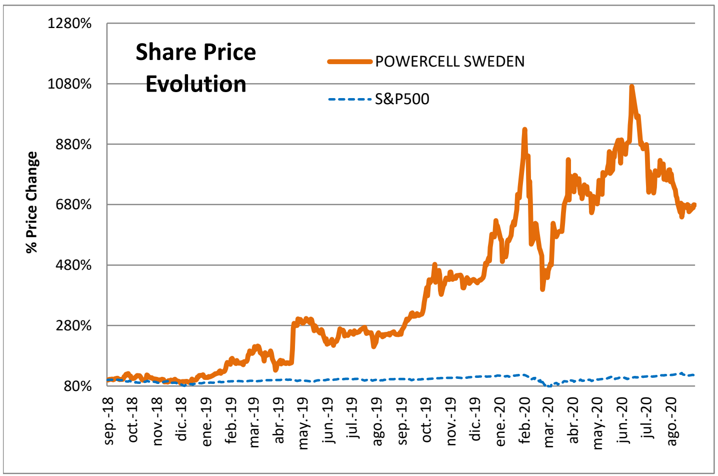
Analyst: Ramon Alfonso
Ikaum Bawa

Description

PowerCell Sweden AB is a Sweden-based company active in the **field of clean energy**. PowerCell Sweden AB develops and produces fuel cells and fuel cell systems for automotive, stationary, and mobile applications in Sweden and internationally.
The company has developed a system of **fuel cell platforms that are powered by pure hydrogen gas**, produced on an environment-friendly basis, where only electricity, heat and water are emitted. It offers fuel cell stacks under the PowerCell S2, which is based on fuel cell technology used in back-up power generators, micro CHP for household, and as an extender for electrical vehicles; and PowerCell S3, which is used for power generation of renewable energy stored in hydrogen, as well as for fossil free propulsion of vehicles or vessels.
The company also provides **PowerCell PS-5, a fuel cell system that is used for electricity generation**, as well as a back-up power generator for **telecom, traffic, building, and household applications**; PowerCell PS-100, a stationary system to reduce power consumption during periods of imbalances in industry's energy requirements; **PowerCell MS-30, a fuel cell system for battery-operated electric vehicles**; and **PowerCell MS-100 for vehicles and marine systems**. In addition, it offers engineering services and zero emission solutions.
Geographically, it derives majority revenue from Germany and also has a presence in **China, Sweden, Taiwan, the US, and other countries**. It serves transportation, marine, stationary, and other markets.
In **July 2020, PowerCell announced the appointment of Richard Berkling as CEO**, taking over from Per Wassén, who has served as CEO since 2014 (and chairman from 2008-14). Mr Berkling is currently CEO of CPAC Systems, an engineering and technology company focused on automation and streamlining processes, notably in the marine and off-road sectors. He is expected to take up his role as CEO of PowerCell by the end of 2020. **PowerCell was founded in 2008** as an **industrial spinout from the Volvo Group** and is based in Gothenburg, Sweden.

NEXT QUARTERLY EARNINGS RELEASED	04/11/2020
YEAR END CLOSING DATE	31/03/2020

Link to Investor Relations
https://www.powercell.se/en/investors/



COMPANY	POWERCELL SWEDEN		
ISIN Code	SE0006425815		SEK
FISCAL YEAR END	31/03/2020		
SECTOR GICS	Industrials /Electrical Equipment		
MARKET CAPITALIZATION	12,189.2	Millions SEK	
CURRENT PRICE	**235.0**	Price Upside Analysis	
TARGET PRICE	**305.3**	**30%**	**BUY**
PE	Current Year	Next Year	In 2 Years
	27.8	5,592.7	1,940.9
RATIOS	ROE	% DVY	EV/EBITDA
	77%	0.0%	-186.5
	BETA	WACC	DEBT/EQY
	1.1	11.4%	17.5%
PRICE CHANGE	Last Month	3 Month	12 Month
POWERCELL SWEDEN	0.0%	-30.3%	79.4%
S&P500	-3.1%	4.2%	10.8%
QUANT Q-SCORE	Historic	Forecast	Global
Q-SCORE	4 /10	5 /10	**4 /10**
QUALITY COMPANY	FINE	FINE	**FINE**

CONTENTS

SECTION 1. FINANCIAL STATEMENTS

Financial Statements: Profit and Loss Account

• Closed years and Forecast for the next 3 years.

PROFIT AND LOSS ACCOUNT (P/L)	Historic						Forecast		
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
REVENUES (1)	**1.5**	**5.1**	**12.2**	**36.7**	**60.5**	**66.9**	**83.6**	**104.5**	**130.6**
% Increase in Revenues		*241.8%*	*138.9%*	*201.5%*	*64.7%*	*10.5%*	*25.0%*	*25.0%*	*25.0%*
COGS & General Expenses	41.3	63.7	72.5	97.2	112.2	130.5	71.0	83.6	91.4
EBITDA (2)	**-39.8**	**-58.6**	**-60.3**	**-60.5**	**-51.7**	**-63.6**	**12.5**	**20.9**	**39.2**
Margin Ebitda/Revenues % (2)/(1)	*-2669.3%*	*-1149.2%*	*-494.7%*	*-164.6%*	*-85.4%*	*-95.2%*	*15.0%*	*20.0%*	*30.0%*
Depreciation & Amortization	6.1	6.2	5.8	6.2	7.9	15.8	18.6	21.8	25.7
EBIT (3)	**-45.9**	**-64.8**	**-66.1**	**-66.7**	**-59.6**	**-79.5**	**-6.1**	**-1.0**	**13.5**
Margin EBIT/Revenues % (3)/(1)	*-3077.1%*	*-1269.9%*	*-542.5%*	*-181.5%*	*-98.5%*	*-118.9%*	*-7.3%*	*-0.9%*	*10.3%*
Financial Expenses (+)	1.1	0.9	0.8	0.0	0.2	0.2	0.4	0.7	1.0
Financial Income (-) and Other	-0.1	-0.5	-1.2	0.0	1.9	-517.7	-9.0	-8.9	-0.5
PROFIT BEFORE TAX (PBT) (4)	**-47.0**	**-65.2**	**-65.7**	**-66.7**	**-61.7**	**438.1**	**2.5**	**7.3**	**13.1**
Margin PBT/Revenues % (4)/(1)	*-3148.9%*	*-1278.2%*	*-538.8%*	*-181.6%*	*-102.0%*	*655.4%*	*3.0%*	*7.0%*	*10.0%*
Other Adjustments to Net Income	0.0	0.0	0.0	0.0	0.2				
Corporate Tax (5)			0.0	0.0	0.0	0.1	0.3	0.9	1.6
% Effective Corporate Tax (5)/(4)			*0.0%*	*0.0%*	*0.0%*	*0.0%*	*12.0%*	*12.0%*	*12.0%*
NET PROFIT (6)	**-47.0**	**-65.2**	**-65.7**	**-66.7**	**-61.9**	**438.0**	**2.2**	**6.4**	**11.5**
Margin Net Profit / Revenues % (6)/(1)	*-3148.9%*	*-1278.2%*	*-538.8%*	*-181.6%*	*-102.2%*	*655.2%*	*2.6%*	*6.2%*	*8.8%*
% net earnings growth		*-38.8%*	*-0.7%*	*-1.6%*	*7.3%*	*808.0%*	*-99.5%*	*191.7%*	*78.6%*

Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Dividends Paid (out of Net Profit) (7)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
% Pay out (7)/(6)	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Dividend Yield	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*			
Number of Shares (Millions)	35.4	35.7	40.2	48.2	51.9	51.9	52.5	53.1	53.8
Earnings per Share (EPS)	-1.33	-1.83	-1.63	-1.38	-1.19	8.44	0.04	0.12	0.21
EPS Growth		38%	-11%	-15%	-14%	-808%	-100%	188%	76%

Financial Statements: Balance Sheet

• Closed years and Forecast for the next 3 years.

