

Cloudberry Clean Energy ASA

Renewables - Norway



Buy (old: Buy)

07.06.2023

NOK 21.00 (old: NOK 20.00)

Odin Transaction closed; chg. est & PT

Topic: Cloudberry closed the acquisition of the Odin 106 MW wind portfolio and announced the final investment decision for its in-house developed 18.6 MW wind farm Munkhyttan I.

Cloudberry bought 80% of the Odin portfolio's shares. The part net to Cloudberry consist of 106 MW and 311 GWh of green electricity, increasing the capacity of its production portfolio by over 70% to 254 MW. The purchase price for Cloudberry's stake amounted to DKK 1,265m. DKK 733m (NOK 1,074m) of which was paid in cash and DKK 532m was financed through debt. Together with the existing project debt on Odin (DKK 212m) the **total EV of the Odin transaction stood at DKK 1,478m.**

The Odin portfolio consists of **51 high quality Vestas and Siemens turbines** with an average available uptime of 98%. All turbines are in production, cash-flow generating and located in the attractive price zones of DK1, DK2 and SE3. The large majority (95%) of the production capacity is located in the Danish price zone DK1, currently paying c. NOK 1,190/MWh. Thanks to the Odin acquisition, Cloudberry enters the **Danish market and further diversifies its Nordic based production portfolio.**

The capacity weighted age of the portfolio is around seven years with an implied remaining lifetime of c. 23 years (avg. useful lifespan of newer generation wind turbine is 30 years). In light of the resulting sound **equity IRR of around 8%** (eNuW), which is clearly above the assumed WACC of 5%, we regard this transaction as **value accretive.**

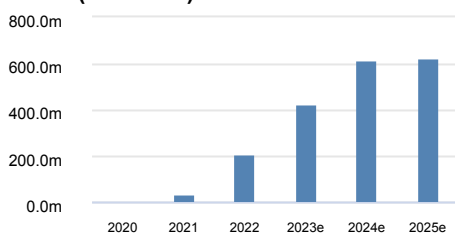
Further, Cloudberry announced the **final investment decision for Munkhyttan I**, an in-house developed 18.6 MW wind farm located in Sweden's attractive price zone SE3. The estimated annual production is about 60 GWh with a 97% uptime guarantee. We estimate a total CAPEX of NOK 366m (eNuW) and model first revenues (eNuW: NOK 3.2m p.a.) from Dec. 2024e onwards. In the past, Cloudberry finalized its projects ahead of plan, which would pose some upside to our figures.

Cloudberry is further executing its project pipeline and has proven to be on budget and on time. With the Odin transaction, Cloudberry's portfolio has reached a critical mass of 254 MW, which enables the possibility to enter PPAs with larger off-takers. Being able to fix power prices for parts of the portfolio for the longer term would notably increase visibility on future cash flows, a sensible step, particularly in light of the currently volatile electricity markets. **BUY with a new PT of NOK 21** (old: NOK 20) based on SOTP.

Y/E 31.12 (NOK m)	2020	2021	2022	2023e	2024e	2025e
Sales	3.6	35.2	208.0	430.1	616.1	628.1
Sales growth	1202.2%	867.6%	491.7%	106.8%	43.3%	1.9%
EBITDA	-29.8	-31.1	151.0	375.0	531.6	523.7
Net debt (if net cash=0)	-337.5	-806.2	-1,168.0	1,171.9	1,289.1	901.7
FCF	-9.5	-259.0	-10.6	-2,027.9	-117.2	387.3
Net Debt/EBITDA	0.0	0.0	0.0	3.1	2.4	1.7
EPS pro forma	-0.84	-0.39	0.46	0.29	0.65	0.69
EBITDA margin	-821.0%	-88.4%	72.6%	87.2%	86.3%	83.4%
ROCE	-4.9%	-1.9%	3.2%	4.5%	6.8%	5.6%
EV/sales	353.9	81.5	11.4	10.9	7.8	7.1
EV/EBITDA	-43.1	-92.2	15.7	12.5	9.1	8.5
PER	-18.5	-40.0	25.8	41.2	18.6	17.3
Adjusted FCF yield	-3.5%	-2.0%	8.2%	3.5%	6.8%	8.1%

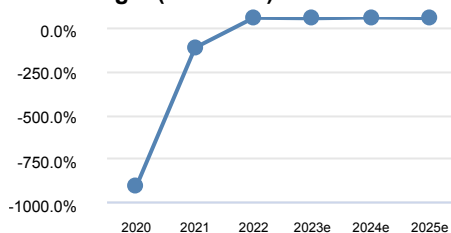
Source: Company data, NuWays, Close price as of 06.06.2023

Sales (2020-25e)



