Greencoat Renewables

Renewable Energy
Recommendation: Buy-Price Target Euro 1.20

Closing price: Euro 1.09 **(12th October 2022)**

THURSDAY, 13TH OCTOBER 2022

Key Metrics	FY21A	FY22E	FY23E
Revenue	93.1	186.5	158.5
Operating profit	79.6	167	133
DPS	6.06	6.18	6.24
NAV per share	1.05	1.11	1.18
EPS	9.3	16	9

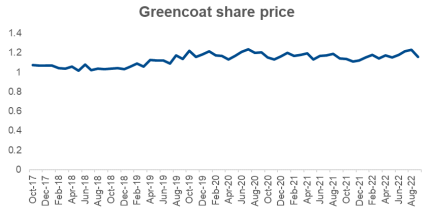
Source: Bloomberg

Share Price Return	1 Mth	3 Mth	YTD
Greencoat Renew	-11.0%	-10.3%	-2.7%
Stoxx 600	-8.4%	-6.5%	-20.9%

Source: Bloomberg

Top Shareholders	%
Blackrock	11.7%
BNY Mellon	6.7%
Credit Agrocole	6.6%
abrdn	6.5%
FIL	6.2%

Source: Bloomberg



Source: Bloomberg

Greencoat Renewables operates as an investment company. The company invests in wind and renewable electricity generation assets. Greencoat renewables also focuses on acquisition and management of operating energy farms. The firm's assets are concentrated in Ireland and Continental Europe.

www:greencoat-renewables.com

James Buckley, Senior Equity Analyst

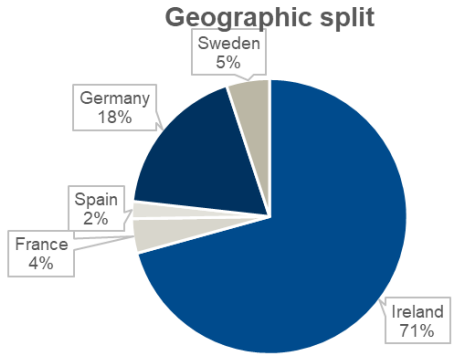
Renewable energy generation in Ireland and Continental Europe:
Greencoat Renewables PLC is a sector-focused listed renewable infrastructure company, investing in wind and renewable electricity generation assets in Ireland and Continental Europe. The Company's aim is to provide investors with an annual dividend that increases progressively whilst growing the capital value of its investment portfolio in the long term through reinvestment of excess cash flow and the prudent use of portfolio leverage. Greencoat Capital LLP, the Investment Manager, is responsible for the day-to-day management of the Group's investment portfolio in accordance with the Company's investment objective and policy, subject to the overall supervision of the Board. Since formation in 2018 the company has grown its dividend pay out every year except 2021 when it was maintained. There has also been modest growth since inception of Net Asset Value (NAV) per share. The renewable sector both in Ireland and Continental Europe offers attractive growth opportunities which we expect Greencoat Renewables to continue to take advantage of. The group's M&A activity is generally funded by recourse to share holders however and this has meant shareholder return has consistently been generated from dividends rather than share price appreciation. Political risk is also an issue as rising wholesale energy prices have led to calls for the imposition of windfall taxes or price controls on renewable energy companies. As an investment company, Greencoat Renewables is not formally scored by the ESG rating agencies, however its investment manager, Greencoat Capital, is a signatory to the UN Principles for Responsible Investment (PRI).

Current trading: Greencoat Renewables announced interim results for the six months to end of June on 12th September. Against a surge in wholesale energy prices, the group's NAV per share rose to 110 cents per share from 105 cents at the year end, whilst energy generated increased from 745 gigawatt-hours (GWh) to 1,127 GWh, boosted by acquisitions, although this was 4% behind budget attributed to constraints and curtailments in Ireland. The annual dividend is being increased by 2% to 6.18 cents, which is paid in quarterly instalments. During the six months to end June Greencoat added 217MW of new generating assets, in Germany, Ireland and Spain, taking their total installed capacity to 1027MW with a further 356 MW contracted to acquire. The total number of wind farms operational increased from 23 to 28 and Greencoat confirmed plans to consult shareholders about lifting the 40% limit on investment outside Ireland, as it continues to identify opportunities in Continental Europe. In June the board of Greencoat Renewables agreed a new five-year investment management deal with Greencoat Capital their existing fund manager, who were majority acquired by Schroders in December 2021.

