

9m Results 2022

Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

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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. 59% y 33%, respectively of the TWh sold) with an international presence. It has 226MW of installed capacity (91MW of wind power and 135MW of solar), 19MW under construction and 2,291MW of PV at various stages of development.

9m22: in line. Margins remain under significant pressure (EBITDA margin 1.8%)

Market Data

Market Cap (Mn EUR and USD)	391.9	406.2
EV (Mn EUR and USD) ⁽²⁾	887.0	919.5
Shares Outstanding (Mn)	440.3	
-12m (Max/Med/Mín EUR)	1.43 / 1.13 / 0.70	
Daily Avg volume (-12m Mn EUR)	0.72	
Rotation ⁽³⁾	46.7	
Factset / Bloomberg	ADX-ES / ADX SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

José Elías Navarro	66.2
Indumenta Pueri	5.9
Free Float	27.9

Financials (Mn EUR)

	2021	2022e	2023e	2024e
Adj. nº shares (Mn)	440.3	440.3	440.3	440.3
Total Revenues	1,690.0	2,610.2	2,417.2	2,411.3
Rec. EBITDA	53.1	53.3	75.4	105.0
% growth	6.0	0.4	41.3	39.3
% Rec. EBITDA/Rev.	3.1	2.0	3.1	4.4
% Inc. EBITDA sector ⁽⁴⁾	12.3	28.7	11.7	5.2
Net Profit	2.8	2.2	18.7	41.9
EPS (EUR)	0.01	0.01	0.04	0.10
% growth	-89.2	-22.1	746.3	123.9
Ord. EPS (EUR)	0.01	0.01	0.04	0.10
% growth	-59.5	-54.1	746.3	123.9
Rec. Free Cash Flow ⁽⁵⁾	-107.3	-70.5	-12.5	21.4
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	426.9	488.7	501.1	479.7
ND/Rec. EBITDA (x)	8.0	9.2	6.7	4.6
ROE (%)	2.1	1.6	12.6	23.4
ROCE (%) ⁽⁵⁾	4.2	4.1	6.4	9.4

Ratios & Multiples (x)⁽⁶⁾

	2021	2022e	2023e	2024e
P/E	n.a.	n.a.	20.9	9.4
Ord. P/E	81.3	n.a.	20.9	9.4
P/BV	2.9	2.8	2.5	2.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	0.52	0.34	0.37	0.37
EV/Rec. EBITDA	16.7	16.6	11.8	8.5
EV/EBIT	28.6	28.7	17.2	11.3
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	5.5

RISING ENERGY PRICES CONTINUE TO DRIVE REVENUE (+77.9%)... With revenue of EUR 2,033.5Mn at the 9m22 close (+77.9% vs 9m21). This strong growth is explained solely by the increase in electricity and gas prices that offset: (i) the reduction in supply points to 396 thousand (-27.2% vs 9m21 and -6% vs 1H22; due to a focus on the most profitable clients) and (ii) the volume of power supplied (-14% vs 9m21).

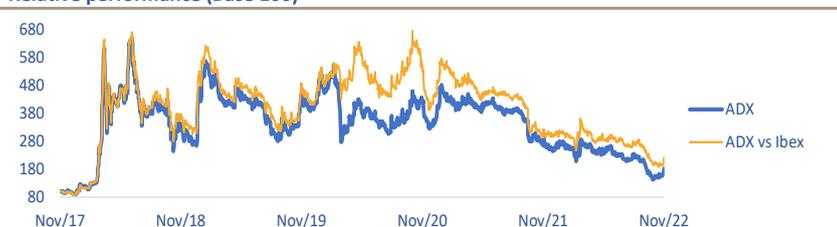
... HOWEVER, MARGINS REMAIN UNDER SIGNIFICANT PRESSURE (EBITDA +15.6%).

The current price scenario, together with changes to the regulatory framework in Poland, continues to squeeze margins. The gross margin has fallen to 5.1% (vs 7.5% in 9m21). This translates to 9m22 EBITDA of EUR 36.1Mn (+15.6% vs 9m21; EBITDA margin 1.8%, fully in line with our estimates), boosted by new photovoltaic plants coming on stream in 2H21 that made visible already in 1H results a significant change in the mix (today the generation business provides 50% of EBITDA vs 29% in 9m21).

