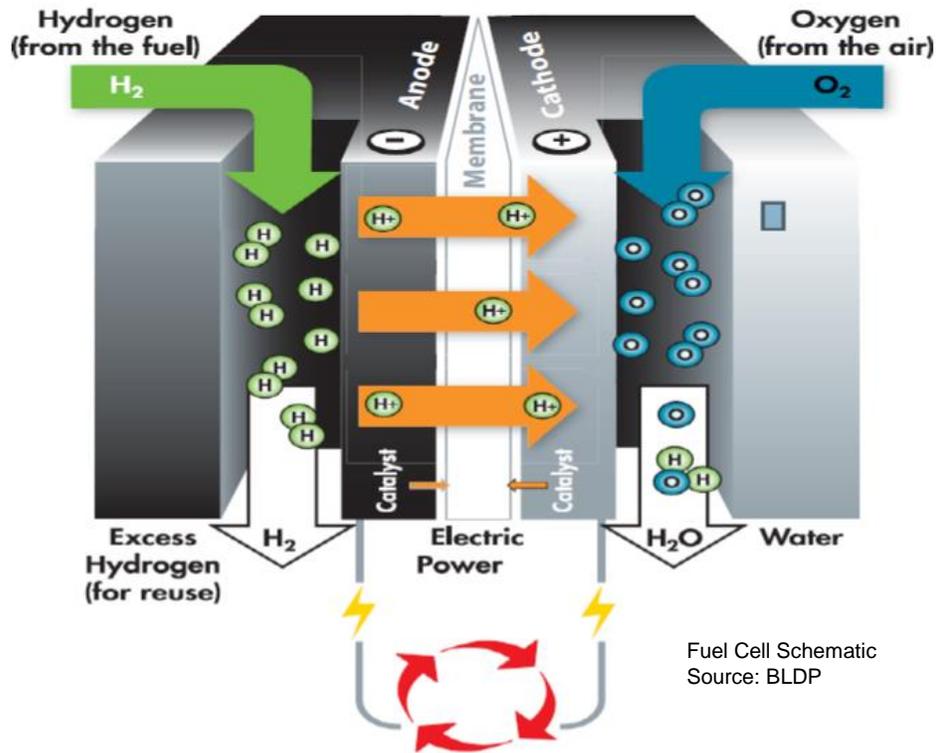




COKER & PALMER

INVESTMENT SECURITIES

July 14, 2021



Deep Dive Into Mobility TAM - Hydrogen Sector Initiation

Sales Teach-In

OILFIELD SERVICES & GREEN ENERGY

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Initiating on hydrogen sector with an unfavorable view

- Only one Sector Outperform rating - Bloom Energy
- Three Sector Underperform ratings - Ballard Power, FuelCell Energy and Plug Power
- One Sector Perform - Chart Industries

Thesis

- Two aspects to consider
 1. Social aspect: reduce carbon emissions, save the earth: Bullish
 2. Stock investment aspect: Unfavorable as current valuations
 - Provide credit for
 - TAM upside
 - Products yet to be manufactured and commercialized
 - Market share where companies have not been involved historically
 - Under-appreciate the enormous risks for achieving sector and company targets, despite a lack of long track record
 - The significantly large globally coordinated steps and investments required
 - Technological improvements required
 - The massive scaling up needed
 - Reaching milestones on time

What Is Underappreciated: Secular Growth Offset By Declining Pricing

- Fuel cell prices could decline by 60-70% by 2030 when a large part of the growth is expected
- BLDP expects fuel cell price to decline to \$500/kW by 2025 and \$200-250/kW by 2030 vs. ~\$1,000/kW currently
- Pricing should decline commensurate with planned costs decline keeping flat margins
 - PLUG is targeting ~60% reductions for fuel cell stack and ~75% for electrolyzer stack by 2024/25
 - BLDP is targeting 70% cost reductions by 2024
- When prices decline ~65% and gross margins remain flat it still means gross profit \$ amount would decline by ~60%, lowering the free cash flow

What Is Differentiated In Our Sector Call

- The first bear on the hydrogen sector on the sell-side
- A deep dive on commercial vehicle total addressable market which suggest much smaller TAMs vs. what are commonly used
- Painfully detailed end-market revenues and units sold analysis – driven by macro, market share, price/unit
- DCF (through 2040) methodology for valuation as opposed to assigning arbitrary EV/Sales or EV/EBITDA multiples on 2025/2030

