



Blackstone

Batteries-Battery Sys / Switzerland

Update on preliminary 2021 results

Latest - 11/05/2022

Blackstone Resources has released better-than-expected 2021 preliminary 'unaudited' operating results. Also, after the untimely exit of its auditor, the firm is likely to file its 2021 annual report in July 2022 – which has been authorised by the Swiss regulator. However, a big bone of contention for now happens to be clarification with respect to the Finma allegations and, hence, our estimates and recommendation remain under review, pending clarification(s) from management.

Fact

Blackstone Resources has released preliminary 2021 results, with the following highlights:

- 1/ Net sales were CHF49.2m (vs. AV estimate of CHF1.6m); H1 21 sales were 'NIL';
- 2/ EBITDA was CHF42.9m (vs. CHF8.8m loss); H1 21 loss was CHF1.6m;
- 3/ EBIT was CHF41.6m (vs. CHF33.4m); H1 21 loss was CHF2.3m;
- 4/ Net profit was CHF15.4m (vs. CHF34.3m); H1 21 loss was CHF2.7m;
- 5/ 2021-end total assets were CHF164m (vs. CHF191m); and
- 6/ 2021-end shareholders equity was CHF56.4m (vs. CHF70.2m).

Analysis

The above-mentioned figures are 'unaudited' numbers and a detailed release from management, with respect to the rationale for major performance revival in H2 21, is still awaited. It won't be a surprise if the gain on the disposal of a minority interest in a precious metal asset – claimed to be closed in late 2021 but cash guided to be realised in 2022 – was booked in sales and, hence, benefiting the respective profitability metrics. Although the correctness of such an accounting entry, if it happened at all, remains debatable.

It is worth noting that Moore Stephens Expert (Zurich) AG quit as Blackstone Resources' auditor in March 2022. As a result, the firm placed a request with Swiss Exchange Regulation AG for an extended deadline for filing the 2021 Annual Report. This request was approved by the regulator in late-April 2022. Now the deadline for filing the Annual Report is 31 July 2022.

However, since the start of 2022, the negative sentiment for Blackstone's shares has intensified, with the scrip being almost reduced to August 2020 lows, which was also the time when the firm reported various R&D breakthroughs in the battery technology venture – thereby triggering a massive rally in the following days. While the stock has been highly volatile since then, its extreme movements have been very similar to Quantumscape (another new-age battery tech firm).

Impact

Our estimates and recommendation are under review and we await clarity from management, especially with respect to recent allegations from Finma (Swiss market authority).



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This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Buy	Upside: 1,322%
Target Price (6 months)	CHF 11.9
Share Price	CHF 0.84
Market Cap. CHFM	35.9
Price Momentum	NEGATIVE
Extremes 12Months	0.84 ▶ 4.04
Sustainability score	4.2 / 10
Credit Risk	C ↗
Bloomberg	BLS SW Equity
Reuters	BLS.S


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PERF	1w	1m	3m	12m
Blackstone Resources	-3.45%	-45.8%	-59.2%	-78.1%
Capital Goods	-4.11%	-10.2%	-17.1%	-19.8%
STOXX 600	-5.81%	-8.82%	-11.0%	-5.64%

Last updated: 25/01/2022	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	3.60	4.57	-1.86	1.98
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-38.9	-25.0	ns	1.73
Adjusted EPS (CHF)	0.42	0.80	-0.45	0.42
Growth in EPS (%)	225	93.6	n/a	n/a
Dividend (CHF)	0.00	0.00	0.00	0.00
Sales (CHFm)	0.01	1.59	80.5	329
EBITDA/R margin (%)	ns	ns	0.25	20.7
Attributable net profit (CHFm)	17.7	34.3	-19.3	18.1
ROE (after tax) (%)	55.5	62.9	-22.5	15.6
Gearing (%)	53.9	24.0	2.60	-11.1

[Company Valuation](#) - [Company Financials](#)

Sales by Geography

Valuation Summary

Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	CHFM	0.01	1.59	80.5
Change in sales	%	ns	ns	4,955
Change in staff costs	%	379	66.7	18.3
EBITDA	CHFM	-3.06	-8.76	0.20
EBITDA(R) margin	%	ns	-550	0.25
Depreciation	CHFM	-1.38	-0.57	-17.2
Underlying operating profit	CHFM	-4.43	-9.33	-17.0
Operating profit (EBIT)	CHFM	17.7	33.4	-17.0
Net financial expense	CHFM	-0.64	-0.27	-0.41
of which related to pensions	CHFM		0.00	0.00
Exceptional items & other	CHFM	0.00	0.00	0.00
Corporate tax	CHFM	0.16	1.66	-0.87
Equity associates	CHFM	0.00	0.00	0.00
Minority interests	CHFM	0.51	-0.43	-1.06
Adjusted attributable net profit	CHFM	17.7	34.3	-19.3
NOPAT	CHFM	12.4	23.4	-11.9

