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Research

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Price (€)	2.62
Shares in issue (m)	68
Mkt Cap (€m)	178
Net debt (€m)	7
EV (€m)	185
BVPS (€)	19.9

Share price performance

1m	2.3%
3m	18.0%
12m	116.5%
12 m high/low	2.8/1.1
Ave daily vol (30D)	45,103

Shareholders

Bloomsbury Holding	38.7%
Lorlen Investments	25.4%
Air Corre Limited	7.4%

OFFTAKE AGREEMENT IS KEY MILESTONE

Corre Energy has hit a key development milestone with the signing of a binding offtake agreement for its ZW1 long duration energy storage project in the Netherlands. This is a major storage project with c.27GWh of energy storage in a key location to balance wind generation in a rapidly decarbonising market. The deal will allow the company to move towards financial close on the project.

Full offtake signed on ZW1

Corre Energy has announced that it has signed a binding fifteen-year offtake agreement for its 320MW Zuidwending (ZW1) compressed air energy storage project. The deal will be for the full output of the project which is the company's first long duration energy storage project with a maximum storage duration of c.3.5days. The counterparty is Eneco, a leading renewable energy supplier focused on the Netherlands and Belgium and expanding into the UK and Germany. Eneco will be responsible for optimising the output of the project and will have extension rights beyond the initial fifteen-year term.

Key development milestone

The offtake agreement is an important milestone in moving the project forward. Corre has secured exclusive rights for the site in the Netherlands northernmost province of Groningen. By securing this deal, Corre can now move the project towards financial close and thus to completion which is expected by the end of 2026.

Critical infrastructure to balance the energy system

As Northern Europe becomes increasingly reliant on intermittent renewable energy, and notably offshore within the North Sea with low wind production gaps lasting up to 82 hours, long duration storage of this type becomes increasingly essential to balancing the energy system. ZW1 is the first of a pipeline with a total capacity of 3,200MW being developed by Corre.

Next news Finals Q1

Business description

Developer of energy storage systems based on compressed air and hydrogen



€,'000 Dec	2021a	2022e	2023e	2024e	2025e	2026e
Sales	5	0	0	50,000	5,082	57,540
EBITDA	-6,628	-12,008	-12,309	12,162	-12,909	34,539
PBT	-7,600	-24,824	-13,297	11,169	-13,865	33,556
EPS	-0.1	-0.3	-0.2	0.1	-0.1	0.2
CFPS	-0.2	-0.1	-0.2	-0.1	-0.6	0.1
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	-1,650	7,388	20,649	-72,319	-2,769	-29,026
Debt/EBITDA	0.2	-0.6	-1.7	-5.9	0.2	-0.8
P/E	-28.5	-7.8	-14.5	38.0	-22.7	12.7
EV/EBITDA	-26.6	-15.4	-16.1	8.7	-13.6	4.3
EV/sales	na	na	Na	3.5	34.7	3.1
FCF yield	-8.9%	-3.3%	-6.4%	-1.9%	-21.8%	2.2%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

FINANCIAL MODEL

Profit and Loss Account

€,'000, Dec	2021a	2022e	2023e	2024e	2025e	2026e
Turnover						
Project income	0	0	0	0	0	0
Central costs and fees	5	0	0	50,000	5,082	57,540
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	5	0	0	50,000	5,082	57,540
Operating profit						
Project income	0	0	0	0	0	0
Central costs and fees	-6,643	-12,038	-12,339	12,353	-10,423	15,482
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
Operating profit	-6,643	-12,038	-12,339	12,353	-10,423	15,482
P&L Account						
Turnover	5	0	0	50,000	5,082	57,540
Operating Profit	-6,643	-12,038	-12,339	12,353	-10,423	15,482
Investment income	0	0	0	-221	-2,517	19,027
Net Interest	-957	-12,786	-958	-963	-926	-954
Pre Tax Profit (UKSIP)	-7,600	-24,824	-13,297	11,169	-13,865	33,556
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	0	0	0	0	0	0
Pre Tax Profit (IFRS)	-7,600	-24,824	-13,297	11,169	-13,865	33,556
Tax	3,653	0	0	-2,882	0	-8,657
Post tax exceptionals	0	0	0	0	0	0
Minorities	0	0	0	0	0	0
Net Profit	-3,947	-24,824	-13,297	8,287	-13,865	24,898
Dividend	0	0	0	0	0	0
Retained	-3,947	-24,824	-13,297	8,287	-13,865	24,898
EBITDA	-6,628	-12,008	-12,309	12,162	-12,909	34,539
EPS (p) (UKSIP)	-0.09	-0.34	-0.18	0.07	-0.12	0.21
EPS (p) (IFRS)	-0.09	-0.34	-0.18	0.07	-0.12	0.21
FCFPS (p)	-0.23	-0.09	-0.17	-0.05	-0.57	0.06
Dividend (p)	0.00	0.00	0.00	0.00	0.00	0.00

