

**EQUITY - SPAIN**

Sector: Independent Power Producers (IPP)

Closing price: EUR 4.14 (28 Oct 2024)

Report date: 29 Oct 2024 (9:35h)

**6m Results 2024**

Independent Equity Research

**6m Results 2024**

 Opinion <sup>(1)</sup>: In line

 Impact <sup>(1)</sup>: We will maintain our estimates

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**Business description**

Enerside (ENRS), is a fully integrated renewables platform (in transition towards a build-to-own model) specialised in solar photovoltaic energy. It currently has a pipeline of +7.3GW of solar photovoltaic projects at various stages of development distributed in Latam (Brazil and Chile) and Europe (Spain and Italy). Listed on BME Growth since March 2022.

**1H24 results: in line, and show the path of the new model (without EPC). The capital structure is strengthened.**

**Market Data**

Market Cap (Mn EUR and USD)	155.4	168.1
EV (Mn EUR and USD) <sup>(2)</sup>	205.7	222.6
Shares Outstanding (Mn)	37.5	
-12m (Max/Med/Mín EUR)	4.14 / 3.05 / 2.11	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation <sup>(3)</sup>	3.1	
Factset / Bloomberg	ENRS-ES / ENRS SM	
Close fiscal year	31-Dec	

**2023 REVENUE DECLINED 85% TO EUR 2.4MN DUE TO THE DISCONTINUATION OF THE EPC BUSINESS.**

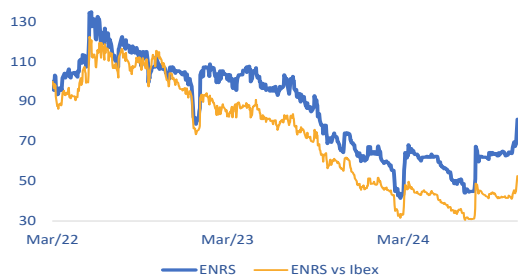
This was in line with expectations as the company focused on its generation (IPP) business and asset rotation strategy. 2024e revenue estimates remain unchanged at EUR 5.5Mn (excluding asset rotation). We expect 100% of revenue to come from the generation business in 2025e, reaching EUR 6.5Mn (+18.9% vs 2024e; excluding asset rotation) driven by the estimated entry into operation of an additional 40MW.

**Shareholders Structure (%) <sup>(5)</sup>**

Joatham Grange	12.7
Antoni Gasch	12.6
Alejandro Alorda	9.3
Tomás Casanovas	9.1
Free Float	32.4

**EBIT OF EUR -4.9MN, WITH ONGOING COST STRUCTURE REDUCTIONS.**

The exit from the EPC business led to a significant reduction in structural costs (-50%), reducing Recurring EBITDA losses (excluding activations) by a quarter (from EUR -25Mn to EUR -6Mn). Excluding EUR 7.2Mn from the sale of 400MW in Italy in the pre-RTB phase, already collected and visible in the P&L in 2025, and considering associated costs of EUR 1.5Mn, would imply positive EBIT in 1H 2024 (EUR +0.9Mn). Revenue from asset rotation combined with organic growth in IPP will significantly improve margins by leveraging the already implemented cost reductions.

**Relative performance (Base 100)**


**CAPITAL STRUCTURE STRENGTHENED.** With a cost of c.8%, the debt level remained stable (EUR 47.8Mn vs EUR 44.5Mn in 2023), effectively achieving the objective of strengthening the capital structure by reducing risk (LTV of 25%). Key highlights include:

i) a refinancing agreement for EUR 25Mn of debt, ii) the entry of Laurion Financial Enterprises into the share capital (c.13% of the capital), iii) a capital increase of c.EUR 4Mn, and iv) a new EUR 25Mn financing line. This mitigates the company's major weakness (leverage) and reduces the likelihood of covering future financing needs with equity solutions (and thus dilution). This is clearly the most positive news of 1H 2024.

