

22 January 2024

Price (€)	1.88
Shares in issue (m)	70
Mkt Cap (€m)	132
Net debt (€m)	33
EV (€m)	166
BVPS (€)	19.9

Share price performance	
1m	-13.0%
3m	-40.9%
12m	-46.3%
12 m high/low	4/1.8
Ave daily vol (30D)	14,102

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

Next news Finals Q1

Business description
Developer of energy storage systems based on compressed air and hydrogen



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OFFTAKE AND EQUITY DEAL FOR AHAUS

Corre Energy has significantly de-risked its Ahaus project in Germany with a deal with Eneco. This includes a full long-term offtake for phase one of the project but perhaps more crucially a 50% stake in the equity of the project including development and construction capital. While the full economics have still to be agreed, the securing of a significant tranche of project equity makes project completion more certain and we see the deal as an important milestone for the project. This deal comes after the recent commercial close of the GHH project in Denmark showing strong commercial momentum for Corre, with the equity raised to date locking in considerable growth potential across the portfolio.

Agreement Signed with Eneco's German Subsidiary

Corre Energy has signed an important agreement, significantly de-risking the company's Ahaus project in Germany. The agreement is for offtake, co-development and co-investment and has been signed with Dutch clean energy supplier Eneco, who have already signed an offtake agreement for Corre's ZW1 project in the Netherlands. The Ahaus project is based on four salt caverns in North Rhine-Westphalia with a total storage capacity of at least 500MW and Eneco will operate, co-develop and finance the project through its German subsidiary LichtBlick, one of Germany's largest green energy suppliers. Cavern construction is already underway with handover of the first two expected in early 2027.

50% Project Equity Stake

The agreement sees Eneco acquiring a 50% stake in the project including both development and construction capital at economics still to be agreed. The offtake will cover the full output of phase one of the project under a long term agreement. If similar to the ZW1 offtake this would be for 15 years with rights to extend beyond the initial term. Phase one is sized at 220MW of compression capacity and 320MW of generation capacity and represents multiday storage allowing coverage of low wind, low sun "dunkelflute" periods.

€,'000 Dec	2021a	2022a	2023e	2024e	2025e	2026e
Sales	5	0	0	50,000	5,082	57,540
EBITDA	-6,628	-14,622	-11,272	13,224	-11,950	34,077
PBT	-7,600	-34,261	-12,852	11,646	-13,490	32,592
EPS	-0.1	-0.4	-0.2	0.1	-0.1	0.2
CFPS	-0.2	-0.3	-0.1	0.0	-0.5	-0.2
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	-1,650	28,421	28,522	-64,610	-1,692	5,870
Debt/EBITDA	0.2	-1.9	-2.5	-4.9	0.1	0.2
P/E	-20.4	-4.6	-11.3	27.0	-17.3	9.6
EV/EBITDA	-19.7	-11.0	-14.3	5.1	-10.9	4.1
EV/sales	na	na	na	2.62	25.74	2.27
FCF yield	-12.4%	-15.1%	-7.9%	-2.3%	-26.4%	-11.4%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