BALANCE SHEET (B/S)	Historic						Forecast		
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Cash and Banks	105.9	41.0	61.2	217.8	98.3	440.9	551.2	689.0	861.2
Accounts Receivable	0.4	2.5	2.8	13.6	18.6	104.6	78.2	97.8	122.2
Inventories	0.7	1.7	3.4	6.5	32.7	43.3	12.7	15.0	16.4
Other Current Assets	14.9	9.0	10.1	12.7	23.9	19.8	13.8	13.8	13.8
CURRENT ASSETS (1)	**121.9**	**54.2**	**77.5**	**250.6**	**173.5**	**608.7**	**655.9**	**815.5**	**1,013.6**
Material Fixed Assets	49.3	51.8	58.3	62.9	91.6	130.7	153.6	180.5	212.1
Non-Material Fixed Assets	0.5	0.2	1.0	2.8	1.1	1.6	1.8	2.0	2.2
Other Fixed Assets	-0.4	0.0	-6.0	0.0	1.6	0.6	0.6	0.6	0.6
Depreciation and Amortization	24.1	30.3	34.6	42.2	50.7	58.4	77.0	98.8	124.5
FIXED ASSETS (2)	**25.2**	**21.8**	**18.7**	**23.5**	**43.7**	**74.6**	**233.0**	**282.0**	**339.5**
TOTAL ASSETS (1)+(2)	**147.1**	**75.9**	**96.1**	**274.1**	**217.1**	**683.2**	**888.9**	**1,097.5**	**1,353.1**
Accounts Payable	14.9	5.5	4.4	14.3	12.8	10.9	15.7	18.5	20.2
Short Term Debt (5)	0.0	0.0	0.0	0.0	0.1	7.1	7.3	19.0	31.4
Other Current Liabilities	13.6	17.8	14.5	31.0	30.5	28.4	4.3	0.6	0.1
CURRENT LIABILITIES (3)	**28.5**	**23.3**	**19.0**	**45.3**	**43.3**	**46.4**	**27.2**	**38.1**	**51.7**
Long Term Debt (6)	2.9	40.0	27.0	32.0	39.0	41.1	47.3	54.4	62.6
Non Current Liabilities (7)	42.1	41.4	40.7	39.9	46.6	71.5	246.9	431.1	653.5
Total Debt ST+LT (5)+(6)+(7)	*45.0*	*81.4*	*67.7*	*71.9*	*85.6*	*119.8*	*301.5*	*504.5*	*747.4*
Total Liabilities (LT+CURRENT) (8)=(3)+(6)+(7)	**70.6**	**64.6**	**59.6**	**85.2**	**89.9**	**117.9**	**321.5**	**523.6**	**767.7**
SHAREHOLDERS' EQUITY (4)	76.5	11.3	36.5	188.9	127.2	565.3	567.5	573.9	585.4
TOTAL SH. EQUITY + LIABILITIES (8)+(4)	**147.1**	**75.9**	**96.1**	**274.1**	**217.1**	**683.2**	**888.9**	**1,097.5**	**1,353.1**
Number of Shares (in Millions)	**35.4**	**35.7**	**40.2**	**48.2**	**51.9**	**51.9**	**52.5**	**53.1**	**53.8**
Share prices as of the end of Year	**67.4**	**78.1**	**76.0**	**129.2**	**179.2**	**235.0**			
Buy-Back amount in millions		**-18.8**	**-354.9**	**-607.4**	**-469.9**	**0.0**			

Financial Statements: Free Cash Flow

• Closed years and Forecast for the next 3 years.

NET CHANGE IN CASH	Historic						Forecast		
Amounts in Millions	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Profit	-47.0	-65.2	-65.7	-66.7	-61.7	438.1	2.5	7.3	13.1
Net Change from Operations (Estimated)	-40.0	-64.5	-68.0	-51.3	-100.0	369.1	443.0	531.6	637.9
Net Change From Investments (Estimated)	-1.2	-2.5	-2.7	-11.0	-18.8	-1.7	-1.2	-0.8	-0.6
Net Change From Financial Operations (Est.)	122.4	2.2	90.9	218.9	-1.1	-24.8	-29.7	-35.7	-42.8
NET CHANGE IN CASH (ESTIMATED)	**81.1**	**-64.8**	**20.2**	**156.6**	**-119.9**	**342.7**	**754.8**	**1,249.8**	**1,844.3**

FREE CASH FLOW	Historic						Forecast		
Amounts in Millions	2014	2015	2016	2017	2018	2019	2020	2021	2022
FREE CASH FLOW FROM OPERATIONS	-40.0	-64.5	-68.0	-51.3	-100.0	369.1	446.7	540.5	654.0
CAPITAL EXPENDITURES	1.2	2.5	0.0	0.0	17.1	1.7	2.1	2.6	3.3
FREE CASH FLOW	**-41.2**	**-67.0**	**-68.0**	**-51.3**	**-117.1**	**367.5**	**444.6**	**537.9**	**650.7**

SECTION 2. RATIO ANALYSIS

• Closed years and Forecast for the next 3 years.