NET DEBT, EUR 447.0Mn (+4.7% VS 2021). Although still +4.7% higher than debt in 2021, 9m22 ND fell 8% vs 1H22 as a result of the sale in July to the fund IKAV of a 49% stake in the PV plants in operation (69.5MW) for EUR 8.8Mn. In addition, IKAV provided EUR 29.9Mn in funding (enabling ADX to recover part of the capital to reinvest in the development of its portfolio of PV projects).

WE MAINTAIN ESTIMATES. THE KEY REMAINS THE RECOVERY OF MARGINS. We maintain our estimate for 2022e of EBITDA of c. EUR 55Mn (EBITDA margin 2%). Looking to the long term, the key remains the recovery of supply business margins (with very significant upside; c. 2% at present vs > 4% in 2019), that, in our opinion, remains ADX's equity story (while waiting for the generation business to take off; pipeline +2.3GW PV). Management of the high leverage (2022e ND/EBITDA c. 9x) is still the main restriction of the business model.

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	25.3	-22.5	-31.3	-29.4	-58.6	81.6
vs Ibex 35	12.9	-20.3	-23.7	-24.8	-53.1	122.1
vs Ibex Small Cap Index	11.1	-17.9	-20.7	-21.0	-63.2	51.3
vs Eurostoxx 50	8.2	-25.0	-23.1	-22.4	-60.7	64.5
vs Sector benchmark ⁽⁴⁾	10.1	-17.3	-25.2	-20.7	-60.9	51.2

(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 3.

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

(4) Sector: Stoxx Europe 600 Utilities.

(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(6) Multiples and ratios calculated over prices at the date of this report.

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

9m Results 2022
Table 1. 9m22 Results

EUR Mn	9m22 Real	9m21	9m22 Real vs 9m21	2022e	2022e vs 2021	3Q22	3Q22 vs 3Q21
Total Revenues	2,033.5	1,143.3	77.9%	2,610.2	54.5%	710.4	57.4%
Gross Margin	103.1	86.0	19.8%	134.8	4.7%	38.0	18.4%
<i>Gross Margin/Revenues</i>	<i>5.1%</i>	<i>7.5%</i>	<i>-2.5 p.p.</i>	<i>5.2%</i>	<i>-2.5 p.p.</i>	<i>5.3%</i>	<i>-1.8 p.p.</i>
Recurrent EBITDA	36.1	31.2	15.6%	53.3	0.4%	11.5	-11.1%
<i>Rec. EBITDA/Revenues</i>	<i>1.8%</i>	<i>2.7%</i>	<i>-1.0 p.p.</i>	<i>2.0%</i>	<i>-1.1 p.p.</i>	<i>1.6%</i>	<i>-1.3 p.p.</i>
EBITDA	36.1	31.2	15.6%	53.3	0.7%	11.5	-11.1%
<i>EBITDA/Revenues</i>	<i>1.8%</i>	<i>2.7%</i>	<i>-1.0 p.p.</i>	<i>2.0%</i>	<i>-1.1 p.p.</i>	<i>1.6%</i>	<i>-1.3 p.p.</i>
EBIT	20.2	15.1	34.2%	30.9	-0.3%		
NP	-1.7	-1.8	5.3%	2.2	-22.1%		
Supply points (thousand)	396.0	544.0	-27.2%				
Energy supplied (TWh)	9.8	11.4	-14.0%				
MW in operation ²	160.0	141.0	13.5%				
Electricity generation (GWh) ²	197.0	140.0	40.7%				
	9m22	2021					
Net Debt ¹	447.0	427.0	4.7%	488.7	14.4%		
ND / EBITDA				9.2 x	1.1 x		

Note 1: Net Debt adjusted to strip out the impact of IFRS 16 (EUR 16.9Mn and EUR 16.5Mn in 1H22 and 2021, respectively).

Note 2: Installed capacity (MW) and energy generated (GWh) excluding the wind farm in Panama (66MW, with a 30% stake; equity accounted).

