

Enlight Renewable Energy Ltd

3Q23 Preview: Expect ENLT to provide resilient outlook; update valuation for rates

Reiterate Rating: BUY | PO: 19.50 USD | Price: NA

We estimate \$45mm in EBITDA for 3Q, \$190mm in FY23

We update estimates ahead of ENLT's release of 3Q23 results on Monday. For 3Q23, we expect Adj. EBITDA of \$45mm vs consensus at \$44mm. We expect revenue of \$65mm which includes an assumption of weak merchant pricing at ENLT's Gecama wind farm continuing off 2Q23 results. For FY23, we expect \$271mm in revenue vs guidance of \$265-275mm and \$190mm in Adj EBITDA vs guidance of \$188-198mm. Increased revenue in 4Q23 reflects a full quarter of production out of ENLT's Swedish wind farm, Bjorn, alongside startup of its Israel-based Genesis Wind project in October.

Project delays in the US a focus; watch Atrisco financing

While ENLT has >450MWdc of assets in Israel, latest indications from the company are that operations have not been disrupted by recent events. Instead, we expect a greater focus on ENLT's US footprint given recent concerns on project delays. Note, in our follow ups ahead of the print, ENLT had suggested a modest timing delay on financial close for its 360MWdc / 1.2GWh Atrisco project that is due online mid-2024. At latest results, close was expected in Sep. Our latest update with the company suggested it had largely squared up capital commitments. That said, given the scale of contemplated US projects in ENLT's portfolio, look for delay commentary as a key driver on sentiment post print.

Mark-to-market for cost of capital, >10% CAFD yield

We mark-to-market ENLT for current cost of capital trends. We set the operating portfolio to an 8% discount rate (vs 6% prior) which drives a 5-year avg levered cash flow yield of 10.5%. This aligns to current hurdle rates on CAFD yields we are seeing from YieldCos that are would-be acquirers of these assets. We reset discount rates for construction, pre-construction, and pipeline projects above this level on a sliding scale, matching our prior methodology. Our DevCo assumption is increased by 200bps to 9%. We assume that pipeline projects require a ~10% unlevered / 15% levered return given recent PPA trends. With these adjustments, our PO moves to \$19.5/sh from \$24/sh.

Reiterate Buy as execution story is intact

We reiterate Buy on ENLT given relatively robust line of sight growing EBITDA 3x through 2025 based on its current construction queue. Despite rates pressure, ENLT's valuation is attractive vs peers trading at a 2x discount against our '25 EBITDA estimate.

Estimates (Dec) (ILS)	2021A	2022A	2023E	2024E	2025E
EPS	NA	0.25	0.38	0.20	1.07
EPS Change (YoY)	NA	NA	NA	NA	NA
DPS	0	0	0	0	0
EPS (XENLF - ILS)	NA	0.25	0.38	0.20	1.07
DPS (XENLF - ILS)	0	0	0	0	0

Valuation (Dec)

* For full definitions of *IQmethod*SM measures, see page 8.

17 November 2023

Equity

Key Changes

(ILS)	Previous	Current
Price Obj.	US\$24.00	US\$19.50
2023E Rev (m)	304.4	271.1
2024E Rev (m)	394.5	432.9
2025E Rev (m)	639.1	706.5
2023E EPS	0.17	0.38
2024E EPS	0.08	0.20
2025E EPS	0.78	1.07

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Stock Data

Price (NAS / TLV)	NA / NA
Price Objective	19.50 USD / 70.98 ILS
Date Established	16-Nov-2023 / 16-Nov-2023
Investment Opinion	C-1-9 / C-1-9
52-Week Range	12.11 USD - 29.70 USD
Market Value (mn)	NA
Average Daily Value	NA
Shares Outstanding (mn)	117.9 / 117.9
BofA Ticker / Exchange	ENLT / NAS
BofA Ticker / Exchange	XENLF / TLV
Bloomberg / Reuters	ENLT US / ENLT.OQ
ROE (2023E)	NA
Net Dbt to Eqty (Dec-2022A)	NA

CAFD: Cash Flow Available for Distribution

PPA: Power Purchase Agreement

COD: Commercial Operational Date

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Refer to important disclosures on page 9 to 12. Analyst Certification on page 6. Price Objective Basis/Risk on page 6.

