

# AQUILA EUROPEAN RENEWABLES PLC

Quarterly Factsheet | Q3 2023

**AQUILA**  
CAPITAL



## Key Statistics

Listing:	<b>London Stock Exchange</b>
Ticker:	<b>AERI</b>
ISIN/WKN:	<b>GB00BK6RLF66</b>
Investment Advisor:	<b>Aquila Capital Investment-gesellschaft mbH</b>
2023 target dividend in EUR cts/share <sup>1</sup> :	<b>5.51</b>

## Key Performance Figures<sup>2</sup>

as at 30 September 2023

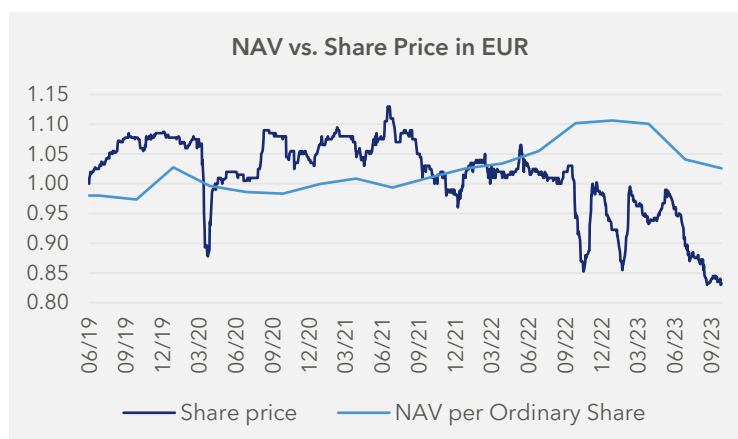
Share price in EUR	NAV per share in EUR (unaudited)	NAV in mEUR (unaudited)	GAV in mEUR (unaudited)
<b>0.8325</b>	<b>1.0261</b>	<b>389.6</b>	<b>587.2</b>
No. of shares on issue in millions	Market capitalisation in mEUR	Discount to NAV per share in %	Total shareholder return over quarter in % <sup>3</sup>
<b>379.6</b>	<b>316.1</b>	<b>-18.9%</b>	<b>-5.4%</b>
Total shareholder return since IPO in % <sup>3,4</sup>	NAV total return over quarter in % <sup>3</sup>	NAV total return since IPO in % <sup>3,4</sup>	Dividend (YTD) approved for 2023 in EUR cts/share <sup>5</sup>
<b>1.8%</b>	<b>-0.1%</b>	<b>23.6%</b>	<b>4.1325</b>
Dividend (Q3) approved in EUR cts/share	Dividend (Q3) declaration date	Dividend (Q3) record date	Dividend (Q3) payment date
<b>1.3775</b>	<b>03.11.2023</b>	<b>17.11.2023</b>	<b>08.12.2023</b>

## Investment Strategy and Objective

Aquila European Renewables Plc's (the Company) objective is to provide investors with an attractive long-term, income-based return in EUR through a diversified portfolio of wind, solar PV and hydropower investments across continental Europe and Ireland.

Through diversification of generation technologies, the seasonal production patterns of these asset types complement each other to balance cash flow, while geographic diversification serves to reduce exposure to any one single energy market.

In addition, a balance is maintained between government supported revenues, fixed price power purchase agreements (PPAs) and market power price risk.



### Overview

The Company has completed a significant transformation of its portfolio, both in terms of growth in operating capacity, as well as achieving a more balanced mix between both wind and solar PV technologies. The result is a more efficient balance sheet and a diversified operating portfolio which offers strong cash flow to support a progressive dividend, which remains well covered. The Company also maintains a modest gearing level, currently at 33.5% of Gross Asset Value (GAV). In addition to the previously announced share buyback programme, the Company is pursuing a variety of other initiatives to ensure the value of the underlying portfolio is fully reflected in the share price.

