

Corporate

 Current price **0.665p**

 Sector **Alternative Energy**

 Code **AEG.L**

 AIM **AIM**

Share Performance



Source: Thomson Reuters, Allenby Capital

Share Data

 Market Cap (£m) **10.2**

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

 52 weeks High Low
1.12p 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)

First order for the CoalSwitch™ reference plant

Active Energy Group (AEG) has announced the first order for its biomass feedstock, CoalSwitch™ sourced from its reference plant in North Carolina which is currently under construction. The customer is PacifiCorp's coal-fired Hunter Power Plant in Utah which is one of two major coal-fired plants in Utah supplying electricity to Los Angeles, California. This is excellent news for AEG and is a strong endorsement for its technology from a major power utility, PacifiCorp (owned by Berkshire Hathaway). We expect this order to be followed by other utilities who have already expressed an interest in the CoalSwitch™ product.

- First order for CoalSwitch™** - AEG has received the first order for CoalSwitch™ which will be supplied from its prospective reference plant in Lumberton, North Carolina. The order, from PacifiCorp, is for 900 tonnes of CoalSwitch™ which will be burnt at its Hunter Power Plant in Utah as part of a coal/biomass co-firing demonstration being conducted by PacifiCorp. Feedstock used for the biomass pellets will be sourced locally, within North Carolina and processed by using residual wood, including bark and treetops/branches. This is aligned to AEG's strategy to produce a biomass solution including waste materials from the lumber industry.
- Environmental pressure on LA and California** - Hunter is one of two major coal-fired power plants supplying electricity to California (the other being Intermountain Power Plant) and is under pressure to clean up its act as California looks to implement a Senate Bill which increases the renewables requirement for electric utilities to 50% by 2026, 60% by 2030, and 100% by 2045.
- Initial requirement for 900 tonnes** – The initial order is for 900 tonnes of CoalSwitch™ for delivery by no later than 14 June 2021. This is a tight schedule for AEG which will not commence the groundwork for its reference plant until early in the new year with commissioning expected by the end of April. However, the Company and its main construction partner, Player Design, are confident that the timeframe is achievable.
- Initial order quite modest but a great start that could stimulate further orders** - 900 tonnes is of course a modest amount both for AEG and PacifiCorp and could be produced in a couple of weeks by AEG and burnt in a couple of days by Hunter Power. However, AEG has already received strong indications of interest in its CoalSwitch™ product from other utilities and we would not be surprised if this initial order is followed by similar test orders from other utility customers, not just those using coal as a fuel but also from plants currently using the ubiquitous white pellet.
- Long awaited news** – This is exceptionally positive news from AEG and should be the precursor for more test orders from other customers and, if the tests go well, for the construction of a fully commercial 50 tonne/hour plant generating strong revenues for the Group in addition to the revenues already being achieved from the sale of road ties to the US market and lumber for export markets.

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.

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. 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