

Leclanché

Project award

Major project in Caribbean

Leclanché has announced that it is working with the state-owned St. Kitts Electric Company (SKELEC) to build a solar generation plus storage project on the island of St. Kitts. Combining a 35.6MW solar farm and 44.2MWh battery storage facility, the project will be the largest in the Caribbean and Leclanché's largest project so far. Given the scale of this project, our estimates remain under review until there is greater visibility on when different phases of the project are scheduled to complete.

Year end	Revenue (CHFm)	EBITDA (CHFm)	PBT* (CHF)	EPS* (CHF)	DPS (CHF)	P/E (x)
12/17	18.0	(31.1)	(37.8)	(0.68)	0.0	N/A
12/18	48.7	(36.9)	(47.8)	(0.62)	0.0	N/A

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

Renewables currently account for only 5–6% of the electricity produced on the island of St. Kitts, making it heavily reliant on imported fossil fuel, especially diesel, for power generation. The government is keen to reduce this dependence as global oil price fluctuations directly affect the cost of power, thus affecting household disposable incomes and GDP. It has approved the allocation of land for the project site and, through SKELEC, signed a 20-year power purchase agreement, securing cost-savings of between 20–25% compared with diesel generated power. Once completed, the new project will provide 25–30% of the island's existing power generation requirements.

Together with local partner Solrid, Leclanché has set up a special purpose vehicle (SPV), financed by undisclosed third parties, with which it is in the final stages of negotiation. The SPV will fund, own and operate the facility. Leclanché will act as the prime engineering, procurement and construction contractor for the installation of both the solar photovoltaic system and the battery energy storage system (BESS). Once the project is completed and delivered, Leclanché will be responsible for management of all the project operations, maintenance and equipment warranties. This will be the largest project the company has worked on so far, the next largest being a 34.8MWh BESS in Cremzow, Germany, completed in FY18. We note Leclanché delivered c 50MWh capacity during FY18, generating CHF32.2m revenues from its Stationary segment.

Renewable energy

8 August 2019

Price **CHF1.64**

Market cap **CHF230m**

Net debt (CHFm) at end December 2018 (including CHF36.6m convertible loan) 34.5

Shares in issue 140.7m

Free float 29.8%

Code LECN

Primary exchange SIX

Secondary exchange N/A

Share price performance



Business description

Leclanché is a fully vertically integrated energy storage solution provider. It delivers a wide range of energy storage solutions for homes, small offices, large industries and electricity grids, as well as hybridisation for mass transport systems such as bus fleets and ferries.

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