

## Business description

**Audax Renovables (ADX)** is an independent energy group focused on the supply of electricity and gas (98% of revenue; 69% EBITDA) to the SME segment (51% of the TWh supplied) with an international presence (only in the EU; 28% of revenue). It has 91MW of wind power capacity in Spain (49%), Poland (38%) and France (13%).

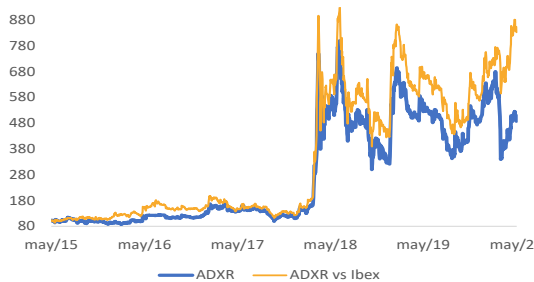
## Market Data

Market Cap (Mn EUR and USD)	858.6	928.8
EV (Mn EUR and USD) <sup>(2)</sup>	1,048.1	1,133.7
Shares Outstanding (Mn)	440.3	
-12m (Max/Med/Min EUR)	2.72 / 1.93 / 1.36	
Daily Avg volume (-12m Mn)	2.12	
Rotation <sup>(3)</sup>	62.8	
Thomson Reuters / Bloomberg	ADXR.MC / ADX SM	
Close fiscal year	31-Dec	

## Shareholders Structure (%)

José Elías Navarro	84.6
Free Float	15.4

## Relative performance -5y (Base 100)



## Stock performance (%)

(%)	-1m	-3m	-12m	-5Y
Absolute	11.2	-23.0	-7.1	387.5
vs Ibex 35	18.5	15.1	26.8	732.5
vs Ibex Small Cap Index	8.0	0.0	9.5	379.8
vs Eurostoxx 50	14.4	5.4	9.8	516.4
vs Sector benchmark <sup>(4)</sup>	10.7	-2.5	-10.9	323.4

(1) The opinion about results is in respect of reported EBITDA and its relation to our estimate for the year (12m). The impact reflects whether, as a consequence of these results, we envisage a significant (>5%) upgrade or downgrade to our EBITDA estimates (for any of the estimated years).

(2) Please refer to Appendix 2.

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

(4) vs Eurostoxx 600 Utilities.

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

## Weak 1Q20 results: the year is getting tougher (EBITDA: -15.2%)

**DECLINE IN REVENUE (-19.0%)**, mainly due to the contraction of the supply business (-17.3%) as a result of: (i) a c. 8% reduction in the electricity supplied (despite a 19% increase in the number of supply points) and (ii) the lower average price of the power supplied to the domestic market (c. 73% of revenue), with large falls vs 1Q19: -37% (electricity) and -53% (gas).

**ALTHOUGH WITH AN INCREASE IN THE GROSS MARGIN (EUR 30Mn; +3.2%)...** favoured by improved procurement management that boosted the supply business margin to 11.1% (+4.7p.p. vs 1Q19; maintaining the trend seen in 4Q19 results). The surprising improvement in the supply business margin (vs 1Q19) offset the reduction in the generation business margin (-60% vs 1Q19) caused by the sale in 2019 of three wind farms (94.6MW; c. 50% of installed capacity in 1Q19) with an impact on the gross margin (estimated by LH) of c. EUR 7Mn.

**...THAT DID NOT TRANSLATE TO EBITDA (-15.2% VS 1Q19):** principally due to the provisions (EUR 3.3Mn) made to cover defaults that may arise due to the Covid-19 crisis. However, we would highlight that the improvement in the supply business EBITDA margin seen in 2H19 continued in 1Q20 (+1.9p.p. vs 1Q19).

**AND AN INCREASE IN NET DEBT (+40% VS 2019)**, which amounted to EUR 240.1Mn mainly due to higher investment in working capital (reduction in accounts payable of c. EUR 32Mn). On 30 March 2020, with the goal of increasing liquidity, ADX registered a programme of promissory notes with a maximum outstanding balance of EUR 200Mn and expiry in March 2021 with the Alternative Fixed-Income Market (MARF).

**IN CONCLUSION:** 1Q20 results were shaped by: (i) a sharp fall both in the volume and price of the electricity supplied and (ii) the sale of 50% of installed wind power capacity (generation) in 2019 (c. 65% of EBITDA in 1Q19; now < 30%). However, the improvement in the supply business EBITDA margin seen in 2H19 continued. The impact of the "Covid-19" effect from 2Q20 will be the litmus test.

EUR Mn	3m20	3m19	3m20 vs 3m19
<b>Total Revenues</b>	<b>234.2</b>	<b>289.2</b>	<b>-19.0%</b>
Supply business	229.7	277.8	-17.3%
Generation business	4.5	11.3	-60.3%
<b>Recurrent EBITDA<sup>1</sup></b>	<b>15.5</b>	<b>14.5</b>	<b>7.3%</b>
Rec. EBITDA/Revenues	6.6%	5.0%	1.6 p.p.
<b>EBITDA</b>	<b>12.3</b>	<b>14.5</b>	<b>-15.2%</b>
EBITDA/Revenues	5.2%	5.0%	0.2 p.p.
<b>EBIT</b>	<b>7.1</b>	<b>7.4</b>	<b>-3.6%</b>
<b>NP</b>	<b>1.4</b>	<b>1.6</b>	<b>-10.9%</b>
<b>Net Debt<sup>2</sup></b>	<b>240.1</b>	<b>361.6</b>	<b>-33.6%</b>

(1) 1Q20 Rec. EBITDA adjusted to exclude the impact of the provisions made to cover defaults that may arise due to the Covid-19 (EUR 3.3Mn; included in EBITDA).

(2) Net debt ex IFRS 16.

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

	EUR Mn	Source
Market Cap	858.6	
+ Minority Interests	28.4	3m Results 2020
+ Provisions & Other L/T Liabilities	46.8	3m Results 2020
+ Net financial debt	240.1	3m Results 2020
- Financial Investments	125.8	3m Results 2020
+/- Others	-	3m Results 2020
<b>Enterprise Value (EV)</b>	<b>1,048.1</b>	

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
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.	Initial Coverage	David López Sánchez