Prefer Companies With An Established Track Record

- BE fits the bill
 - Growth driven by Bloom Energy Server where the company has a strong track record
- Difficult for our comfort level to provide credit
 - Where a commercial product or even a prototype is yet to be manufactured
 - Market share when the company has not been involved in the markets
 - Economic margins will be achieved
 - Essentially, financial modeling exercise becomes what a successful business model would look like i.e., upside case
 - Examples are
 - BLDP’s MAHLE agreement in Europe and NAM for commercial trucks
 - FCEL’s solid oxide products
 - PLUG’s SK and Renault JV as well NAM commercial truck markets, electrolyzers, 3rd party fuel sales
 - BLDP could earn ~40%, FCEL ~60% and PLUG ~50% of 2024 revenues from products and/or markets the companies do not have a long track record vs. none for GTLS and only ~15% for BE.

2024 Revenues														
BLDP			BE			FCEL			GTLS			PLUG		
Segments	Revenues	Share %	Segments	Revenues	Share %	Segments	Revenues	Share %	Segments	Revenues	Share %	Segments	Revenues	Share %
Weichai MEAs	93	40%	Korea Revenues	319	20%	Korea Revenues	159	43%	Cyro Tanks	540	26%	Fuel Cells	436	29%
NAM Class 6-7	24	10%	US	377	24%	Europe	5	1%	Heat Transfer Sys.	521	25%	Services	83	6%
NAM Class 8	47	20%	Intl. (Ex-Korea)	66	4%	U.S. Generation	86	23%	Specialty Products	749	36%	PPA	83	6%
EU + EFTA LCV	0	0%	Marine	164	10%	Services	28	8%	Repair & Leasing	290	14%	Fuel Net Revenues	147	10%
EU + EFTA MCV	3	1%	Biogas	33	2%	Adv. Tech. Sales	26	7%				Fuel 3rd Party Sales	89	6%
EU + EFTA HCV	9	4%	Installation	249	16%	Solid Oxide	66	18%				Electrolyzers	328	22%
EU + EFTA MH Buses	28	12%	Service	307	19%							SK JV	219	15%
Small Trains	0	0%	Electricity	68	4%							Renault JV	81	5%
Large Trains	2	1%										NAM MDV/HDV	33	2%
Marine Vessels	1	0%												
Material Handling	8	3%												
Back-up Power	4	2%												
Technology Solutions	12	5%												
Total	232	100%		1,581	100%		370	100%		2,099	100%		1,498	100%
New Revenues	86	37%		229	15%		230	62%		0	0%		749	50%

Source: CPI est.; Note: Grey highlighted areas show lack of track record.

Prefer Stationary Power Over On-Road Mobility Applications

- They have a track record such as BE/FCEL with ~575/250 MW capacity installed
- Can use grey, blue as well as green hydrogen
- No need for extensive infrastructure like hydrogen refueling station (HRS)
- Closer to being competitive even at current costs.

Deep Dive Into Mobility TAM – Much Smaller Than Commonly Used

- Used “KISS” principle i.e., “keep it simple and stupid”; easy to manipulate assumptions
- Used correlation between country specific GDP growth and historical growth in commercial vehicles
- Forecast zero-emission vehicles (ZEV) sales as a share of total commercial vehicles sales market based on government policies across each region (see next slide)
- Assumed fuel cell share to be about 20% for MDV/HDV in Europe or Class 6-8 in NAM by 2030 using transit agency plans in California, one of the more advanced region in terms of green energy initiatives
- We forecast 3-4% FCCV penetration by 2030 in the U.S. and Europe for HDV/Class 8 vs. under 1% estimated by BNEF in their EV outlook i.e., optimistic assumptions

