

Renewables: Coming of age

As the financial impacts of Covid-19 become more apparent we thought it was a good time to review the financial impact on the renewables sector. We reviewed a universe of 20 companies significantly focused on renewables as well as the renewables divisions of a further 10 integrated oil and gas and utility companies. We summarise our full findings in the table at the end of this note.

Headlines

Our headlines show that renewable energy companies have delivered a very resilient financial performance in [stark contrast](#) to our recent [review](#) of listed oil and gas companies.

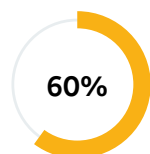
We summarise the findings in the infographic below and in more detail in the table on Page 2.



80% have maintained or increased their dividends compared with pre-Covid-19 levels.



2 renewables companies have instigated share buybacks



60% of renewable companies have reported they expect minimal impact from Covid-19 on their current financial performance or earnings guidance



20% Have withdrawn financial guidance due to lack of visibility



0 None of the reviewed renewable companies have announced cuts to planned capital expenditure



15 deals agreed during 2020, including asset deals and JVs established



Company	Covid-19 impact on earnings or guidance	Covid-19 impact on dividends	Deal activity or new financing agreed	New projects sanctioned or commissioned	Share buyback
Acciona	▼	▼	✓		
Bluefield Solar	▶	▶	✓		
Brookfield Renewable Partners	▶	▶	✓		
Contour Global	▶	▲			✓
Drax	▼	▶	✓		
EDP Renewables	▶	▶	✓		
Encavis	▶	▲	✓		
Enel Green Power	▶	▶		✓	
Enviva Partners	▶	▲			
First Solar	▶				
Foresight Solar	▶	▶			
Greencoat Wind		▶	✓		
Goldwind	▶	▶		✓	
Iberdrola	▶	▲	✓		
NextEra Energy	▶	▲			
Nordex	▼				
Orsted	▶		✓	✓	✓
Siemens Gamesa	▼				
The Renewables Infrastructure Group	▼	▶	✓		
Vestas	▼	▶			

Key

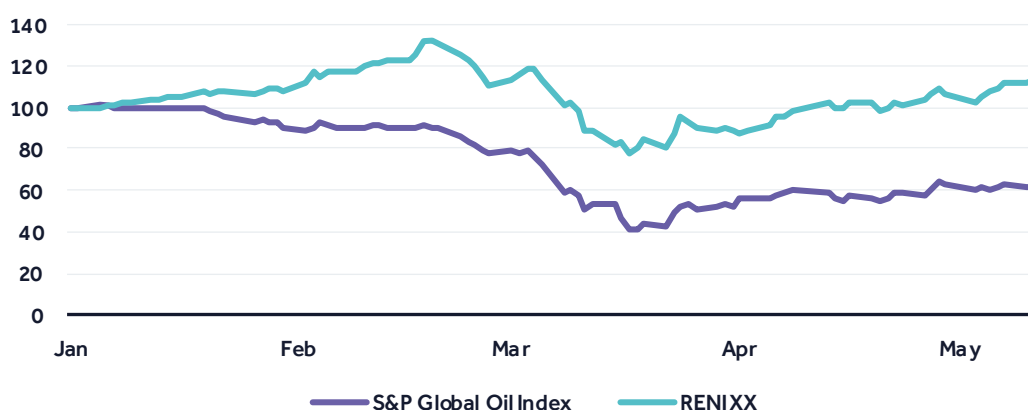
- ▲ increased
- ▶ maintained
- ▼ reduced / suspended

What about share prices?

Stock market performance for renewables has been strong throughout 2020. Despite the market volatility, one pound invested in the RENIXX index of renewable stocks on 1 January 2020 is worth c.£1.15 today. The same investment in the S&P Global Oil Index at the beginning of the year would now be worth c.60p.

