

ITM Power PLC

15:27 03 Oct 2019

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: 104.5

Market Cap: £492.53 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.

action@proactiveinvestors.com

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 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.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.