Cashflow Statement

EBITDA	CHFM	-3.06	-8.76	0.20
Change in WCR	CHFM	-0.23	-6.27	-6.64
Actual div. received from equity holdi...	CHFM	0.00	0.00	0.00
Paid taxes	CHFM	-0.09	1.66	-0.87
Exceptional items	CHFM	0.00	0.00	0.00
Other operating cash flows	CHFM	0.07	0.00	0.00
Total operating cash flows	CHFM	-3.30	-13.4	-7.31
Capital expenditure	CHFM	0.00	-40.0	-56.9
Total investment flows	CHFM	0.19	6.44	43.4
Net interest expense	CHFM	-0.64	-0.27	-0.41
Dividends (parent company)	CHFM	0.00	0.00	0.00
Dividends to minorities interests	CHFM	0.00	0.00	0.00
New shareholders' equity	CHFM	-0.08	0.00	0.00
Total financial flows	CHFM	2.07	8.55	4.31
Change in cash position	CHFM	-1.11	1.62	40.4
Free cash flow (pre div.)	CHFM	-3.94	-53.6	-64.6

Per Share Data

No. of shares net of treas. stock (year...	Mio	42.7	42.7	42.7
Number of diluted shares (average)	Mio	42.7	42.7	42.7
Benchmark EPS	CHF	0.42	0.80	-0.45
Restated NAV per share	CHF			
Net dividend per share	CHF	0.00	0.00	0.00

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 4.01	40%	<ul style="list-style-type: none"> ● Boliden ● Johnson Matthey ● Umicore
NAV/SOTP per share	CHF 25.4	40%	
P/E	CHF 0.42	5%	
EV/Ebitda	CHF 1.30	5%	
P/Book	CHF 1.68	5%	
Dividend Yield	CHF 0.00	5%	
TARGET PRICE	CHF 11.9	100%	

NAV/SOTP Calculation

Balance Sheet

		12/20A	12/21E	12/22E
Goodwill	CHFM	88.5	81.2	81.2
Total intangible	CHFM	88.5	81.2	81.2
Tangible fixed assets	CHFM	10.1	49.5	89.2
Financial fixed assets	CHFM	0.00	0.00	0.00
WCR	CHFM	-1.60	4.67	11.3
Other assets	CHFM	3.07	3.07	3.07
Total assets (net of short term liab.)	CHFM	102	191	187
Ordinary shareholders' equity	CHFM	39.0	70.2	101
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM	44.0	94.4	95.5
Provisions for pensions	CHFM	0.13	-0.43	-0.63
Other provisions for risks and liabilities	CHFM	0.00	0.00	0.00
Total provisions for risks and liabilities	CHFM	0.13	-0.43	-0.63
Tax liabilities	CHFM	5.90	5.90	5.90
Other liabilities	CHFM			
Net debt (cash)	CHFM	13.3	20.5	-15.2
Total liab. and shareholders' equity	CHFM	102	191	187

Capital Employed

Capital employed after depreciation	CHFM	96.9	135	182
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Profits & Risks Ratios

ROE (after tax)	%	55.5	62.9	-22.5
ROCE	%	12.8	17.3	-6.53
Gearing (at book value)	%	53.9	24.0	2.60
Adj. Net debt/EBITDA(R)	x	-4.34	-2.34	-75.1
Interest cover (x)	x	-6.89	-35.4	-41.8

Valuation Ratios

Reference P/E (benchmark)	x	3.60	4.57	-1.86
Free cash flow yield	%	-6.17	-34.2	-180
P/Book	x	1.64	2.23	0.35
Dividend yield	%	0.00	0.00	0.00

EV Calculation

Market cap	CHFM	63.8	157	35.9
+ Provisions	CHFM	0.13	-0.43	-0.63
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	13.3	20.5	-15.2
+ Leases debt equivalent	CHFM	0.00	0.00	0.00
- Financial fixed assets (fair value)	CHFM	2.21	52.2	2.21
+ Minority interests (fair value)	CHFM	44.0	94.4	95.5
= EV	CHFM	119	219	113
EV/EBITDA(R)	x	-38.9	-25.0	ns
EV/Sales	x	ns	ns	1.41

Analyst : Varun Sikka, Changes to Forecasts : 25/01/2022.