

# Fluence Corporation

Contract update

## Financial close for Ivory Coast

Fluence has announced financial close on its Ivory Coast project. While there was little doubt this would be achieved at some point, it reduces uncertainty and enables at least US\$20m in revenue to be recognised for work already completed. The precise timing of this revenue recognition is still unclear. Apportioning some or all of the US\$20m to Q419 would significantly boost Fluence's chances of delivering Q419 guidance (EBITDA profitability).

Year end	Revenue (US\$m)	Adj. EBITDA* (US\$m)	EPS* (c)	EV/Revenue (x)	EV/EBITDA (x)	P/E (x)
12/17	33.2	(23.6)	(7.0)	6.6	N/A	N/A
12/18	101.1	(8.5)	(2.5)	2.2	N/A	N/A
12/19e	90.0	(21.8)	(4.4)	2.4	N/A	N/A
12/20e	175.9	1.9	(0.1)	1.2	115.2	N/A

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

The Ivory Coast is a significant turnkey project that is important to Fluence's development (see "[Landmark](#)" €165m contract win for details). It is the company's largest project, potentially accounting for more than 40% of revenues in FY20, and should help deliver the scale it needs to reach EBITDA and cashflow break-even. Nevertheless, predicting the timing on revenue recognition, as with all Custom Engineering Solutions (CES) projects, is not easy. In [Cash call](#), we highlighted the risk that the US\$20m Fluence expected to recognise in Q419 from this contract for work already completed could be delayed and consequently Fluence may miss its target of reaching EBITDA profitability in the quarter. This update confirms this risk but also highlights that any delay would be purely a timing issue.

We make no changes to our underlying forecasts at this point. This update contains no new information on the Smart Product Solutions (SPS) business and the company is due to publish a Q4 trading statement at the end of the month.

Industrials

9 January 2020

**Price** **A\$0.46**
**Market cap** **A\$285m**

US\$/A\$1.46

Forecast net cash (US\$m) at end 2019 24

Shares in issue 619m

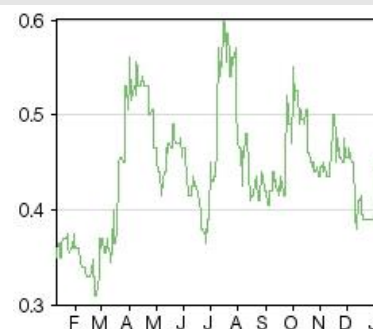
Free float 60%

Code FLC

Primary exchange ASX

Secondary exchange N/A

### Share price performance



### Business description

Fluence is a global supplier of water and wastewater treatment solutions. Its decentralised products provide municipal customers with 'plug and play' solutions that are quicker to deploy and substantially cheaper than traditional alternatives.

### Analysts

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