

# Ceres Power Holdings

Trading update

## Significant commercial progress during H117

Ceres Power has announced a sequence of customer wins during H117, one of which was its first “go-to-market” agreement. This brings the total number of commercial agreements signed in calendar 2016 to four: Cummins, Honda, Nissan and an undisclosed global OEM. These wins have helped generate £1.5m of revenue and other operating income, three times the H116 total. This growth, together with an order book totalling £4.8m at end H117, supports our estimates, which we leave unchanged.

Year end	Revenue (£m)	EBITDA (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)
06/15	0.3	(9.7)	(10.5)	(1.2)	0.0	N/A
06/16	1.1	(10.5)	(11.6)	(1.2)	0.0	N/A
06/17e	2.2	(10.3)	(11.3)	(1.0)	0.0	N/A
06/18e	3.0	(9.5)	(10.5)	(0.9)	0.0	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles and share-based payments.

During H117 Ceres announced that it was working with Cummins Inc. on a programme for the US Department of Energy, initially targeted at the data centre market. It also announced a Joint Development Agreement with a leading global OEM for a multi-kW combined heat and power product based on its Steel Cell technology. This was particularly significant because it was the first deal where, subject to successful field trials, the partner has a planned intent to launch.

Management notes that it is working on three new evaluation agreements with potential future partners, so its goal of securing five commercial deals by the end of calendar 2017 appears highly feasible.

The new commercial wins expand the available market so it now includes residential and commercial premises, data centres and electric vehicle range extenders. This diversification has been made possible by continued advances in efficiency and power density, as demonstrated in version 4 of the Steel Technology platform, which was released to customers on time and on budget during Q217.

During the period management also secured the funding to continue along this accelerating growth trajectory. In October it raised £20.0m (gross) through a placing at 8.75p/share. Free cash outflow during the period is expected to be £4.2m (H116: £5.4m), leaving c £22m cash at the end of December.

### Alternative energy

26 January 2017

**Price** 8.1p  
**Market cap** £82m

Net cash (£m) at end December 2016	c 22
Shares in issue	1,008m
Free float	43.6%
Code	CWR
Primary exchange	AIM
Secondary exchange	N/A

### Share price performance



### Business description

Ceres Power is a developer of low-cost, next-generation fuel cell technology for use in decentralised energy products that reduce operating costs, lower CO<sub>2</sub> emissions, increase efficiency and improve energy security.

### Analysts

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