TOTAL RATIO SCORING			
TOTAL RATIO HISTORIC SCORING:	4 /10	FORECAST SCORING:	5 /10

LIQUIDITY RATIOS	Historic				Historic Scoring:	9 /10	Forecast	Scoring:	10 /10
Amounts in Millions	2014	2015	2016	2017	2018	2019	2020	2021	2022
Current Assets (1)	121.9	54.2	77.5	250.6	173.5	608.7	655.9	815.5	1,013.6
Current Liabilities (2)	28.5	23.3	19.0	45.3	43.3	46.4	27.2	38.1	51.7
CURRENT or SOLVENCY RATIO (1)/(2)	**4.3**	**2.3**	**4.1**	**5.5**	**4.0**	**13.1**	**24.1**	**21.4**	**19.6**
DIAGNOSTIC: Is it bigger than 1,5?	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*
Cash and Banks (1)	105.9	41.0	61.2	217.8	98.3	440.9	551.2	689.0	861.2
Accounts Receivable (2)	0.4	2.5	2.8	13.6	18.6	104.6	78.2	97.8	122.2
Current Liabilities (3)	28.5	23.3	19.0	45.3	43.3	46.4	27.2	38.1	51.7
TREASURY RATIO (1)+(2)/(3)	**3.7**	**1.9**	**3.4**	**5.1**	**2.7**	**11.7**	**23.1**	**20.6**	**19.0**
DIAGNOSTIC: Is it bigger than 1?	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*
Shareholders' Equity	76.5	11.3	36.5	188.9	127.2	565.3	567.5	573.9	585.4
Total Shareholders' Equity+Liabilities	147.1	75.9	96.1	274.1	217.1	683.2	888.9	1,097.5	1,353.1
SHAREHOLDERS EQUITY/TOTAL LIABILITIES	**52%**	**15%**	**38%**	**69%**	**59%**	**83%**	**64%**	**52%**	**43%**
DIAGNOSTIC: Is it bigger than 40%?	*YES*	*NO*	*NO*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*

MARGIN RATIOS	Historic				Historic Scoring:	1 /10	Forecast	Scoring:	1 /10
Amounts in Millions	2014	2015	2016	2017	2018	2019	2020	2021	2022
EBITDA (1)	-39.8	-58.6	-60.3	-60.5	-51.7	-63.6	12.5	20.9	39.2
Revenues (2)	1.5	5.1	12.2	36.7	60.5	66.9	83.6	104.5	130.6
EBITDA MARGIN (1)/(2)	**-2669.3%**	**-1149.2%**	**-495%**	**-165%**	**-85%**	**-95%**	**15%**	**20%**	**30%**
DIAGNOSTIC: Is it bigger than 25%?	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*YES*
EBIT (1)	-45.9	-64.8	-66.1	-66.7	-59.6	-79.5	-6.1	-1.0	13.5
Revenues (2)	1.5	5.1	12.2	36.7	60.5	66.9	83.6	104.5	130.6
EBIT MARGIN (1)/(2)	**-3077.1%**	**-1269.9%**	**-542%**	**-182%**	**-98%**	**-119%**	**-7%**	**-1%**	**10%**
DIAGNOSTIC: Is it bigger than 15%?	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*
Net Profit (1)	-47.0	-65.2	-65.7	-66.7	-61.9	438.0	2.2	6.4	11.5
Revenues (2)	1.5	5.1	12.2	36.7	60.5	66.9	83.6	104.5	130.6
NET PROFIT / REVENUES (1)/(2)	**-3148.9%**	**-1278.2%**	**-539%**	**-182%**	**-102%**	**655%**	**3%**	**6%**	**9%**
DIAGNOSTIC: Is it bigger than 10%?	*NO*	*NO*	*NO*	*NO*	*NO*	*YES*	*NO*	*NO*	*NO*

NORZ PATRIMONIA

POWERCELL SWEDEN
18-sep-20

LONG TERM SOLVENCY RATIOS	Historic			Historic Scoring:		5 /10	Forecast	Scoring:	4 /10
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Total Liabilities (1)	70.6	64.6	59.6	85.2	89.9	117.9	321.5	523.6	767.7
Liabilities + Sh. Equity (2)	147.1	75.9	96.1	274.1	217.1	683.2	888.9	1,097.5	1,353.1
LEVERAGE RATIO (1)/(2)	**48.0%**	**85.2%**	**62%**	**31%**	**41%**	**17%**	**36%**	**48%**	**57%**
DIAGNOSTIC: Is it less than 50%?	*YES*	*NO*	*NO*	*YES*	*YES*	*YES*	*YES*	*YES*	*NO*
Current Liabilities (1)	28.5	23.3	19.0	45.3	43.3	46.4	27.2	38.1	51.7
Total Liabilities (2)	70.6	64.6	59.6	85.2	89.9	117.9	321.5	523.6	767.7
TREASURY RATIO (1)+(2)/(3)	**40.4%**	**36.0%**	**32%**	**53%**	**48%**	**39%**	**8%**	**7%**	**7%**
DIAGNOSTIC: Is it less than 50%?	*YES*	*YES*	*YES*	*NO*	*YES*	*YES*	*YES*	*YES*	*YES*
EBITDA (1)	-39.8	-58.6	-60.3	-60.5	-51.7	-63.6	12.5	20.9	39.2
Total Liabilities (2)	70.6	64.6	59.6	85.2	89.9	117.9	321.5	523.6	767.7
PAYBACK ABILITY RATIO (1)/(2)	**-56.4%**	**-90.7%**	**-101%**	**-71%**	**-57%**	**-54%**	**4%**	**4%**	**5%**
DIAGNOSTIC: Is it bigger than 30%?	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*
Financial Debt Short + Long Term (1)	45.0	81.4	67.7	71.9	85.6	119.8	301.5	504.5	747.4
Shareholders Equity (2)	76.5	11.3	36.5	188.9	127.2	565.3	567.5	573.9	585.4
FINANCIAL DEBT/SHAREHOLDERS EQUITY	**58.9%**	**722.3%**	**185%**	**38%**	**67%**	**21%**	**53%**	**88%**	**128%**
DIAGNOSTIC: Is it less than 50%?	*NO*	*NO*	*NO*	*YES*	*NO*	*YES*	*NO*	*NO*	*NO*

TURNOVER RATIOS	Historic			Historic Scoring:		2 /10	Forecast	Scoring:	0 /10
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Accounts Receivable (1)	0.4	2.5	2.8	13.6	18.6	104.6	78.2	97.8	122.2
Revenues (2)	1.5	5.1	12.2	36.7	60.5	66.9	83.6	104.5	130.6
DAYS SALES OUTSTANDING (1)/(2)*365	**104.5**	**177.9**	**84.3**	**135.0**	**112.4**	**571.0**	**341.7**	**341.7**	**341.7**
Inventory (1)	0.7	1.7	3.4	6.5	32.7	43.3	12.7	15.0	16.4
Cost of Goods Sold (2)	41.3	63.7	72.5	97.2	112.2	130.5	71.0	83.6	91.4
DAYS INVENTORY OUTSTANDING (1)/(2)*365	**6.1**	**9.8**	**16.9**	**24.4**	**106.5**	**121.2**	**65.5**	**65.5**	**65.5**
Accounts Payable +Other Current Liabilities (1)	21.7	14.4	11.7	29.8	28.0	25.1	17.8	18.8	20.2
COGS & General Expenses (2)	41.3	63.7	72.5	97.2	112.2	130.5	71.0	83.6	91.4
DAYS PAYMENT OUTSTANDING (1)/(2)*365	**191.4**	**82.3**	**58.8**	**111.9**	**91.1**	**70.2**	**91.6**	**82.0**	**80.8**
DIAGNOSTIC: PAYMENT DAYS>SALES DAYS?	*YES*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*
Days Sales Outstanding (1)	104.5	177.9	84.3	135.0	112.4	571.0	341.7	341.7	341.7
Days Inventory Outstanding (2)	6.1	9.8	16.9	24.4	106.5	121.2	65.5	65.5	65.5
Days Payment Outstanding (3)	191.4	82.3	58.8	111.9	91.1	70.2	91.6	82.0	80.8
CASH CONVERSION CYCLE (1)+(2)-(3)	**-80.9**	**105.4**	**42.4**	**47.5**	**127.7**	**622.0**	**315.5**	**325.1**	**326.3**
DIAGNOSTIC: The more negative, the better	*YES*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*
Revenue (1)	1.5	5.1	12.2	36.7	60.5	66.9	83.6	104.5	130.6
Assets (2)	147.1	75.9	96.1	274.1	217.1	683.2	888.9	1,097.5	1,353.1
ASSET TURNOVER (1)/(2)	**0.0**	**0.1**	**0.1**	**0.1**	**0.3**	**0.1**	**0.1**	**0.1**	**0.1**

