



Finding Efficient Frontiers



**INVEST/STAY CONNECTED**

INITIAL REPORT November 27, 2022

LAST UPDATED November 15, 2023

2.5% Senior Convertible Notes; Recommendation: Withdrawn

Price: 27 [FINRA link](#)

**FISKER INC.**

Fisker Inc. (FSR) is an American electric vehicle (EV) company founded by Henrik Fisker and his wife Geeta Gupta-Fisker. The company is in its first production and sales year for the [Ocean](#) and has plans to launch the [Pear](#). Currently, Magna Sty, an automobile manufacturer in Austria is contracted to build the Ocean. As a result Fisker will only need to invest a fraction of the capital required by companies making their own production facilities. Magna also builds cars for BMW, Mercedes, and Toyota. Fisker’s business model reduces the capital required by as much as 80%.

However, after reporting 3<sup>rd</sup> quarter results the company seems to be in disarray. After initially predicting over 42,000 cars produced for 2023 the company produced less than 6,000 (year to date) and encountered delivery problems with only 1100 cars out of 4700 produced in the third quarter being delivered. Fisker was still predicting as many as 23,000 units produced for 2023 at the end of second quarter.

Since the company is not generating confidence with the operation this could cause an additional problem with raising the necessary capital needed to reach profitability. We estimate Fisker will need as much as \$1.5 billion in additional capital to reach break even. Currently Fisker has over \$1.2 billion in convertible debt and \$600 million in cash.

So, initially we had recommended the convertible notes but are withdrawing the recommendation due to uncertainty in the operation. Management did not raise the estimated capital and some sort of reserve before beginning production. This may easily improve in the next few quarters, but we estimate that Fisker will also need to be producing 22,000 cars per quarter in order break even on EBITDA.

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2023 estimates	
Production units	12,000
ASP	\$60,000
Gross Profit	\$51 mm
Operating income	-\$349 mm
Cash Flow	-\$539 mm
2024 estimates	
Production units	26,000
ASP	\$60,000
Gross Profit	\$174 mm
Cash Flow	-\$756 mm

## BROXTON CAPITAL ADVISORS FSR Inc. as of 9/30/2023

Wednesday, November 15, 2023

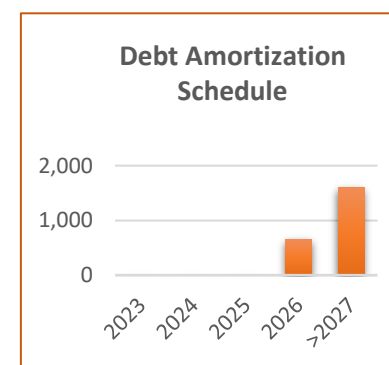
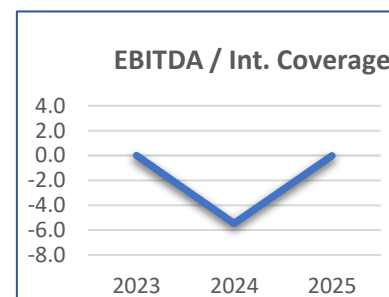
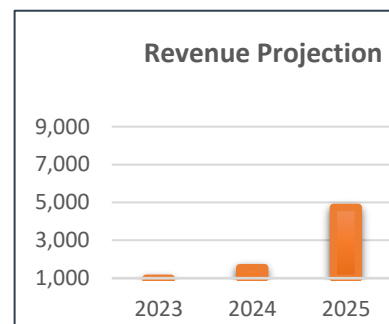
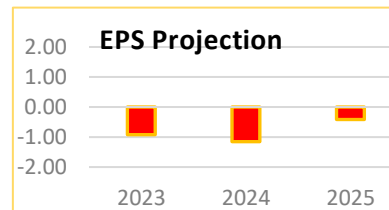
share price

\$3.27

### PROJECTIONS IN MM fiscal yr

	2023	2024	2025
<b>Income Statement</b>			
total vehicle deliveries (000)	12	26	79
ASP (000)	60	60	60
Revenue	720	1,560	4,740
Gross Profit	51	174	578
Operating Income	-349	-416	-62
Pre-Tax Income	-359	-481	-152
Net Income	-369	-491	-187
EPS	-0.92	-1.15	-0.41
Revenue growth		117%	204%
EBITDA	-279	-356	-2
Interest	10	65	90
Capitalized Expense	240	325	375
Cash Flow	-539	-756	-502
ATM & Other Financings	550	0	0
End of Period Cash	571	-184	-686
<b>Valuations</b>			
Cash Flow Yield Vs. Equity	-52.8%	-74.1%	-49.2%
EV/EBITDA	-8.4	-6.6	-1,361.8
P.E Ratio	-3.5	-2.8	-7.9
Enterprise Value	2,342		
Net Total Debt	1,322		
Equity Market Cap	1,020	1,020	1,020
<b>Debt Ratios</b>			
EBITDA/Interest Coverage ratio		-5.5	0.0
Debt/EBITDA	-4.7	-1.9	-388.4
<b>Liquidity</b> Sep. 30 2022			
Cash	626		
Borrowing Availability est.	500		
Total Current Assets	1,462		
Total Current Liabilities	872		
Current Ratio	168%		
<b>Debt</b>			
Borrowings	668		
Total	668		

NOTES:



**Disclosures**

\*EV Comparisons: Enterprise Values Source: Yahoo Finance, 2023 production estimates are highly speculative and the estimates are provided by Broxton. Previous reports are available upon request. Smart Yield Fund targets a mix of different security classes that contain the risk of loss. Investors should carefully consider the Fund's investment objectives and risk factors before investing. Investing involves risk, including possible loss of principal. Investors should consider the loss of principle and targeted returns are not guaranteed. Individual investors in Smart Yield are generally required to be accredited investors. Smart Yield is a fund operated through individual accounts creating the composite. Smart Yield Fund is a new product with an inception date of September 30, 2020, and as such does not have historical data. Asset Mix Projections on page 2 and 6, Smart Yield Portfolio Metrics on page 5 are estimated or targets of the fund. Asset class mix and targets may change based on the direction of the managers. Portfolio allocation projected annual return and beta assumption for each asset class on pages 7-10 are estimated. Beta for the fund and each asset class is estimated versus the S&P 500. The average beta for the entire fund is projected to be .32. Beta is a measure of the fund's volatility in relation to S&P 500 Index. This index has a beta of 1.0. The fund targets a total gross return before fees and expenses of 9.24%. The fund projects a blended return based on income securities and capital gains. Smart Yield attempts to continuously improve the value of investment portfolios by investing in corporate bonds, convertible bonds, other types of bonds (investment grade and sub-investment grade, [which may also have limited liquidity]), dividend paying equities, non-dividend paying equities, ETFs, including leveraged ETFs, and other securities. Fixed income risks include interest-rate and credit risk. 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On request we provide a list of all investment recommendations made by the firm over the last twelve months. Also, from time-to-time we may also discuss and display, charts, graphs, formulas which are not intended to be used by themselves to determine which securities to buy or sell, or when to buy or sell them. Such charts and graphs offer limited information and should not be used on their own to make investment decisions.

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# SMART YIELD

Income Fund

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