### Dividends

- Target dividend guidance for 2023 of 5.51 cents per Ordinary Share (+5% vs. 2022).<sup>1</sup>
- Dividend approved for Q3 2023 of 1.3775 cents per Ordinary Share.

### Financial and Operational Highlights<sup>6</sup>

- The Company's Net Asset Value (NAV) as at 30 September 2023 was 389.6m euros or 102.6 cents per Ordinary Share (30 June 2023: 403.3m euros or 104.1 cents per Ordinary Share). Over Q3 2023, this represents a NAV total return of -0.1% (-1.5 cents per Ordinary Share plus a dividend of 1.3775 cents per Ordinary Share).
- Key drivers of the NAV movement in Q3 2023 were:
  - Increase in Guarantees of Origin (GoO) price forecasts due to stronger EU commitment for green sourcing, the EU sustainable finance taxonomy, and the certification of sustainability of hydrogen and e-fuels (+2.0 cents per Ordinary Share);
  - Decrease in power price curves in the Nordics due to favourable hydrologic conditions and high renewable output, offset by spot price increases in Iberia due to higher demand during the summer season (-0.1 cents per Ordinary Share);
  - Increase in portfolio discount rate from 7.2% to 7.4%, largely due to an increase in the risk-free rate. Taking into account fund level leverage (RCF), the adjusted discount rate is approximately 7.9%.<sup>7</sup>
- The portfolio generated production above budget in September, however this was not enough to offset the months of July and August, with total portfolio production 7.9% below budget over the quarter, primarily due to lower-than-forecast wind speeds in the Nordics. The Company's hydropower asset, Sagres benefited from higher-than-forecast precipitation and water availability, resulting in production 39.4% above budget for the quarter. The solar PV portfolio was marginally below budget due to lower-than-

forecast irradiation in Spain, whilst the wind portfolio was 12.6% below budget, impacted by wind resource and to a lesser extent, asset availability.

- Total weighted average technical availability for the quarter remained stable at 97.0% (Q2 2023: 97.8%).
- Asset technical availability during the quarter was impacted by equipment replacements at the Finnish wind farm Olhava in August and ongoing gearbox and anti-icing system repairs at the Norwegian wind farm The Rock, projected to be completed in Q4. The Company expects to be compensated by availability guarantees for both assets under the existing O&M contracts (total Q3 portfolio technical availability excluding The Rock and Olhava: 99.3%).
- As at 30 September 2023, AER had surplus capital of 24.9m euros (cash plus RCF).<sup>8</sup>
- As at 30 September 2023, the Company had total debt of 197.7m euros (including RCF, drawn to 71.7m euros), of which 62.1% was fixed rate (97.5% of project-level debt is fixed rate whilst the RCF is floating rate). The Company's euro-denominated debt, including the RCF, had a total weighted average interest rate of 3.8%.
- As announced in May 2023, the Company is currently progressing a series of initiatives in order to assist in securing recognition of the value inherent in the portfolio. One of those initiatives was a secondary listing and the Company was pleased to announce that it was successfully admitted to trading on the Euronext Growth Dublin stock exchange on 2 October 2023. The secondary listing, under the ticker AERI, is expected to further enhance the Company's marketability in Europe and thereby also potentially enhance the liquidity of the underlying shares over time.
- During Q3 2023, the Company acquired a further 7.8m shares, equivalent to EUR 6.6m, at an average price of 84.7 cents per Ordinary Share under the share buyback programme.
- In aggregate, the Company has acquired EUR 27.8m in shares in 2023 under its share buyback programme, reducing its shares in issue by 7.4%. The Company is currently ranked in the top three listed alternative asset investment companies on the London Stock Exchange to repurchase shares in 2023, ranked by capital repurchased as a percentage of NAV. Further details can be found on the Company's LinkedIn page.
- The Company is continuing to make progress on other previously announced initiatives, including due diligence on asset life extensions, as well as ongoing discussions with a lender in relation to debt financing opportunities.
- In its third year of participation, the Company achieved an overall GRESB score of 92 out of 100 for the year 2022 (2021: 88 out of 100), the highest rating ever achieved by the Company and higher than the peer average of 88 points, as well as a 4 out of 5 star rating (2021: 3 out of 5), as a result of

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further improvements in the categories of reporting and risk management.

