



Portfolio Strategy

Driven by premium analytics and hedge fund actions

Clean Energy

Stocks, ETFs, Structured Products, Call Options
Aug 2023

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US Clean Energy Basket

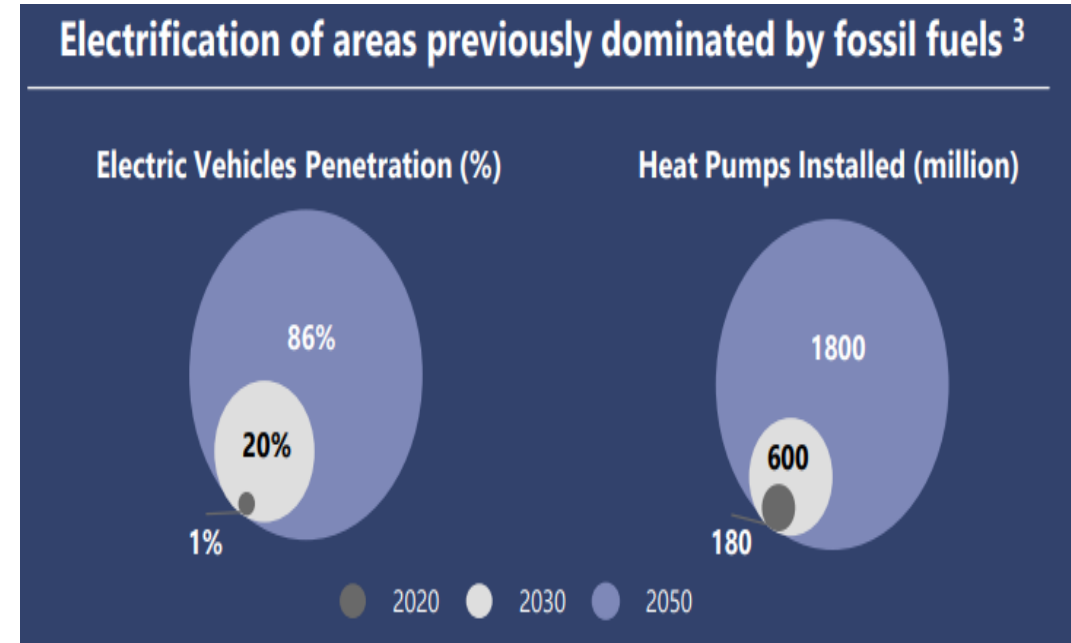
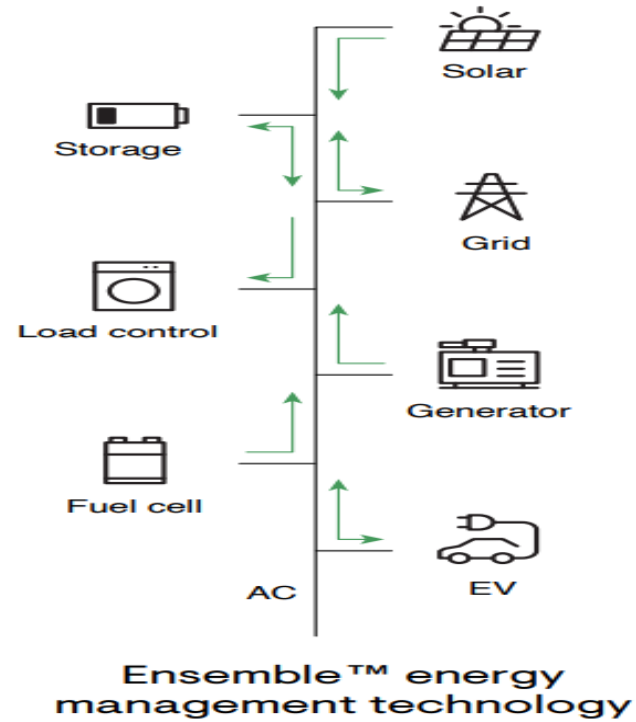
As on Aug 12, 2023

