THE MONTHLY DOSE OF CLIMATE SOLUTIONS

FEBRUARY 2023

BEYOND MUSK

Tesla's investor day showcases the brain power of the entire leadership team, who shared their vision for a fast transformation of energy and transportation

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GOOD NEWS IS BAD NEWS

2022 earnings season shows signs of energy transition acceleration, but the green boom is yet to come.

After the January euphoria prompted by Chairman Powell's use of the expression "disinflation has begun", capital markets went back to "good news is bad news" in February. The beginning of the year was potentially a "too fast, too soon" rally based on hopes of a slow down in interest rate hikes and the view that a soft-landing of the US economy was more likely. The sentiment turned in the second half of the month when retail giants Wal-Mart and Home Depot warned of a bad outlook due to weakening consumer spending. Economists again worried about persistent inflation combined with recession. Employment remains very resilient. There was no lack of bad news. On the retail side, we saw earnings down while layoffs continued. Although US unemployment last month was still at 3.4% (the lowest level in the last 50 years), the labour market is now seeing waves of job cuts, spreading well beyond tech names. We remain convinced that the only equity strategy that will perform in 2023 will be a green one. Financial results of the key energy transition players (much more on that below) already showcase that higher fossil fuel prices do create demand destruction and that energy users are adopting the alternative, lower emission solutions. That conversion from higher emission to green alternatives has promoted a massive revenue increase in the sale of solar rooftops, stationary battery systems, energy efficiency solutions and electric transportation products. 2022 figures are also not yet reflecting the additional boost that the IRA legislation will bring. In a bull market, such robust growth prospects would be priced in but in the current bear market, stocks are not trading on fundamentals. Instead, they are trading on macroeconomic sentiment and the risk aversion is like horse blinkers, preventing investors from seeing free cash flow opportunities beyond the very short term.

The major broad equity indices were all down in February. The S&P500 retracted 2.61% in the month (after being up 6.18% in January), while Nasdaq was down 3.4% and Dow Jones by 4.19%. The popular Energy Select Sector ETF representing large US oil & gas names was flat in the month, after being a very successful trade in 2022. Investors last year found short term profitability in fossil fuel names and this year the trade may come back in vogue if hydrocarbon commodities prices spike. Growth names are still broadly discounted, as investors seem to want the "bird in the hand" with short term cash flow rather than the promise of future growth and profitability. The table below summarizes the monthly and YTD performance of the six main iClima equity indices. Despite the negative performance in February, all strategies are still yielding solid returns so far in the year. Our view remains the same. The rally we observed in January was not yet a return to green growth strategies being top of mind for investors; it was a broader rally in oversold growth names. We believe that companies with real decarbonization solutions will benefit from very solid revenue growth, and we expect green growth to decouple from the overall market around the summer after the relevant companies report a couple quarters of the IRA, RePower55 and Chinese green stimulus packages.

Performance of the iClima indices in February 2023

	CLMA	DGEN	ADPT	ERLY	LDES	LESS
Feb Return	-3.81%	-4.80%	-0.22%	-11.25%	-5.58%	-5.50%
YTD	7.80%	10.00%	8.84%	11.12%	9.55%	9.43%

FEBRUARY IN REVIEW

Fast January rally reversed over fears of strong economic data and likely return to more hawkish Fed stance

Rebalancing month for our flagship iClima Global Decarbonization Enablers Index:

This index rebalances twice a year, on the first Wednesday of February and August. In this current rebalance, two companies were added (Altus Power, a community solar player, and Polestar Automotive, jointly owned by Volvo and Chinese Geely), while five were removed (Appharvest, Audax Renovables, Local Bounti, Siemens Gamesa and Tattooed Chef). Siemens Energy delisted its wind energy arm, while the three food solutions names fell below the $200 MM market cap minimum requirement to be part of the index.

IPO market for green companies gives signs of reopening:

A couple of IPOs indicate that investors with a green growth mandate are starting to deploy capital again. The Chinese Geely Automobile has filed for an IPO of its subsidiary, Zeekr, targeting a $1 billion raise to fund its expansion into the European market. The company was valued at $13 billion in a Series A funding round last month. It would be the first Chinese IPO in the US market since last summer. Additionally, two weeks ago the solar tracker Nextracker raised $638 million as it went public on Nasdaq in a listing that priced the company at $3.5 billion and its shares in the upper range of share price targets.

Oil majors report record 2022 earnings, and European BP is "Back to Petroleum":

Record profits in 2022 by the oil & gas majors has changed capital budgeting decisions for the worse. This includes Shell ($40 billion profit), Exxon ($56 billion), and Chevron ($36.5 billion, more than double its 2021 profit). The UK based BP ($28 billion) recorded its highest net income last year, above the $26 billion profit back in 2008, with CEO Bernard Looney reversing the strategy he announced three years ago. "Beyond Petroleum" is reversing to "Back to Petroleum" as the CEO announced it will scale back the plan to decrease oil production. The previous plan was for 2030 production to be 40% below that of 2019; the reduced target is 25% (at 2 mmbd). Although still claiming to have a path to NetZero by 2050, the 2030 emissions from fuels sold to customers is likely to be 20% to 30% lower at the end of the decade, as opposed to previous reduction target of 35% to 40%.

