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Price (SEK)	8.3
Shares in issue (m)	128
Mkt Cap (SEKm)	1,070
Net debt (SEKm)	59
EV (SEKm)	1,129
BVPS (SEK)	3.2

Share price performance

1m	-15.8%
3m	-22.7%
12m	-54.9%
12 m high/low	19.9/7.4
Ave daily vol (3m)	2,147,361

Shareholders

Sven Sahle	21.9%
AC Cleantech	10.4%
East Guardian	8.6%
Miura Holding	6.7%
Avanza Pension	3.2%
Other shareholders	49.2%
Free float	77.4%

Next news

Ints Q3

Business description

Waste to energy for the metals industry



FOCUSED ON DELIVERY

The first quarter results from Swedish Stirling show the company focused on delivering the first PWR BLOK units to Glencore by the end of the current year. A commitment to the delivery of six units puts a target on near term goals for the first time. A serial manufacturing line is now in place to deliver this and production has commenced. PWR BLOKs have now been approved for project financing and the company is working towards recognition for its initial Glencore under the UN Clean Development Mechanism.

Q1s reflect build up towards delivery

Swedish Stirling's Q1 results continue to reflect the company building towards revenues in the years ahead with negligible income and a cost base reflecting the move to serial production of PWR BLOK waste gas to energy units. Net sales were just SEK 36k and together with own work capitalised put operating income at SEK 10.8m. Operating profit was SEK -28.8m and EPS was SEK -0.22. Cash at the period end was comfortable at SEK 196m. During the quarter, Swedish Stirling secured credit committee approval for a ZAR 162m loan for the installation of the company's first commercial project at Glencore's Lion smelter. The company also continues to work on a preference share issue of approximately SEK 130m. This will fund the production of PWR BLOK units for South Africa and Europe.

Production line now completed

Operationally the first quarter has seen the completion of the production line at Sibbhult in Sweden. The company is now starting serial production. While supply chain issues cannot be overlooked, Swedish Stirling has been ordering material. Some suppliers are experiencing minor delays in delivery, but this has not been material and production plans remain on track. The company has now committed to delivering the initial six PWR BLOKs to the Lion smelter before the end of the current year.

Emission reductions of 80,000t

When all 25 units are installed at the Lion smelter, Glencore will see its emissions reduced by approximately 80,000t CO₂. Swedish Stirling is now working to have the project registered with the UN Framework Convention on Climate Change so the emission savings can be recognised under the Clean Development Mechanism. Such units can be used for compliance in the European Emissions Trading Scheme where credits are currently trading at over €85/t CO₂.

SEK,000 Dec	2020a	2021a	2022e	2023e	2024e	2025e
Sales	53,395	67,115	18,129	282,756	737,398	1,104,056
EBITDA	-20,257	-24,737	-76,891	-20,668	147,542	326,594
PBT	-71,440	-67,404	-111,257	-55,020	113,109	292,234
EPS	-0.8	-0.6	-0.9	-0.5	1.0	2.2
CFPS	0.0	-1.0	-2.4	-0.5	0.6	2.0
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	58,720	-151,308	-67,804	2,472	-61,003	-317,589
Debt/EBITDA	-2.9	6.1	0.9	-0.1	-0.4	-1.0
P/E	-10.4	-14.2	-9.5	-18.1	8.7	3.7
EV/EBITDA	-55.7	-37.2	-12.0	-44.5	6.2	2.8
EV/sales	21.1	13.7	50.7	3.3	1.2	0.8
FCF yield	0.5%	-12.4%	-29.1%	-6.2%	7.4%	24.4%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

FINANCIAL MODEL

Profit and Loss Account

SEK'000, DEC	2020a	2021a	2022e	2023e	2024e	2025e
Turnover						
PWR BLOK sales	0	0	0	246,683	700,097	1,065,505
Project income	0	73	18,129	36,072	37,301	38,551
Own work capitalised	53,025	66,736	0	0	0	0
Other	370	306	0	0	0	0
Total	53,395	67,115	18,129	282,756	737,398	1,104,056
Operating profit						
PWR BLOK sales	-22,951	-37,976	-102,608	-64,328	102,652	280,454
Project income	0	73	650	18,594	19,823	21,073
Own work capitalised	0	0	0	0	0	0
Other	0	0	0	0	0	0
Operating profit	-22,951	-37,903	-101,958	-45,735	122,475	301,527
P&L Account	2020a	2021a	2022e	2023e	2024e	2025e
Turnover	370	379	18,129	282,756	737,398	1,104,056
Operating Profit	-22,951	-37,903	-101,958	-45,735	122,475	301,527
Investment income	0	0	0	0	0	0
Net Interest	-48,489	-29,501	-9,299	-9,285	-9,366	-9,293
Pre Tax Profit (UKSIP)	-71,440	-67,404	-111,257	-55,020	113,109	292,234
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	0	0	0	0	0	0
Pre Tax Profit (FRS3)	-71,440	-67,404	-111,257	-55,020	113,109	292,234
Tax	-1,437	-1,915	0	0	0	0
Post tax exceptionals	0	0	0	0	0	0
Minorities	0	0	7,363	505	35	-443
Net Profit	-72,877	-69,319	-103,894	-54,515	113,144	291,792
Dividend	0	0	0	0	0	0
Retained	-72,877	-69,319	-103,894	-54,515	113,144	291,792
EBITDA	-20,257	-24,737	-76,891	-20,668	147,542	326,594
EPS (c) (UKSIP)	-0.80	-0.59	-0.88	-0.46	0.95	2.23
EPS (c) (FRS3)	-0.80	-0.59	-0.88	-0.46	0.95	2.23
FCFPS (c)	0.04	-1.04	-2.43	-0.52	0.61	2.03
Dividend (c)	0.00	0.00	0.00	0.00	0.00	0.00

