



# FY 2018 Results Presentation

redT energy plc (AIM:RED)

Neil O'Brien, Executive Chairman  
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# Executive Summary

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- Strategic Review progressing well – ongoing discussions with a number of potential partners
- 2.3MWh deployed throughout 2018 across UK, EU, Africa, Asia & Australia
- Gen 2 sales led to first, £2.5m revenue contribution by redT business
- Gen 3 product launched and manufactured – designed margin product for volume roll-out
- Key developments achieved during YTD – Statkraft Partnership, First UK Grid project
- Sales opportunity pipeline continues growth - £1.2bn (gross), £199m (risked)

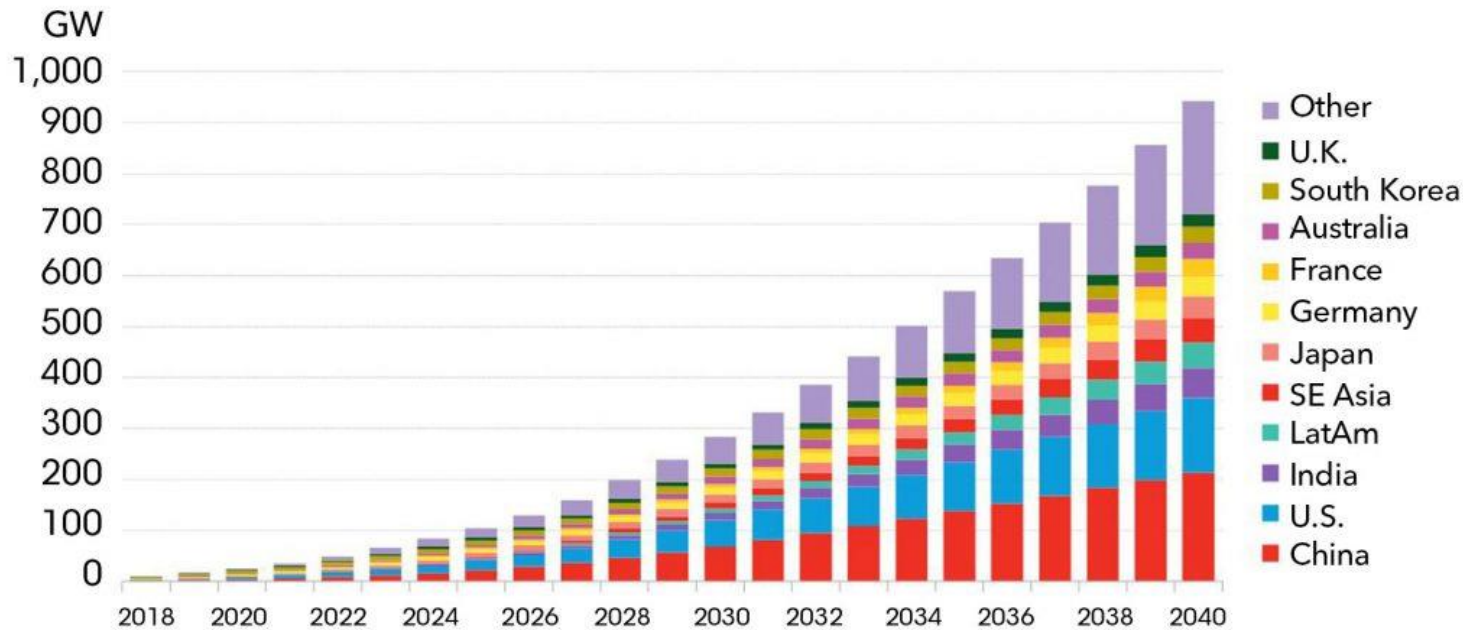
# Strategic Review

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- Strategic Review announced on 14<sup>th</sup> March – targeting one or more strategic partners to support & fund the long term development of the business
- Following 9<sup>th</sup> April announcement, without further funding, business has cash reserves sufficient to fund operations until end-Nov 2019
- Progressing well – discussions continuing with range of potential partners – due diligence conducted
- Further announcement on review status to be made as soon as possible