- A sensitivity of NAV against discount rates, inflation and power prices is shown below:

Assumption	Impact on NAV per Ordinary Share	
Discount rate	+0.5%	-6 cents
	-0.5%	+6 cents
Inflation	+0.5%	+5 cents
	-0.5%	-5 cents
Power price	+10.0%	+11 cents
	-10.0%	-11 cents

## CO<sub>2</sub> Equivalent Avoidance

- A total of 64.3k tonnes of CO<sub>2</sub>eq was avoided in the third quarter of 2023.<sup>9</sup>
- The renewable energy production in Q3 2023 would be equivalent to the average energy consumption of approximately 65.4k households in the EU.

## Market Development

- In the Nordics, favourable hydrologic conditions and high renewable output drove prices downwards. In Iberia, prices increased due to higher demand as a consequence of the heatwaves experienced during the summer season and lower renewable output.
- The Nordics electricity system spot price averaged 27.7 EUR / MWh in Q3 2023 against 56.0 EUR / MWh in Q2 2023, a decrease of 50.5%.
- Spot prices in Iberia on average traded at 96.6 EUR / MWh in Q3 2023, when compared to 80.9 EUR / MWh in Q2 2023, an increase of 19.4%.
- As at 30 September 2023, power price forecasts for 2023 were revised down in the Nordics by 7.2% and increased in Iberia by 11.3% from the levels forecasted in the second quarter, with the expectation of higher demand in the region.
- Power price forecasts over the next 5 years were revised down in the Nordics by 6.9% and increased in Iberia by 5.1% relative to the levels forecasted in the second quarter.
- The valuation methodology continues to assume an average of at least two power price curves from independent market analysts over the lifetime of each asset.
- In October (after quarter end), short and medium-term European power price futures have steadily risen in response to the recent geopolitical crisis in the Near East, reflecting the surge in European gas prices of approximately 25%<sup>10</sup> since early October. There are concerns over an escalation to a wider Middle Eastern conflict and increased competition with

Asia over liquefied natural gas supply, the effects of which are not reflected in the Q3 power price curves.