SELF FINANCING RATIOS	Historic			Historic Scoring:		2 /10	Forecast	Scoring:	10 /10
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Free Cash Flow (1)	-41.23	-67.01	-67.97	-51.32	-117.08	367.48	444.58	537.86	650.71
Dividends (2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenues (3)	1.49	5.10	12.19	36.74	60.51	66.85	83.56	104.45	130.57
SELF FINANCING OVER REVENUES (1)-(2)/(3)	**-2763%**	**-1314%**	**-558%**	**-140%**	**-193%**	**550%**	**532%**	**515%**	**498%**
Is it bigger than 10%	*NO*	*NO*	*NO*	*NO*	*NO*	*YES*	*YES*	*YES*	*YES*
Free Cash Flow (1)	-41.23	-67.01	-67.97	-51.32	-117.08	367.48	444.58	537.86	650.71
Dividends (2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets (3)	147.08	75.91	96.15	274.07	217.12	683.21	888.94	1,097.51	1,353.11
SELF FINANCING OVER ASSETS (1)-(2)/(3)	**-28%**	**-88%**	**-71%**	**-19%**	**-54%**	**54%**	**50%**	**49%**	**48%**
Is it bigger than 6%	*NO*	*NO*	*NO*	*NO*	*NO*	*YES*	*YES*	*YES*	*YES*

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RETURN ON ASSETS	Historic			Historic Scoring:		1 /10	Forecast	Scoring:	6 /10
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
EBIT (1)	-45.9	-64.8	-66.1	-66.7	-59.6	-79.5	-6.1	-1.0	13.5
Total Assets (2)	147.1	75.9	96.1	274.1	217.1	683.2	888.9	1,097.5	1,353.1
ROA (1)/(2)	**-31%**	**-85%**	**-69%**	**-24%**	**-27%**	**-12%**	**-1%**	**0%**	**1%**
Is ot bigger than 10%?	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*
EBIT (1)	-45.9	-64.8	-66.1	-66.7	-59.6	-79.5	-6.1	-1.0	13.5
Assets (2)	147.1	75.9	96.1	274.1	217.1	683.2	888.9	1,097.5	1,353.1
Current Liabilities (3)	28.5	23.3	19.0	45.3	43.3	46.4	27.2	38.1	51.7
ROCE on EBIT (1)/(2-3)	**-39%**	**-123%**	**-86%**	**-29%**	**-34%**	**-12%**	**-1%**	**0%**	**1%**
DIAGNOSTIC: Is it bigger than 15%?	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*
Free Cash Flow (1)	-41.2	-67.0	-68.0	-51.3	-117.1	367.5	444.6	537.9	650.7
Assets (2)	147.1	75.9	96.1	274.1	217.1	683.2	888.9	1,097.5	1,353.1
Current Liabilities (3)	28.5	23.3	19.0	45.3	43.3	46.4	27.2	38.1	51.7
ROCE on FCF (1)/(2-3)	**-35%**	**-127%**	**-88%**	**-22%**	**-67%**	**58%**	**52%**	**51%**	**50%**
DIAGNOSTIC: Is it bigger than 10%?	*NO*	*NO*	*NO*	*NO*	*NO*	*YES*	*YES*	*YES*	*YES*
Cash Flow from Operations (1)	-40.0	-64.5	-68.0	-51.3	-100.0	369.1	446.7	540.5	654.0
Assets (2)	147.1	75.9	96.1	274.1	217.1	683.2	888.9	1,097.5	1,353.1
CASH FLOW OPERATIONS TO ASSETS (1)/(2)	**-27.2%**	**-85.0%**	**-70.7%**	**-18.7%**	**-46.0%**	**54.0%**	**50.2%**	**49.2%**	**48.3%**
DIAGNOSTIC: Is it bigger than 10%?	*NO*	*NO*	*NO*	*NO*	*NO*	*YES*	*YES*	*YES*	*YES*
Free Cash Flow (1)	-41.2	-67.0	-68.0	-51.3	-117.1	367.5	444.6	537.9	650.7
Revenues (2)	1.5	5.1	12.2	36.7	60.5	66.9	83.6	104.5	130.6
FCF OVER REVENUES (1)/(2)	**-2763.5%**	**-1313.9%**	**-557.8%**	**-139.7%**	**-193.5%**	**549.7%**	**532.0%**	**514.9%**	**498.4%**
DIAGNOSTIC: Is it bigger than 8%?	*NO*	*NO*	*NO*	*NO*	*NO*	*YES*	*YES*	*YES*	*YES*

RETURN ON EQUITY	Historic			Historic Scoring:		2 /10	Forecast	Scoring:	0 /10
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Net Profit (1)	-47.0	-65.2	-65.7	-66.7	-61.9	438.0	2.2	6.4	11.5
Revenues (2)	1.5	5.1	12.2	36.7	60.5	66.9	83.6	104.5	130.6
Total Assets (3)	147.1	75.9	96.1	274.1	217.1	683.2	888.9	1,097.5	1,353.1
Shareholders' Equity (4)	76.5	11.3	36.5	188.9	127.2	565.3	567.5	573.9	585.4
Margin (5)= (1)/(2)	-3149%	-1278%	-539%	-182%	-102%	655%	**3%**	**6%**	**9%**
Turnover (6) = (2)/(3)	0.01	0.07	0.13	0.13	0.28	0.10	**0.09**	**0.10**	**0.10**
Operating Leverage (7) = (3)/(4)	1.92	6.74	2.63	1.45	1.71	1.21	**1.57**	**1.91**	**2.31**
ROE Dupont (5)*(6)*(7)	**-61%**	**-579%**	**-180%**	**-35%**	**-49%**	**77%**	**0%**	**1%**	**2%**
Is it bigger than 15%?	*NO*	*NO*	*NO*	*NO*	*NO*	*YES*	*NO*	*NO*	*NO*

