

3 October 2023

Price (p)	43.50
Shares in issue (m)	191
Mkt Cap (£m)	83
Net debt (£m)	-6
EV (£m)	77
BVPS (p)	29.6

Share price performance	
1m	4.8%
3m	-21.6%
12m	85.1%
12 m high/low	64/19.4
Ave daily vol (30D)	237,302

Shareholders	
Schroders plc	22.0%
Amati Global	5.2%
GSR Ventures	4.5%
Utilico Emerging	4.2%
Herald Investment	4.2%
Everbrite Tech.	4.1%
Johnson Chiang	3.2%
Fidelity International	3.1%
Zulch L	1.2%
Free float	84.4%

Next news Finals Q2

Business description

Vanadium flow battery manufacturer and developer



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MORE PROGRESS IN TAIWAN

Invinity's 1.1MWh sale to NARLabs adds to existing progress in Taiwan and by providing a verification facility augments the company's development in a country moving fast to support a large renewable energy roll out.

New 1.1MWh sale to NARLabs

Invinity has announced a sale of five of its VS3 vanadium flow batteries with a storage capacity of 1.1MWh. These will be installed within a building at the NARLabs (National Applied Research Laboratories) laboratory in Taipei, emphasizing the relative safety of the Invinity battery and its suitability for installation in the build environment. The installation will supply the site with power stability but will also act as a performance verification resource, aiding the specification of Invinity batteries into future infrastructure projects in Taiwan. Procurement is through NeoSurfing a Taiwanese engineering, procurement and construction company and delivery is expected to commence in Q4 2023. This contract has already been included in the company's base category in its commercial pipeline.

Builds on existing traction in Taiwan

The Taiwanese government has set aggressive goals of 27GW of renewable energy generation by 2025, and 45GW by 2030. Of this, the country aims to deploy 20% of renewable energy output capacity in storage, equating to a 9GW energy storage market by 2030. Invinity has already announced sales in Taiwan with a 2.2MWh sale to Bei Ying, an industrial equipment reseller and an initial purchase order for 15MWh of VRFBs with Everdura. An additional framework agreement with Everdura also opens potential for a further 255MWh batteries to be ordered over the next three years. The NARLabs site's ability to verify performance is likely to be supportive to this wider roll out.

£,000 Dec	2021a	2022a	2023e	2024e	2025e	2026e
Sales	3,185	2,944	22,423	30,240	133,911	215,202
EBITDA	-20,537	-17,632	-20,625	-12,312	14,660	31,271
PBT	-21,372	-18,537	-22,800	-13,859	13,033	28,164
EPS	-24.1	-16.0	-12.4	-7.3	5.1	11.1
CFPS	-26.7	-19.5	-10.8	-5.1	3.2	3.4
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	-25,585	-3,428	-5,801	1,518	-4,572	-11,030
Debt/EBITDA	1.2	0.2	0.3	-0.1	-0.3	-0.4
P/E	-1.8	-2.7	-3.5	-6.0	8.5	3.9
EV/EBITDA	1.2	0.2	0.3	-0.1	-0.3	-0.4
EV/sales	-8.0	-8.7	-1.1	-0.8	-0.2	-0.1
FCF yield	-0.6%	-0.4%	-0.2%	-0.1%	0.1%	0.1%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

FINANCIAL MODEL

Profit and Loss Account

£,000, Dec	2021a	2022a	2023e	2024e	2025e	2026e
Turnover						
Sales	3,185	2,944	22,423	30,240	133,911	215,202
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	3,185	2,944	22,423	30,240	133,911	215,202
Operating profit						
Sales	-21,264	-18,982	-22,030	-13,794	13,098	28,223
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
Operating profit	-21,264	-18,982	-22,030	-13,794	13,098	28,223
P&L Account	2021a	2022a	2023e	2024e	2025e	2026e
Turnover	3,185	2,944	22,423	30,240	133,911	215,202
Operating Profit	-21,264	-18,982	-22,030	-13,794	13,098	28,223
Investment income	0	0	0	0	0	0
Net Interest	-108	445	-770	-65	-65	-59
Pre Tax Profit (UKSIP)	-21,372	-18,537	-22,800	-13,859	13,033	28,164
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	0	0	0	0	0	0
Pre Tax Profit (IFRS)	-21,372	-18,537	-22,800	-13,859	13,033	28,164
Tax	0	0	0	0	-3,258	-7,041
Post tax exceptionals	0	0	0	0	0	0
Minorities	0	0	0	0	0	0
Net Profit	-21,372	-18,537	-22,800	-13,859	9,775	21,123
Dividend	0	0	0	0	0	0
Retained	-21,372	-18,537	-22,800	-13,859	9,775	21,123
EBITDA	-20,537	-17,632	-20,625	-12,312	14,660	31,271
EPS (p) (UKSIP)	-24.07	-15.96	-12.43	-7.29	5.14	11.11
EPS (p) (IFRS)	-24.07	-15.96	-12.43	-7.29	5.14	11.11
FCFPS (p)	-26.71	-19.49	-10.85	-5.08	3.24	3.43
Dividend (p)	0.00	0.00	0.00	0.00	0.00	0.00