# Market outlook

Global cumulative storage deployments



Source: BloombergNEF

**3TWh**

Energy Storage  
Capacity by 2040

**\$620bn**

Expected  
investment by  
2040

\*BNEF forecasts Nov. 2018

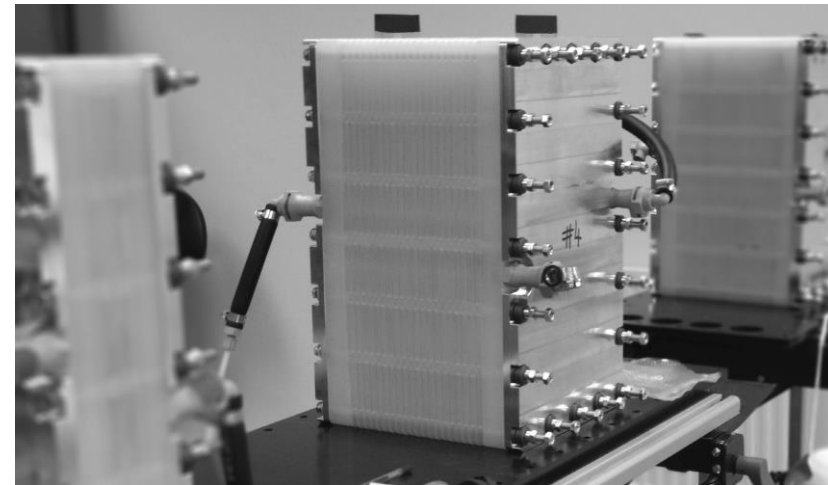
- Low-cost renewables are replacing gas and coal power from the merit order
- Drives increasing volatility in the wholesale power market, opening up new opportunities for energy storage

# redT current projects – a selection





# redT Gen 3 machine



# Case study – Anglian Water



## Anglian Water:

- Installed 15% renewables (to date) (106GWh)
- 30% renewables target by 2020
- redT solution can accelerate decarbonisation at commercial sites allowing up to 3x more solar generation to be installed per site
- Largest water company in England and Wales (geographical area)
- Collaboration with redT to optimise PV + storage across sites



**300kWh**

Total rated capacity



**60kW**

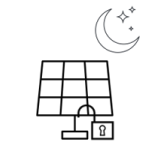
Total rated power



## Our **300kWh** machine will:

- Increase site solar from 240kWp to 700kWp (~3x more PV)
- Reduces energy costs by up to 50%
- Unlevered pre-tax IRR 10+%

## Solution applications



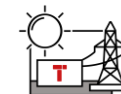
Solar firming



Peak shaving



Energy trading



Grid services



Energy security

# Case Study: Energy Superhub Oxford

## Energy Superhub Oxford

- £41m grid-connected project integrating 100 EV chargers with hybrid energy storage, heat pumps and AI-based control system
- Largest deployment of flow machines in UK & largest hybrid energy storage system to be installed globally.
- Hybrid Lithium & 5MWh flow, grid connected system – total 50MW
- Focus for redT 2019 production with delivery across 2019/2020

Consortium partners:





