

‘Superstar Stock’ Cielo Waste Solutions takes free garbage and turns it into valuable diesel fuel

Cielo Waste Solutions’ ‘waste to fuel’ refineries will help reduce landfill garbage methane and CO2 emissions

The global waste to fuel energy industry is just taking off now and is forecast to grow from US\$35.1 billion in 2019 to US\$50.1 billion by 2027, at a CAGR of 4.6% from 2020 to 2027. It is highly likely the growth rates will end up much higher than this forecast given the world produces over 3.5 million tons of garbage a day (over 2 billion tons a year), with the vast majority ending up in landfill dumps.

Cielo Waste Solutions Corp. (TSXV: CMC | OTCQB: CWSFF | FSE: C36) (“Cielo”) is in the business of turning our waste into fuel, at a lower cost than typical biofuel companies. Cielo has an exclusive global license from a related party to a technology for refining household, commercial (includes municipal waste) and construction/demolition waste into high-grade renewable fuels/diesel. The technology is also effective on wet organics (compost), all plastics, paper, tires, cardboard, sawdust and wood. Cielo plans to construct renewable diesel refineries globally using alternate waste feedstocks.

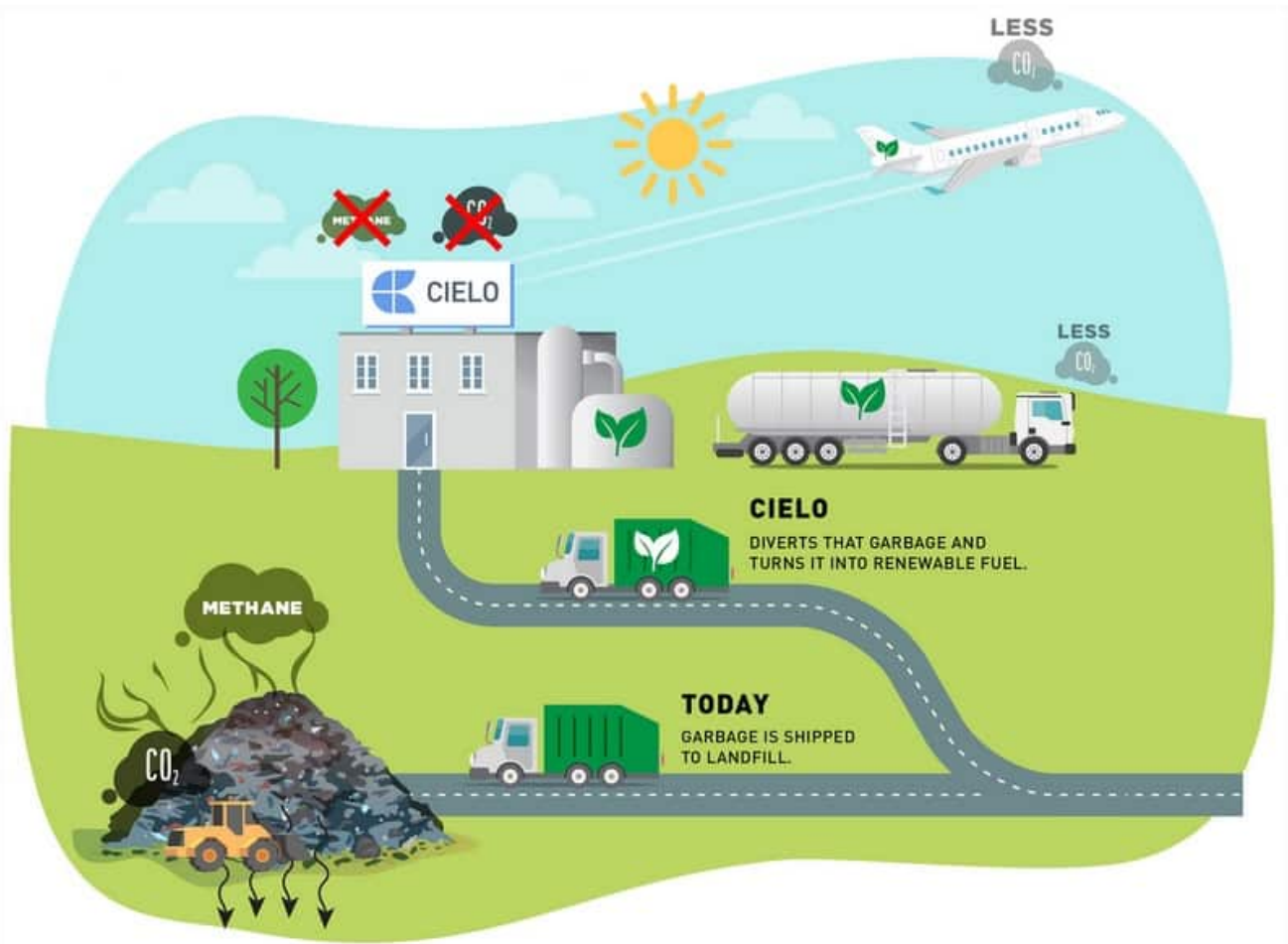


Source: TD Waterhouse stock graph from 7-12-2021

Cielo summarizes well on their website by stating:

