

6m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

Enrique Andrés Abad, CFA – enrique.andres@lighthouse-ieaf.com

+34 915 904 226

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 245MW of installed capacity (91MW of wind power and 154MW of solar), 26MW under construction and 1,144MW of PV at various stages of development.

1H23: EBITDA of EUR 48.2Mn (+96% vs. 1H22), buoyed by the supply business

THE PRICE CORRECTION TRIGGERED A DROP (AS ANTICIPATED) IN REVENUE (-8% VS. 1H22). ADX reported EUR 1,219.2Mn of revenue in 1H23 (-7.8% vs 1H22). The year-on-year decline was due to lower energy prices this year (with price decreases in ADX's operating markets of 44% for electricity and 54% for gas). Supply points decreased further (-9.3% vs. 1H22) framed by the company's strategic focus on profitability (specifically, the more profitable customers). Energy supply volumes increased slightly year-on-year (+1.4%) to 7.0 TWh.

GROWTH IN GENERATION (+12.1%). Although installed capacity was similar to the 1Q23 close and year-end 2022 figure (179 MW ex-Panama), growth in output in Spain (+21% vs. 1H22), thanks to more solar power, drove an increase in generation to 148 GWh (+12% vs. 1H22).

ACCOMPANIED BY SIGNIFICANT MARGIN EXPANSION. The 1H23 gross margin widened to 8.7% (vs. 4.9% and 7.3% in 1H22 and 1Q23, respectively) thanks to: (i) the exit from the gas business in Poland; (ii) higher profitability in Hungary and the Netherlands enabled by a focus on the SME segment and correct price setting; and (iii) entry into the Hungarian gas market. Despite the drop in revenue, margin expansion in the supply business pushed 1H23 EBITDA to EUR 48.2Mn (EBITDA margin: 4.0%; +2.1pp and +0.7pp vs. 1H22 and 1Q23, respectively).

NET DEBT: EUR 315.8MN 1H23 (-32.7% VS. 1H22). Net debt ended the first half at EUR 315.8Mn (-32.7% and -9% vs. 1H22 and year-end 2022, respectively, excluding the impact of IFRS 16). Our estimates imply a ND/EBITDA 2023e multiple of 4.2x (vs. 6.7x 2022).

IN SUM, A SHARP RECOVERY IN MARGINS. WITH CONTINUED UPSIDE. Although lower energy prices are putting pressure on the company's topline (we are estimating a contraction of 8% in 2023e), the margin expansion observed in 1H23 leaves us in a position to reiterate our EBITDA 2023e estimate (EUR 82Mn; +58% vs. 2022). More importantly, margins still present further upside (EBITDA 2019: 6.5%). Earnings should continue to be a positive catalyst. However, in the wake of the share price rally YTD (+69% in absolute terms), the FCF yield 2023e has dipped to c.1%. Our 2023e estimates imply an EV/ recurring EBITDA multiple of 11.4x (vs. 9.3x for the company's comps).

Market Data

Market Cap (Mn EUR and USD)	559.2	590.7
EV (Mn EUR and USD) ⁽²⁾	931.2	983.6
Shares Outstanding (Mn)	440.3	
-12m (Max/Med/Min EUR)	1.40 / 1.12 / 0.70	
Daily Avg volume (-12m Mn EUR)	0.59	
Rotation ⁽³⁾	26.8	
Factset / Bloomberg	ADX-ES / ADX SM	
Close fiscal year	31-Dec	

Shareholders Structure (%) ⁽⁷⁾

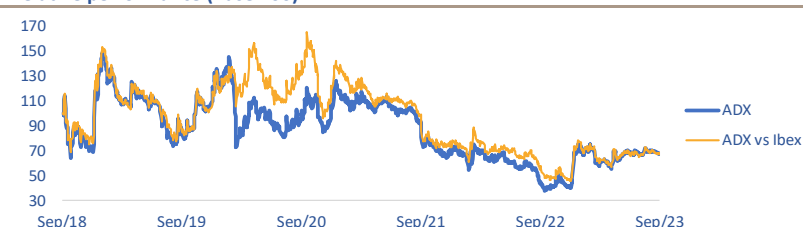
José Elías Navarro	65.9
Indumenta Pueri	5.9
Free Float	27.9

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	440.3	440.3	440.3	440.3
Total Revenues	2,633.0	2,418.7	2,415.7	2,466.4
Rec. EBITDA	51.7	81.6	101.6	106.0
% growth	9.9	58.0	24.4	4.3
% Rec. EBITDA/Rev.	2.0	3.4	4.2	4.3
% Inc. EBITDA sector ⁽⁴⁾	18.9	20.7	3.0	4.2
Net Profit	3.5	18.5	33.2	35.4
EPS (EUR)	0.01	0.04	0.08	0.08
% growth	305.8	423.3	79.2	6.7
Ord. EPS (EUR)	0.01	0.04	0.08	0.08
% growth	n.a.	552.5	79.2	6.7
Rec. Free Cash Flow ⁽⁵⁾	117.3	6.1	0.4	6.6
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	345.6	339.5	339.1	332.4
ND/Rec. EBITDA (x)	6.7	4.2	3.3	3.1
ROE (%)	2.8	14.1	21.1	18.4
ROCE (%) ⁽⁵⁾	4.1	9.8	12.2	11.8

Ratios & Multiples (x) ⁽⁶⁾

	n.a.	30.2	16.9	15.8
P/E	n.a.	30.2	16.9	15.8
Ord. P/E	4.6	4.0	3.2	2.7
P/BV	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.35	0.38	0.39	0.38
EV/Sales	18.0	11.4	9.2	8.8
EV/Rec. EBITDA	28.8	15.4	11.9	11.5
EV/EBIT	21.0	1.1	0.1	1.2
FCF Yield (%) ⁽⁵⁾				

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-2.0	-0.2	56.9	69.4	-28.2	-31.9
vs Ibex 35	-1.3	0.4	23.9	47.9	-48.3	-32.2
vs Ibex Small Cap Index	0.8	4.2	36.5	57.9	-40.0	-35.7
vs Eurostoxx 50	1.1	4.2	25.7	54.5	-44.4	-44.4
vs Sector benchmark ⁽⁴⁾	3.7	10.1	46.7	72.7	-30.1	-45.4

(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.