China's 2022 solar numbers are out, new 2023 outlook for new installations revealed:

A solar manufacturing association shared a revised outlook for the Chinese market in February. In 2023 China is expected to add between 95 GW to 120 GW of new solar power, after adding ca. 87 GW of new solar installations in 2022. It's important to emphasize that distributed solar power accounted for most of the new installations, and total solar capacity operating in China is now ca. 393 GW (compared to the US that currently has ca. 97 GW). China's renewable-based electricity in 2022 reached roughly 32% of the country's total electricity consumption, and 76% of all new installed capacity added to the grid in the year was renewable. When a grid passes the 50% mark in solar and wind penetration, its need for long duration energy solutions (LDES) become fundamental. China's clean energy storage sector is already showing signs of fast growth.

German and Indian PMs meet, green agenda was a top priority:

The G20 finance meeting that took place in India was marked by concerns on the war in Ukraine, which completed its 1st anniversary this month. The discussions between Chancellor Olaf Scholz and PM Modi were important ones, with a heavy focus on the energy transition. Germany announced a €10 billion package over the next eight years to help India reach its target of 500 GW of renewable capacity, part of an Indo-German partnership for green and sustainable development. In 2022, India installed 15 GW of new solar capacity in the country, reaching a total solar installation capacity of 67.6 GW with 52.3 GW of solar pipeline at various stages of development. Renewable sources now

account for 121 GW of India's 411 GW power generation capacity.

World Bank has a new leader and that is good news for climate change mitigation and adaptation:

The previous World Bank President, David Malpass, had been appointed by former president Trump and had made controversial comments denying climate change during his tenure. President Biden appointed Indian born Ajay Banga, former Mastercard CEO, as its new leader. He is expected to hit the road running and put in place a robust climate agenda. iClima has developed a unique taxonomy that maps out solutions from avoidance, to abatement and sequestration and expect lenders and financial institutions to not only track the amount of funding deployed to back each investment (and the investments that continue to finance fossil fuels) but also to quantify the impact of the investments in terms of megatons of CO2e.

Natgas drops, EU Carbon prices soar and pass an important level:

European NatGas prices continued a three month decline, losing another 19% in the month closing at €46.7/MWh. Last month, the benchmark fell below the €50/MWh level for the first time since August 2021, after reaching €300/MWh in August 2022. Also in February, the price for releasing carbon into the atmosphere that certain EU companies must pay passed the milestone mark of €100/ton for the first time since the EU Emissions Trading System was set up in 2005. The higher cost to emit will prompt heavy emitters to abate faster.

Tesla's investors day on March 1st, seven years after the previous Master Plan reveal:

The company released its much anticipated "Master Plan 3" that Elon Musk had promised would represent "the path to a fully sustainable energy future for Earth." At its Texas gigafactory, the event showcased the full force of Tesla's impressive management team. The company's key leaders all presented on various topics, which also served to indirectly put to rest the concerns over Musk's time spent on Twitter. Despite the emphasis management put on efficiency gains, productivity and profitability, markets reacted negatively to the event and Tesla's shares were down 6% the day after. The event was a four-hour long presentation, starting with Tesla's view on how our economies can move away from fossil fuel. A "clear path to a fully sustainable planet" with calculations on how the new energy economy could be achieved was the focus of the beginning of the presentation. In Tesla's view, the masterplan would require 240 TWh of storage, 30,000 GW of renewable power, $10 trillion of manufacturing investments, 0.2% of the planet's land and no insurmountable resource constraints to achieve this new economy. The highlights of the investor presentation also showcase management's renewed commitment to reaching a 20 million EV production level, the confirmation of a new facility in Mexico, and the launch of a lower price point vehicle. Markets did not seem to like the lack of details on price points and dates for the price competitive model, again showcasing that news that does not translate into likely short term cash flow will be deeply discounted.

Tesla 2023 Investor Day in 28 minutes.

WHAT 2022 LOOKED LIKE FOR GREEN EARNINGS AND WHAT REVISED GUIDANCE LOOKS LIKE

Below we will go over the results of some key companies in our broad iClima Decarbonization Enablers Index, now with 167 constituents. We summarize revenue growth between 2022 and 2021 for all companies, cash position at year end and comments on margins. FY2022 is not yet reflective of the IRA fiscal package; it showcases energy transition acceleration mostly from the demand destruction that higher fossil fuel prices have had in prompting users to adopt the lower emissions alternatives that solar, wind and batteries represent.

ALFEN
POWER TO ADAPT

Alfen N.V. (ALFEN, down 10.21% in February, down 9.38% YTD)
The 85-year-old Dutch provider of electric energy solutions is a global player with solutions for the energy transition, focusing on smart grids, energy storage systems and EV charging equipment. Its revenue growth showcases the benefit of such focus. In 2022 the company reported top line revenue of €439.9 MM, representing 76% growth over the €249.7 MM reported in 2021, with EBITDA growing 115% YoY and adjusted net profit reaching €54.4 million (146% above FY 2021 net income of €22.1 MM). Management expects Energy Storage to be a relevant contributor to the top line growth in 2023 and will continue its international expansion (in 2022 approximately 70% of Alfen's EV charging revenue was generated outside of the Netherlands).