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2050
China													
Total Trucks	1,000	1,000	1,269	1,556	3,061	4,878	6,870	15,627	27,710	43,552	63,627	88,458	1,370,006
Total Buses	450	450	561	864	1,635	2,506	3,395	4,716	6,265	8,047	10,071	12,341	99,650
Total FCCV	1,450	1,450	1,830	2,420	4,695	7,384	10,265	20,343	33,975	51,599	73,698	100,798	1,469,656
Growth %		0%	26%	32%	94%	57%	39%	98%	67%	52%	43%	37%	10%
Total CV	4,324,809	5,249,371	6,344,849	6,638,377	6,946,345	7,269,472	7,608,513	7,964,263	8,337,552	8,729,257	9,140,296	9,571,632	14,050,629
Share % of CV	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	1%	10%
EU + EFTA													
LCV Trucks	0	245	1,930	5,178	11,976	21,729	34,692	41,756	49,718	58,648	68,622	79,721	530,986
HDV Trucks	0	5	23	112	689	2,065	4,239	5,082	6,024	7,072	8,232	9,512	189,244
MDV Trucks	0	0	3	21	137	441	920	1,084	1,262	1,455	1,664	1,888	29,219
Bus/Coach	50	271	507	906	1,716	2,547	3,401	3,881	4,385	4,913	5,466	6,045	15,588
Total FCCV	50	521	2,463	6,217	14,518	26,782	43,252	51,803	61,389	72,088	83,984	97,166	765,038
Growth %		942%	373%	152%	134%	84%	61%	20%	19%	17%	17%	16%	8%
Total CV	2,582,668	2,093,568	2,205,592	2,282,580	2,356,945	2,433,253	2,510,416	2,589,899	2,672,330	2,757,828	2,846,517	2,938,527	4,313,783
Share % of CV	0%	0%	0%	0%	1%	1%	2%	2%	2%	3%	3%	3%	18%
South Korea													
Total Trucks	2	3	25	71	205	355	522	665	823	996	1,187	1,396	6,858
Total Buses	0	0	7	28	104	217	371	538	745	998	1,301	1,660	13,552
Total FCCV	2	4	32	99	309	572	893	1,203	1,568	1,994	2,487	3,056	20,410
Growth %		116%	770%	210%	212%	85%	56%	35%	30%	27%	25%	23%	7%
Total CV	227,921	220,509	247,474	257,789	268,537	279,738	291,409	303,571	316,245	329,453	343,217	357,560	514,157
Share % of CV	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	1%	4%
NAM													
Class 4-5	0	0	2	5	11	34	161	380	706	1,155	1,744	2,493	54,778
Class 6-7	0	53	147	277	405	1,010	1,723	2,545	3,484	4,543	5,728	7,046	102,329
Class 8	0	26	188	441	694	1,983	3,479	5,191	7,123	9,281	11,675	14,311	197,352
Total FCCV	0	79	336	723	1,109	3,027	5,362	8,116	11,312	14,979	19,147	23,850	354,459
Growth %		#DIV/0!	327%	115%	53%	173%	77%	51%	39%	32%	28%	25%	9%
Total CV	622,793	482,599	588,758	677,593	688,929	701,414	717,985	735,544	753,847	772,932	792,843	813,623	1,160,384
Share % of CV	0%	0%	0%	0%	0%	0%	1%	1%	2%	2%	2%	3%	31%

Source: ACEA; BEA; CAMA; FIR Associates; KANA; IMF; IEA; BNEF; Bloomberg; Wards Automotive; CPI Est.

Fuel Cell Vehicle Country Policies

- We think hydrogen makes more sense for HDCV/MDCV vs. LDCV
 - Hydrogen has a significantly higher energy density than batteries, both in terms of volume and weight.
 - Given limitations in the weight and size of the energy storage in the vehicle, an FCEV can drive further and transport more payload than a BEV.
- China has a stated goal of 100K FCEV by 2025 and 1M by 2030
 - However, commercial vehicles (CV) account for only 15-20% of total vehicles sold in China historically
 - We model 30K/310K FCCV by 2025/2030
- South Korea has a stated goal of 40K FC buses and 30K FC trucks by 2040 along with 1,200 hydrogen fueling stations and 80K fuel cell taxis
 - We forecast South Korea FC bus sale of ~41K and FC trucks of ~30K by 2040
- U.S.:
 - 15 states have pledged to have 30% ZEV sales for all new medium-duty vehicles (MDV) and heavy-duty vehicles (HDV) by 2030 and 100% by 2050
 - We forecast ~20% ZEV share for the whole U.S. by 2030 and 100% by 2050
 - California bus transit agencies plans reflect 25-30% of buses will be FCEB by 2030
 - We have modeled the U.S.
 - ~20% fuel cell share of ZEV for Class 6-8 vehicles by 2030 and 40% by 2050
 - 5/15% fuel cell share of ZEV by 2030/50 for Class 4-5 vehicles.
- EU: Government purchases will comprise of clean vehicles share to be
 - 35-40% for LDV from 2021
 - 10% by 2025 and 15% by 2030 for trucks
 - 45% by 2025 and 65% by 2030 for buses
 - We have assumed private purchases replicate the government policy
 - For FCEV share we have assumed a similar share of ZEV as for the U.S.
 - ~20% fuel cell share of ZEV for MDV/HDV trucks by 2030 and 40% by 2050
 - 5/15% fuel cell share of ZEV by 2030/50 for LDV