(7) Others: THE GOLDMAN SACHS GROUP, INC. 0.3%

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

6m Results 2023
Table 1. 1H23 Results

EUR Mn	6m23 Real	6m22	6m23 Real vs 6m22	2023e	2023e vs 2022
Total Revenues	1,219.2	1,323.1	-7.8%	2,418.7	-8.1%
Gross Margin	106.5	65.1	63.6%	177.2	23.2%
<i>Gross Margin/Revenues</i>	<i>8.7%</i>	<i>4.9%</i>	<i>3.8 p.p.</i>	<i>7.3%</i>	<i>1.9 p.p.</i>
EBITDA	48.2	24.5	96.4%	81.6	50.8%
<i>EBITDA/Revenues</i>	<i>4.0%</i>	<i>1.9%</i>	<i>2.1 p.p.</i>	<i>3.4%</i>	<i>1.3 p.p.</i>
EBIT	37.5	13.6	174.8%	60.3	86.7%
NP	8.4	0.1	n.a.	18.5	423.3%
Supply points (thousand)	382	421	-9.3%		
Energy supplied (TWh)	7.0	6.9	1.4%		
MW in operation ¹	179	160	11.9%		
Electricity generation (GWh) ¹	148	132	12.1%		
Net Debt	315.8	469.5	-32.7%	339.5	-2.2%

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

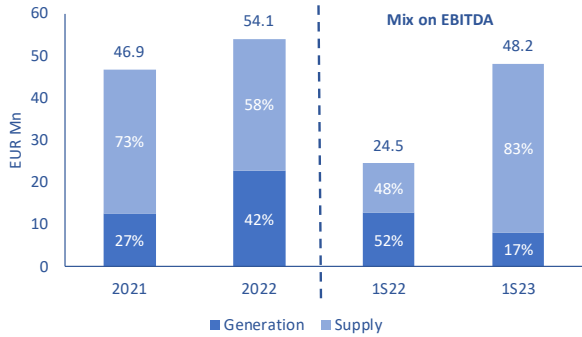
Note: Net debt adjusted to strip out the impact of IFRS 16 of EUR 17.3Mn and EUR 20.9Mn in 1H22 and 1H23, respectively.

Table 2. Pipeline

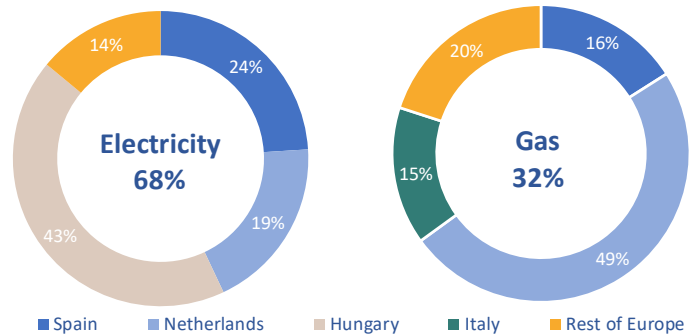
MW	Grid		Environment	Under			Total	%
	Early Stage	Connection	al approval	Backlog	Construction	Operation		
Spain	50	0	126	140	26	133	475	34%
Portugal	405	0	0	204	0	0	609	43%
Italy	0	190	0	29	0	0	219	15%
France	0	0	0	0	0	12	12	1%
Poland	0	0	0	0	0	34	34	2%
Panama*	0	0	0	0	0	66	66	5%
TOTAL	455	190	126	373	26	245	1,415	100%

The company in 8 charts

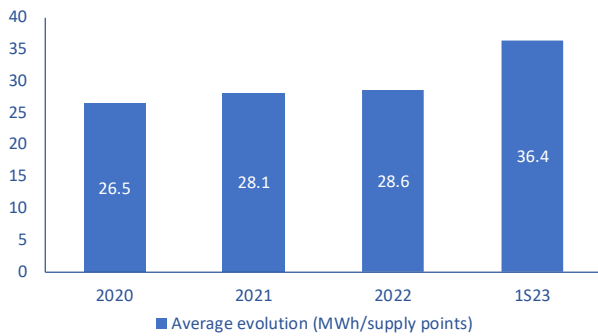
Two businesses: electricity supply and electricity generation (both with a high weight in the EBITDA mix)



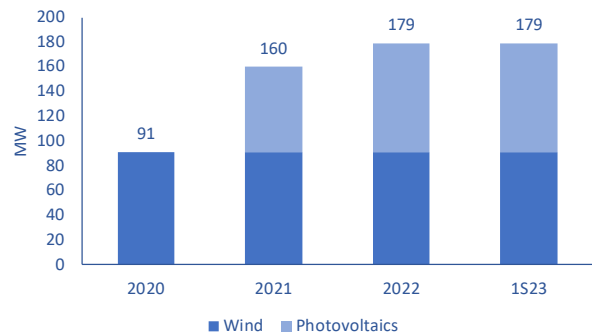
Electric and gas supply: a geographically diversified business



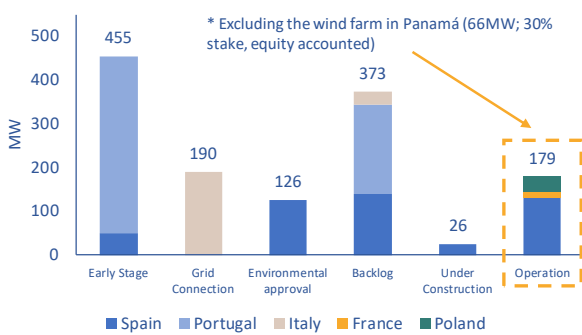
The focus on the SME segment has resulted in a higher unit volume of energy per supply point



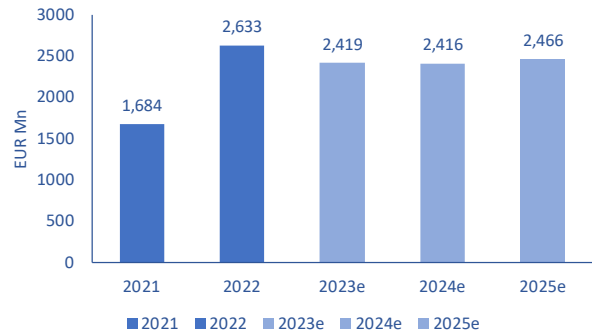
Generation: Installed capacity (MW) by technology



