

EQUITY - SPAIN

Sector: Utilities - Electric Utilities

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9m Results 2020

Closing price: EUR 2.07 (11 Nov 2020)

9m Results 2020

Opinion ⁽¹⁾: In line.

Impact ⁽¹⁾: We will maintain our estimates.

David López Sánchez – david.lopez@lighthouse-ieaf.com

+34 915 904 226

Audax Renovables (ADX) is an independent energy group focused on the supply of electricity and gas to the SME segment (c. 50% of the TWh supplied) with an international presence. It has 91MW of wind power and a renewables portfolio (solar PV) of 477MW, of which 320MW will gradually come on stream between 2021 and 2022.

9m20 results in line. The equity story remains intact

Market Data

Market Cap (Mn EUR and USD)	911.4	1,073.4
EV (Mn EUR and USD) ⁽²⁾	1,121.7	1,321.2
Shares Outstanding (Mn)	440.3	
-12m (Max/Med/Mín EUR)	2.72 / 1.94 / 1.36	
Daily Avg volume (-12m Mn EUR)	2.82	
Rotation ⁽³⁾	79.0	
Thomson Reuters / Bloomberg	ADXR.MC / ADX SM	
Close fiscal year	31-Dec	

AN EXPECTED FALL IN REVENUE (EUR 626.2MN; -20.0% VS 9M19)... due to both a smaller volume of energy supplied (-13.3%), and a lower average price for electricity (-36%) and gas (-48%) on the domestic market. The good news is the strong growth in the number of customers (+26% organic; +50.8% including M&A), partly as a result of the incorporation of 82,150 electricity supply points of the Hungarian company acquired in September. This should mean growth in revenue in coming quarters.

Shareholders Structure (%)

José Elías Navarro	84.6
Free Float	15.4

...THAT HAS TRANSLATED TO REC. EBITDA (EUR 43.2MN; -19.1% VS 9M19). Despite the sharp reduction in EBITDA in absolute terms (the sale of 94.6MW of generation assets in 2019 distorts the comparison), we would underline the company's ability to maintain, and increase, the margins of its supply business (thanks to improvements in procurement management). This has resulted in similar margins to -1y (despite the divestments in generation, with a higher margin).

Financials (Mn EUR)

	2019	2020e	2021e	2022e
Adj. nº shares (Mn)	440.3	440.3	440.3	440.3
Total Revenues	1,043.8	839.0	1,212.5	1,343.6
Rec. EBITDA ⁽⁴⁾	68.3	54.8	70.5	93.8
% growth	52.4	-19.7	28.5	33.2
% Rec. EBITDA/Rev.	6.5	6.5	5.8	7.0
% Inc. EBITDA sector ⁽⁵⁾	8.3	6.2	5.0	4.3
Net Profit	25.4	12.1	29.7	42.4
EPS (EUR)	0.06	0.03	0.07	0.10
% growth	202.5	-52.5	145.8	42.7
Ord. EPS (EUR)	0.05	0.04	0.07	0.10
% growth	n.a.	-22.0	83.8	42.7
Rec. Free Cash Flow ⁽⁶⁾	29.3	41.7	-26.2	-100.0
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	169.2	161.0	187.2	287.2
ND/Rec. EBITDA (x)	2.5	2.9	2.7	3.1
ROE (%)	22.3	9.4	19.9	22.9
ROCE (%) ⁽⁶⁾	10.9	8.8	13.8	14.3

AND AN INCREASE IN DEBT (+30% VS 2019). ND ex IFRS 16 closed 9m20 at EUR 185.3Mn (+30% vs 2019), the result of the new issues of promissory notes and ICO loans.

OUR ESTIMATES ARE UNCHANGED IN THE LIGHT OF RESULTS IN LINE: these results show how ADX has maintained the increase in margins seen in previous quarters, which, if maintained in the current environment, should mean EBITDA of, at least, EUR 55Mn. What about 2021e? The key will lie in: (i) digesting the growth from M&A (growing volumes without paying an excessive price in terms of margins) and (ii) the speed of the start-up of the new photovoltaic plants that should contribute EBITDA in 2021.

THE EQUITY STORY REMAINS INTACT. ADX's strategy has focused on improving its business margin via the increase in the energy acquired from renewable energy sources, and today, despite the backdrop, the improvement in margins is already a reality (9m20 Rec. EBITDA margin 6.9% vs 4.5% in 2018). This explains why the change in business model is, in itself, ADX's equity story.

Ratios & Multiples (x) ⁽⁷⁾

	2019	2020e	2021e	2022e
P/E	35.8	75.4	30.7	21.5
Ord. P/E	44.0	56.3	30.7	21.5
P/BV	7.5	6.8	5.6	4.4
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.07	1.34	0.93	0.83
EV/Rec. EBITDA	16.4	20.5	15.9	12.0
EV/EBIT	26.7	36.7	22.1	16.2
FCF Yield (%) ⁽⁶⁾	3.2	4.6	n.a.	n.a.