	FY2021	FY2022	YoY Growth	FY2023 Guidance
Revenue	€249.7 MM	€439.9 MM	76%	€540 to 600 MM
Adjusted EBITDA	€36.8 MM	€79.4 MM	115%	Not disclosed
Cash		€22.8 MM		

stem

Stem (STEM, down 17.24% in February, down 8.72% YTD)
Top line growth in 2022 for the Californian provider of AI solutions for clean energy storage was 186% over FY2021. Contracted storage AUM closed the year at 2.5 GWh and solar monitoring AUM at 25 GW. Stem's 12-month pipeline at December end was $7.1 billion and CEO John Carrington commented that "our commercial success continued in the fourth quarter, including a record $458 million in new bookings, which exceeded our entire bookings for full year 2021." His focus has been on pushing for the growth of long term, higher margin software & services (as opposed to hardware) businesses. Last year the company acquired AlsoEnergy and committed $533 million cash, and also announced a JV on eMobility with ChargePoint (CHPT, also in CLMA). Management guidance is for adjusted EBITDA to become positive in 2Q23, a major milestone in the path to profitability.

	FY2021	FY2022	YoY Growth	FY2023 Guidance
Revenue	$127.37 MM	$362.98 MM	186%	$ 550 to 650 MM
Adjusted EBITDA	$(30) MM	$(46) MM	**Gross Margin '22:** 9%	$ (5) to (35) MM
Cash		$ 250MM (cash+ST Investments)		

wallbox

Wallbox (WBX, up 1.43% in February, up 58.38% YTD)
The Barcelona-based EV charging and energy management solution provider had an eventful year. Revenues more than doubled in 2022 over the previous year, while operating at gross margins of 40.5%. Additional events in the year point towards further growth in 2023, and management guidance indicates 100% growth. Two new factories were opened last year, one in Texas and the other in Barcelona, Wallbox launched a fast charger DC product, the "Supernova", and announced strategic partnerships with Nissan, Fisker, Uber, BestBuy, and Lyft to provide chargers and installation to their customers. At year end Wallbox had sold over 230,000 chargers worldwide. CEO Enric Asuncion at the earnings release said that his focus is on growing while conserving cash and reaching profitability.

	1Q22	1Q23	YoY Growth	FY2023 Guidance
Revenue	€71.6 MM	€146.9 MM	105.2%	**1Q23 Guidance:** €35 to 40 MM **FY '23 Guidance:** €240 to 290MM
Adjusted EBITDA	€(35.2) MM	€(88.2) MM		Not disclosed
Cash & Equivalents		€88.5 MM		

gogoro

Gogoro (GGR, down 14.47% in February, up 26.42% YTD)
The Taiwanese developer of the unique battery swapping platform for urban two-wheel scooters and motorcycles posted 4Q22 and Full Year 2022 Financial Results that were negatively impacted by exchange rates. Top line revenue (on a constant FX basis) was up 11.7% YoY. In its first Impact Report, the company reported almost 2 million users of its Gogoro Network subscribers and GoShare users. The impact of its solutions go beyond electrification of transport as the company also enables smart grid technologies. Gogoro has partnered with Enel X, a leader in virtual power plants (VPP), and state-run Taipower Co. to develop the world's first bidirectional charging system enabled by Gogoro's existing battery swapping stations. Although the company is working on expanding in many Asian countries, management estimates that ca. 90% to 95% of 2023 full year revenue will still be generated in the Taiwanese market.

	FY2021	FY2022	YoY Growth	FY2023 Guidance
Revenue	$342.7 MM	$382.8 MM	11.7% (on constant FX basis)	$400 to 450 MM
Adjusted EBITDA	$54.9 MM	$41.2MM	**4Q22 gross margin:** 15%	Not disclosed
Cash		$236.1 MM		

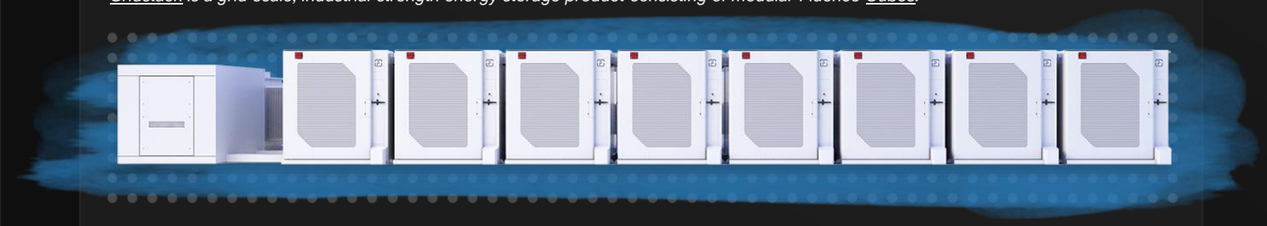
A Gogoro GoShare Smartscooter

FLUENCE
A Siemens and AES Company

Fluence Energy (FLNC, down 22.66% in February, up 8.86% YTD)
With a fiscal year that ends in September, the company announced its 1Q23 results in February. The Siemens & AES JV isa leader in energy storage products and services and posted its highest quarter ever, with $310 MM in revenue and $856 MM of energy storage orders intake. Management expects IRA to "drive US revenue growth in 2024 of ~40-50%, implying consolidated revenue growth of ~35-40%" and therefore revised top line guidance from $1.4 to $1.7 billion to $1.6 to $1.8 billion. EBITDA guidance was not provided at the earnings call, but management expects it to become positive before 2024.