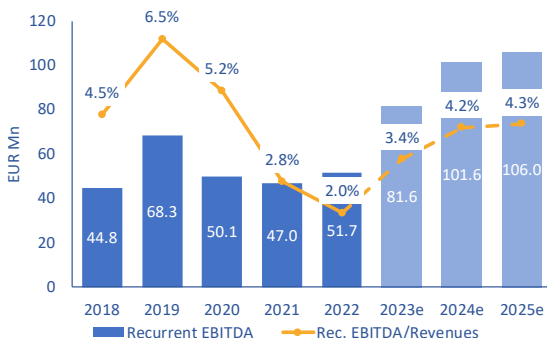
Generation project pipeline (1H23)



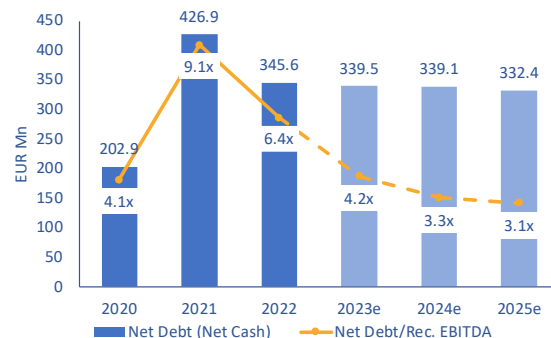
Lower energy prices will mean lower revenue in 2023e



Margin growth in the supply business will drive a recovery in the (still heavily penalised) EBITDA margin



This should bring down leverage: ND/EBITDA 2023e of 4.2x



Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	35.9	30.0	36.1	n.a.		
Market Cap	559.2	At the date of this report				
Net financial debt	315.8	Debt net of Cash (6m Results 2023)				
					Best Case	Worst Case
Cost of Debt	5.5%	Net debt cost			5.3%	5.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.4%	Kd = Cost of Net Debt * (1-T)			4.2%	4.6%
Risk free rate (rf)	4.1%	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	10.7%	Ke = Rf + (R * B)			9.6%	11.9%
Equity / (Equity + Net Debt)	63.9%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	36.1%	D			=	=
WACC	8.4%	WACC = Kd * D + Ke * E			7.6%	9.3%
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 23e	EPS 23e-25e	EV/EBITDA 23e	EBITDA 23e-25e	EV/Sales 23e	Revenues 23e-25e	EBITDA/Sales 23e	FCF Yield 23e	FCF 23e-25e
Iberdrola	IBE-ES	67,122.4	14.6	6.2%	8.6	5.9%	2.3	1.5%	26.2%	n.a.	48.9%
Endesa	ELE-ES	20,349.2	12.7	9.6%	7.3	6.2%	1.4	-1.9%	19.0%	4.4%	25.3%
Naturgy	NTGY-ES	24,705.8	13.3	-6.2%	7.3	-2.1%	1.2	-7.7%	16.7%	4.2%	-30.7%
EDP	EDP-PT	16,351.2	14.8	7.8%	8.4	4.1%	2.0	2.5%	24.3%	n.a.	32.6%
Integrated Utilities			13.8	4.3%	7.9	3.5%	1.7	-1.4%	21.5%	4.3%	19.0%
Solaria	SLR-ES	1,761.8	17.0	15.9%	13.2	24.1%	11.6	27.1%	87.9%	n.a.	-23.0%
Grenergy	GRE-ES	644.1	14.8	11.0%	11.0	34.2%	4.1	28.4%	37.0%	n.a.	-64.9%
Scatec A	SCATC-NO	864.2	15.6	15.9%	9.4	17.5%	7.2	22.0%	77.2%	n.a.	2.5%
Renewable Energy			15.8	14.3%	11.2	25.3%	7.7	25.8%	67.4%	n.a.	-28.5%
ADX	ADX-ES	559.2	30.2	38.2%	11.4	13.9%	0.4	1.0%	3.4%	1.1%	4.1%

Free Cash Flow sensitivity analysis (2024e)

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

Scenario	EBITDA/Sales 24e	EBITDA 24e	EV/EBITDA 24e
Max	4.6%	111.3	8.4x
Central	4.2%	101.6	9.2x
Min	3.8%	91.9	10.1x

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

Rec. FCF EUR Mn	CAPEX/Sales 24e			Scenario	Rec. FCF/Yield 24e		
EBITDA 24e	2.1%	2.3%	2.5%		Max	2.7%	1.8%
111.3	14.9	10.1	5.2	Central	0.9%	0.1%	n.a.
101.6	5.2	0.4	(4.4)	Min	n.a.	n.a.	n.a.
91.9	(4.4)	(9.2)	(14.1)				