Relative performance -5y (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.5	32.2	1.0	-3.3	318.2	437.7
vs Ibex 35	-10.4	23.2	21.6	18.5	441.5	615.9
vs Ibex Small Cap Index	-3.3	22.1	-3.9	-6.2	265.9	270.0
vs Eurostoxx 50	-5.1	27.0	7.7	4.5	333.4	434.7
vs Sector benchmark ⁽⁵⁾	-4.4	25.7	-12.4	-11.5	202.2	259.8

(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 3.

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

(4) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 1.7Mn higher due to IFRS 16.

(5) Sector: Eurostoxx 600 Utilities.

(6) Please see Anex 2 for the theoretical tax rate (ROCE) and recurrent FCF calculation.

(7) 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, Thomson Reuters and Lighthouse

9m20 Results

EUR Mn	9m20	9m19	9m20 vs 9m19	2020e 2020e	2020e vs 2019	3Q20	3Q20 vs 3Q19
Total Revenues	626.2	783.1	-20.0%	839.0	-19.6%	222.9	-13.6%
Recurrent EBITDA¹	43.2	53.5	-19.1%	54.8	-19.7%	15.7	-22.8%
<i>Rec. EBITDA/Revenues</i>	<i>6.9%</i>	<i>6.8%</i>	<i>0.1 p.p.</i>	<i>6.5%</i>	<i>0.0 p.p.</i>	<i>7.1%</i>	<i>-0.8 p.p.</i>
EBITDA	40.1	58.2	-31.1%	50.0	-26.7%	17.4	-30.8%
<i>EBITDA/Revenues</i>	<i>6.4%</i>	<i>7.4%</i>	<i>-1.0 p.p.</i>	<i>6.0%</i>	<i>-0.6 p.p.</i>	<i>7.8%</i>	<i>-1.9 p.p.</i>
EBIT	25.4	37.7	-32.5%	30.6	-27.4%	12.6	-32.8%
NP	8.5	18.5	-54.0%	12.1	-52.5%	4.4	-62.2%
Supply points	492,269	326,361	50.8%				
Energy supplied (GWh)	6,292	7,260	-13.3%				
Electricity generation (GWh)	146.3	303.0	-51.7%				
Net Debt²	185.5	139.8	32.7%	161.0	0.0 x		

Note 1. Rec. EBITDA adjusted to strip out the impact of the provisions made to deal with the Covid-19 crisis in 2020 (EUR 3.2Mn) and profit from disposals in 9m19 (EUR 4.6Mn).

Note 2. Net Debt adjusted to strip out the impact of IFRS 16 (EUR 8.9Mn in 9m20 and EUR 9.6Mn in 2019). In addition, ND in both periods includes the positive balance ADX holds with its parent (Excelsior Times; which reduces 9m20 ND by c. EUR 70Mn, estimated by LH). The ND estimated by Lighthouse (Annexe 1) does not include balances ADX holds with its parent (and so is not reduced by these amounts).

Valuation inputs

Inputs for the DCF Valuation Approach

	2020e	2021e	2022e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	21.4	(12.4)	(83.9)	1,102.9		
Market Cap	911.4	At the date of this report				
Net financial debt	185.5	Debt net of Cash (9m Results 2020)				
					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)	0.2%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.0	B (Thomson Reuters and Lighthouse)			0.9	1.1
Cost of Equity	9.5%	Ke = Rf + (R * B)			8.1%	10.9%
Equity / (Equity + Net Debt)	83.1%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	16.9%	D			=	=
WACC	8.5%	WACC = Kd * D + Ke * E			7.3%	9.7%
G "Fair"	1.5%				2.0%	1.5%

(1) Terminal value calculated on the recurrent Free Cash Flow "to the Firm" of the last estimated year using the normalised tax rate (T) indicated in the upper table.

Inputs for the Multiples Valuation Approach

Company	Ticker Reuters	Mkt. Cap	P/E 20e	EPS 20e-22e	EV/EBITDA 20e	EBITDA 20e-22e	EV/Sales 20e	Revenues 20e-22e	EBITDA/Sales 20e	FCF Yield 20e	FCF 20e-22e
Iberdrola	IBE.MC	72,331.5	20.3	6.4%	11.5	7.3%	3.3	5.3%	28.4%	n.a.	-46.8%
Endesa	ELE.MC	26,052.8	14.7	0.1%	8.2	2.1%	1.6	0.6%	19.9%	3.7%	-25.3%
Naturgy	NTGY.MC	18,169.3	19.4	18.3%	9.1	5.5%	1.8	5.3%	20.0%	8.9%	6.6%
EDP	EDP.LS	18,227.9	21.3	8.2%	9.9	3.2%	2.5	2.6%	24.9%	6.2%	-28.6%
Holaluz	HLZZ.MC	148.6	n.a.	n.a.	19.7	96.1%	0.4	38.7%	2.1%	n.a.	n.a.
Electric Utilities			18.9	8.3%	11.7	22.8%	1.9	10.5%	19.1%	6.3%	-23.5%
Solaria	SLRS.MC	2,168.4	n.a.	80.2%	49.3	70.7%	n.a.	72.5%	80.4%	n.a.	-1.8%
Solarpack	SPK.MC	603.8	33.8	22.6%	14.1	18.0%	5.7	-0.1%	40.8%	7.3%	n.a.
Scatec Solar	SSOL.OL	3,375.5	n.a.	47.8%	21.7	41.5%	15.9	37.5%	73.2%	n.a.	n.a.
Renewable Energy			33.8	50.2%	28.4	43.4%	10.8	36.6%	64.8%	7.3%	-1.8%
Audax Renv.	ADXR.MC	911.4	75.4	87.3%	20.5	36.9%	1.3	26.5%	6.0%	4.6%	n.a.

