

Spain-Based Energy Group Audax Renovables, S.A. Assigned 'BB-' Rating; Outlook Stable

May 14, 2026

(Editor's Note: This report was updated on May 18, 2026, to reflect the company's minor revision to its capital expenditure plan. A corrected version follows.)

Rating Action Overview

- Spanish-based power supplier and producer Audax Renovables S.A. plans to refinance its capital structure through a €350 million senior unsecured notes issuance maturing in 2031. It will use the proceeds, together with €66 million in cash, to repay existing debt, therefore we regard the new issuance as neutral from a net leverage perspective.
- Audax benefits from an established supplier position in Iberia, the Netherlands, and Hungary, with strong growth prospects in other regions. We expect its comprehensive hedging strategy for the energy supply business, together with its market access agreement with Shell, to deliver stable margins and working capital requirements.
- We forecast Audax's adjusted EBITDA will increase to about €110 million-€125 million in 2026-2028 from €100 million in 2025, and adjusted funds from operations (FFO) to debt of 19%-22% on average, supported by volume supply growth, stable margins and financial discipline on the execution of capital expenditure (capex).
- We assigned our 'BB-' long-term issuer credit rating to Audax Renovables S.A. At the same time, we assigned our 'BB-' issue rating to the proposed €350 million senior unsecured notes due 2031 with a recovery rating of '4' (35% recovery prospects).
- The stable outlook reflects our expectation that the company's S&P Global Ratings-adjusted FFO to debt will be, on average, slightly above 20% from 2026-2028. We expect this to be supported by moderate increases in EBITDA from growth in the supply business, stable power and gas margins due to hedging, and prudent execution of the capex plan.

Rating Action Rationale

We expect Audax to maintain average FFO to debt of 19%-22% and debt to EBITDA of 3.0x in the next three years. Audax plans to issue €350 million 8.0% senior unsecured notes due in 2031 that will rank at the same seniority as existing and future senior unsecured debt. Audax will use the proceeds, together with about €66 million cash, to repay existing debt instruments, including

Primary Contact

Elisa Suarez
Madrid
34-91-423-3223
elisa.suarez
@spglobal.com

Secondary Contact

Claire Mauduit-Le Clercq
Paris
33-14-420-7201
claire.mauduit
@spglobal.com

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a €276.6 million 4.2% senior unsecured bond due in 2027, €62.6 million 5.85% bonds due 2028, a €12.5 million 5.80% bond due 2028, €56 million of promissory notes, and fees.

We view the proposed transaction as neutral for the company's adjusted net leverage, while also extending its maturity profile. However, we forecast a higher interest burden for Audax under the proposed transaction, driving our estimate for FFO to debt at about 19% in 2026 and slightly above 20% in 2027-2028 as the company's EBITDA grows. The proposed transaction will also be complemented with the arrangement of a new revolving credit facility (RCF), estimated at about €75 million, with a three-year tenor, that will support the company's working capital management. We understand that the company does not expect to draw this facility at financial close, therefore it will remain a committed and available source of liquidity for the company to support its liquidity position.

While we view Audax's small scale of operations and lack of vertical integration as a constraint, the company benefits from stable supply margins, efficient working capital management, and geographic diversification. With projected revenue of about €2.05 billion and EBITDA close to €110 million for 2026, Audax's overall size and profitability is smaller than other integrated players such as Drax Power Ltd. (BB+/Positive/--), Edison SpA (BBB+/Stable/A-2), or Energo-Pro a.s. (B+/Stable/--). Moreover, Audax has low vertical integration, with about 260 megawatts (MW; excluding Panama's 66 MW wind farm with a 30% stake) of renewable installed capacity that generated about 0.3 terawatt-hours (TWh; excluding Panama) in 2025, less than 5% of 10.3 TWh of electricity supplied. This business combination explains Audax's profitability levels, which are more aligned with those of pure retail companies.

Positively, we expect the company to maintain stable adjusted EBITDA margins of about 5.2% in the next three years, supported by robust hedging policies on 56% of the portfolio with fixed prices, and a predictable procurement arrangement for electricity and gas with Shell. In fact, we view this agreement with Shell as a supporting credit factor for Audax because it ensures access to energy markets, removes cash collateral requirements, and creates a negative cash conversion cycle, thus stabilizing the company's cash flow. We expect the benefits of this agreement to increase as the coverage expands to other markets where Audax operates, such as Italy and Portugal. Additionally, the company's geographic diversification hedges against individual market and regulatory risks. Audax operates in seven European markets, with the Netherlands contributing about 45% of EBITDA, followed by Spain with about 20%, and 15% from each of Hungary and Italy.