Stock	Last Price (\$)	Mcap (\$ bn)	P/E 2023E	EPS 2023 E (\$)	EPS 2024 E (\$)	ROE	Consensus rating	Target price
Enphase Energy	135	18.5	27x	5.09	6.62	43%	Buy	xxx
SolarEdge Tech	176	9.9	19x	9.29	11.21	11%	Strong Buy	xxx
Ormat Technologies	77	4.6	36x	2.15	2.66	4%	Buy	xxx
Sunrun	17	3.6	Neg	-1.03	-1.07		Strong Buy	xxx

- Advancement in semiconductor technology is disrupting solar energy system model as DC to AC conversion can happen at each solar panel using microinverters instead of the traditional wire inverter . Network monitoring and cloud-based energy management enable product manufacturers such as Enphase gain competitive edge in the home energy system segment as production and management of electricity becomes more efficient for the consumer
- Increasing urbanization trend to drive electricity demand growth to 100,000 TWh by 2040 from 75,000 TWh in 2022. Energy installations to be dominated by clean energy sources over the next 25 years. This secular trend presents great investment opportunities for investors to compound their wealth
- Decentralization and digitalization of energy networks is gaining traction benefiting companies like SolarEdge which provide a one-stop solution for residential and commercial customers to meet most of their energy needs.



Enphase's IQ8 high power microinverter



Source: IEA

- As against the current solar penetration rate of 4.1% in the US, around 18% of US homes might be using solar energy by 2032 according to the EIA. A sharp fall in the cost of solar panels and batteries is facilitating their increased adoption worldwide.
- Regulatory tailwinds such as ITC (Investment tax credit) and PTC (Production tax credit) under the IRA (Inflation reduction act) is helping solar energy installers in the US. The current US administration has been a big supporter for the clean energy usage

Global Clean Energy Basket

As on August 12, 2023

Stock	Last Price	Mcap (\$ bn)	P/E 2023E	EPS 2023 E	EPS 2024 E	ROE	Consensus rating	Target price
Orsted A/S (Denmark)	DKK 559	34	31x	18.03	24.34	14%	Strong Buy	xxx
Northland Power (Canada)	CAD 23	4.3	20x	1.14	1.41	11%	Strong Buy	xxx

- Some of the hardest sectors to decarbonize are aviation, shipping, trucking, petrochemicals, and steelmaking. Green hydrogen and hydrogen-derived e-fuels offer a solution for eliminating greenhouse gas (GHG) emissions. The rapid growth of renewable energy in the U.S. has laid the foundation for scaling up green hydrogen infrastructure.

Energy Storage – Energy Storage Industry Overview



**Global Market Size¹:
\$1.2-1.9 Trillion**

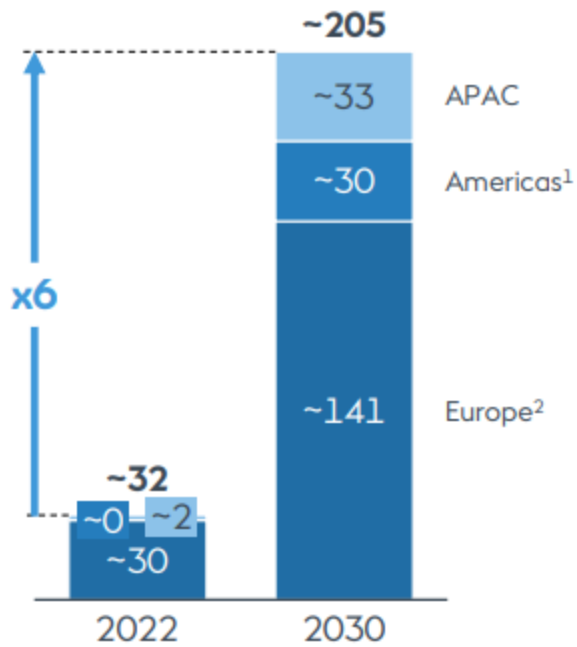
Expected Global Investment in Utility-Scale Storage through 2050

Source: IEA

Growth opportunity in offshore wind, onshore renewables and P2X (Green hydrogen) 2022-30

