

ITM Power PLC

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ITM Power heads higher after Linde AG takes 20% stake

German industrial gases and engineering giant Linde is to take a 20% stake in British energy storage company ITM Power PLC (LON:ITM).

ITM announced plans to raise at least £52m through the issue of shares at 40p each, which included a firm commitment from Linde to buy £38m of those shares; the rest will be placed with certain existing ITM shareholders and new institutional investors.

The plan is for Linde to appoint a non-executive director to the board of ITM once the dust has settled from the fund-raising.

ITM shareholders will also be offered the opportunity to acquire shares at 40p through an open offer that is intended to raise up to an additional £6.8m.

ITM has also entered into a 50/50 joint venture (JV) with Linde that will focus on delivering green hydrogen to large scale industrial projects, principally those with an installed electrolyser capacity of 10 Megawatts (MW) and above.

The cash raised will be used to enhance the manufacturing capabilities of ITM, particularly for the development and production of large-scale 5MW electrolysers; to facilitate product standardisation and manufacturing cost reduction; to fund its initial financial contribution to the JV and to provide working capital and balance sheet strength to support the delivery of the contract backlog and opportunity pipeline.

"The major strategic investment from Linde cements a five-year relationship between us and provides ITM Power with a world-leading partner that brings deep expertise in engineering, procurement and construction and a global customer base," said Graham Cooley, the chief executive officer of ITM.

"The joint venture will enable us to focus on our core competency of the development and sale of electrolysers, and with Linde as our partner to deliver green hydrogen at scale, The successful fundraising provides the financial resources to exploit this exciting opportunity to the full," he added.

Joint Venture with @Lindeplc and £38m strategic investment:
<https://t.co/4O8MyrpZXA> #hydrogen #climate #netzero #Energiewende

— ITMPowerPlc (@ITMPowerPlc) October 3, 2019

The announcement came on the same day that ITM published its results for the year to the end of April.

Sales revenue rose 40% to £4.6m from £3.3m.

The pre-tax loss widened to £9.32m from a loss of £6.48m the year before, partly reflecting the impact of producing first-of-a-kind large scale plant then installing it in new and varied situations.

Price: 121

Market Cap: £570.3 m

1 Year Share Price Graph



January 2019 July 2019 January 2020

Share Information

Code: ITM

Listing: AIM

52 week High Low
129 18.5351

Sector: Hardware & electrical equipment

Website: www.itm-power.com

Company Synopsis:

ITM Power specialise in the manufacture of integrated hydrogen energy systems. Founded in June 2001, the company floated on the Alternative Investment Market (AIM) in 2004 and was the first United Kingdom-based fuel cell company to go public. ITM Power operates out of two premises in Sheffield, UK with further offices in Germany, France the USA and Canada.

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The group also saw increased costs of recruitment in the year as it continued to grow in preparation for delivery of its order book.

ITM also recognised an impairment relating to a historic prepayment, having reached a commercial agreement with the supplier.

ITM said these costs are not expected to recur once the move to the new factory is completed as additional space and upgraded power will allow for more rigorous factory testing of its larger-scale products prior to site delivery.

Net cash burn increased to £15.23m from £9.55m in the year before, largely as a result of increased up-front spending on its build projects to secure timely deliveries of long-lead-time components.

"The group has benefited from the lessons learned in deploying units above 1MW for the first time, including in harsh environments and difficult operating conditions. This delivers significant competitive advantage for future deployments as we scale up and standardise our products," Cooley said.

"We've also been learning how to maximise value from our growing portfolio of revenue-generating assets in the shape of the first real hydrogen refuelling network in the UK," the chief executive added.

Shares in ITM Power were up 10% at 47.27p on Thursday afternoon.

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