

MPCES NO

Newsflash

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MPC Energy Solutions

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Renewables

Commences Construction of Colombian Solar Plant

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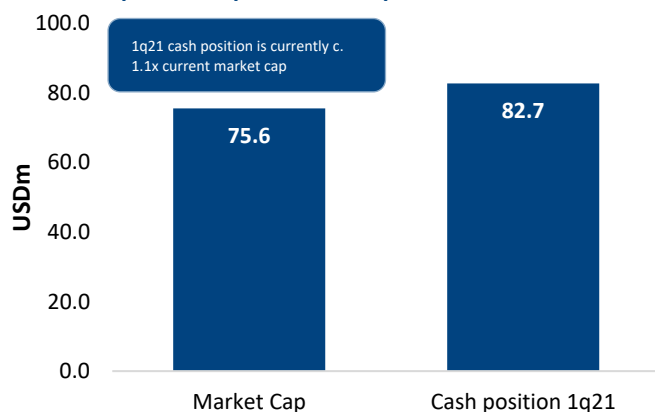
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MPCES announce that construction has commenced for a c. 27 MWp solar PV plant in Colombia. We estimate that the 15-year PPA should be in the USD 50-60/MWh range, implying an annual c. USD 2.5-3m revenue projection under a 20% capacity factor assumption (*dependent on FX*). Note that the project is a JV with Akua Energy (*French developer and operator*).

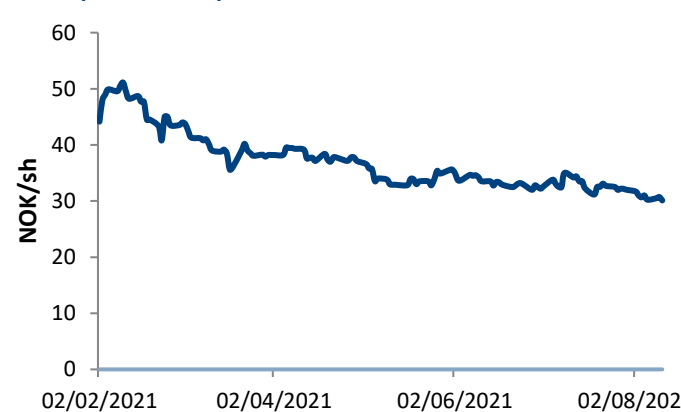
Assuming the details disclosed in the Mar-21 presentation remains intact, MPCES ownership share is 50% with a target equity of c. USD 6m. Further, the debt is provided by Bancolombia (*largest commercial bank in Colombia*) with FStest high-single digit interest rate levels (6-8%). Commission date is expected by 3q21 (*FStest Jul-21*). Importantly, the IRR guidance is in-line with previous guidance of c. 11-16%, as we have it.

We continue to view MPCES as a solid investment case that is currently significantly underpriced. As a case in point, note that the company is currently trading below its cash position from 1q21 (*with no debt*) of c. USD 82.7m, which is above the current market cap (*c. 1.1x*), see below. As capital is being deployed and cash flow generation will arrive, we believe a repricing is evident. We reiterate Buy on the share.

Market cap vs. cash position last quarter



Share price development



Source: Fearnleys

We note that the PPA terms is a 15-year contract to sell all electricity generation to a local utility with a AAA credit rating by a leading rating agency which should result in limited offtake risk on the project, as we have it. In combination with MPCES experience and a team with project development skills with boots on the ground in both Panama City and Bogota should reduce the overall project risk further. Overall, a very positive update from MPCES which demonstrates that the project portfolio is moving ahead. We expect more project announcements in the coming weeks/months from Honduras and Puerto Rico while we expect Bahamas projects to be slightly delayed due to travel restrictions in the region (*COVID related*).

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Definitions of Key Terms

| | |
|-------|---|
| Buy: | When price target is more than 15 % above market price. |
| Hold: | When target price is between -15%- +15% and/or if we do not see a compelling investment case in the share |
| Sell: | When target price is 15 % or more below market price. |

Equity recommendations prior to 8 July 2019

| | |
|-------------|---|
| Buy: | When price target is more than 15 % above market price. |
| Accumulate: | When target price is within 5-15 % above market price. |
| Reduce: | When target price is +5 % to -15 % below market price. |
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| | | |
|--------------|----------------------|-----------|
| High risk: | beta above | 1.2 |
| Medium risk: | beta range | 1.0 – 1.2 |
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Definitions of Key Terms

Buy: The risk premium is considered as favorable relative to credit risk

Hold: The risk premium is considered as acceptable relative to credit risk (Prior to April 11, 2016, defined as Accumulate)

Sell: The risk premium is considered as not acceptable relative to risk (Prior to April 11, 2016, defined as Reduce)

