

Stock Data

Share Price	6.75p
Market Capitalisation	£9.74m
Shares in issue:	144.3m

Company Profile

Sector:	Support Services
Ticker:	EAAS
Exchange:	AIM

Activities

eEnergy Group ('eEnergy', 'the Group', 'EAAS') is a UK and Irish leader in the fast growing 'energy efficiency as a service sector'. Its wholly owned division, eLight, operates in the 'Lighting-as-a-Service' segment and aims to lead a revolution in how light is provided to Irish and UK commercial buildings.

Company website: www.eenergyplc.com

1-year share price performance



Source: LSE

Risk warning: Past performance and forecasts are not a reliable indicator of future results.

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eEnergy Group plc

eEnergy has announced an important agreement with a new project funding partner, SUSI Partners AG ('SUSI'). Coming via the SUSI Energy Efficiency Fund II, this will provide a dedicated funding facility to the Group of up to €15 million. This facility will underwrite the expected growth of eLight business in Ireland for the next three years, by helping to accelerate the roll-out of its LaaS ('Light-as-a-Service') product to different companies and organisations with a specific focus on the public sector, including education and healthcare, which seek both to participate in such green initiatives as well as benefit from the immediate cost savings on offer. At this time, for example, eEnergy's Board considers around 80% of schools across Ireland have yet to transition to energy-efficient lighting.

Funding structure provides competitive advantage

eLight uses performance-insured contracts to enable it to generate positive cashflows upon completion of an installation with no residual credit exposure to the customer under the service agreement through the sale of all receivables. eLight supports organisations through reduction of their energy costs by switching to low-power consumption/long-lifetime LED lighting in exchange for a fixed monthly service fee while avoiding any upfront investment. For customers, the energy cost savings achieved are greater than the monthly service fee, thereby allowing them to unlock free cashflow from day one as well as improve the quality of lighting whilst dramatically reducing carbon emissions.

eLight Ireland had historically sourced its project finance from funds provided by private investors into a dedicated special purpose vehicle ('SPV'). At the end of last year, however, it confirmed its signing of a Heads of Terms ('HoT') with SUSI, one of Europe's largest Energy Efficiency Funds, which proposed working with eLight for provision of a dedicated facility for Ireland and Euro denominated projects, sufficient to match its business plan objectives. This has now developed into a formal agreement that will cover new projects installed for the next three years or until the Facility has been fully utilised, whichever is earlier. Since 2013, eLight has completed c.170 Irish schools and currently has over c.70 live school proposals which it is working on. Given the opportunities available, the Group is also working with SUSI to further develop this agreement into a longer-term funding partnership potentially to finance its UK projects as well.

Targeting net profits in the current year

A strong and growing contract pipeline with excellent cash conversion provides eEnergy's Directors with confidence in the Group's ability to deliver a first net profit for its year ended June 2021E. Following this, TPI expects the Group to start throwing off significant free cash which, in turn, will support its Board's wider ambitions to operate an ambitious European buy-and-build consolidation strategy with a view to capture opportunity in the broader, but still relatively nascent, energy efficiency-as-a-service ('EEaaS') sector. TPI considers eEnergy's business model has potential to secure revenues exceeding £100 million within ten years. On this basis and precluding today's acquisition announcement, TPI's Initiation research of January 2020 had established both DCF and peer-group indicative assessments that suggested a target valuation for eEnergy's businesses of £15.0 million, considerably higher than the current level.

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