

19 June 2024

Price (p)	76.60
Shares in issue (m)	591
Mkt Cap (£m)	453
Net debt (£m)	338
EV (£m)	790
BVPS (p)	104.7

Share price performance

1m	-1.5%
3m	4.6%
12m	-23.6%
12 m high/low	102/70.3
Ave daily vol (30D)	2,216,111

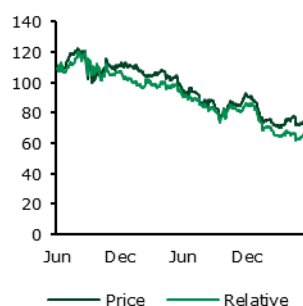
Shareholders

Artemis Investment	9.84%
Hargreaves Lansd'n	8.09%
M&G Investments	7.65%
Gravis Capital	6.22%
Interactive Investor	4.84%
Legal & General	4.45%
Privium Fund	3.82%
Investec Wealth	3.45%
AJ Bell	3.22%
Blackrock	2.37%
Total for top 10	53.95%

Next news Q1NAV Q3

Business description

Solar generation and energy storage investment fund



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ASSET SALE AND SHARE BUYBACK

NextEnergy Solar Fund's full year results announcement follows the announcement of a successful asset sale and the commencement of a share buyback programme. The latter reflects a logical response to the high discount to NAV in our view. We continue to see opportunities for asset growth in PV and in storage and the asset sale adds to firepower while reducing debt in the near term. NESF continues to be well placed with a well-diversified portfolio both by asset type and geographically and revenues well backed by subsidy and contracts.

£20m Buyback and Sale of 35MW Whitecross Project

NextEnergy Solar Fund (NESF) has issued its full year results and at the same time announced an initial £20m share buyback programme. It has also announced the sale of the 35.22MW Whitecross operating solar project as the second transaction in the fund's capital recycling programme with the sale raising £27m representing a 1.3x multiple on invested capital and a 14% unlevered IRR. This will add an estimated 0.57p to the NAV at the next reporting date at 30 June 2024. A further 150MW of operating PV assets are in a competitive third party sales process.

Dividend Target of 8.43p for FY 25

The full year results have largely been covered by the Q4 announcement on 15 May. NAV per ordinary share fell to 104.7p from 107.7p principally as a result of lower short term power price forecasts with lower gas prices being the key driver. A full year dividend of 8.35p is in line with the fund's target and gives a dividend cover of 1.3x. This represents a yield of 11% based on last night's close. The fund has also announced a target dividend of 8.43p for FY 25 with a target cover of 1.1x to 1.3x. With c.92% of FY 25 revenue locked in through subsidy or contract this target seems comfortable in our view.

Asset Sale Will Reduce Debt

The period has also seen NESF refinance £205m of revolving credit facilities on improved term and the Whitecross sale proceeds will reduce drawn short term debt under these facilities. This will reduce gearing from 29.3% of GAV to 27.0%. The facilities remain available to the company to take advantage of new investment opportunities. The buyback programme reflects a discount to NAV of 27% based on last night's close. This is mid pack among clean energy yieldcos but the company is also the highest yielder in the sector and in fact the highest yielding stock in the FTSE 350. With opportunities for asset growth remaining and the portfolio remains strong with both asset and geographic diversity. Revenue is well supported with c.60% locked in to FY 29.

The annual report can be found here: [Click Here](#)
and the ESG report here: [Click Here](#)

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