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Timestamp: 17 November 2023 06:30AM EST

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iQprofileSM Enlight Renewable Energy Ltd

iQmethodSM – Bus Performance*

(ILS Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	NA	NA	NA	NA	NA
Return on Equity	NA	NA	NA	NA	NA
Operating Margin	33.6%	47.2%	41.7%	37.5%	46.5%
Free Cash Flow	(558)	(606)	(1,171)	(1,720)	(696)

iQmethodSM – Quality of Earnings*

(ILS Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	NA	3.6x	3.4x	7.8x	3.1x
Asset Replacement Ratio	NA	NA	NA	NA	NA
Tax Rate	NA	NA	NA	NA	NA
Net Debt-to-Equity Ratio	NA	NA	NA	NA	NA
Interest Cover	5.0x	NA	1.2x	1.1x	2.2x

Income Statement Data (Dec)

(ILS Millions)	2021A	2022A	2023E	2024E	2025E
Sales	102	192	271	433	706
% Change	NA	NA	NA	NA	NA
Gross Profit	80	152	214	334	576
% Change	NA	NA	NA	NA	NA
EBITDA	54	131	190	292	529
% Change	NA	NA	NA	NA	NA
Net Interest & Other Income	(7)	0	(93)	(141)	(152)
Net Income (Adjusted)	0	25	46	24	130
% Change	NA	NA	NA	NA	NA

Free Cash Flow Data (Dec)

(ILS Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	22	52	66	32	150
Depreciation & Amortization	21	42	68	129	200
Change in Working Capital	(10)	(14)	15	30	51
Deferred Taxation Charge	3	5	9	0	0
Other Adjustments, Net	16	5	2	0	0
Capital Expenditure	(610)	(696)	(1,330)	(1,911)	(1,097)
Free Cash Flow	-558	-606	-1,171	-1,720	-696
% Change	NA	NA	NA	NA	NA

Balance Sheet Data (Dec)

(ILS Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	266	194	373	200	200
Trade Receivables	18	40	40	40	40
Other Current Assets	129	190	222	286	395
Property, Plant & Equipment	1,489	2,221	3,531	5,350	6,288
Other Non-Current Assets	933	889	887	887	887
Total Assets	2,835	3,533	5,052	6,763	7,810
Short-Term Debt	128	273	355	460	464
Other Current Liabilities	73	113	159	253	414
Long-Term Debt	0	0	0	0	0
Other Non-Current Liabilities	1,877	2,098	2,702	3,542	4,120
Total Liabilities	2,078	2,483	3,216	4,256	4,997
Total Equity	757	1,050	1,836	2,507	2,813
Total Equity & Liabilities	2,835	3,533	5,052	6,763	7,811

* For full definitions of iQmethodSM measures, see page 8.

Company Sector

Alternative Energy

Company Description

Enlight Renewable Energy is an Israeli renewable Independent Power Producer (IPP) and developer specializing in the construction and operation of solar and wind generation projects located in Israel, the United States, and nine countries within Europe. With a focus on greenfield development, Enlight's operating model controls the full product lifecycle, from which it generates project returns.

Investment Rationale

Our Buy rating on ENLT reflects on the dislocation between real line of sight to rapidly scaling headline metrics against an implied multiple that trades below the current peer group average on 2025. Tangible benefits to project capitalization from the Inflation Reduction Act help accelerate growth prospects and leave possible upside on returns not reflected in our estimates.

Stock Data

Average Daily Volume	88,344
Shares / Common - Dual Listed	1.00

Quarterly Earnings Estimates

	2022	2023
Q1	NAA	0.20E
Q2	NAA	0.12E
Q3	NAA	0.01E
Q4	0.04A	0.05E

3Q23 Preview – what to watch

We generally expect limited surprises from ENLT at 3Q23 results. We do expect the company to give reassurance on its exposures in Israel around recent events but our latest follow ups with the company suggest no operational constraints. We assume \$50-60/MWhr average pricing on Spanish wholesale pricing to ENLT's Gecama project throughout the rest of 2023, which is consistent with recent trading ranges. Given ramp delays at Bjorn were already realized and accounted for in the 2nd quarter and Genesis Wind looks to be on schedule, we do not expect any material updates to guidance vs prior indications.