FINANCIAL LEVERAGE	Historic			Historic Scoring:		8 /10	Forecast	Scoring:	3 /10
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
EBIT (1)	-45.9	-64.8	-66.1	-66.7	-59.6	-79.5	-6.1	-1.0	13.5
Profit Before Tax (2)	-47.0	-65.2	-65.7	-66.7	-61.7	438.1	2.5	7.3	13.1
Total Assets (3)	147.1	75.9	96.1	274.1	217.1	683.2	888.9	1,097.5	1,353.1
Shareholders' Equity (4)	76.5	11.3	36.5	188.9	127.2	565.3	567.5	573.9	585.4
PBT/EBIT (5)=(2)/(1)	1.02	1.01	0.99	1.00	1.04	-5.51	-0.4	-7.7	1.0
Assets / Shareh. Equity (6)=(3)/(4)	1.92	6.74	2.63	1.45	1.71	1.21	1.6	1.9	2.3
FINANCIAL LEVERAGE (5)*(6)	**2.0**	**6.8**	**2.6**	**1.5**	**1.8**	**-6.7**	**-0.6**	**-14.6**	**2.2**
Is it bigger than 1%?	*YES*	*YES*	*YES*	*YES*	*YES*	*NO*	*NO*	*NO*	*YES*

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DEBT QUALITY RATIOS	Historic			Historic Scoring:		7 /10	Forecast	Scoring:	4 /10
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
ST Financial Debt (1)	0.0	0.0	0.0	0.0	0.1	7.1	7.3	19.0	31.4
LT Financial Debt (2)+Other LT (7)	45.0	81.3	67.7	71.9	85.6	112.7	294.2	485.5	716.1
Total Shareholders Equi+Liabilities (3)	147.1	75.9	96.1	274.1	217.1	683.2	888.9	1,097.5	1,353.1
DEBT RATIO = (1)+(2)/(3)	**31%**	**107%**	**70%**	**26%**	**39%**	**18%**	**34%**	**46%**	**55%**
Is it 40%-60%?	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*NO*	*YES*	*YES*
If less than 40%, conservative	*CONSERV.*			*CONSERV.*	*CONSERV.*	*CONSERV.*	*CONSERV.*		
Net Profit (1)	-47.0	-65.2	-65.7	-66.7	-61.9	438.0	2.2	6.4	11.5
ST + LT Financial Debt	45.0	81.4	67.7	71.9	85.6	119.8	301.5	504.5	747.4
CAPACITY TO SERVICE DEBT	**-104%**	**-80%**	**-97%**	**-93%**	**-72%**	**366%**	**1%**	**1%**	**2%**
Is it bigger than 40%?	*NO*	*NO*	*NO*	*NO*	*NO*	*YES*	*NO*	*NO*	*NO*
Financial Expenses	1.1	0.9	0.8	0.0	0.2	0.2	0.4	0.7	1.0
EBITDA	-39.8	-58.6	-60.3	-60.5	-51.7	-63.6	12.5	20.9	39.2
EFFECTIVE DEBT COST	**-2.9%**	**-1.5%**	**-1.3%**	**0.0%**	**-0.4%**	**-0.3%**	**3.2%**	**3.2%**	**2.5%**
Is it smaller than 5%?	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*

ALTMAN Z-SCORE	Historic			Historic Scoring:		10 /10	Forecast	Scoring:	10 /10
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Current Assets - Current Liabilities (1)	93.4	30.9	58.5	205.3	130.2	562.2	628.7	777.4	962.0
Shareholders' Equity (2)	76.5	11.3	36.5	188.9	127.2	565.3	567.5	573.9	585.4
EBITDA (3)	-39.8	-58.6	-60.3	-60.5	-51.7	-63.6	12.5	20.9	39.2
Short & Long Term Financial Debt (4)	45.0	81.4	67.7	71.9	85.6	119.8	301.5	504.5	747.4
Market Capitalization (5)	2,386.6	2,788.8	3,059.2	6,231.0	9,296.4	12,189.2	12,798.6	13,438.6	14,110.5
Asset Turnover (6)	0.01	0.07	0.13	0.13	0.28	0.10	0.09	0.10	0.10
Assets (7)	147.1	75.9	96.1	274.1	217.1	683.2	888.9	1,097.5	1,353.1
ALTMAN Z-SCORE	**32.4**	**18.8**	**26.4**	**53.3**	**66.2**	**63.0**	**27.4**	**17.7**	**13.0**
DIAGNOSTIC: Is it bigger than 3?	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*	*YES*

If Altman z-score bigger than 3, company will not default

PIOTROSKI F-SCORE	Historic			Historic Scoring:		3 /10	Forecast	Scoring:	7 /10
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
EBITDA	-39.8	-58.6	-60.3	-60.5	-51.7	-63.6	12.5	20.9	39.2
ROA	-27.1%	-77.2%	-62.7%	-22.1%	-23.8%	-9.3%	1.4%	1.9%	2.9%
Cash Flow From Operations	-40.0	-64.5	-68.0	-51.3	-100.0	369.1	446.7	540.5	654.0
Free Cash Flow	-41.2	-67.0	-68.0	-51.3	-117.1	367.5	444.6	537.9	650.7
Net profit	-47.0	-65.2	-65.7	-66.7	-61.9	438.0	2.2	6.4	11.5
Total Assets (1)	147.1	75.9	96.1	274.1	217.1	683.2	888.9	1,097.5	1,353.1
Long Term Debt	45.0	81.3	67.7	71.9	85.6	112.7	294.2	485.5	716.1
EBITDA/Revenues%	*-2669.3%*	*-1149.2%*	*-494.7%*	*-164.6%*	*-85.4%*	*-95.2%*	*15.0%*	*20.0%*	*30.0%*
Solvency (Current) Ratio	4.3	2.3	4.1	5.5	4.0	13.1	24.1	21.4	19.6
Revenues (2)	1.5	5.1	12.2	36.7	60.5	66.9	83.6	104.5	130.6
Asset Turnover (2)/(1)	0.01	0.07	0.13	0.13	0.28	0.10	0.09	0.10	0.10
Number of Shares (in Millions)	35.4	35.7	40.2	48.2	51.9	51.9	52.5	53.1	53.8
ROA > 0	0	0	0	0	0	0	1	1	1
ROA t_0 > ROA_{t-1}	0	0	1	1	0	1	1	1	1
FCF >0	0	0	0	0	0	1	1	1	1
CFO > Net Profit	1	1	0	1	0	0	1	1	1
(LT Debt/ Total Assets)$_t$<(LT Debt/ Total Assets		0	1	1	0	1	0	0	0
$EBITDA_0$>$EBITDA_{t-1}$	0	1	1	1	1	0	1	1	1
Assset Turnovert$_0$>Asset Turnover$_{t-1}$	0	1	1	1	1	0	0	1	1
Increase in Shares	1	0	0	0	0	1	0	0	0
Increase Current Ratio	0	0	1	1	0	1	1	0	0
PIOTROSKI F-SCORE	**2**	**3**	**5**	**6**	**2**	**5**	**6**	**6**	**6**