**Stock performance (%)**

	-1m	-3m	-12m	-5Y
Absolute	24.7	80.8	24.1	n.a.
vs Ibex 35	25.4	69.6	-7.0	n.a.
vs Ibex Small Cap Index	26.2	88.8	10.8	n.a.
vs Eurostoxx 50	27.1	76.9	0.3	n.a.
vs Sector benchmark <sup>(4)</sup>	26.4	71.4	7.5	n.a.

**START-UP OF THE FIRST SOLAR PARKS (20MW) IN CHILE (13.3MW) AND BRAZIL (6.3MW).**

Fully developed, constructed, and managed by ENRS. The solar PV generation pipeline currently stands at 6.8GW (7.3GW in 2023; 5.5GW in 2022).

**IN CONCLUSION: THE DEBT RESTRUCTURING, DELEVERAGING AND THESE RESULTS HAVE BEEN A GREAT CATALYST.**

The exit from EPC leads to a smaller but more profitable P&L. We maintain our estimates. The main catalyst for the company will be the progress of its generation pipeline, which has already started contributing in 1H 2024. And the impact of asset rotation. 2024e marks the beginning of a new business model associated with a lower risk level and greater visibility of results. The debt restructuring and reduction of leverage have already been a first catalyst, visible in the share price (+70% vs Ibex 35 -3m), although still penalized (-7% -12m). ENRS' momentum has improved significantly.

(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 2.

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

(4) vs Stoxx Europe 600 Utilities.

(5) Others: Alternative Green Energy 6.1%, Javier García - Mateo 5.3%, Jordi Berini 12.6%

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

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## Appendix 1. Results table

EUR Mn	6m24	6m23	6m24 vs		2024e vs	
			6m23	2024e	2023	2023
<b>Total Revenues</b>	<b>2.4</b>	<b>16.1</b>	<b>-85.0%</b>	<b>5.5</b>	<b>-66.9%</b>	
Construction services - EPC / BOS	1.2	16.0	-92.2%	3.3	-79.1%	
Desarrollo Proyectos	0.0	0.0	n.a.	0.0	n.a.	
IPP / O&M	1.2	0.1	n.a.	2.2	141.6%	
<b>EBIT<sup>1</sup></b>	<b>(4.9)</b>	<b>(16.4)</b>	<b>70.3%</b>	<b>-2.2</b>	<b>92.6%</b>	
<b>PBT</b>	<b>(9.4)</b>	<b>(17.9)</b>	<b>47.3%</b>			
<b>NP</b>	<b>(9.4)</b>	<b>(15.7)</b>	<b>40.0%</b>			
		<b>2023</b>				
Net Debt	47.9	44.5	7.6%			

(1) Includes capitalized development costs of the company's own PV project portfolio.

## Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	155.4	
+ Minority Interests	(0.1)	6m Results 2024
+ Provisions & Other L/T Liabilities	3.5	6m Results 2024
+ Net financial debt	47.9	6m Results 2024
- Financial Investments	1.0	6m Results 2024
+/- Others		
<b>Enterprise Value (EV)</b>	<b>205.7</b>	

## 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
29-Oct-2024	n.a.	4.14	n.a.	n.a.	6m Results 2024	Alfredo Echevarría Otegui
27-May-2024	n.a.	2.91	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
03-May-2024	n.a.	3.25	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
17-Jan-2024	n.a.	3.31	n.a.	n.a.	Estimates downgrade	Enrique Andrés Abad, CFA
02-Nov-2023	n.a.	3.36	n.a.	n.a.	6m Results 2023	Enrique Andrés Abad, CFA
12-Jun-2023	n.a.	4.96	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
02-May-2023	n.a.	5.38	n.a.	n.a.	12m Results 2022	David López Sánchez
07-Mar-2023	n.a.	5.28	n.a.	n.a.	Important news	David López Sánchez
06-Sep-2022	n.a.	5.50	n.a.	n.a.	6m 2022 Preliminary results	David López Sánchez
29-Jul-2022	n.a.	6.17	n.a.	n.a.	Initiation of Coverage	David López Sánchez