	1Q22	1Q23	QoQ Growth	FY2023 Guidance
Revenue	$175 MM	$310 MM	78%	$1.6 to $1.8 billion
Adjusted EBITDA	$(43) MM	$(25) MM	**Adj Gross Profit 1Q23:** $15 MM	Not disclosed
Cash		**At quarter end:** $462 MM		

Gridstack is a grid-scale, industrial-strength energy storage product consisting of modular Fluence Cubes.



Bloomenergy

Bloom Energy (BE, down 13% in February, up 13.44% YTD)
The California maker of solid oxide fuel cells for on site electricity generation passed the $1 billion revenue mark last year. Bloom derives most of its revenue (73.4%) from the sale of its products, followed by service revenue (12.6%), installation fees and electricity sales. Gross margins in 4Q22 were 15.4%, below the level in 4Q21 when it reached 20.1%. The company reported a record end of year backlog of $10.0 billion, compared to $8.5 billion at the end of 2021. Management did not provide a range for operating margins for 2023 but stated that it expects it to become positive.

	FY2021	FY2022	YoY Growth	FY2023 Guidance
Revenue	$972.2 MM	$1,199.1 MM	23.3%	$1.4 to 1.5 BN
Operating Loss	$(114.5) MM	$(261) MM	n/a	Positive
Cash & Restricted Cash		$400 MM		

sunrun

Sunrun (RUN, down 8.52% in February, up 0.08% YTD)
The leader in US residential solar rooftop installations posted a record year, and 2022 results do not yet reflect the benefits of the IRA stimulus. The US market has ca. 88 million addressable homes and only 4% of those have a solar rooftop installed. With the fiscal benefit of the 10 year extension in the 30% Investment Tax Credit (ITC), combined with the demand destruction of higher fossil fuel and consumer interest in stability of supply, the penetration rate for Sunrun is promising. Management expects Solar Energy Capacity Installed growth to be in the range of 10% to 15% for the full year 2023. Annual recurring revenue passed the $1 billion mark for the first time in 2022, and at the end of the year Sunrun had 797.3 thousand customers of which 667.2 thousand were subscribers. Networked solar energy capacity reached 5,667 MW (up from 4,677 in 2021) with 17.6 years of average contract life remaining. The company has entered into several partnerships that steer the company beyond providing installation services. This month, it announced a partnership with PG&E that will enrol 7,500 homes into a Virtual Power Plant (VPP) capable of discharging 30 MW of clean energy back to the grid. In November, Sunrun was chosen by Puerto Rico to develop a 17 MW VPP. The partnership with Ford for the service of the bidirectional solutions has 2,000 homes with Ford Charge Stations Pro installed. Lastly, Sunrun last August acquired a 37% stake into Lunar Energy, a distributed clean energy provider founded by former head of Tesla Energy. At a ca. $5 billion market cap, investors seem to be discounting both its core business and VPPs growth prospects.

	FY2021	FY2022	YoY Growth	FY2023 Guidance
Revenue	$1,610 MM	$2,321 MM	44.2%	Solar Energy Capacity Installed growth to be in a range of 10% to 15%
Adjusted EBITDA	$(255.5) MM	$49.5 MM		Not disclosed
Cash	$850.3 MM	$952.9 MM		

SUNPOWER™

SunPower (SPWR, down 13.83% in February, down 16.69% YTD) The company claims to have closed the year as the top rated solar company in the USA, and grew its residential base to 510,400 customers (from 427,300 in the previous year). Evidence of the company's residential focus and aspiration to grow in this segment is their collaboration with furniture maker Ikea. Like many players in the space that started as a manufacturer or installer providing key components (like solar panels), SunPower is also aiming at more at more comprehensive (and potentially profitable) businesses. While SunRun partnered with Ford, SunPower has partnered with GM to deploy home systems with V2G capability, starting with the GM Silverado bi-directional EV scheduled to launch this spring. CEO Peter Faricy highlighted his strategic view that "bidirectional charging will change the world for consumers." The company currently trades at ca $2.7 billion market cap, a slightly lower P/S than that of SunRun.

	FY2021	FY2022	YoY Growth	1Q23 Guidance
Revenue	$1,132 MM	$1,741 MM	53.8%	NA
Adjusted EBITDA	$75.3 MM	$95.1 MM	26.3%	$125 to $155 MM
Cash	$123.7 MM	$377.0 MM		

ENPHASE.

Enphase (ENPH, down 4.90% in February, down 20.54% YTD)
The global leader in microinverters did not benefit from the January rally. One possible reason might be the $13 million worth of shares sold by one Independent Director. The company was a consensus name in 2022 for investors that wanted "quality" in solar names, and this may be an indication that investors now may find better upside in other solar names (Enphase trades at $28.7 billion, over 10x TTM P/S). The 2022 results did not disappoint, with top line increasing almost 70% YoY, gross margin increasing from 40.1% in 2021 to 41.8% last year, and net income more than doubling. Enphase is expanding manufacturing capacity in the US to benefit from IRA stimulus, with one plant starting production in 2Q23 and in the second half of the year two of its manufacturing partners producing in the US. In February, the company launched its bidirectional EV charging solution, enabling V2H and V2G functionality that operates seamlessly with Enphase's solar and battery storage, all managed by a single app.