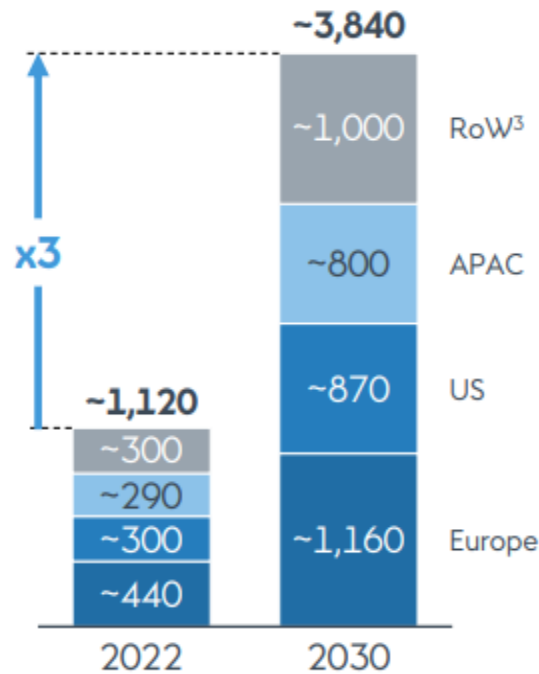
Offshore wind

Installed capacity (excl. China), GW



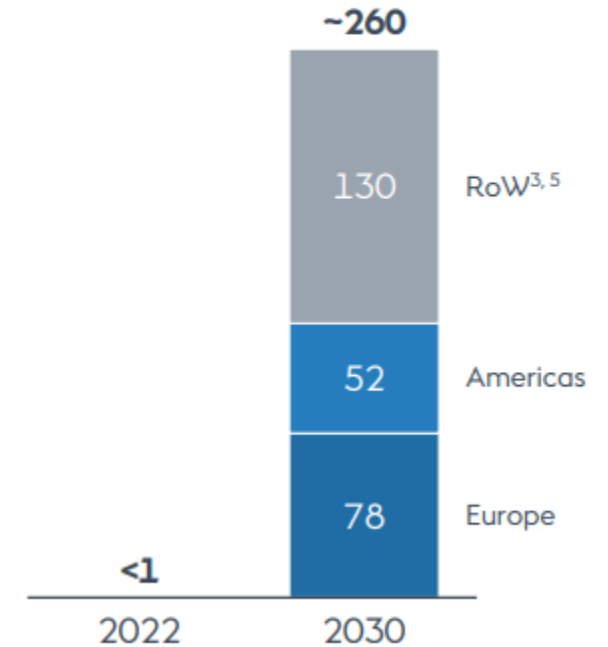
Onshore renewables

Installed capacity (excl. China), GW



Power-to-X (P2X)

Electrolyser capacity, GW⁴



Enphase as a portfolio holding

Stock	ETFs
<p>Enphase's European shipments continue to be strong while US growth has weakened due to California's net metering plan. Enphase has unveiled IQ8, a microinverter that delivers power even without a battery. This is seen as a disruptor that can help the company to expand its market share. FCF generation and a healthy balance sheet can support the stock.</p>	<p>How to position in an ETF having a concentrated position in Enphase?</p>
<p>How to position in Enphase stock ?</p>	<p>There are four passive clean energy ETFs having more than a 6% allocation in this stock</p>
<p>Time horizon: 1-2 years</p>	<p>Time horizon: 1-2 years</p>
<p>Portfolio weight: Maximum 5%</p>	<p>Portfolio weight: Maximum 10%</p>
<p>Capital allocation: Invest x % of your allocation at price P1 Invest xx% of your allocation at price P2.</p>	<p>Capital allocation: Invest x % at price , P1 Invest xx% of your allocation at price, P2.</p>

SolarEdge Technologies as a portfolio holding

Stock	ETFs
<p>SolarEdge's sales growth is expected to be around 25% in 2023 and 2024 led by growth in Europe and US commercial markets. Higher input costs has led to contraction in gross margin, but market share gains are expected to continue due to its dominance in the US commercial space. Risks include higher interest rates, elevated AR and inventory levels as of Q2 2023</p>	<p>How to position in an ETF having a concentrated position in SolarEdge?</p>
<p>How to position in SolarEdge stock ?</p>	<p>There are four passive clean energy ETFs having more than a 5% allocation in this stock</p>
<p>Time horizon: 1-2 years</p>	<p>Time horizon: 1-2 years</p>
<p>Portfolio weight: Maximum 5%</p>	<p>Portfolio weight: Maximum 10%</p>
<p>Capital allocation: Invest x % of your allocation at price P1 Invest xx% of your allocation at price P2.</p>	<p>Capital allocation: Invest x % at price , P1 Invest xx% of your allocation at price, P2.</p>