FINANCIAL MODEL

Profit and Loss Account

€,'000, Dec	2021a	2022a	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	-14,689	-11,339	13,378	-9,372	16,559
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
Operating profit	-6,643	-14,689	-11,339	13,378	-9,372	16,559
P&L Account						
Turnover	5	0	0	50,000	5,082	57,540
Operating Profit	-6,643	-14,689	-11,339	13,378	-9,372	16,559
Investment income	0	0	0	-221	-2,645	17,451
Net Interest	-957	-19,572	-1,513	-1,510	-1,473	-1,418
Pre Tax Profit (UKSIP)	-7,600	-34,261	-12,852	11,646	-13,490	32,592
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	0	0	0	0	0	0
Pre Tax Profit (IFRS)	-7,600	-34,261	-12,852	11,646	-13,490	32,592
Tax	3,653	4,044	0	-3,005	0	-8,409
Post tax exceptionals	0	0	0	0	0	0
Minorities	0	0	0	0	0	0
Net Profit	-3,947	-30,217	-12,852	8,642	-13,490	24,183
Dividend	0	0	0	0	0	0
Retained	-3,947	-30,217	-12,852	8,642	-13,490	24,183
EBITDA	-6,628	-14,622	-11,272	13,224	-11,950	34,077
EPS (p) (UKSIP)	-0.09	-0.41	-0.17	0.07	-0.11	0.20
EPS (p) (IFRS)	-0.09	-0.41	-0.17	0.07	-0.11	0.20
FCFPS (p)	-0.23	-0.28	-0.15	-0.04	-0.50	-0.21
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
- 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	2022a	2023e	2024e	2025e	2026e
Fixed Asset Cost	5,365	12,554	12,554	12,554	12,554	12,554
Fixed Asset Depreciation	-5	-25	-92	-159	-226	-293
Net Fixed Assets	5,360	12,529	12,462	12,395	12,328	12,261
Goodwill	0	0	0	0	0	0
Other intangibles	618	618	618	618	618	618
Investments	0	0	0	7,136	73,922	105,733
Stock	0	0	0	0	0	0
Trade Debtors	2,582	9,678	9,920	26,606	1,671	18,917
Other Debtors	3,641	7,704	7,704	7,704	7,704	7,704
Trade Creditors	-823	-1,044	-1,070	-9,316	-1,671	-18,917
Other Creditors <1yr	-2,657	-10,750	-10,750	-10,750	-10,750	-10,750
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	16,890	17,039	32,549	81,977	113,721
Cash etc	13,375	3,432	9,331	102,463	39,545	29,983
Borrowing <1yr	0	0	0	0	0	0
Borrowing >1yr	11,725	31,853	37,853	37,853	37,853	35,853
Net Borrowing	-1,650	28,421	28,522	-64,610	-1,692	5,870
Share Capital	279	306	6,014	50,262	50,262	50,262
Share Premium	11,501	21,560	28,752	84,504	84,504	84,504
Retained Earnings	-3,250	-33,467	-46,319	-37,677	-51,168	-26,984
Other	-4	70	70	70	70	70
Minority interest	0	0	0	0	0	0
Capital Employed	6,876	16,890	17,039	32,549	81,977	113,721
Net Assets	8,526	-11,531	-11,483	97,159	83,668	107,852
Total Equity	8,526	-11,531	-11,483	97,159	83,668	107,852

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
- Equity raise in FY 23 and new debt added
- Further assumed equity raise in FY 24

Cashflow

€,000, Dec	2021a	2022a	2023e	2024e	2025e	2026e
Operating profit	-6,643	-14,689	-11,339	13,378	-9,372	16,559
Depreciation	15	67	67	67	67	67
Provisions	0	0	0	0	0	0
Other	0	0	0	0	0	0
Working capital	-1,000	430	-4,260	-11,445	20,295	-8,409
Operating cash flow	-7,628	-14,192	-15,532	1,999	10,990	8,218
Tax paid	-107	-12	4,044	0	-3,005	0
Capex (less disposals)	-2,107	-6,771	0	0	0	0
Investments	-189	0	0	-7,357	-69,431	-34,701
Net interest	-24	-17	-1,513	-1,510	-1,473	-1,418
Net dividends	0	0	0	0	0	20,340
Residual cash flow	-10,055	-20,992	-13,001	-6,868	-62,919	-7,562
Equity issued	10,837	10,085	12,900	100,000	0	0
Change in net borrowing	-1,650	30,071	101	-93,132	62,919	7,562
Adjustments	868	-19,164	0	0	0	0
Total financing	10,055	20,992	13,001	6,868	62,919	7,562

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 in FY 23
- Follow up issue in FY24 assumed to cover project investment although more efficient options are likely

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