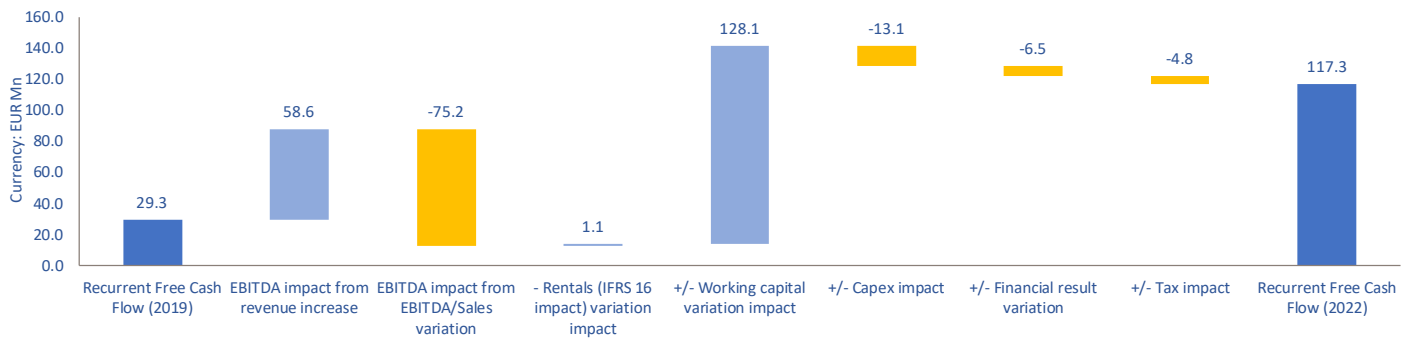
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	111.5	106.3	159.5	200.0	202.0	202.0	202.0	202.0		
Fixed assets	166.6	75.3	87.4	117.2	140.0	167.5	200.3	227.9		
Other Non Current Assets	12.5	14.3	14.8	24.9	27.6	27.6	27.6	27.6		
Financial Investments	99.0	76.3	25.6	105.7	107.2	111.4	115.6	119.8		
Goodwill & Other Intangibles	138.6	137.9	137.9	137.9	137.8	137.8	137.8	137.8		
Current assets	161.6	177.1	266.0	399.0	384.6	349.9	349.6	355.4		
Total assets	689.8	587.2	691.3	984.8	999.4	996.3	1,033.0	1,070.6		
Equity	106.3	122.2	135.2	132.4	122.4	140.9	174.1	209.5		
Minority Interests	33.3	33.5	7.8	12.0	13.3	17.5	21.7	25.9		
Provisions & Other L/T Liabilities	92.1	59.3	114.7	138.6	113.5	113.5	113.5	113.5		
Other Non Current Liabilities	-	9.6	8.9	16.5	20.7	20.7	20.7	20.7		
Net financial debt	291.8	169.2	202.9	426.9	345.6	339.5	339.1	332.4		
Current Liabilities	166.4	193.5	221.8	258.4	383.8	364.2	363.9	368.6		
Equity & Total Liabilities	689.8	587.2	691.3	984.8	999.4	996.3	1,033.0	1,070.6		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	19-22	22-25e
Total Revenues	986.9	1,043.8	969.3	1,683.9	2,633.0	2,418.7	2,415.7	2,466.4	36.1%	-2.2%
<i>Total Revenues growth</i>	<i>n.a.</i>	<i>5.8%</i>	<i>-7.1%</i>	<i>73.7%</i>	<i>56.4%</i>	<i>-8.1%</i>	<i>-0.1%</i>	<i>2.1%</i>		
COGS	(883.2)	(917.2)	(854.4)	(1,561.2)	(2,489.2)	(2,241.5)	(2,216.8)	(2,261.2)		
Gross Margin	103.7	126.6	114.9	122.7	143.8	177.2	198.9	205.2	4.3%	12.6%
<i>Gross Margin/Revenues</i>	<i>10.5%</i>	<i>12.1%</i>	<i>11.9%</i>	<i>7.3%</i>	<i>5.5%</i>	<i>7.3%</i>	<i>8.2%</i>	<i>8.3%</i>		
Personnel Expenses	(19.4)	(21.0)	(22.5)	(27.7)	(30.1)	(31.2)	(31.7)	(32.4)		
Other Operating Expenses	(39.5)	(37.3)	(42.3)	(47.9)	(62.1)	(64.4)	(65.6)	(66.9)		
Recurrent EBITDA	44.8	68.3	50.1	47.0	51.7	81.6	101.6	106.0	-8.9%	27.1%
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>52.4%</i>	<i>-26.7%</i>	<i>-6.2%</i>	<i>9.9%</i>	<i>58.0%</i>	<i>24.4%</i>	<i>4.3%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>4.5%</i>	<i>6.5%</i>	<i>5.2%</i>	<i>2.8%</i>	<i>2.0%</i>	<i>3.4%</i>	<i>4.2%</i>	<i>4.3%</i>		
Restructuring Expense & Other non-rec.	-	-	-	(0.2)	2.5	-	-	-		
EBITDA	44.8	68.3	50.1	46.9	54.1	81.6	101.6	106.0	-7.5%	25.1%
Depreciation & Provisions	(25.1)	(25.1)	(19.7)	(22.0)	(21.8)	(21.3)	(23.2)	(25.0)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(1.1)	-	-	-	-	-	-		
EBIT	19.7	42.1	30.4	24.9	32.3	60.3	78.4	81.0	-8.4%	35.9%
<i>EBIT growth</i>	<i>n.a.</i>	<i>113.1%</i>	<i>-27.7%</i>	<i>-18.2%</i>	<i>29.7%</i>	<i>86.7%</i>	<i>30.1%</i>	<i>3.3%</i>		
<i>EBIT/Revenues</i>	<i>2.0%</i>	<i>4.0%</i>	<i>3.1%</i>	<i>1.5%</i>	<i>1.2%</i>	<i>2.5%</i>	<i>3.2%</i>	<i>3.3%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(17.1)	(13.9)	(12.7)	(26.5)	(22.7)	(36.1)	(35.9)	(35.7)		
Income by the Equity Method	(0.0)	(0.1)	(0.1)	(0.1)	3.0	4.2	4.2	4.2		
Ordinary Profit	2.6	28.1	17.7	(1.6)	12.6	28.4	46.7	49.5	-23.5%	57.9%
<i>Ordinary Profit Growth</i>	<i>n.a.</i>	<i>979.7%</i>	<i>-37.0%</i>	<i>-109.2%</i>	<i>875.7%</i>	<i>125.9%</i>	<i>64.5%</i>	<i>5.9%</i>		
Extraordinary Results	8.6	5.0	16.3	-	-	-	-	-		
Profit Before Tax	11.2	33.1	34.0	(1.6)	12.6	28.4	46.7	49.5	-27.5%	57.9%
Tax Expense	(1.8)	(1.7)	(3.9)	(1.7)	(4.8)	(5.7)	(9.3)	(9.9)		
<i>Effective Tax Rate</i>	<i>15.9%</i>	<i>5.1%</i>	<i>11.4%</i>	<i>n.a.</i>	<i>38.2%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>		
Minority Interests	(1.0)	(5.9)	(3.8)	1.6	(4.2)	(4.2)	(4.2)	(4.2)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	8.4	25.4	26.4	(1.7)	3.5	18.5	33.2	35.4	-48.2%	n.a.
<i>Net Profit growth</i>	<i>n.a.</i>	<i>202.5%</i>	<i>3.7%</i>	<i>-106.5%</i>	<i>305.8%</i>	<i>423.3%</i>	<i>79.2%</i>	<i>6.7%</i>		
Ordinary Net Profit	1.2	20.7	11.9	0.1	2.8	18.5	33.2	35.4	-48.5%	n.a.
<i>Ordinary Net Profit growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>-42.6%</i>	<i>-98.9%</i>	<i>n.a.</i>	<i>552.5%</i>	<i>79.2%</i>	<i>6.7%</i>		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	19-22	22-25e
Recurrent EBITDA						81.6	101.6	106.0	-8.9%	27.1%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						15.1	0.1	(1.2)		
Recurrent Operating Cash Flow						96.7	101.7	104.8	34.4%	-18.2%
CAPEX						(48.8)	(56.0)	(52.5)		
Net Financial Result affecting the Cash Flow						(36.1)	(35.9)	(35.7)		
Tax Expense						(5.7)	(9.3)	(9.9)		
Recurrent Free Cash Flow						6.1	0.4	6.6	58.8%	-61.6%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestitures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						6.1	0.4	6.6	-12.8%	-56.6%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						(6.1)	(0.4)	(6.6)		