Ormat Technologies as a portfolio holding

Stock

Ormat has stated that demand outlook for geothermal energy is robust in the US as seen from rising PPA prices. Revenue grew 15% YoY in Q2 2023 led by strong growth in the products segment while its largest segment, electricity revenue rose 2.7% YoY. The company has reiterated its revenue and EBITDA guidance in H2 2023. Tax credits from the Inflation Reduction Act (IRA) should continue to aid its bottom line

How to position in Ormat stock ?

Time horizon: 1-2 years

Portfolio weight: Maximum 5%

Capital allocation: Invest x % at price P1

Invest xx% at price P2.

Sunrun as a portfolio holding

Stock	ETFs
<p>The extension of Investment Tax Credit (ITC) for till 2032 is a tailwind for solar energy companies like Sunrun. It operates in 23 states in the US and is the market leader in US residential solar systems. New subscriber additions and liquidity indicators were healthy at the end of Q2 2023</p>	<p>How to position in an ETF having a concentrated position in Sunrun?</p>
<p>How to position in Sunrun stock ?</p>	<p>There is one passive clean energy ETFs having more than a 4% allocation in this stock</p>
<p>Time horizon: 1-2 years</p>	<p>Time horizon: 1-2 years</p>
<p>Portfolio weight: Maximum 5%</p>	<p>Portfolio weight: Maximum 10%</p>
<p>Capital allocation: Invest x % of your allocation at price P1 Invest xx% of your allocation at price P2.</p>	<p>Capital allocation: Invest x % at price , P1 Invest xx% of your allocation at price, P2.</p>

Orsted as a portfolio holding

Stock	ETFs
<p>Orsted sharply missed Q2 earnings estimates reporting a loss of DKK 596 mn against a consensus estimate of a profit of DKK 253 mn. However, CFO increased 4% YoY and the company has reiterated its FY 2023 guidance led by strength in its offshore wind business. The company has received development consent for one of the world's largest offshore windfarm in the North Sea in Q2.</p>	<p>How to position in an ETF having a concentrated position in Orsted?</p>
<p>How to position in Orsted stock ?</p>	<p>There are four passive ETFs having more than an 6% allocation in this stock</p>
<p>Time horizon: 1-2 yrs</p>	<p>Time horizon: 1-2 years</p>
<p>Portfolio weight: Maximum 5%</p>	<p>Portfolio weight: Maximum 10%</p>
<p>Capital allocation: Invest x % at price P1</p>	<p>Capital allocation: Invest x % at price , P1</p>
<p>Invest xx% of your allocation at price P2.</p>	<p>Invest xx% of your allocation at price, P2.</p>

Northland Power as a portfolio holding

Stock	ETFs
<p>Northland Power derives a majority of revenue from government entities globally under long-term contracts. Apart from IRA in the US, Canadian and European clean energy tax credits is a tailwind for earnings. A change in Spanish regulation in June 2023 will have a negative impact on revenue and adj EBITDA due to a change in timing of revenue recognition but it will not affect return for the company due to PPA terms</p>	<p>How to position in an ETF having a concentrated position in Northland Power ?</p>
<p>How to position in Northland Power stock ?</p>	<p>There are three passive ETFs having more than a 4% allocation</p>
<p>Time horizon: 1-2 yrs</p>	<p>Time horizon: 1-2 years</p>
<p>Portfolio weight: Maximum 5%</p>	<p>Portfolio weight: Maximum 10%</p>
<p>Capital allocation: Invest x % at price P1 Invest xx% of your allocation at price P2.</p>	<p>Capital allocation: Invest x % at price P1 Invest xx% of your allocation at price P2.</p>

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