ALANTRA Equities

SPANISH EQUITY RESEARCH
UTILITIES
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EiDF

Strong Q2 results. Upside risk to estimates

- **Q2 results above estimates.** Revenues grew from €8m to €98m YoY in Q2, above our €84m estimate. EBITDA reached €16m in Q2 (vs. €2m in 2Q21), above our €10m estimate, the difference is explained by a stronger than expected contribution from both self-consumption and supply. EiDF has not reported further P&L details below the EBITDA level.

- **Performance by business.** a) Self-consumption revenues grew from €4m in 2Q21 to c.€28m in Q2, well above our €15m estimate, the difference due to a stronger than expected activity. EBITDA reached €9m, implying 33% margin, above our €5m and 33% margin estimates; b) EPC revenues reached c.€10m and EBITDA €2m, both roughly in line; c) Supply revenues reached €59m and EBITDA c.€4m, both above our €55m and €2m estimates respectively.

- **Net debt** increased from €27m in Q1 to €60m in Q2, implying 1.7XEBITDA, driven by: 1) €15m investment in generation assets (152MW capacity under construction as of end-Q2, flat QoQ); 2) €5m from the acquisition of ODF (€6m already invested in Q1); and c) a €15m increase in WC (mostly driven by the increase in sales in the supply business and advanced purchases for self-consumption). Net debt is above our €50m estimate, the difference explained by a mix of higher-than-expected capex in new generation assets and higher than expected WC.

- **Upside risk to estimates.** EiDF posted a very strong operating performance in Q2 driven by the strong momentum of the self-consumption business and, to a lesser extent, the supply business. The €26m EBITDA reported in H1 implies c.85% of the €30m EBITDA target for FY22 included in the new strategic plan recently released by EiDF and c.75% of our €36m EBITDA estimate for 2022, leaving significant upside risk to our estimates for the company.

- **Positive fundamental view**. We like EiDF from a fundamental viewpoint given its leading positioning on the self-consumption segment, with both commercial and industrial clients, and with significant growth prospects, as well as for its vertical integration in the solar PV value chain (2.2GW pipeline, >150MW under construction and 1.1TWh energy supplied). All this makes of EiDF a different and attractive alternative to invest in renewables.

Financial Ratios	FY19	FY20	FY21	FY22E	FY23E	FY24E
EBITDA (€m)	1.8	2.1	10.5	35.6	53.5	77.1
Net profit (€m)	1.0	1.0	7.5	23.1	34.9	50.6
EPS (€)	0.95	0.93	0.56	1.6	2.4	3.5
Adj. EPS (*) (€)	0.95	0.93	0.59	1.6	2.4	3.5
P/E (x)	0.0	0.0	27.4	41.4	27.5	18.9
P/E Adj. (x)	0.0	0.0	25.9	40.1	27.5	18.9
EV/EBITDA (x)	0.0	0.0	18.9	28.6	19.8	14.2
Debt/EBITDA (x)	(1.6)	1.0	0.5	2.0	2.2	2.0
P/BV (x)	0.0	0.0	8.4	14.6	9.5	6.3
ROE (%)	20.6	17.7	30.6	35.1	34.7	33.5
DPS (€)	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	n.a.	n.a.	0.0	0.0	0.0	0.0

(*) Historical multiples based on average share price of the year

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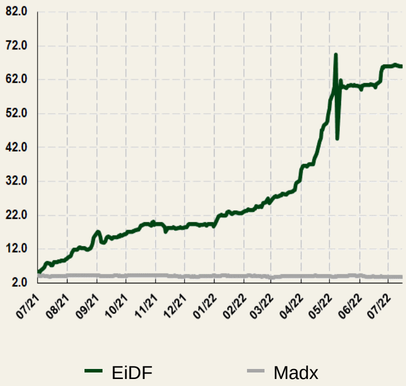
Share Price (*)	€ 66.00

*Share price at the close of 19 July 2022

EIDF.MC/ EIDF SM	
Market Cap	€ 957 m
Enterprise Value	€ 998 m
Free Float	€ 114 m
Nº Shares	15 m
Average Daily Volume	€ 1 m