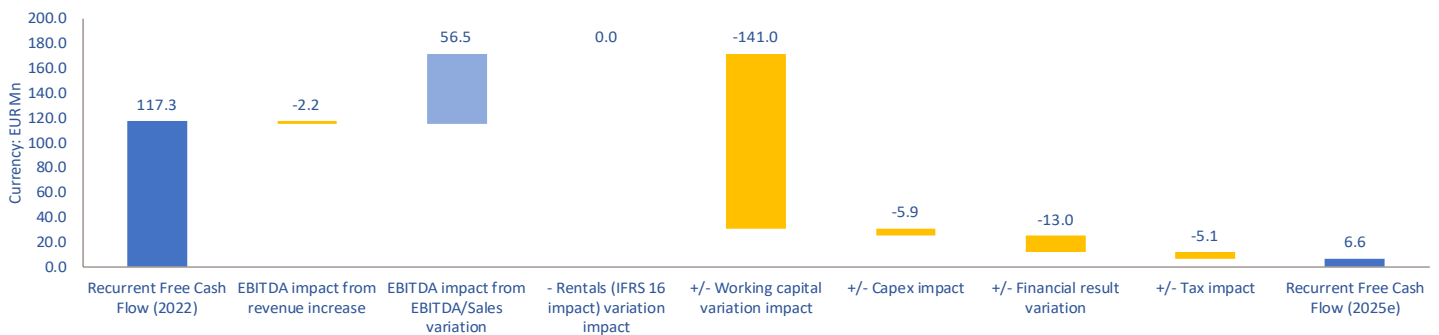
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	68.3	50.1	47.0	51.7	81.6	101.6	106.0	-8.9%	27.1%
<i>Recurrent EBITDA growth</i>	52.4%	-26.7%	-6.2%	9.9%	58.0%	24.4%	4.3%		
<i>Rec. EBITDA/Revenues</i>	6.5%	5.2%	2.8%	2.0%	3.4%	4.2%	4.3%		
- Rentals (IFRS 16 impact)	(1.1)	-	-	-	-	-	-		
+/- Working Capital increase	11.7	(60.7)	(96.3)	139.8	15.1	0.1	(1.2)		
= Recurrent Operating Cash Flow	78.9	(10.6)	(49.3)	191.5	96.7	101.7	104.8	34.4%	-18.2%
<i>Rec. Operating Cash Flow growth</i>	59.4%	-113.4%	-364.8%	488.2%	-49.5%	5.1%	3.0%		
<i>Rec. Operating Cash Flow / Sales</i>	7.6%	n.a.	n.a.	7.3%	4.0%	4.2%	4.2%		
- CAPEX	(33.5)	(17.0)	(39.1)	(46.6)	(48.8)	(56.0)	(52.5)		
- Net Financial Result affecting Cash Flow	(16.1)	(13.4)	(18.9)	(22.7)	(36.1)	(35.9)	(35.7)		
- Taxes	-	-	-	(4.8)	(5.7)	(9.3)	(9.9)		
= Recurrent Free Cash Flow	29.3	(41.0)	(107.3)	117.3	6.1	0.4	6.6	58.8%	-61.6%
<i>Rec. Free Cash Flow growth</i>	4.0%	-239.8%	-162.1%	209.3%	-94.8%	-93.3%	n.a.		
<i>Rec. Free Cash Flow / Revenues</i>	2.8%	n.a.	n.a.	4.5%	0.3%	0.0%	0.3%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	46.5	(91.1)	(77.4)	1.5	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	46.8	118.2	(29.0)	(37.5)	-	-	-		
= Free Cash Flow	122.6	(13.8)	(213.7)	81.3	6.1	0.4	6.6	-12.8%	-56.6%
<i>Free Cash Flow growth</i>	321.1%	-111.3%	n.a.	138.1%	-92.5%	-93.3%	n.a.		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	5.2%	n.a.	n.a.	21.0%	1.1%	0.1%	1.2%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	21.9%	n.a.	n.a.	14.5%	1.1%	0.1%	1.2%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	28.2	29.3	(41.0)	(107.3)	117.3	6.1	0.4		
EBITDA impact from revenue increase	2.6	(4.9)	36.9	26.5	(4.2)	(0.1)	2.1		
EBITDA impact from EBITDA/Sales variation	20.9	(13.3)	(40.0)	(21.8)	34.2	20.1	2.2		
= Recurrent EBITDA variation	23.5	(18.2)	(3.1)	4.7	30.0	20.0	4.4		
- Rentals (IFRS 16 impact) variation impact	(1.1)	1.1	-	-	-	-	-		
+/- Working capital variation impact	7.0	(72.4)	(35.6)	236.1	(124.7)	(15.0)	(1.3)		
= Recurrent Operating Cash Flow variation	29.4	(89.6)	(38.7)	240.8	(94.7)	4.9	3.1		
+/- CAPEX impact	(30.4)	16.6	(22.2)	(7.5)	(2.2)	(7.2)	3.5		
+/- Financial result variation	1.0	2.7	(5.5)	(3.8)	(13.4)	0.2	0.2		
+/- Tax impact	1.1	-	-	(4.8)	(0.9)	(3.7)	(0.6)		
= Recurrent Free Cash Flow variation	1.1	(70.3)	(66.4)	224.7	(111.2)	(5.7)	6.2		
Recurrent Free Cash Flow	29.3	(41.0)	(107.3)	117.3	6.1	0.4	6.6		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	42.1	30.4	24.9	32.3	60.3	78.4	81.0	-8.4%	35.9%
* Theoretical Tax rate	5.1%	11.4%	0.0%	30.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	(2.2)	(3.5)	-	(9.7)	(12.1)	(15.7)	(16.2)		
Recurrent EBITDA	68.3	50.1	47.0	51.7	81.6	101.6	106.0	-8.9%	27.1%
- Rentals (IFRS 16 impact)	(1.1)	-	-	-	-	-	-		
+/- Working Capital increase	11.7	(60.7)	(96.3)	139.8	15.1	0.1	(1.2)		
= Recurrent Operating Cash Flow	78.9	(10.6)	(49.3)	191.5	96.7	101.7	104.8	34.4%	-18.2%
- CAPEX	(33.5)	(17.0)	(39.1)	(46.6)	(48.8)	(56.0)	(52.5)		
- Taxes (pre- Financial Result)	(2.2)	(3.5)	-	(9.7)	(12.1)	(15.7)	(16.2)		
= Recurrent Free Cash Flow (To the Firm)	43.3	(31.0)	(88.5)	135.1	35.9	30.0	36.1	46.2%	-35.6%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	0.0%	-171.7%	-185.1%	252.7%	-73.5%	-16.4%	20.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	4.1%	n.a.	n.a.	5.1%	1.5%	1.2%	1.5%		
- Acquisitions / + Divestments	46.5	(91.1)	(77.4)	1.5	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	46.8	118.2	(29.0)	(37.5)	-	-	-		
= Free Cash Flow "To the Firm"	136.6	(3.9)	(194.9)	99.1	35.9	30.0	36.1	-10.1%	-28.6%
<i>Free Cash Flow (To the Firm) growth</i>	438.4%	-102.9%	n.a.	150.9%	-63.8%	-16.4%	20.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	4.6%	n.a.	n.a.	14.5%	3.9%	3.2%	3.9%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	14.7%	n.a.	n.a.	10.6%	3.9%	3.2%	3.9%		