Table 2. Pipeline (MW)

MW	Early Stage	Grid		Under		Total	%
		Connection	Backlog	Construction	Operation		
Solar PV	643	402	1,247	19	69	2,380	93.8%
Spain	246	0	1,243	19	69	1,577	62.2%
Italy	0	198	4	0	0	202	8.0%
Portugal	397	204	0	0	0	601	23.7%
Wind	0	0	0	0	157	157	6.2%
Spain	0	0	0	0	45	45	0.0%
France	0	0	0	0	12	12	0.5%
Poland	0	0	0	0	34	34	1.3%
Panama*	0	0	0	0	66	66	2.6%
TOTAL	643	402	1,247	19	226	2,537	100.0%

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

Valuation inputs

Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(37.7)	12.6	46.4	n.a.		
Market Cap	391.9	At the date of this report				
Net financial debt	447.0	Debt net of Cash (9m Results 2022)				
					Best Case	Worst Case
Cost of Debt	4.4%	Net debt cost			4.2%	4.7%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	3.5%	Kd = Cost of Net Debt * (1-T)			3.3%	3.7%
Risk free rate (rf)	3.1%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.1	B (own estimate)			1.0	1.2
Cost of Equity	9.7%	Ke = Rf + (R * B)			8.6%	10.9%
Equity / (Equity + Net Debt)	46.7%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	53.3%	D			=	=
WACC	6.4%	WACC = Kd * D + Ke * E			5.8%	7.1%
G "Fair"	1.5%				2.0%	1.5%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

Company	Ticker	Mkt. Cap	P/E 22e	EPS 22e-24e	EV/EBITDA 22e	EBITDA 22e-24e	EV/Sales 22e	Revenues 22e-24e	EBITDA/Sales 22e	FCF Yield 22e	FCF 22e-24e
Iberdrola	IBE-ES	66,642.9	16.1	8.4%	9.3	8.8%	2.4	3.4%	26.4%	n.a.	-41.8%
Endesa	ELE-ES	19,396.3	10.6	3.9%	9.0	1.9%	1.5	-8.3%	17.0%	3.5%	32.2%
Naturgy	NTGY-ES	26,189.3	18.7	-1.3%	9.4	0.4%	1.5	-6.2%	15.9%	3.4%	-37.2%
EDP	EDP-PT	17,556.1	20.4	17.2%	9.7	8.3%	2.4	4.4%	24.8%	n.a.	34.8%
Integrated Utilities			16.5	7.0%	9.3	4.8%	2.0	-1.7%	21.0%	3.5%	-3.0%
Solaria	SLR-ES	2,211.6	26.5	25.2%	19.3	35.0%	16.9	35.6%	87.7%	n.a.	6.0%
Grenergy	GRE-ES	1,024.9	35.3	57.4%	20.0	66.7%	7.1	38.7%	35.3%	n.a.	-16.7%
Scatec A	SCATC-NO	1,411.5	n.a.	72.1%	13.1	29.0%	8.7	25.8%	66.6%	n.a.	n.a.
Renewable Energy			30.9	51.6%	17.5	43.6%	10.9	33.4%	63.2%	n.a.	-5.4%
ADX	ADX-ES	391.9	n.a.	n.a.	16.6	40.3%	0.3	-3.9%	2.0%	n.a.	53.2%

Free Cash Flow sensitivity analysis (2023e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 23e	EBITDA 23e	EV/EBITDA 23e
Max	3.4%	82.6	10.7x
Central	3.1%	75.4	11.8x
Min	2.8%	68.1	13.0x