Looking into 2024, ENLT's characterization of the financing backdrop will be critical to driving confidence in its ability to scale up a >2GW portfolio slated for startup late in 2024 and into early 2025. The vast majority of ENLT's US projects are late 2024 CODs today. By consequence, an ability to get tax equity / transferability and associated bridge financing will be critical to driving the outlook. The large uptick in these projects can be seen in the significant growth in revenues in our model between 2024 and 2025.

Exhibit 1: ENLT Estimates

Look for updates on the financing environment as this drives confidence in a steep project construction cycle through 2025

\$mm Unless Otherwise Specified	2022	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024	2025
Revenue								
Operational		62.8	45.5	51.9	57.4	217.7	236.9	242.9
Construction & Pre-Construction		8.2	7.1	13.5	24.7	53.5	195.9	456.5
DevCo		-	-	-	-	-	-	7.1
Development Services Revenue		-	-	-	-	-	-	-
Total Revenue	192	71	53	65	82	271	433	706
Guide						265-275		
O&M								
Operational	(40)	(10)	(10)	(14)	(13)	(48)	(64)	(40)
Construction & Pre-Construction	-	-	-	(2)	(7.2)	(10)	(35)	(89)
DevCo							-	(1.4)
Total O&M	(40.4)	(10.3)	(10.2)	(16.6)	(20.5)	(57.6)	(99.0)	(130.8)
Project EBITDA	152	64	47	54	65	214	334	576
EBITDA Margin %	79%	90%	90%	83%	80%	79%	77%	81%
Less G&A	(28.7)	(8.1)	(8.4)	(8.4)	(7.3)	(32.2)	(36.1)	(40.4)
Less Selling & Marketing / DevEx	(5.6)	(1.4)	(1.5)	(1.5)	(1.5)	(5.9)	(6.2)	(6.5)
Less Transaction Costs								
Other Income	13.767	0.505	14.229			14.734		
Non-Recurring Adjusted out of EBITDA			-7.075					
Adjusted Notional EBITDA	131.2	54.8	44.6	44.2	56.7	190.2	291.6	528.8
Guide						188-198		

Source: Company reports, BofA Global Research estimates

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Valuation: Reset for cost of capital trends

We mark-to-market ENLT for current cost of capital trends. We set the operating portfolio to an 8% discount rate (vs 6% prior) which drives a 5-year avg levered cash flow yield of 10.5%. Note this includes all projects in operational status as of last results including Bjorn. The 10.5% free cash yield aligns to hurdle rates on CAFD ("Cash Flow Available for Distribution") yields we are seeing as new YieldCos that are would be acquirers of these assets. We reset discount rates for construction, pre-construction, and pipeline projects above this level on a sliding scale (8.25% for construction, 8.5% for pre-construction) based on risks to reaching maturity. Our DevCo assumption is



increased by 200bps to 9% (from 7% prior). We assume that pipeline projects require a ~10% unlevered / 15% levered return given recent PPA trends. We compare this with a risk-free rate assumption of 5.5% and cost of debt at 6.5% in the US.

Exhibit 2: ENLT IRR Outlook – Increased given current pricing trends

While we increase discount rates we also MtM pricing for current trends, assuming 10% IRRs on an unlevered basis rising to mid-teens levels on a levered basis. This is consistent with current guidance. Our cost of debt assumed incorporates a risk-free rate of 5.5%.

	Installed Capacity		IRR				NPV			
			Solar		Storage		Blended		NPV \$/kW (9% discount rate)	
	MWdc Solar	MWhr Battery	Unlevered	Levered	Unlevered	Levered	Unlevered	Levered	Solar	Storage
2025 US	300	462	10%	15%	9%	12%	10%	14%	126	61
2026 US	1,075	1,654	10%	15%	9%	13%	10%	14%	129	70
2027 US	1,075	1,654	10%	15%	9%	13%	10%	15%	127	78
2028 US	1,600	2,462	10%	15%	10%	14%	10%	15%	124	86
2029 US	1,680	2,585	11%	15%	10%	15%	10%	15%	121	92
2030 US	1,764	2,714	11%	15%	10%	15%	10%	15%	117	98
	Installed Capacity		IRR				NPV			
			Solar		Storage		Blended		NPV \$/kW (9% discount rate)	
	MWdc Solar	MWhr Battery	Unlevered	Levered	Unlevered	Levered	Unlevered	Levered		
2026 Int	500	500	11%	16%	6%	6%	10%	14%	188	(0.06)
2027 Int	500	-	10%	15%			10%	15%	175	

