

Stock Data

Share Price: 2.88p
Market Cap.: £59.6m
Shares in issue: 2,069m

Company Profile

Sector: Alternative Energy
Ticker: PHE
Exchange: AIM

Activities

PowerHouse Energy (‘the Company’, ‘PowerHouse’ or ‘PHE’) has developed a proprietary process technology - DMG® - which can utilise waste plastic, end-of-life-tyres, and other waste streams to efficiently and economically convert them into syngas from which valuable products, such as chemical precursors, hydrogen, electricity and other industrial products may be derived. Its technology is one of the world’s first proven, modular, hydrogen from waste (HfW) processes.

1 year share price performance


Source: [LSE](#)

Past performance is not an indication of future performance.

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PowerHouse Energy Group plc

PowerHouse’s Board has confirmed that it is not aware of any material basis for the more than doubling of its share price over the past week. That said, significant operational progress is being delivered with the [Waste2Tricity](#) (‘W2T’) due diligence now near completion while the Protos project proceeds under [Peel L&P](#) (‘Peel’) direction. Meanwhile, heightened investor focus on such environmentally friendly sources of energy and the opportunity they present to deliver significant, commercial returns, has seen UK peers like [ITM Power](#) and [Ceres Power Holdings](#) undergo similar re-ratings since the Pandemic got underway. Committed cash inflows in coming months are also seen bolstering PowerHouse’s weak balance sheet sufficient to provide a runway out to Q4 2020, while further revenues are expected from operations and the exclusivity payment from the Peel option agreement. Announcements relating to the next projects with Peel are anticipated in the second half of 2020 and agreements with additional international development partners are being actively pursued. The Company expects to report its full year results to end-December 2019 by the end of this month, when it will further outline progress, strategy, planning and opportunity going forward.

Company not aware of any material basis for recent rise

The UK technology company pioneering hydrogen production from waste plastic, this morning noted the recent exceptional increase in its share price and confirmed that it is not aware of any material basis for this rise over and above its previous announcements.

Anticipated cash inflows seen bolstering the balance sheet

The Company has confirmed it continues to manage its outgoings and operating costs within budget. To date during 2020, project engineering operating costs have been covered by revenues received for engineering services. Powerhouse’s current cash balances are approximately £280,000 and with committed incoming fees, these resources are expected to meet outstanding fees associated with the proposed acquisition of W2T and the Company’s current net cash burn of administrative costs until the fourth quarter of the 2020. Further revenues are expected from operations, along with the likely exercising (at 0.5p/share) of the a good proportion of the Company’s still outstanding 12.6m 2018 warrants and the UK exclusivity payment under the option agreement with Peel as set out in the announcement of [9 March 2020](#).

Hydrogen – The Clean Energy of choice

Hydrogen is set to play a major role in the UK’s clean growth strategy. PowerHouse’s proprietary process technology, DMG®, not only offers a more sustainable way to treat plastic waste, but also creates a local source of low carbon transport fuel which will help tackle national air quality issues. Having cemented its relationship with Peel, PowerHouse now expects to see the commercialisation of its pioneering plastic-to-hydrogen technology at the Protos development before it is rolled-out at other sites across the UK and, ultimately, internationally. Adoption of its low-cost, licence fee based business model, also leads TPI to believe that PHE could potentially achieve cashflow breakeven or better, based simply on the commissioning of just two Protos-sized projects (each targeting production of, say, 3.8MWe on site and exporting 3.4MWe electricity and up to 2 tonnes of hydrogen/day). Considering the lengthy existing pipeline already negotiated by Peel, together with fees from expected feedstock testing and site-specific engineering design work, PowerHouse appears capable of potentially generating significant returns for shareholders on a 3 or less-year view.

Waste2Tricity Limited due diligence nearing completion

In relation to the proposed acquisition of Waste2Tricity Limited ("W2T"), due diligence and legal work is nearing completion and the Company anticipates that the circular in relation to the acquisition will be issued in June.

While acting as PowerHouse's development partner, W2T secured a grant on behalf of its subsidiary following a successful application to the £4.1m Energy Fund competition, run by Cheshire and Warrington Local Enterprise Partnership ('LEP') as part of the Local Growth Fund ('LGF'), which awards capital grants for projects that can support the objectives of the LEP's Energy and Clean Growth Strategy. The £1.25m grant is to fund purchase of the thermal conversion chamber, a core element of the DMG[®] hydrogen from plastic waste plant and was subject to the DMG[®] development at Protos achieving [planning approval](#) that was confirmed on 4th March 2020. Given the time limit applied to the W2T grant, however, funding completion is now being urgently sought.

Protos project is proceeding under Peel L&P direction

The Protos project, the Company's first targeted commercial application of its waste plastic-to-hydrogen regeneration technology is proceeding under Peel L&P direction and project updates will be forthcoming regarding ongoing activities. Peel's project funding exercise for this first development and their proposed pipeline of future projects is running in parallel with the engineering work. PowerHouse has to date received payments for engineering and consultancy services for the completed stage of the project and expects to receive engineering fees this month for the current stage.

As announced on 9 March 2020, Peel has signed an Option for UK exclusivity as developer of the Company's [DMG technology](#), subject to the successful completion of the acquisition of W2T by PowerHouse, and completion of the exclusivity. Under this arrangement, the Company will licence its technology to the developer in return for the annual licence fee of £500,000 on each commercial project developed.

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