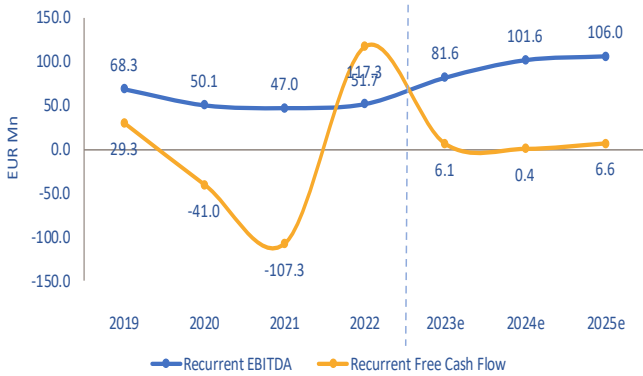
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



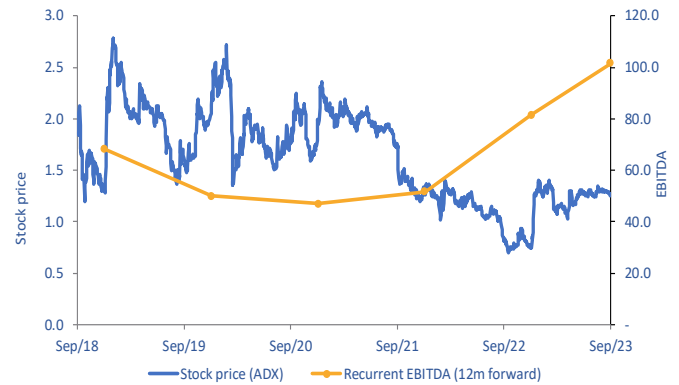
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



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	559.2	
+ Minority Interests	14.2	6m Results 2023
+ Provisions & Other L/T Liabilities	68.3	6m Results 2023
+ Net financial debt	315.8	6m Results 2023
- Financial Investments	26.4	6m Results 2023
+/- Others		
Enterprise Value (EV)	931.2	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
															12-22	22-25e
Total Revenues	44.6	37.9	33.7	28.5	30.2	36.9	986.9	1,043.8	969.3	1,683.9	2,633.0	2,418.7	2,415.7	2,466.4	50.3%	-2.2%
Total Revenues growth	3.8%	-15.2%	-10.9%	-15.6%	5.9%	22.3%	n.a.	5.8%	-7.1%	73.7%	56.4%	-8.1%	-0.1%	2.1%		
EBITDA	31.7	25.7	21.9	12.8	18.3	24.8	44.8	68.3	50.1	46.9	54.1	81.6	101.6	106.0	5.5%	25.1%
EBITDA growth	7.5%	-19.0%	-15.0%	-41.6%	43.4%	35.7%	80.4%	52.4%	-26.7%	-6.5%	15.5%	50.8%	24.4%	4.3%		
EBITDA/Sales	71.1%	67.9%	64.8%	44.8%	60.7%	67.3%	4.5%	6.5%	5.2%	2.8%	2.1%	3.4%	4.2%	4.3%		
Net Profit	(69.0)	1.4	2.0	(11.4)	(31.6)	7.4	8.4	25.4	26.4	(1.7)	3.5	18.5	33.2	35.4	7.4%	n.a.
Net Profit growth	32.7%	102.0%	46.7%	-669.1%	-177.0%	123.3%	14.4%	202.5%	3.7%	-106.5%	305.8%	423.3%	79.2%	6.7%		
Adjusted number shares (Mn)	138.4	138.4	139.8	140.0	140.0	140.0	171.4	440.3	440.3	440.3	440.3	440.3	440.3	440.3		
EPS (EUR)	-0.50	0.01	0.01	-0.08	-0.23	0.05	0.05	0.06	0.06	0.00	0.01	0.04	0.08	0.08	7.3%	n.a.
EPS growth	32.7%	n.a.	45.2%	n.a.	n.a.	n.a.	-6.5%	17.8%	3.7%	n.a.	n.a.	n.a.	79.2%	6.7%		
Ord. EPS (EUR)	-0.50	0.01	0.01	-0.08	-0.23	0.05	0.01	0.05	0.03	0.00	0.01	0.04	0.08	0.08	7.2%	n.a.
Ord. EPS growth	32.7%	n.a.	45.2%	n.a.	n.a.	n.a.	-86.7%	n.a.	-42.6%	-98.9%	n.a.	n.a.	79.2%	6.7%		
CAPEX	(16.4)	(5.3)	(15.6)	(34.9)	(0.8)	(0.3)	(3.1)	(33.5)	(17.0)	(39.1)	(46.6)	(48.8)	(56.0)	(52.5)		
CAPEX/Sales %	36.7%	14.0%	46.3%	122.7%	2.8%	0.7%	0.3%	3.2%	1.7%	2.3%	1.8%	2.0%	2.3%	2.1%		
Free Cash Flow	8.2	5.8	(6.7)	(29.8)	8.1	7.3	(55.5)	122.6	(13.8)	(213.7)	81.3	6.1	0.4	6.6	25.8%	-56.6%
ND/EBITDA (x) ⁽²⁾	5.9x	6.2x	7.3x	10.0x	6.4x	4.4x	6.5x	2.5x	4.1x	9.1x	6.4x	4.2x	3.3x	3.1x		
P/E (x)	n.a.	39.1x	22.8x	n.a.	n.a.	8.3x	25.9x	36.7x	32.1x	n.a.	93.2x	40.3x	40.3x	16.9x	15.8x	
EV/Sales (x)	5.31x	5.76x	5.93x	6.34x	6.22x	9.33x	0.87x	1.08x	1.11x	0.61x	0.29x	0.38x	0.39x	0.38x		
EV/EBITDA (x) ⁽²⁾	7.5x	8.5x	9.1x	14.1x	10.3x	13.9x	19.2x	16.5x	21.5x	21.9x	13.9x	11.4x	9.2x	8.8x		
Absolute performance	-52.1%	14.7%	-15.4%	12.1%	35.1%	-12.0%	192.0%	66.5%	-9.2%	-34.6%	-40.5%	69.4%				
Relative performance vs Ibex 35	-49.8%	-5.5%	-18.4%	20.8%	37.9%	-18.1%	243.5%	48.9%	7.4%	-39.4%	-37.0%	47.9%				