Free Cash Flow sensitivity analysis (2021e)

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

Scenario	EBITDA/Sales 21e	EBITDA 21e	EV/EBITDA 21e
Max	6.4%	77.7	14.4x
Central	5.8%	70.5	15.9x
Min	5.2%	63.2	17.8x

B) Rec. FCF and Rec. FCF - Yield sensitivity to changes in EBITDA and CAPEX/sales

Rec. FCF EUR Mn	CAPEX/Sales 21e		
EBITDA 21e	4.1%	4.5%	4.9%
77.7	(14.1)	(18.9)	(23.8)
70.5	(21.4)	(26.2)	(31.1)
63.2	(28.6)	(33.5)	(38.3)

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
Intangible assets		37.0	81.8	111.5	106.3	106.3	106.3	106.3		
Fixed assets		174.6	167.9	166.6	75.3	62.8	98.4	234.1		
Other Non Current Assets		13.3	8.0	12.5	14.3	14.3	14.3	14.3		
Financial Investments		22.1	30.3	99.0	76.3	76.2	78.2	80.2		
Goodwill & Other Intangibles		4.1	98.5	138.6	137.9	137.9	137.9	137.9		
Current assets		89.8	140.5	161.6	177.1	147.6	201.3	220.2		
Total assets		340.8	527.0	689.8	587.2	545.1	636.4	793.0		
Equity		63.3	57.9	106.3	122.2	134.3	164.0	206.5		
Minority Interests		0.0	13.1	33.3	33.5	5.4	7.0	9.2		
Provisions & Other L/T Liabilities		17.4	79.1	92.1	59.3	59.3	59.3	59.3		
Other Non Current Liabilities		-	-	-	9.6	9.6	9.6	9.6		
Net financial debt		195.6	260.3	291.8	169.2	161.0	187.2	287.2		
Current Liabilities		64.5	116.5	166.4	193.5	175.6	209.4	221.3		
Equity & Total Liabilities		340.8	527.0	689.8	587.2	545.1	636.4	793.0		
P&L (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	17-19	19-22e
Total Revenues			675.6	986.9	1,043.8	839.0	1,212.5	1,343.6	24.3%	8.8%
<i>Total Revenues growth</i>			<i>n.a.</i>	<i>46.1%</i>	<i>5.8%</i>	<i>-19.6%</i>	<i>44.5%</i>	<i>10.8%</i>		
COGS			(594.2)	(883.2)	(917.2)	(729.3)	(1,080.0)	(1,185.0)		
Gross Margin			81.4	103.7	126.6	109.7	132.6	158.5	24.7%	7.8%
<i>Gross Margin/Revenues</i>			<i>12.0%</i>	<i>10.5%</i>	<i>12.1%</i>	<i>13.1%</i>	<i>10.9%</i>	<i>11.8%</i>		
Personnel Expenses			(14.3)	(19.4)	(21.0)	(20.6)	(21.8)	(22.3)		
Other Operating Expenses			(29.9)	(39.5)	(37.3)	(34.3)	(40.3)	(42.4)		
Recurrent EBITDA			37.1	44.8	68.3	54.8	70.5	93.8	35.6%	11.2%
<i>Recurrent EBITDA growth</i>			<i>n.a.</i>	<i>20.7%</i>	<i>52.4%</i>	<i>-19.7%</i>	<i>28.5%</i>	<i>33.2%</i>		
<i>Rec. EBITDA/Revenues</i>			<i>5.5%</i>	<i>4.5%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>5.8%</i>	<i>7.0%</i>		
Restructuring Expense & Other non-rec.			-	-	-	(4.8)	-	-		
EBITDA			37.1	44.8	68.3	50.0	70.5	93.8	35.6%	11.2%
Depreciation & Provisions			(18.5)	(25.1)	(25.1)	(18.4)	(18.7)	(23.6)		
Capitalized Expense			-	-	-	-	-	-		
Rentals (IFRS 16 impact)			-	-	(1.1)	(1.1)	(1.1)	(1.1)		
EBIT			18.6	19.7	42.1	30.6	50.7	69.2	50.4%	18.0%
<i>EBIT growth</i>			<i>n.a.</i>	<i>6.1%</i>	<i>113.1%</i>	<i>-27.4%</i>	<i>65.9%</i>	<i>36.5%</i>		
<i>EBIT/Revenues</i>			<i>2.8%</i>	<i>2.0%</i>	<i>4.0%</i>	<i>3.6%</i>	<i>4.2%</i>	<i>5.1%</i>		
Impact of Goodwill & Others			(0.1)	-	-	-	-	-		
Net Financial Result			(12.6)	(17.1)	(13.9)	(15.5)	(15.9)	(18.7)		
Income by the Equity Method			(0.1)	(0.0)	(0.1)	(0.1)	2.0	2.0		
Ordinary Profit			5.8	2.6	28.1	15.0	36.8	52.5	<i>n.a.</i>	23.2%
<i>Ordinary Profit Growth</i>			<i>n.a.</i>	<i>-55.0%</i>	<i>979.7%</i>	<i>-46.7%</i>	<i>145.8%</i>	<i>42.7%</i>		
Extraordinary Results			(0.1)	8.6	5.0	-	-	-		
Profit Before Tax			5.7	11.2	33.1	15.0	36.8	52.5	<i>n.a.</i>	16.7%
Tax Expense			0.5	(1.8)	(1.7)	(2.2)	(5.5)	(7.9)		
<i>Effective Tax Rate</i>			<i>n.a.</i>	<i>15.9%</i>	<i>5.1%</i>	<i>15.0%</i>	<i>15.0%</i>	<i>15.0%</i>		
Minority Interests			2.0	(1.0)	(5.9)	(0.6)	(1.6)	(2.2)		
Discontinued Activities			-	-	-	-	-	-		
Net Profit			8.2	8.4	25.4	12.1	29.7	42.4	76.2%	18.6%
<i>Net Profit growth</i>			<i>n.a.</i>	<i>2.6%</i>	<i>202.5%</i>	<i>-52.5%</i>	<i>145.8%</i>	<i>42.7%</i>		
Ordinary Net Profit			7.8	1.2	20.7	16.2	29.7	42.4	63.5%	27.0%
<i>Ordinary Net Profit growth</i>			<i>n.a.</i>	<i>-84.6%</i>	<i>n.a.</i>	<i>-22.0%</i>	<i>83.8%</i>	<i>42.7%</i>		
Cash Flow (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	17-19	19-22e
Recurrent EBITDA						54.8	70.5	93.8	35.6%	11.2%
Rentals (IFRS 16 impact)						(1.1)	(1.1)	(1.1)		
Working Capital Increase						11.6	(19.9)	(7.0)		
Recurrent Operating Cash Flow						65.3	49.5	85.8	43.4%	2.8%
CAPEX						(5.9)	(54.3)	(159.3)		
Net Financial Result affecting the Cash Flow						(15.5)	(15.9)	(18.7)		
Tax Expense						(2.2)	(5.5)	(7.9)		
Recurrent Free Cash Flow						41.7	(26.2)	(100.0)	23.5%	-75.6%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(28.7)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						(4.8)	-	-		
Free Cash Flow						8.2	(26.2)	(100.0)	98.6%	-49.2%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						(8.2)	26.2	100.0		