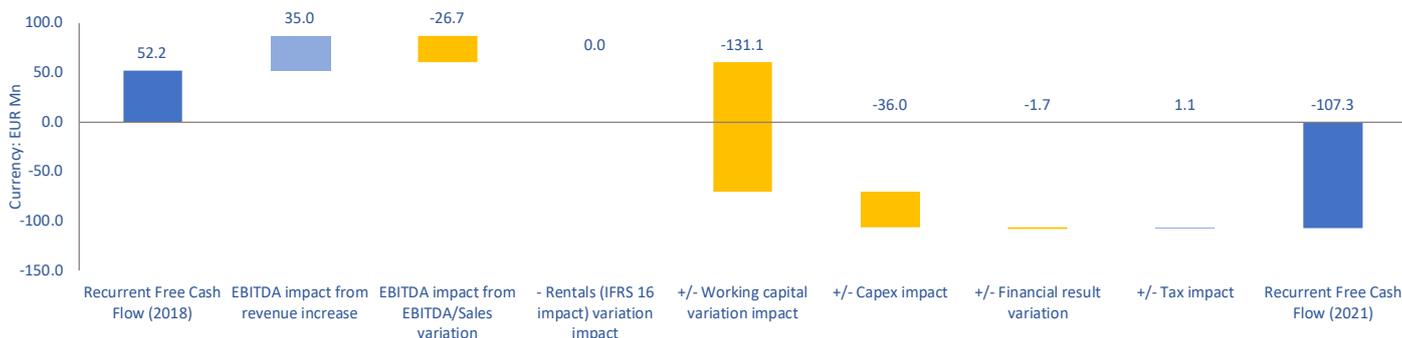
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e		
Intangible assets	81.8	111.5	106.3	159.5	200.0	200.0	200.0	200.0		
Fixed assets	167.9	166.6	75.3	87.4	117.2	106.3	154.2	175.2		
Other Non Current Assets	8.0	12.5	14.3	14.8	23.4	23.4	23.4	23.4		
Financial Investments	30.3	99.0	76.3	25.6	105.7	109.9	114.1	118.3		
Goodwill & Other Intangibles	98.5	138.6	137.9	137.9	137.9	137.9	137.9	137.9		
Current assets	140.5	161.6	177.1	266.0	405.0	573.9	537.4	536.3		
Total assets	527.0	689.8	587.2	691.3	989.3	1,151.4	1,167.1	1,191.2		
Equity	57.9	106.3	122.2	135.2	137.0	139.2	157.9	199.8		
Minority Interests	13.1	33.3	33.5	7.8	12.0	16.2	20.4	24.6		
Provisions & Other L/T Liabilities	79.1	92.1	59.3	114.7	138.6	138.6	138.6	138.6		
Other Non Current Liabilities	-	-	9.6	8.9	16.5	16.5	16.5	16.5		
Net financial debt	260.3	291.8	169.2	202.9	426.9	488.7	501.1	479.7		
Current Liabilities	116.5	166.4	193.5	221.8	258.4	352.4	332.6	332.0		
Equity & Total Liabilities	527.0	689.8	587.2	691.3	989.3	1,151.4	1,167.1	1,191.2		
									CAGR	
P&L (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	18-21	21-24e
Total Revenues	675.6	986.9	1,043.8	969.3	1,690.0	2,610.2	2,417.2	2,411.3	19.6%	12.6%
<i>Total Revenues growth</i>	<i>n.a.</i>	<i>46.1%</i>	<i>5.8%</i>	<i>-7.1%</i>	<i>74.4%</i>	<i>54.5%</i>	<i>-7.4%</i>	<i>-0.2%</i>		
COGS	(594.2)	(883.2)	(917.2)	(854.4)	(1,561.2)	(2,475.4)	(2,259.5)	(2,222.2)		
Gross Margin	81.5	103.7	126.6	114.9	128.8	134.8	157.7	189.1	7.5%	13.7%
<i>Gross Margin/Revenues</i>	<i>12.1%</i>	<i>10.5%</i>	<i>12.1%</i>	<i>11.9%</i>	<i>7.6%</i>	<i>5.2%</i>	<i>6.5%</i>	<i>7.8%</i>		
Personnel Expenses	(14.3)	(19.4)	(21.0)	(22.5)	(27.7)	(30.5)	(31.5)	(32.8)		
Other Operating Expenses	(29.9)	(39.5)	(37.3)	(42.3)	(47.9)	(51.0)	(50.9)	(51.3)		
Recurrent EBITDA	37.2	44.8	68.3	50.1	53.1	53.3	75.4	105.0	5.8%	25.5%
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>20.6%</i>	<i>52.4%</i>	<i>-26.7%</i>	<i>6.0%</i>	<i>0.4%</i>	<i>41.3%</i>	<i>39.3%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>5.5%</i>	<i>4.5%</i>	<i>6.5%</i>	<i>5.2%</i>	<i>3.1%</i>	<i>2.0%</i>	<i>3.1%</i>	<i>4.4%</i>		
Restructuring Expense & Other non-rec.	-	-	-	-	(0.2)	-	-	-		
EBITDA	37.2	44.8	68.3	50.1	52.9	53.3	75.4	105.0	5.7%	25.6%
