

14 September 2023

Price (NOK)	30.00
Shares in issue (m)	60
Mkt Cap (NOKm)	1,806
Net debt (NOKm)	-5
EV (NOKm)	1,801
BVPS (c)	198.0

Share price performance

1m	-6.3%
3m	17.6%
12m	n/a
12 m high/low	35/0
Ave daily vol (30D)	1,335

Shareholders

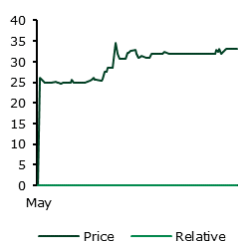
Baden Gowrie-Smith	24.58%
CNG Services Assets	19.79%
Philip Fjeld	19.61%
Papailoa Holdings	7.28%
Arcalis Guernsey	5.28%
Borumajobe Limited	2.63%
Rakesh Patel	2.11%
Chrysalis I'ments	1.77%
Ian Roughley	1.73%
Thornaby Limited	1.67%
Total for top 10	52,571,578
Free float	60,226,164

Source: Euronext

Next news

Business description

Bio-compressed natural gas refuelling stations



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HIT THE GAS - DECARBONISING TRUCKING

ReFuels has positioned itself as the market leader in biomethane refuelling with 12 operational bio-CNG stations in the UK and a pipeline of further stations to develop. The company is poised to capitalise on the increasing urgency to decarbonise heavy transport in an historically hard to abate sector. ReFuels is aiming to increase its station count to 30-40 stations by 2025-26 to support the growing numbers of CNG HGVs in the UK and is expected to benefit from a tightening biodiesel market, supporting one of its key revenue streams. We initiate coverage with a central case valuation of NOK 129.

Decarbonising Heavy Transport, Now

CNG refuelling with biomethane produced from the anaerobic digestion of waste presents a technology that allows for current carbon emission savings of more than 90% and the potential for carbon negative or neutral emissions in the future for heavy transport. It is not dependent on technological advances in battery technology or hydrogen engines and can be deployed at scale provided the supporting infrastructure is in place to enable fleet operators to convert to this technology. Most of the leading CNG truck manufacturers now offer CNG engines and the economics for fleet operators are better than those of conventional diesel trucks as are the emissions profiles. As companies face increasing carbon reporting requirements and investor scrutiny, we see this is a key tool in decarbonising HGVs in the UK with ReFuels set to be a prime beneficiary.

Central Case Valuation of NOK 129 per Share

Our central case valuation is based on a DCF model to include the station infrastructure expansion from the existing 12 stations up to the medium-term company target of 40 stations. We have modelled these using a 100% ownership model and a 70:30 debt to equity funding split. There is a limited comparator group but ReFuels does not look expensive against the two most relevant peers on key forward multiples. With the potential for a tightening European biodiesel market helping to boost the price of the Renewable Transport Fuel Certificate (RTFC) this ought to boost earnings above those modelled in our central case. Pricing, CNG fuelled vehicle uptake and station roll out all present risk, however the fact that CNG refuelling presents one of the only commercially and technologically viable decarbonisation solutions for heavy trucking now ought to mitigate this.

£,000 Mar	2022a*	2023a*	2024e	2025e	2026e	2027e
Sales	83,845	127,120	98,344	167,607	250,162	365,111
EBITDA	3,002	2,862	-473	12,109	28,410	50,498
PBT	2,825	2,514	-465	6,666	16,877	32,260
EPS	2.4	-1.7	-6.7	-1.8	4.5	14.6
CFPS	70.0	4.8	0.4	-50.8	-6.7	-6.5
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	-5,273	-6,567	-3,357	27,497	47,035	74,530
Debt/EBITDA	-1.8	-2.3	7.1	2.3	1.7	1.5
P/E	12.4	-17.9	-4.5	-17.0	6.7	2.0
EV/EBITDA	-1.2	-1.7	3.3	2.4	1.7	1.5
EV/sales	0.0	0.0	0.0	0.0	0.0	0.0
FCF yield	2.3%	0.2%	0.0%	-1.7%	-0.2%	-0.2%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*ReFuels unaudited proforma accounts post RTFS merger and listing

INVESTMENT SUMMARY

ReFuels currently operates the largest and only public access bio-CNG fuelling station network in the UK, with 12 operational stations servicing over 1,300 CNG fuelled vehicles on UK roads today. CNG refuelling offers the ability to decarbonise heavy trucking immediately and in our view the company is excellently placed to both support and capitalise on the growing number of CNG fuelled heavy goods vehicles through the provision of critical refuelling infrastructure.

Solution for Decarbonisation Available Now

CNG fuelled trucks offer the ability to decarbonise heavy trucking now. Using bio-CNG from methane produced in anaerobic digestion is a proven solution for net zero emission heavy transport and is a solution that fleet operators can use now without having to wait on early stage technologies like hydrogen or for battery powered vehicles with the necessary operational capabilities. The economics for fleet operators are attractive, with a lower total cost of ownership for CNG vehicles compared to the incumbent diesel vehicles and one of the major hurdles preventing wider adoption currently is a lack of refuelling infrastructure.

UK Market Leader

ReFuels have already established themselves as a market leader in the UK CNG refuelling infrastructure space, operating the largest number of bio-CNG sites in the UK as well as Europe's largest CNG refuelling station. The company has an ambitious expansion plan with a pipeline of sites identified and development continually progressing. The company aims to have 40 operating sites by the end of 2026.

Tightening Market for Biodiesel

Increased renewable fuel blending obligations ought to see a tightening of the European biodiesel market as demand outstrips supply. Biodiesel is the most prevalent renewable fuel included under the Renewable Transport Fuel Obligation and is a key driver of the price of the Renewable Transport Fuels Certificate which ReFuels generate and sell. An increasing RTFC price will drive improving earnings moving forwards.

Value from Partnerships and Land Bank

ReFuels works closely with fleet operators considering whether to move to CNG fuelled vehicles in addition to existing partners. This gives the company proprietary insights into where to best place stations, forecast demand and changing trends and habits in the industry. With an existing land bank of strategically selected sites and a growing pipeline to support this, we see significant value in the portfolio of sites.

BULL POINTS

- Solution to decarbonising heavy transport, available now
- Increasing RTFC price from tightening biodiesel market
- Pipeline of new sites identified and ready for development

BEAR POINTS

- Feedstock sourcing security risks
- Alternative heavy vehicle solutions may emerge faster than anticipated
- Policy risk in relation to RTFCs, combustion engines or biomass regulations

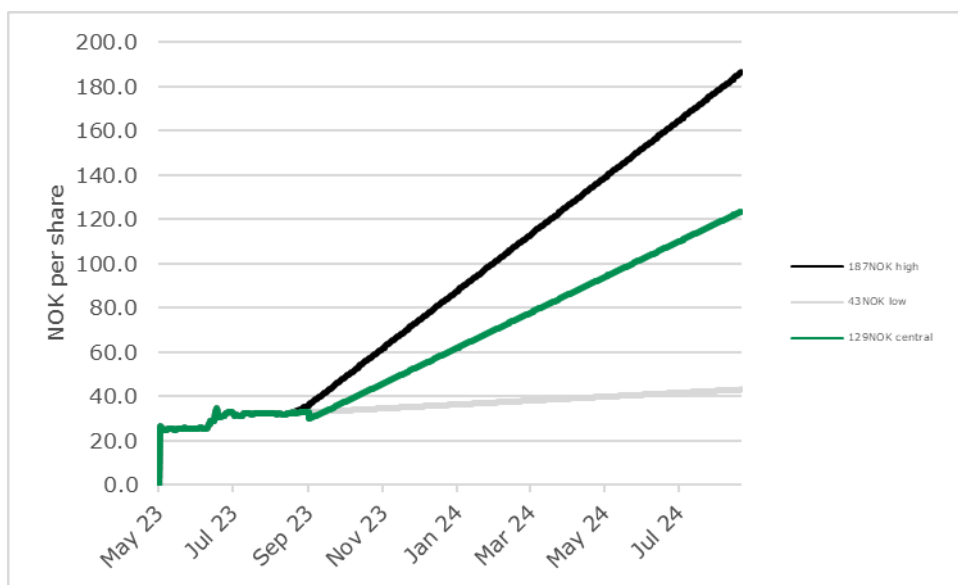
CATALYSTS

- New station openings
- New partnerships announced
- Gas dispensing volumes

VALUATION

We have valued ReFuels using a DCF approach with a discount rate of 11.9% using the median beta of comparator companies. In our central case valuation, we have assumed that ReFuels successfully expands the number of operating stations in its medium term pipeline, with operational stations rising from 12 currently to 40 by the end of FY 28, giving a valuation of NOK129 per share. Our low case assumes no growth in the station portfolio despite a backdrop of increasing CNG vehicle numbers and gives a valuation of NOK43 per share. In our upside valuation case, we have a valuation of NOK187, based on a ReFuels increasing their UK station footprint to 60 stations and a modest European expansion starting with 15 stations.

Share Price Performance and Valuation Outlook



Source: Longspur Research, Bloomberg

RISKS

The key risks to our valuations are a slower uptake of CNG HGVs by fleet operators than we have modelled and a significant reduction in the RTFC price. The emergence of rival technologies in the heavy goods vehicle industry could threaten the adoption of CNG in the longer term but this is highly reliant on significant technological advances occurring, at which point ReFuels ought to have built up a significant defensive moat from the deployment of refuelling stations across the UK and Europe.

ReFuels N.V. – COMPANY INTRODUCTION

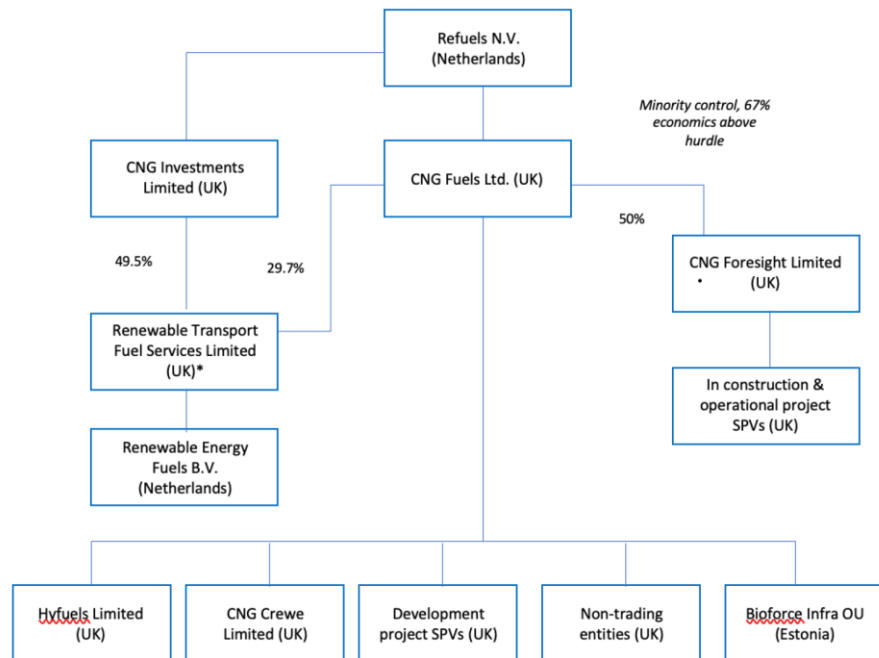
ReFuels, operates the largest bio-CNG refuelling infrastructure network in the United Kingdom. The company has developed 12 operating stations and has a near term pipeline to develop a further 6. This is supported by a mid-term ambition to develop a network of 40 stations in the UK by 2065 and a longer term goal to develop further stations beyond this and to potentially expand into Europe.

The company is aiming to support the decarbonisation of the diesel fuelled heavy trucking industry through the use of compressed natural gas (CNG) sourced from biogenic waste. ReFuels works with fleet operators to switch to bio-CNG vehicles and use the ReFuels refuelling infrastructure in the UK. A lack of suitable refuelling infrastructure has been cited as being a key hindrance in the uptake of CNG vehicles to date. ReFuels has been leading the way in building out the requisite infrastructure in the UK and the transition of major blue chip fleet operators to CNG HGVs is now beginning to pick up pace with both cost and carbon emissions consciousness playing a role in decision making.

Revenues are generated from two main streams; the sale of Renewable Transport Fuel Certificates (RTFCs) generated under the Renewable Transport Fuel Obligation (RTFO) system and on a compression margin from the sale of the biomethane which covers station running costs, fuel duties and a small profit margin.

COMPANY STRUCTURE

COMPANY STRUCTURE



Source: ReFuels

ReFuels N.V is the Norwegian listed entity which holds CNG Fuels Ltd (CNGF), Renewable Transport Fuel Services Limited (RTFS) and CNG Crewe Limited, the revenue generating entities which are consolidated into the group accounts below it. CNGF also has a 50:50 joint venture with Foresight Group and an arrangement to develop a number of sites for the JV. Members of management have previously listed and raised capital on the Norwegian stock exchange, with CEO Philip Fjeld having founded Flex LNG, hence the decision to list the business in Norway.

Whilst we expect the corporate structure to simplify in time, it is necessary to consider the group as a whole in understanding how ReFuels generates revenues from the different parts of the group and how this will continue to develop moving forwards.

Currently, the main profit generating revenue stream for ReFuels comes from RTFS, this is the entity that recognises revenues from the sale of Renewable Transport Fuel Certificates generated under the Renewable Transport Fuel Obligation. Biomethane is purchased in this entity and sold at nil margin to the stations in the Foresight JV and under CNG Fuels and therefore qualifies for the RTFC. The RTFC, explained greater detail below, is a tradeable certificate that fuel suppliers can purchase in lieu of meeting their ever increasing renewable fuel blending requirements. ReFuels owns 79.2% of this entity with Jasper Nillesen, a company director, owning the remaining 20.8%.