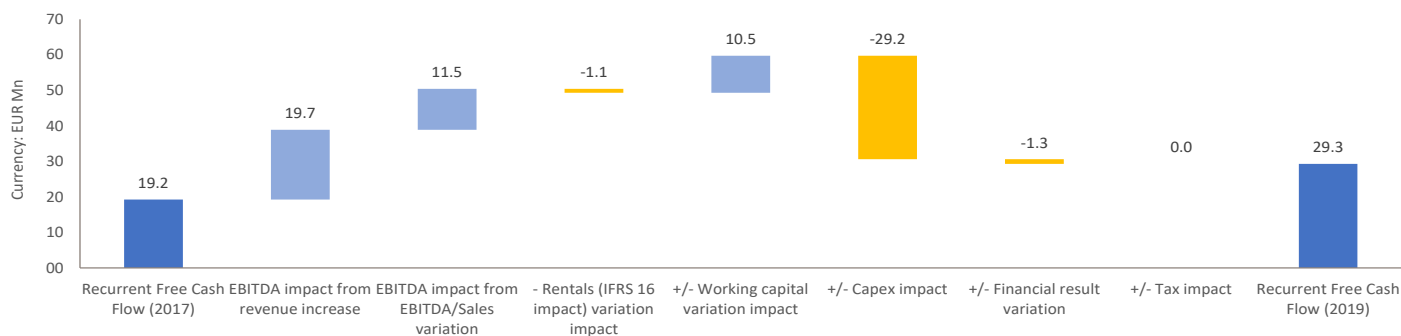
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 1.7Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

