

3m Results 2024
Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

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Business description

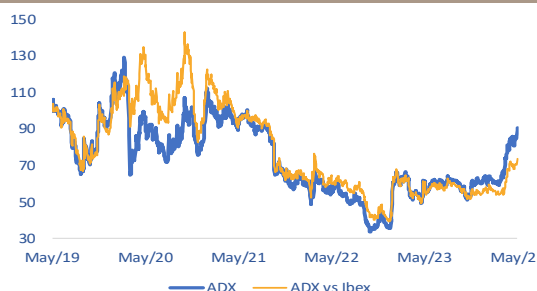
Audax Renovables (ADX) is an independent energy group whose core business is the supply of electricity and gas, focused on the Industrial and SME segment (c. 71% y 29%, respectively of the TWh sold) with an international presence. It has 263MW of installed capacity, 66MW under construction and 626MW of PV at various stages of development.

Market Data

Market Cap (Mn EUR and USD)	867.0	938.5
EV (Mn EUR and USD) ⁽²⁾	1,196.9	1,295.6
Shares Outstanding (Mn)	453.4	
-12m (Max/Med/Mín EUR)	1.91 / 1.33 / 1.07	
Daily Avg volume (-12m Mn EUR)	0.38	
Rotation ⁽³⁾	11.2	
Factset / Bloomberg	ADX-ES / ADX SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

José Elías Navarro	74.9
Indumenta Pueri	5.9
Treasury stock	1.2
Free Float	18.0

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	9.4	50.3	50.3	-9.0
vs Ibex 35	4.0	32.6	23.5	-26.1
vs Ibex Small Cap Index	2.4	32.5	31.5	-31.0
vs Eurostoxx 50	6.7	39.3	27.8	-39.7
vs Sector benchmark ⁽⁴⁾	1.9	36.2	52.8	-27.7

(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.

1Q24: sharp increase in profitability. EBITDA jumped 37% from 1Q23 to EUR 31.5Mn

1Q24: REVENUE CONTRACTED TO EUR 482.1MN (-31% VS 1Q23) ... As we saw in the FY23 release, the year-on-year topline contraction was attributable to lower energy prices this year (with price decreases in ADX's operating markets of 46% for electricity and 49% for gas). That was partially offset by growth in supply volumes to 4.6 TWh (vs 3.9 TWh in 1Q23) and the company's pricing strategy. In Spain and Portugal, revenue amounted to EUR 152.9Mn (-26% vs 1Q23), with the remaining EUR 329.1Mn generated in the rest of Europe (-33%). We will have to trim our revenue forecasts for 2024e.

... TO LEAVE GROSS PROFIT AT EUR 60.6MN (VS EUR 50.9MN IN 1Q23). The gross margin widened very sharply, to 12.6% (vs. 5.5% and 10.3% in 1Q23 and 2Q23, respectively). In Spain and Portugal, gross profit increased to EUR 26.6Mn (+20% vs 1Q23; margin: +7pp to 17%) and in the rest of Europe it climbed to EUR 34.1Mn (+19% vs 1Q23; margin: +5pp to 10%).

SO THAT EBITDA ROSE SHARPLY TO EUR 31.5MN IN 1Q24 (VS EUR 23.1MN IN 1Q23). Thanks to a higher contribution to EBITDA by the supply business (88% vs 81% in 1Q23), at EUR 31.5Mn (+36.5% vs 1Q23). Notably, in Europe (despite a smaller increase in gross margin), EBITDA amounted to EUR 18.0Mn (+56% vs 1Q24; +3pp), thanks (essentially) to the Netherlands (strong customer portfolio growth + pricing strategy), which reported EBITDA of EUR 13Mn (+123% vs 1Q23). That was equivalent to c.72% of total EBITDA in Europe excluding Spain and Portugal. As a result, we will have to adjust our estimates for recurring EBITDA 2024e slightly.

NET DEBT: EUR 249.3MN (VS EUR 262.3MN AT YEAR-END 2023). Excluding the impact of IFRS 16 (an estimated c.EUR 21Mn), net debt would have been c.EUR 228Mn (vs 241.3Mn at year-end 2023). The net debt figure excludes current and non-current borrowings from related companies in the amount of EUR 36.3Mn at year-end 2023. Deleveraging leaves a ND/recurring EBITDA 2024e ratio of close to 2x feasible.

