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Price (p)	104.0
Shares in issue (m)	589
Mkt Cap (£m)	613
Net debt (£m)	189
EV (£m)	802
NAV (p)	104.4

Share price performance

1m	0.0%
3m	1.8%
12m	2.8%
12 m high/low	105/97
Ave daily vol (30D)	1,626,936

Shareholders

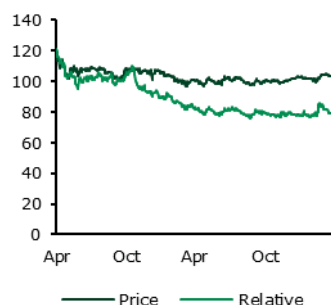
Old Mutual Plc	14.2%
Artemis Investment	10.8%
Baillie Gifford	10.1%
Prudential Plc	8.9%
Legal & General	7.0%
Investec Plc	6.3%
Valu-Trac	5.6%
Vt Gravis Funds	5.1%
Gov't of Sweden	5.0%
Fundrock Partners	4.3%
Total for top 10	77.2%

Next news

Q4NAV Q2

Business description

Solar generation investment fund



5% DIVIDEND GROWTH IN FY 23

NESF has set a 5% target dividend for FY 23 which we see as well supported by the underlying business. This is one of the highest target growths among the renewable yieldcos and puts NESF on a sector topping prospective yield of 7.2%.

Target dividend of 7.52p

NextEnergy Solar Fund (NESF) has announced a target dividend of 7.52p for the year ending 31 March 2023. This is up 5.0% on FY 22 and represents a real increase of 0.9% above the 4.1% RPI rise in calendar 2021. This represents a continuous stream of increasing dividends since IPO. With around 60% of revenues linked to RPI through the Renewables Obligation the dividend feels very well supported in our view. Operationally NESF has a strong history of delivering generation outperformance which also gives comfort.

Strongly hedged in FY 23

The company also benefits from an active power price trading strategy with c.80% of budgeted generation hedged at a fixed price for FY 2023. The fund continues to use its manager's in-house electricity sales team to manage risk and secure capture prices above forecast. While a forward curve is not a forecast it does show some signs of potential weakness going into winter 22/23 so we see the combined hedging position and trading expertise as highly supportive. Additionally, we continue to see the non-amortising preference shares which are a unique feature of the fund as giving it a better cash dividend cover for its relative level of debt.

Asset growth potential

In addition to strong dividend growth, NESF continues to offer asset growth potential. This has been enhanced during the past twelve months following the investment in NextPower III private solar fund, growth in un-subsidised assets and the formation of the Starlight development division within the management company. The fund now has installed capacity of 865MW in 99 fully operating solar assets.

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