Scoring: 7-9 Optimal; 4-6 Fine; 1-3 Poor

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SECTION 3. VALUATION MODELS

VALUATION SUMMARY	POWERCELL SWEDEN				18-sep-20
Amounts in Millions	Historical Multiple	Current Multiple	Company Intrinsic Value	# Shares Millions	Intrinsec Share Price
PBV MULTIPLE VALUATION (1)	53.0	21.6	12,623	51.9	243.4
PSALES MULTIPLE VALUATION (2)	216.7	182.3	23,807	51.9	459.0
PE MULTIPLE VALUATION (3)	-48.7	27.8	15,987	51.9	308.2
PCF MULTIPLE VALUATION (4)	-51.4	33.2	17,267	51.9	332.9
EV/EBITDA MULTIPLE VALUATION (5)	-79.5	-186.5	9,342	51.9	180.1
DCF VALUATION (6)			15,683	51.9	302.3
PE VALUATION TO PEERS (7)			*161*	*51.9*	*3.1*
EV/EBITDA VALUATION TO PEERS (8)			*-139*	*51.9*	*-2.7*
MEDIAN INTRINSIC VALUE FROM MODELS (3), (4), (5), (6)			**15,835**		**305.3**

STOCK MARKET VALUE	**12,189**	**51.9**	**235.0**

TARGET PRICE ESTIMATED OFFERS % DIFFERENCE TO CURRENT MARKET PRICE	**30%**	**BUY**

If price upside to target price is >25% BUY; If between 10% to 25%, HOLD; If less than 10%, SELL

VALUATION WITH PSALES	Historic						Forecast		
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Revenues (1)	1.5	5.1	12.2	36.7	60.5	66.9	83.6	104.5	130.6
Number of Shares (2)	35.4	35.7	40.2	48.2	51.9	51.9	655.9	815.5	1,013.6
Share Price (3)	67.4	78.1	76.0	129.2	179.2	235.0			
Market Capitalization (4)=(2)*(3)	2,386.6	2,788.8	3,059.2	6,231.0	9,296.4	12,189.2			
PRICE TO SALES (5)=(4)/(1)	1,599.6	546.8	251.1	169.6	153.6	**182.3**			

Price per Share using PSales Valuation	Value	% Upside
P/Sales Valuation Year (11)	23,807	
PE/Sales Valuation Avg (12)	28,293	
Number of Shares (Millions) (13)	51.9	
P/Sales Valuation per Share Year (13)/(11)	**459.0**	**95.3%**
P/Sales Valuation per Share Avg (13)/(12)	**545.5**	**132.1%**
Market Price Current	235.0	

PSALES VALUATION BY MULTIPLES				
Years	2019	2020	2021	2022
Historical P/Sales	216.7			
P/Sales (6)	182.3			
	(7)	(8)	(9)	(10)
Revenues	66.9	83.6	104.5	130.6
	(6)*(7)	(6)*(8)	(6)*(9)	(6)*(10)
Price to Sales Valuation	**12,189**	**15,236**	**19,046**	**23,807**
P/Sales Valuation AVG	**14,486**	**18,108**	**22,635**	**28,293**

VALUATION WITH PBV	Historic						Forecast		
Amounts in Millions	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Shareholders' Equity (1)	76.5	11.3	36.5	188.9	127.2	565.3	567.5	573.9	585.4
Number of Shares (2)	35.4	35.7	40.2	48.2	51.9	51.9	52.5	53.1	53.8
Share Price (3)	67.4	78.1	76.0	129.2	179.2	235.0	235.0		
Market Capitalization (4)=(2)*(3)	2,386.6	2,788.8	3,059.2	6,231.0	9,296.4	12,189.2	12,337.8		
PRICE TO BOOK VALUE (5)=(4)/(1)	31.2	247.5	83.8	33.0	73.1	21.6	21.7		

Price per Share using PBV Valuation	Value	% Upside
PBV Valuation Year (11)	12,623	
PBV Valuation Avg (12)	31,040	
Number of Shares (Millions) (13)	51.9	
PBV Valuation per Share Year (13)/(11)	**243.4**	**3.6%**
PBV Valuation per Share Avg (13)/(12)	**598.4**	**154.7%**
Market Price Current	235.0	

PBV VALUATION BY MULTIPLES				
Years	2019	2020	2021	2022
Historical PBV	53.0			
PBV (6)	21.6			
	(7)	(8)	(9)	(10)
Shareholders' Equity	565.3	567.5	573.9	585.4
	(6)*(7)	(6)*(8)	(6)*(9)	(6)*(10)
Book Value Valuation	**12,189**	**12,237**	**12,375**	**12,623**
PBV Valuation AVG	**29,972**	**30,089**	**30,431**	**31,040**

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VALUATION WITH PE

Amounts in Millions	Historic 2014	2015	2016	2017	2018	2019	Forecast 2020	2021	2022
Net Profit (1)	-47.0	-65.2	-65.7	-66.7	-61.9	438.0	2.2	6.4	11.5
Number of Shares (2)	35.4	35.7	40.2	48.2	51.9	51.9	52.5	53.1	53.8
Share Price (3)	67.4	78.1	76.0	129.2	179.2	235.0			
Market Capitalization (4)=(2)*(3)	2,386.6	2,788.8	3,059.2	6,231.0	9,296.4	12,189.2			
PRICE EARNINGS (5)=(4)/(1)	-50.8	-42.8	-46.6	-93.4	-150.3	27.8	5,592.7	1,940.9	1,100.1

Price per Share using PE Valuation	Value	% Upside
PE Valuation Year (11)	320	
PE Valuation Avg (12)	-560	
Number of Shares (Millions) (13)	51.9	
PE Valuation per Share Year (13)/(11)	**6.2**	**-97.4%**
PE Valuation per Share Avg (13)/(12)	**-10.8**	**-104.6%**
Market Price Current	235.0	

PE VALUATION BY MULTIPLES				
Years	2019	2020	2021	2022
Historical PE	-48.7			
PE (6)	27.8			
	(7)	(8)	(9)	(10)
Net Profit	438.0	2.2	6.4	11.5
	(6)*(7)	(6)*(8)	(6)*(9)	(6)*(10)
Price Earnings Valuation (11)	**12,189**	**61**	**179**	**320**
PE Valuation AVG (12)	**-21,330**	**-107**	**-313**	**-560**

PEG

Amounts in Millions	Historic 2014	2015	2016	2017	2018	2019	Forecast 2020	2021	2022
Net Profit (1)	-47.0	-65.2	-65.7	-66.7	-61.9	438.0	2.2	6.4	11.5
PRICE EARNINGS (2)	-50.8	-42.8	-46.6	-93.4	-150.3	27.8	5,592.7	1,940.9	1,100.1
EPS Growth (3)		38%	-11%	-15%	-14%	-808%	-100%	188%	76%
PEG (2)/(3)				6.1	10.9	0.0	-56.2	10.3	14.4