Depreciation & Provisions	(18.5)	(25.1)	(25.1)	(19.7)	(22.0)	(22.4)	(23.8)	(26.3)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	(1.1)	-	-	-	-	-		
EBIT	18.6	19.7	42.1	30.4	31.0	30.9	51.6	78.7	16.2%	36.5%
<i>EBIT growth</i>	<i>n.a.</i>	<i>5.9%</i>	<i>113.1%</i>	<i>-27.7%</i>	<i>1.7%</i>	<i>-0.3%</i>	<i>67.1%</i>	<i>52.6%</i>		
<i>EBIT/Revenues</i>	<i>2.8%</i>	<i>2.0%</i>	<i>4.0%</i>	<i>3.1%</i>	<i>1.8%</i>	<i>1.2%</i>	<i>2.1%</i>	<i>3.3%</i>		
Impact of Goodwill & Others	(0.1)	-	-	-	-	-	-	-		
Net Financial Result	(12.6)	(17.1)	(13.9)	(12.7)	(26.5)	(27.5)	(28.8)	(28.7)		
Income by the Equity Method	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	4.2	4.2	4.2		
Ordinary Profit	5.8	2.6	28.1	17.7	4.5	7.5	27.0	54.2	19.7%	n.a.
<i>Ordinary Profit Growth</i>	<i>n.a.</i>	<i>-55.4%</i>	<i>979.7%</i>	<i>-37.0%</i>	<i>-74.8%</i>	<i>69.2%</i>	<i>257.4%</i>	<i>101.2%</i>		
Extraordinary Results	(0.1)	8.6	5.0	16.3	-	-	-	-		
Profit Before Tax	5.8	11.2	33.1	34.0	4.5	7.5	27.0	54.2	-26.4%	n.a.
Tax Expense	0.5	(1.8)	(1.7)	(3.9)	(3.2)	(1.1)	(4.0)	(8.1)		
<i>Effective Tax Rate</i>	<i>n.a.</i>	<i>15.9%</i>	<i>5.1%</i>	<i>11.4%</i>	<i>72.1%</i>	<i>15.0%</i>	<i>15.0%</i>	<i>15.0%</i>		
Minority Interests	2.0	(1.0)	(5.9)	(3.8)	1.6	(4.2)	(4.2)	(4.2)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	8.3	8.4	25.4	26.4	2.8	2.2	18.7	41.9	-30.4%	n.a.
<i>Net Profit growth</i>	<i>n.a.</i>	<i>2.0%</i>	<i>202.5%</i>	<i>3.7%</i>	<i>-89.2%</i>	<i>-22.1%</i>	<i>746.3%</i>	<i>123.9%</i>		
Ordinary Net Profit	7.8	1.2	20.7	11.9	4.8	2.2	18.7	41.9	59.1%	n.a.
<i>Ordinary Net Profit growth</i>	<i>n.a.</i>	<i>-84.7%</i>	<i>n.a.</i>	<i>-42.6%</i>	<i>-59.5%</i>	<i>-54.1%</i>	<i>746.3%</i>	<i>123.9%</i>		
									CAGR	
Cash Flow (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	18-21	21-24e
Recurrent EBITDA						53.3	75.4	105.0	5.8%	25.5%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(74.9)	16.8	0.5		
Recurrent Operating Cash Flow						-21.6	92.1	105.5	-38.7%	60.6%
CAPEX						(20.3)	(71.8)	(47.3)		
Net Financial Result affecting the Cash Flow						(27.5)	(28.8)	(28.7)		
Tax Expense						(1.1)	(4.0)	(8.1)		
Recurrent Free Cash Flow						(70.5)	(12.5)	21.4	-59.5%	30.1%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						8.8	-	-		
Free Cash Flow						(61.7)	(12.5)	21.4	-89.5%	28.1%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						61.7	12.5	(21.4)		