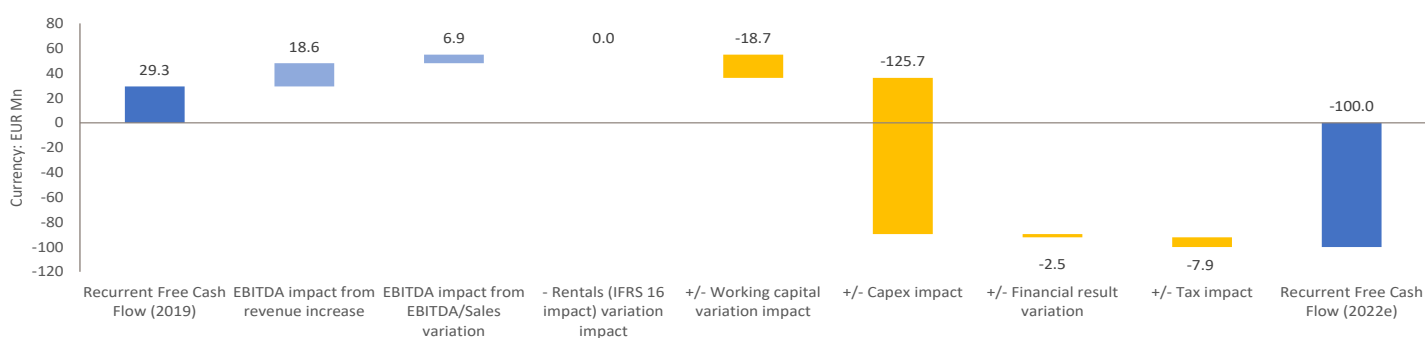
A) Cash Flow Analysis (EUR Mn)	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
								17-19	19-22e
Recurrent EBITDA		37.1	44.8	68.3	54.8	70.5	93.8	35.6%	11.2%
<i>Recurrent EBITDA growth</i>		<i>n.a.</i>	<i>20.7%</i>	<i>52.4%</i>	<i>-19.7%</i>	<i>28.5%</i>	<i>33.2%</i>		
<i>Rec. EBITDA/Revenues</i>		<i>5.5%</i>	<i>4.5%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>5.8%</i>	<i>7.0%</i>		
- Rentals (IFRS 16 impact)		-	-	(1.1)	(1.1)	(1.1)	(1.1)		
+/- Working Capital increase		1.3	28.7	11.7	11.6	(19.9)	(7.0)		
= Recurrent Operating Cash Flow		38.4	73.6	78.9	65.3	49.5	85.8	43.4%	2.8%
<i>Rec. Operating Cash Flow growth</i>		<i>251.8%</i>	<i>91.6%</i>	<i>7.3%</i>	<i>-17.2%</i>	<i>-24.3%</i>	<i>73.4%</i>		
<i>Rec. Operating Cash Flow / Sales</i>		<i>5.7%</i>	<i>7.5%</i>	<i>7.6%</i>	<i>7.8%</i>	<i>4.1%</i>	<i>6.4%</i>		
- CAPEX		(4.3)	(3.1)	(33.5)	(5.9)	(54.3)	(159.3)		
- Net Financial Result affecting Cash Flow		(14.9)	(17.2)	(16.1)	(15.5)	(15.9)	(18.7)		
- Taxes		-	(1.1)	-	(2.2)	(5.5)	(7.9)		
= Recurrent Free Cash Flow		19.2	52.2	29.3	41.7	(26.2)	(100.0)	23.5%	-75.6%
<i>Rec. Free Cash Flow growth</i>		<i>176.0%</i>	<i>171.6%</i>	<i>-43.9%</i>	<i>42.4%</i>	<i>-162.8%</i>	<i>-281.7%</i>		
<i>Rec. Free Cash Flow / Revenues</i>		<i>2.8%</i>	<i>5.3%</i>	<i>2.8%</i>	<i>5.0%</i>	<i>n.a.</i>	<i>n.a.</i>		
- Restructuring expenses & others		-	-	-	-	-	-		
- Acquisitions / + Divestments		-	0.4	40.7	(28.7)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow		-	(31.3)	5.8	(4.8)	-	-		
= Free Cash Flow		19.2	21.3	75.8	8.2	(26.2)	(100.0)	98.6%	-49.2%
<i>Free Cash Flow growth</i>		<i>176.0%</i>	<i>11.1%</i>	<i>255.0%</i>	<i>-89.2%</i>	<i>-419.5%</i>	<i>-281.7%</i>		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>		<i>2.1%</i>	<i>5.7%</i>	<i>3.2%</i>	<i>4.6%</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>		<i>2.1%</i>	<i>2.3%</i>	<i>8.3%</i>	<i>0.9%</i>	<i>n.a.</i>	<i>n.a.</i>		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2016	2017	2018	2019	2020e	2021e	2022e		
Recurrent FCF(FY - 1)			19.2	52.2	29.3	41.7	(26.2)		
EBITDA impact from revenue increase			17.1	2.6	(13.4)	24.4	7.6		
EBITDA impact from EBITDA/Sales variation			(9.4)	20.9	(0.1)	(8.8)	15.8		
= Recurrent EBITDA variation			7.7	23.5	(13.5)	15.6	23.4		
- Rentals (IFRS 16 impact) variation impact			-	(1.1)	-	-	-		
+/- Working capital variation impact			27.5	(17.0)	(0.2)	(31.5)	12.9		
= Recurrent Operating Cash Flow variation			35.2	5.4	(13.6)	(15.9)	36.3		
+/- CAPEX impact			1.2	(30.4)	27.6	(48.4)	(105.0)		
+/- Financial result variation			(2.3)	1.0	0.6	(0.4)	(2.8)		
+/- Tax impact			(1.1)	1.1	(2.2)	(3.3)	(2.4)		
= Recurrent Free Cash Flow variation			33.0	(22.9)	12.4	(67.9)	(73.8)		
Recurrent Free Cash Flow			52.2	29.3	41.7	(26.2)	(100.0)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
EBIT		18.6	19.7	42.1	30.6	50.7	69.2	50.4%	18.0%
* <i>Theoretical Tax rate</i>		<i>0.0%</i>	<i>15.9%</i>	<i>5.1%</i>	<i>15.0%</i>	<i>15.0%</i>	<i>15.0%</i>		
= Taxes (pre- Net Financial Result)		-	(3.1)	(2.2)	(4.6)	(7.6)	(10.4)		
Recurrent EBITDA		37.1	44.8	68.3	54.8	70.5	93.8	35.6%	11.2%
- Rentals (IFRS 16 impact)		-	-	(1.1)	(1.1)	(1.1)	(1.1)		
+/- Working Capital increase		1.3	28.7	11.7	11.6	(19.9)	(7.0)		
= Recurrent Operating Cash Flow		38.4	73.6	78.9	65.3	49.5	85.8	43.4%	2.8%
- CAPEX		(4.3)	(3.1)	(33.5)	(5.9)	(54.3)	(159.3)		
- Taxes (pre- Financial Result)		-	(3.1)	(2.2)	(4.6)	(7.6)	(10.4)		
= Recurrent Free Cash Flow (To the Firm)		34.1	67.3	43.3	54.9	(12.4)	(83.9)	12.7%	-57.9%
<i>Rec. Free Cash Flow (To the Firm) growth</i>		<i>234.7%</i>	<i>97.5%</i>	<i>-35.7%</i>	<i>26.8%</i>	<i>-122.6%</i>	<i>-576.4%</i>		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>		<i>5.0%</i>	<i>6.8%</i>	<i>4.1%</i>	<i>6.5%</i>	<i>n.a.</i>	<i>n.a.</i>		
- Acquisitions / + Divestments		-	0.4	40.7	(28.7)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow		-	(31.3)	5.8	(4.8)	-	-		
= Free Cash Flow "To the Firm"		34.1	36.4	89.8	21.4	(12.4)	(83.9)	62.3%	-43.2%
<i>Free Cash Flow (To the Firm) growth</i>		<i>234.7%</i>	<i>7.0%</i>	<i>146.3%</i>	<i>-76.2%</i>	<i>-158.1%</i>	<i>-576.4%</i>		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>		<i>3.0%</i>	<i>6.0%</i>	<i>3.9%</i>	<i>4.9%</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>		<i>3.0%</i>	<i>3.2%</i>	<i>8.0%</i>	<i>1.9%</i>	<i>n.a.</i>	<i>n.a.</i>		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 1.7Mn higher due to IFRS 16.

