

EiDF

A “different” renewables play

- What is EiDF?** The company is the leading solar EPC and O&M servicer for PV self-consumption installations for industrial clients in Spain, with an 8% market share (installing 32MW in 2020). It aims to become an integrated PV player, which will imply entering the generation & supply businesses, for which purpose, we estimate it will install a 662MW capacity over 2021-25, and has acquired a supply company (40K clients). By 2025, we expect generation to represent 50% of the EBITDA, EPC 35% (from 100% now) and supply 15%.
- Positives.** 1) Strong sector prospects, especially for self-consumption (we estimate 4.2GW of new capacity over 2021-25); 2) >10 years' track record in solar PV sector and vertical integration; 3) Niche player with strong positioning on self-consumption; 4) Faster & less complicated permitting process for self-consumption vs. utility scale projects; 5) Very strong growth prospects. **Risks.** 1) Exposure to pool price volatility; 2) Capex cost inflation; 3) Permitting bottlenecks for utility scale new capacity; 4) Execution risk on the integration plan and management of the strong growth; 5) High leverage & interest rate exposure.
- Strong growth ahead.** We expect strong growth over the coming years driven by: a) increased demand for self-consumption systems as industries look to lower their energy bills; b) development of the generation business (0% of EBITDA in to 50% in 2025); c) growth in the supply client base. As a result, EBITDA should jump from €2m (20) to €5m (21) and €46m (25), implying 87% CAGR 20-25.
- The balance sheet.** Financing growth will require >€450m investment over 2021-25 (almost 2X current market cap), o/w a bit less than half will be debt with recourse (€180m) and new equity (€20m) and the rest (>€250m) non-recourse debt. This would increase corporate net debt from €2m (2020) to €128m (2025), which is high. Hence our view that EiDF will need a rights issue along the way (which we estimate at €20m).
- A “different” renewables play.** We see EiDF as a “different” way to play renewables given that, in addition to the IPP growth angle, it is one of the few quoted players with exposure to self-consumption (with very strong growth prospects), whilst the vertically integrated model is another difference. As for how much EiDF could be worth, we estimate a valuation range of €18.2-23.4 p.s. vs the current share price of €19. Delivery on the growth plans will be the key valuation factor.

Financial Ratios	FY20	FY21E	FY22E	FY23E	FY24E	FY25E
EBITDA (€m)	2.1	4.7	16.1	23.5	34.5	46.5
Net profit (€m)	1.0	2.4	7.3	7.9	10.1	13.2
EPS (€)	0.9	0.2	0.5	0.6	0.7	1.0
Adj. EPS (€)	0.9	0.2	0.5	0.6	0.7	1.0
P/E (x)	n.a.	108.7	35.2	32.6	25.5	19.5
P/E Adj. (x)	n.a.	103.0	35.2	32.6	25.5	19.5
EV/EBITDA (x) (*)	0.0	55.3	21.4	18.3	15.5	13.5
Debt/EBITDA (x)	1.0	(0.7)	2.5	3.5	4.2	4.6
P/BV (x)	n.a.	13.0	9.5	7.4	5.7	4.4
ROE (%)	0.2	0.1	0.3	0.2	0.2	0.2
DPS (€)	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	n.a.	0.0	0.0	0.0	0.0	0.0

(*) Historical multiples based on average share price of the year; Debt/EBITDA (X) at corporate level

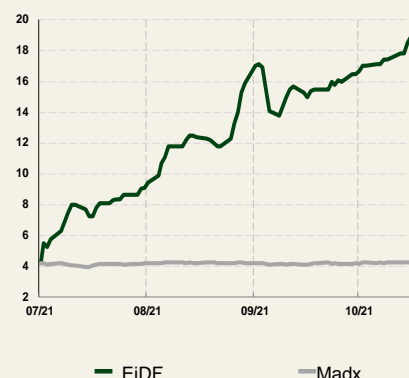
SPONSORED RESEARCH

Share Price € 19.00

EiDF.MC/ EiDF SM

Market Cap	€258 m
Enterprise Value	€261 m
Free Float	€ 39m
Nº Shares	13 m
Average Daily Volume	€ 65k

Performance	1m	3m	12m
Absolute %	25.0	131.2	-
Relative %	21.7	128.1	-



Shareholders

Prosol Energía 76.9%, Mr. Alejandro Alorda 8.1%, Free float 15.1%

Analyst

Fernando Lafuente
+34 91 550 87 16
flafuente@alantraequities.com
Beatriz Bernal
+34 91 550 87 15
bbernal@alantraequities.com