We expect Audax's supply volumes to continue increasing on a broadening customer base and higher demand. Under our base case, we forecast EBITDA to increase progressively to about €105 million-€110 million in 2026, €110 million-€115 million in 2027, and €120 million-€125 million in 2028, on the back of volume growth in the supply business and stable profitability. We expect volume supply growth will stem from Audax's consolidation in its core markets of Iberia (primarily Spain and Portugal), the Netherlands and Hungary, together with an expansion into Germany, Italy, and Poland, supported by a proven commercial strategy that has allowed them to reduce churn in 2025. For example, churn in the Netherlands declined to 14% from 25%, in Iberia to 28% from 31%, and in Hungary to 10% from 21%. We also expect Audax to leverage on the underlying power demand growth, spurred by electrification efforts across Europe, the growth of investments in data centers, and e-vehicle penetration. As of Dec. 31, 2025, Audax supplied about 16 TWh of power and gas (65% power and 35% gas by volume) to 462,000 customers. Its biggest markets are Spain, the Netherlands, and Hungary, together accounting for 80%-90% of power volumes sold.

Despite having a 0.7-gigawatt (GW) pipeline of renewable generation assets, we don't expect Audax to become more vertically integrated through 2030. We anticipate that the company will execute its capex plan carefully to ensure a minimum return on its investments, while planning for asset divestments under its asset rotation strategy. By 2030, Audax targets 25.3 TWh of power supply (62% electricity; 38% gas) and 0.8 TWh of own generation. This means that the company's installed capacity is expected to reach close to 500 MW by 2030 from 260 MW as of December 2025. The growth will stem from advanced photovoltaic projects in Spain, such as the Yechar plant with 112 MW of installed capacity, Recas, with 51 MW, and Yecla, with 35 MW, expected to be commissioned in 2029 and 2030. We view the Spanish market for solar assets as having weaker prospects in the next two-to-three years, given the oversupply of energy during solar hours following the rapid increase of installed capacity without sufficient demand growth or flexibility. To partially mitigate the downward pressure on capture prices and profitability, we expect the company to continue establishing internal power purchase agreements covering about 70% of production, and ultimately pass through sourcing costs, which should provide it with better cash flow predictability and profitability protection.

We anticipate that Audax will balance the undertaking of its €140 million capex plan in generation assets with its commitment to maintain debt to EBITDA below 3.0x. We anticipate the company will fund the plan with a combination of new debt and equity, while ensuring that net debt to EBITDA remains below 3.0x (management's target leverage). As such, we expect credit metrics to be stable while the program unfolds, supported by Audax's financial discipline and investment selection. The highest area of risk we see is execution, encompassing both timing and budget of those Spanish solar PV plants expected to remain within the portfolio, but also notably on the planned asset rotation (about €30 million proceeds expected), and whether the company will find suitable buyers for reasonable prices.

Outlook

The stable outlook reflects our expectation that Audax's S&P Global Ratings-adjusted FFO to debt will be, on average, slightly above 20% from 2026-2028. We expect this to be supported by moderate increases in EBITDA from growth in the supply business, and stable power and gas margins thanks to hedging. We also expect Audax to maintain a balanced net debt position, with stable total financial debt and a significant cash buffer on the back of a prudent financial policy and discipline in the undertaking of growth opportunities.

Downside scenario

We could take a negative rating action if FFO to debt trends significantly below 20% in the next two years. This could occur if:

- The company's supply business performance is below expectations, affecting EBITDA margins and EBITDA growth;
- Audax pursues debt-funded acquisitions or a larger capex program without any mitigating measures; or
- Management undertakes aggressive shareholder remuneration.

Upside scenario

We are unlikely to take a positive rating action, because it would take a significant and sustained improvement in FFO to debt above 30%, which could occur if the company's EBITDA rises

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substantially through higher volumes supplied, while it maintains stable EBITDA margins and doesn't materially increase leverage.

We could also take a positive rating action if the business profile improves on a growth strategy that widens the scale of operations, strengthens Audax's competitive advantage in the markets where it operates, and enhances integration to improve the company's cash flow predictability and stability.

Company Description

Audax Renovables S.A. is an independent power company headquartered in Spain, focused on the supply of electricity and gas across seven European countries, mainly Spain, the Netherlands, Hungary, and Italy. As of 2025, the company supplied approximately 462,000 customers, delivering total volumes of around 16 TWh, primarily to industrial and small and midsize enterprises. Energy supply activities remain at the business' core, contributing about 89% of total EBITDA in 2025.

In addition to its energy supply operations, Audax owns 260 MW of installed renewable generation capacity--equally split between wind and solar--in Spain, Poland, and France, excluding Panama's asset. The company also maintains a development pipeline of 0.7 GW of solar PV projects in Spain, Italy, and Portugal, which it plans to execute in line with its asset-rotation strategy.

Our Base-Case Scenario

Assumptions

- EBITDA margins of 5.0%-5.3% in the next three years, driven by the expected profitability in the supply business.
- Total capex (generation and supply) of about €150 million over the next three years, as well as about €32 million from expected asset sales proceeds.
- Net debt of about €310 million-€320 million in 2026-2028.
- Net cash interest paid of €30 million, on average, in 2026-2028.
- Cash taxes of €17 million, on average, in 2026-2028.
- €15 million of annual dividend payments in 2026-2028.
- No debt-funded acquisitions.

