  
 Independent Equity Research

**12m Results 2024**

 Opinion <sup>(1)</sup>: Below expectations

 Impact <sup>(1)</sup>: We will have to lower our estimates

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**Business description**

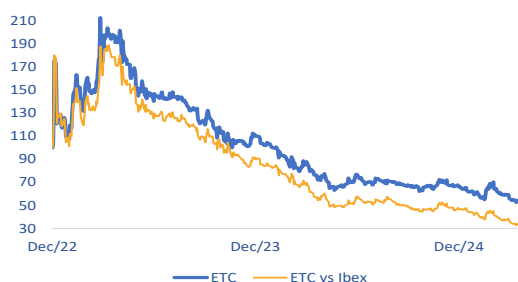
**Energy Solar Tech**, is a renewable energy company (founded in 2020) that offers its customers energy generation and efficiency technologies through a range of energy outsourcing solutions under the 'Energy as a Service' (EaaS). ETC has traded on BME Growth since 2022. Currently, ETC gets more than 95% of sales from Spain.

**Market Data**

Market Cap (Mn EUR and USD)	66.6	72.0
EV (Mn EUR and USD) <sup>(2)</sup>	76.5	82.8
Shares Outstanding (Mn)	27.0	
-12m (Max/Med/Mín EUR)	3.53 / 3.04 / 2.39	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation <sup>(3)</sup>	11.0	
Factset / Bloomberg	ETC-ES / ETC SM	
Close fiscal year	31-Dec	

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

Alberto Hernández Poza	21.0
Erbienergía Inversiones	12.5
José Abel Martín Sánchez	10.6
Alberto Torregro López	10.5
Free Float	44.6

**Relative performance (Base 100)**

**Stock performance (%)**

	-1m	-3m	-12m	-5Y
Absolute	-8.2	-13.6	-28.8	n.a.
vs Ibex 35	-7.9	-25.2	-40.8	n.a.
vs Ibex Small Cap Index	-9.1	-23.3	-38.4	n.a.
vs Eurostoxx 50	-5.9	-20.6	-32.1	n.a.
vs Sector benchmark <sup>(4)</sup>	-13.1	-21.9	-37.1	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 2.

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

(4) vs Stoxx Europe 600 Utilities.

(5) Others: Treasury Stock 0.8%

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

## 2024 Results: c.-30% drop in EBITDA due to low (and volatile) energy prices.

**HIGH REVENUE GROWTH DESPITE LOW ENERGY PRICES IN 1H24...** ETC closed 2024 with revenues of EUR 63.6 Mn (vs EUR 52.6 Mn in 2023, +20.9%). Good revenue performance (in line with expectations at the beginning of the year) and a "recovery" in 2H from the poor performance seen in 1H24 (-2.2%) due to a -55% drop in energy prices. For the year as a whole (thanks to flat energy prices in 2H), energy corrects by c.-30% vs 2023 to an average price of 62.9 EUR/MWh. The revenue growth seen in this price environment confirms the resilience of ETC's business model.

**...BUT MARGIN AND RECURRING EBITDA (C.-30%) FALL SHARPLY.** Recurring EBITDA reaches EUR 6.1 Mn in 2024 (adjusted for capitalised expenses of EUR 1.0 Mn) with a -7.2 p.p. drop in the Recurring EBITDA Margin/Sales, which is almost halved (9.6% 2024 vs 16.9% 2023). The margin directly reflects the effect of the drop in energy prices in the generation business and to a lesser extent in the outsourcing business (together, c.30% of the 2023 mix).

The 2024 result, a year without inorganic growth, clearly shows that a price environment like the current one leaves the consolidated margin "in the hands" of the engineering business (c.10%). This explains the strategic shift proposed by ETC in 2025 to aspire to higher margins (above the 15% seen in 2023). The drop in EBITDA, together with the high amortization cost (EUR 4.5 Mn) and financial expenses (EUR 1.3 Mn), leaves 2024 net profit at break-even.

**LOW NET DEBT LEVEL (EUR 11.1 MN), WHICH CONTINUES TO DECREASE.** And represents a 2024 Recurring ND/EBITDA multiple of 1.8x. That is, a very healthy balance sheet position. The weakness in energy prices has led to postpone the jump in generation investment to 2025, keeping net debt under control. Despite the drop in EBITDA, positive FCF generation allows controlling indebtedness. Which in itself is another sign of the resilience of the business model.