“Cielo has an exclusive global license from a related party for a game-changing refining process (“the technology”) that can convert multiple different waste streams into renewable diesel at a considerably lower cost than biodiesel companies. Almost every developed country in the world has a mandate to blend renewable fuels, and Cielo will be selling into this growing market. The global applications of Cielo’s technology are enormous.”

Today’s waste goes to landfill and produces methane gas and CO₂, whereas Cielo takes that waste and turns it into renewable fuel



Source: Cielo

Cielo's waste to fuel refinery roll out plan progressing well (Cielo projects (2) and JV funded projects (9))

The Cielo business model is a dual strategy, 100% owned refineries and joint venture (JV) refineries. The JV refineries are designed to reduce upfront CapEx for Cielo by joint venturing with partners who pay to build the waste to renewable fuels facilities.

Cielo already has their 100% owned first refinery operating in Aldersyde Canada. As of July 2021, the Aldersyde plant is currently running at ~5,000 liters per day, on process to ramp up to the designed capacity to produce 24,000 liters per day of diesel fuel. A very nice business given that regular diesel prices globally are averaging about C\$1.73/liter, boosted by the recent oil price surge.

Cielo announced in May 2021, that Cielo has entered into an agreement to purchase land and a 31,750 sq ft building for C\$13 million, on approximately 60 acres in Fort Saskatchewan (Edmonton, Canada), for the purpose of building a second 100% owned refinery facility.

Cielo also has signed an MOU JV with Renewable U Medicine Hat Inc. to expand further in Canada and into the U.S., with a further up to 9 facilities (refineries), all funded by the JV partner. The nine facilities to be built are planned as Grande Prairie, Calgary, Medicine Hat (Dunmore), Lethbridge, Kamloops, Winnipeg, Toronto, Halifax and a location in the USA (to be determined). Highlights of the proposed terms of the joint venture agreements include: The JV partners are responsible for 100% of the financing of each project. Cielo, as contractor, will execute the planning, construction, commissioning and operation of the JV facilities, and overall manage the joint ventures and receive a 7% fee.

Cielo CEO, Don Allan, recently stated:

“With completion of these milestones, Cielo will be in a position to begin to see revenue at our Aldersyde facility as the company begins ongoing production and subsequently see consistent revenue growth from the Edmonton (Ft. Saskatchewan) facility once completed. The completion of these two corporate facilities lays the foundation to build out multiple facilities under the same modular model and as such potentially see exuberant growth over the next 12 to 36 months. We are also very excited to be participating in the sod turning ceremony of the Dunmore facility on Thursday, July 8th.”

Analysts forecast Cielo’s revenue to grow rapidly to C\$10 million in 2021, and then double in 2022 to C\$20 million. After 2023, assuming all three facilities operating at full capacity Cielo forecasts C\$125 million in revenue. Once at 5-7 facilities running at full capacity Cielo expects to realize

in excess of C\$350 million pa in revenue and almost C\$200 million pa in profits.

Cielo expects revenues to rise rapidly as they scale up their own (corporate) refineries and their JV refineries

Facility Buildout. In addition to the pilot/test facility in Aldersyde, Cielo also plans to complete one corporate facility and one JV facility by end of year 2023. With all three plants operating at full capacity Cielo expects to see annual revenues of approx. \$125 million with expected annual EBIDTA of approximately \$56 million.

Additional Facility Builds. Cielo expects to build at least 1-2 corporate facilities over the next 24 months in addition to another 1-2 JV facilities. With 5-7 facilities in operation Cielo expects to realize in excess of \$350M in revenue and almost \$200 million in profits.

Source: Cielo company presentation

Closing remarks

Cielo has a great business model that takes free garbage and turns it into valuable diesel fuel. Furthermore, they plan, where possible, to partner with companies that will fund the refinery in return for a share of the profits, thereby reducing CapEx expense to Cielo. It also means Cielo shareholders can see less dilution of their shareholdings, while the business can rapidly scale globally. I would think shareholders would be very happy so far after the Company's past year return of 2,811%.

Cielo Waste Solutions was recently upgraded to the TSXV and is still trading on the same ticker "CMC". Bloomberg lists their current market cap at C\$730 million which is still rather small considering the enormous garbage to energy market revenues of over US\$35 billion pa growing each year. Cielo is a superstar stock after a 29x gain the past year and potentially more to come if they succeed in their expansion plans.