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 Factsset.

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

Appendix 5. Main peers 2023e

Market data	EUR Mn	Integrated Utilities				Average	Renewable Energy			Average	ADX
		Iberdrola	Endesa	Naturgy	EDP		Solaria	Grenergy	Scatec A		
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		67,122.4	20,349.2	24,705.8	16,351.2		1,761.8	644.1	864.2		559.2
Enterprise value (EV)		124,939.2	34,297.3	37,589.2	41,151.2		2,600.8	1,167.6	2,815.5		931.2
Total Revenues		55,069.4	24,622.6	30,702.7	20,220.6		223.4	286.7	388.7		2,418.7
Total Revenues growth		2.1%	-24.3%	-9.6%	-3.2%		-8.8%	60.4%	159.3%		88.9%
2y CAGR (2023e - 2025e)		1.5%	-1.9%	-7.7%	2.5%		-1.4%	27.1%	28.4%		25.8%
EBITDA		14,454.5	4,673.9	5,120.5	4,905.8		196.4	106.2	299.9		81.6
EBITDA growth		13.4%	-35.9%	9.7%	32.9%		5.0%	42.9%	111.0%		80.8%
2y CAGR (2023e - 2025e)		5.9%	6.2%	-2.1%	4.1%		3.5%	24.1%	34.2%		25.3%
EBITDA/Revenues		26.2%	19.0%	16.7%	24.3%		21.5%	87.9%	37.0%		67.4%
EBIT		9,038.5	2,710.1	3,326.0	3,097.1		160.4	80.2	191.5		60.3
EBIT growth		12.4%	-51.8%	1.3%	84.6%		11.6%	42.7%	121.9%		100.6%
2y CAGR (2023e - 2025e)		5.9%	7.5%	-3.4%	3.8%		3.5%	20.7%	29.4%		23.2%
EBIT/Revenues		16.4%	11.0%	10.8%	15.3%		13.4%	71.8%	28.0%		49.7%
Net Profit		4,646.1	1,586.1	1,816.3	1,099.7		105.1	44.9	56.0		18.5
Net Profit growth		5.4%	-37.6%	8.6%	62.0%		9.6%	16.7%	335.5%		166.6%
2y CAGR (2023e - 2025e)		6.1%	10.7%	-5.1%	8.7%		5.1%	13.6%	10.2%		12.6%
CAPEX/Sales %		21.7%	10.5%	8.8%	23.9%		16.2%	187.3%	100.3%		165.4%
Free Cash Flow		(1,198.2)	897.2	1,035.3	(1,740.1)		(258.7)	(199.4)	(338.1)		6.1
Net financial debt		46,397.2	12,372.7	13,197.6	16,135.3		1,020.0	567.9	2,010.6		339.5
ND/EBITDA (x)		3.2	2.6	2.6	3.3		2.9	5.2	5.3		5.7
Pay-out		72.3%	72.4%	72.5%	69.7%		71.7%	0.0%	0.0%		16.5%
P/E (x)		14.6	12.7	13.3	14.8		13.8	17.0	14.8		15.8
P/BV (x)		1.4	3.6	3.0	1.5		2.4	3.9	2.3		2.4
EV/Revenues (x)		2.3	1.4	1.2	2.0		1.7	11.6	4.1		7.7
EV/EBITDA (x)		8.6	7.3	7.3	8.4		7.9	13.2	11.0		11.2
EV/EBIT (x)		13.8	12.7	11.3	13.3		12.8	16.2	14.6		15.2
ROE		9.9	28.1	22.6	10.4		17.7	23.0	15.6		15.0
FCF Yield (%)		n.a.	4.4	4.2	n.a.		4.3	n.a.	n.a.		n.a.
DPS		0.52	1.08	1.37	0.19		0.79	0.00	0.00		0.06
Dvd Yield		4.9%	5.6%	5.4%	5.0%		5.2%	0.0%	0.0%		1.1%

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

Calle Núñez de Balboa, 108 1ª Planta

28006 Madrid

T: +34 915 904 226

<https://institutodeanalistas.com/lighthouse>

Alfredo Echevarría Otegui

Head of research

alfredo.echevarria@lighthouse-ieaf.com

Luis Esteban Arribas, CESGA

Equity research

luis.esteban@lighthouse-ieaf.com

Enrique Andrés Abad, CFA

Equity research

enrique.andres@lighthouse-ieaf.com

Jesús López Gómez, CESGA

ESG Analyst & Data analytics

jesus.lopez@lighthouse-ieaf.com

All Lighthouse research documents are available simultaneously on the Lighthouse website (<https://institutodeanalistas.com/lighthouse>) and via third-party aggregators such as Bloomberg, Factset, Capital IQ and Refinitiv.

IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

IEAF Servicios de Análisis S.L.U. is a Spanish company whose corporate purpose is:

1º) To provide information and financial analysis regarding securities issued by any class of legal person traded or not on official secondary markets, and especially (but not exclusively) those securities which are not the object of the recurrent provision of information and analysis by financial analysts who participate in the markets.

2º) To publicise and update the aforementioned financial reports and analysis, in addition to the monitoring and following of the securities on which the information and analysis is provided.

3º) To prepare studies and projects aimed at proposing and implementing measures to improve the information and financial analysis of securities traded on official secondary markets.

IEAF Servicios de Análisis S.L.U. is a company whose sole shareholder is the Instituto Español de Analistas Financieros, a professional, not for profit association.

DISCLAIMER

The Instituto Español de Analistas Financieros hereby certifies that the analyst of IEAF Servicios de Análisis S.L.U. whose name figures as the author of this report, expresses views that reflect their personal and independent opinion of the company analysed without these implying, either directly or indirectly, a personalised recommendation of the company analysed for purposes of providing investment advice. This report is based on the preparation of detailed financial projections from information available to the public and following traditional fundamental research methodology (i.e. it is not a technical or quantitative analysis report). For the analysis methodology used in the preparation of this report, please contact the analyst directly; contact details are included on the front page of this report.

The report includes basic information regarding the main parameters to be used by an investor when making their own valuation (whether by discounted cash flows or multiples). These parameters are the personal opinion or estimate of the analyst. The person receiving this report should use their own judgement when using these parameters and should consider them as another element in their decision-making process in respect of investment. These parameters do not represent a personalised investment recommendation.

Rules governing confidentiality and conflicts of interest

None of the following rules governing confidentiality and conflicts of interest (12) is applicable to this report:

1. This report is non-independent research as it has been commissioned by the company analysed (issuer).
2. In the last 12 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., has had Investment Banking mandates or has managed or co-managed a public offering of the securities of the issuer, or has received compensation from said issuer for Investment Banking services, that exclude brokerage services for prepaid fees.
3. In the next 6 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., expects to receive or intends to obtain compensation for Investment Banking services provided to this company that exclude brokerage services for prepaid fees.
4. The Investment Analyst or a member of the Research Department or a member of their household has a long position in the shares or derivatives of the corresponding issuer.
5. The Investment Analyst or a member of the Research Department or a member of their household has a short position in the shares or derivatives of the corresponding issuer.
6. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a long position of over 0.5% of the issuer's capital.
7. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a short position of over 0.5% of the issuer's capital.
8. At the end of the month immediately prior to the publication of this report, or of the previous month if the report is published in the ten days following the end of the month, the company analysed (the issuer) or any of its subsidiaries held 5% or more of any class of equity security of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U.
9. A senior director or officer of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., or a member of their department is a director, officer, advisor or member of the Board of Directors of the issuer and/or one of its subsidiaries.
10. The Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., acts as broker for the Issuer for the corresponding prepaid fees.
11. The contents of this report related to the financial analysis, financial projections, valuation, investment summary and opinion of the analyst have been reviewed by the issuer prior to its publication.
12. The issuer has made changes to the contents of this report prior to its distribution.

The Investment Analysts who have prepared this Investment Analysis are employees of IEAF Servicios de Análisis S.L.U. These analysts have received (or will receive) compensation according to the general earnings of IEAF Servicios de Análisis S.L.U. To obtain a copy of the Code of Conduct of IEAF Servicios de Análisis S.L.U. (in respect of the Management of Conflicts of Interest in the research department), please use the e-mail address secretaria@institutodeanalistas.com or consult the contents of this Code at <https://institutodeanalistas.com>.

IEAF Servicios de Análisis S.L.U. is compensated by Bolsas y Mercados Españoles, S.A. for the preparation of this report. This report should be considered as just another element in the taking of investment decisions.

A report issued by IEAF servicios de análisis S.L.U.

All rights reserved. The unauthorised use or distribution of this report is prohibited. This document has been prepared and distributed, according to the provisions of the MiFID II by IEAF Servicios de Análisis S.L.U. Its corporate activity is regulated by the CNMV (the Spanish Securities Exchange Commission). The information and opinions expressed in this document do not represent nor are they intended to represent an offer or a solicitation to buy or sell the securities (in other words, the securities mentioned in this report and related warrants, options, rights or interests). The information and opinions contained in this document are based upon information available to the public and have been obtained from sources believed to be reliable by IEAF Servicios de Análisis S.L.U., but no guarantee is given regarding their accuracy or completeness. All comments and estimates reflect solely the opinion of IEAF Servicios de Análisis S.L.U. and do not offer any implicit or explicit guarantee. All the opinions expressed are subject to change without prior warning. This document does not take into account the specific investment objectives, financial position, risk profile or other specific aspects of the person who receives this document, and accordingly they should exercise their own judgement in this respect. Neither the Instituto Español de Analistas Financieros nor its subsidiary, IEAF Servicios de Análisis S.L.U., assumes any responsibility for direct or indirect losses arising from the use of the published research, except in the event of negligent conduct by IEAF Servicios de Análisis S.L.U. The information contained in this report is approved for distribution to professional clients, eligible counterparties and professional advisers, but not for distribution to private individuals or retail clients. Its reproduction, distribution or

publication for any purpose without the written authorisation of IEAF Servicios de Análisis S.L.U. is prohibited. The Instituto Español de Analistas Financieros and/or its subsidiary IEAF Servicios de Análisis S.L.U., their employees and directors, may hold a position (long or short) in an investment knowing that this issuer will be the object of analysis and that this analysis will be distributed to institutional investors. Any further information regarding the contents of this report will be provided upon request. IEAF Servicios de Análisis S.L.U. intends to publish (at least) one quarterly report or note updating the information on the company analysed.

United States. IEAF Servicios de Análisis S.L.U. is not registered in the United States and, consequently, is not subject to the regulations of that country governing the preparation of research and the independence of analysts. This report is distributed solely to major US institutional investors, in reliance on the exemption from registration provided by Rule 15a-6 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), and interpretations of this made by the US Securities Exchange Commission.

Major US Institutional Investors. This report will be distributed to "major US institutional investors", as defined by Rule 15a-6 of the US Securities Exchange Commission and of the US Securities Exchange Act of 1934.

Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
29-Sep-2023	n.a.	1.27	n.a.	n.a.	6m Results 2023	Enrique Andres Abad
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

