

2 December 2020

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Price (SEK)	14.7
Shares in issue (m)	92
Mkt Cap (SEKm)	1,354
Net debt (SEKm)	83
EV (SEKm)	1,437
BVPS (p)	352.9

Share price performance

1m	13.1%
3m	53.9%
12m	22.5%
12 m high/low	17.5/5.1
Ave daily vol (3m)	253,244

Shareholders

Sven Sahle	33.5%
AC Cleantech	15.9%
East Guardian Asset	12.0%
Miura Holding Ltd	10.0%
Gunnar Larsson	2.4%
Avanza Bank Ab	1.6%
Nordnet Ab	1.6%
Ulf Gundemark	0.6%
Erik Wigertz	0.6%
Patrik Nordenhed	0.5%
Total for top 10	78.6%
Free float	36.2%

Next news

Finals Q1

Business description

Waste to energy for the metals industry



FUND RAISE DE-RISKS DEVELOPMENT

Swedish Stirling has raised new equity of SEK 67.5m giving it additional firepower as it moves towards commerciality. The dilution from this and an expected conversion of convertible bonds slightly reduces our base case valuation from SEK 19 to SEK 18. Overall, we see the move as helping to de-risk the company's development plans.

SEK 67.5m raised

Swedish Stirling has completed an equity issue raising SEK 67.5m with the issue priced at SEK 13.50 per share resulting in a small dilution of c.5.1%. The funding is helpful at this stage to provide working capital as the company looks towards production of the third generation of its PWR BLOK waste-gas-to-energy units. Serial production of these is due to commence in the new year. The work will enable the company to begin to ready itself to meet the needs of LoIs and MoUs representing potential orders for up to 241 PWR BLOK units.

Convertible bonds to convert

The fund raise coincides with an agreement subject to shareholder vote to convert c.68% of the convertible bonds raised in first 2019/21 issue (KV2) and for 100% of the second 2019/21 issue (KV3). 47.6% of shareholders giving commitments to vote this through, which when combined with management holdings makes the conversion likely in our view.

SEK,000Dec	2019a	2020e	2021e	2022e	2023e	2024e
Sales	629	0	748	18,129	282,756	682,215
EBITDA	-22,962	-27,100	-55,533	-51,122	5,745	154,574
PBT	-36,055	-53,413	-128,386	-138,548	-82,953	64,756
EPS	-0.5	-0.5	-1.2	-1.3	-0.8	0.6
CFPS	-1.5	-0.5	-2.5	-0.6	-0.3	0.9
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	82,721	39,072	129,815	240,493	337,787	312,438
Debt/EBITDA	-3.6	-1.4	-2.3	-4.7	58.8	2.0
P/E	-32.1	-28.3	-12.8	-11.5	-18.3	23.3
EV/EBITDA	-62.6	-51.4	-25.1	-27.3	242.5	9.0
EV/sales	2284.4	na	1861.9	76.9	4.9	2.0
FCF yield	-10.4%	-3.2%	-17.2%	-3.8%	-2.3%	5.9%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

FINANCIAL MODEL

Profit and Loss Account

SEK '000, DEC	2019a	2020e	2021e	2022e	2023e	2024e
Turnover						
PWR BLOK sales	0	0	0	0	246,683	644,914
Project income	0	0	748	18,129	36,072	37,301
Own work capitalised	44,540	45,654	0	0	0	0
Other	629	0	0	0	0	0
Total	45,169	45,654	748	18,129	282,756	682,215
Operating profit						
PWR BLOK sales	-24,788	-30,028	-65,026	-77,996	-39,071	108,528
Project income	0	-672	-16,730	650	18,594	19,823
Own work capitalised	0	0	0	0	0	0
Other	0	0	0	0	0	0
Operating profit	-24,788	-30,700	-81,755	-77,345	-20,478	128,351
P&L Account						
Turnover	629	0	748	18,129	282,756	682,215
Operating Profit	-24,788	-30,700	-81,755	-77,345	-20,478	128,351
Investment income	0	0	0	0	0	0
Net Interest	-11,267	-22,713	-46,631	-61,203	-62,476	-63,595
Pre Tax Profit (UKSIP)	-36,055	-53,413	-128,386	-138,548	-82,953	64,756
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	-90,351	0	0	0	0	0
Pre Tax Profit (FRS3)	-126,406	-53,413	-128,386	-138,548	-82,953	64,756
Tax	-620	0	0	0	0	0
Post tax exceptionals	0	0	0	0	0	0
Minorities	0	0	10,071	7,363	505	35
Net Profit	-127,026	-53,413	-118,315	-131,185	-82,448	64,791
Dividend	0	0	0	0	0	0
Retained	-127,026	-53,413	-118,315	-131,185	-82,448	64,791
EBITDA	-22,962	-27,100	-55,533	-51,122	5,745	154,574
EPS (c) (UKSIP)	-0.46	-0.52	-1.15	-1.28	-0.80	0.63
EPS (c) (FRS3)	-1.59	-0.52	-1.15	-1.28	-0.80	0.63
FCFPS (c)	-1.53	-0.47	-2.53	-0.55	-0.34	0.86
Dividend (c)	0.00	0.00	0.00	0.00	0.00	0.00