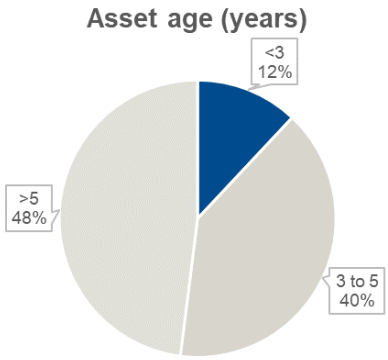
Financials and share issuance: Greencoat Renewables have some 900m euros of debt on the balance sheet, representing 42% of Gross Asset Value (GAV), well under their 60% limit. In H1 they entered into a new €275 million 5-year term debt facility to support value accretive acquisitions. Rising interest rates are obviously a concern for a company using debt to fund acquisition but Greencoat claim to have interest rate hedges in place. Greencoat also had a further equity placing in April, raising 212m euros at 112 cents per share in an oversubscribed offer. There was also a 165m euro placing in April 2021 at 111 cents per share, as Greencoat has a policy of using both equity and debt financing for expansion whilst keeping its gearing within agreed limits. As a result, the share count has risen from 380m at IPO in 2017 to 1141m at end of H1 2022, via a total of seven equity placings at prices ranging between 101 and 115 cents.

Recommendation: Renewable energy is a rapidly growing sector, which attracts significant ongoing investment as an essential component of the transition to clean energy required under the Paris Agreement 2015, which attempts to limit global warming by reducing carbon emissions. The war in Ukraine has also brought energy independence into sharp consideration and the EU expects some 1trn euros to be invested in energy transition by 2040. Greencoat, though its wind farms both in Ireland and Continental Europe, offers exposure to this theme, together with an attractive dividend, paid quarterly and currently yielding over 5%, with the potential for modest dividend growth. The potential for share price appreciation is limited by regular capital raisings, which appear likely to continue given ongoing expansion plans, especially as interest rates on debt financing are rising sharply. Greencoat currently trades closely in line with its NAV per share which appears to represent fair value in the current market environment. The stock is down 5% year-to-date, significantly outperforming the broader market, although it has fallen 10% over the past month, which could represent an entry point to this relatively defensive name. Our price target is 1.20 euros, representing a prospective dividend yield of just over 5%, warranting a Buy rating.

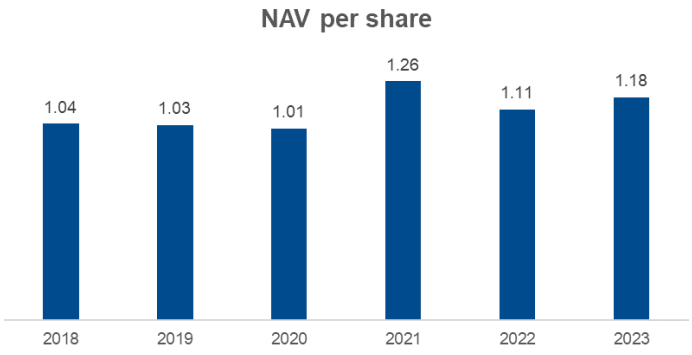
WARNING: Past performance is not a reliable guide to future performance.
WARNING: The value of your investment may go down as well as up.