IN SHORT, SIGNIFICANT MARGIN EXPANSION (SETTING THE COMPANY APART FROM ITS PEERS). WE EXPECT MORE OF THE SAME THROUGHOUT 2024E. The 1Q24 results confirm the effectiveness of the operating efficiency measures introduced in recent years: (i) reduction in the number of supply points to prioritise profitability over growth; (ii) a strategic focus on the business/SME segment; (iii) better demand and consumption estimation; and (iv) the vertical integration strategy. Despite a challenging market backdrop shaped by sharp energy price correction. We see more room for improvement. Earnings should remain a positive catalyst. The market appears to have taken note, judging by the company's strong share price performance in recent months (ADX -12m: +50.3%, +23.5% vs IBEX 35 and +52.8% vs comps). In short, we think ADX's earnings momentum will continue in the coming quarters on the back of additional margin expansion.

Table 1. Pipeline

MW	Grid		Environment		Under		Total	%
	Early Stage	Connection	al 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%
TOTAL	0	170	6	450	62	267	955	100%

* Audax has a 30% stake in the Panama wind farm (equity accounted)

Appendix 1. Results table

EUR Mn	3m24 Real	3m23	3m24 Real
			vs 3m23
Total Revenues	482.1	696.9	-30.8%
Gross Margin	60.6	50.9	19.0%
<i>Gross Margin/Revenues</i>	<i>12.6%</i>	<i>5.5%</i>	<i>7.1 p.p.</i>
EBITDA	31.5	23.1	36.5%
<i>EBITDA/Revenues</i>	<i>6.5%</i>	<i>2.1%</i>	<i>4.4 p.p.</i>
EBIT	26.1	17.6	48.2%
NP	15.9	2.0	n.a.
Supply points (thousand)	393	376	4.5%
Energy supplied (TWh)	4.6	3.9	17.9%
MW in operation ¹	201	179	12.3%
Electricity generation (GWh) ¹	73	76	-3.9%

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

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	867.0	
+ Minority Interests	12.9	3m Results 2024
+ Provisions & Other L/T Liabilities	67.3	3m Results 2024
+ Net financial debt	277.5	12m Results 2023
- Financial Investments	27.9	3m Results 2024
+/- Others		
Enterprise Value (EV)	1,196.9	

Note: We have included the net debt at the end of 2023 as we have the amount of debt with related companies for EUR 36.3Mn.

LIGHTHOUSE

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
15-May-2024	n.a.	1.91	n.a.	n.a.	3m Results 2024	Enrique Andrés Abad, CFA
29-Feb-2024	n.a.	1.29	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
13-Nov-2023	n.a.	1.12	n.a.	n.a.	9m Results 2023 - Estimates upgrade	Enrique Andrés Abad, CFA
29-Sep-2023	n.a.	1.27	n.a.	n.a.	6m Results 2023	Enrique Andrés Abad, CFA
12-Jun-2023	n.a.	1.25	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
12-May-2023	n.a.	1.30	n.a.	n.a.	3m Results 2023 - Estimates upgrade	David López Sánchez
27-Feb-2023	n.a.	1.30	n.a.	n.a.	12m Results 2022	David López Sánchez
16-Nov-2022	n.a.	0.89	n.a.	n.a.	9m Results 2022	David López Sánchez
03-Oct-2022	n.a.	0.84	n.a.	n.a.	6m Results 2022	David López Sánchez
13-May-2022	n.a.	1.19	n.a.	n.a.	3m Results 2022	David López Sánchez
01-Mar-2022	n.a.	1.30	n.a.	n.a.	12m Results 2021	David López Sánchez
16-Nov-2021	n.a.	1.30	n.a.	n.a.	9m Results 2021	David López Sánchez
01-Oct-2021	n.a.	1.50	n.a.	n.a.	6m Results 2021	David López Sánchez
14-May-2021	n.a.	1.94	n.a.	n.a.	3m Results 2021	David López Sánchez
02-Mar-2021	n.a.	2.04	n.a.	n.a.	12m Results 2020	David López Sánchez
12-Nov-2020	n.a.	2.07	n.a.	n.a.	9m Results 2020	David López Sánchez
13-Oct-2020	n.a.	2.09	n.a.	n.a.	Estimates downgrade	David López Sánchez
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.	Initiation of Coverage	David López Sánchez