Bloom Energy: Initiate At Sector Outperform; \$24 PT

- Growth driven by products and markets where the company already has a strong track record
 - Expansion in the U.S. market from lower cost
 - Korean market growth driven by country's hydrogen policy; ~35% market share
 - Marine products based on an existing agreement with Samsung Heavy Industries
 - Any green hydrogen market revenues (\$750M by 2025 as per BE) would provide upside to our estimates
- We prefer stationary power applications over on-road mobility applications for hydrogen. BE fits the bill.

Risks to Thesis

- BE could end up being capacity constrained if a facility in addition to a 200 MW facility currently under construction is not announced soon.
- We are giving credit to company for selling products internationally and in the marine product without a strong track record.

Key Catalysts

- Potentially a combined heat & power (CHP) contract in South Korea.
- A commercial carbon capture product sale and a large biogas commercial win.

Valuation

Our BE price target is ~\$24 implying ~5% upside

Ballard Power: Initiate At Sector Underperform; \$15 PT

- Many unknowns driving low confidence in financial estimates (~40% of 2024 revenues from new products/markets)
 - Macro unknowns include penetration level of zero-emission vehicles (ZEV) in the commercial vehicle markets, or fuel cell vehicles (FCV) within ZEV.
 - Company specific unknowns include the timing of successful testing of new products and potential market share in Europe and NAM commercial truck markets.
 - Essentially, financial modeling exercise becomes what a successful business model would look like i.e., upside case.
- We prefer stationary power over on-road mobility applications for hydrogen. BLDP is a play on on-road mobility applications.

Risks to Thesis

- BLDP is essentially a play on FCV market, particularly in China, which is one of the most advanced market, where the company enjoys ~45% market share.

Key Catalysts

- Test results of new products in Europe and NAM.
- More vehicles orders expected in 2H21.

Valuation

Our PT of \$15, implying ~10% downside, is based on DCF through 2040.

FuelCell Energy: Initiate At Sector Underperform; \$3 PT

- Business model is still evolving, in our view, which implies higher underlying operational risks.
 - Re-entering the European and Korean markets
 - Trying to commercialize solid oxide fuel cells where business model (selling vs. PPA) is unclear to us vs. historically focusing on carbonate fuel cells via PPA
 - Historically tried to own the fuel cells on its balance sheet, now the company is open to use more financing/selling the products.
- Many unknowns driving low confidence in financial estimates (~60% of 2024 revenues from new products/markets)
 - Market share for FCEL in Korea as the company re-enters the market as BE and PLUG are involved too
 - Ability to sell in Europe as the company only has couple of MW installed in Europe so far
 - Likelihood of solid oxide fuel cell success, pricing and gross margins for solid oxide products and business model for solid oxide products i.e., selling products vs. power under PPA

Risks to Thesis

- Market growth could surprise us to the upside given macro tailwinds around reducing GHG emissions.
- We prefer stationary power applications over mobility applications for hydrogen where FCEL is levered.

Key Catalysts

- \$500M ATM equity offering was announced on Jun. 11, 2021.
- FCEL should win some new projects in Connecticut shortly. Also, Advanced Technology should earn \$5M milestone payment in 2022 and \$45M Rotterdam project in 2023, in our view.
- Successful commercialization of solid oxide fuel cell.

Valuation

Our Price Target for FCEL is \$3 implying ~65% downside.