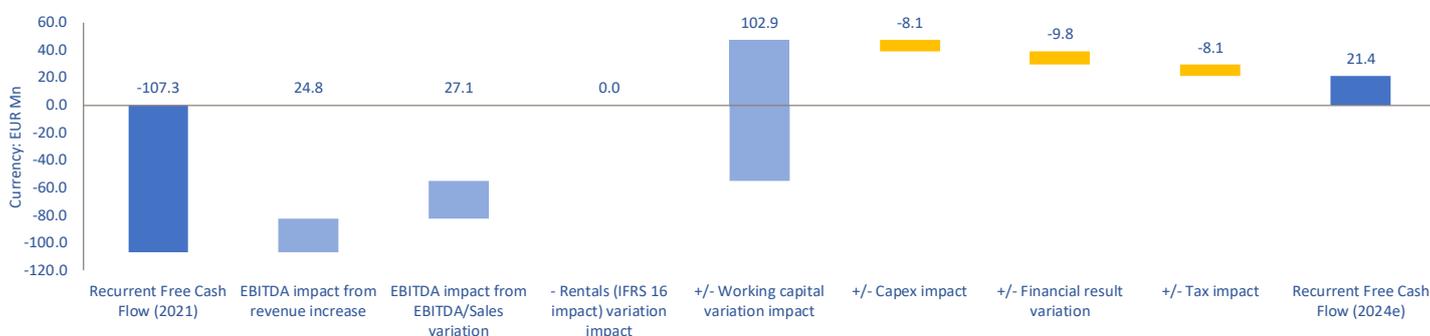
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
Recurrent EBITDA	44.8	68.3	50.1	53.1	53.3	75.4	105.0	5.8%	25.5%
<i>Recurrent EBITDA growth</i>	20.6%	52.4%	-26.7%	6.0%	0.4%	41.3%	39.3%		
<i>Rec. EBITDA/Revenues</i>	4.5%	6.5%	5.2%	3.1%	2.0%	3.1%	4.4%		
- Rentals (IFRS 16 impact)	-	(1.1)	-	-	-	-	-		
+/- Working Capital increase	28.7	11.7	(60.7)	(102.4)	(74.9)	16.8	0.5		
= Recurrent Operating Cash Flow	73.6	78.9	(10.6)	(49.3)	(21.6)	92.1	105.5	-38.7%	60.6%
<i>Rec. Operating Cash Flow growth</i>	459.7%	7.3%	-113.4%	-364.8%	56.3%	527.4%	14.5%		
<i>Rec. Operating Cash Flow / Sales</i>	7.5%	7.6%	n.a.	n.a.	n.a.	3.8%	4.4%		
- CAPEX	(3.1)	(33.5)	(17.0)	(39.1)	(20.3)	(71.8)	(47.3)		
- Net Financial Result affecting Cash Flow	(17.2)	(16.1)	(13.4)	(18.9)	(27.5)	(28.8)	(28.7)		
- Taxes	(1.1)	-	-	-	(1.1)	(4.0)	(8.1)		
= Recurrent Free Cash Flow	52.2	29.3	(41.0)	(107.3)	(70.5)	(12.5)	21.4	-59.5%	30.1%
<i>Rec. Free Cash Flow growth</i>	967.1%	-43.9%	-239.8%	-162.1%	34.3%	82.3%	271.5%		
<i>Rec. Free Cash Flow / Revenues</i>	5.3%	2.8%	n.a.	n.a.	n.a.	n.a.	0.9%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	0.4	46.5	(91.1)	(77.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(84.1)	46.8	118.2	(29.0)	8.8	-	-		
= Free Cash Flow	(31.4)	122.6	(13.8)	(213.7)	(61.7)	(12.5)	21.4	-89.5%	28.1%
<i>Free Cash Flow growth</i>	65.1%	490.2%	-111.3%	n.a.	71.1%	79.8%	271.5%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	13.3%	7.5%	n.a.	n.a.	n.a.	n.a.	5.5%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	31.3%	n.a.	n.a.	n.a.	n.a.	5.5%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(6.0)	52.2	29.3	(41.0)	(107.3)	(70.5)	(12.5)		
EBITDA impact from revenue increase	17.1	2.6	(4.9)	37.2	28.9	(3.9)	(0.2)		
EBITDA impact from EBITDA/Sales variation	(9.5)	20.9	(13.3)	(34.2)	(28.7)	26.0	29.8		
= Recurrent EBITDA variation	7.6	23.5	(18.2)	3.0	0.2	22.0	29.6		
- Rentals (IFRS 16 impact) variation impact	-	(1.1)	1.1	-	-	-	-		
+/- Working capital variation impact	52.8	(17.0)	(72.4)	(41.7)	27.5	91.6	(16.3)		
= Recurrent Operating Cash Flow variation	60.4	5.4	(89.6)	(38.7)	27.8	113.7	13.3		
+/- CAPEX impact	1.2	(30.4)	16.6	(22.2)	18.8	(51.5)	24.5		
+/- Financial result variation	(2.3)	1.0	2.7	(5.5)	(8.7)	(1.3)	0.2		
+/- Tax impact	(1.1)	1.1	-	-	(1.1)	(2.9)	(4.1)		
= Recurrent Free Cash Flow variation	58.2	(22.9)	(70.3)	(66.4)	36.8	58.0	33.9		
Recurrent Free Cash Flow	52.2	29.3	(41.0)	(107.3)	(70.5)	(12.5)	21.4		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	19.7	42.1	30.4	31.0	30.9	51.6	78.7	16.2%	36.5%
* <i>Theoretical Tax rate</i>	15.9%	5.1%	11.4%	30.0%	15.0%	15.0%	15.0%		
= Taxes (pre- Net Financial Result)	(3.1)	(2.2)	(3.5)	(9.3)	(4.6)	(7.7)	(11.8)		
Recurrent EBITDA	44.8	68.3	50.1	53.1	53.3	75.4	105.0	5.8%	25.5%
- Rentals (IFRS 16 impact)	-	(1.1)	-	-	-	-	-		
+/- Working Capital increase	28.7	11.7	(60.7)	(102.4)	(74.9)	16.8	0.5		
= Recurrent Operating Cash Flow	73.6	78.9	(10.6)	(49.3)	(21.6)	92.1	105.5	-38.7%	60.6%
- CAPEX	(3.1)	(33.5)	(17.0)	(39.1)	(20.3)	(71.8)	(47.3)		
- Taxes (pre- Financial Result)	(3.1)	(2.2)	(3.5)	(9.3)	(4.6)	(7.7)	(11.8)		
= Recurrent Free Cash Flow (To the Firm)	67.3	43.3	(31.0)	(97.8)	(46.5)	12.6	46.4	-51.1%	35.3%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	662.2%	-35.7%	-171.7%	-215.0%	52.4%	127.2%	267.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	6.8%	4.1%	n.a.	n.a.	n.a.	0.5%	1.9%		
- Acquisitions / + Divestments	0.4	46.5	(91.1)	(77.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(84.1)	46.8	118.2	(29.0)	8.8	-	-		
= Free Cash Flow "To the Firm"	(16.3)	136.6	(3.9)	(204.1)	(37.7)	12.6	46.4	n.a.	30.6%
<i>Free Cash Flow (To the Firm) growth</i>	78.3%	936.7%	-102.9%	n.a.	81.5%	133.5%	267.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	7.6%	4.9%	n.a.	n.a.	n.a.	1.4%	5.2%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	15.4%	n.a.	n.a.	n.a.	1.4%	5.2%		