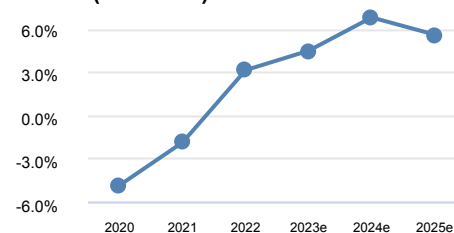
Source: NuWays Research

EBIT margin (2020-25e)



Source: NuWays Research

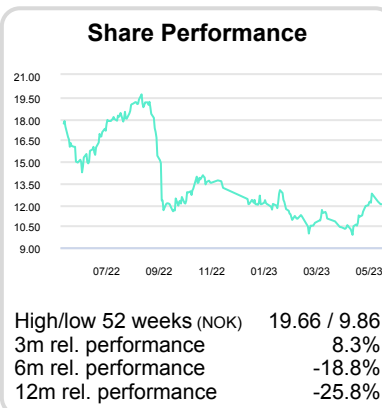
ROCE (2020-25e)



Source: NuWays Research

Company description

Cloudberry is a Nordic renewable energy company that owns, develops and operates hydro power plants and wind farms in Norway, Sweden and Denmark with a total size of 254MW in operation, 40MW under construction, 128MW with construction permits and 486MW in the backlog.



Market data

Share price (in NOK)	12.00
Market cap (in NOK m)	3495.6
Number of shares (in m pcs)	291.4
Enterprise value (in NOK m)	4703.5
Ø trading volume (6 months)	320,000

Identifier

Bloomberg	CLOUD NO
Reuters	CLOUD
WKN	A2P85S
ISIN	NO0010876642

Key shareholders

Ferd AS	11.0%
Joh Johansson Eiendom AS	10.2%
Havfonn AS (Bergesen fam.)	8.2%
Lloyd Fonds	8.0%
Snefonn AS (Bergesen fam.)	6.0%
Free Float	51.1%

Estimates changes

	2023e	2024e	2025e
Sales	70%	124%	132%
EBIT	-0%	93%	97%
EPS	-14%	100%	72%

- ### Comment on changes
- We reflect the Odin acquisition as of June 1st this year and Munkhyttan I from December 2024 onwards
 - We reduce our price estimates on avg. by 17% until 2025 to reflect decreasing short term power prices

Guidance

Financials

Profit and loss (NOK m)	2020	2021	2022	2023e	2024e	2025e
Net sales	3.6	35.2	208.0	430.1	616.1	628.1
Sales growth	1202.2%	867.6%	491.7%	106.8%	43.3%	1.9%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	3.6	35.2	208.0	430.1	616.1	628.1
Other operating income	-3.6	22.8	129.0	138.2	132.2	118.5
Material expenses	0.1	5.5	14.0	21.5	30.8	31.4
Personnel expenses	17.4	28.1	91.0	92.8	94.7	96.6
Other operating expenses	12.3	55.5	81.0	79.0	91.3	94.9
Total operating expenses	33.5	66.2	57.0	55.1	84.6	104.4
EBITDA	-29.8	-31.1	151.0	375.0	531.6	523.7
Depreciation	3.3	9.7	35.0	148.2	176.8	188.0
EBITA	-33.1	-40.8	116.0	226.7	354.7	335.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	-33.1	-40.8	116.0	226.7	354.7	335.7
Interest income	1.0	5.0	67.0	1.0	1.0	1.0
Interest expenses	2.1	27.3	61.0	46.4	75.0	77.3
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-1.1	-22.3	6.0	-45.4	-74.0	-76.3
Recurring pretax income from continuing operations	-34.3	-63.1	122.0	181.3	280.7	259.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-34.3	-63.1	122.0	181.3	280.7	259.5
Income tax expense	-0.4	-0.7	0.0	96.4	92.8	57.1
Net income from continuing operations	-33.9	-62.4	122.0	84.9	188.0	202.4
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-33.9	-62.4	122.0	84.9	188.0	202.4
Minority interest	0.0	0.0	4.0	0.0	0.0	0.0
Net profit (reported)	-33.9	-62.4	118.0	84.9	188.0	202.4
Average number of shares	39.1	160.0	253.3	291.4	291.4	291.4
EPS reported	-0.87	-0.39	0.47	0.29	0.65	0.69

