

6m Results 2020

Opinion ⁽¹⁾: Below expectations.

Impact ⁽¹⁾: We will have to trim our estimates.

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Business description

Audax Renovables Audax Renovables (ADX) is an independent energy group focused on the supply of electricity and gas (98% of revenue) to the SME segment (c. 50% of the TWh supplied) with an international presence (only in the EU; c.30% 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)	761.7	888.2
EV (Mn EUR and USD) ⁽²⁾	912.2	1,063.7
Shares Outstanding (Mn)	440.3	
-12m (Max/Med/Mín EUR)	2.72 / 1.89 / 1.36	
Daily Avg volume (-12m Mn)	2.53	
Rotation ⁽³⁾	84.6	
Thomson Reuters / Bloomberg	ADXR.MC / ADX SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

José Elías Navarro	82.7
Free Float	17.3

Relative performance -5y (Base 100)



Stock performance

(%)	-1m	-3m	-12m	-5Y
Absolute	7.3	-9.2	1.6	367.6
vs Ibex 35	12.6	1.5	38.8	565.7
vs Ibex Small Cap Index	7.0	-11.8	1.8	218.5
vs Eurostoxx 50	10.0	-5.8	13.0	352.8
vs Sector benchmark ⁽⁴⁾	10.3	-7.5	-2.8	218.9

(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 is 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

1H20 results shaped by the weak macro backdrop and the disinvestment of assets (2019)

DECLINE IN REVENUES (-23.2% vs 1H19). Covid-19 fully impacted the supply business (revenue: -21.5% vs 1H19), with a decline in both the volumes (falls of c. 14.5%), and prices of the energy supplied (-44% and -55% for electricity and gas prices on the domestic market, respectively). The good news is the growth in the number of supply points (clients): these now exceed 384 thousand (+21.2% vs 1H19) which should enable ADX to accelerate its growth (once the Covid-19 crisis has ended).

WITH THE GROSS MARGIN SUFFERING FROM THE DISINVESTMENTS OF 2019... the gross margin has decreased to EUR 53Mn (-15.7% vs 1H19) due to the sale of generation assets in 2019. 1H20 results show how ADX has maintained the increase in margins seen in previous quarters as a result of improvements in procurement management (gross margin 1H20: 13.1%; vs 12.1% in 2019 and 11.9% in 1H19).

... WHICH TOGETHER WITH THE COVID EFFECT HAS NEGATIVELY IMPACTED EBITDA (EUR 22.7Mn; -31.4%), essentially due to the provisions made to cover defaulting that may arise due to the Covid-19 crisis (EUR 4.8Mn). Despite this, in recurrent terms the improvement in the EBITDA margin continued (6.8% vs 6.3% in 1H19).

MAINTAINING LEVELS OF DEBT. ND ended 1H20 at EUR 168.9Mn (in line with the figure reported at the 2019 close). In March 2020, with the goal of increasing its liquidity, ADX registered a programme of promissory notes for a maximum amount of EUR 200Mn (of which EUR 83.1Mn had been drawn down at June 2020). In addition, in June and July new programmes of promissory notes and bonds were registered (maximum amount of EUR 700Mn; EUR 20Mn drawn down at Sept. 2020).

WE WILL DOWNGRADE OUR ESTIMATES FOR 2020. 1H20 results have been shaped by: (i) a sharp fall both in the volume and price of the energy supplied and (ii) the sale of 50% of installed wind power capacity (generation) in 2019 (c. 47% of EBITDA in 1H19). Despite further margin improvement, the Covid-19 backdrop makes a downgrade to our 2020 numbers inevitable. The tone remains one of prudence for the year due to weak energy prices and the resurgence of infections that could put pressure on demand.

EUR Mn	6m20	6m19	6m20 vs 6m19	2Q20	2Q19	2Q20 vs 2Q19
Total Revenues	403.3	525.1	-23.2%	169.2	216.4	-28.3%
Supply business	396.1	504.3	-21.5%	166.4	216.4	-26.5%
Generation business	7.2	20.8	-65.3%	2.7	0.0	-71.3%
Recurrent EBITDA*	27.5	33.1	-16.9%	12.0	35.7	-35.7%
Rec. EBITDA/Revenues	6.8%	6.3%	0.5 p.p.	7.1%	0.8 p.p.	-0.8 p.p.
EBITDA	22.7	33.1	-31.4%	10.4	44.0	-44.0%
EBITDA/Revenues	5.6%	6.3%	-0.7 p.p.	6.2%	1.7 p.p.	-1.7 p.p.
EBIT	12.8	18.9	-32.3%	5.7	50.8	-50.8%
NP	4.1	6.8	-39.8%	2.6	48.7	-48.7%
Supply points	384.6	317.2	21.2%			
Energy supplied (TWh)	4.4	5.1	-14.5%			
Net Debt**	168.9	369.4	-54.3%			

*Rec. EBITDA excludes the impact of the provisions made to deal with the Covid-19 crisis.

** Net Debt adjusted to strip out the impact of IFRS 16 (EUR 9.1Mn in 1S20).

***ADX has also released adjusted results that exclude: (i) the provisions made to deal with the Covid-19 crisis and (ii) the assets sold in 2019. The main adjusted items for 1H20 are: EBITDA EUR 27.5Mn (+12.6%), EBIT EUR 17.6Mn (+26.1%) and NP EUR 7.3Mn (+54.0%).

Appendix 1. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	761.7	
+ Minority Interests	4.8	6m Results 2020
+ Provisions & Other L/T Liabilities*	100.5	6m Results 2020
+ Net financial debt	168.9	6m Results 2020
- Financial Investments**	123.7	6m Results 2020
+/- Others	-	6m Results 2020
Enterprise Value (EV)	912.2	

*Provisions & Other L/T Liabilities includes related party balances amounting to EUR 72.5Mn.

**Financial Investments includes related party balances amounting to EUR 123.7Mn.

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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.	Initial Coverage	David López Sánchez