Source: BofA Global Research estimates

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With these adjustments, our PO moves to \$19.5/sh from \$24/sh. We reiterate Buy on ENLT given relatively robust line of sight growing EBITDA 3x through 2025 based on its current construction queue. While investors are concerned about project delays and prospectively even cancellations, we believe ENLT is in the right market to pass through costs given physical power constraints in the West. Mutual agreement to pass through cost has already been demonstrated between ENLT and key buyers like Arizona Public Service (APS) which we expect to continue. Moreover, despite rates pressures across the operating and growth end of the business, ENLT's valuation is attractive vs peers trading. On our estimate, ENLT trades at a 2x discount on a 2025E EBITDA base vs peers against an increasingly derisked project queue. Reiterate Buy.

Exhibit 3: ENLT Updated SOTP – Adjusted for Rates

Our SOTP project model reflects 200bps higher discount rate assumptions at the asset level vs prior but also higher pricing on future growth projects

Discount Rates (Asset Level)

Operational	8.00%
Construction	8.25%
Pre-Construction and Contracted	8.50%
DevCo	9.00%
Discount Rate DevCo	10%
Terminal Value	10

	\$mm	\$/sh
Operational	1,045	8.57
Construction + Pre-Construction	1,187	9.75
OpCo	2,232	18.3

Enlight Int Typical Equity Stake

DevCo Value US	DevCo Value Int	DevCo Value Discounted	
20	-	15	0.1
83	21	71	0.6
88	32	74	0.6
136	9	82	0.7
147	-	76	0.6
158	-	74	0.6
1,578	-	669	5.5
DevCo		1,061	8.7

OpCo + DevCO	3,293	27.0
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NPV of Corporate Overhead plus Devex	(989)	(8.1)
NPV of future Taxes	(166)	(1.4)

Exhibit 3: ENLT Updated SOTP – Adjusted for Rates

Our SOTP project model reflects 200bps higher discount rate assumptions at the asset level vs prior but also higher pricing on future growth projects

Discount Rates (Asset Level)

Total Corporate	(1,156)	(9.5)
1Q22 Cash and Restricted Cash	411	3.4
Total Cash	411	3.4
NPV of Corporate Bond P&I	(189)	(1.5)
Equity Value	2,360	19.5
Price Objective		19.50
Shares Outstanding		122

Source: BofA Global Research estimates

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Exhibit 4: ENLT vs Peers

On a 2025E EBITDA base which includes known construction starts across ENLT's project queue and the operating business, ENLT trades at a 2x discount to peers.