CNG Crewe is one of the stations that is wholly owned and operated by CNG Fuels, having commenced operations prior to the Foresight JV forming. This is the only operating station that ReFuels receives compression margin revenues from at present. The margin is pre-agreed with customers and is charged on top of the spot wholesale gas price in order to cover station operating costs and the cost of compressing gas from the grid. This margin is the only revenue that is generated at a station level. In future, as ReFuels develops more stations, this compression revenue will increase provided ReFuels maintain majority ownership of the stations.

Non-consolidated into the ReFuels listed entity is the CNG Foresight Joint Venture. This entity currently has 11 operating stations with another due to open under the arrangement. Foresight have provided £100m of debt under the terms of the JV and retain all of the profits under the agreement until a predetermined hurdle rate between 12 and 15% is cleared, after which ReFuels receives 67% of profits through dividends. Under the JV terms ReFuels has historically received EPC and construction revenues from building the stations before these are transferred to the JV in addition to a £100k per annum in station management fees. These revenues will drop away from ReFuels moving forward unless future refilling stations are developed under similar terms or the JV is extended. We expect the Foresight hurdle rate to be cleared in 2031 based on the available information and our modelling, at which point we expect to see dividend income of c.£4m per annum being recognised dependent on gas volumes dispensed.

COMPANY HISTORY

Founded in 2014 by current CEO and CFO Philip Fjeld and Baden Gowrie Smith, ReFuels, under the CNG Fuels brand, has been building out a network of compressed natural gas refuelling stations, targeted at decarbonising heavy goods vehicles. Starting with one station the company has grown to 12 operating stations with a pipeline of further stations to build and develop identified.

Company History Timeline

Year	Event
2014	
	Company founded by CEO Phillip Fjeld and CFO Baden Gowrie Smith
2015	
	CNGF acquires existing CNG station in Crewe
2016	
	CNGF opens first refuelling site in the UK and dispenses first RTFO approved biomethane into trucks
2020	
	Acquires 29.7% of RTFS
	Acquires three CNG refuelling stations from Ingenious
2021	
	Incorporation of Hyfuels Limited
	Acquisition of 15% interest in Estonian JV, Bioforce Infra OU
	CNGF opens the world's largest public access CNG Station, located in Avonmouth
2023	
	Completion of RTFS acquisition
	Private Placing and Admission to Trading on Euronext Oslo

Source: Longspur Research

WHY CNG REFUELLING?

Compressed gas technology in transportation is not a new invention, with vehicles as far back as the 1930s having used natural gas or town gas as fuel sources. There are several developed markets where compressed natural gas is widely used as a transport. Modern developments in compression and truck design have made compressed natural gas a more viable solution for heavy transport through increased range and improved safety through secure gas tanks.

CNG refuelling using biomethane is a relatively simple, low cost solution for decarbonising heavy vehicles that is available and operating successfully now. It requires minimal changes to vehicle design and driver behaviour and the site and infrastructure requirements are relatively simple compared to other more nascent technologies.

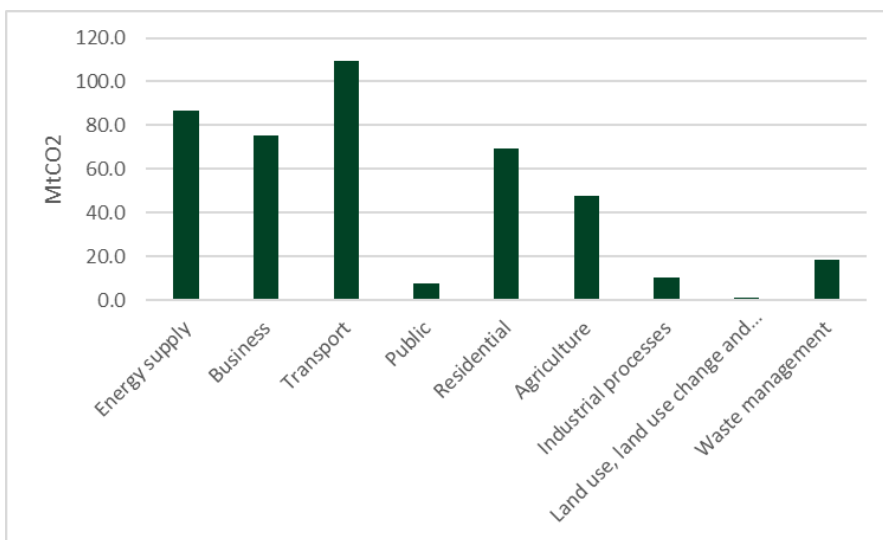
This allows for an easy transition for truck drivers and fleet operators, who can continue to run their fleet as with diesel engines, compared to having to factor in other issues such as battery charging time or the impact of the load on efficiency or range. With modern CNG trucks able to travel on ranges up to 500 miles fleet operators have begun to see the benefits of CNG refuelling.

BENEFITS FOR TRUCK OPERATORS

Improved Emissions Profile

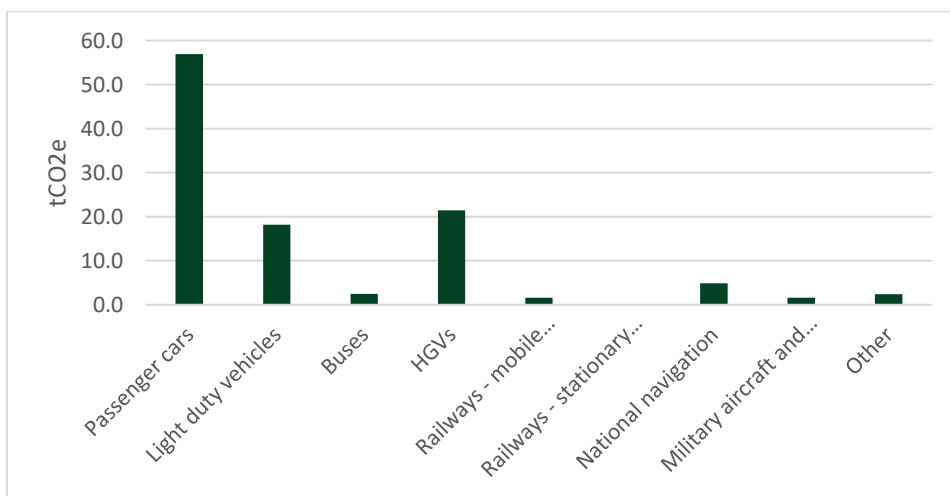
Road transport is responsible for 24% of UK greenhouse gas (GHG) emissions and heavy duty vehicles (classed as between 3.5 and 44 tonnes) in the UK contributed to approximately 20% of that total, equating to 4.8% of the UK total. The government has set a target for renewable fuels to account for 14% of total fuel consumption by 2032. The government’s net zero strategy will see targets of zero tailpipe emissions for 2035 and 2040. This comes with a ban on the sale of any new internal combustion engines vehicles commencing in 2035 for vehicles under 26t and 2040 for vehicles over 26t. Given the rate of deployment of current infrastructure and alternative engine HGVs we see this deadline as likely to slip to the right, particularly for ICE engines powered by biofuels, which can effectively have net zero emissions.

Total UK Greenhouse Gas Emissions by Sector 2021



Source: Department of Energy Security and Net Zero

Transport Sector Emissions 2021

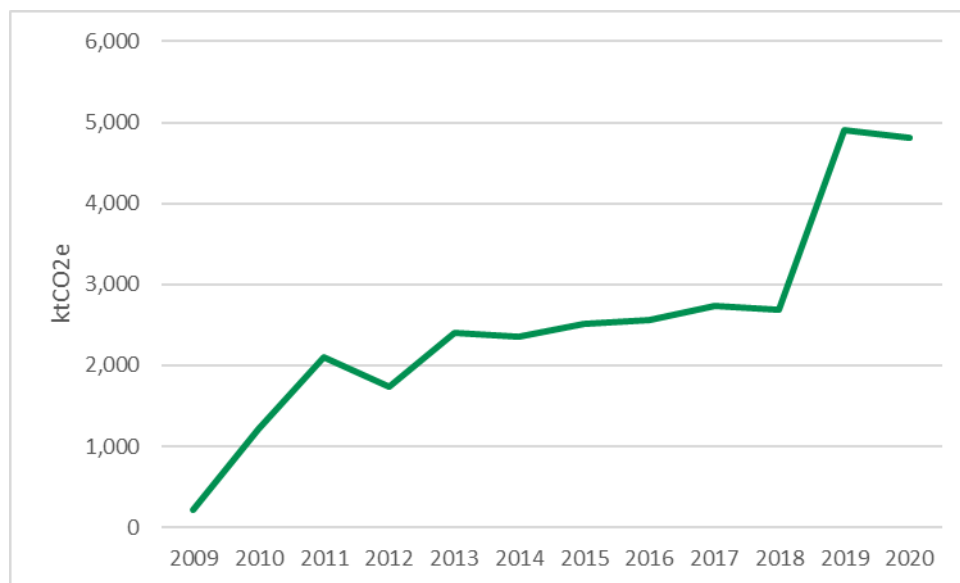


Source: Department of Energy Security and Net Zero

The use of compressed natural gas from fossil fuels compared with the diesel incumbent can result in an estimated reduction of 10-15% on a per-vehicle basis of CO₂.

In using biomethane as fuel, there is up to a 95% reduction in CO₂ emissions on a well to wheel basis from using a CNG engine compared to a traditional diesel engine, marking a significant emissions reduction. This can increase to over 100% if carbon capture is installed at the AD producing bio-CNG or if using bio-CNG derived from manure thereby preventing the methane from being naturally emitted into the atmosphere. This allows for bio-CNG technology to immediately reduce emissions from heavy trucking in the UK in a very short time frame provided there is the appetite for fleet operators to do so. With increasing carbon reporting requirements and stakeholder pressure, whether that is from customers or owners, we believe that the appetite is growing and will continue to grow.

UK Greenhouse Gas Savings from Renewable Fuel Use



Source: Department of Energy Security and Net Zero

In preventing methane from being emitted into the atmosphere there is a significant environmental benefit. Methane’s structure (CH₄) traps considerably more heat in the atmosphere per molecule of CO₂, giving it 84-87 times the global warming potential of CO₂ being over a 20 year period.

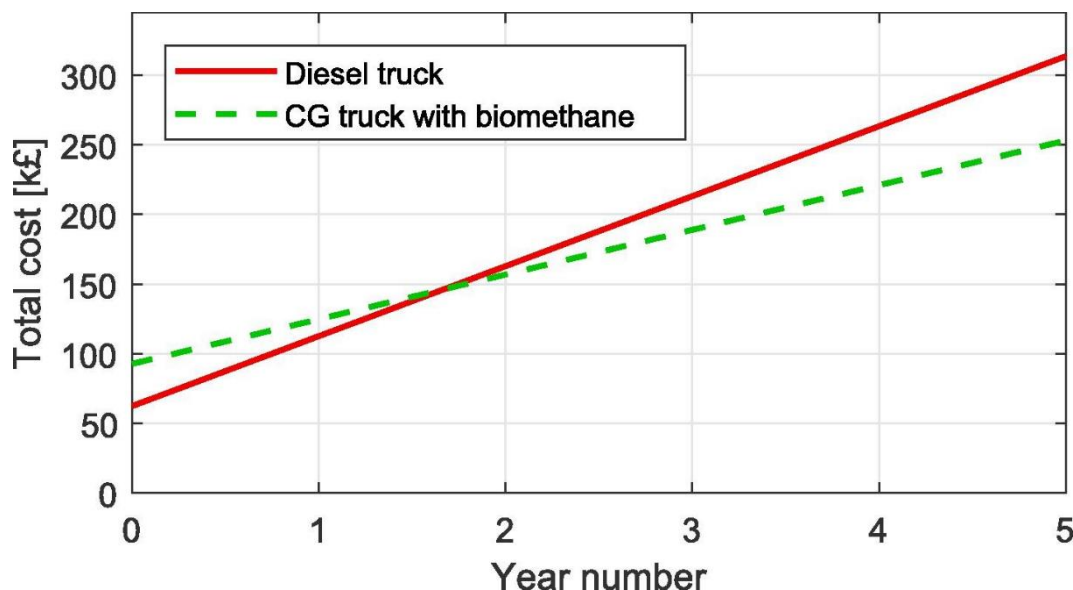
There are also improvements in the amount of NO_x, particulate matter and carbon monoxide that is released into the atmosphere with reductions of 70%, 84% and 37% respectively. Improvements arise from burning cleaner CH₄ compared to diesel which can contain a much wider range of impurities than can be released on combustion.

Cost Benefits For Fleets

At present, the capital cost of a CNG truck is around 15-30% higher than that of its diesel equivalent however, this is paid back in around 2 years when run on CNG from biomethane. This results in a lower Total Cost of Ownership (TCO), which is a key metric for fleet operators. The higher purchase price is offset by lifetime savings from lower fuel costs, with biomethane on average costing 30% less than diesel despite having a slightly lower energy efficiency compared to a diesel truck and therefore requiring more fuel. This is primarily driven by the lower fuel duty rate for biofuels of 24.7p/kg which is also fixed until 2032. Further to this when looked at in comparison to diesel vehicles, as we move closer towards net zero targets, diesel prices are likely to increase significantly as both an incentive to discourage use and from a likely changing refinery slate.

Fuel represents 30% of the total annual running cost of running a truck and Iveco, one of the major manufacturers, have estimated that fuel cost savings on a natural gas vessel can result in fuel cost savings of up to 35% on some of their models.