Source: Company data, Longspur Research estimates

KEY POINTS

- FY 22 sees initial electricity sales to Glencore growing in FY 23
- From FY 23 outright equipment sales start to grow
- FY 24 company moves into profitability
- Operating costs increase in FY 22 to meet growth
- Interest dips following equity raise in FY 21

Balance Sheet

SEK'000, DEC	2020a	2021a	2022e	2023e	2024e	2025e
Fixed Asset Cost	16,636	20,002	234,278	234,278	234,278	234,278
Fixed Asset Depreciation	-11,570	-15,019	-30,368	-45,718	-61,068	-76,418
Net Fixed Assets	5,066	4,983	203,910	188,560	173,210	157,860
Goodwill	0	0	0	0	0	0
Other intangibles	343,628	395,445	385,728	376,011	366,294	356,577
Investments	3,356	14,028	14,028	14,028	14,028	14,028
Stock	17,718	27,445	5,960	46,480	121,216	181,489
Trade Debtors	627	600	2,980	46,480	121,216	181,489
Other Debtors	1,423	3,830	3,830	3,830	3,830	3,830
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Trade Creditors	-5,498	-7,557	-2,980	-46,480	121,216	-181,489
Other Creditors <1yr	-12,181	-11,442	-640	-332	-332	-332
Creditors >1yr	-2,194	-4,099	-4,099	-4,099	-4,099	-4,099
Provisions	0	0	0	0	0	0
Pension	0	0	0	0	0	0
Capital Employed	351,945	423,233	608,717	624,478	674,147	709,353
Cash etc	141,631	235,495	150,045	79,769	143,244	399,830
Borrowing <1yr	129,126	1,946	0	0	0	0
Borrowing >1yr	71,225	82,241	82,241	82,241	82,241	82,241
Net Borrowing	58,720	151,308	-67,804	2,472	-61,003	-317,589
Share Capital	971	1,284	1,284	1,284	1,284	1,284
Share Premium	431,583	784,769	784,769	784,769	784,769	784,769
Retained Earnings	139,306	211,509	315,403	369,918	256,773	35,018
Other	-23	-3	-3	-3	-3	-3
Minority interest	0	0	205,874	205,874	205,874	205,874
Capital Employed	351,945	423,233	608,717	624,478	674,147	709,353
Net Assets	293,225	574,541	676,521	622,006	735,150	1,026,942
Total Equity	293,225	574,541	676,521	622,006	735,150	1,026,942

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 22

Cashflow

SEK'000, DEC	2020a	2021a	2022e	2023e	2024e	2025e
Operating profit	-22,951	-37,903	-101,958	-45,735	122,475	301,527
Depreciation	2,694	3,449	15,350	15,350	15,350	15,350
Provisions	0	0	0	0	0	0
Other	-17,506	-1,563	9,717	9,717	9,717	9,717
Working capital	-7,333	-11,380	5,641	-40,828	-74,736	-60,273
Operating cash flow	-45,096	-47,397	-71,250	-61,496	72,806	266,321
Tax paid	-620	0	-1,915	0	0	0
Capex (less disposals)	-3,491	-1,717	-214,277	0	0	0
Investments	53,155	-73,610	0	0	0	0
Net interest	-48,489	0	203,938	-8,780	-9,331	-9,736
Net dividends	0	0	0	0	0	0
Residual cash flow	-44,541	-122,724	-83,504	-70,276	63,475	256,586
Equity issued	106,927	218,800	0	0	0	0
Change in net borrowing	-24,001	-210,028	83,504	70,276	-63,475	-256,586
Adjustments	-45,367	113,952	0	0	0	0
Total financing	37,559	122,724	83,504	70,276	-63,475	-256,586

Source: Company data, Longspur Research estimates

KEY POINTS

- FY 22 sees working capital minimum point with outflows thereafter
- Fund raise adds cash firepower in FY 21
- Project capex on Glencore dominates in FY 22
- Investments represent own work capitalised

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