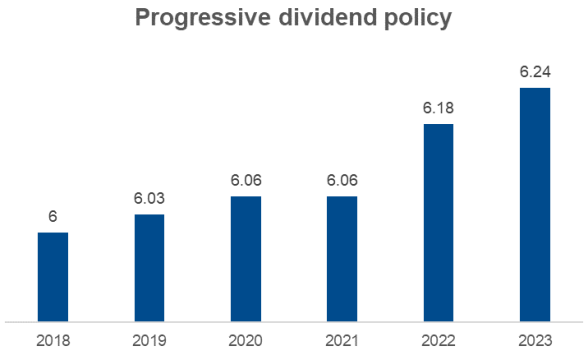
Source Greencoat Renewables



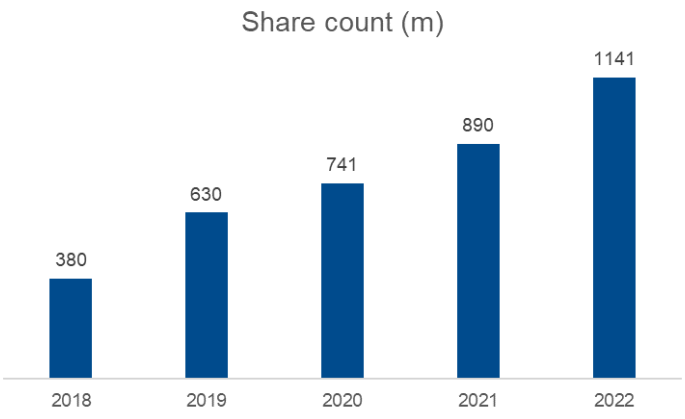
Source: Greencoat Renewables



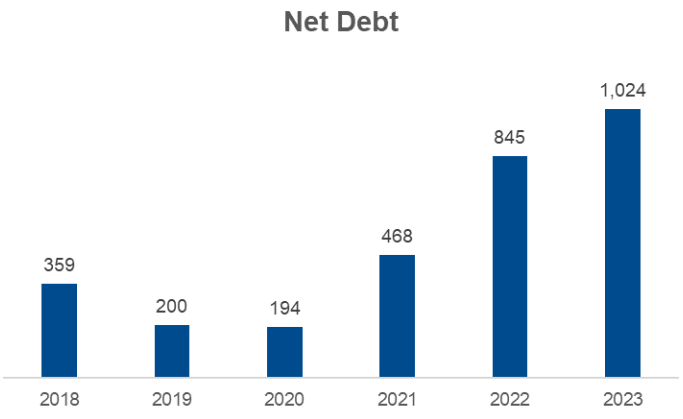
Source: Bloomberg: CFI estimates



Source: Bloomberg: CFI estimates



Source: Bloomberg: CFI estimates



Source: Bloomberg: CFI estimates

WARNING: Past performance is not a reliable guide to future performance.
WARNING: The value of your investment may go down as well as up.

Limited direct comparables given Greencoat's specialization:

Company	Share Price	Market Cap (bn)	Price:NAV FY22E	Price:Nav FY23E	Dividend Yield
Greencoat Renewables (Eur)	1.12	1.27	1.0	0.93	5.5%
Peers					
Ecofin Global Utlities (GBp)	202	0.23	1.0	0.95	3.7%
Utlities Select Sector SPDR USD)	63.68	15.46	1.0	1.0	3.2%
Greencoat UK Wind (GBp)	137.8	3.2	0.85	0.81	5.9%
Aquila European Renewables (Eur)	0.89	0.36	0.82	0.79	5.9%
Stoxx 600	388		1.54	1.44	4.4%

Source: Bloomberg

Unfortunately, neither Greencoat Renewables nor any of the above peers have yet been assessed under MSCI, ISS, Bloomberg ESG, Sustainalytics ESG Risk or S&P Global Rank metrics to give a measure of their relative ESG ratings

WARNING: Past performance is not a reliable guide to future performance.
WARNING: The value of your investment may go down as well as up.

Regulatory Information

We have assessed this publication and have classed it as research under MIFID II. All costs associated with this publication will be borne by Cantor Fitzgerald Ireland

Issuer Descriptions: (Source: Bloomberg): Greencoat Renewables operates as an investment company. The company invests in wind and renewable electricity generation assets. Greencoat renewables also focuses on acquisition and management of operating energy farms. The firm's assets are concentrated in Ireland and Continental Europe.
.

Historical Record of recommendation
Greencoat Renewables rating: Buy; initiation.