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sales growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Other operating income	-97.9%	64.9%	62.0%	32.1%	21.5%	18.9%
Material expenses	3.9%	15.6%	6.7%	5.0%	5.0%	5.0%
Personnel expenses	479.5%	80.0%	43.8%	21.6%	15.4%	15.4%
Other operating expenses	339.7%	157.7%	38.9%	18.4%	14.8%	15.1%
Total operating expenses	921.0%	188.4%	27.4%	12.8%	13.7%	16.6%
EBITDA	-821.0%	-88.4%	72.6%	87.2%	86.3%	83.4%
Depreciation	90.5%	27.7%	16.8%	34.5%	28.7%	29.9%
EBITA	-911.6%	-116.1%	55.8%	52.7%	57.6%	53.4%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	-911.6%	-116.1%	55.8%	52.7%	57.6%	53.4%
Interest income	27.1%	14.2%	32.2%	0.2%	0.2%	0.2%
Interest expenses	58.5%	77.6%	29.3%	10.8%	12.2%	12.3%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	2.9%	neg.	neg.	neg.
Recurring pretax income from continuing operations	-943.0%	-179.5%	58.7%	42.2%	45.6%	41.3%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-943.0%	-179.5%	58.7%	42.2%	45.6%	41.3%
Income tax expense	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net income from continuing operations	-932.3%	-177.6%	58.7%	19.7%	30.5%	32.2%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-932.3%	-177.6%	58.7%	19.7%	30.5%	32.2%
Minority interest	0.0%	0.0%	1.9%	0.0%	0.0%	0.0%
Net profit (reported)	-932.3%	-177.6%	56.7%	19.7%	30.5%	32.2%

Source: Company data, NuWays

Cloudberry Clean Energy ASA

Update - 07.06.2023



Balance sheet (NOK m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	36.9	38.2	229.0	229.0	229.0	229.0
Property, plant and equipment	58.4	1,009.1	1,597.0	3,992.8	4,297.9	4,109.9
Financial assets	339.4	685.5	995.0	995.0	995.0	995.0
FIXED ASSETS	434.8	1,732.8	2,821.0	5,216.8	5,521.9	5,333.9
Inventories	196.0	153.6	106.0	100.0	100.0	0.0
Accounts receivable	2.8	12.0	52.0	52.0	52.0	157.0
Other assets and short-term financial assets	158.1	105.5	86.0	86.0	86.0	86.0
Liquid assets	605.1	1,114.9	1,538.0	479.1	509.9	862.3
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	962.1	1,386.0	1,782.0	717.1	747.9	1,105.3
TOTAL ASSETS	1,396.9	3,118.8	4,603.0	5,933.9	6,269.8	6,439.2

SHAREHOLDERS EQUITY	1,054.7	2,637.0	3,714.0	3,798.9	3,986.9	4,189.3
MINORITY INTEREST	0.0	0.0	80.0	80.0	80.0	80.0
Provisions for pensions and similar obligations	0.0	0.0	36.0	36.0	36.0	36.0
Other provisions and accrued liabilities	34.7	52.0	141.0	141.0	141.0	141.0
Short-term liabilities to banks	236.8	10.1	0.0	0.0	0.0	0.0
Accounts payable	26.2	38.1	135.0	100.0	100.0	101.9
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes	13.7	83.0	127.0	127.0	127.0	127.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	26.2	38.1	135.0	100.0	100.0	101.9
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,396.9	3,118.8	4,603.0	5,933.9	6,269.9	6,439.2

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	2.6%	1.2%	5.0%	3.9%	3.7%	3.6%
Property, plant and equipment	4.2%	32.4%	34.7%	67.3%	68.5%	63.8%
Financial assets	24.3%	22.0%	21.6%	16.8%	15.9%	15.5%
FIXED ASSETS	31.1%	55.6%	61.3%	87.9%	88.1%	82.8%
Inventories	14.0%	4.9%	2.3%	1.7%	1.6%	0.0%
Accounts receivable	0.2%	0.4%	1.1%	0.9%	0.8%	2.4%
Other assets and short-term financial assets	11.3%	3.4%	1.9%	1.4%	1.4%	1.3%
Liquid assets	43.3%	35.7%	33.4%	8.1%	8.1%	13.4%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	68.9%	44.4%	38.7%	12.1%	11.9%	17.2%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	75.5%	84.5%	80.7%	64.0%	63.6%	65.1%
MINORITY INTEREST	0.0%	0.0%	1.7%	1.3%	1.3%	1.2%
Provisions for pensions and similar obligations	0.0%	0.0%	0.8%	0.6%	0.6%	0.6%
Other provisions and accrued liabilities	2.5%	1.7%	3.1%	2.4%	2.2%	2.2%
Short-term liabilities to banks	16.9%	0.3%	0.0%	0.0%	0.0%	0.0%
Accounts payable	1.9%	1.2%	2.9%	1.7%	1.6%	1.6%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred taxes	1.0%	2.7%	2.8%	2.1%	2.0%	2.0%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	1.9%	1.2%	2.9%	1.7%	1.6%	1.6%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cloudberry Clean Energy ASA

