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14 August 2024

Price (p)	83.20
Shares in issue (m)	590
Mkt Cap (£m)	491
Net debt (£m)	327
EV (£m)	818
BVPS (p)	101.3

Share price performance

1m	0.6%
3m	8.1%
12m	-10.6%
12 m high/low	94.1/70.3
Ave daily vol (30D)	1,370,673

Shareholders

Om Residual Uk Ltd	14.1%
Valu-Trac Investment	8.4%
Prudential Plc	8.4%
Hargreaves Lansd'n	8.4%
Artemis Investment	7.2%
Rathbones Group Plc	5.0%
Legal & General Grou	4.7%
Interactive Investor	4.1%
Privium	3.8%
Investec Plc	3.7%
Total for top 10	67.9%

Next news Q2NAV Q4

Business description

Solar generation and energy storage investment fund



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DIVIDEND UNCLOSED

NESF continues to offer strong yield attractions and while the NAV has seen the impact of weaker sunshine in Q1, investors should remember the tendency for insolation to revert to mean in the long run. Following the second asset sale under the capital recycling programme the fund continues to see positive progress on the remaining assets which we see as giving firepower for further asset expansion in the medium term.

Q1 NAV of 101.3p

NextEnergy Solar Fund (NESF) has released its Q1 NAV which and operational update to 30 June 2024. The NAV of 101.3p falls back from 104.7p at 31 March 2024 with project outturn performance hit by lower insolation in the period. Also, while near term power prices have benefited from higher gas prices and some lower wind and solar supply, battery margins have been weaker. NESF continues to use external inflation assumptions which also drove some of the revision. Discount rate assumptions remain unchanged.

Q1 Dividend of 2.10p and Buyback Under Way

The company recently announced its Q1 dividend at 2.10p which remains consistent with the full year target dividend of 8.43p. This target is based on a cover of 1.1x to 1.3x. NESF remains on a high yield of c.10%. The £20m buyback programme announced in June has seen 2.2m shares purchased and placed in treasury as at 13 August.

Positive on Capital Recycling

NESF says it is progressing positively through exclusive negotiations with selected third party bidders for projects in the subsequent phases of its capital recycling programme with a total capacity of 150MW of operational solar. It has already raised £42.2m from the earlier sale of two assets with 95.22MW of capacity and has used this to pay down £38.8m of its revolving credit facility as part of a wider refinancing. This has left financial gearing at 29.1% (46.7% including the non-amortising preference shares). We believe the company is well placed in an improving market for new solar projects as capital costs remain historically low.

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