	FY2021	FY2022	YoY Growth	1Q23 Guidance
Revenue	$1,382 MM	$2,330 MM	68.6%	$700 to 740 MM
Adjusted EBITDA	$145.4 MM	$397.4 MM	173.3%	**GAPP gross margins:** 40 to 43%
Cash		$1613 MM		

The IQ8 microinverter series by Enphase

solaredge

SolarEdge (SEDG, down 0.38% in February, up 12.23% YTD)
The Israeli inverter manufacturer is evolving into a broader smart energy technology provider. Top line in 2022 was 58% up YoY, with the solar segment (that represents ca. 94% of total revenue) up 63% in the same period, and with the larger year-over-year growth of significant size markets for the company in Italy, Germany, Taiwan, France, Poland and Israel. A truly global player, SolarEdge also grew sales materially in Brazil and Taiwan, but it was Europe at the epicentre of the energy crisis where sales grew by 89% YoY. Like Enphase, SolarEdge also has a full home solution, the "SolarEdge Home" that integrates software, PV, battery backup, EV-charging, and load control, and is seeing growing demand for their comprehensive solution.

	FY2021	FY2022	YoY Growth	1Q23 Guidance
Revenue	$1,960 MM	$3,110 MM	58%	$915 to 945MM
Adjusted EBITDA	$169.2 MM	$93.8 MM		**Non-GAAP Margin Guidance:** Not disclosed
Cash		$1,024 MM		

Vestas

Vestas (VWS, up 0.92% in February, down 0.74% YTD)
While the medium to long term outlook for wind power developer Vestas remains robust given its important role in global decarbonisation efforts, the company completed 2022 with a 7.1% drop in revenue and EBITDA dropping to negative territory. Continuing supply chain issues combined with raw input cost inflation and energy price caps continued to drag down profitability. Resulting EBIT (before special items) was -8% in 2022, below the Nov. '22 guidance of -5%. The companies' withdrawal from Russia and suspension of operations in Ukraine resulted in a special item cost of €269 mm, including €159 mm in write down of inventories in those countries. A total of €444 mm of special items were expenses in the year, with the additional amount from the ceasing of production at certain factories in India and China as well. Vestas raised its prices to end consumers by one third over 2022, resulting in a 3% higher value of wind turbine orders despite a 19% drop in total GW ordered.

The company's services sector showed strong growth of 27% in 2022 to €3.2 bn, comprising 21.8% of total revenue. Moody's, the credit rating agency, downgraded the company to Baa2 from Baa1 due to concerns about its credit and profitability. However, it confirmed its "stable" outlook for the company given tailwinds from the IRA Bill in the US, Europe's move to renewables away from Russian gas, the effect of the company's recent price increases and the company's adoption of price flexibility in contracts instead of fixed prices. The agency stated it expected Vestas to return "to solid profitability by 2024 at the latest."

	FY2021	FY2022	YoY Growth	FY2023 Guidance
Revenue	€15.6 BN	€14.5 BN	-7.1%	€14.0-15.5 BN
Adjusted EBITDA	€1.3 BN	€(63) MM	n/a	-2% to 3%*
Cash	€2.4 BN			

**Reflects company's guidance for EBIT,* Vestas 2022 Annual Report

lyft

Lyft, Inc (LYFT, down 38.46% in February, down 9.26% YTD)
The ride-sharing app based in the United States reported its highest revenue in history and outperformed its adjusted EBITDA guidance. However, it fell short of its top-line forecast and delivered a rather conservative outlook for adjusted EBITDA for Q1 FY2023, which was below estimates, causing the stock to drop more than 36%, the most on record. The company posted a 12-month topline of $4.1 billion, up 27.64% YoY, and a wider adjusted EBITDA loss of $416.5 million. It reported 20.4 million active riders, the most in three years, and revenue per active rider reached a new high of $57.72, an increase of 11%. The company anticipates Q1 revenue of $975 million, a 17% sequential decline, and an 11% year-over-year increase, with adjusted EBITDA of $5 million to $15 million.

	FY2021	FY2022	YoY Growth	1Q23 Guidance
Revenue	$3208.32 MM	$4095.14 MM	27.64%	$975 MM
Adjusted EBITDA	$(157.5) MM	$(416.5) MM	n/a	$5 - 10 MM
Cash		$391.82 MM		

Uber

Uber Technologies, Inc (UBER, up 7.53% in February, up 34.49% YTD)
The world's largest ride-sharing company and mobility-as-a-service platform posted impressive FY2022 results, with constant currency revenue increasing 90% YoY to $31,877 million, up from $17,455 in FY2021. This was driven by a 26% YoY increase in gross bookings. The company reported Mobility Gross Bookings of $14.9 billion, up 37% YoY, and Delivery Gross Bookings of $14.3 billion, up 14% YoY, with 131 million Monthly Active Platform Consumers ("MAPCs"). Uber's single cross-platform membership program, Uber One, has been expanded in Chile, France, Japan, Spain, and Taiwan. Uber One is now available in 12 countries, with their global member base nearly doubling YoY to nearly 12 million. In addition, the company announced the introduction of the Motional robotaxi service in Las Vegas, as well as a partnership with Cartken for automated food deliveries in Miami, FL.