Source: Company data, Longspur Research estimates

KEY POINTS

- During development phase company is spending c. £12m per annum
- ZW1 comes online in 2026 with €50m project development revenue in FY 24
- Project income shows income from investments still negative in first year
- GHH1 comes online in 2026 increasing development revenue
- Project income goes positive in 2026 and PBT moves fully into the black

Balance Sheet

€,'000, Dec	2021a	2022e	2023e	2024e	2025e	2026e
Fixed Asset Cost	5,266	5,266	5,266	5,266	5,266	5,266
Fixed Asset Depreciation	-5	-35	-65	-95	-125	-155
Net Fixed Assets	5,261	5,231	5,201	5,171	5,141	5,111
Goodwill	0	0	0	0	0	0
Other intangibles	717	717	717	717	717	717
Investments	0	0	0	7,136	70,832	69,503
Stock	0	0	0	0	0	0
Trade Debtors	2,582	2,647	2,713	19,219	1,671	18,917
Other Debtors	3,641	41	41	41	41	41
Trade Creditors	-823	-2,873	-2,945	-11,238	-1,671	-18,917
Other Creditors <1yr	-2,657	-2,657	-2,657	-2,657	-2,657	-2,657
Creditors >1yr	-1,845	-1,845	-1,845	-1,845	-1,845	-1,845
Provisions	0	0	0	0	0	0
Pension	0	0	0	0	0	0
Capital Employed	6,876	1,260	1,225	16,544	72,229	70,870
Cash etc	13,375	16,719	3,458	96,426	26,876	53,133
Borrowing <1yr	0	0	0	0	0	0
Borrowing >1yr	11,725	24,107	24,107	24,107	24,107	24,107
Net Borrowing	-1,650	7,388	20,649	-72,319	-2,769	-29,026
Share Capital	279	4,779	4,779	49,027	49,027	49,027
Share Premium	11,501	17,171	17,171	72,923	72,923	72,923
Retained Earnings	-3,250	-28,074	-41,370	-33,083	-46,948	-22,050
Other	-4	-4	-4	-4	-4	-4
Minority interest	0	0	0	0	0	0
Capital Employed	6,876	1,260	1,225	16,544	72,229	70,870
Net Assets	8,526	-6,128	-19,424	88,863	74,998	99,896
Total Equity	8,526	-6,128	-19,424	88,863	74,998	99,896

Source: Company data, Longspur Research estimates

KEY POINTS

- Projects assumed to be equity accounted so fixed assets remains constant
- Investments build from FY 24 as initial projects starts to deploy
- Working capital expands with sales growth
- Cash benefits from assumed equity raise in FY 24

Cashflow

€,000, Dec	2021a	2022e	2023e	2024e	2025e	2026e
Operating profit	-6,643	-12,038	-12,339	12,353	-10,423	15,482
Depreciation	15	30	30	30	30	30
Provisions	0	0	0	0	0	0
Other	0	0	0	0	0	0
Working capital	-1,000	1,933	6	-11,095	10,863	-8,657
Operating cash flow	-7,628	-10,075	-12,303	1,288	470	6,855
Tax paid	-107	3,653	0	0	-2,882	0
Capex (less disposals)	-2,107	0	0	0	0	0
Investments	-189	0	0	-7,357	-66,212	15
Net interest	-24	-12,786	-958	-963	-926	-954
Net dividends	0	0	0	0	0	20,340
Residual cash flow	-10,055	-19,208	-13,261	-7,032	-69,549	26,257
Equity issued	10,837	10,170	0	100,000	0	0
Change in net borrowing	-1,650	9,038	13,261	-92,968	69,549	-26,257
Adjustments	868	0	0	0	0	0
Total financing	10,055	19,208	13,261	7,032	69,549	-26,257

Source: Company data, Longspur Research estimates

KEY POINTS

- Net operating outflows across period
- Project investment outflows in FY 24, 25 and 26
- First project dividend in FY 26 not enough to cover investment outflow that year
- Equity issue assumed in FY 24 to cover investment costs

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