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Price (SEK)	18.3
Shares in issue (m)	112
Mkt Cap (SEKm)	2,057
Net debt (SEKm)	83
EV (SEKm)	2,140
BVPS (SEK)	2.7

Share price performance

1m	-0.5%
3m	-9.0%
12m	217.7%
12 m high/low	29.9/5.1
Ave daily vol (3m)	309,429

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 Q2s Q3

Business description

Waste to energy for the metals industry



MOVING TOWARDS COMMERCIALITY

The Q1 results from Swedish Stirling show a company starting to move from development to execution with a slight rise in costs as new hires are made. We expect this theme to continue during the year as the company moves towards meeting the demand it is generating. During the period Swedish Stirling signed a MoU with SMS Group, one of the world's major providers of submerged arc furnaces, broadening the company's field of interest beyond South Africa. Immediately after the period end the company signed an initial sales agreement with Glencore. Both these events have placed the company fully on the road to commerciality.

Q1 numbers overshadowed by commercial progress

Swedish Stirling's Q1 results have been rather overshadowed by the recent signing of an initial sales agreement with Glencore for 25 PWR BLOK waste gas to energy units. The result themselves are not materially different from the same period last year, reflecting a company in development mode ahead of ramp up to full commerciality. However, behind the numbers this has been a period of real progress culminating in the Glencore agreement signed shortly after the period end.

Cash strong at period end

The Q1 21 numbers continue to reflect the pre-revenue nature of the company with the only income being own work capitalised which was at a similar level to Q1 20. The operating loss rose to -SEK4.9m from -SEK2.7m as the company begins to recruit ahead of project delivery. EPS was unchanged at -SEK0.14. The company ended the period with cash and cash equivalents of SEK108m, reflecting the SEK67.5m fund raise completed in early January.

Operational progress

Operationally the company continues to make strong progress in the South African ferro chrome market where it is the only effective solution to extract energy from waste gases. Regulatory change has seen the removal of licence requirements for self-generation of up to 50MW, which would represent an installation of 125 PWR BLOK units. Existing projects are below this level and so we see this as creating potential for project extensions in time. In Sweden, the company is developing its distribution chain for serial production to be able to meet the expected levels of demand.

SEK000 Dec	2019a	2020a	2021e	2022e	2023e	2024e
Sales	629	370	748	18,129	282,756	737,398
EBITDA	-22,962	-20,257	-76,527	-66,642	-10,162	158,310
PBT	-36,055	-71,440	-139,844	-144,704	-89,581	77,686
EPS	-0.5	-0.8	-1.4	-1.5	-1.0	0.8
CFPS	-1.7	0.1	-3.1	-0.8	-0.6	0.9
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	82,721	58,720	169,390	287,381	392,220	364,170
Debt/EBITDA	-3.6	-2.9	-2.2	-4.3	-38.6	2.3
P/E	-39.9	-23.1	-13.0	-12.3	-18.9	21.6
EV/EBITDA	-93.2	-104.4	-27.6	-31.7	-208.2	13.4
EV/sales	3401.9	5718.4	2827.5	116.7	7.5	2.9
FCF yield	-9.1%	0.6%	-17.1%	-4.3%	-3.0%	5.0%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

FINANCIAL MODEL

Profit and Loss Account

SEK '000, DEC	2019a	2020a	2021e	2022e	2023e	2024e
Turnover						
PWR BLOK sales	0	0	0	0	246,683	700,097
Project income	0	0	748	18,129	36,072	37,301
Own work capitalised	44,540	53,025	0	0	0	0
Other	629	370	0	0	0	0
Total	45,169	53,395	748	18,129	282,756	737,398
Operating profit						
PWR BLOK sales	-24,788	-22,951	-84,862	-92,357	-53,821	113,422
Project income	0	0	-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	-22,951	-101,592	-91,707	-35,227	133,245
P&L Account						
Turnover	629	370	748	18,129	282,756	737,398
Operating Profit	-24,788	-22,951	-101,592	-91,707	-35,227	133,245
Investment income	0	0	0	0	0	0
Net Interest	-11,267	-48,489	-38,252	-52,997	-54,354	-55,559
Pre Tax Profit (UKSIP)	-36,055	-71,440	-139,844	-144,704	-89,581	77,686
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	-90,351	0	0	0	0	0
Pre Tax Profit (FRS3)	-126,406	-71,440	-139,844	-144,704	-89,581	77,686
Tax	-620	-1,437	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	-72,877	-129,773	-137,341	-89,076	77,721
Dividend	0	0	0	0	0	0
Retained	-127,026	-72,877	-129,773	-137,341	-89,076	77,721
EBITDA	-22,962	-20,257	-76,527	-66,642	-10,162	158,310
EPS (c) (UKSIP)	-0.46	-0.79	-1.41	-1.49	-0.97	0.85
EPS (c) (FRS3)	-1.59	-0.79	-1.41	-1.49	-0.97	0.85
FCFPS (c)	-1.67	0.12	-3.14	-0.79	-0.55	0.91
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
- FY 24 sees first sales outside South Africa
- Operating costs increase in FY 21 to meet growth
- Interest rises with green loans

