

16 April 2024

Price (NOK)	18.8
Shares in issue (m)	60
Mkt Cap (NOKm)	1,136
Net debt (NOKm)	-89
EV (NOKm)	1,046
BVPS (NOK)	198

Share price performance	
1m	10.6%
3m	10.6%
12m	n/a
12 m high/low	35/0
Ave daily vol (30D)	682

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 Interims

Business description

Bio-compressed natural gas refuelling stations



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STATION CONSOLIDATION UPDATE

ReFuels have provided an update on the proposed station consolidation that would see the 12 CNG refuelling stations held in the Foresight JV coming under full ReFuels control. The newly proposed transaction would now involve a potential raise of £150m through a private placement and debt facility of up to £75m, with a further £20m in ReFuels equity to be issued to Foresight for a total transaction value of £170m. This is an increase on the transaction value of £145m originally mooted with the additional funds to support the development of the station network. We have detailed the relative merits and costs of the consolidation ([Station Network Consolidation](#), 4 March 2024) noting that the benefits of improved earnings, structural clarity and improved liquidity will mitigate the additional leverage and dilution for existing holders. We still see upside for the shares following the transaction with our conservative modelling still providing a potential central case valuation of NOK74.

Upsized Transaction to Support Station Growth

The total consideration payable to Foresight is now estimated at £149m, due to be settled with £129m in cash from the raise and the issuance of £20m in equity to Foresight, who will retain a stake in the ReFuels business. The remaining £21m of the cash raised will be used to support general working capital and the development of 5 identified higher capacity stations which are expected to be significantly additive to ReFuels EBITDA and will increase total dispensable bio-CNG capacity to over 440,000 tonnes per year.

Proposed Transaction Would Still Present Upside

In our original transaction modelling we estimated a total consideration of £145m payable to Foresight comprised of a cash settlement of £125m and £20m in equity, with the cash being comprised of £75m debt and £50m equity. Assuming a £95m equity issue at the current price (cash and Foresight shares) and a £75m debt component instead, then our central case valuation moves from NOK84 to NOK74 assuming the transaction is completed on account of the greater dilution.

£,000 Mar	2022a	2023a	2024e	2025e	2026e	2027e
Sales	83,845	127,120	145,698	230,733	310,923	427,661
EBITDA	3,002	2,862	1,991	24,755	40,385	62,705
PBT	2,825	2,514	-13,246	4,122	14,425	30,717
EPS	2.4	-1.7	-11.6	-2.6	0.5	6.1
CFPS	70.0	4.8	-105.3	0.5	2.3	0.1
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	-5,273	-6,567	75,491	91,462	111,032	140,863
Debt/EBITDA	-1.8	-2.3	37.9	3.7	2.7	2.2
P/E	0.6	-0.8	-0.1	-0.5	2.7	0.2
EV/EBITDA	26.0	26.8	79.8	7.1	4.8	3.6
EV/sales	0.9	0.6	0.5	0.3	0.2	0.2
FCF yield	5072.4%	345.0%	-7635.0%	38.2%	166.3%	5.9%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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	4,685	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	-16,702	-17,203	-17,719	-18,251
Operating profit	2,521	2,860	-11,857	4,822	17,721	35,936
P&L Account						
Turnover	83,845	127,120	98,344	167,607	250,162	365,111
Operating Profit	2,521	2,860	-11,857	4,822	17,721	35,936
Investment income	481	2	0	0	0	0
Net Interest	-177	-349	8	-2,644	-5,465	-8,445
Pre Tax Profit (UKSIP)	2,825	2,514	-11,849	2,178	12,256	27,492
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	-11,849	2,178	12,256	27,492
Tax	-1,071	-1,937	0	-544	-3,064	-6,873
Post tax exceptionals	0	64	0	0	0	0
Minorities	-968	-1,567	-1,391	-6,117	-9,822	-14,939
Net Profit	21,085	-988	-13,240	-4,484	-630	5,680
Dividend	0	0	0	0	0	0
Retained	21,085	-988	-13,240	-4,484	-630	5,680
EBITDA	3,002	2,862	-11,857	7,622	23,787	45,736
EPS (p) (UKSIP)	2.41	-1.67	-22.37	-7.09	-1.00	8.98
EPS (p) (IFRS)	64.67	-1.67	-22.37	-7.09	-1.00	8.98
FCFPS (p)	69.99	4.76	68.72	-46.23	-23.15	-23.00
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, Mar	2022a	2023a	2024e	2025e	2026e	2027e
Fixed Asset Cost	2,182	2,672	2,882	44,882	93,882	149,882
Fixed Asset Depreciation	0	0	0	-2,800	-8,867	-18,667
Net Fixed Assets	2,182	2,672	2,882	42,082	85,015	131,215
Goodwill	59,160	59,186	23,995	23,995	23,995	23,995
Other intangibles	0	0	146,029	146,029	146,029	146,029
Investments	939	0	0	0	0	0
Stock	203	721	1,009	1,009	1,009	1,009
Trade Debtors	22,078	43,378	24,249	41,328	61,684	90,027
Other Debtors	68	27	27	27	27	27
Trade Creditors	-22,263	-43,902	-32,332	-55,104	-89,099	-120,036
Other Cred <1yr	-2,875	-3,778	-3,778	-3,778	-3,778	-3,778
Creditors >1yr	-1,003	-2,191	-38,098	-38,098	-38,098	-38,098
Provisions	0	0	0	0	0	0
Pension	0	0	0	0	0	0
Capital Employed	58,490	56,113	123,983	157,490	186,785	230,390
Cash etc	5,676	8,983	2,517	3,926	5,361	559
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	-2,517	25,474	55,399	93,325
Share Capital	7	46	529	834	834	834
Share Premium	5,423	5,517	4,080	13,775	13,775	13,775
Retained Earnings	15,170	13,511	-1,120	-11,722	-22,175	-31,434
Other	41,299	41,918	119,933	119,933	119,933	119,933
Minority interest	1,864	1,687	3,079	9,196	19,019	33,958
Capital Employed	58,490	56,113	123,983	157,490	186,785	230,390
Net Assets	63,763	62,680	126,500	132,016	131,386	137,066
Total Equity	63,763	62,680	126,500	132,016	131,386	137,066

Source: Company data, Longspur Research estimates

KEY POINTS

- Other intangibles and Other Equity movements in 2024 driven by post consolidation financials compared to historic pro-forma figures
- 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, Mar	2022a	2023a	2024e	2025e	2026e	2027e
Operating profit	2,521	2,860	-11,857	4,822	17,721	35,936
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	45,115	5,148	11,120	-1,215
Operating cash flow	22,820	3,889	33,258	12,770	34,907	44,522
Tax paid	0	-1,071	-1,937	0	-544	-3,064
Capex (less disposals)	0	0	0	-42,000	-49,000	-56,000
Investments	0	0	9,360	0	0	0
Net interest	0	-1,916	-1,383	-8,761	-15,287	-23,384
Net dividends	0	0	0	0	0	0
Residual cash flow	22,820	902	39,297	-37,991	-29,925	-37,926
Equity issued	0	0	3,884	10,000	0	0
Change in net borrowing	-6,078	-5,321	8,881	27,991	29,925	37,926
Adjustments	0	0	0	0	0	0
Total financing	-6,078	-5,321	12,765	37,991	29,925	37,926

Source: Company data, Longspur Research estimates

KEY POINTS

- ReFuels is operating cashflow positive throughout
- Working capital movement in 2024 driven by movement from pro-forma historic accounts to post consolidation figures
- 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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