# Case Study: German Grid Storage

## Initial project

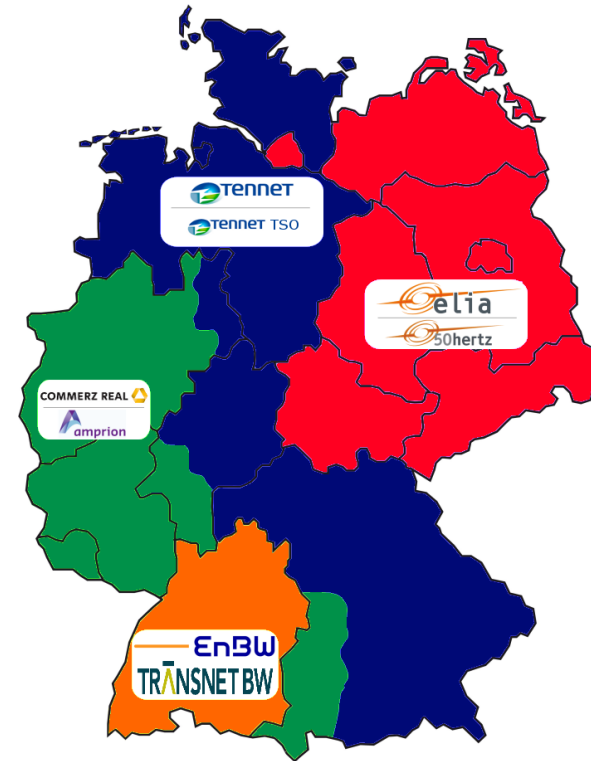
- 8MWh (~200 redT units) hybridised with 32MW Gas turbines
- Heavy cycling flow machines (>30% load factor) enable addition of low cycling gas generation to maximise project returns

## German SCR Market – Energy storage 2.0

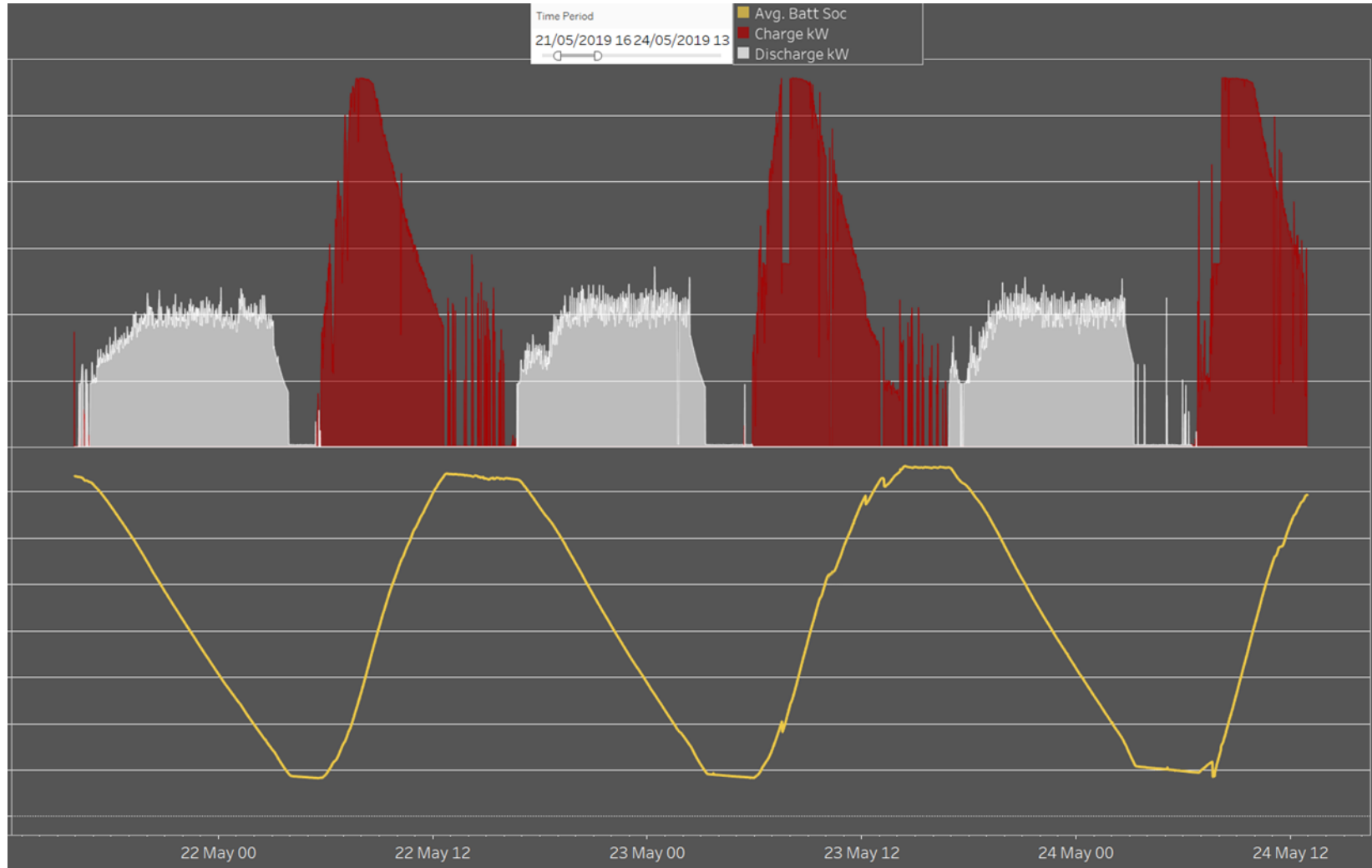
- 4 hour service to balance grid – true balancing of grid
- redT first project 1% of current SCR market
- Current services by Coal – 5 minute ramp time
- Coal will phase out – renewables will create more SCR market
- Deep market 2GW+ Secondary Control Reserve