CNG vs Diesel Truck Payback (Total cost+fuel costs)



Source: Madhusudhanan et al

Simplicity and Scalability

Every ReFuels station is connected to the UK gas grid and electricity network. Gas is taken from the grid and run through several compressors operating at different pressures before being stored in gas cylinders on site at 200, 220 and 280 bar, ready for distribution. Gas is then dispensed through pipes to the pumps, which are almost no different to filling up at a petrol station, until the tank on the truck is filled (the largest of on the market is able to hold about 200kg of CNG) giving a range of more than 800km. The only substantial difference in the current diesel truck set up for refuelling is in the truck design, where diesel fuel tanks are replaced with CNG tanks.

The stations are set up with connection to the gas and electricity grids and proximity to major depots and demand centres makes the bio-CNG solution that is easily scalable and can grow with the increased demand from rising truck numbers.

Supply of commercial vehicles over 3.5 tonnes in the UK is dominated by DAF, Iveco, MAN, Mercedes Benz, Scania and Volvo. With the exception of DAF, all of these suppliers are providing CNG fuelled trucks for use in commercial fleets in addition to some of the smaller operators such as Renault offering these.

CNG Engine Availability in Europe

Manufacturer	Model/Series	Power (HP)
Scania	OC09	260, 340
Scania	OC13	410
Iveco	CURS0R 9	460
Volvo	FH	320
Mercedes Benz	OM 936	302
Renault Trucks	NGT9	320
MAN	E3268	496

Source: Longspur Research, Company Data

HGV MARKET

As of 2021 there were around 485,900 HGVs in operation in the UK ranging from weights of 3.5tonnes to 44 tonnes, the majority of which are currently fuelled by diesel. HGVs over 18 tonnes are seen as being the key market for ReFuels with smaller vehicles likely to be covered by batteries in the future.

The 18+ tonne market is approximately 250,000 trucks currently and with the potential to grow to 300,000 by 2030. It is estimated that CNG HGV penetration could reach between 15% and 30% of the 18 tonne market, giving 51-89,000 CNG trucks that need to be fuelled by 2030. Whilst this figure will likely increase above 30% in the longer term, this is contingent on operator take up, competing technologies and the development of supporting infrastructure. It is also likely that a number of longer range HGVs will adopt LNG due to the enhanced range benefits from this fuel and in doing so this may limit the number of vehicles that switch to CNG.

HGVs in the UK are in active service for approximately 12 years, with fleet operators owning these generally for 6-10 years before selling them to smaller operators who use second hand engines. Fleet size in the UK is dominated by smaller operators, with 80% using up to 50 vehicles and 20% with fleets over 100 vehicles and articulated vehicles carrying approximately 66% of tonnage compared to rigid vehicles.

We therefore expect to see a number of larger fleet operators switch to CNG first, as exemplified by the customers ReFuels have been working with, before the development of a second hand truck market increases uptake in smaller fleets, which tend to operate using second hand vehicles, start to use the first generation of UK based CNG vehicles and existing fleets expand and upgrade their fleets to new CNG vehicles. We expect this will result in a slow and steady growth in CNG HGVs over a number of years.

BIOMETHANE

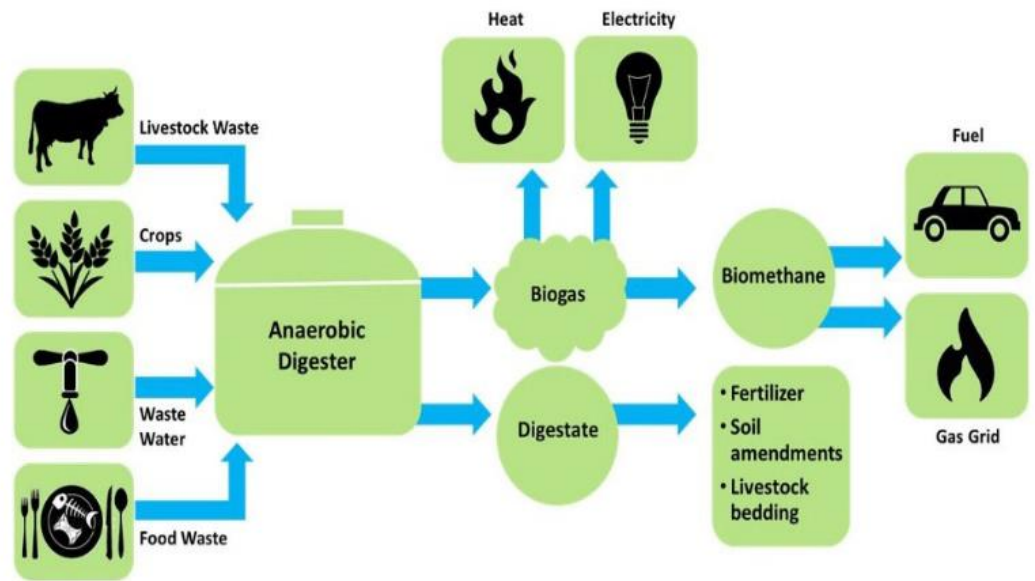
Why Waste Use Cuts Carbon Emissions

In the UK Biomass Strategy 2023, biofuels, including bioethanol, biodiesel and biomethane are forecast to account for one third of the carbon savings in the domestic transport sector as required under the current carbon budget.

The biogenic content of waste that goes to landfill or other sites will decompose and release methane with a greenhouse gas potential worth 28-36 times that of CO₂ when assessed over a hundred year period or 84-87 times over a 20 year period. Simple incineration of this waste is the most common alternative to landfill and by converting the waste into heat and CO₂ the GHG impact is reduced.

Anaerobic digestion (AD) is a process whereby either waste or purpose grown fuel crops can be used to produce energy. Plant and animal materials are converted into products by microorganisms in the absence of air. The process produces biogas which is a mix of around 60% methane and 40% carbon CO₂. Once purified with the CO₂ removed, biomethane is produced before being blended with propane to raise its calorific value after which this can be fed directly into the natural gas grid or compressed and used for fuel on site.

Anaerobic Digestion Process

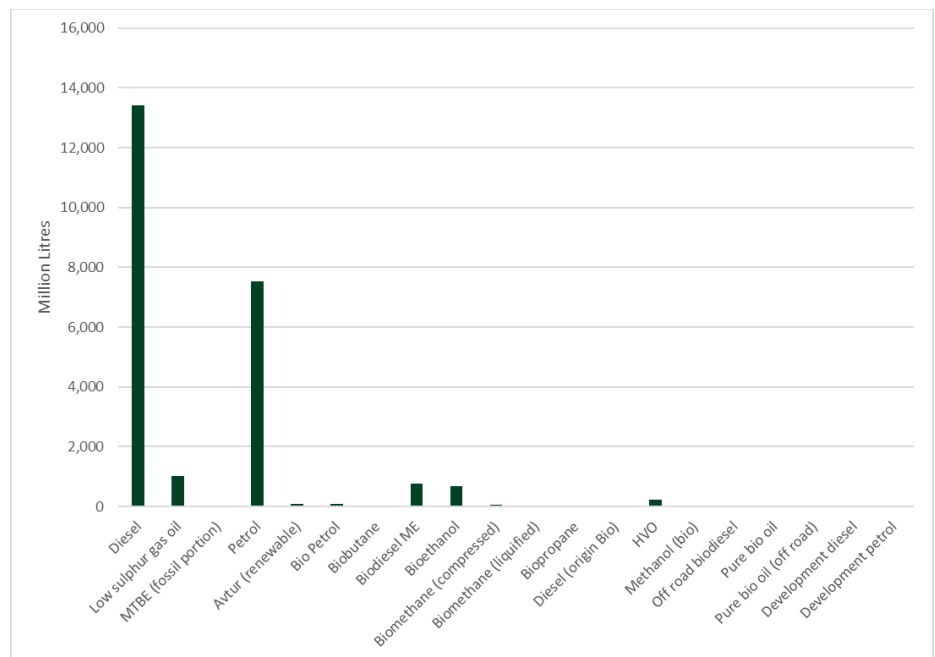


Source: Environmental and Energy Study Institute

FEEDSTOCK SOURCING

Biofuels can be made from a variety of biomass feedstocks- 2021 RTFO statistics list 45 different biogenic feedstocks having been sourced from 89 different countries. In 2021 2,558 million litres of low carbon fuels were supplied under the RTFO which contributed to 5.4% of the total fuels supplied to the road and non-road transport sectors.

UK Fuel Supply Mix



Source: Department for Transport

Renewable Fuel Suppliers

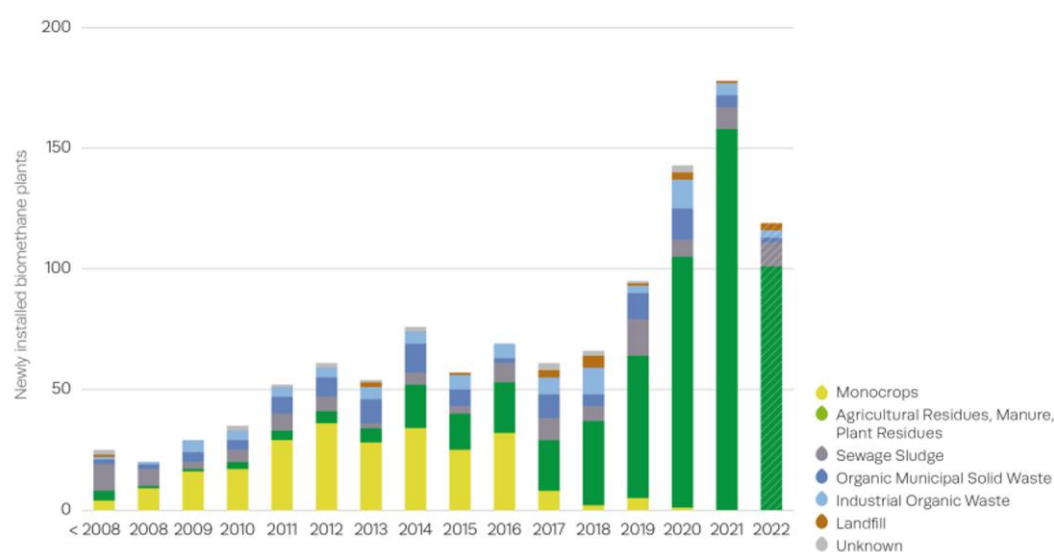
Country	Percentage of Total Renewable Fuels Supplied	Main Fuels Supplied
United States	17%	Bioethanol
China	17%	Biodiesel
Brazil	10%	Bioethanol
United Kingdom	9%	Biodiesel
France	7%	HVO
Indonesia	7%	Biodiesel
Netherlands	6%	HVO
Malaysia	6%	Biodiesel
Ukraine	3%	Biodiesel
Germany	2%	Biodiesel
Rest of World	16%	Mix

Source: Department for Transport

The UK is focused on promoting waste-derived rather than crop-derived fuels, and this is recognised in the RTFO with waste based feedstocks generating double the amount of RTFCs compared to crop based. In May 2018, all AD plants producing biomethane or biogas were subject to feedstock restrictions, with payments limited where more than 50% of feedstocks come from crops or other non-waste sources. The RTFO currently has a more stringent crop cap which is decreasing annually from 4% to 2% in 2032 and the use of crop based feedstocks such as wheat, corn and barley is largely limited for fuel production due to the incentives arising from waste-derived fuels. ReFuels only sources its biomethane from waste based producers in order to both maximise the volume of RTFCs generated, and thus revenue, but also to maximise emissions reductions and avoid the controversies that can surround crop based fuels.

The dominant feedstock for biofuels is used cooking oil methyl ester (UCOME) which was responsible for 55% of all renewable fuels in 2021, mainly through the production of biodiesel. As the dominant source of renewable fuels, the pricing for renewable fuels and consequently the RTFC price is largely dominated by UCOME availability. Biomethane specifically has seen a large swing to agricultural residues, manure and plant residues as the dominant feedstock of late.

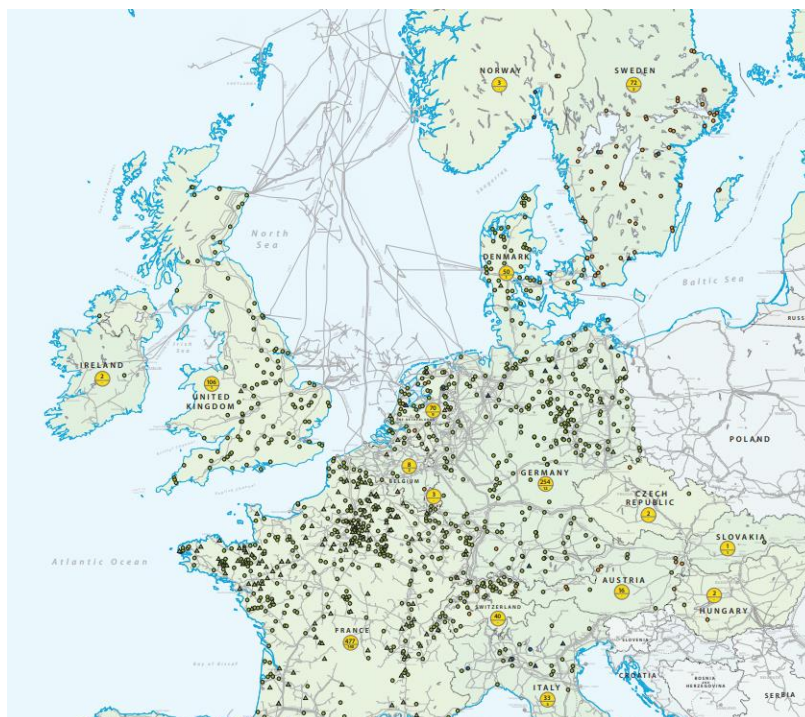
Biomethane Feedstocks



Source: European Biogas Association

ReFuels currently sources the majority of their biomethane from EU countries on a variety of contract lengths, ranging from spot to 12 years long. Feedstocks are currently 100% waste based in order to benefit from the higher volume of RTFCs generated. The biomethane market is currently very fragmented with numerous smaller players producing biomethane and injecting it into the grid or shipping it directly to users. There are over 9,000 individual biogas installations in Germany alone with approximately 254 producing biomethane, highlighting both the disparate nature of the industry but the scope for additional AD plants to switch to biomethane production. The diverse contract and supplier mix hedges some of the supply risk for the company on sourcing biomethane from a volume and counterparty perspective, whilst also giving some exposure to the spot gas price for ReFuels. Under the principles of mass balancing, biomethane sourced in the EU can be injected into the grid and provided the same volumes are dispensed this is still classed as being biomethane.