						EBITDA (Consensus) (\$Mn)				EV/EBITDA			EBITDA Growth		
	Ticker	Local Currency	Price	Market Cap (\$Mn)	Enterprise Value (\$Mn)	2022	2023	2024	2025	2023	2024	2025	2023	2024	2025
Premium Developer / Renewable Owners															
NextEra Energy	NEE		56.60	114,542	195,769	11,236	13,981	14,675	15,696	14.0x	13.3x	12.5x	24.4%	5.0%	7.0%
Brookfield Renewable Partners (USD)	BEP		24.91	16,520	62,601	2,020	2,182	2,469	2,631	28.7x	25.4x	23.8x	8.0%	13.2%	6.6%
AES	AES		16.91	11,323	40,449	3,268	3,440	3,805	4,071	11.8x	10.6x	9.9x	5.3%	10.6%	7.0%
US/CAD YieldCos															
NextEra Partners	NEP		23.09	2,157	19,183	1,728	1,915	2,014	2,020	10.0x	9.5x	9.5x	10.8%	5.2%	0.3%
Atlantica Sustainable Infrastructure	AY		18.87	2,192	7,197	797	794	840	862	9.1x	8.6x	8.3x	-0.4%	5.8%	2.7%
Clearway Energy	CWEN		22.63	4,454	14,164	1,216	1,094	1,181	1,222	12.9x	12.0x	11.6x	-10.0%	7.9%	3.5%
TransAlta Renewables (CAD)	RNW		12.48	3,330	3,035	492	484	518	528	6.3x	5.9x	5.7x	-1.8%	7.0%	2.1%
Algonquin	AQN		5.87	4,045	14,465	1,239	1,217	1,329	1,281	11.9x	10.9x	11.3x	-1.8%	9.2%	-3.6%
NPI	NPI		22.42	5,690	9,657	1,386	1,206	1,275	1,303	8.0x	7.6x	7.4x	-13.0%	5.7%	2.2%
European															
EDP Renewables	EDPR		16.42	18,254	27,588	2,233	2,178	2,525	2,795	12.7x	10.9x	9.9x	-2.5%	15.9%	10.7%
Neoen	NEOEN		26.78	4,424	7,181	420	515	624	776	14.0x	11.5x	9.3x	22.4%	21.2%	24.4%
Orsted (DKK)	ORSTED		303.90	18,599	27,799	4,542	3,090	3,932	4,553	9.0x	7.1x	6.1x	-32.0%	27.2%	15.8%
Solaria	SLR		16.10	2,185	3,182	152	215	270	331	14.8x	11.8x	9.6x	40.8%	25.8%	22.5%
Envision	ECV		13.97	2,443	4,381	354	347	379	423	12.6x	11.6x	10.4x	-2.0%	9.1%	11.6%
AVERAGE				15,011	31,189	2,220	2,333	2,560	2,749	12.6x	11.2x	10.4x	5.2%	7.8%	4.2%
AVERAGE (excluding Brookfield)										11.3x	10.1x	9.3x			
Average YieldCos										9.7x	9.1x	9.0x			
Enlight Renewable Energy	ENLT	\$	15.16	1,787	3,934	131	190	292	529	20.7x	13.5x	7.4x	45.0%	53.3%	81.3%
Enlight Renewable Energy	ENLT BofA PO	\$	19.50	2,298	4,445	131	190	292	529	23.4x	15.2x	8.4x	45.0%	53.3%	81.3%

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Price objective basis & risk

Enlight Renewable Energy Ltd (ENLT / XENLF)

We arrive at our \$19.50 (ILS 72.91) /share price objective in three pieces.

(1) Value for the operating business (OpCo) which is comprised of assets producing energy today and those that are in construction or pre-construction phases that are targeting an operational startup in the next 24 months. We benchmark these cash flows on a sliding scale from 8% to 8.5% based on the relative execution risk with the low end of the range applied to currently producing assets.

(2) Value for future growth generated in the development company (DevCo). We benchmark value created as the DCF of cash flows from of future projects immediately before their construction benchmarked at a 9% discount rate which is a cushion above the current cost of capital. We discount value created in a future year to current using a 10% discount rate and apply an 10x terminal value multiple on our 2030E NPV.

(3) We net off any payment streams that sit at the parent level at a 10% discount rate including overhead, tax, and corporate debt schedule. We add in a current value of cash as well.

Downside risks: (1) Risks of project delays (2) Rising rates and inability to pass through these costs into pricing (3) Competition and (4) Risks to regulatory delay including interconnection (5) Exposure to merchant power prices.

Upside risks: (1) Accelerated growth to volumes (2) Improvements in the regulatory backdrop (3) Exposure to elevated power pricing.

Analyst Certification

I, Julien Dumoulin-Smith, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alliant Energy Corporation	LNT	LNT US	Julien Dumoulin-Smith
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	Array Technologies	ARRY	ARRY US	Julien Dumoulin-Smith
	Atlantica Sustainable Infrastructure	AY	AY US	Julien Dumoulin-Smith
	Atmos Energy Corporation	ATO	ATO US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	CenterPoint Energy	CNP	CNP US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Alex Vrabel
	Cheniere Energy Inc	LNG	LNG US	Julien Dumoulin-Smith
	Clearway Energy	CWENA	CWEN/A US	Julien Dumoulin-Smith
	Clearway Energy	CWEN	CWEN US	Julien Dumoulin-Smith
	CMS Energy	CMS	CMS US	Julien Dumoulin-Smith
	Consolidated Edison	ED	ED US	Julien Dumoulin-Smith
	DTE Energy	DTE	DTE US	Julien Dumoulin-Smith
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	ENLT	ENLT US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	XENLF	ENLT IT	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	First Solar, Inc.	FSLR	FSLR US	Julien Dumoulin-Smith
	Fluence Energy	FLNC	FLNC US	Julien Dumoulin-Smith