## Further Phase

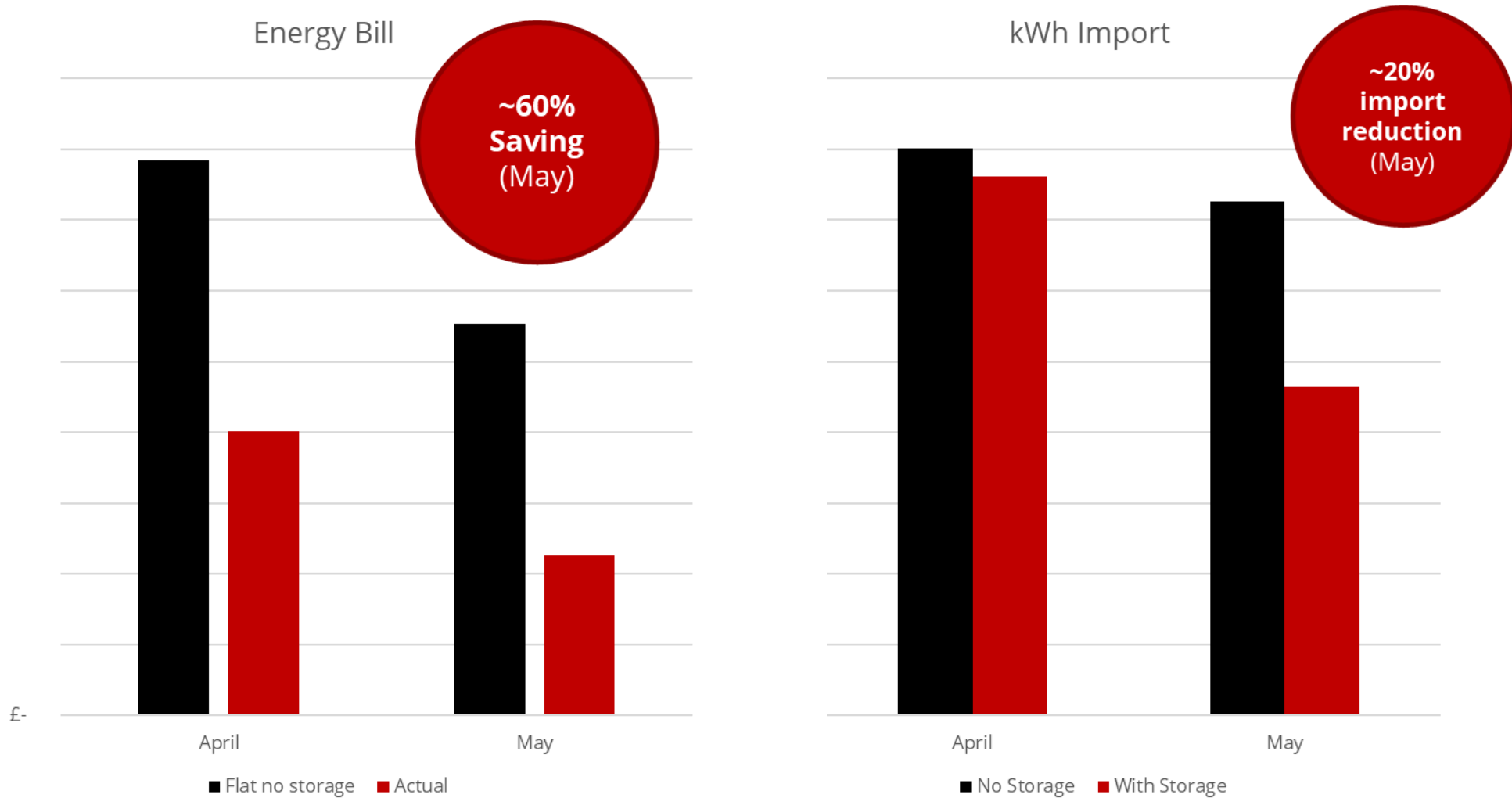
- 2nd project identical to initial project + further project expansions
- Total exclusive project portfolio – multiple sites