Chart Industries: Initiate At Sector Perform; \$124 PT

- Exposure to three secularly growing sectors, LNG, Carbon Capture and Hydrogen
- The most matured among hydrogen companies with a strong track record
- Strong FCF conversion: GTLS has converted 5/8/11% of revenues or 33/54/65% of EBITDA into FCF in 2018/19/20.
- All qualities are more than reflected at current stock price.

Risks to Thesis

OFS investors looking for green energy exposure or industrial investors looking for growth could gravitate towards GTLS despite valuation concerns given strong FCF conversion ratio and green hydrogen exposure without much capital at risk.

Key Catalysts

- M&A/investment activity.
- Potential orders with several in pipeline for hydrogen, carbon capture and LNG.

Valuation

Our \$124 PT is based on DCF through 2040.

Plug Power: Initiate At Sector Underperform; \$13 PT

- Many unknowns drive low confidence in financial estimates (~50% of 2024 revenues from new products/markets)
 - Penetration level of zero-emission vehicles (ZEV) in the commercial vehicle markets, or fuel cell vehicles (FCV) within ZEV
 - Company specific unknowns include
 - Timing of successful testing of new products
 - Potential market share in Korea and Europe and NAM commercial truck markets
 - Essentially, financial modeling exercise becomes what a successful business model would look like i.e., upside case.
- Looking for clarity
 - Number of units sold and price per unit assumed for revenues guidance
 - Steps to improve margins in hydrogen fuel sales and services.
 - Details behind
 - \$250M SK JV revenue drivers by 2024
 - \$250M Renault JV revenues (we model \$80M) by 2024
 - 30% Renault JV market share target vs. ~15% historical share
 - Hydrogen margins expansion to ~30% at about \$6/kg selling price vs. current \$4/kg price realized

Risks to Thesis

- PLUG is targeting \$1.7B revenues, 30%+ gross margins and 20% EBITDA margins by 2024.
- PLUG could be the “go-to” name for hydrogen exposure.

Key Catalysts

- PLUG has a line of sight for 500 MW of electrolyzer sales.
- Symposium in September 2021 where we could get color around 2024 revenues and margins and potential upside to 2024 targets.

Valuation

Our PT for PLUG is \$13, implying ~55% downside

How Are We Differentiated

- We model 735M diluted shares. Notably, our understanding is that there is confusion around outstanding shares

Comp Sheet (\$M)

Tkr	Rating	Price	Shares Equity	Mkt. Cap.	Ent. Val.	Price Target	Up/ Down	EVEBITDA @ CPI				EVEBITDA @ Strt.				FCF Yield @ CPI				
								2021E	2022E	2023E	2030E	2021E	2022E	2023E	2030E	2021E	2022E	2023E	2030E	'21-25E Avg.
BE	SO	23.11	145	3,883	4,139	24	4%	36.8x	24.7x	19.5x	3.4x	49.4x	29.6x	17.8x	5.3x	0.4%	0.0%	2.1%	7.1%	2.1%
BLDP	SU	16.99	298	5,056	4,308	15	-12%	-83.5x	-88.3x	-98.8x	26.2x	-85.0x	-120.4x	-367.1x	8.6x	-1.6%	-1.0%	-5.4%	3.0%	-1.8%
FCEL	SU	8.05	322	2,596	2,693	3	-63%	-52.1x	-86.3x	345.1x	21.8x	-84.5x	-378.3x	234.2x	11.9x	-6.2%	-5.0%	-5.6%	1.1%	-4.2%
GTLS	SP	153.28	36	5,572	5,924	124	-19%	21.2x	14.9x	11.9x	3.2x	21.9x	17.0x	14.4x	-	1.8%	3.2%	3.8%	7.9%	3.9%
PLUG	SU	29.39	735	21,602	20,670	13	-56%	-1007.2x	651.6x	156.9x	46.2x	#####	244.5x	102.7x	11.1x	-4.7%	-3.6%	-0.9%	1.1%	-1.6%