VALUATION WITH PCF

Amounts in Millions	Historic 2014	2015	2016	2017	2018	2019	Forecast 2020	2021	2022
Free Cash Flow (1)	-41.2	-67.0	-68.0	-51.3	-117.1	367.5	444.6	537.9	650.7
Number of Shares (2)	35.4	35.7	40.2	48.2	51.9	51.9	52.5	53.1	53.8
Share Price (3)	67.4	78.1	76.0	129.2	179.2	235.0			
Market Capitalization (4)=(2)*(3)	2,386.6	2,788.8	3,059.2	6,231.0	9,296.4	12,189.2			
PRICE TO CASH FLOW (5)=(4)/(1)	-57.9	-41.6	-45.0	-121.4	-79.4	33.2	27.8	23.2	19.4

Price per Share using PCF Valuation	Value	% Upside
PCF Valuation Year (11)	21,584	
PCF Valuation Avg (12)	-33,477	
Number of Shares (Millions) (13)	51.9	
PCF Valuation per Share Year (13)/(11)	**416.1**	**77.1%**
PCF Valuation per Share Avg (13)/(12)	**-645.4**	**-374.6%**
Market Price Current	235.0	

PCF VALUATION BY MULTIPLES				
Years	2019	2020	2021	2022
Historical PCF	-51.4			
PCF (6)	33.2			
	(7)	(8)	(9)	(10)
Net Profit	367.5	444.6	537.9	650.7
	(6)*(7)	(6)*(8)	(6)*(9)	(6)*(10)
Price to Cash Flow Valuation	**12,189**	**14,747**	**17,841**	**21,584**
PCF Valuation AVG	**-18,906**	**-22,872**	**-27,671**	**-33,477**

VALUATION WITH EV/EBITDA

Amounts in Millions	Historic 2014	2015	2016	2017	2018	2019	Forecast 2020	2021	2022
EBITDA (1)	-39.8	-58.6	-60.3	-60.5	-51.7	-63.6	12.5	20.9	39.2
Long Term Debt + Short Term Debt (2)	45.0	81.4	67.7	71.9	85.6	119.8	301.5	504.5	747.4
Cash at Banks (3)	105.9	41.0	61.2	217.8	98.3	440.9	551.2	689.0	861.2
Number of Shares (4)	35.4	35.7	40.2	48.2	51.9	51.9	52.5	53.1	53.8
Share Price (5)	67.4	78.1	76.0	129.2	179.2	235.0			
Market Capitalization (6)=(4)*(5)	2,386.6	2,788.8	3,059.2	6,231.0	9,296.4	12,189.2	12,337.8	12,488.2	12,640.4
Enterprise Value (7)=(6)+(2)-(3)	**2,325.8**	**2,829.1**	**3,065.6**	**6,085.1**	**9,283.8**	**11,868.0**	**12,088.1**	**12,303.7**	**12,526.6**
EV/EBITDA (8)=(7)/(1)	-58.4	-48.3	-50.9	-100.6	-179.7	-186.5	964.4	589.0	319.8

Price per Share using EV/EBITDA Valuation	Value	% Upside
EV/EBITDA Valuation Year (14)	-7,306	
EV/EBITDA Valuation Avg (15)	-3,114	
Number of Shares (Millions) (13)	51.9	
EV/EBITDA Valuation p Share Year (14)/(11)	**-140.9**	**-159.9%**
EV/EBITDA Valuation p Share Avg (15)/(12)	**-60.0**	**-125.5%**
Market Price Current	235.0	

EV/EBITDA VALUATION BY MULTIPLES				
Years	2019	2020	2021	2022
Historical EV/EBITDA	-79.5			
EV/EBITDA (8)	-186.5			
	(9)	(10)	(11)	(12)
EBITDA	-63.6	12.5	20.9	39.2
	(8)*(9)	(8)*(10)	(8)*(11)	(8)*(12)
EV Value Estimated	**11,868**	**-2,338**	**-3,897**	**-7,306**
EV Value Estimated AVG	**5,058**	**-996**	**-1,661**	**-3,114**
Market Cap Estimated	**12,189**	**-2,088**	**-3,712**	**-7,193**
EV/EBITDA Valuation per Share	**235.0**	**-39.8**	**-69.9**	**-133.7**

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POWERCELL SWEDEN
18-sep-20

VALUATION WITH DCF	Historic				Forecast				
Amounts in Millions	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
FREE CASH FLOW (BBG)	-68.0	-51.3	-117.1	367.5	444.6	537.9	650.7	787.2	952.4
WACC				11.4%					
Average Price to Cash Flow (5)				51.45					
Terminal Value (6)=(4)*(5)									48,996.9
Present Value FCF (7)					399.1	433.4	470.6	511.1	555.0
Present Value of Terminal Value (8)									28,554.8
Cash at banks				440.9					
INTRINSIC VALUE (9)=(7)+(8)				**31,365.1**					
Number of Shares (10)	40.2	48.2	51.9	51.9					
Intricsic Value per Share (Po) (11)=(9)/(10)				604.7					

VALUATION COMPARED TO PEERS

Company	Currency	Market Cap	PE	PBV	ROE	EV/EBITDA	Moat	Investent Style
POWERCELL SWEDEN	**SEK**	**12,189**	**27.8**	**21.6**	**77.5%**	**-186.5**	**Wide**	**Large Growth**
HUBBELL	USD	6,492	16.8	3.3	21.4%	10.8		
ACUITY BRANDS	USD	3,314	11.1	1.6	15.5%	6.7		
NEL ASA	NOK	1,508		8.0	-13.1%	-40.4		
ITM POWER PLC	GBP	781		8.4	-26.9%	-13.8		
CERES POWER PLC	GBP	712		6.8	-5.4%	-24.9		
SFC ENERGY AG	EUR	176		4.0	-6.6%	55.0		

PEER VALUATION	PE	EV/EBITDA
AVERAGE SECTOR	14.0	-1.1
MEDIAN SECTOR (1)	14.0	-3.5
Company Net Profit (2)	11.5	39.2
Equity Value (3)=(2)*(1)	**161**	**-139**
Number of Shares	51.9	51.9
Intrinsic Share Price compared to Peers' Multiples	**3.1**	**-2.7**
Current Share Price	235.0	235.0
Upside Target in %	-99%	-101%