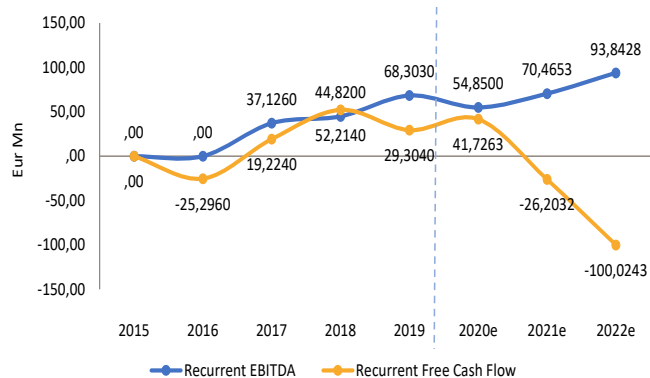
Recurrent Free Cash Flow accumulated variation analysis (2017 - 2019)



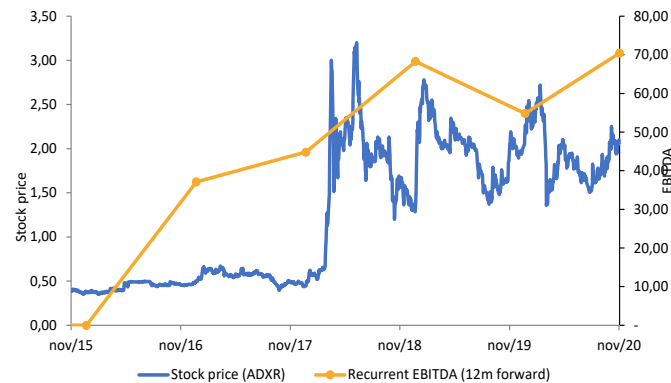
Recurrent Free Cash Flow accumulated variation analysis (2019 - 2022e)



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	911.4	
+ Minority Interests	7.0	9m Results 2020
+ Provisions & Other L/T Liabilities	77.4	9m Results 2020
+ Net financial debt	185.5	9m Results 2020
- Financial Investments	59.5	9m Results 2020
+/- Others	-	9m Results 2020
Enterprise Value (EV)	1,121.7	

Appendix 4. Historical performance (1)(2)