EBITDA

Tkr	2Q21E			3Q21E			2021E			2022E			2023E			2024E			2030E		
	CPI	Strt.	Diff. %																		
BE	26	14	87%	28	24	16%	102	84	22%	152	140	9%	188	232	-19%	273	276	-1%	494	781	-37%
BLDP	(12)	(12)	-1%	(12)	(11)	8%	(46)	(51)	-9%	(44)	(36)	23%	(42)	(12)	NM	(11)	28	NM	146	503	-71%
FCEL	(13)	(6)	NM	(14)	(8)	89%	(52)	(32)	64%	(33)	(7)	NM	9	12	-24%	19	30	-37%	136	226	-40%
GTLS	61	60	2%	76	74	2%	267	271	-2%	365	349	5%	438	412	6%	473	404	17%	743	-	-
PLUG	(15)	6	NM	16	10	51%	(18)	(8)	NM	29	85	-66%	122	201	-40%	211	352	-40%	380	1,868	-80%

FCF

Tkr	2Q21E			3Q21E			2021E			2022E			2023E			2024E			2030E		
	CPI	Strt.	Diff. %																		
BE	(5)	68	NM	58	23	NM	16	(47)	NM	(1)	47	-102%	87	106	-18%	153	112	37%	337	412	-18%
BLDP	(6)	3	NM	(24)	(25)	-4%	(80)	(76)	5%	(50)	(76)	-34%	(275)	(53)	415%	(81)	(45)	78%	149	253	-41%
FCEL	(81)	(7)	NM	(37)	(13)	NM	(162)	(64)	NM	(130)	(80)	61%	(145)	(90)	62%	7	(149)	-105%	28	31	-7%
GTLS	16	45	-63%	21	73	-71%	111	203	-45%	197	238	-17%	236	277	-15%	333	292	14%	491	-	-
PLUG	(294)	(273)	7%	(298)	(296)	1%	(949)	(854)	11%	(783)	(809)	-3%	(202)	(300)	-33%	122	(227)	-154%	237	839	-72%

Tkr	Net Debt/Cap @ CPI		Net Debt/EBITDA @ CPI		Stock Performance				Short Float			Days To Cover
	2021E	2022E	2021E	2022E	1 Wk.	1 Mo.	3 Mo.	YTD	6/30/21	5/15/21	5/1/21	
BE	-82%	-56%	-1.9x	-1.3x	-13%	-11%	-5%	-20%	12.9%	13.5%	12.2%	5.5
BLDP	-85%	-81%	26.2x	26.3x	-7%	-7%	-24%	-28%	9.6%	9.9%	8.8%	6.8
FCEL	13%	35%	-1.2x	-5.8x	-4%	-24%	-30%	-28%	13.1%	14.7%	13.3%	2.0
GTLS	4%	-6%	0.3x	-0.3x	2%	4%	7%	30%	11.5%	11.2%	11.2%	8.0
PLUG	-67%	-52%	195.9x	-94.5x	-11%	-9%	-2%	-14%	7.4%	9.7%	10.3%	1.1

Source: Bloomberg; CPI est.; Note: FCCEL est. shown on CY basis; Sector Outperform (SO), Sector Perform (SP), Sector Underperform (SU)

Appendix A – Required Disclosures

Analyst Certification

I, Vaibhav (Vebs) Vaishnav, certify that to the best of my knowledge, the views and opinions in our research reports accurately reflect my personal views about the subject company (companies) and its (their) securities. I have not and will not receive direct or indirect compensation related to the specific recommendations or opinions of this report. Unless otherwise stated, the individuals listed on the cover page of this report are analysts for Coker Palmer Institutional (CPI). Coker Palmer Institutional (CPI) is the brand name used to distinguish Coker & Palmer's institutional only, sell side equity research operations.

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Coker Palmer Institutional (CPI) is restarting formal rating systems. The firm has a three-tiered rating system, with ratings of Sector Outperform, Sector Perform, and Sector Underperform. Each Research Analyst assigns a rating that is relative to his or her coverage universe or an index identified by the Research Analyst that includes, but is not limited to, stocks covered by the Research Analyst.

The rating assigned to each security covered in this report is based on the CPI Research Analyst's 12-month view on the security. Research Analysts may sometimes express in research reports shorter-term views on these securities that may impact the price of the equity security in a manner directly counter to the Research Analyst's 12-month view.

Appendix A – Required Disclosures Contd.