Biomethane Production Facilities in Europe



Source: European Biogas Association

In sourcing their biomethane, ReFuels effectively pay a “green premium” above the spot or agreed gas price which is funded by the sale of the RTFCs. Current RTFC pricing sees between 40% and 60% of the RTFC price being passed to the biomethane producer. Strong pricing and improved economics combined with the AD industry reaching a degree of maturity should see marginal biogas projects coming online in future and potentially leading to a less fragmented industry with larger volumes to contract entering into the space, ideally providing biomethane pricing improvements for ReFuels.

Competition Upstream

In the UK, AD plants with less than 5MW of capacity have typically been supported by Feed-in Tariffs and latterly through the Renewable Heat Incentive (RHI) with both now closed to new applicants and replaced by the Green Gas Support Scheme (GGSS) and Renewable Transport Fuel Certificates (RTFC). The various schemes reward different types of feedstocks accordingly, for example the GGSS has a minimum waste use threshold of 50% whilst the RTFO rewards twice the amount of RTFCs per litre of biofuels derived from certain wastes and residues. This does create an element of competition amongst biomethane sources and can drive up the domestic “green premium”, one of the contributing factors in ReFuels sourcing a significant amount of biomethane from the EU

where there are currently less generous subsidies and more small-scale unsupported AD plants.

There are two factors to consider in the sourcing of biomethane which ought to assist in securing the gas for transport in the UK specifically. Firstly, new Ofgem rules are enabling AD operators in the UK to allocate their biomethane to both heating and transport allowing them to benefit from both the RHI and RTFO schemes. This ought to be further supported by the new Green Gas Support Scheme which should stimulate more AD construction in the UK, some supply from which will inevitably end up being used in the transport sector.

Secondly, the RTFO is approved for cross border mass balancing, meaning that biomethane sourced abroad and injected into the grid in Europe or shipped from Europe can qualify for the RTFO in the UK provided that the sustainability criteria for the RTFO has been met and there is an interconnected pipeline route from the point of production to the UK grid.

Looking forward the main competition in sourcing biomethane specifically is likely to be in decarbonising heating. Total biomethane demand from the heating sector is not expected to be above 1,200kt per annum, or potentially as low as 800kt, out of a potential UK supply potential of 100PJ.

Opportunities Upstream

Management view upstream integration as a potential future development path for ReFuels to consider. ReFuels' station growth in the longer term is largely contingent on the transition of operator fleets to CNG vehicles and this will likely only take place over time based on the natural churn of fleets and fleet replacement. Adding upstream biomethane assets, whether fully owned or part owned, ought to provide ReFuels with guaranteed biomethane volumes at prices that will likely be more competitive than those in the market currently.

Upstream assets will also give ReFuels the opportunity to sell any excess volumes not utilised in the refuelling to be sold into the grid for use in heating, industrial processes or for bio-LNG as well as opening up potential revenue streams for biogas or CO₂ sales, depending on the AD plant configuration and the developing needs of the market.

IS THERE ENOUGH FEEDSTOCK?

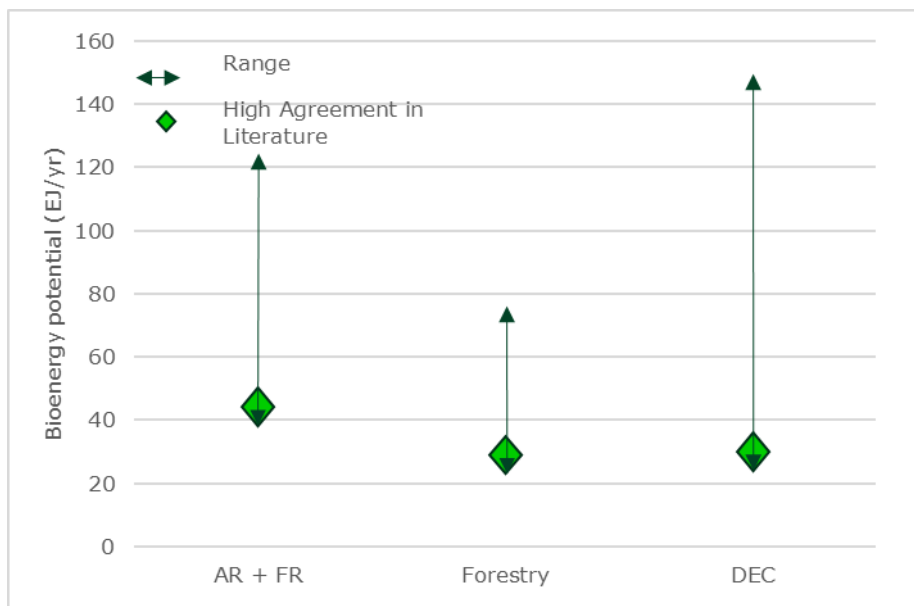
One of the criticisms of biomethane is based on concerns that there may be insufficient biomass that can be harvested in a sustainable fashion to make the process genuinely low carbon.

How much biomethane is needed? The US Energy Information Administration (EIA) estimates heavy duty truck energy demand in 2020 at 31.7 Quadrillion BTUs which is equivalent to 33.4 EJ for those outside the USA, Myanmar or Liberia. However, their definition of heavy in this case is just gross vehicle weights (GVW) of over 10,000 lbs or 4.5 tonnes. Many trucks at the low end of this size range are more likely to be electrified. The IEA's categorization of heavy trucks at over 15 tonnes allows us to split this based on emissions and gives an energy requirement of 22EJ.

The IEA's Outlook for Biomass and Biomethane estimates sustainable potential biomass production for biomethane of 730 Mtoe or 31EJ which is happily above the amount required to decarbonise all heavy trucking.

A broader examination of all biomass sources shows availability with a high level of agreement in scientific literature pointing to a figure of about 100 EJ of sustainable biomass available annually.

Ranges/high literature agreement on sustainable bioenergy potential



Source: Grantham Institute, AR + FR = Agriculture and Forestry residues, DEC = dedicated energy crops

Biomethane trucking is not the only source of demand for this bioenergy resource however. Decarbonisation of shipping, aviation and negative emission technologies will all rely to a greater or lesser extent on bioenergy.

We have estimated the gross energy requirements as follows and are comfortable that the 100EJ sustainability limit is not reached.

Sustainable Biomass Demand and Availability

Demand	Solution	Likely Sources	EJ
NETS	BECCS	Forestry, AR, FR	43
Trucking	BioCH4	AR, DEC	22
Shipping	BioCH3OH	AR, DEC	4
Aviation	SAF	Forestry, AR, FR	18
Total			87
Sustainably available			100

Source: Longspur Research

The EU under the REPowerEU plan announced in 2023 has announced a plan to increase annual production and use of sustainable biomethane to 35 billion cubic metres by 2030, a near tenfold increase on the 2021 production of 3.6bn cubic meters and a CAGR of 40%, with the scope to increase this further for 2050. Growth is expected to be fuelled by streamlined permitting procedures, factory style fabrication of standardised digesters, dedicated biogas financing facilities and robust support schemes such as quotas, feed-in tariffs and contracts for difference.

ReFUELS KEY INCOME DRIVER – THE RTFO

In the UK bio-CNG is supported by the Renewable Transport Fuels Obligation (RTFO). This was introduced in 2008 and has no official end date so could in theory remain in place in perpetuity. The RTFO is estimated to have saved 5,068kt of CO₂ emissions in 2021 compared to fossil fuel emissions and is considered to be an important decarbonisation tool for transport moving forwards per the UK Biomass Strategy. It would require potentially contested political action to remove it. There is potential for further regulatory support in the Low Carbon Fuels Strategy due in late 2023.

The RTFO targets suppliers of over 450,000 litres of transport fuel annually with an obligation to show that a certain proportion of their fuel supplied comes from renewable fuel. The obligation proportion in 2022 was 12.599% with an additional development fuel target of 0.908% giving a total of 13.507%. This is tightened annually, rising to 21.066% from 2032 onwards.

RTFO Obligation Levels

Obligation period (1 Jan – 31 Dec)	Main obligation	Development fuel target	Total obligation
2022	12.599%	0.908%	13.507%
2023	13.078%	1.142%	14.220%
2024	13.563 %	1.379%	14.942%
2025	14.054%	1.619%	15.673%
2026	14.552%	1.863%	16.415%
2027	15.056%	2.109%	17.165%
2028	15.566%	2.358%	17.924%
Obligation period (1 Jan – 31 Dec)	Main obligation	Development fuel target	Total obligation
2029	16.083%	2.611%	18.694%
2030	16.607%	2.867%	19.474%
2031	17.138%	3.127%	20.265%
2032 onwards	17.676%	3.390%	21.066%

Source: Department of Transport

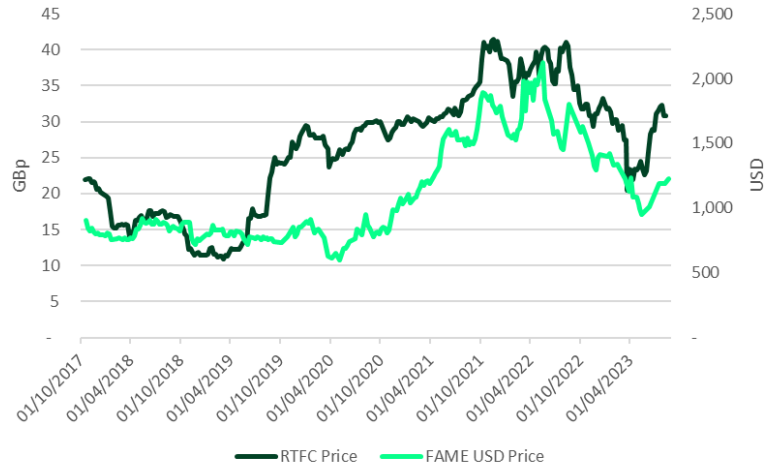
Compliance is achieved by presenting Renewable Transport Fuel Certificates (RTFCs) to cover the required proportion of fuel or to pay a “buy-out” price per litre to cover the obligation. As a result, the buy-out price effectively sets a cap on the price for renewable fuel. It was increased to 50p per litre in 2021 from 30p previously.

Under the RTFO rules every kilogramme of biomethane is considered equivalent to 1.9 litres of renewable fuel. Biomethane from the anaerobic digestion of agricultural slurry and other common feedstocks are eligible for double RTFCs so for ReFuels the conversion to biomethane pricing is 3.8x giving a buyout price of 190p/kg.

RTFCs can be claimed for every litre of sustainable renewable fuel supplied. This includes the biomethane supplied by ReFuels. The premium provided by the RTFC price allows suppliers to pay for the higher cost of renewable fuels over the incumbent fossil fuels. The full value of the RTFC does not need to be passed back to the renewable fuel provider and at present the RTFC price gives a good margin over the cost of biomethane supply largely because prices are driven by the costs of other renewable fuels.

The RTFC price is mainly driven by the cost of used cooking oil methyl ester (UCOME). Biodiesel from UCOME can only be blended to a maximum of 7% in normal diesel engines without modification whereas hydrotreated vegetable oil (HVO) is a true drop in fuel that can fully replace biodiesel. For petrol (gasoline) engines, bioethanol also has a blend margin and sees growth further limited by a tightening cap on sourcing from crops. Over time HVO will likely become the marginal blend fuel. With HVO prices typically 40% more expensive than UCOME, this will likely have a large impact on market prices despite representing a lower share of the overall renewable fuels market in the UK currently.

Historic RTFC and REM Pure FOB Biodiesel USD



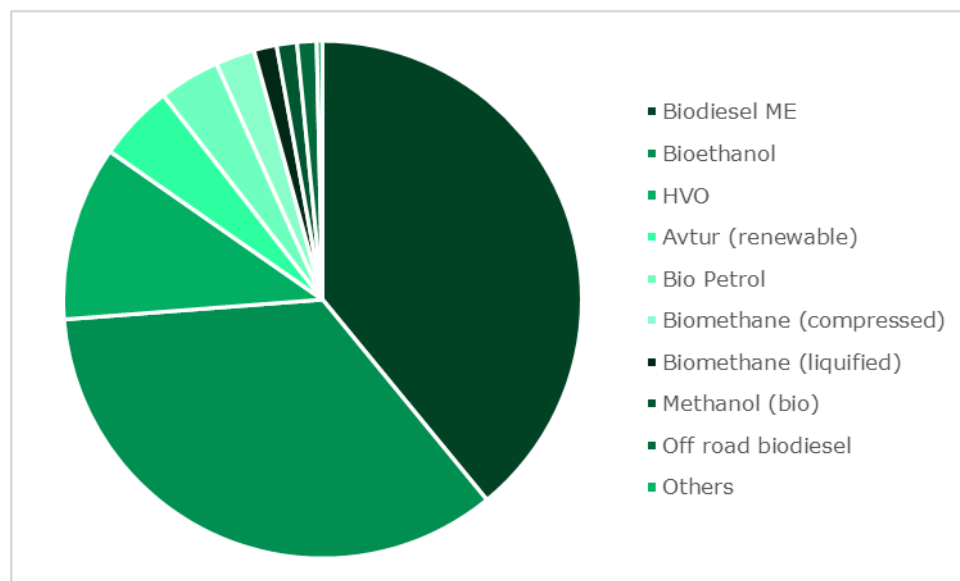
Source: Quantum, Bloomberg, Longspur Research

There has been a degree of volatility in RTFC pricing with prices ranging from the teens into the 40p area but the buyout price of 50P has not been close to being breached yet. The market expectation is that as competition for biodiesel increases from the SAF mandate and increased blending obligations, combined with a higher diesel price, then the RTFC price is expected to strengthen over the coming years, with the RTFC price effectively acting as the spread between the biodiesel price and the diesel price.