Performance	1m	3m	12m
Absolute %	8.9	77.4	757.1
Relative %	12.0	84.6	759.8



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EIDF: QUARTERLY P&L REVIEW						
(€m)	**2Q21**	**1Q22**	**2Q22**	**YoY**	**2Q22E**	**Diff.**
Revenues	**7.6**	**82.4**	**98.3**	-	**84.0**	**17%**
CoGS	-	(66.8)	(77.9)	-	(72.9)	7%
Gross profit	**-**	**15.6**	**20.4**	-	**11.1**	**84%**
Opex	-	(5.3)	(4.7)	-	(2.4)	95%
EBITDA	**1.8**	**10.3**	**15.7**	-	**9.8**	**60%**

Source: EiDF & Alantra Equities

EIDF: ESTIMATES BY BUSINESS						
(€m)	**2Q21**	**1Q22**	**2Q22**	**YoY**	**2Q22E**	**Diff.**
Revenues	**7.6**	**82.4**	**98.3**	**-**	**84.0**	**17%**
o/w Self-consumption	4.3	14.6	27.7	**-**	15.0	85%
o/w EPC Generation	0.5	13.8	9.7	**-**	14.0	(31%)
o/w Supply	-	55.5	59.4	**-**	55.0	8%
o/w Others/corporate	-	(1.5)	1.5	**-**	0.0	-
EBITDA	**1.8**	**10.3**	**15.7**	**-**	**9.8**	**60%**
o/w Self-consumption	-	3.1	9.1	-	5.0	82%
o/w EPC Generation	-	2.8	2.3	-	2.6	(11%)
o/w Supply	-	4.9	3.9	-	2.2	77%
o/w Others/corporate	-	(0.4)	0.4		0.0	**-**

Source: EiDF & Alantra Equities

EIDF: NET DEBT & LEVERAGE							
Company	**4Q21**	**1Q22**	**2Q22**	**YoY**	**QoQ**	**2Q22E**	**Diff.**
Net debt	5.7	27.1	60.4	-	215%	50.0	21%
Net debt/EBITDA	0.6X	0.8X	1.7X	-	-	1.4X	0.3X

Source: EiDF & Alantra Equities

KEY DATA

P&L account (EURm)	FY19	FY20	FY21	FY22E	FY23E	FY24E
Sales	15.6	19.1	41.6	345.9	437.4	497.8
Cost of sales	(10.7)	(13.2)	(27.3)	(298.0)	(369.5)	(411.0)
Gross margin	**4.8**	**5.9**	**14.3**	**48.0**	**68.0**	**86.7**
Opex	(3.1)	(3.8)	(5.3)	(13.3)	(16.9)	(18.9)
Associates	0.0	0.0	1.5	0.9	2.4	9.2
EBITDA	**1.8**	**2.1**	**10.5**	**35.6**	**53.5**	**77.1**
Depreciation & Amortizatioı	(0.1)	(0.2)	(0.3)	(2.2)	(2.7)	(3.6)
EBIT	**1.7**	**1.9**	**10.3**	**33.4**	**50.8**	**73.4**
Financial costs	(0.3)	(0.5)	(0.8)	(2.6)	(4.3)	(5.9)
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Ordinary profit	**1.4**	**1.4**	**9.5**	**30.8**	**46.5**	**67.5**
Extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	**1.4**	**1.4**	**9.5**	**30.8**	**46.5**	**67.5**
Taxes	(0.4)	(0.4)	(1.9)	(7.7)	(11.6)	(16.9)
Discontinued activities	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	(0.0)	0.0	0.0	0.0	0.0	0.0
Net profit, reported	**1.0**	**1.0**	**7.5**	**23.1**	**34.9**	**50.6**
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
Net profit adjusted	**1.0**	**1.0**	**7.5**	**23.1**	**34.9**	**50.6**
Nº of shares (m)	1.1	1.1	13.6	14.5	14.5	14.5
Nº of shares adjusted (m)	1.1	1.1	12.9	14.0	14.5	14.5
Treasury stock (m)	0.0	0.0	0.0	0.0	0.0	0.0

YoY Growth	FY19	FY20	FY21	FY22E	FY23E	FY24E
Sales	n.a.	22%	118%	731%	26%	14%
EBITDA	n.a.	17%	410%	237%	50%	44%
Net profit	n.a.	(2%)	655%	206%	51%	45%
Adjusted net profit	n.a.	(2%)	655%	206%	51%	45%

