

21 Nov 2022

Research

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Price (p) 111.00

Shares in issue (m)	590
Mkt Cap (£m)	655
Net debt (£m)	200
EV (£m)	855
BVPS (p)	122.9

Share price performance

1m	9.7%
3m	-6.6%
12m	11.3%
12 m high/low	123/95.4
Ave daily vol (30D)	1,360,855

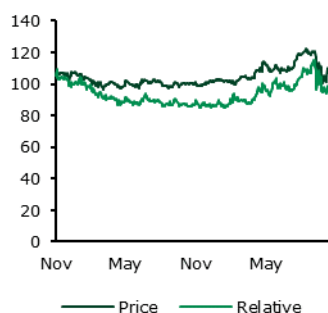
Shareholders

Old Mutual Plc	14.1%
Artemis	10.8%
Valu-Trac	9.2%
Prudential Plc	8.8%
Legal & General	6.3%
Hargreaves Lansd'n	6.0%
Vt Gravis Funds	4.9%
Gov't Of Sweden	4.8%
Investec Plc	3.6%
Fundrock Partners	3.2%
Total for top 10	71.8%

Next news Q2NAV Q4

Business description

Solar generation investment fund



STRONG NAV GROWTH DESPITE NEW TAX

NESF's interim NAV has grown by 8.3% despite being calculated to take account of the potential impact of the windfall tax on UK renewables. This reflects stronger pricing, and it is important to remember that the fund still benefits from this even though some of the upside is now taken by the tax. Strong operational outperformance also contributed, and the fund continues to make progress on asset growth both in solar and in battery storage.

NAV up 8.3%

NextEnergy Solar Fund (NESF) has released its interim results statement covering the period to 30 September 2022. The NAV per share has increased by 8.3% to 122.9p driven primarily by higher short and medium-term power price forecasts together with higher inflation assumptions. A second interim dividend comes in at 1.88p and the fund continues to target a full year dividend of 7.52p with an expected cash cover of 1.3x to 1.5x.

Continued strong operating performance

Operationally the portfolio has shown generation outperformance of 6.1% against budget. The operational solar portfolio of 865MW is unchanged but progress is being made at the 36MW Whitecross project and the 50MW Hatherden project. The fund has also made progress in battery storage with the JV partnerships with Eelpower increased to £300m with a 75% stake in JVP2. JVP1 has started construction of its first 50MW battery storage project and post period end the fund has acquired development rights on a 250MW battery for £32.5m. A second co-investment with NextPower III LP sees the fund taking a 13.6% stake in a 210MW project in Portugal.

NAV takes account of windfall tax

The NAV calculation has been undertaken in the light what was a potential windfall tax and volatility in electricity prices. The windfall tax, the Electricity Generators Levy, has now been announced with profits resulting from electricity prices over £75/MWh being taxed at 45%. ROC or similar green subsidy revenues are not taxed nor are electricity storage revenues. The NAV calculation was calculated after the application of discounts to unhedged generation volumes to account for the risk of a significant drop in prices or for windfall taxes. With the tax now announced, the Company is happy that the methodology takes account of the potential impact of the tax. We see this as consistent with our estimates of the impact of the tax on the fund.

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