Key metrics

Audax Renovables, S.A.--Forecast summary

Period ending	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. EUR)	2024a	2025a	2026f	2027f	2028f
Revenue	1,988	1,884	2,054	2,254	2,354
EBITDA	107	97	108	113	125
Less: Cash interest paid	(27)	(28)	(35)	(33)	(34)
Less: Cash taxes paid	(20)	(39)	(18)	(15)	(19)

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Audax Renovables, S.A.--Forecast summary

Plus/(less): Other	0	0	4	4	4
Funds from operations (FFO)	60	30	59	68	75
Capital expenditure (capex)	57	63	36	51	62
Free operating cash flow (FOCF)	18	(12)	17	13	12
Dividends	16	17	15	15	15
Debt	337	376	316	315	319

Adjusted ratios

Debt/EBITDA (x)	3.2	3.9	2.9-3.0	2.8-2.9	2.5-2.6
FFO/debt (%)	17.7	7.9	18.5-19.5	21-22	22-24
EBITDA margin (%)	5.4	5.1	5.3	5	5.3

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. f--Forecast.

Liquidity

We assess Audax's liquidity as adequate. We estimate that the company's sources of liquidity will exceed projected uses by more than 1.2x over the next 12 months. Audax's prudent risk management and the accumulated cash on the balance sheet supports this assessment.

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none">Assumed unrestricted cash and cash equivalents of about €190 million following the refinancing transaction;€85 million-€90 million of committed and available funds under the existing and proposed RCF; andForecast cash FFO of €60 million-€70 million.	<ul style="list-style-type: none">Debt maturities of about €90 million;Projected capex of €40 million mainly in the generation pipeline;Dividends to shareholders of €15 million; andWorking capital outflows of €9 million.

Covenants

The Cofides loan (€5.8 million outstanding as of December 2025) maturing in December 2028, and the market access agreement with Shell, have a financial covenant of net debt to EBITDA at or below 3.50x.

As of Dec. 31, 2025, the company complied with its covenants. Under our base-case scenario, we expect sufficient headroom against the covenant even if EBITDA was to decline by 15%.

Environmental, Social, And Governance

Environmental factors are a positive consideration in our analysis. Audax generates electricity exclusively from renewable sources, primarily solar PV and wind assets, with approximately 325 MW of installed renewable capacity as of 2025 and a development pipeline exceeding 1 GW. This renewable-focused generation positions the company well to benefit from Europe's energy transition. However, Audax's operational capacity remains modest compared with larger renewable developers, and the execution of its development pipeline will be important in strengthening its long-term market position and increasing its self-generation ratio. In addition,

earnings may remain exposed to electricity price volatility, given the company's significant energy supply activities and the gap between its energy sales volumes and its owned generation capacity.

Issue Ratings--Recovery Analysis

Key analytical factors

- We rate the €350 million proposed senior unsecured notes 'BB-', in line with the long-term issuer credit rating. The '4' recovery rating reflects our expectation of 30%-50% (rounded estimate: 35%) recovery for debtholders in the event of payment default.
- The recovery rating is constrained by the existence of first-ranking pledges in other debt instruments and in relation to the market access agreement with Shell.
- Our hypothetical default scenario assumes financial deterioration driven by adverse macroeconomic conditions impacting collection from customer, reduced demand for electricity and gas, and adverse regulatory changes.
- We assume the defaulted company will be restructured as a going concern reflecting business continuity sustained on its generating assets and customer base in Spain, the Netherlands, and Hungary.

Simulated default assumptions

- Simulated year of default: 2030
- Jurisdiction: Spain
- EBITDA at emergence: €54 million
- Multiple: 5.5x

Simplified waterfall

- Recovery enterprise value: €286 million
- Net recovery value for waterfall after administrative expenses (5%): €272 million
- Estimated priority claims: €100 million (primarily the €70 million project finance debt related to renewable generation assets and the €50 million working capital facility in Audax's Hungarian subsidiary).
- Recovery expectation: 30%-50% (rounded estimate: 35%)
- *All debt amounts include six months of prepetition interest and 50% assumed draw of the working capital facility.

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Rating Component Scores

Component	
Foreign currency issuer credit rating	BB-/Stable/--
Local currency issuer credit rating	BB-/Stable/--
Business risk	Weak
Country risk	Low risk
Industry risk	Moderately high risk
Competitive position	Weak
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bb-
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Neutral
Comparable rating analysis	Neutral
Stand-alone credit profile	bb-

Related Criteria

- [Criteria | Corporates | General: Recovery Rating Criteria For Corporate Issuers](#), March 31, 2026
- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Ratings List

Ratings List

New Rating

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Ratings List

Audax Renovables, S.A.

Issuer Credit Rating	BB-/Stable/--
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Audax Renovables, S.A.

Senior Unsecured	
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EUR350 mil nts	BB-
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Recovery Rating	4(35%)
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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