Source: Company data, Longspur Research estimates

KEY POINTS

- FY 22 revenue misses 16.4MWh of sales now recognised in FY 23
- FY 23 includes these plus 32.2MWh of sales announced in Q4 22
- Growth strong thereafter as further pipeline projects convert and pipeline itself grows

Balance Sheet

£,000, Dec	2021a	2022a	2023e	2024e	2025e	2026e
Fixed Asset Cost	3,601	6,581	6,957	7,342	7,737	15,100
Fixed Asset Depreciation	-1,496	-3,528	-4,933	-6,415	-7,977	-11,025
Net Fixed Assets	2,105	3,053	2,024	927	-240	4,075
Goodwill	24,097	24,050	24,050	24,050	24,050	24,050
Other intangibles	0	0	0	0	0	0
Investments	0	0	0	0	0	0
Stock	5,797	9,827	7,372	7,457	29,350	53,063
Trade Debtors	1,683	1,737	5,529	4,971	22,013	35,376
Other Debtors	6,604	9,281	9,281	9,281	9,281	9,281
Trade Creditors	-3,513	-4,935	-7,372	-9,942	-44,026	-70,751
Other Creditors <1yr	-5,142	-9,144	-9,144	-9,144	-9,144	-9,144
Creditors >1yr	0	0	0	0	0	0
Provisions	-5,976	-2,907	-2,907	-2,907	-2,907	-2,907
Pension	0	0	0	0	0	0
Capital Employed	25,655	30,962	28,833	24,693	28,378	43,042
Cash etc	26,355	5,137	7,413	7	6,019	12,406
Borrowing <1yr	350	740	740	740	740	740
Borrowing >1yr	420	969	872	785	706	636
Net Borrowing	-25,585	-3,428	-5,801	1,518	-4,572	-11,030
Share Capital	50,690	50,716	50,844	50,857	50,857	50,857
Share Premium	140,445	141,579	164,495	166,882	166,882	166,882
	-	-	-	-	-	-
Retained Earnings	143,557	162,094	184,894	198,753	188,978	167,855
Other	3,662	4,189	4,189	4,189	4,189	4,189
Minority interest	0	0	0	0	0	0
Capital Employed	25,655	30,962	28,833	24,693	28,378	43,042
Net Assets	51,240	34,390	34,634	23,175	32,950	54,073
Total Equity	51,240	34,390	34,634	23,175	32,950	54,073

Source: Company data, Longspur Research estimates

KEY POINTS

- Cash position increased following fund raising in FY 21 and new funding in FY 23
- Working capital expands with sales growth from FY 23

Cashflow

£,000, Dec	2021a	2022a	2023e	2024e	2025e	2026e
Operating profit	-21,264	-18,982	-22,030	-13,794	13,098	28,223
Depreciation	727	1,350	1,405	1,482	1,562	3,048
Provisions	4,049	-3,069	0	0	0	0
Other	1,302	1,013	0	0	0	0
Working capital	-7,778	-2,246	1,100	3,043	-8,110	-14,133
Operating cash flow	-22,964	-21,934	-19,525	-9,268	6,550	17,139
Tax paid	0	0	0	0	0	-3,258
Capex (less disposals)	-733	-708	-376	-385	-395	-7,363
Investments	-18	0	0	0	0	0
Net interest	0	3	-770	-65	-65	-59
Net dividends	0	0	0	0	0	0
Residual cash flow	-23,715	-22,639	-20,671	-9,719	6,090	6,458
Equity issued	28,424	1,161	23,044	2,400	0	0
Change in net borrowing	-4,388	22,157	-2,373	7,319	-6,090	-6,458
Adjustments	-321	-679	0	0	0	0
Total financing	23,715	22,639	20,671	9,719	-6,090	-6,458

Source: Company data, Longspur Research estimates

KEY POINTS

- Working capital outflows with improvement in FY 24 as terms improve
- New capex to meet production capacity requirements from FY 25
- Major equity issue in FY 21 and second raise in FY 23

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