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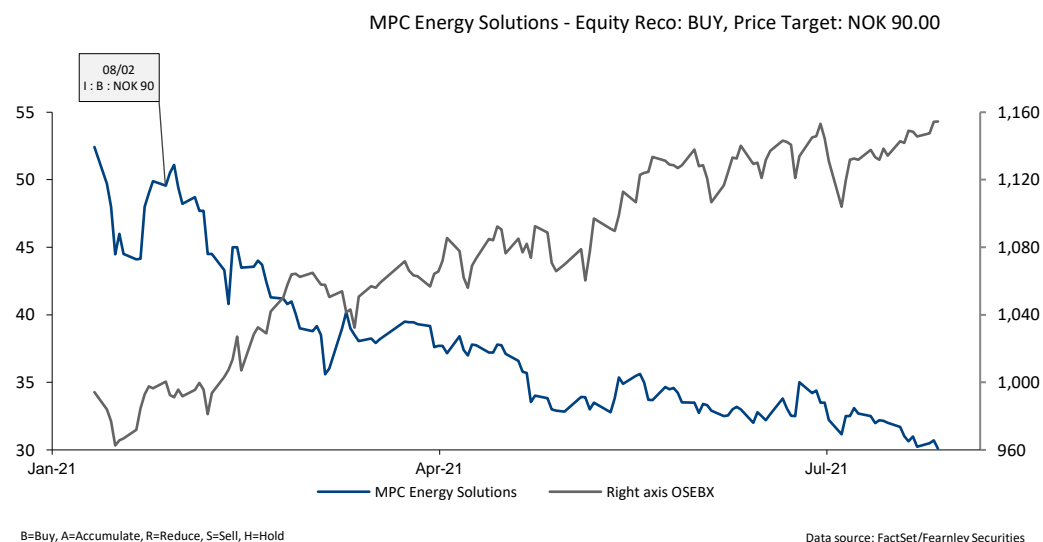
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9. Previous Recommendations



Credit Recommendation changes for MPC Energy Solutions

| Date | Credit Recommendation |
|------|-----------------------|
|------|-----------------------|

Please contact fondsweb@fearnleys.no to receive additional information about Recommendations in the financial instruments of the issuing company the last 36 months, including data on changes in Recommendations. Please be aware that certain informal Recommendations may be excluded.

10. Previous Reports

| Date | Title | Reason |
|-----------|--------------------------------------|--------|
| 08-Feb-21 | A First-Class Growth Vehicle is Born | Update |

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| Company Name | Analyst's holding | | Others | | Last updated |
|------------------------------------|-------------------|-------|----------|-------|--------------|
| | Equities | Bonds | Equities | Bonds | |
| Seadrill LTD | 350 | - | - | - | 31.05.2021 |
| Valaris PLC | 625 | - | - | - | 31.05.2021 |
| Fusion Fuel Green Plc ¹ | 400 | - | - | - | 31.05.2021 |

¹ Including 3.900 warrants

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- (i) participation by any Fearnley party as manager or co-manager of a public offering relating to a Recommendation Subject in the preceding twelve months;
- (ii) receipt of compensation by a Fearnley party for investment banking services from a Recommendation Subject in the preceding twelve months;
- (iii) expectation that a Fearnley party will receive, or intends to seek, compensation for investment banking services from the Recommendation Subject in the following three months; and
- (iv) receipt of compensation by a Fearnley party for products or services other than investment banking services in the preceding twelve months, as well as identification of all categories of services offered (investment banking, non-investment banking securities-related, or non-securities services).

Last updated: 30 June 2021

- Africa Energy Corp
- Avance Gas Holdings Ltd
- Bergen Carbon Solutions AS
- Borr Drilling Ltd
- Danaos Corporation
- Eagle Bulk Shipping Inc
- Fusion Fuel Green Plc
- Global Ship Lease, Inc
- Golden Ocean Group ASA
- Hav Group ASA
- Horisont Energi AS
- HydrogenPro AS
- Höegh LNG Holdings Ltd
- Integrated Wind Solutions AS
- Kyoto Group AS
- Magnora ASA
- MPC Energy Solutions N.V
- M Vest Water AS
- Norsk Solar AS
- Ocean Sun AS
- OHT ASA
- Seabird Exploration Plc
- Seaspan Corporation
- Teco 2030 ASA
- The Metals Company Inc

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Last updated 4 May 2021

| Rating distribution | | | | | Investment banking relationship | | | | |
|---------------------|------------|------|--------|------|---------------------------------|------------|------|--------|------|
| Buy | Accumulate | Hold | Reduce | Sell | Buy | Accumulate | Hold | Reduce | Sell |
| 71% | 1% | 22% | 0% | 6% | 89% | 0% | 11% | 0% | 0% |