Source: Company data, Longspur Research estimates

KEY POINTS

- FY 21 sees first revenue from generation 3 unit sales
- FY 22 sees initial electricity sales to Glencore growing in FY 23
- From FY 23 outright equipment sales start to grow and company moves into profitability at EBITDA level
- Operating costs increase in FY 20 to meet growth
- Interest rises with green loans

Balance Sheet

SEK '000, DEC	2019a	2020e	2021e	2022e	2023e	2024e
Fixed Asset Cost	11,030	27,836	242,113	242,113	242,113	242,113
Fixed Asset Depreciation	-8,215	-11,154	-36,715	-62,276	-87,837	-113,399
Net Fixed Assets	2,815	16,682	205,397	179,836	154,275	128,714
Goodwill	0	0	0	0	0	0
Other intangibles	245,086	290,078	289,417	288,755	288,094	287,432
Investments	102	102	102	102	102	102
Stock	52,330	10,000	246	5,960	46,480	112,145
Trade Debtors	3,761	0	123	2,980	46,480	112,145
Other Debtors	5,427	288	289	290	530	530
Trade Creditors	-2,252	0	-123	-2,980	-46,480	-112,145
Other Creditors <1yr	-8,198	-642	-641	-640	-332	-332
Creditors >1yr	-752	-752	-752	-752	-752	-752
Provisions	0	0	0	0	0	0
Pension	0	0	0	0	0	0
Capital Employed	298,319	315,756	494,058	473,551	488,397	527,839
Cash etc	36,862	243,733	447,095	336,417	239,123	264,472
Borrowing <1yr	1,061	0	0	0	0	0
Borrowing >1yr	118,522	282,805	576,910	576,910	576,910	576,910
Net Borrowing	82,721	39,072	129,815	240,493	337,787	312,438
Share Capital	851	915	915	915	915	915
Share Premium	323,737	438,173	438,173	438,173	438,173	438,173
Retained Earnings	-109,022	-162,435	-280,750	-411,935	-494,384	-429,592
Other	32	32	32	32	32	32
Minority interest	0	0	205,874	205,874	205,874	205,874
Capital Employed	298,319	315,756	494,058	473,551	488,397	527,839
Net Assets	215,598	276,685	364,243	233,058	150,610	215,401
Total Equity	215,598	276,685	364,243	233,058	150,610	215,401

Source: Company data, Longspur Research estimates

KEY POINTS

- Working capital normalises in FY 22 as units delivered
- Working capital grows from FY 23 with Glencore units
- Borrowing increases in FY 19 with convertible issues and green loans
- Glencore project debt assumed by end FY 20
- Further green loan assumed in FY 21
- Minority interest (Glencore project) from FY 21

Cashflow

£ '000, DEC	2019a	2020e	2021e	2022e	2023e	2024e
Operating profit	-24,788	-30,700	-81,755	-77,345	-20,478	128,351
Depreciation	1,165	2,939	25,561	25,561	25,561	25,561
Provisions	0	0	0	0	0	0
Other	661	662	662	662	662	662
Working capital	-52,514	42,042	9,752	-5,716	-41,068	-65,665
Operating cash flow	-75,477	14,942	-45,781	-56,839	-35,323	88,909
Tax paid	0	-620	0	0	0	0
Capex (less disposals)	-1,351	-16,806	-214,277	0	0	0
Investments	-45,796	-45,654	0	0	0	0
Net interest	-11,267	-22,713	169,314	-53,840	-61,971	-63,560
Net dividends	0	0	0	0	0	0
Residual cash flow	-133,891	-70,851	-90,743	-110,679	-97,294	25,350
Equity issued	25,075	114,500	0	0	0	0
Change in net borrowing	88,437	-43,649	90,743	110,679	97,294	-25,350
Adjustments	20,379	0	0	0	0	0
Total financing	133,891	70,851	90,743	110,679	97,294	-25,350

Source: Company data, Longspur Research estimates

KEY POINTS

- FY 21 sees working capital minimum point with outflows thereafter
- Project capex on Afarak and Glencore dominates until FY 21
- Investments represent own work capitalised

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