Historical performance (EUR Mn)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
															09-19	19-22e
Total Revenues	22.2	30.8	43.4	44.6	37.9	25.6	28.5	30.2	675.6	986.9	1,043.8	839.0	1,212.5	1,343.6	47.0%	8.8%
<i>Total Revenues growth</i>	9.2%	39.0%	40.9%	2.8%	-15.2%	-32.3%	11.1%	5.9%	n.a.	46.1%	5.8%	-19.6%	44.5%	10.8%		
EBITDA	12.0	19.6	29.9	31.9	25.8	18.9	17.7	17.0	37.1	44.8	68.3	50.0	70.5	93.8	19.0%	11.2%
<i>EBITDA growth</i>	-8.7%	63.9%	52.5%	6.6%	-19.0%	-26.8%	-6.2%	-3.8%	117.9%	20.7%	52.4%	-26.7%	40.8%	33.2%		
<i>EBITDA/Sales</i>	54.0%	63.7%	68.9%	71.4%	68.2%	73.7%	62.2%	56.5%	5.5%	4.5%	6.5%	6.0%	5.8%	7.0%		
Net Profit	1.1	(49.7)	(109.9)	(78.4)	1.3	1.4	(13.0)	(31.7)	8.2	8.4	25.4	12.1	29.7	42.4	37.0%	18.6%
<i>Net Profit growth</i>	-59.3%	n.a.	-121.4%	28.7%	101.6%	11.6%	n.a.	-144.3%	125.9%	2.6%	202.5%	-52.5%	145.8%	42.7%		
Adjusted number shares (Mn)	138.2	138.1	138.3	138.4	138.4	140.0	140.0	140.0	140.0	140.0	440.3	440.3	440.3	440.3		
EPS (EUR)	0.01	-0.36	-0.79	-0.57	0.01	0.01	-0.09	-0.23	0.06	0.02	0.06	0.03	0.07	0.10	22.0%	18.6%
<i>EPS growth</i>	-61.7%	n.a.	n.a.	28.7%	n.a.	10.3%	n.a.	n.a.	n.a.	-67.4%	n.a.	-52.5%	n.a.	42.7%		
Ord. EPS (EUR)	0.01	-0.35	-0.74	-0.50	0.01	0.00	-0.08	-0.23	0.06	0.00	0.05	0.04	0.07	0.10	18.3%	27.0%
<i>Ord. EPS growth</i>	-50.4%	n.a.	n.a.	32.7%	n.a.	-77.8%	n.a.	n.a.	n.a.	-95.1%	n.a.	-22.0%	83.8%	42.7%		
CAPEX	(24.3)	(103.1)	(24.6)	(16.4)	(5.3)	(15.6)	(34.9)	(0.8)	(4.3)	(3.1)	(33.5)	(5.9)	(54.3)	(159.3)		
<i>CAPEX/Sales %</i>	109.7%	334.6%	56.6%	36.7%	14.0%	61.0%	122.7%	2.8%	0.6%	0.3%	3.2%	0.7%	4.5%	11.9%		
Free Cash Flow	(12.2)	(86.6)	(10.8)	8.2	5.6	(6.8)	(29.9)	8.1	19.2	21.3	75.8	8.2	(26.2)	(100.0)	23.4%	-49.2%
<i>ND/EBITDA (x)⁽³⁾</i>	11.3x	11.3x	7.2x	5.7x	6.0x	8.0x	7.2x	6.9x	7.0x	6.5x	2.5x	3.2x	2.7x	3.1x		
<i>P/E (x)</i>	n.a.	n.a.	n.a.	n.a.	42.3x	32.4x	n.a.	n.a.	7.5x	67.3x	37.0x	75.4x	30.7x	21.5x		
<i>EV/Sales (x)</i>	n.a.	13.36x	7.61x	5.22x	5.63x	7.81x	6.34x	6.22x	0.45x	0.87x	1.08x	1.34x	0.93x	0.83x		
<i>EV/EBITDA (x)⁽³⁾</i>	38.5x	21.0x	11.1x	7.3x	8.3x	10.6x	10.2x	11.0x	8.2x	19.1x	16.5x	22.4x	15.9x	12.0x		
<i>Absolute performance</i>	0.2%	-45.6%	-41.1%	-52.1%	14.7%	-15.4%	12.1%	35.1%	-12.0%	192.0%	66.5%	-3.3%				
<i>Relative performance vs Ibx 35</i>	-22.8%	-34.1%	-32.2%	-49.8%	-5.5%	-18.4%	20.8%	37.9%	-18.1%	243.5%	48.9%	18.5%				

- Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Thomson Reuters.
- Note 2: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 1.7Mn higher due to IFRS 16.
- Note 3: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).
- Note 4: In 4Q18 ADX completed the reverse merger by which the listed company Audax Renovables absorbed its parent. 2018 financial statements include restated (but unaudited) figures for 2017. Historical performance before 2017 refers only to the generation business.