ReFuels sells forward approximately one third of the RTFCs generated, i.e. a third of RTFCs that ReFuels expects to generate in 2024 were sold in 2023, thus locking in some revenues and limiting the downside and whilst retaining exposure to the spot price with the hope of benefitting from a rising RTFC price in future.

More recent weakness in the RTFC price has seen the certificate trading in the 20p region is believed to have been caused by Indonesian biodiesel being imported into the EU through China, subverting duties and putting downward pressure on prices. The majority of Chinese biodiesel is exported into the EU to take advantage of more generous subsidy regimes. The concern with the undercutting is twofold in that Indonesian biodiesel is generally derived from palm oil which brings with it serious deforestation concerns but that it has also benefitted producers illegally. This downward pressure has caused a number of EU biodiesel producers to shut down temporarily and potentially over the longer term and an EU investigation has been launched to determine the scale of the problem. As a result of producers shutting down, we do not believe volumes will have been held back from the market which could drive the price lower when reintroduced, nor do we expect producers coming back online to contribute to downward price pressure in the long term. If duties have been found to have been subverted then we would expect to see a tightening of import arrangements to follow.

Renewable Fuel Supply to RTFO 2023 to Date



Source: Department of Transport

WHY SAF BLENDING MANDATES WILL TIGHTEN THE RTFC MARKET

The UK has confirmed that it will introduce a sustainable aviation fuel (SAF) mandate from 2025 with a commitment to at least 10% of aviation fuel used in the UK coming from sustainable sources by 2030. SAF can be produced from HVO, which the aviation industry calls hydro processed esters and fatty acids (HEFA) or from other methods including gasification with Fischer Tropsch, alcohol to jet, and synthetic power to liquid solutions.

There will be an additional cap on SAF produced from HVO/HEFA in order to avoid diverting feedstocks from road transport. A second consultation on detailed proposals has now closed and the government response is expected before the year end. The initial blending mandate for 2025 is likely to range from 0.5% to 4.0%. Consultation on the HEFA cap ranges between a complete ban on HEFA for SAF, to limits starting at under 150,000 tonnes in 2025 rising to almost 250,000 in 2030. The likely outcome is between these limits with an outright ban unlikely as HEFA is the cheapest and most readily available form of SAF.

The buyout price for SAF could be at a level well above the 50p per litre in the current RTFO with a range of between 160p and 300p in the consultation. As a result, we are likely to see upwards pressure on HVO and thus RTFC prices as the SAF blending mandate kicks in in 2025.

The EU is also implementing its own SAF mandate starting with a 2% share of overall fuel supplied by 2025, rising to 5% by 2030 and rising incrementally to 70% by 2050. Using the 2030 figure, based on current jet fuel consumption this would require approximately 2.3m tonnes of SAF, compared to the current 0.24m tonnes of SAF produced in Europe currently. The EU has no HEFA cap in place and the EU Aviation Safety Agency estimates that up to 60% of the total SAF blending requirement in the EU would likely be met using HEFA and alcohol to jet fuels. The globalised nature of biofuels production and feedstock sourcing means this will likely put upwards pressure on the RTFC price in the UK.

BIOMASS SUSTAINABILITY CRITERIA

RTFO Biomass Sustainability Criteria

Land Use	Indirect Land Use Change factors added for crop based biofuels and Direct Land Use Change included in criteria
GHG Emission Target	Installations before 5th Oct 2015 must achieve 55% GHG saving, after that date 65% GHG saving, relative to a fossil fuel comparator of 94 gCO ₂ e/MJ.
Ecosystem Services	No legal requirements but the sustainable land use standard mentions water quality, air quality, and preservation of natural landscape.
Biodiversity	Adhere to national regulations, no sourcing from highly biodiverse areas.
Protection of carbon stocks	No sourcing from high carbon stock areas. Source from permitted sourcing only. Soil carbon criteria require management of carbon stocks where agricultural residues are used to make biofuels.
Crop Cap Threshold	For 2023, 3.50% (the cap decreases annually from 4% in 2020 to 2% in 2032).
Waste Use Threshold	No, but the use of wastes and residues is incentivised by awarding of additional certificates.
Legal Sourcing	Legal sourcing: Forest criteria requires all forest biomass is legally harvested.
Social criteria: workers' rights, Land rights	No legal requirements but sustainable land use standard includes adherence to national regulations in country of harvest.

Source: Department for Energy Security and Net Zero

The sustainability criteria above are part of the UK's biomass strategy which aims to undertake a cascading use of biomass, ensuring that resources are re-used sequentially based on the resource quality, i.e. high quality roundwood should enter the timber market before being reused and then recycled into composite boards. In the context of the RTFO, the criteria take account of the broader diversionary impacts from the use of use of certain wastes as fuels and as such the incentive is targeted towards waste feedstocks that have limited alternative uses such as animal feed.

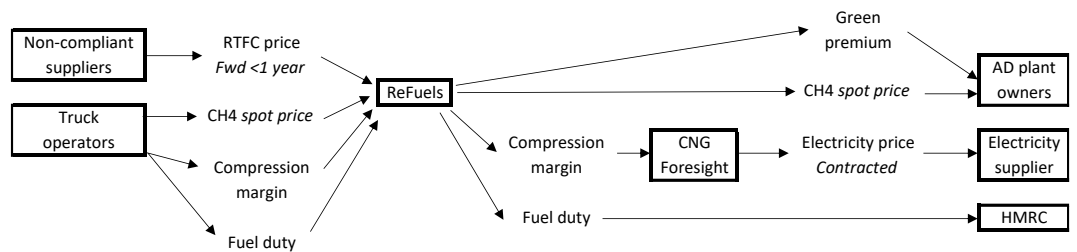
Whilst perhaps not the perfect market incentive to increase bio-CNG fuelling and vehicles, we believe the RTFC is likely to remain the market mechanism of choice to encourage more renewable fuels in the transport mix and expect this to continue in its current guise for the foreseeable future. There is an argument for improved fiscal terms for the construction of refuelling stations and infrastructure, however this can be addressed through the use of the RTFO scheme, as evidenced by ReFuels. Given the economic incentives already in place for fleet operators from moving to CNG fuelled vehicles, we do not see a need for further incentives to support CNG truck uptake but rather see infrastructure as the major inhibitor at present.

HOW REFUELS MAKES MONEY

ReFuels owns CNG Fuels which operates the CNG refuelling sites. CNG Fuels receives payment from the truck operators under fuel sales agreements (FSA), normally lasting 12 months. Drivers have RFID fobs which enable the fuelling to take place. The operators have no volume commitment but the fact that ReFuels has most of the refuelling sites in the country means once operators have committed to CNG, those trucks must use the sites for refuelling. The truck operators pay a price made up of the underlying gas price (spot), fuel duty and a compression margin that allows the site owner to cover the cost of electricity for compression and a normal return on the site investment.

CNG Fuels passes the compression margin onto the site owner, normally CNG Foresight at present, the ReFuels JV with Foresight, and fuel duty is passed onto HMRC. The gas price is passed onto the gas supplier, normally the AD plant owner. However, AD needs a premium to make a suitable return and this is provided in the form of a green premium paid by RTFS. To cover this and make a profit over and above, RTFS generates RTFCs as a result of its supply of biomethane. It sells the RTFCs to other fuel suppliers in the market who need RTFCs to meet their obligations under the RTFO. The RTFC price is above the level of the green premium and this is a key driver of profitability for ReFuels.

ReFuels Cashflows Between Parties



Source: Longspur Research

POSITION IN THE MARKET

There are currently 14 operational truck CNG stations in the UK, of which two are private stations located on fleet depots. Of these Refuels have built and are operating all 12 of the public access stations and they have another 2 under construction. ReFuels is leading the market in the roll out of this critical infrastructure and additional stations are going to be required to ensure that bio-CNG is a recognised option in decarbonising heavy transport. Other CNG and LNG suppliers in the UK include Gasrec and Air Liquide

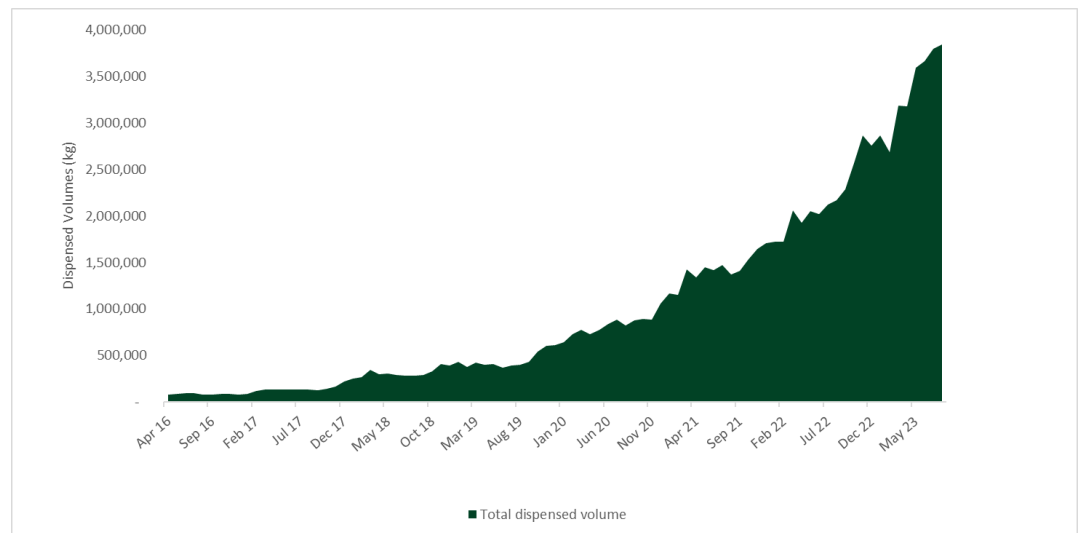
ReFuels has a short term target to reach between 30 and 40 stations in the UK by 2026 whilst they continue to develop their longer term pipeline through securing the requisite land and planning permissions in order to deliver on the target of adding seven new stations annually.

We have used a Bass diffusion model to estimate the rate of adoption of new CNG trucks into the market and see the number of new CNG trucks increasing steadily through the 2030s, albeit with a slowing rate of adoption from 2036 onwards.

ReFuels has the capacity to deliver up to 27m kilogrammes of bio-CNG at its largest sites. In our modelling we have used a conservative approach with the company dispensing 100kg of gas a day to 470 trucks at each of its sites, meaning that annually, at a single site ReFuels could be delivering a maximum capacity per site of 17.2m kilogrammes of CNG. Using this estimate, we have calculated that ReFuels will be able distribute within capacity until 2031 at which point, they will need to add additional station capacity either at existing sites or through additional sites (above the 40 site short term target) in order to maximise the opportunity. If using the ReFuels figure of 27m kilogrammes of gas dispensed per annum per site capacity is reached in 2033.

The company estimates that there could be a demand for up to 170 bio-CNG refuelling stations by 2030 in order to satisfy a nationwide fleet of 89,000 CNG heavy goods vehicles. If using our modelling of average annual maximum capacity delivered by a ReFuels station remains at 17.2m kilogrammes per annum, and the number of trucks increases, to a maximum capacity of 90,000, we see a slightly lower estimate of 125 stops required in the UK alone to allow for the fleet to meet this demand, however this is still a substantial increase on the existing number of stations and is based on conservative modelling inputs.

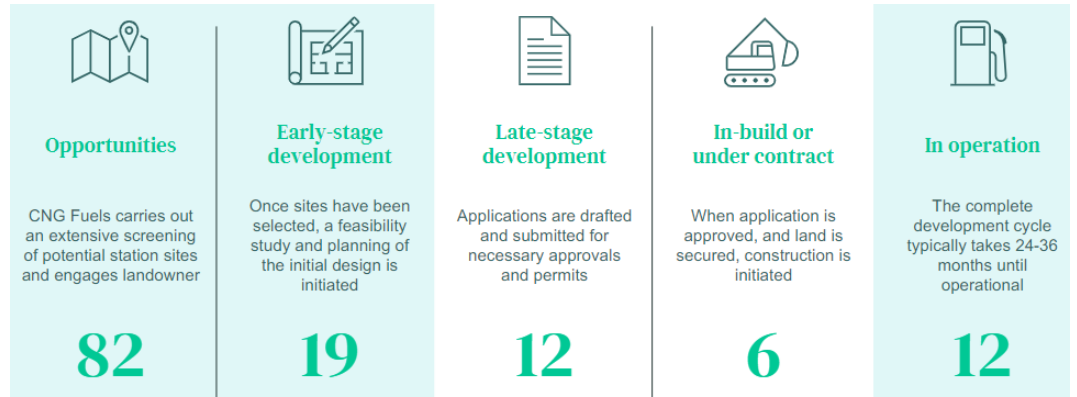
Monthly Dispensed Volumes



Source: ReFuels, Longspur Research

We see considerable value in the existing and prospective portfolio of sites with ReFuels having been an early mover in the space and having secured prime sites in close proximity to areas of heavy truck activity. Continued additions to the development pipeline and securing more identified sites will see a defensive moat forming for the company as they begin to benefit from network effects.

