

## Corporate

Current price **0.51p**

Sector **Alternative Energy**

Code **AEG.L**

AIM **AIM**

### Share Performance



Source: Thomson Reuters, Allenby Capital

### Share Data

Market Cap (£m) **7.9**

Shares in issue (m) **1,541.2**

52 weeks High **1.12p** Low **0.375p**

Financial year end **December**

Source: Company Data, Allenby Capital

### Key Shareholders

Gravendonck Prvt Foundation **15.47%**

Premier Miton **5.41%**

Interactive Investor Services **5.01%**

Renewable Logistics Systems **4.21%**

Source: Company Data, Allenby Capital

Ian Jermin

0203 328 5664

i.jermin@allenbycapital.com

www.allenbycapital.com

## Active Energy Group plc (AEG.L)

### Encouraging progress on reference plant construction

Active Energy Group (AEG) has provided the market with an encouraging update on the progress of its CoalSwitch™ reference plant. An independent analysis of the plant design has been underway over the past eight weeks to comply with the requirements of the air quality permit granted in August. The analysis satisfactorily validated the plant design with some minor modifications but most importantly has independently confirmed the scalability of CoalSwitch™. It is anticipated that the reference plant will operate with an initial capacity of up to 3 tonnes per hour before being increased to the previously anticipated 5 tonnes later in 2021. Interest from potential customers is strong and first deliveries of CoalSwitch™ are anticipated before mid-year 2021.

- Independent analysis of CoalSwitch™ by Player Design** – AEG received its air quality permit in August after long delays due to COVID. Since then it has commissioned Player Design, a market leading engineering service business with experience in the construction of EPC Pellet Plants around the world, to complete the engineering process for the CoalSwitch™ plant.
- Independent validation of plant and its scalability** - This independent analysis of the CoalSwitch™ process has confirmed the validity of the plant with some minor changes to the existing design but crucially has also confirmed the scalability of the whole CoalSwitch™ process.
- Additional equipment sourced to complete the project** - While the analysis has confirmed the utilisation of much of the existing equipment used in the previous design such as reactors and pressure valves, it has also identified a requirement for additional equipment which has been sourced directly from within the US.
- Construction to commence in Q1 2021** – Additional equipment is being procured immediately with deliveries to the Lumberton site in North Carolina scheduled to commence before the end of 2020 with construction work expected to commence in early January 2021.
- Plant commissioning in Q2 2021 with significant customer interest** – Both AEG and Player Design expect commissioning of the plant to commence in Q2 2021 to enable first deliveries of CoalSwitch™ fuel before mid-year. While the initial target is production at a rate of 3 tonnes per hour, the plant will be capable of producing the 5 tonnes per hour originally envisaged and we expect this to be achieved by the end of 2021 if not sooner.
- Customers keen to take deliveries of CoalSwitch™** - This announcement is very positive and confirms that the reference plant construction and commissioning process is on track. This is important as AEG is currently in active discussions with a number of prospective utility and power customers in the USA to test the CoalSwitch™ fuels as soon as practicable.

### Year End: December

(US\$ m)	2019A	2020P	2021P
REVENUE	1.896	2.500	8.000
UNDERLYING EBITDA*	(0.298)	-	-
UNDERLYING LOSS BEFORE TAX*	(2.976)	-	-
NET (DEBT)	(19.482)	-	-

Source: Active Energy Group plc. Allenby Capital act as joint broker to Active Energy Group plc. \* stated before share based charges

Please refer to the last page of this communication for all required disclosures and risk warnings.

## Financial summary (historic)

<b>INCOME STATEMENT</b>			
	\$m	\$m	\$m
Y/E December	FY 2017A	FY 2018A	FY 2019A
Revenue	0.000	0.195	1.896
Gross profit	0.000	0.195	1.896
Total operating costs	-2.740	-2.087	-2.411
Underlying EBITDA	-2.415	-1.848	-0.298
Interest	-3.031	-0.407	-2.461
Underlying (Loss)/profit before tax	-5.771	-2.299	-2.976
Net Profit/(Loss)	-5.415	-0.953	-2.101
Weighted Average Shares	829.91	1,013.58	1,201.91
Weighted Average Shares (fully diluted)	829.91	1013.58	2118.45
Underlying EPS (basic) (pence)	-0.65	-0.09	-0.17
<b>CASH FLOW</b>			
	\$m	\$m	\$m
Y/E December	FY 2017A	FY 2018A	FY 2019A
Net cash outflow from operating activities	-5.828	-1.515	1.676
Net cash outflow from investing activities	-5.140	-2.763	-1.913
Net cash inflow/(outflow) from financing activities	8.987	4.456	0.337
<b>Cash at end of the year</b>	<b>0.142</b>	<b>0.299</b>	<b>0.397</b>
<b>BALANCE SHEET</b>			
	\$m	\$m	\$m
Y/E December	FY 2017A	FY 2018A	FY 2019A
<b>Assets</b>			
Non-current assets	12.633	14.588	19.883
Current assets (excluding cash)	0.538	1.704	1.147
Cash	0.142	0.299	0.397
<b>Total Assets</b>	<b>13.314</b>	<b>16.591</b>	<b>21.427</b>
<b>Liabilities</b>			
Current liabilities	-2.034	-4.179	-2.500
Non-current liabilities	-13.814	-11.914	-18.555
<b>Total Liabilities</b>	<b>-15.849</b>	<b>-16.094</b>	<b>-21.055</b>
<b>Net Assets</b>	<b>-2.535</b>	<b>0.497</b>	<b>0.372</b>
<b>Net current assets</b>	<b>-1.354</b>	<b>-2.176</b>	<b>-0.956</b>
<b>Net (debt)/cash</b>	<b>-13.082</b>	<b>-12.702</b>	<b>-17.902</b>