The above recommendation has not been disclosed to the relevant issuer prior to dissemination of this Research.

Date and time recommendation was completed: 12th October 2022; 17:00

Date of distribution: 13th October 2022

The first date of distribution is the same date as this report unless otherwise specified.

Distribution of ratings and supplied material investment months:

Ratings	Coverage		Material services	
	Count	Percent	Count	Percent
Buy	43	77%	0	n/a
Hold	13	23%	0	n/a
Sell	0	0.0%	0	n/a
Under review	0	0.0%	0	n/a
Suspended	0	0.0%	0	n/a

proportion of issuers to whom CFI has banking services over the past 12

Material investment banking services include acting as broker as well as the provision of corporate finance services.

All regulatory disclosures pertaining to valuation methodologies and historical records of the above recommendations can be found on the Cantor Fitzgerald Ireland website here:

http://www.cantorfitzgerald.ie/research_disclosures.php

This material is approved for distribution in Ireland by Cantor Fitzgerald Ireland Ltd. It is intended for Irish retails clients only and is not intended for distribution to, or use by, any person in any country where such distribution or use would be contrary to local law or regulation. Cantor Fitzgerald Ireland Ltd ("CFIL") is regulated by the Central Bank of Ireland. Cantor Fitzgerald Ireland Ltd is a member firm of the Irish Stock Exchange and the London Stock Exchange.
Where CFIL wishes to make this and other Cantor Fitzgerald research available to Retail clients, such information is provided without liability and in accordance with our terms and conditions that are available on the CFIL website.
No report is intended to and does not constitute a personal recommendations or investment advice nor does it provide the sole basis for any evaluation of the securities that may be the subject matter of the report. Specifically, the information contained in this report should not be taken as an offer or solicitation of investment advice, or to encourage the purchased or sale of any particular security. Not all recommendations are necessarily suitable for all investors and CFIL recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor either from your CFIL investment adviser or another investment adviser.

CFIL takes all responsibility to ensure that reasonable efforts are made to present accurate information but CFIL gives no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. This is entirely at the risk of the recipient of the report. Nor shall CFIL, its subsidiaries, affiliates or parent company or any of their employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk

All estimates, views and opinions included in this research note constitute CANTOR IRELAND's judgment as of the date of the note but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this research note has not been disclosed to the covered issuer(s) in advance of publication.

Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. The income you get from your investment may go down as well as up. Figures quoted are estimates only; they are not a reliable guide to the future performance of this investment.

Dublin: Cantor Fitzgerald House, 23 St. Stephen's Green, Dublin 2, D02 AR55.
Tel: +353 1 633 3800.
email : ireland@cantor.com **web :** www.cantorfitzgerald.ie
: @cantorIreland **:** Cantor Fitzgerald Ireland **:** Cantor Fitzgerald Ireland

Cantor Fitzgerald Ireland Ltd is regulated by the Central Bank of Ireland and is a Member Firm of Euronext Dublin and The London Stock Exchange.

Regulatory Information - continued

Conflicts of Interest & Share Ownership Policy
It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other CANTOR IRELAND business units including Fund Management and Stock broking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, CANTOR IRELAND is satisfied that the objectivity of views and recommendations contained in this note has not been compromised. Nonetheless CANTOR IRELAND is satisfied that the impartiality of research, views and recommendations remains assured.

Our conflicts of interest management policy is available at the following link;

http://www.cantorfitzgerald.ie/support_mifid.php

Analyst Certification

Each research analyst responsible for the content of this research note, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research note.

Dublin: Cantor Fitzgerald House, 23 St. Stephen's Green, Dublin 2, D02 AR55.
Tel: +353 1 633 3800.

email : ireland@cantor.com **web :** www.cantorfitzgerald.ie

: @cantorIreland **:** Cantor Fitzgerald Ireland **:** Cantor Fitzgerald Ireland

Cantor Fitzgerald Ireland Ltd is regulated by the Central Bank of Ireland and is a Member Firm of Euronext Dublin and The London Stock Exchange.