# Case Study: Dorset C&I site



# Case Study: Dorset C&I site



# Statkraft finance offer

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redT have joined forces with Statkraft, Europe's largest renewable energy generator, to offer the UK's first integrated, fully financed, solar + storage corporate PPA solution.

- No upfront capex for end-user
- 20-25 year PPA
- Up to 20% off energy bills
- Maximise energy from solar PV
- Accelerate carbon reduction targets

**100MWp**

Solar PV roll-out  
Targeted in next  
3 years

**60MWh**

Flow machine  
roll-out  
Targeted in next  
3 years

# Commercial Interest Pipeline

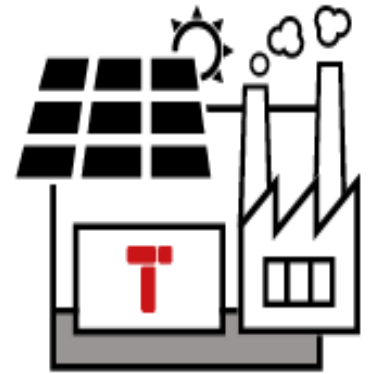
Deal Stage	Gross <sup>1</sup>	Weighted <sup>1</sup>	Average Expected Conversion
Project Development	£45m (1,379 units)	£27m (835 units)	60%
Quoted	£55m (4,414 units)	£14m (1,178 units)	26%
Early stage	£1,107m	£158m	14%
	£1,207m	£199m	16%

1. The “gross” amounts in the above table are extracted from the Group’s customer relationship management (CRM) system which tracks the progress and status of live commercial sale enquiries. The “weighted” figures are calculated by applying a probability weighting to the gross value of each enquiry based on management’s estimate of the likelihood that an enquiry will result in a firm order at some point in the future. The probability weighting does not take into account the timing of when an enquiry might become an order.



# FY2018 Financials

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# Highlights

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- Revenue from continuing operations up 87% to £4.2m (2017: £2.2m)
- Trading loss £11.7m (2017: £6.3m loss)
- Operating loss from continuing operations £12.2m (2017: loss £7.2m)
- Year end free cash £3.3m (31 December 2017: £6.6m)
- No borrowings
- Profit from legacy Camco operations minimal