**2024, A TRANSITION YEAR THAT MAKES 2025 KEY.** The strategic shift sought by ETC is based on the progressive increase in the weight of generation (reducing the weight of engineering in the mix). The engineering business is safe from the "risk" of energy prices but does not allow aspiring to high margins. In 2025 (probably in 2H), a strong increase in generation CAPEX should be seen, with a jump in revenue and margin improvement. However, the 2025-2026 price environment (based on futures) would be very much in line with what was seen in 2024 (2025-2026 average, c.65 EUR/MWh). Which makes a significant margin improvement difficult in 2025.

**IN CONCLUSION: AWAITING THE STRATEGIC SHIFT, THE BUSINESS MODEL PROVES ITS RESILIENCE. THE PROBLEM IS MARGINS (AND MULTIPLES).** ETC's vertical integration model has proven its effectiveness in difficult price environments. Now the challenge is to achieve structurally higher margins, well above those of the engineering business. This explains: 1) the decision to increase the weight of generation, 2) the focus on larger (and higher margin) projects in both engineering and outsourcing, 3) entry into new businesses such as data center construction, etc. That is, a profound strategic shift seeking profitable growth. Although its execution is still an unknown and the price environment remains unfavorable.

Both facts explain ETC's strong -12m underperformance (c.-30%). The fact is that the multiples today (2024 EV/EBITDA, 12.5x) are high. And in a context of possible low revenue growth in 2025, they require a very significant margin jump that is not yet visible, and this is key. Sector multiples (2024 EV/EBITDA, 7.2x) remain a handicap (12m performance vs sector, c.-37%).

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## Energy Solar Tech (ETC) is a BME Growth company

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## Appendix 1. Results table

EUR Mn			12m24 Real
	12m24 Real	12m23	vs 12m23
<b>Total Revenues</b>	<b>63.6</b>	<b>52.6</b>	<b>20.9%</b>
<b>Gross Margin</b>	<b>18.7</b>	<b>21.0</b>	<b>-11.1%</b>
<i>Gross Margin/Revenues</i>	<i>29.3%</i>	<i>39.9%</i>	<i>-10.6 p.p.</i>
<b>Recurrent EBITDA</b>	<b>6.1</b>	<b>8.9</b>	<b>-31.2%</b>
<i>Rec. EBITDA/Revenues</i>	<i>9.6%</i>	<i>16.9%</i>	<i>-7.3 p.p.</i>
<b>EBITDA</b>	<b>6.5</b>	<b>8.9</b>	<b>-27.1%</b>
<i>EBITDA/Revenues</i>	<i>10.2%</i>	<i>16.9%</i>	<i>-6.7 p.p.</i>
<b>EBIT</b>	<b>2.9</b>	<b>5.4</b>	<b>-46.0%</b>
<i>EBIT/Revenues</i>	<i>4.6%</i>	<i>10.3%</i>	<i>-5.7 p.p.</i>
<b>PBT</b>	<b>1.7</b>	<b>4.3</b>	<b>-61.7%</b>
<b>NP</b>	<b>0.4</b>	<b>2.8</b>	<b>-85.0%</b>

			12m24 Real
	12m24 Real	12m23	vs 12m23
<b>Net Debt</b>	<b>11.1</b>	<b>13.0</b>	<b>-14.5%</b>

Note 1: Rec. EBITDA and EBITDA adjusted to exclude the impact of capitalised expenses.

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

	EUR Mn	Source
Market Cap	66.6	
+ Minority Interests	0.1	12m Results 2024
+ Provisions & Other L/T Liabilities	0.2	12m Results 2024
+ Net financial debt	11.1	12m Results 2024
- Financial Investments	1.5	12m Results 2024
+/- Others		
<b>Enterprise Value (EV)</b>	<b>76.5</b>	

## LIGHTHOUSE

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
31-Mar-2025	n.a.	2.47	n.a.	n.a.	12m Results 2024	Alfredo Echevarría Otegui
30-Sep-2024	n.a.	3.05	n.a.	n.a.	6m Results 2024	Alfredo Echevarría Otegui
27-May-2024	n.a.	3.11	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
18-Mar-2024	n.a.	3.94	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
02-Nov-2023	n.a.	4.55	n.a.	n.a.	Initiation of Coverage	Enrique Andrés Abad, CFA