	FY2021	FY2022	YoY Growth	1Q23 Guidance
Revenue	$17,455 MM	$31,877 MM	90%*	Not disclosed
Adjusted EBITDA	$(774) MM	$1713 MM	n/a	$660 to $700 MM
Cash		$4,208 MM		

**Constant currency*

TRANE TECHNOLOGIES

Trane Technologies Plc (TT, up 3.27% in February, up 10.4% YTD)
The Irish-based HVAC company that manufactures heating, ventilation, air conditioning, and refrigeration systems, reported $16.0 billion in revenue, up 13% YoY, and GAAP operating margin up 80 basis points, driven by inflation-based price increases, end customer demand across all reportable segments, and incremental revenue from acquisitions. Bookings increased by 4% to $17.5 billion, exceeding 2022 revenues by $1.5 billion for a book-to-bill of 109%. During the company's earnings call, CEO Dave Regnery attributed the increase in demand to its non-residential businesses. On a two-year basis, global commercial HVAC organic bookings increased by nearly 40% in 2022. The backlog as of 2023 is $7 billion, which is more than twice the historical average. and the company expects to have a backlog of more than $6 billion for 2024. The company recently completed the acquisition of AL-KO Air Technology (AL-KO) in October on the back of a channel acquisition of a Commercial HVAC independent dealer in April.

	FY2021	FY2022	YoY Growth	1Q23 Guidance
Revenue	$1,960 MM	$3,110 MM	58%	$915 to 945MM
Adjusted EBITDA	$169.2 MM	$93.8 MM		**Non-GAAP Margin Guidance:** Not disclosed
Cash		$1,024 MM		

Trane's range of residential HVAC products.

Ørsted

Ørsted (ORSTED, up 1.69% in February, down 2.55% YTD)
The global leader in offshore wind development reported a significant increase in 2022 revenue, at 70.3% over the previous year and a 31.9% increase in EBITDA. This was due to its diverse portfolio, with increases in results for its onshore wind, solar PV, CHP and gas activities, while its offshore wind segment decreased by 9.3%. Results were also partially aided by DKK 14.1 BN in gains from divestments, including a 50% divestment of its Hornsea 2 plant in September 2022. Ineffective hedges of DKK 4.6 BN, as a result of less than expected offshore generation, were included in costs. The company also suffered from sector-wide high raw input cost inflation and higher interest rates, resulting in it taking an impairment of DKK 2.5 BN on its 50% stake in US-based offshore wind development project Sunrise Wind in 2022. The company states that it remains on track to increase its total capacity from 30.7 GW at end 2022 to c.50 GW by 2030.

	FY2021	FY2022	YoY Growth	FY2023 Guidance
Revenue	DKK 77.7 BN	DKK 132.3 BN	70.3%	Not disclosed
EBITDA	DKK 24.3 BN	DKK 32.1 BN	31.9%	DKK 20-23 BN*
Cash	DKK 16.2 BN			** EBITDA guidance excludes earnings from new partnerships*

SAMSUNG SDI

Samsung SDI (A006400, up 1.61% in February, up 17.77% YTD)
The South Korean battery and electronics giant saw 2022 revenues rise to KRW 20.1 trillion, up 48.5% on 2021's KRW 13.6 trillion, with the majority (~87%) of revenues coming from its Energy & Others segment which mainly consists of sales of lithium-ion batteries and energy storage systems. On the earnings call, CFO Jong Sung Kim mentioned the company's ability to pass on costs as well as sales growth of uninterruptible power supplies and residential battery solutions led to "huge growth in revenue and better profitability." The company expects high interest rates and price volatility in raw materials and energy to persist into 2023, though considers its positioning to cater for customers in the high-end EV market to be less susceptible to fluctuation. Samsung expects to drive growth in 2023 through innovations including its new solid-state 46 PI battery pilot production JV with Stellantis and a push for the less-mature, high-growth US market. The company is focused on new products to cater for the demand for energy storage systems for utilities as well as the growing residential battery segment where homeowners seek to reduce their energy bills. Samsung also expects to unveil further EV battery partnerships during the year, particularly in the US regional market which is expected to be the fastest growing, driven by the US government's IRA incentives.

	FY2021	FY2022	YoY Growth
Revenue	Won 13.6 TR	Won 20.1 TR	48.5%
EBITDA	Won 2.3 TR	Won 3.3 TR	50%
Cash	Won 2.4 TR	Won 3.1 TR	

Samsung SDI's Prismatic Lithium-ion Battery Cells.

LG Energy Solution

LG Energy (A373220, up 0.38% in February, up 20.09% YTD)
The South Korea-based battery manufacturer serves the automobile, mobility, IT and energy storage system segments. Its recent 4Q22 earnings presentation reported record high annual revenues of 25.6 trillion KRW for 2022, an increase of 43.4% YoY. CFO Chang Sil Lee attributed the revenue increase to its response to growing demand for batteries for EV and power grid energy storage system applications and expects annual revenues to grow by 25% to 30% in 2023. Mr Sil Lee stated that revenues will be driven through expansion of global manufacturing facilities to a production capacity of 300 GWh and expects North America to show fastest growth in the EV battery market, as well as focusing on Europe and Asia. The company's production capacity is expected to reach 55 GWh, 90 GWh and 155 GWh across the three regions, respectively. The company has a number of joint ventures with high-profile EV makers across these regions including GM, Stellantis, Hyundai and Honda which will ramp in the coming year. CAPEX spend in 2023 is expected to increase by more than 50% from 2022's KRW 6.3 trillion as the company continues to put the KRW 10.1 trillion capital injection from its Jan. 2022 IPO to use in order to meet the fast-growing backlog, which reached 385 trillion KRW at the end of 2022.