Balance Sheet

SEK '000, DEC	2019a	2020a	2021e	2022e	2023e	2024e
Fixed Asset Cost	17,117	20,813	235,090	235,090	235,090	235,090
Fixed Asset						-
Depreciation	-8,876	-11,570	-36,635	-61,700	-86,765	111,830
Net Fixed Assets	8,242	9,244	198,455	173,390	148,325	123,260
Goodwill	0	0	0	0	0	0
Other intangibles	245,086	342,769	342,769	342,769	342,769	342,769
Investments	0	0	0	0	0	0
Stock	52,330	17,718	246	5,960	46,480	121,216
Trade Debtors	3,761	2,006	123	2,980	46,480	121,216
Other Debtors	102	81	81	81	81	81
						-
Trade Creditors	-2,252	-5,498	-123	-2,980	-46,480	121,216
Other Creditors <1yr	-8,198	-12,181	-641	-640	-332	-332
Creditors >1yr	-752	-2,194	-2,194	-2,194	-2,194	-2,194
Provisions	0	0	0	0	0	0
Pension	0	0	0	0	0	0
Capital Employed	298,319	351,945	538,716	519,366	535,129	584,800
Cash etc	36,862	141,631	323,835	205,844	101,005	129,055
Borrowing <1yr	1,061	1,231	0	0	0	0
Borrowing >1yr	118,522	199,120	493,225	493,225	493,225	493,225
Net Borrowing	82,721	58,720	169,390	287,381	392,220	364,170
Share Capital	851	971	971	971	971	971
Share Premium	323,737	431,583	431,583	431,583	431,583	431,583
	-	-	-	-	-	-
Retained Earnings	109,022	139,306	269,079	406,419	495,495	417,774
Other	32	-23	-23	-23	-23	-23
Minority interest	0	0	205,874	205,874	205,874	205,874
Capital Employed	298,319	351,945	538,716	519,366	535,129	584,800
Net Assets	215,598	293,225	369,326	231,985	142,909	220,630
Total Equity	215,598	293,225	369,326	231,985	142,909	220,630

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 21 with convertible issues and green loans
- Minority interest (Glencore project) from FY 21

Cashflow

SEK '000, DEC	2019a	2020a	2021e	2022e	2023e	2024e
Operating profit	-24,788	-22,951	-101,592	-91,707	-35,227	133,245
Depreciation	1,825	2,694	25,065	25,065	25,065	25,065
Provisions	0	0	0	0	0	0
Other	-11,267	-17,506	0	0	0	0
Working capital	-52,514	-7,333	3,877	-5,715	-40,828	-74,736
Operating cash flow	-86,744	-45,096	-72,650	-72,357	-50,991	83,574
Tax paid	0	-620	-1,437	0	0	0
Capex (less disposals)	-1,351	3,491	-214,277	0	0	0
Investments	-45,796	53,155	0	0	0	0
Net interest	-11,267	-48,489	177,693	-45,634	-53,849	-55,524
Net dividends	0	0	0	0	0	0
Residual cash flow	-145,158	-37,559	-110,671	-117,991	-104,839	28,050
Equity issued	0	106,927	0	0	0	0
Change in net borrowing	88,437	-24,001	110,670	117,991	104,839	-28,050
Adjustments	56,721	-45,367	0	0	0	0
Total financing	145,158	37,559	110,670	117,991	104,839	-28,050

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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