Appendix 5. Main Competitors 2020e

Market data	EUR Mn	Electric Utilities					Average	Renewable Energy			
		Iberdrola	Endesa	Naturgy	EDP	Holaluz		Solaria	Solarpack	Scatec Solar	Audax Renv.
Ticker (Reuters)		IBE.MC	ELE.MC	NTGY.MC	EDP.LS	HLZZ.MC		SLRS.MC	SPK.MC	SSOL.OL	ADXR.MC
Country		Spain	Spain	Portugal	Spain	Spain		Spain	Spain	Norway	Spain
Market cap		72,331.5	26,052.8	18,169.3	18,227.9	148.6		2,168.4	603.8	3,375.5	911.4
Enterprise value (EV)		120,290.9	32,281.2	35,782.4	35,643.8	128.3		2,447.0	933.5	4,323.3	1,121.7
Total Revenues		36,920.7	19,835.3	19,588.3	14,499.9	314.5		61.7	162.6	272.0	839.0
<i>Total Revenues growth</i>		1.3%	-1.6%	-15.0%	1.2%	50.6%	-3.5%	78.7%	96.2%	47.9%	-19.6%
<i>2y CAGR (2020e - 2022e)</i>		5.3%	0.6%	5.3%	2.6%	38.7%	3.5%	72.5%	-0.1%	37.5%	26.5%
EBITDA		10,485.0	3,950.3	3,919.7	3,610.3	6.5		49.6	66.3	199.0	50.0
<i>EBITDA growth</i>		7.8%	6.4%	-14.5%	9.2%	146.2%	2.2%	59.7%	134.6%	35.3%	-26.7%
<i>2y CAGR (2020e - 2022e)</i>		7.3%	2.1%	5.5%	3.2%	96.1%	4.5%	70.7%	18.0%	41.5%	36.9%
<i>EBITDA/Revenues</i>		28.4%	19.9%	20.0%	24.9%	2.1%	23.3%	80.4%	40.8%	73.2%	6.0%
EBIT		6,086.2	2,428.7	2,177.6	2,091.6	3.0		32.6	45.0	138.3	30.6
<i>EBIT growth</i>		3.8%	12.4%	-26.9%	13.4%	n.a.	0.7%	93.7%	188.4%	45.5%	-27.4%
<i>2y CAGR (2020e - 2022e)</i>		8.6%	1.0%	9.8%	4.9%	n.a.	6.1%	86.1%	20.0%	26.9%	50.5%
<i>EBIT/Revenues</i>		16.5%	12.2%	11.1%	14.4%	1.0%	13.6%	52.8%	27.7%	50.8%	3.6%
Net Profit		3,564.2	1,750.8	943.7	812.0	1.0		18.9	17.8	23.5	12.1
<i>Net Profit growth</i>		-8.1%	872.7%	-47.5%	-16.1%	n.a.	200.2%	-20.8%	48.7%	49.2%	-52.5%
<i>2y CAGR (2020e - 2022e)</i>		6.2%	1.4%	17.6%	9.4%	n.a.	8.6%	76.7%	22.8%	45.5%	87.3%
<i>CAPEX/Sales %</i>		22.2%	8.7%	7.4%	15.8%	1.9%	13.5%	430.3%	52.1%	56.7%	0.7%
<i>Free Cash Flow</i>		(351.4)	968.8	1,611.2	1,132.4	n.a.		(200.7)	44.2	(18.0)	8.2
<i>Net financial debt</i>		39,496.6	7,284.2	15,804.9	12,796.4	7.0		447.1	339.0	765.1	161.0
<i>ND/EBITDA (x)</i>		3.8	1.8	4.0	3.5	1.1	3.3	9.0	5.1	3.8	2.9
<i>Pay-out</i>		77.3%	100.4%	147.1%	86.1%	0.0%	102.7%	0.0%	0.0%	53.5%	0.0%
P/E (x)		20.3	14.7	19.4	21.3	n.a.	18.9	n.a.	33.8	n.a.	75.4
<i>P/BV (x)</i>		1.7	3.3	1.8	1.9	8.7	2.2	10.1	3.1	6.3	6.8
<i>EV/Revenues (x)</i>		3.3	1.6	1.8	2.5	0.4	2.3	n.a.	5.7	15.9	1.3
<i>EV/EBITDA (x)</i>		11.5	8.2	9.1	9.9	19.7	9.7	49.3	14.1	21.7	20.5
<i>EV/EBIT (x)</i>		19.8	13.3	16.4	17.0	42.8	16.6	n.a.	20.7	31.3	36.7
<i>ROE</i>		9.0	23.5	8.9	8.5	7.6	12.5	9.2	9.9	5.3	9.4
<i>FCF Yield (%)</i>		n.a.	3.7	8.9	6.2	n.a.	6.3	n.a.	7.3	n.a.	4.6
<i>DPS</i>		0.41	1.64	1.42	0.19	0.00	0.92	0.00	0.00	0.10	0.00
<i>Dvd Yield</i>		3.6%	6.7%	7.6%	4.1%	0.0%	5.5%	0.0%	0.0%	0.5%	0.0%

- Note 1: Financial data, multiples and ratios based on market consensus (Thomson Reuters). 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).

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Notes and Reports History

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

