

FLASH NOTE

VALUE RANGE

GBP 1.01 – 1.06



FTSE AiM vs. KIBO (lighter line) price relative.
Valuation range is based upon full dilution and daily DCF model calculations

Friday, 23 September 2022

Intrinsic Price (GBP)	1.04
Value Range Low	1.01
Value Range High	1.06
Implied MCAP (m)	£49.90
Implied EV (m)	£50.50
AIM	KIBO
Financial YE	31-Dec
Currency	GBP

Business Activity

Renewable Energy +
Critical Metals

Key Metrics

Close Price (GBP)	0.18
MCAP (m)	£5.39
Net Debt (Cash) (m)	£1.54
EV (m)	£6.93
52 Wk Hi	0.25
52 Wk Lo	0.08

Key Ratios

(Net Cash) / Shareholder Equity %	28.54%
FX Rate GBP/GBP	1.00

Energy Sector Research

AiM Market Index

Analyst Team

+44 20 7419 7928
energy@acfequityresearch.com

Kibo Energy Plc

1H22A Results – the right direction

Kibo Energy Plc (KIBO.L: AIM) is a portfolio company with a renewable energy and critical metals transition strategy. Today's 1H21A results describe Kibo heading in the right direction operationally, which in our assessment is a tribute to its new strategy and execution. Inevitable hold ups in such a meaningful transition meant that Kibo missed our YE21E numbers. However, management is addressing these issues with e.g. Pieter Krugel's appointment as CEO of MAST.L (stake raised to 61.27%). 1H22A highlights include the Framework agreement with Enerox (CellCube) to deliver LDES solutions, the 51% stake acquisition in NBS (LDES projects), coal assets slated for sale and the WTE 10yr, 2.7MW take-or-pay conditional PPA with Sustineri Energy (Kibo 65% stake). This week's Southport deal looks another inflection point.

- Electricity revs 1H22A £305k up 930% vs. YE21A;
- Gross profit 1H22A £45k vs. (31)k YE21A, Δ +76k;
- EBIT 1H22A £(1.76)m vs. (1.90)m 1H21A, Δ+14k;
- Cash & CE £1.16m at 30 Jun 2022;
- NCO 1H22A £(1.60)m vs. (1.72)m 1H21A, Δ +115k.

ACF est. £ (m)	Revenue	EBITDA	FCF	EPS	EPS (diluted)
2022E	2.0	0.8	-9.2	0.00075	0.00048
2023E	2.4	0.9	-14.1	0.00079	0.00050

Multiples	EV/ Sales	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)
2022E	3.4x	7.6x	NM	235.5x	373.5x
2023E	2.9x	7.6x	NM	224.7x	356.4x

Investment Case

Share Price History	No. of Shares in issue	Fully diluted
NoSh (m)	3,039	4,821
Implied Intrinsic Price	1.64p	1.04p
Value Range Low	1.60p	1.01p
Value Range High	1.68p	1.06p
AIM	KIBO	
Financial YE	31-Dec	
Reporting Currency	GBP	

NoSh (m)	3,039	
NoSh (m) expected dilution (Exp D)	4,821	
NoSh (m) full dilution (FD)	4,821	

Key Metrics	£	adj.
MCAP (m)	5.4	5.4
Net Debt (Cash) (m)	1.5	1.5
EV (m)	6.9	6.9
52 Wk Hi	0.25p	0.25p
52 Wk Lo	0.08p	0.08p
Free Float	79%	79%

*Key Metrics FCF adj.	2022E	2023E
CPS (GBP)	-0.003	-0.005
CPS (Exp D) (GBP)	-0.002	-0.003
CPS (FD) (GBP)	-0.002	-0.003
P/CPS	NM	NM
P/CPS (Exp D)	NM	NM
P/CPS (FD)	NM	NM

Kibo is less than 12 months from revenue generation in the UK reserve power market, via its 55% owned and controlled UK listed Mast Energy (MAST.L).

Our valuation is ultra conservative and captures only MAST.L and KAT.L for potential upside – coal assets are excluded for our valuation. Kibo is preparing its Southern African carbon power generation assets for orderly sale or conversion to renewable feedstocks (WTE).

Kibo's new renewable and reserve power strategy has lower capex, lower risk, a shorter horizon to revenues, is far less dilutive for investors...and is on the side of history.

Kibo's UK and Southern Africa WTE and reserve power market and its global critical metals market (including battery metals) strategy is coming to fruition with a number of deals already announced in both markets. Inevitably there will be more deals to come.

UK WTE and reserve power opportunities are underpinned by UK growth in solar and wind electricity generation combined with increasingly practical and available long term energy storage (LDES) solutions combined with the economic and strategic shock of the Russian invasion of Ukraine and energy driven inflation. Russia's control of gas supplies plus climate change evidence and the rise of ESG / sustainability is creating a highly attractive market opportunity for Kibo.

Kibo will exploit growth in the UK renewable energy market via WTE and the UK reserve power market via its controlling 61.27% stake (recently raised from 55.42%) in MAST.L. MAST is aiming for a 300 MW portfolio and is currently reviewing >10 MW of opportunities.

Applying a highly conservative approach, we have excluded Kibo's sub-Saharan coal-to-power assets including the Benga power project from our valuation. We are left with >5x upside at full dilution on our current valuation range, which is due a revision.

Catalysts

More deals, greater electricity generation, further repositioning as a renewable energy business.

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ACF Equity Research Limited, 125 Old Broad Street, London, EC2N 1AR, U.K.

Tel: +44 (020) 7558 8974

Website: www.acfequityresearch.com