Update - 07.06.2023



Cash flow statement (NOK m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	-33.9	-62.4	122.0	84.9	188.0	202.4
Depreciation of fixed assets (incl. leases)	3.3	12.8	35.0	148.2	176.8	188.0
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	-152.4	67.6	-42.0	0.0	0.0	0.0
Cash flow from operating activities	-10.0	-92.3	8.0	55.9	188.0	199.3
Increase/decrease in inventory	-6.1	-9.2	47.6	6.0	0.0	100.0
Increase/decrease in accounts receivable	5.5	-8.8	-40.0	0.0	0.0	-105.0
Increase/decrease in accounts payable	6.1	12.2	96.9	-35.0	0.0	1.9
Increase/decrease in other working capital positions	18.0	-10.5	0.0	0.0	0.0	0.0
Increase/decrease in working capital	23.5	-16.3	104.5	-29.0	0.0	-3.1
Cash flow from operating activities	-6.7	-79.5	43.0	204.1	364.8	387.3
CAPEX	2.8	179.5	304.0	2,232.0	482.0	0.0
Payments for acquisitions	11.7	318.3	70.0	0.0	0.0	0.0
Financial investments	339.7	331.1	65.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	60.0	0.0	0.0	0.0
Cash flow from investing activities	-354.2	-828.8	379.0	-2,232.0	-482.0	0.0
Cash flow before financing	-360.9	-908.4	-336.0	-2,027.9	-117.2	387.3
Increase/decrease in debt position	207.2	-294.3	35.0	969.0	148.0	-35.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	905.9	1,647.1	767.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-152.4	67.6	-42.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	-2.2	-1.0	0.0	0.0	0.0
Cash flow from financing activities	960.7	1,420.3	760.0	969.0	148.0	-35.0
Increase/decrease in liquid assets	599.9	509.8	423.0	-1,058.9	30.8	352.3
Liquid assets at end of period	605.1	1,114.9	1,538.0	479.1	509.9	862.3

Key ratios (NOK m)	2020	2021	2022	2023e	2024e	2025e
P&L growth analysis						
Sales growth	1202.2%	867.6%	491.7%	106.8%	43.3%	1.9%
EBITDA growth	n.a.	1092.4%	-606.2%	-1306.8%	252.0%	39.7%
EBIT growth	n.a.	1462.2%	-450.3%	-655.5%	205.8%	48.1%
EPS growth	n.a.	-96.1%	-153.8%	-174.7%	38.5%	138.4%
Efficiency						
Sales per employee	726.6	2,812.2	7,050.8	9,774.7	14,003.0	28,551.9
EBITDA per employee	-5,965.6	-2,485.9	5,118.6	8,522.4	12,081.1	23,806.6
No. employees (average)	5	12	30	44	44	22
Balance sheet analysis						
Avg. working capital / sales	2370.2%	427.0%	36.2%	8.7%	8.4%	8.5%
Inventory turnover (sales/inventory)	0.0	0.2	0.2	0.2	0.2	0.2
Accounts receivable turnover	284.1	124.9	91.2	91.2	91.2	91.2
Accounts payable turnover	2,628.4	395.9	236.9	84.9	59.2	59.2
Cash flow analysis						
Free cash flow	-9.5	-259.0	-10.6	-2,027.9	-117.2	387.3
Free cash flow/sales	-262.9%	-736.9%	-5.1%	-471.5%	-19.0%	61.7%
FCF / net profit	28.2%	415.0%	neg.	neg.	neg.	191.4%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	-337.5	-806.2	-1,168.0	1,171.9	1,289.1	901.7
Net Debt/EBITDA	0.0	0.0	0.0	3.1	2.4	1.7
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	0.8%	8.8%	19.1%	4.7%	6.9%	4.5%
Returns						
ROCE	-4.9%	-1.9%	3.2%	4.5%	6.8%	5.6%
ROE	-3.2%	-2.4%	3.2%	2.2%	4.7%	4.8%
Adjusted FCF yield	-3.5%	-2.0%	8.2%	3.5%	6.8%	8.1%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.87	-0.39	0.47	0.29	0.65	0.69
Average number of shares	39.1	160.0	253.3	291.4	291.4	291.4
Valuation ratios						
P/BV	0.6	0.9	0.8	0.9	0.9	0.8
EV/sales	353.9	81.5	11.4	10.9	7.8	7.1
EV/EBITDA	-43.1	-92.2	15.7	12.5	9.1	8.5
EV/EBIT	-38.8	-70.2	20.4	20.7	13.6	13.2

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

Indication of conflict of interest

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if NuWays AG

- (1) or any other person belonging to the same group with it was part of a consortium within the past twelve months that issued the financial instruments of the analysed company by way of a public offer.
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Company	Disclosures
Cloudberry Clean Energy ASA	2

Historical target price and rating changes for Cloudberry Clean Energy ASA

Company	Date	Analyst	Rating	Target Price	Close
Cloudberry Clean Energy ASA	06.12.2022	Sennewald, Philipp	Buy	NOK 20.00	NOK 13.60

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:

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