Renewable stocks have also bounced back quicker from their trough, recovering to full value within just 6 weeks of the WHO declaring Covid-19 as a pandemic. The index has not yet recovered its high point from February, demonstrating that it still has some way to go to recover from the Covid-19 impact, but the underlying trend is already positive in the sector.

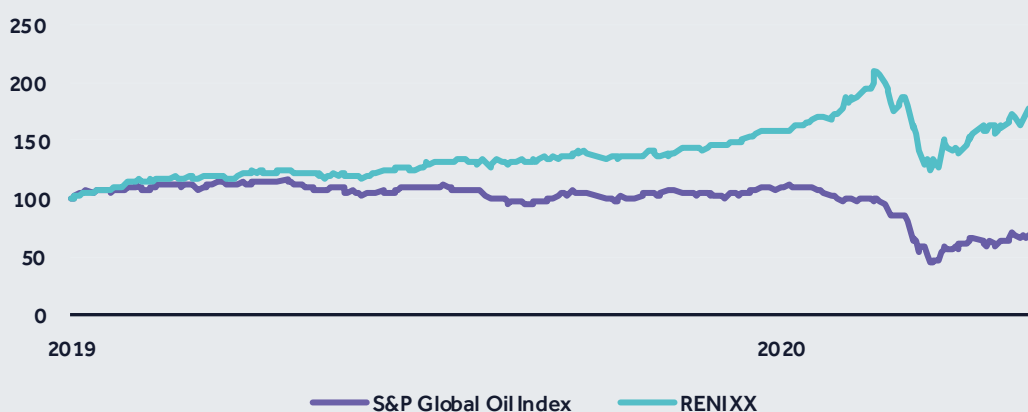
Comparative performance in 2020



What about when the oil price recovers? Will we see the trends reverse and more capital flow back into oil and gas? Looking at the relative performance of the two indices since the last oil price crash in 2014, the story remains heavily in favour of renewable energy stocks. One pound invested at

the beginning of 2014 would yield roughly £2.25 in renewables today, whilst for oil and gas it yields just 50p. In fact, despite the return of higher oil prices in recent years, oil stocks never quite recaptured the same value again from 2015 onwards and remain underwater.

Comparative performance



Key themes from the media

reNEWS.BIZ

COVID-19: Iberdrola 'will stick to 9GW expansion plan'

Renewables heavyweight Iberdrola will stick to its investment strategy to build 9GW of new capacity over the coming years and is accelerating €3.8bn



Iberdrola to Enter \$8B Offshore Wind Project in UK

Iberdrola will enter a 6.5 billion pound (\$8 billion) offshore wind project in Britain's renewable auction next year

pv magazine

Total announces 2 GW solar project portfolio in Spain

The French oil company will enter the booming Spanish market through subsidiary Total Solar International thanks to agreements with Powertis and Solarbay Renewable Energy to develop 2 GW of generation capacity.



greentechmedia:

Lightsource BP Closes Big Texas Solar Deal Despite Coronavirus Chill

In the face of mounting recession concerns, BP-backed developer stands by plan to build 4 gigawatts of U.S. solar through 2023.

AXIOS

Total and BP strike big renewable energy deals

The oil-and-gas giant Total said Thursday it's acquiring an 80% stake in a planned floating wind project off the coast of Wales. Lightsource BP has completed a \$250 million financing package for a 260-megawatt project 120 miles northeast of Dallas, Texas



RWE plans to grow renewable energy portfolio to over 13GW by 2022

pv magazine

Shell to ramp up renewables in pursuit of net zero ambition

the energyst

Ørsted posts fat profit, shrugs off coronavirus, eyes more PPAs

reNEWS.BIZ

Enel breaks ground on 70MW Chilean solar

Enel Green Power Chile has started construction of the almost 70MW Azabache solar farm in the Antofagasta region of the South American country.

RECHARGE

Transitioning oil major Repsol breaks ground on flagship PV plant in Spain

Madrid-based developer to spend \$650m on three renewables projects in Iberian peninsula in shift away from fossil fuels.

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