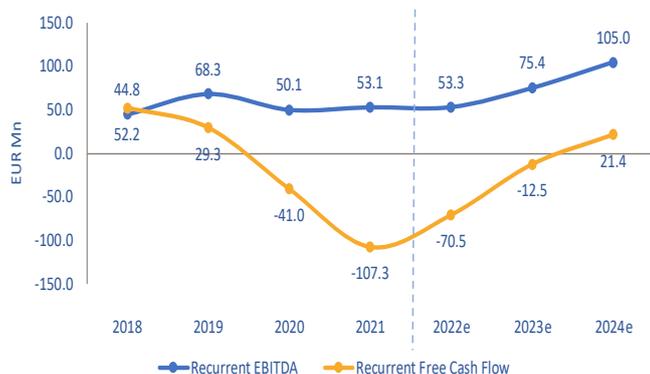
Recurrent Free Cash Flow accumulated variation analysis (2017 - 2021)



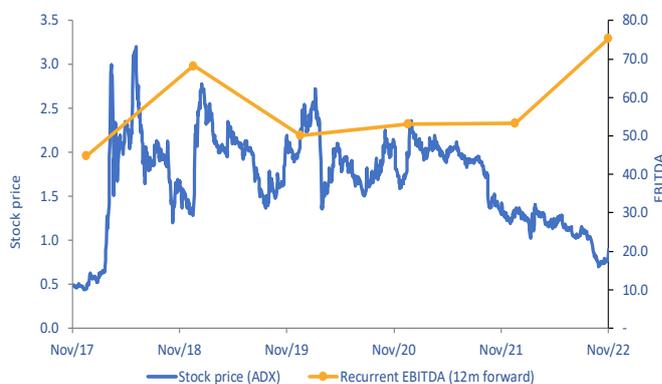
Recurrent Free Cash Flow accumulated variation analysis (2021 - 2024e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	391.9	
+ Minority Interests	23.1	9m Results 2022
+ Provisions & Other L/T Liabilities	69.1	9m Results 2022
+ Net financial debt	447.0	9m Results 2022
- Financial Investments	44.0	9m Results 2022
+/- Others		
Enterprise Value (EV)	887.0	