Source: Active Energy Group plc

## Disclaimer

Allenby Capital Limited (“Allenby”) is incorporated in England no. 6706681; is authorised and regulated by the Financial Conduct Authority (“FCA”) (FRN: 489795) and is a member of the London Stock Exchange. This communication is for information only it should not be regarded as an offer or solicitation to buy the securities or other instruments mentioned in it. It is a marketing communication and non-independent research, and has not been prepared in accordance with the legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The cost of Allenby research product on independent companies is paid for by research clients.

This communication is for the use of intended recipients only and only for distribution to investment professionals as that term is defined in article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Its contents are not directed at, may not be suitable for and should not be relied upon by anyone who is not an investment professional including retail clients. Any such persons should seek professional advice before investing. For the purposes of this communication Allenby is not acting for you, will not treat you as a client, will not be responsible for providing you with the protections afforded to clients, and is not advising you on the relevant transaction or stock. This communication or any part of it do not form the basis of and should not be relied upon in connection with any contract.

Allenby uses reasonable efforts to obtain information from sources which it believes to be reliable. The communication has been prepared without any substantive analysis undertaken into the companies concerned or their securities, and it has not been independently verified. No representation or warranty, express or implied is made, or responsibility of any kind accepted by Allenby its directors or employees as to the accuracy or completeness of any information in this communication. Opinions expressed are our current opinions as of the date appearing on this material only and are subject to change without notice. There is no regular update series for research issued by Allenby.

No recommendation is being made to you; the securities referred to may not be suitable for you and this communication should not be relied upon in substitution for the exercise of independent judgement. Neither past performance or forecasts are a reliable indication of future performance and investors may realise losses on any investment. Allenby shall not be liable for any direct or indirect damages including lost profits arising from the information contained in this communication.

Allenby and any company or persons connected with it, including its officers, directors and employees may have a position or holding in any investment mentioned in this document or a related investment and may from time to time dispose of any such security or instrument. Allenby may have been a manager in the underwriting or placement of securities in this communication within the last 12 months, or have received compensation for investment services from such companies within the last 12 months, or expect to receive or may intend to seek compensation for investment services from such companies within the next 3 months. Accordingly, recipients should not rely on this communication as being impartial and information may be known to Allenby or persons connected with it which is not reflected in this communication. Allenby has a policy in relation to management of conflicts of interest which is available upon request.

This communication is supplied to you solely for your information and may not be reproduced or redistributed to any other person or published in whole or part for any purpose. It is not intended for distribution or use outside the European Economic Area except in circumstances mentioned below in relation to the United States. This communication is not directed to you if Allenby is prohibited or restricted by any legislation or registration in any jurisdiction from making it available to you and persons into whose possession this communication comes should inform themselves and observe any such restrictions.

Allenby may distribute research in reliance on Rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are major US institutional investors, however, transactions in any securities must be effected through a US registered broker-dealer. Any failure to comply with this restriction may constitute a violation of the relevant country’s laws for which Allenby does not accept liability.

By accepting this communication, you agree that you have read the above disclaimer and to be bound by the foregoing limitations and restrictions.

### Research Recommendation Disclosure

Ian Jermin is the author of this research recommendation and is employed by Allenby Capital Limited as an Equity Analyst. Unless otherwise stated the share prices used in this publication are taken at the close of business for the day prior to the date of publication. Information on research methodologies, definitions of research recommendations, and disclosure in relation to interests or conflicts of interests can be found at [www.allenbycapital.com](http://www.allenbycapital.com). Allenby Capital acts as Joint broker to Active Energy Group plc.

**Allenby Capital, 5 St Helen’s Place London EC3A 6AB, +44 (0)20 3328 5656, [www.allenbycapital.com](http://www.allenbycapital.com)**