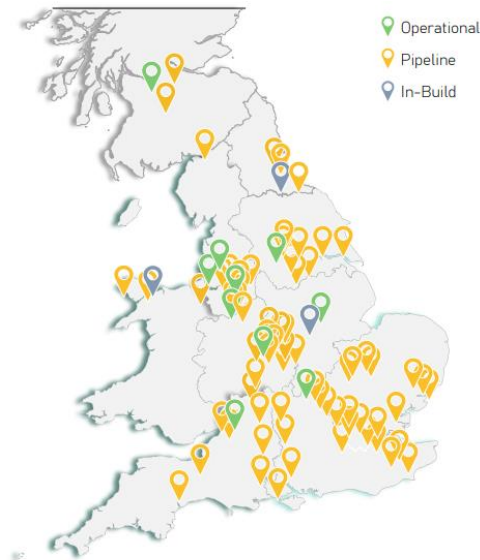
Current ReFuels Station Pipeline



Source: ReFuels

A significant proportion of UK HGVs, particularly in the short haul space, use back to depot refuelling. The cost and complication of installing this new infrastructure at existing depots has been cited as a frequent challenge for existing fleet operators in rolling out the infrastructure off of their own back and if ReFuels are able to continue to roll out stations with their partners, this will become less of a threat over time to the ReFuels model as they build critical mass near depots. In addition to this, there is likely to be continued long term benefits for the fleet operators not having to take on the additional opex or working capital requirements involved in maintaining their own in house refuelling set ups, meaning that long term meaningful competition from fleet operators in this space is unlikely.

ReFuels CNG Stations and Pipeline



Source: ReFuels

STRONG PARTNERSHIPS

ReFuels counts several blue chip fleet operators amongst clients, including Amazon, Royal Mail, DHL and Evri. The company has built up strong relationships with these operators as they look to move their fleets away from diesel trucks. Operators generally use one of the ReFuels prototype vehicles in a testing period before ordering their own pilot vehicles and using these in their operations before then increasing the number of CNG trucks in their fleet. This was the case with the Amazon roll out where 4 pilot vehicles were ordered before growing their CNG fleet to over 200 vehicles.

Once a customer has decided to introduce CNG vehicles, they will sign up to a Fuel Sales Agreements (FSAs) allowing their vehicles to attend any ReFuels station. Volumes are recorded on filling up and customers are then invoiced, under the terms of the agreement this is done at the prevailing gas price plus the agreed upon compression margin.

The relationships that ReFuels has developed with its customers over a number of years through helping them to transition to CNG trucks provides the company with a degree of market intelligence not available to new entrants into the market. ReFuels has visibility over new customer truck orders providing both an indicator of forward volume demand but also where this demand will likely be focused, informing future site development decisions and helping to accelerate CNG truck adoption. With approximately 60% of fleets utilising depot-based refuelling, ReFuels has an early lead on becoming the go to solution for fleets looking to transition to CNG with their strategic placement of stations near distribution hubs and depots. The pipeline of further sites to be developed will further complement this and ought to further entrench ReFuels as being the go to fuel supplier at depots in the UK for bio-CNG.

We expect to see additional customers switching to CNG over the coming years as we move towards net zero and there are increased corporate carbon reporting targets for companies to comply with. John Lewis has pledged to switch its entire 600 strong HGV fleet to biomethane by 2028 in order to meet its internal CSR targets and reach net zero in its operations by 2050. This ought to drive increased partnerships for CNG and support earnings growth over the long term.

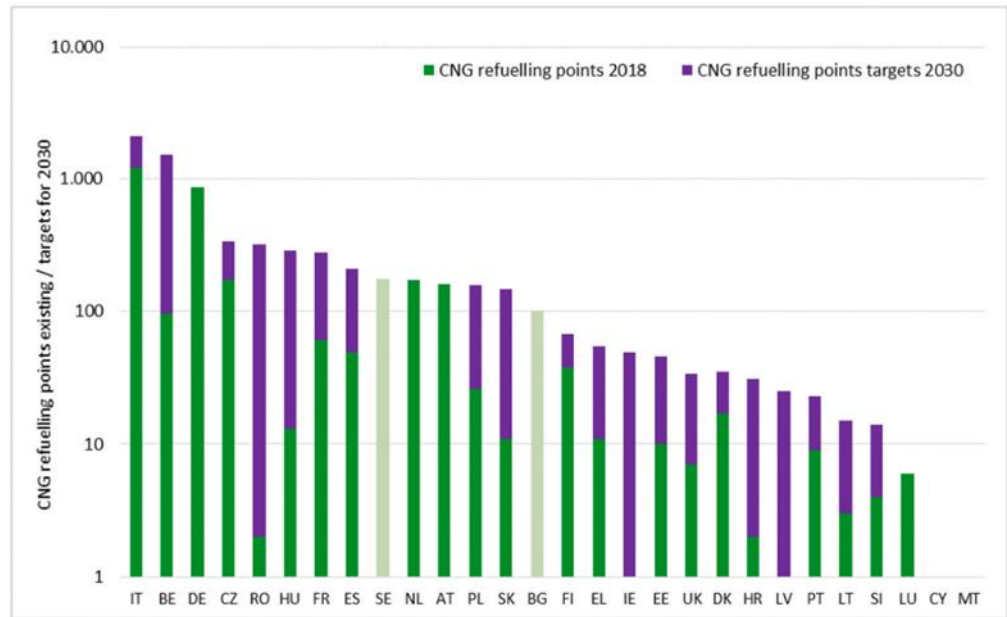
EUROPEAN EXPANSION

Road remains, by far, the dominant mode of freight transport in all European countries, with trucks and vans accounting for a significant proportion of total traffic on the road network. This presents a significant expansion opportunity for ReFuels moving forwards.

Europe, in general, has been broadly supportive of bio-CNG as fuel for mobility and developed the Alternative Fuels Infrastructure Directive in 2014, setting out a number of key fuel infrastructure targets and a need for national policy frameworks to meet these. The EU has recommended a maximum distance of 150km between CNG stations as part of this (note this relates to stations for all vehicles, not just for heavy duty vehicles). For some nations, such as Germany, the minimum infrastructure coverage and refuelling requirements have already been met and there is less demand to continue to develop these, with most of Germany having a CNG station less than a 20 minute drive away, albeit not all of these are suited to refuelling multiple HGVs in a day and there remains opportunity here.

We expect that the more developed European economies, such as Germany, France, the Netherlands, Italy and Spain will be the primary targets for expansion due to their relative economic strength. We see Ireland, Romania, Belgium and Hungary as alternative markets that the company could look to pursue growth in as well. The graphic below shows CNG station penetration as at 2018 and 2030 station figures based on targets announced in respective national policy frameworks. The identified countries all have relatively low penetration and stated goals. We note that whilst the below includes public access CNG refuelling stations rather than private heavy duty vehicle filling stations, this provides a suitable read across to the overall market saturation for CNG stations and an indicator of government support for the fuel.

European Announced CNG Refuelling Targets

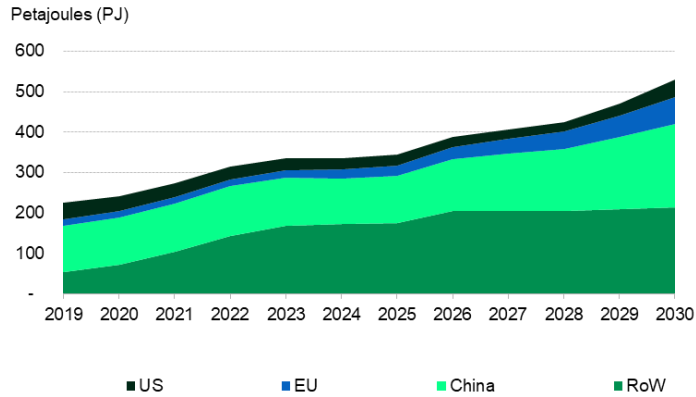


Source: Prussi et al

The Natural Gas Vehicle Association has estimated that the growth of CNG could require over 10,000 stations in Europe by 2030 to fuel 13.2 million vehicles in total, marking a significant increase in CNG fuelling stations from the current 4,166 stations currently on the continent. Whilst not all of these are specific for the HGV market, this again highlights the scale of the CNG vehicle potential across Europe and the scope for further growth for ReFuels.

Europe presents a longer term opportunity for ReFuels, and we see significant opportunity for expansion here, with a similar need to decarbonise heavy trucking and relatively broad levels of support for CNG as a fuel moving forwards it is a natural extension for the company once they have been able to successfully execute on their short to mid-term strategic goal of c.45 stations in the UK.

Forecast Global CNG and LNG Demand for Trucking



Source: BNEF

ALTERNATIVE FUELS

One of the criticisms of CNG refuelling is that there is going to be alternative solutions in the shape of LNG, hydrogen or electric trucks that will be either competing with or displacing CNG as a solution for decarbonising heavy transport. Whilst we agree that there is going to likely be competition emerging in this space any competition is likely going to be severely disadvantage on the grounds that:

- CNG is available now and the technology for a hydrogen or electric truck with comparable economics and performance is likely a number of years away especially in the 18+ tonne space;
- HGV fleets take a number of years to convert to low carbon solutions as evidenced by the ReFuels experience with CNG;
- The infrastructure to support the new technology is going to take many years to implement.

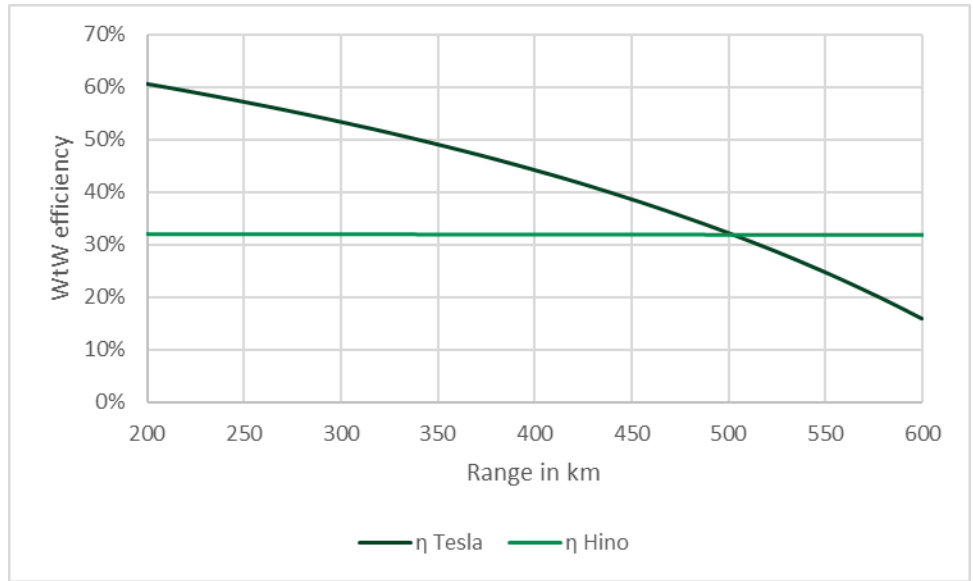
In the long term assuming a viable alternative to CNG for HGVs emerges we expect these to be dependent on required usage. Short haul HGV haulage for below 18 tonne weights for example could be more suited to an electric solution than CNG from efficiency perspective, however this remains to be seen. CNG fuelled vehicles present an opportunity to decarbonise heavy trucking, regardless of future technological developments.

CNG Holds Up Well Against Hydrogen

We have reviewed small scale commercial vehicles which operate using batteries and hydrogen using current technological parameters and have included the assessment below.

If we look at the heavy end of the commercial vehicle market and do the calculations for the Tesla Semi and the hydrogen fuelled Toyota backed Hino Profia we see that the crossover point i.e. the distance required to be travelled at which point it makes more sense from an efficiency perspective to have a hydrogen vehicle rather than an EV is less than 500km or 300 miles. For even heavier vehicles, such as HGVs, the cross over would be even lower.

Well to wheel efficiency against range – Tesla Semi against Hino Profia



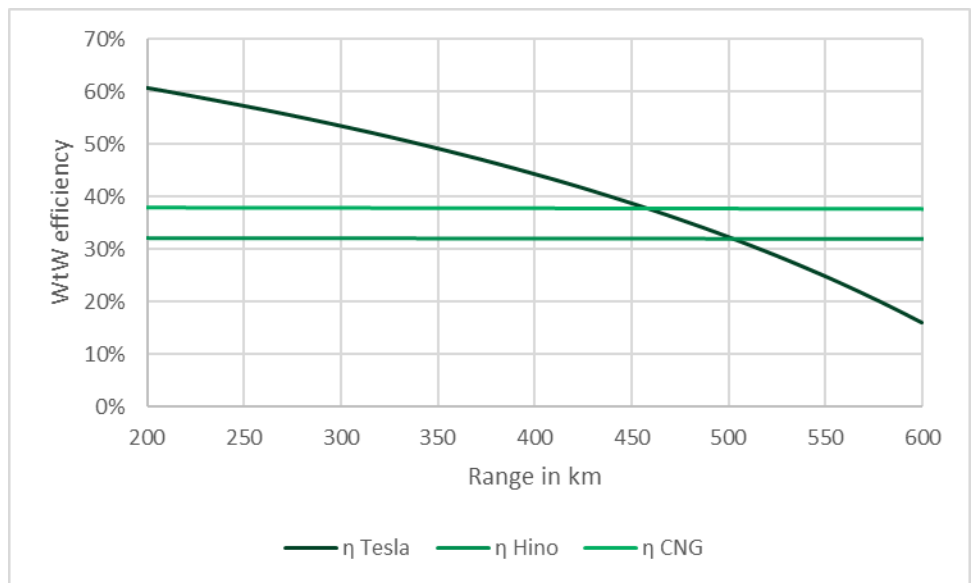
Source: Longspur Research

As a result, we do see a role for hydrogen powered heavy long distance trucks and moving into the off road market for even heavier mining trucks and similar vehicles hydrogen begins to make more sense especially when considered with other factors such as fuelling times and a more familiar fuel procedure.