# Income Statement

	2018 £m	2017 £m	Movement £m	%
<b>Continuing operations:</b>				
<b>Revenue</b>	<b>4.2</b>	<b>2.2</b>	<b>2.0</b>	<b>87</b>
Cost of sales	(2.5)	(0.3)	(2.2)	n/a
<b>Gross profit</b>	<b>1.7</b>	<b>1.9</b>	<b>(0.2)</b>	<b>(8)</b>
Administrative expenses (excl. SBP)	(13.4)	(8.2)	(5.2)	(63)
<b>Trading loss</b>	<b>(11.7)</b>	<b>(6.3)</b>	<b>(5.4)</b>	<b>(84)</b>
Share-based payments (SBP)	(0.5)	(0.9)	0.4	37
<b>Operating loss</b>	<b>(12.2)</b>	<b>(7.2)</b>	<b>(5.0)</b>	<b>(69)</b>
Net financing expense (mainly FX)	(0.2)	(0.3)	0.1	41
<b>Loss before tax</b>	<b>(12.4)</b>	<b>(7.5)</b>	<b>(4.9)</b>	<b>(66)</b>
Income tax	(0.1)	-	(0.1)	(92)
<b>Loss from continuing operations</b>	<b>(12.5)</b>	<b>(7.5)</b>	<b>(5.0)</b>	<b>(66)</b>
Loss from discontinued operations	-	0.1	(0.1)	(148)
<b>Loss for the period</b>	<b>(12.5)</b>	<b>(7.4)</b>	<b>(5.1)</b>	<b>(68)</b>
<b>Trading loss</b>	<b>(11.7)</b>	<b>(6.3)</b>	<b>(5.4)</b>	<b>(84)</b>
Add back depreciation	0.3	0.1	0.2	136
<b>Adjusted EBITDA</b>	<b>(11.4)</b>	<b>(6.2)</b>	<b>(5.2)</b>	<b>(84)</b>

# Segmental Analysis

	redT				Camco				Group			
	2018	2017	Movement		2018	2017	Movement		2018	2017	Movement	
	£m	£m	£m		£m	£m	£m		£m	£m	£m	
<b>Continuing operations:</b>												
<b>Revenue</b>	<b>2.5</b>	<b>0.7</b>	<b>1.8</b>	<b>250</b>	<b>1.6</b>	<b>1.5</b>	<b>0.1</b>	<b>9</b>	<b>4.1</b>	<b>2.2</b>	<b>1.9</b>	<b>87</b>
Cost of sales	(2.1)	(0.3)	(1.8)	(516)	(0.2)	-	(0.2)	n/a	(2.3)	(0.3)	(2.0)	n/a
<b>Gross profit</b>	<b>0.4</b>	<b>0.4</b>	<b>-</b>	<b>(4)</b>	<b>1.4</b>	<b>1.5</b>	<b>(0.1)</b>	<b>(10)</b>	<b>1.8</b>	<b>1.9</b>	<b>(0.1)</b>	<b>(8)</b>
Admin	(12.1)	(7.1)	(5.0)	(71)	(1.4)	(1.1)	(0.3)	(16)	(13.5)	(8.2)	(5.3)	(63)
<b>Trading loss</b>	<b>(11.7)</b>	<b>(6.7)</b>	<b>(5.0)</b>	<b>(75)</b>	<b>-</b>	<b>0.4</b>	<b>(0.4)</b>	<b>(89)</b>	<b>(11.7)</b>	<b>(6.3)</b>	<b>(5.4)</b>	<b>(84)</b>
Share-based payments	(0.6)	(0.9)	0.3	37	-	-	-	-	(0.6)	(0.9)	0.3	37
<b>Operating loss cont.</b>	<b>(12.3)</b>	<b>(7.6)</b>	<b>(4.7)</b>	<b>(62)</b>	<b>-</b>	<b>0.4</b>	<b>(0.4)</b>	<b>(89)</b>	<b>(12.3)</b>	<b>(7.2)</b>	<b>(5.1)</b>	<b>(69)</b>
Operating loss discount.	-	-	-	-	-	-	-	-	-	-	-	(148)
<b>Operating loss total</b>	<b>(12.3)</b>	<b>(7.6)</b>	<b>(4.7)</b>	<b>(62)</b>	<b>-</b>	<b>0.4</b>	<b>(0.4)</b>	<b>(100)</b>	<b>(12.3)</b>	<b>(7.2)</b>	<b>(5.1)</b>	<b>(72)</b>
<b>Trading loss</b>	<b>(11.7)</b>	<b>(6.7)</b>	<b>(5.0)</b>	<b>(75)</b>	<b>-</b>	<b>0.4</b>	<b>(0.4)</b>	<b>(89)</b>	<b>(11.7)</b>	<b>(6.3)</b>	<b>(5.4)</b>	<b>(84)</b>
Add back depreciation	0.3	0.1	0.2	138	-	-	-	n/a	0.3	0.1	0.2	136
<b>Adjusted EBITDA</b>	<b>(11.4)</b>	<b>(6.6)</b>	<b>(4.8)</b>	<b>(74)</b>	<b>-</b>	<b>0.4</b>	<b>(0.4)</b>	<b>(89)</b>	<b>(11.4)</b>	<b>(6.2)</b>	<b>(5.2)</b>	<b>(84)</b>