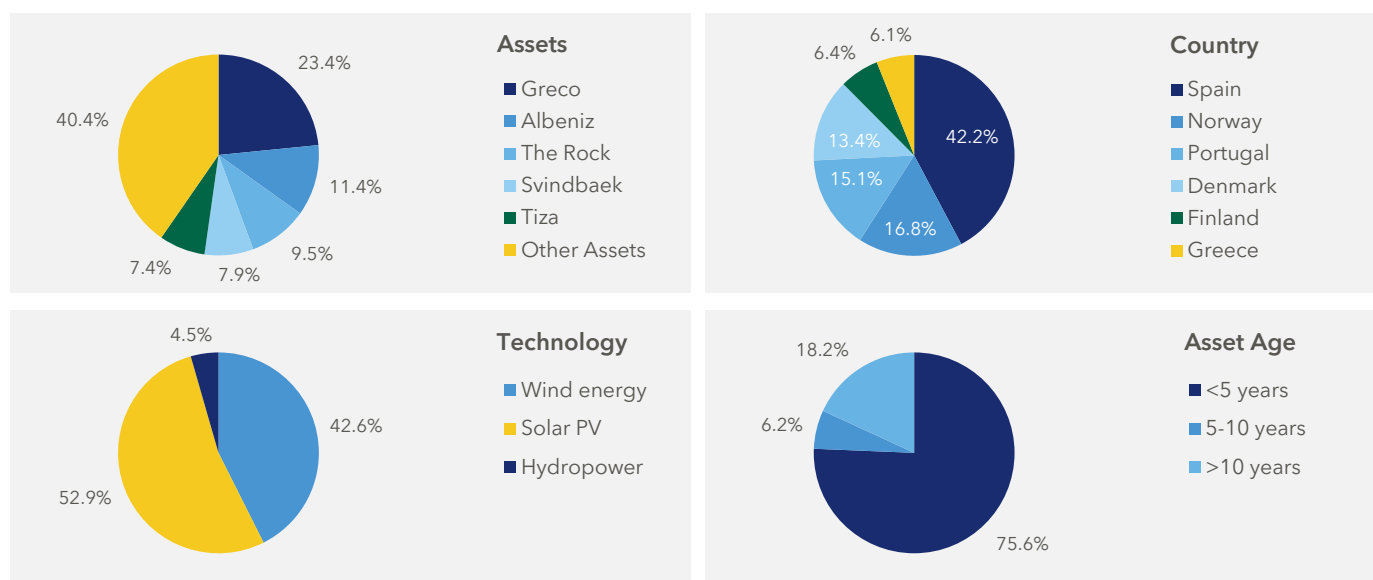
## Regulatory Update

- In October, the Norwegian Government announced a series of proposed changes to taxes applicable for existing and new onshore wind farms. The proposal is subject to negotiations in the Norwegian parliament which are expected to include input from a number of different stakeholders, including industry. The proposed changes include a revised resource rent tax design, the removal of previously introduced taxes (natural resource rent tax and high-price contribution) and a slight increase to the existing production tax.
- The Investment Adviser is currently working with its advisers and the Norwegian Renewables Energy Association to assess the proposal. Consistent with the existing valuation methodology, the Q3 valuation of the Company's Norwegian wind farms reflects all existing taxes applicable in Norway. The Investment Adviser expects the Norwegian Government to formally adopt any final tax arrangements in December and the Company will continue to update shareholders regarding any key developments.
- In October, the European Commission proposed a Wind Power Action Plan that is expected to enhance the competitiveness of the Eurozone's wind industry. The proposal will accelerate permitting, improve auction designs, ensure fair competition from foreign manufacturers, expand access to finance to the EU wind supply chain and facilitate grid build out, including cross-border grid projects.

## Portfolio Map



## Portfolio Breakdown Based on Fair Value<sup>11</sup> as at 30 September 2023



### AIFM

FundRock Management Company (Guernsey) Limited

### Administrator

Apex Listed Companies Services (UK) Limited

### Contact

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### Investment Advisor

Aquila Capital Investmentgesellschaft mbH (ACI) is the investment advisor and asset manager for the Company and is authorised and regulated by BaFin.

### Notes

1. Subject to the portfolio performing in line with expectations.
2. All calculations which use Ordinary Shares exclude shares held in treasury.
3. Calculation includes dividends paid during the period.
4. Total shareholder return is based on an opening share price of EUR 1.00 and NAV total return is based on an opening NAV after launch expenses of EUR 0.98 per Ordinary Share.
5. Cumulative with respect to Q1 2023 - Q3 2023 in EUR cts/share.
6. Production and revenue performance as well as technical availability are subject to further change.
7. Assumes drawn RCF debt of 71.7 million which is refinanced every 5 years with an average long-term all-in cost of debt of 5.4%.
8. Cash on hand includes cash positions of Aquila European Renewables Plc and its wholly owned subsidiary, Tesseract Holdings Limited.
9. The CO<sub>2</sub> equivalent avoidance is an approximation and does not necessarily reflect the exact impact of the renewable energy projects. The cited sources of information are believed to be reliable and accurate, however, the completeness, accuracy, validity and timeliness of the information provided cannot be guaranteed and Aquila Capital accepts no liability for any damages that may arise directly or indirectly from the use of this information.
10. As at 1 November 2023.
11. Allocation is based on fair value of the assets, equal to 459.8m euros (excluding cash and any other fund level items), unless stated otherwise.

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