



## SPI Energy Co. Ltd. (NASDAQ: SPI)

**September 23, 2019**  
**Recent Price: \$3.28**

### Market Data

Fiscal Year	December
Industry	Diversified
Market Cap	\$47.5M
Shares Outstanding	14.5M
Float	6.3M
Avg. Volume (90-day)	273,830
<i>As of Sept. 23, 2019</i>	

### Financial Data

<i>Fiscal Year 2018:</i>	
Revenue	\$125.6M
Gross Profit	\$11.1M
EBITDA	(\$1.5M)
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Cash <sup>1</sup>	\$4.1M
Debt <sup>1</sup>	\$64.8M

<sup>1</sup> As of December 31, 2018

<http://www.spigroups.com/>

### Company Overview

SPI Energy Co., Ltd. (SPI) is a global provider of photovoltaic (PV) and green energy solutions for business, residential, government, and utility customers and investors. The Company develops solar PV projects that are either sold to third-party operators or owned and operated by the Company for selling of electricity to the grid in multiple countries in Japan, the U.S and Europe. The Company's subsidiary in Australia primarily sells solar PV components and battery storage to retail customers and solar project developers. The Company has its headquarters in Santa Clara, California and maintains global operations in Europe, Japan, United States, and Australia. SPI is also targeting strategic investment opportunities in green industries and/or industries that can benefit from green power, leveraging the Company's expertise and growing base of cash flow from solar projects to fund development of higher-return-potential projects in agriculture (hemp, alfalfa, etc.) and other markets with significant growth potential.

### Value Proposition

SPI is an established green energy player with global operations in key markets in Europe, Japan, United States, and Australia. The Company is leveraging its sizeable base of solar sales (\$125M net sales for year ended December 31, 2018) and industry expertise to make strategic investment opportunities in green industries and/or industries than can benefit from green power. These initiatives are already gaining traction in agricultural markets, including the processing of alfalfa and cultivation of hemp. Leveraging the Company's PV expertise to lower operating costs, SPI believes it can rapidly scale a CBD products business with significant revenue and earnings potential in 2020. The Company recently executed a management services agreement with the Native American Agricultural Company ("NAAC") to cultivate hemp in the Navajo Nation and obtained licenses from the Navajo Nation to engage in lab testing, cultivation, processing, wholesale distribution, and retail sales of hemp. The Company expects to harvest its first crop of hemp in November 2019.

### Investment Highlights

- **Strong growth opportunities in hemp/CBD markets**
  - Executed management services agreement with Native American Agricultural Company ("NAAC") to cultivate hemp in Navajo Nation
  - Global industrial hemp market is expected to grow from \$4.4 billion in 2018 to more than \$140.7 billion by 2026
- **Established solar business with global footprint**
  - Generated net sales of \$125.6 million in fiscal 2018, up 3.3% from \$121.5 million net sales in the previous fiscal year
  - Developed and/or operate photovoltaic (PV) projects in Japan and Europe
  - Strong project pipeline in US with recent addition of Oregon portfolio
  - Dominant player in Australian residential solar and energy storage distribution markets and one of the largest providers of solar/clean energy products/solutions in the Pacific region (SolarJuice)
- **Leveraging expertise and predictable cash flow from solar business to develop strategic investment opportunities with potential for high returns**
  - Targeting green industries and/or industries that can benefit from green power
- **High-margin agricultural business segments**
  - Launched JV for alfalfa business (2Q19), planning to use Company's PV expertise to lower operating costs; solid customer base, including strategic partnerships with a few large dairy companies in China
- **Experienced international management and technology team**