CNG OFFERS AN EFFICIENT SOLUTION FOR LONGER RANGES

The analysis looks even better when we look at CNG. Biomethane has a lower energy density than hydrogen but is still much denser than batteries and, because biomethane is even more efficiently produced, the cross over point is actually slightly less than hydrogen at about 280 miles.

Well to Wheel Efficiency Against Range – Comparing CNG



Source: Longspur Research

We therefore see biomethane as a major low carbon solution for trucking in the near term. Hydrogen may become a valid option further out but we do not see this as a given and barring significant advances in battery technology, this seems even less likely for heavy trucks required to cover long ranges.

CNG and LNG

One of the alternatives to CNG is naturally liquefied natural gas (LNG), given these are the same chemical substance, CH₄, in a different form. Rather than simply compressing the biomethane it is supercooled to -161.5 degrees Celsius. There are currently 695 LNG stations in Europe compared to 4,166 CNG stations in and further growth is expected in LNG station growth, albeit the current European filling station spread is thought to be able to be ample to handle the number of LNG vehicles currently on the road.

In the context of vehicles, the main advantage that LNG has over CNG is that it is denser, allowing for greater range in the same sized tank compared to CNG. This makes it an interesting option, and potentially a solution for particularly long journeys with ranges of 1,600km available under some models compared to around 1,000km max range with CNG. LNG largely benefits from the same economics as CNG with a discount price compared to diesel but a more expensive vehicle. The size of the LNG tank required to store the gas and prevent the liquid from boiling off, however, means that this is a less suitable solution for HGVs making shorter journeys where the economics are rather different. Major truck manufacturers are producing HGVs with both types of engine and Iveco even have a truck design allowing for both CNG and LNG refuelling on the same vehicle.

The disadvantages for LNG arise in the cost of installing expensive cryogenic cooling equipment and having to maintain the stored LNG, which takes up less space than a comparable CNG site, at the required temperature. As a result of this LNG is typically more expensive for the fleet operator compared to CNG on account of the added capital cost and operating costs.

In addition to this LNG refuelling requires specialist equipment, outfitting and training for fleet operators adding additional cost. GasRec, a ReFuels competitor with 3 CNG refuelling stations also run a number of LNG fuelling stations for fleets planning to use longer journeys.

Ultimately, we expect to see a combination of LNG and CNG for HGVs across Europe depending on the individual use case, much like the how drivers today utilise diesel and petrol depending on their individual mileage requirements.

Alternative Biofuels

Alternative biofuels have also been touted as being solutions in decarbonising heavy transport, biodiesel is currently one of the leading candidates in this field. Indeed, most diesel today has a blend of biodiesel already included as it is a drop in fuel. There is a limit as to how much biodiesel can be blended into regular fuel known as the “blend wall”, at which point vehicles cannot use fuels with more than a certain percentage of biodiesel in it without it compromising performance. Currently in the UK diesel can contain up to 7% biodiesel and petrol contains up to 10% ethanol.

Running heavy vehicles on purely biodiesel presents a more complicated picture however as high blend biodiesel results in a higher operating cost compared to biomethane or regular diesel. The additional cost per vehicle when compared to diesel is approximately 10p-15p per litre and is driven by engine upgrade costs, warranty provision issues and increased maintenance requirements. Biodiesel also incurs the same level of fuel duty as regular diesel, compared to the lower fuel duty incurred by biomethane and natural gas. This means that biomethane is typically going to be cheaper per mile and this is prior to considering the likely tightening of the market as SAF mandates come in to play.

Without a change in regulation for biodiesel we expect this to continue to be the case moving forward and see this as being a significant advantage for biomethane and CNG as a transition fuel.

ReFuels Prepared for Alternate Fuels

Whilst we believe that biomethane presents the best solution for decarbonising trucking in the short term, if over the longer term batteries or hydrogen emerge as the dominant technology for HGVs, ReFuels have designed and developed their stations to be compatible for future electricity or hydrogen demand.

The stations are all connected to the gas and electricity grid and any move to these technologies in future could see CNG's existing stations, with their favourable locations next to depots and demand centres, being adapted to reflect this whilst still maintaining their advantage over rivals.

ReFuels stations are a long term infrastructure investment that open multiple decarbonisation pathways, whilst closing none.

CNG Emissions Criticisms

Methane is a strong greenhouse gas and one with 84-87 times the global warming potential of CO₂ over 20 years according to the IPCC. One of the common criticisms of CNG fuelled vehicles is that of methane slip, whereby methane escapes from the engine or through the process from well to wheel ultimately contributing to a worse emissions profile than diesel.

The main areas where methane slip can occur is in the combustion process, in the upstream supply chain or at the refuelling station. With regards to methane escaping from AD plants, this is largely beyond the control of ReFuels, however the RTFO unit of the Department for Transport maintains stringent sustainability criteria for the AD producers and there is a comprehensive auditing process to ensure that the highest standards of sustainability are being maintained. In terms of ReFuels' sites, there is stringent monitoring of pressures and sensors to ensure that there are no gas leakages on site and the refuelling system does not allow for any gas leakages during the refuelling process due to the simplicity of the connection method to the truck.

Methane emissions related to engines predominantly comes from three areas, from incomplete combustion, engine leakage or from blow off. The former being when methane escapes from the engine system either through unintentional leakage in the system or from incomplete combustion of methane resulting in methane escaping out of the tailpipe. Blow off, which is whereby methane is released from the engine system in order to undertake maintenance- which can be a significant source of emissions with up to 100kg of methane potentially being released if a full tank needs to be emptied. There is not a huge amount of evidence on how frequently this occurs however it is considered to be a largely exceptional occurrence that occurs only when maintenance cannot otherwise be undertaken safely.

FINANCIALS

EARNINGS OUTLOOK

We have modelled ReFuels' revenue using the National Balancing Point (NBP) forward curve and estimated volumes per site based on the number of CNG trucks we expect in the UK in a given year. We have derived our CNG truck number by using a Bass diffusion model with an expected total number of trucks of 90,000 which is approximately one third of the available HGVs on the road today. In our base case assumption, we have assumed that the CNG station roll out continues in the short term in line with ReFuels plan with an average of 7 stations being added per annum up to a number of 40 total stations in operation by 2028. We have capped distribution per station based on the number of vehicles a site can service in one day and with the distributable volume. In doing so we note that if the CNG uptake progresses in line with our Bass diffusion model that ReFuels stations will be operating at 100% utilisation by 2031 and there will be a strong incentive to build additional stations in order to capitalise on this, we have modelled this accordingly in our upside case.

We see revenues dipping in 2024 compared to 2023 due to a considerably lower gas price in comparison to the peaks in 2023 following the invasion of Ukraine. Whilst this has no bottom line impact for ReFuels as gas sales and purchases are passed through to the CNG JV at zero cost currently, this will provide volatility in top line revenue, with a fixed pass through margin on gas sales. This is somewhat offset by increased RTFC sales in the period in that whilst volumes of gas sold and therefore RTFCS earned have increased, prices have only increased marginally limiting the upside.

Moving into FY25 and beyond we see a number of new stations wholly owned by ReFuels adding revenues from both compression margin on gas sales and RTFCs. As more stations are added and more CNG trucks are on the road we see greater station utilisation through to 2031 at which point station utilisation reaches 100% (at which point ReFuels is supplying the maximum volume their stations can handle) and new stations are required in order to maximise earnings beyond this.

BALANCE SHEET

We have assumed that ReFuels develops its stations independently moving forwards and this is recognised on the balance sheet. We have modelled a 70:30 debt to equity split to fund the new station roll out in the UK combined with the use of existing cashflows. In doing so we see a £10m raise as being required to support the station roll out at the pace management desire and in order to further secure primacy in the CNG refuelling space. This is however a modelling assumption and we note that it is not required to ensure the company maintains liquidity.

Given the cashflow positive nature of the business, we see multiple alternative funding routes for the company to roll out additional stations. ReFuels could adopt a slower pace of station roll out and use debt and existing cashflows to do this, or bring another partner on board for a structure similar to the Foresight joint venture. We have used an aggressive approach to rolling out the stations in the short term as we see that as building a strong defensive moat for the company through its land bank and entrenching itself as the leading CNG distributor in the UK.

VALUATION

Whilst there are two listed peers operating in the CNG refuelling space, we believe the best approach in valuation in this instance is a through a well-constructed DCF of the company. We have based our modelling approach on the station rollout of forecast stations by the company combined with the existing operational stations and then used conservative forward looking inputs.

We have used a weighted average cost of capital of 11.9%. This is based on the high end of the most recent UK's Competition and Markets Authority assessment on cost of capital. We see this as one of the best contemporary estimates based on thorough work that if required must be able to stand the scrutiny of a judicial review. This gives a real risk-free rate of -1% which with a long term 2.5% inflation assumption gives 1.5% nominal. The market premium is 8.5% based on historical ex-post market returns going back to 1900. We have used a beta of 1.22 based on the average beta from the comparator group. With assumed debt this gives us a WACC of 11.9%.

Weighted Average Cost of Capital

Risk free rate	1.5%
Market premium	8.5%
Loan margin	9.0%
Marginal tax rate	25.0%
After tax cost of debt	7.9%
Debt/total capital	-10.5%
Beta	1.0
Cost of equity	11.9%
Weighted cost of capital	11.9%

Source: Longspur Research, CMA

We have forecast cashflows out to 2040 based on our discussion under earnings outlook above. We have then calculated a terminal value in 2040 based on Gordon's growth model and assuming that long term cashflows are flat in nominal terms. The terminal EV/EBITDA is 6.8, which we do not see as onerous.

DCF Valuation – Central Case

£'000	2024e	2025e	2026e	2027e	2028e	2029e	2030e
Operating cashflow	2,198	9,906	46,419	56,099	58,090	98,161	171,175
Associates	0	0	0	0	0	0	0
Tax paid	-1,937	0	-1,667	-4,219	-8,065	-14,545	-23,597
Interest tax shield	0	0	0	0	0	0	0
Capex	0	-42,000	-49,000	-56,000	-35,000	-49,000	-49,000
Free cashflow	261	-32,094	-4,248	-4,120	15,025	34,616	98,578
Terminal growth	0.5%						
Terminal valuation	0.5%						
Terminal EV/EBITDA	1,218,314						
Implied EV	6.8						
Implied market cap.	607,045						
Implied share price (£)	10						
Implied share price (NOK)	129						

Source: Longspur Research, forecasts go out to 2040

This gives a base case valuation of NOK129 per share.

SCENARIOS

Our central case assumption has been modelled assuming the company reaches its medium term goal of 40 operating stations in the UK. We have assumed a steady increase in UK CNG trucks using a Bass diffusion model and have applied the growing number of trucks to an increase in volume of CNG dispensed, driving the generation of RTFCs and compression margin. We have used a conservative station utilisation approach, assuming that utilisation is approximately 70% of the maximum distributable capacity in a given year. In our low case, we have modelled no new stations from those in operation currently and note that the valuation still presents upside on the current share price. Our high case scenario sees the addition of more stations, with a total of 60 operating in the UK and 15 operating in Europe (with no equivalent subsidy support to the RTFC modelled).

DCF Scenarios (US\$/share)

Scenario Description	NOK/share
Low Case -Existing 12 operating stations	43
Base Case – Expansion to target of 40 stations	129
High Case – 60 UK stations and 15 in Europe	187

Source: Longspur Research

COMPARATIVE MULTIPLES

We have looked at a range of peer companies valuation metrics in order in addition to our DCF based approach. Opal Fuels and Clean Energy Fuels both operate CNG refuelling stations and most closely resemble the ReFuels business in the UK. We note that these trade on notably higher enterprise value multiples. Other relevant companies we have identified are alternative fuel distribution companies, in particular those in the EV and hydrogen space, fuel distributors and biofuels production companies. ReFuels is comparatively cheap on a multiple valuation basis against a basket of peers across the infrastructure and refuelling space. Whilst we ultimately believe a well-constructed DCF is the best means of valuing ReFuels it appears that there is scope for ReFuels to experience multiple expansion to catch up with peers.

Comparative Multiples

	EV/EBITDA current	EV/EBITDA prospective	EV/Sales current	EV/Sales prospective
CNG Refuelling				
REFUELS NV	1.9	n/a	0.10	0.13
OPAL FUELS	N/A	8.03	5.85	2.99
CLEAN ENERGY FUELS	N/A	8.91	2.14	2.07
EV/Hydrogen Refuelling				
HYDROGEN REFUELING SOLUTIONS	N/A	60.44	12.95	6.12
EVERFUEL A/S	6.58	5.97	18.28	1.92
FASTNED	N/A	20.20	10.63	4.84
PLUG POWER	N/A	74.84	5.13	2.34
ALLEGO NV	N/A	12.11	5.82	2.82
Distributors				
DCC PLC	6.43	5.83	0.24	0.25
RUBIS	7.04	5.68	0.54	0.58
BioFuels Producers				
VELOCYS PLC	N/A	N/A	90.93	5.44
VERBIO	6.57	9.13	1.23	1.39
CROPENERGIES AG	3.30	3.75	0.51	0.55
FUTUREFUEL CORP	3.38	N/A	0.39	N/A
AEMETIS INC	N/A	7.69	2.58	1.19
ENVITEC BIOGAS AG	7.82	N/A	1.54	N/A
Mean	5.88	25.69	10.69	2.45
Median	6.71	9.12	2.35	1.98
Max	7.92	124.21	87.51	6.00
Min	3.37	3.82	0.25	0.26

Source: Bloomberg

RISK

The key risks to our valuations are around the growth CNG fleets and the emergence of competing technologies in the longer term, the RTFC price and changing regulation.

