

EQUITY ISSUE IN NORDIC ELECTROFUEL

Got the EU jackpot - chasing NOK 2.3 billion

INDUSTRY: Equity veteran Gunnar Holen and energy broker Rolf Bruknapp will decarbonise the aviation industry with expensive fuel and Norwegian power.

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Has received 40 million euros from Brussels

HUNTING FOR MONEY: - On the loan side, we are talking to six large, international banks at a level with Société Générale, says Gunnar Holen (to the left), general manager of Nordic Electrofuel. Rolf Bruknapp is the Founder.

PHOTO: ANDERS HORNVEDT

- We will not reach our goal until we have fully financed the first part of the construction. But we know that the market is insanely large, and that we are involved in very promising due diligence processes with investors, says Gunnar Holen, CEO of Nordic Electrofuel.

The company is working to establish a production facility for so-called e-fuel.

The main product is synthetic oil, or liquid hydrocarbons, based on renewable energy, water and CO₂.

After refining, it is thought that the synthetic oil will replace fossil-based products such as kerosene, and it can be used in existing engines and infrastructure, especially for the decarbonisation of the aviation industry.

NORDIC ELECTROFUEL

(Million NOK)	2023	2022
	(estimated)	
Operating income	0.0	0.0
Operating result	-12.8	-12.6
Result before taxes	-13.2	-13.5
Annual result	-13.2	-13.5

Owners:

Megastar Holding (Gunnar Holen, 27.8%),
Elfinans (Rolf Bruknapp, 25.3%),
Marquard & Bahls AG (5.5%),
Parkshore Holding (4.6%),
Elbear Energy (Bjørn Bringedal, 3.8%),
others (33.1%).

- Completely clean combustion

- The technology is old, and was, among other things, used by Nazi Germany during the Second World War to produce synthetic fuel from coal. It has also been used on a large scale by Sasol in South Africa. The big difference is that we use hydrogen and exclusively renewable energy sources, says Holen.

The key point is that the fuel should be able to replace regular fuel without modification of the engines.

- After refining, we get a product that has been approved as liquid fuel for the aviation industry since 2009. This gives you a completely clean combustion, says Holen.

Holen is an analysis veteran and founder of the brokerage house CAR, which collapsed during the financial crisis in 2008.

Later, he became a senior adviser at Procorp and Norwegian CEO of the mining company Norge Mining.

For the past eight years, he has been general manager of the renewables company Nordic Electrofuel, formerly called Nordic Blue Crude.

The company was started in 2015 by Rolf Bruknapp, who has worked with power and energy brokerage since the mid-1990s.

Bruknapp and Holen are both educated MBAs from the BI Norwegian Business School and know each other from their student days.



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HORNVEDT

40 million euros

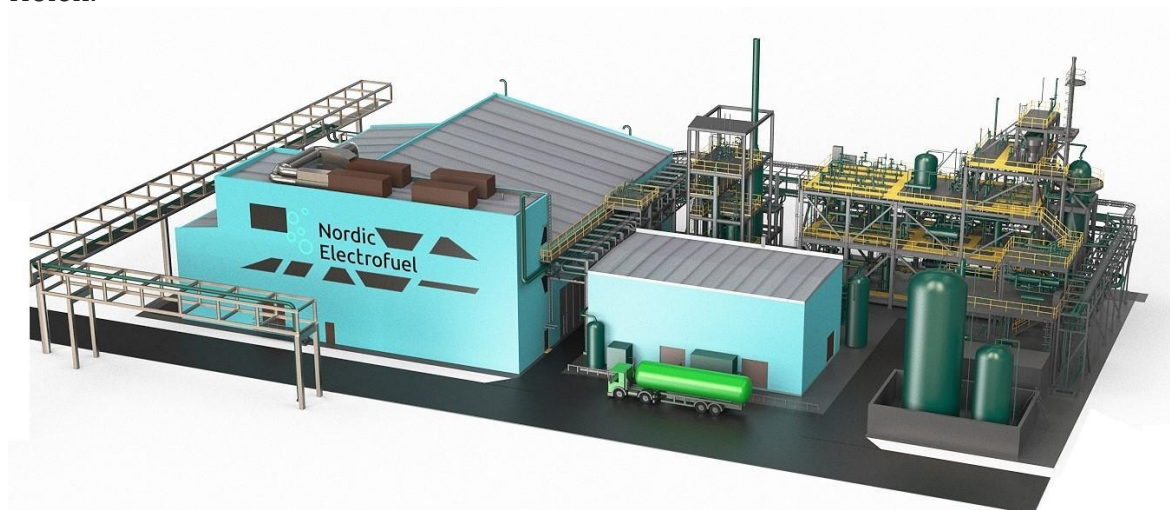
In December, Nordic Electrofuel was granted support of 40 million euros from the EU's Innovation Fund.

- We scored the best in our category and had one of the highest rankings overall of the 41 applicants who were awarded funding, says Holen.

- The support is a significant verification that we are a leading initiative in a new industry, says Holen.

The fuel will primarily be target at the aviation industry.

- We believe that cars primarily will be powered by batteries in the future, so it would not be appropriate for us to focus on. But batteries are not very suited for airplanes, says Holen.



THIS IS HOW IT SHOULD BE: The pilot plant is planned to be built in Herøya Industripark in Porsgrunn.

PHOTO: NORDIC ELECTROFUEL

Has collected NOK 170 million

So far, Holen and Bruknapp have recruited 11 employees to an office environment in Lysaker.

NOK 170 million has been raised from investors, including German Marquard & Bahls and Parkshore Holding in the lead.

However, the largest shareholders are Holen's Megastar Holding and Bruknapp's company Elfinans.

- We have over 500 shareholders, with a mix of private individuals and professional investors, says Holen.

Holen describes Marquard & Bahls as a large trading house within oil products, with 15 billion euros in annual turnover. Parkshore Holding is the family company behind WM SE, Continental Europe's answer to Mekonomen.

Must collect billions

These days, however, Holen is on the hunt for money. The plan is to raise 200 million euros by the summer. This corresponds to NOK 2.3 billion.

Of this, NOK 1.2 billion is target to be equity. The remainder is planned to be bank loans and support from the EU Innovation Fund of 40 million euros.

Holen is an optimist.

- We are in dialogue with a number of large, institutional investors, both in infrastructure and industry, and have received several non-binding offers. On the loan side, we are talking to six large, international banks at a level with Société Générale.

- We have had a challenging period for risk capital, but now the market is good. After quite a long time, EU regulations for emission-free liquid fuel have also come into place, says Holen.

The e-fuel plant, which Holen describes as a pilot plant, is planned to be built in Herøya Industrial Park in Porsgrunn.

Here, the first stage of construction will begin in 2025, and then production will start in the second quarter of 2027.

Holen also has a powerpoint that shows a further five full-scale plants in Norway with a total production of 1 billion litres of fuel in 2034 after investments of six to eight billion kroner per facility.

- Six times as expensive

- *What will be the price per litre of the finished product?*

- It starts approximately six times as expensive as normal fossil aviation fuel, but we will get down to a much lower level. Eventually it will come down to approximately the level of regular fuel, Holen replies.

- *Will the product be salable at that price?*

- The price is lower than what the other players can offer, and it will definitely come down as production is scaled up, Holen replies.

He refers to quota schemes in the EU which require airlines to reduce emissions.

- There are separate quotas for our type of fuel. The airlines understand this, and thus the demand will force itself, he says.

PS: This is an English translation of the article which was written in Norwegian by Finansavisen. The translation has been done by Nordic Electrofuel.