# Cash flow

	2018	2017	Movem't
	£m	£m	£m
<b>Loss for the year</b>	<b>(12.5)</b>	<b>(7.4)</b>	<b>(5.1)</b>
Add back:			
SBP	0.6	1.0	(0.4)
depreciation	0.3	0.1	0.2
FX movements	0.1	0.2	(0.1)
taxation	0.1	-	0.1
<b>Adjusted EBITDA</b>	<b>(11.4)</b>	<b>(6.1)</b>	<b>(5.3)</b>
Movement in:			
receivables	1.4	(1.8)	3.2
inventory	-	(0.6)	0.6
payables	0.1	(1.8)	1.9
deferred income	(1.6)	1.2	(2.8)
<b>Increase in working capital</b>	<b>(0.1)</b>	<b>(3.0)</b>	<b>2.9</b>
<b>Operating cash outflow</b>	<b>(11.5)</b>	<b>(9.1)</b>	<b>(2.4)</b>
<b>CAPEX</b>	<b>(0.4)</b>	<b>(0.5)</b>	<b>0.1</b>
<b>Proceeds from share issues</b>	<b>8.5</b>	<b>14.7</b>	<b>(6.2)</b>
<b>Increase in cash</b>	<b>(3.4)</b>	<b>5.1</b>	<b>(8.5)</b>
Opening cash	6.6	2.3	
FX on cash balances	0.1	(0.8)	
<b>Closing cash</b>	<b>3.3</b>	<b>6.6</b>	



# Balance sheet

	31 Dec 18	31 Dec 17	Movement
	£m	£m	£m
Property, plant and equipment	0.5	0.4	0.1
Intangible assets and goodwill	13.5	13.3	0.2
Deferred tax assets	-	0.1	(0.1)
<b>Non-current assets</b>	<b>14.0</b>	<b>13.8</b>	<b>0.2</b>
Inventory	0.5	0.6	(0.1)
Receivables	1.2	2.9	(1.7)
Payables	(1.5)	(1.5)	-
Deferred income	(0.2)	(1.8)	1.6
<b>Working capital</b>	<b>-</b>	<b>0.2</b>	<b>(0.2)</b>
<b>Cash</b>	<b>3.3</b>	<b>6.6</b>	<b>(3.3)</b>
<b>Net assets</b>	<b>17.3</b>	<b>20.6</b>	<b>(3.3)</b>
<b>Equity</b>			
Share capital & premium	106.3	97.8	8.5
Share-based payment reserve	2.2	1.7	0.5
Retained earnings	(91.1)	(78.4)	(12.7)
Translation reserve	1.3	1.1	0.2
Other reserve	(1.4)	(1.4)	-
Non-controlling interest	-	(0.2)	0.2
<b>Total equity</b>	<b>17.3</b>	<b>20.6</b>	<b>(3.3)</b>

# Summary

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- Strong energy storage market outlook – bullish projections from analysts
- Gen 3 product launched, 1<sup>st</sup> machine manufactured and ready for delivery  
– foundation product for positive margin
- Significant commercial developments in year-to-date
- Strategic review progressing well – ongoing discussions with number of partners