Growth of CNG Fleets

Whilst CNG refuelling presents a method to decarbonise heavy trucking now, there is a risk that the adoption of these vehicles by fleet operators does not gather pace at the rate we expect and this will have a knock on impact on the gas volumes sold and the underlying profitability of the refuelling stations. Whilst no technologies can currently decarbonise the sector as well as natural gas based solutions, there is a risk that fleet operators adopt a “wait and see” approach and choose to delay switching their fleet in the hope that other zero carbon fuels solutions are much closer to commercial reality than they are. Whilst this is a risk, there is a growing number of large fleet operators using CNG or LNG fleets and we expect the majority of the industry to follow suit once there is suitable infrastructure in place.

RTFC Price Risk

ReFuels is exposed to the RTFC price which has displayed volatility over recent years. The RTFC price is predominantly driven by the price of UCOME (biodiesel) and fluctuating volumes entering into the market has had an impact on pricing. Based on current policy announcements and market dynamics, we believe that the RTFC price is likely to stabilise before increasing. There is a risk that this is not the case and that the RTFC maintains its historic volatility or indeed decreases, both of which would have an adverse impact on ReFuels' earnings.

Policy Risk

ReFuels' are exposed to the RTFO policy and wider policy change which may impact on the biomethane market. Whilst there is no end date to the RTFO policy and we expect no changes in the short term that would impact the RTFO, there remains a risk that UK government policy changes could impact the business. The government is due to publish its Low Carbon Fuels Strategy in late 2023 and any adjacent policy changes such as to SAF mandates, maritime fuel mandates or biomethane production subsidies amongst others (in either Europe or the UK) could negatively impact on ReFuels' business model.

MANAGEMENT

BOARD AND MANAGEMENT

Philip Eystein Fjeld, Executive Director, CEO

Philip Fjeld co-founded CNGF and has served as CEO since the launch of the business in 2014. Philip has 20 years of experience working in the gas industry internationally. He founded FLEX LNG Ltd in 2006, listing the business in Norway and raising over \$600m in equity. Prior to this, Philip was a commercial manager at Leif Hoegh & Co. He attended the Norwegian School of Economics. Philip is also a director of WCP Investments Limited, which is his personal holdings company. Philip is also a director of an industry group in the UK, Renewable Transport Fuel Association.

Baden Gowrie-Smith, Executive Director, Managing Director & CFO

Baden Gowrie-Smith is a co-founder of CNG Fuels. He has served as CFO since the business' establishment in 2014 and Managing Director of ReFuels since 2022. Baden is an experienced entrepreneur and director, developing businesses in low-carbon infrastructure, renewable energy and life sciences. Baden is also a director of Theragnostics Limited, a business focussed on offering oncology care through the provision of targeted molecular radiotherapy and molecular imaging diagnostic products. He was previously an investment advisor with UBS for six years, managing 750 million Australian dollars of assets. Baden holds an MBA from London Business School.

Jasper Nillesen, Executive Director, Managing Director of RTFS

Jasper Nillesen is the managing director and co-founder of Renewable Transport Fuel Services. He has spent seven years in strategy consulting and previously worked for the energy trading platform Powerhouse, and a biomethane industry leader doing business in more than 10 European countries. Nillesen holds master's degree in Civil Engineering from the Delft University of Technology. Jasper is also a managing director of JND Projects B.V. and Renewable Energy Development Projects B.V., which are his management services and personal holding companies, respectively.

Jason Shepherd, Land Director

Jason has worked within the UK Real Estate for over a decade having started his career at Deloitte advising multi-national organisations on tax efficient transaction structures and construction programmes. He has since focussed on the front-end Land Acquisition and Planning element of Real Estate having worked for retailers and mixed-used developers across the UK. Jason joined CNG Fuels in 2020, holds a MA in Commercial Real Estate from The University of Sheffield and has been a Member of the Royal Institution of Chartered Surveyors since 2012.

Peter Eaton, Sales & Business Development Director

Peter Eaton has served as Sales & Business Development Director since 2016 and is an experienced sales professional with expertise in the renewable fuel/logistics and beverage industries. Prior to joining CNGF, Peter spent seven years with Halewood International, holding various positions across sales, marketing, brand management and business development.

Luke Preston, Operations Director

Luke Preston has been Operations Director with CNGF since 2019 and is highly experienced in the operations and management of Bio-CNG fuelling stations and alternative fuels vehicles. Prior to joining CNGF, he was a Fleet Manager at John Lewis Partnership where Luke was instrumental in the switch of fleets to Bio-CNG. Luke has also previously worked in a number of transport and logistic roles, including engineering and fleet management at Scania.

Michael Scott, Construction Director

Michael Scott joined CNGF as Construction Manager in 2018 and was promoted to the position of Construction Director in 2020. Michael has 22 years of experience in the construction and civil engineering industry in the UK, having spent 4 ½ years with William Pye Limited as construction manager prior to joining CNGF.

Alanna Flett, General Counsel

Alanna has over 10 years' PQE as a solicitor qualified in Scotland, and has spent the past eight years working in the clean energy sector in both the UK and internationally, developing expertise in cross-border projects, M&A, corporate, compliance and corporate governance matters. She has experience working for both public and private equity backed businesses and was a key member of the team leading the legal aspects of the listing of CNG Fuels' parent company, Refuels N.V. in Euronext Oslo Growth in May 2023. Alanna joined CNG Fuels as the group's first in-house lawyer in 2021 and is a member of the Law Society of Scotland.

Michael Kuhn, Group Finance Director

Mike has over 10 years' experience in financial services, project finance and asset management, with specific expertise in renewables and media. He started his career in banking with Investec Private Bank, and gained his Chartered Accountant qualification with Grant Thornton in South Africa. He then spent time with Ingenious Asset Management as a senior member of the fund team and as an external consultant, managing a combined portfolio of £350m. Mike joined CNG Fuels in 2022 as the Group Finance Director and was one of the primary leads of the successful listing of Refuels N.V. on the Euronext Oslo Growth Exchange.

Yvonne Visser-Stam, Chair of the Board, Independent Non-Executive Director

Yvonne Visser-Stam is a member of the supervisory board at the European power exchange EPEX Spot SE and is also a board member of H.G.R.T. SAS. Yvonne was appointed as a member of the supervisory board of Magnus Energy Holding B.V. in February 2023, and is also a board member of a local association, Oranjevereniging Oosterbeek. She has previously held various management positions and worked as a legal counsel for TenneTTSO B.V. In addition, she has worked as a commercial director in BritNed Development Ltd. Visser-Stam holds a master's degree in law from Maastricht University.

Chandler Hatton, Independent Non-Executive Director

Chandler Hatton holds the position of CTO at ZiuZ Visual Intelligence. She has previously held a senior manager position with Arthur D. Little and a position as CTO with SimGas. She is also a partner in Happycity, a sustainable real estate development initiative (previously Romvea). She holds an executive MBA from INSEAD, a Master of Science from Delft University of Technology and a Bachelor of Science from Massachusetts Institute of Technology. She is also a director of her personal services company, Chandlers Holding B.V.

David Tuohy, Independent Non-Executive Director

Mr Tuohy has 30 years of international experience in cleantech, energy and telecoms, latterly in executive leadership roles and board positions with private equity-backed companies. Most recently, Mr Tuohy worked as interim COO of Shoreline Wind, a leading provider of SaaS solutions to the global wind power industry. Prior to this, Mr Tuohy served as CEO of Connecting International, a technology-enabled company that operates the leading energy switching platforms for TPIs in the Netherlands and Germany, where he executed a growth strategy based on international expansion through M&A and digital transformation.

Carina Crastel-Hoek, Independent Non-Executive Director

Ms Crastel-Hoek is a senior executive with more than 20 years of experience and a strong financial and change management background. She currently serves as Director of Business Guidance at TenneT, the transmission system operator for the Netherlands and a significant part of Germany with a turnover of EUR 9.8 billion. She has overall responsibility for financial planning & analysis, business control, treasury, and project control & risk management, having also previously served in various senior roles in TenneT since 2009.

FINANCIAL MODEL

Profit and Loss Account

£,000, Mar	2022a	2023a	2024e	2025e	2026e	2027e
Turnover						
RTFS Sales	83,845	127,120	58,556	102,987	165,361	251,497
Natural Gas Sales	0	0	39,788	64,620	84,801	113,613
EPC Revenue	0	0	0	0	0	0
Central Costs and Fees	0	0	0	0	0	0
Total	83,845	127,120	98,344	167,607	250,162	365,111
Operating profit						
RTFS Sales	10,696	17,384	11,711	20,597	33,072	50,299
Natural Gas Sales	0	0	160	1,427	2,368	3,888
EPC Revenue	0	0	0	0	0	0
Central Costs and Fees	-8,174	-14,524	-12,345	-12,715	-13,097	-13,490
Operating profit	2,521	2,860	-473	9,309	22,343	40,698
P&L Account						
Turnover	83,845	127,120	98,344	167,607	250,162	365,111
Operating Profit	2,521	2,860	-473	9,309	22,343	40,698
Investment income	481	2	0	0	0	0
Net Interest	-177	-349	8	-2,643	-5,467	-8,437
Pre Tax Profit (UKSIP)	2,825	2,514	-465	6,666	16,877	32,260
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	20,299	-61	0	0	0	0
Pre Tax Profit (IFRS)	23,123	2,453	-465	6,666	16,877	32,260
Tax	-1,071	-1,937	0	-1,667	-4,219	-8,065
Post tax exceptionals	0	64	0	0	0	0
Minorities	-968	-1,567	-3,478	-6,117	-9,822	-14,939
Net Profit	21,085	-988	-3,943	-1,118	2,835	9,256
Dividend	0	0	0	0	0	0
Retained	21,085	-988	-3,943	-1,118	2,835	9,256
EBITDA	3,002	2,862	-473	12,109	28,410	50,498
EPS (p) (UKSIP)	2.41	-1.67	-6.66	-1.77	4.48	14.64
EPS (p) (IFRS)	64.67	-1.67	-6.66	-1.77	4.48	14.64
FCFPS (p)	69.99	4.76	0.44	-50.76	-6.72	-6.52
Dividend (p)	0.00	0.00	0.00	0.00	0.00	0.00

Source: Company data, Longspur Research estimates

KEY POINTS

- Increased RTFS revenues from improved pricing and increased gas volumes sold at both Foresight JV and 100% owned stations
- Natural gas operating profit increases as ReFuels benefits from increasing numbers of 100% owned stations
- Net profit from FY2025 and growing after that

Balance Sheet

£,000, Dec	2022a	2023a	2024e	2025e	2026e	2027e
Fixed Asset Cost	2,182	2,672	2,672	44,672	93,672	149,672
Fixed Asset Depreciation	0	0	0	-2,800	-8,867	-18,667
Net Fixed Assets	2,182	2,672	2,672	41,872	84,806	131,006
Goodwill	59,160	59,186	59,186	59,186	59,186	59,186
Other intangibles	0	0	0	0	0	0
Investments	939	0	0	0	0	0
Stock	203	721	0	0	0	0
Trade Debtors	22,078	43,378	68,712	55,104	61,684	90,027
Other Debtors	68	27	27	27	27	27
Trade Creditors	-22,263	-43,902	-69,249	-55,104	-82,245	-120,036
Other Cred <1yr	-2,875	-3,778	-3,778	-3,778	-3,778	-3,778
Creditors >1yr	-1,003	-2,191	-2,191	-2,191	-2,191	-2,191
Provisions	0	0	0	0	0	0
Pension	0	0	0	0	0	0
Capital Employed	58,490	56,113	55,379	95,116	117,488	154,240
Cash etc	5,676	8,983	3,357	1,903	13,725	19,354
Borrowing <1yr	402	2,416	0	0	0	0
Borrowing >1yr	0	0	0	29,400	60,760	93,884
Net Borrowing	-5,273	-6,567	-3,357	27,497	47,035	74,530
Share Capital	7	46	46	351	351	351
Share Premium	5,423	5,517	5,517	15,212	15,212	15,212
Retained Earnings	15,170	13,511	6,090	-1,145	-8,133	-13,815
Other	41,299	41,918	41,918	41,918	41,918	41,918
Minority interest	1,864	1,687	5,166	11,283	21,106	36,045
Capital Employed	58,490	56,113	55,379	95,116	117,488	154,240
Net Assets	63,763	62,680	58,736	67,619	70,454	79,710
Total Equity	63,763	62,680	58,736	67,619	70,454	79,710

Source: Company data, Longspur Research estimates

KEY POINTS

- Fixed assets increase with new stations being wholly owned by ReFuels
- Working capital moves in line with scale up of stations
- Borrowings increase to fund new stations as well as small equity raise in 2025

Cashflow

£,000, Dec	2022a	2023a	2024e	2025e	2026e	2027e
Operating profit	2,521	2,860	-473	9,309	22,343	40,698
Depreciation	0	0	0	2,800	6,067	9,800
Provisions	0	0	0	0	0	0
Other	20,299	-61	0	0	0	0
Working capital	0	1,090	2,671	-2,204	18,009	5,602
Operating cash flow	22,820	3,889	2,198	9,906	46,419	56,099
Tax paid	0	-1,071	-1,937	0	-1,667	-4,219
Capex (less disposals)	0	0	0	-42,000	-49,000	-56,000
Investments	0	0	0	0	0	0
Net interest	0	-1,916	-3,470	-8,760	-15,289	-23,376
Net dividends	0	0	0	0	0	0
Residual cash flow	22,820	902	-3,210	-40,855	-19,537	-27,496
Equity issued	0	0	0	10,000	0	0
Change in net borrowing	-6,078	-5,321	8,041	30,855	19,537	27,496
Adjustments	0	0	0	0	0	0
Total financing	-6,078	-5,321	8,041	40,855	19,537	27,496

Source: Company data, Longspur Research estimates

KEY POINTS

- ReFuels is operating cashflow positive throughout
- Small equity raise in 2025 to support a rapid station roll out, assuming future stations are developed using 70:30 debt to equity split
- Operating loss in 2024 driven by low RTFC Price

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