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Hannon Armstrong	HASI	HASI US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Dariusz Lozny, CFA
	MDU Resources Group, Inc.	MDU	MDU US	Dariusz Lozny, CFA
	Nextracker Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Corporation	NWE	NWE US	Julien Dumoulin-Smith
	NRG Energy	NRG	NRG US	Julien Dumoulin-Smith
	PG&E Corporation	PCG	PCG US	Julien Dumoulin-Smith
	PNM Resources Inc.	PNM	PNM US	Julien Dumoulin-Smith
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra Energy	SRE	SRE US	Julien Dumoulin-Smith
	Sunnova Energy	NOVA	NOVA US	Julien Dumoulin-Smith
	SunRun	RUN	RUN US	Julien Dumoulin-Smith
	TPI Composites	TPIC	TPIC US	Julien Dumoulin-Smith
	Vistra Energy	VST	VST US	Julien Dumoulin-Smith
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith

NEUTRAL

	AES	AES	AES US	Julien Dumoulin-Smith
	Algonquin Power & Utilities Corp	AQN	AQN US	Dariusz Lozny, CFA
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Dariusz Lozny, CFA
	AltaGas	YALA	ALA CN	Dariusz Lozny, CFA
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Emera Inc	YEMA	EMA CN	Dariusz Lozny, CFA
	Entergy	ETR	ETR US	Paul Zimbardo
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Evergy, Inc	EVRG	EVRG US	Julien Dumoulin-Smith
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	New Fortress Energy	NFE	NFE US	Cameron Lochridge
	NextEra Energy	NEE	NEE US	Julien Dumoulin-Smith
	NextEra Energy Partners	NEP	NEP US	Julien Dumoulin-Smith
	OGE Energy Corp	OGE	OGE US	Julien Dumoulin-Smith
	Ormat Technologies	ORA	ORA US	Julien Dumoulin-Smith
	Pinnacle West	PNW	PNW US	Julien Dumoulin-Smith
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Dariusz Lozny, CFA
	TransAlta Corporation	YTA	TA CN	Dariusz Lozny, CFA
	WEC Energy Group Inc	WEC	WEC US	Julien Dumoulin-Smith

UNDERPERFORM

	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avangrid	AGR	AGR US	Paul Zimbardo
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH US	Julien Dumoulin-Smith
	Dominion Energy	D	D US	Paul Zimbardo
	Edison International	EIX	EIX US	Paul Zimbardo
	Enphase Energy	ENPH	ENPH US	Julien Dumoulin-Smith
	Eversource Energy	ES	ES US	Paul Zimbardo
	FirstEnergy	FE	FE US	Julien Dumoulin-Smith
	Fortis	YFTS	FTS CN	Dariusz Lozny, CFA
	Fortis Inc	FTS	FTS US	Dariusz Lozny, CFA
	FREYR Battery	FREY	FREY US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	MGE Energy	MGEE	MGEE US	Julien Dumoulin-Smith
	New Jersey Resources Corp	NJR	NJR US	Julien Dumoulin-Smith
	ONE Gas, Inc.	OGS	OGS US	Julien Dumoulin-Smith
	SolarEdge Technologies	SEDG	SEDG US	Julien Dumoulin-Smith
	Spire	SR	SR US	Julien Dumoulin-Smith



North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Stem, Inc.	STEM	STEM US	Julien Dumoulin-Smith
	SunPower Corp.	SPWR	SPWR US	Julien Dumoulin-Smith
	UGI Corp.	UGI	UGI US	Julien Dumoulin-Smith
RVW				
	Tellurian Inc	TELL	TELL US	Julien Dumoulin-Smith

