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CLEAR
CAPITAL MARKETS

06 May 2021

Promotion

Company Details

Share Price (Mid) :	13.3 GBp *
12month High / Low	12.5-14.7 GBp
Recommendation:	Buy
Target Price	26p (+97%)
Ticker:	MAST.L
Reporting Currency	GBP
Sector:	Energy
Key Market Data	
Market:	London Stock Exchange (LSE)
No. Shares in Issue (m)	188.6m
Of Which;	
Kibo Energy Plc	55.4%
St Anderton on Vaal Ltd	19.6%
Free Float (%)	25.0%
Market Capitalisation	GBP 25.1m
Net Debt (Cash)	GBP 0.0m
Other EV Adjustments	None
Enterprise Value (EV)	GBP 25.1m
Next Results Date:	TBC
Year end	31 December

Company Objective: Growth

Mast Energy Developments plc (MED) is a UK focused, developer of small-scale natural gas power plants. Its objective is to be able to provide reserve power to the UK national grid through a portfolio of plants distributed across the country. 'Critical time' power generation is becoming more urgent as conventional fossil fuel power plants are decommissioned but renewable power sources (wind, solar, nuclear) are not yet of sufficient scale or reliability to compensate.

Importantly, MED already has an offtake (supply) agreement for all the energy it can produce for the next 15 years. Focus is thus now on building power generation capacity.

Clear Capital Markets acts as Broker to Mast Energy Developments plc.

Mast Energy Developments PLC

Mast Energy Developments PLC (MED) the UK focused developer of small-scale Reserve Power ('RP') natural gas power plants, has today issued an Operational Update on its site development pipeline. Briefly, MED now expects its near-term (6-12 month) power generation capacity to be in the range 54-58 MWs, from its IPO date's estimated figure of 20 MW. This is a huge step forward in terms of potential productivity and leads us to ascribe a fresh target price for the stock of 26p per share, accompanied with a Buy recommendation.

- **The UK's Changing Power Sources.** As a quick reminder of the macro picture; the UK is rapidly switching its power generation sources from large scale, fossil fuel plants to smaller, Reserve Power (RP) gas and renewable sources (Solar & Wind) plants. Both of which are cleaner and more flexible in terms of satisfying peak demand periods – but Solar and Wind power sources can be unreliable - thus MED's focus upon gas powered plants.
- **MED, Sharply Upgrading Output Expectations.** At the IPO stage in mid-April, MED stated its expected power output would be around 20MW within 6 months, but that this was likely to move higher as near-term acquisitions were completed and project visibility improved. Today, MED has announced that its power output expectations are now in the 54-58 MW range, as existing projects are likely to yield more and a number of new site opportunities have been identified with MED as the preferred counterparty / developer.
- **MW 300 Power Capacity moves closer.** MED's stated power generation target of 300 MW now looks far more achievable; near term probable capacity has risen sharply, but also MED is currently in talks with a number of other site developers with site capacities totalling a further 166 MWs.
- **Valuation & Recommendation.** We believe that MED is well positioned to benefit from the changing UK power generation landscape and today's announcement further strengthens this position; *especially as MED has already negotiated an offtake agreement for all the power it can supply for the coming 15 years.* As a quick reminder, MED listed on 14 April 2021 at 12.5p per share with a near term power generation expectation of 20MW. MED's expectations have now risen to 54-58MW, along with a further potential 166MW coming down the track; which is indicative of the management team's industry expertise in our view. Given all of the above, we feel justified in ascribing a fresh near-term target price for the stock of 26p and reiterating our Buy recommendation.

* Share Price correct at 4.30pm on 05 May 2021.



Why Clear Capital Markets?

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We offer bespoke advice and strategies that are tailored to each individual client, from long term investment advice and portfolio creation to short term trading ideas, or a combination of both.

Clear Capital Markets provides research, advisory and execution only services on multiple asset classes including: Equities, Options, Futures, ETFs and CFDs.

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