These shorter term views are based upon catalysts or events that may have a shorter-term impact on the market price of the equity securities discussed in research reports, including but not limited to the inherent volatility of the marketplace. Any such shorter-term views expressed in research report are distinct from and do not affect the Research Analyst's 12-month view and are clearly noted as such.

Ratings

Sector Outperform (SO)

The stock is expected to outperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Perform (SP)

The stock is expected to perform approximately in-line with the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Underperform (SU)

The stock is expected to underperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Coker & Palmer Institutional Ratings Distribution

Category	Count	Percent
Sector Outperform	4	29%
Sector Perform	4	29%
Sector Underperform	6	43%
Total	14	100%

Price Target Methodology:

Coker Palmer Institutional (CPI) price targets are essentially based on DCF methodology.

Valuation/Risk Factors

Oilfield Services (OFS) business is inherently risky. OFS investors should be fully aware of these risks, which include, but are not limited to, volatile natural gas, NGL's and crude oil prices, demand for and competition for a company's product and/or service, asset quality, customer risks, changes in operating costs, company capital structures, operating and working capital needs and ability to raise both debt and equity capital to fund operations. We value OFS equities on many different metrics, including but not limited to, our subjective view as to the quality of management, discounted cash flows, net asset values, enterprise value to EBITDA or cash flow multiples, price to earnings or cash flow multiples, reinvestment risk and full cycle economics. These factors are uncertain and our outlook is subject to change, sometimes quite quickly. Any changes in the above factors can impede achievement of our valuation assessments.

Appendix A – Required Disclosures Contd.

Green Energy businesses are inherently risky. The industry is still at a nascent stage and long-term viability is still not established. Investors should be fully aware of these risks, which include, but are not limited to, viability of new products and markets targeted, volatile commodity prices, demand for and competition for a company's product and/or service, asset quality, customer risks, changes in operating costs, company capital structures, operating and working capital needs and ability to raise both debt and equity capital to fund operations. We value Green Energy equities on many different metrics, including but not limited to, our subjective view as to the quality of management, discounted cash flows, net asset values, enterprise value to EBITDA or cash flow multiples, price to earnings or cash flow multiples, reinvestment risk and full cycle economics. These factors are uncertain and our outlook is subject to change, sometimes quite quickly. Any changes in the above factors can impede achievement of our valuation assessments.

The Exploration and Production (E&P) business is inherently risky. Investors in E&P equities should be fully aware of these risks, which include, but are not limited to, volatile natural gas, NGL's and crude oil prices, regional pricing differences, field and company asset quality, reserve depletion factors, drilling risks, operating costs, company capital structures, operating and working capital needs and ability to raise both debt and equity capital to fund operations. . . E&P Valuation Methods used to determine the Price Target: We value E&P companies on many different metrics, including, but not limited to, our estimate of net asset value (NAV), enterprise value to EBITDA or cash flow multiples, price/earnings or cash flow multiples, discounted cash flow analysis and breakup/acquisition values. All our estimates and valuations are highly and inherently uncertain. They are based on, but not limited to, our outlook for the commodity price, our subjective view as to the quality of management, net asset value, quality of the proven and unproven reserves and resources, ability to develop and produce these reserves/resources, financial strength, cash flow, access to capital, and full cycle economics of investments. These factors are uncertain and our outlook is subject to change, sometimes quite quickly. Any changes in the above factors can impede achievement of our valuation assessments.

Industrials: This category might cover many different types of companies with various business models and various factors affecting the operations and stock prices, some of which include overall economic growth, end market demand, product inventories and competition. Some of these companies might have various energy-related exposure through both sales and/or costs. In general, industrial company risks include, but not limited to, high fixed operating costs, rising input costs, currency and commodity price fluctuations, variable demand, inventory levels, quality of management, competition and obsolescence.

E&P, Oilfield Service, Industrials, Green Energy, as well as investments in the other subsectors we follow are subject to a myriad of external factors, including but not limited to, commodity price risk, geopolitical risk, changes in interest rates, the value of worldwide currencies, especially the U.S. dollar, changing regulations, both domestically and abroad, regulatory enforcement levels, and changes in domestic or global economic fundamentals. Please see specific companies' most recent SEC filings, including 10-Ks, 10-Qs, 8-Ks, and proxy filings for additional risks and considerations. For companies based outside the US, please see country specific regulatory filings for additional risks and considerations.