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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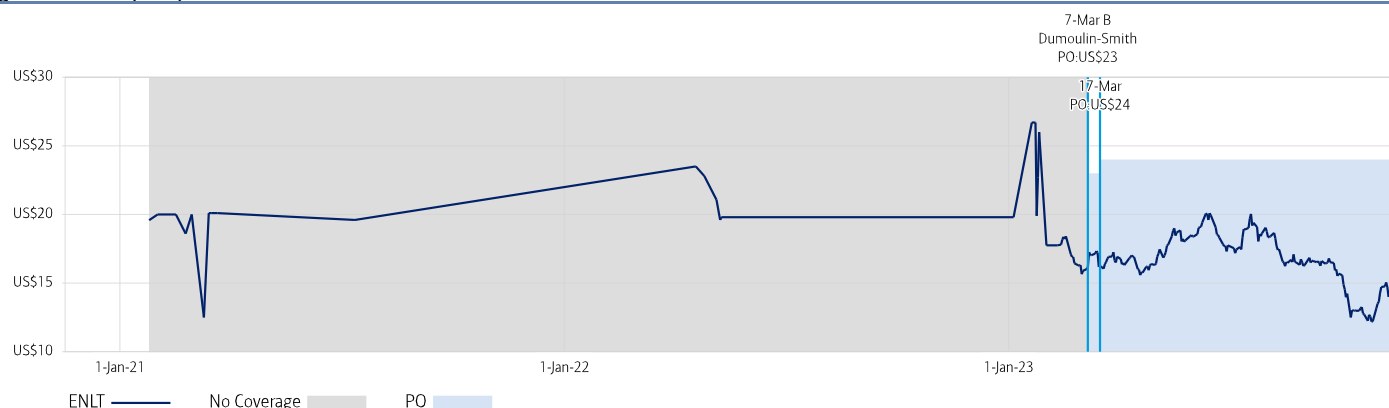
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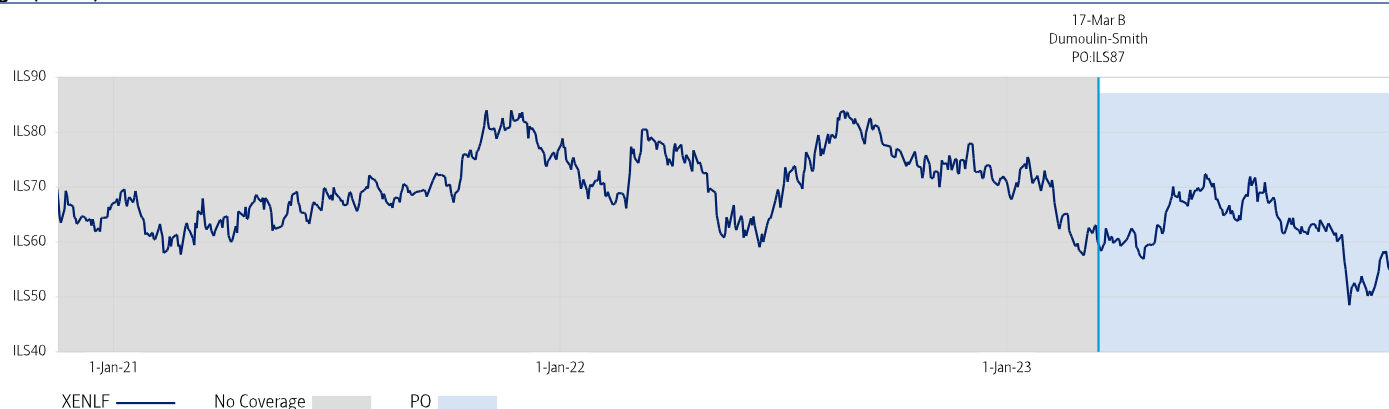
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Enlight Renewable (ENLT) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Enlight (XENLF) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Alternative Energy Group (as of 30 Sep 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	12	70.59%	Buy	10	83.33%
Hold	3	17.65%	Hold	2	66.67%
Sell	2	11.76%	Sell	1	50.00%

Equity Investment Rating Distribution: Global Group (as of 30 Sep 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1869	53.48%	Buy	1046	55.97%
Hold	828	23.69%	Hold	461	55.68%
Sell	798	22.83%	Sell	370	46.37%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.



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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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