Appendix 4. Main peers 2022e

	EUR Mn	Integrated Utilities				Average	Renewable Energy			Average	ADX
		Iberdrola	Endesa	Naturgy	EDP		Solaria	Grenergy	Scatec A		
Market data	Ticker (Factset)	IBE-ES	ELE-ES	NTGY-ES	EDP-PT		SLR-ES	GRE-ES	SCATC-NO		ADX-ES
	Country	Spain	Spain	Spain	Portugal		Spain	Spain	Norway		Spain
	Market cap	66,642.9	19,396.3	26,189.3	17,556.1		2,211.6	1,024.9	1,411.5		391.9
	Enterprise value (EV)	118,513.9	40,063.4	40,527.4	41,259.1		2,872.6	1,344.2	3,336.2		887.0
Basic financial information	Total Revenues	48,553.5	26,163.3	27,174.6	17,090.1		170.0	190.5	381.5		2,610.2
	Total Revenues growth	24.1%	27.5%	22.7%	12.7%	21.8%	78.9%	130.9%	29.9%	79.9%	54.5%
	2y CAGR (2022e - 2024e)	3.4%	-8.3%	-6.2%	4.4%	-1.7%	35.6%	38.7%	25.8%	33.4%	-3.9%
	EBITDA	12,795.6	4,452.9	4,327.0	4,232.6		149.2	67.2	254.3		53.3
	EBITDA growth	9.9%	26.3%	19.9%	51.1%	26.8%	67.5%	61.0%	23.0%	50.5%	0.7%
	2y CAGR (2022e - 2024e)	8.8%	1.9%	0.4%	8.3%	4.8%	35.0%	66.7%	29.0%	43.6%	40.3%
	EBITDA/Revenues	26.4%	17.0%	15.9%	24.8%	21.0%	87.7%	35.3%	66.6%	63.2%	2.0%
	EBIT	7,709.8	2,739.7	2,538.0	2,558.2		122.1	52.1	65.7		30.9
	EBIT growth	3.8%	37.4%	17.3%	144.1%	50.7%	77.8%	50.4%	-48.7%	26.5%	-0.3%
	2y CAGR (2022e - 2024e)	10.1%	1.6%	0.3%	10.9%	5.7%	32.4%	64.5%	n.a.	48.5%	59.7%
	EBIT/Revenues	15.9%	10.5%	9.3%	15.0%	12.7%	71.8%	27.3%	17.2%	38.8%	1.2%
	Net Profit	4,203.1	1,842.8	1,371.4	885.5		82.1	25.1	(64.4)		2.2
	Net Profit growth	7.2%	28.4%	25.0%	34.8%	23.9%	71.0%	54.0%	-271.5%	-48.9%	-22.1%
	2y CAGR (2022e - 2024e)	7.3%	2.2%	-1.1%	16.3%	6.2%	26.0%	63.1%	80.5%	56.5%	n.a.
	CAPEX/Sales %	20.5%	9.4%	6.6%	25.2%	15.4%	228.2%	143.3%	52.1%	141.2%	0.8%
Free Cash Flow	(831.0)	678.0	899.3	(683.0)		(297.2)	(259.3)	(10.3)		(61.7)	
Net financial debt	45,077.2	10,604.1	11,782.8	15,453.4		791.1	421.9	1,752.3		488.7	
ND/EBITDA (x)	3.5	2.4	2.7	3.7	3.1	5.3	6.3	6.9	6.2	9.2	
Pay-out	71.6%	69.3%	86.9%	85.2%	78.2%	0.0%	0.0%	-67.7%	-22.6%	0.0%	
Multiples and Ratios	P/E (x)	16.1	10.6	18.7	20.4	16.5	26.5	35.3	n.a.	30.9	n.a.
	P/BV (x)	1.5	3.4	3.0	1.8	2.4	6.8	3.8	1.6	4.1	2.8
	EV/Revenues (x)	2.4	1.5	1.5	2.4	2.0	16.9	7.1	8.7	10.9	0.3
	EV/EBITDA (x)	9.3	9.0	9.4	9.7	9.3	19.3	20.0	13.1	17.5	16.6
	EV/EBIT (x)	15.4	14.6	16.0	16.1	15.5	23.5	25.8	n.a.	24.7	28.7
	ROE	9.4	32.4	16.1	8.8	16.7	25.4	10.9	n.a.	18.2	1.6
	FCF Yield (%)	n.a.	3.5	3.4	n.a.	3.5	n.a.	n.a.	n.a.	n.a.	n.a.
	DPS	0.47	1.21	1.24	0.19	0.78	0.00	0.00	0.27	0.09	0.00
	Dvd Yield	4.5%	6.6%	4.6%	4.3%	5.0%	0.0%	0.0%	3.1%	1.0%	0.0%

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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
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