SECTION 4. SWOT ANALYSIS and INVESTMENT HIGHLIGHTS

SWOT ANALYSIS

Internal

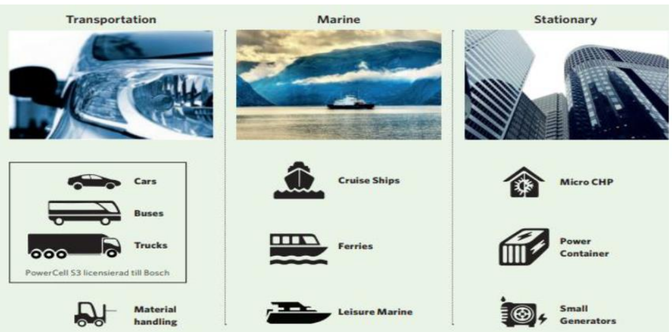
Positive | Negative

Strengths	**Weaknesses**
- Emerging technology - Strategic partners - Competitive patent portfolio - Policy for environment quality - No formal debt	- Manufacturing delays - Unable to meet demand - Small company - Weak financials. Business in its early stages
Opportunities	**Threats**
- Expansion in untapped market - Government programs - More use of fuel cells in electric vehicles - More focus on sustainability	- Currency risk - Company adaptation - Lack of regulation - Not a large presence in Asia

External

INVESTMENT HIGHLIGHTS

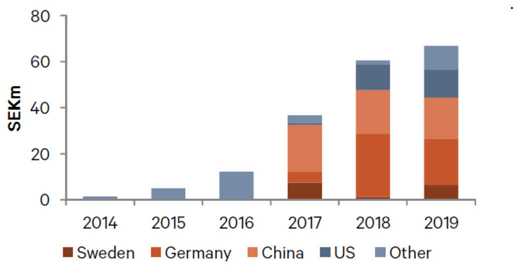
Market and Applications: Transportation, Marine and Stationary



PowerCell's product portfolio

Product/prototype	Type	Output (kW)	Fuel	Example of area of application
S2	Fuel cell stack	1-35	Hydrogen or reformed gas	Households and range extenders (REX) for vehicles
S3	Fuel cell stack	30-125	Hydrogen	Propulsion and stationary applications
PS-5	Fuel cell system (based on S2)	1-5	Hydrogen	Real-estate, telecom and safety system
MS-30	Fuel cell system (based on S2)	10-30	Hydrogen	Range extender (REX) in electrical vehicles and boats
MS-100	Fuel cell system (based on S3)	50-100	Hydrogen	Propulsion of vehicles and stationary applications

PowerCell's revenue has grown rapidly, and diversified in recent years



Source: Company reports

Group Strategy

PowerCell is evolving into a company that is close to its customers and organised to meet their expectations. Outstanding research facilities and an experienced team can address the challenges associated with high-technological and sustainable offerings.

- **Unique laboratory** - Besides our employees' extensive fuel cell technology expertise, PowerCell also offers one of the world's most powerful fuel cell and reformer laboratories.
- **Competitive patent portfolio** - PowerCell always aims for pioneering technological development and allocates extensive resources to protecting technologies with patents. Patents relates to the fundamental technology, and first and foremost everything within the key areas of fuel cell stacks and reformers.
- **Policy for environment and quality** - PowerCell develops and supplies fuel cells, systems and services that lower the environmental impact from energy generation and at the same time create a value for the customers through high product efficiency and durability
- **Core value** – Quality, Safety and Environmental Care

Growth drivers

Important events in January-March 2020

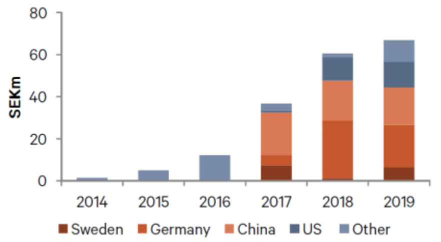
- PowerCell's Chinese subsidiary receives its first order

- PowerCell's Chinese subsidiary receives its first order
- PowerCell delivers MS-30 fuel cell system to the Italian ship building company Fincantieri S.p.A
- PowerCell and Inabata & CO Ltd., sign exclusive distribution agreement for the Japanese market
- PowerCell joins Swedish Electromobility Center
- Bus with PowerCell S2 in daily operations in China has run the equivalent of one lap around the globe
- PowerCell receives order for PowerCell S3 from Bosch for a total value of MSEK 11.5 Important events after period-end
- PowerCell signs contract with leading European shipyard regarding fuel cell system worth MSEK 77

Future
- Volvo Group and Daimler on April 21 announced a joint multi-billion SEK effort to develop fuel cells for commercial vehicles.
- **Martin Daum, President of Daimler Trucks, made the forecast that in 20 years' time 95 percent of all heavy-duty trucks will use fuel cells**. The message from the world's two largest truck manufacturers is more than welcome as it will speed up the transition to the hydrogen society and a broad deployment of the fuel cell technology within an increasing number of applications

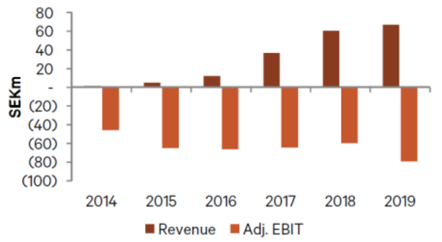
Analysts are clearly in love with PowerCell Sweden at the moment, but before diving in – you should be aware that we've identified some warning flags with the business, such as concerns around earnings quality and the hydrogen powercell technology development and adoption into daily life.

PowerCell's revenue has grown rapidly, and diversified in recent years



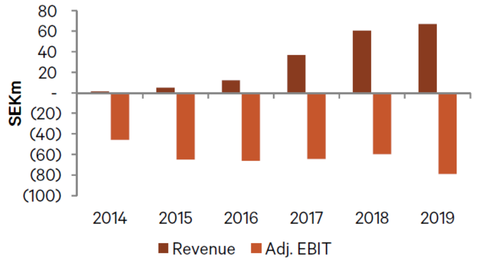
Source: Company reports

Investment in people and technology means the adjusted EBIT losses are widening



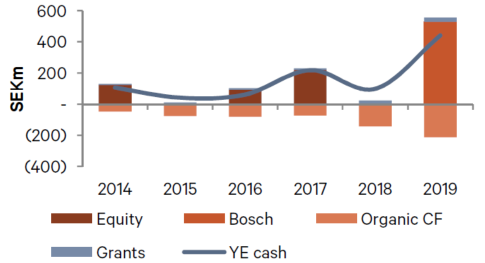
Source: Company reports

Profitability has not improved as revenue has grown



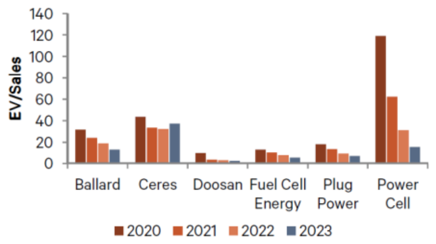
Source: Company reports, Berenberg

Cash flow was supported by equity raises and government grants until the Bosch licence fee was received in Q2 2019

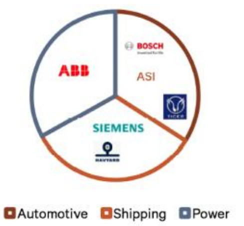


Source: Company reports, Berenberg

Fuel-cell companies are trading on large EV/sales multiples, indicating that the market is focusing on the longer-term potential



PowerCell has global partners across important sectors, but only Bosch has progressed to a commercial contract at this stage



Source: Company reports

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