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Price (SEK)	15.9
Shares in issue (m)	126
Mkt Cap (SEKm)	2,000
Net debt (SEKm)	83
EV (SEKm)	2,083
BVPS (SEK)	2.7

#### Share price performance

1m	8.4%
3m	-13.6%
12m	65.8%
12 m high/low	29.9/8.9
Ave daily vol (3m)	217,616

#### 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

Q3s Q4

#### Business description

Waste to energy for the metals industry



## Q2S SHOW COMPANY WELL PLACED

Swedish Stirling has made strong progress in the second quarter in our view, with the signing of the Glencore agreement, a major fund raise and strengthened management. While costs have risen as the company develops, the period ended with a strong cash position of SEK288m. Overall, we see Swedish Stirling as now very well placed to develop the major opportunities it sees in the market.

### SEK288m in cash at period end

Swedish Stirling's Q2 results to 30 June 2021 reflect a period in which the company has made strong progress, signing its first installation deal with Glencore, raising SEK225m in new equity and strengthening management. Operating cash outflow in the first six months was SEK27m, up from SEK 21m in the same period last year and reflecting a build up towards commerciality. The company ended the period with cash and cash equivalents of SEK288m (SEK127m) leaving it in a healthy financial position in our view with enough firepower to see it through to cash break even.

### Management strengthened

At this stage in the company's development the numbers are mainly about cost development with personnel costs in particular reflecting the company evolving to meet a wider set of opportunities. In terms of activity, Swedish Stirling has appointed a new CTO, Christian Nilsson, with product development and technology roles previously at Volvo group and SAAB Automobile. Additionally, the chief marketing officer, Dennis Anderson has become deputy CEO, which we see as usefully enhancing his status in meetings with potential clients. Also, today the company has announced a proposal to appoint Mia Engnes, director of Northvolt Ett to the board bringing large scale production experience.

### Costs up as company prepares for production at scale

Personnel costs for the six months have risen to SEK22.4m from SEK 17.2m as the company gears up for production, backed by its new funding. We have slightly increased our full year personnel costs assumptions as a result, which has a minor impact on our base case valuation, reducing it to SEK25 from SEK26.

SEK000 Dec	2019a	2020a	2021e	2022e	2023e	2024e
Sales	629	370	748	18,129	282,756	737,398
EBITDA	-22,962	-20,257	-86,527	-76,892	-20,669	147,541
PBT	-36,055	-71,440	-149,844	-152,480	-97,703	69,207
EPS	-0.5	-0.8	-1.3	-1.4	-0.9	0.7
CFPS	-1.7	0.1	-2.8	-0.8	-0.6	0.7
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	82,721	58,720	-45,690	80,077	193,039	173,467
Debt/EBITDA	-3.6	-2.9	0.5	-1.0	-9.3	1.2
P/E	-34.7	-20.1	-12.0	-11.5	-17.2	24.2
EV/EBITDA	-90.7	-101.6	-23.8	-26.8	-99.6	14.0
EV/sales	3311.7	5565.0	2751.7	113.6	7.3	2.8
FCF yield	-10.5%	0.7%	-17.8%	-4.9%	-3.7%	4.3%
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
<b>Turnover</b>						
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
<b>Total</b>	<b>45,169</b>	<b>53,395</b>	<b>748</b>	<b>18,129</b>	<b>282,756</b>	<b>737,398</b>
<b>Operating profit</b>						
PWR BLOK sales	-24,788	-22,951	-94,862	-102,607	-64,327	102,653
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
<b>Operating profit</b>	<b>-24,788</b>	<b>-22,951</b>	<b>-111,592</b>	<b>-101,957</b>	<b>-45,734</b>	<b>122,476</b>
<b>P&amp;L Account</b>						
Turnover	629	370	748	18,129	282,756	737,398
Operating Profit	-24,788	-22,951	-111,592	-101,957	-45,734	122,476
Investment income	0	0	0	0	0	0
Net Interest	-11,267	-48,489	-38,252	-50,523	-51,970	-53,269
Pre Tax Profit (UKSIP)	-36,055	-71,440	-149,844	-152,480	-97,703	69,207
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	-149,844	-152,480	-97,703	69,207
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	-139,773	-145,117	-97,198	69,243
Dividend	0	0	0	0	0	0
Retained	-127,026	-72,877	-139,773	-145,117	-97,198	69,243
EBITDA	-22,962	-20,257	-86,527	-76,892	-20,669	147,541
EPS (c) (UKSIP)	-0.46	-0.79	-1.33	-1.38	-0.92	0.66
EPS (c) (FRS3)	-1.59	-0.79	-1.33	-1.38	-0.92	0.66
FCFPS (c)	-1.67	0.12	-2.84	-0.79	-0.58	0.69
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 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	538,915	413,148	300,186	319,758
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	-45,690	80,077	193,039	173,467
Share Capital	851	971	1,096	1,096	1,096	1,096
Share Premium	323,737	431,583	656,538	656,538	656,538	656,538
	-	-	-	-	-	-
Retained Earnings	109,022	139,306	279,079	424,196	521,394	452,152
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	584,406	439,289	342,090	411,333
Total Equity	215,598	293,225	584,406	439,289	342,090	411,333

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	-111,592	-101,957	-45,734	122,476
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	-82,650	-82,607	-61,497	72,805
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	-43,160	-51,465	-53,234
Net dividends	0	0	0	0	0	0
Residual cash flow	-145,158	-37,559	-120,671	-125,767	-112,961	19,572
Equity issued	0	106,927	225,080	0	0	0
Change in net borrowing	88,437	-24,001	-104,410	125,767	112,961	-19,572
Adjustments	56,721	-45,367	0	0	0	0
Total financing	145,158	37,559	120,670	125,767	112,961	-19,572

Source: Company data, Longspur Research estimates

## KEY POINTS

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

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