	FY2021	FY2022	YoY Growth	1Q23 Guidance
Revenue	Won 17.9 TR	Won 25.6TR	43.4%	25-30% increase
EBITDA	Won 2.2 Tr	Won 3.1 TR	37.2%	Not disclosed
Cash	Won 1.3 TR	Won 6 TR		

NEXTera ENERGY

NextEra (NEP, down 8.7% in February, down 6.0% YTD)
The company is a limited partnership formed by NextEra Energy (NEE) to acquire, manage and own contracted clean energy projects with stable, long-term cash flows in the US. It acquires projects primarily from NEE or its subsidiaries, which is the largest US renewable developer. Revenue for the company consists of income from the sale of energy under NEP's PPAs and services provided under natural gas transportation agreements, with the latter comprising c.13% of revenue. Revenue in 2022 increased by 34.1%, driven by acquisitions of projects and an increase in availability in generation facilities from less outages over the year. Acquisitions completed in 2022 include: a 100% purchase of Wilmot Energy Center, LLC, a c.100 MW solar generation and 30 MW battery storage facility located in Arizona; a 40% stake in Pine Brooke Class A Holdings, LLC, which comprises seven different wind and solar generation facilities across the US; a 100% purchase of Class A membership in Emerald Breeze, a portfolio of wind generation and battery storage facilities, from an NEE subsidiary; and a 100% purchase of Sac County Wind Holdings, LLC and Elk City Sholes Holdings, LLC from an NEE subsidiary.

	FY2021	FY2022	YoY Growth
Revenue	$ 720 MM	$ 966 MM	34.1%
EBITDA	$ 301 MM	$ 395 MM	31.2%
Cash	$ 235 MM		

SAINT-GOBAIN

Compagnie de Saint-Gobain S.A. (SGO, up 7.19% in February, up 23.40% YTD)

The global leader in light and sustainable construction reported record performance indicators for FY2022. Revenues increased 15.9% to €51,197 million from €44,160 million in FY2021. The Group's operating margin reached a record high of 10.4% in 2022, up from 10.2% in 2021. EBITDA increased by 15% to historic highs of €7,123 million. In 2022, the group optimised its portfolio, with €3.8 billion in sales divested or in the process of being divested - notably some of its underperforming assets in the UK and Poland, glass processing, and the Crystals & Detectors businesses. It also had €1.9 billion in sales acquired, primarily GCP Applied Technologies (GCP) in October 2022 and Impac in Mexico in April 2022 in construction chemicals, Kaycan in North America in August 2022 in exterior products, and Rockwool Indi in August 2022 in interior products. Saint-Gobain anticipates an operating margin of between 9% and 10% despite a moderate downturn in its market segments in 2023, and a declining trend in new builds in some geographic areas mitigated by demand in renovation.

	FY2021	FY2022	YoY Growth
Revenue	€44,160 MM	€51,197 MM	15.9%
EBITDA	€6,202 MM	€7,123 MM	14.9%
Cash		€6,134 MM	

RIVIAN

Rivian (RIVN, down 0.52% in February, up 4.72% YTD)

2022 saw Rivian continue to confront the challenges of ramping up the manufacture of its electric R1T pick-up truck, R1S SUV and Amazon delivery vans. Having reduced production guidance from 50,000 to 25,000 for the year, the company narrowly missed the lower target, producing 24,337 vehicles and delivering 20,332. While it did provide production guidance of 50,000 vehicle for 2023, this is still far short of the capacity of its Illinois factory which can produce 150,000 EVs annually when fully operational, with potential to expand to 200,000. Rivian reported it had 114,000 reservation holders in September and CEO RJ Scaringe stated that the backlog of orders will last until 2024 as production ramps at a slower rate than expected. The company is currently working through orders made before Rivian raised prices to cover higher raw-material costs and thus currently makes a loss on some vehicles. Operating expenses for 2022 were $3.7 billion which was in line with the previous year and 2022 saw a net loss of $6.75 billion. The company ended the year with $11.6 billion in cash and cash equivalents, down from $18.1 billion at the end of 2021. On the earnings call, CFO Claire McDonough mentioned that guidance on CAPEX for 2023 is $2 billion yet the company is confident that their "cash and cash equivalents can fund [their] operations through 2025." She also stated that they "continue to evaluate a variety of capital markets available to Rivian ranging across the capital structure" and that there is expectation that cash burn will improve in 2024 vs 2023 by approximately 40%. In 2025 they expect their cash burn to improve meaningfully versus 2024 as they will have "a full year of production at [their] new price points and the incorporation of [their] next generation technologies" leading to a forecasted "step change in positive gross margin in 2024."