Revenues by division	FY19	FY20	FY21	FY22E	FY23E	FY24E
EPC	15.6	19.1	40.3	122.7	197.9	234.4
Generation	0.0	0.0	0.3	1.4	2.9	6.9
Supply		0.0	0.0	221.9	236.7	256.5

EBITDA by division	FY19	FY20	FY21	FY22E	FY23E	FY24E
EPC	2.3	2.9	9.0	25.0	40.6	50.5
Generation	0.0	0.0	0.2	1.2	2.3	5.5
Supply	0.0	0.0	0.0	9.5	9.6	13.9
Adj. & Corporate	(0.6)	(0.8)	(0.2)	(1.0)	(1.5)	(2.0)

Per share data	FY19	FY20	FY21	FY22E	FY23E	FY24E
EPS	-	0.9	0.6	1.6	2.4	3.5
EPS adjusted	-	0.9	0.6	1.6	2.4	3.5
CFPS	-	1.1	0.6	1.8	2.9	4.6
FCFPS	-	(4.6)	(0.3)	(4.6)	(3.0)	(2.5)
BVPS	-	5.3	1.8	4.5	6.9	10.4
DPS	-	0.0	0.0	0.0	0.0	0.0

Cash flow (EURm)	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net profit	1.0	1.0	7.5	23.1	34.9	50.6
Depreciation	0.1	0.2	0.3	2.2	2.7	3.6
Minorities	0.0	(0.0)	(0.0)	0.0	0.0	0.0
Non-cash adjustments	(0.0)	0.0	0.0	1.6	4.9	12.8
Total cash-flow (CF)	**1.1**	**1.2**	**7.8**	**26.8**	**42.5**	**67.1**
Capex	(0.7)	(4.4)	(28.5)	(36.6)	(74.6)	(95.8)
Working capital	0.6	(0.2)	3.1	(44.9)	(11.0)	(7.2)
Operating FCF	**1.0**	**(3.4)**	**(17.6)**	**(54.7)**	**(43.1)**	**(36.0)**
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Rights issues	0.0	0.0	11.8	18.0	0.0	0.0
Disposals/(acquisitions)	0.0	0.0	0.0	(30.0)	0.0	0.0
Other	1.8	(1.5)	2.3	0.0	0.0	0.0
FCF before dividends	**2.8**	**(4.9)**	**(3.6)**	**(66.7)**	**(43.1)**	**(36.0)**
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Free-cash-flow (FCF)	**2.8**	**(4.9)**	**(3.6)**	**(66.7)**	**(43.1)**	**(36.0)**
Buy-backs	0.0	0.0	0.0	0.0	0.0	0.0
FCF after buy backs	**2.8**	**(4.9)**	**(3.6)**	**(66.7)**	**(43.1)**	**(36.0)**

Balance sheet (EURm)	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity	4.9	5.6	24.6	65.7	100.6	151.2
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Provisions & others	0.2	0.2	0.2	0.2	0.2	0.2
Net debt [cash]	(2.8)	2.1	5.7	72.4	115.5	151.5
Capital invested	**2.3**	**8.0**	**30.5**	**138.3**	**216.2**	**302.8**
Intangible assets	0.1	0.8	0.2	0.2	0.2	0.2
Tangible assets	2.6	6.0	13.4	76.3	143.2	222.6
Financial assets	0.1	1.6	20.3	20.3	20.3	20.3
Working capital	(0.6)	(0.4)	(3.4)	41.5	52.5	59.7
Capital employed	**2.3**	**8.0**	**30.5**	**138.3**	**216.2**	**302.8**
Working capital/sales	(4%)	(2%)	(8%)	12%	12%	12%

Financial ratios	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net debt/EBITDA	(1.6)	1.0	0.5	2.0	2.2	2.0
Gearing	(0.6)	0.4	0.2	1.1	1.1	1.0
Interest cover	16%	28%	8%	8%	8%	8%

Margins & ratios	FY19	FY20	FY21	FY22E	FY23E	FY24E
EBITDA margin	11%	11%	25%	10%	12%	15%
EBIT margin	11%	10%	25%	10%	12%	15%
Effective tax rate	26%	28%	20%	25%	25%	25%
Pay-out	0%	0%	0%	0%	0%	0%
ROCE (EBIT/CE)	73%	24%	34%	24%	23%	24%
ROE	21%	18%	31%	35%	35%	33%

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