	FY2021	FY2022	YoY Growth	FY2023 Guidance
Revenue	$55 MM	$1.658 BN	2914.6%	Not disclosed
Adjusted EBITDA	-$2.7 BN	-$5.2 BN		-$4.3 BN
Cash	$18.1 BN	$11.6 BN		

BEYOND MEAT

Beyond Meat, Inc. (BYND, up 8.58% in February, up 44.92% YTD)

The US-based plant-based meat company's FY2022 results seem to be on the mend. The company reported better-than-expected results, resulting in a 15% increase in stock price. Beyond Meat reported a 12-month revenue of $418.9 million, a 9.8% decrease YoY, and an Adjusted EBITDA loss of $278.0 million, or -66.4% of net revenues. Net revenues were near the high end of their guidance range, with a 14[pcp] improvement in gross margin and a $12 million reduction in OpEx versus the third quarter. The company's austerity strategy, which aims to achieve cash-flow positive operations by the second half of 2023, has gained traction. Beyond Meat reduced its OpEx by 36%, from $97.8 million in Q1 to $62.8 million in Q4; the inventory balance was reduced by 17%, or $48 million, from Q1 to Q4. Aside from the success of its McPlant platform, the company introduced McPlant Nuggets as a regular menu item in Germany across 1,400 locations. Beyond Meat also announced the successful launch of the Double McPlant in restaurants throughout the United Kingdom and Ireland, and the smoky barbecue McPlant Burger was recently introduced in Austria.

The pea based Double McPlant & McPlant Nuggets.

	FY2021	FY2022	YoY Growth	FY2023 Guidance
Revenue	$418.9 MM	$464.7 MM	(9.8) %	$375 MM to $415 MM
EBITDA	$(112.76) MM	$(278.02) MM	(42.1) %	Not disclosed
Cash		$322.5 MM		

Etsy

Etsy, Inc. (ETSY, up 19.67% in February, up 28.6% YTD)
The online marketplace reported FY2022 earnings that exceeded analysts' revenue forecasts for the 13th consecutive quarter and delivered a more resilient e-commerce environment than its peers. The company reported $2.57 billion in revenue for the fiscal year, a 10.2% increase over the previous year. GMS for the full year was $13.32 billion, a 1.3% decrease YoY. In his prepared remarks for the earnings call, Etsy, Inc. Chief Executive Officer Josh Silverman attributed top-line growth to accelerating services and marketplace revenues. Furthermore, strong momentum across the company's marketplace during the holiday shopping season played a significant role. "From a topline standpoint, we're nearly three times the size we were before the pandemic," he said. Etsy ended the year with 89.4 million active buyers, a 6% decrease from the previous year but a 51% increase from the year before. In 2022, the online marketplace acquired 55% more new buyers than it did in 2019.

	FY2021	FY2022	YoY Growth	1Q23 Guidance
Revenue	$2,329.11 MM	$2566.11 MM	YoY growth: 10.2%	$600M to $640M
EBITDA	$716.33 MM	$716.88 MM	YoY growth: (3%)	26-27%
Cash		$1.2 billion		

zoom

Zoom Video Communications, Inc. (ZM, down 0.55% in February, up 10.11% YTD)
The online video telecommunications platform FY2022 earnings have once again exceeded market expectations, outperforming forecasts quarter after quarter since its IPO in April 2019. The company's full-year revenue was $4,393 million, up 7% YoY, with an operating margin of 35.9%. The revenue increase can be attributed to the company's Enterprise revenue of $2,409.3 million, up 24% year-over-year, while its Online revenue was $1,983.6 million, down 8% year-over -year. Despite a slowdown in growth in technology companies and an overall recovery to pre-pandemic environments, Zoom has demonstrated an upward trend and managed to maintain its COVID gains. In the fourth quarter, the company closed its largest deal, a 2,000-seat contact centre. It also demonstrated the success of its Zoom One bundle, which was launched in June, and it finished the year by launching Zoom Virtual Agent, an intelligent conversational AI and chatbot solution.

	FY2021	FY2022	YoY Growth	FY2023 Guidance
Revenue	$4099.86 MM	$4,393.0 MM	7.1%	$4.435 to $4.455 BN
EBITDA	$1,178.67 MM	Not disclosed	N/A	Not disclosed
Cash		$ 1,062.8 MM		

Li-Cycle

Li-Cycle Holdings Corp. (LICY, up 11.40% in February, up 27.31% YTD)
Li-Cycle, the lithium-ion battery resource recovery company and North America's leading lithium-ion battery recycler, reported FY2022 revenues of $13.4 million, an increase of 83.6% from $7.3 million in FY2021. The increased product revenue was primarily due to increased production of black mass as a result of the company's Spoke operations expansion. The company also reported significant progress at its Rochester Hub, which is on track to meet its budget and timeline, with commissioning set to begin in late calendar 2023. The company more than doubled its black mass production to 4,023 tonnes compared to the previous year, exceeding the upper end of the revised black mass production target range of 3,500 to 3,800 tonnes. Following its $250.0 million in funding from Glencore and its equity investment from LG during the year, the company announced that it had received a conditional commitment for a $375 million loan from the US Department of Energy ATVM Program.

	FY2021	FY2022	YoY Growth	FY2023 Guidance
Revenue	$418.9 MM	$464.7 MM	(9.8) %	$375 MM to $415 MM
EBITDA	$(112.76) MM	$(278.02) MM	(42.1) %	Not disclosed
Cash		$322.5 MM		

Canadian Prime Minister Justin Trudeau, European Commission President Ursula von der Leyen interact with employees at Li-Cycle's recycling facility in Kingston, Ontario