WESTBRIDGE RENEWABLE (WEB CN)

Issuer-sponsored research available to all professional investors under MiFID II as a minor non-monetary benefit

15 January 2024

Current Price (C$)	**0.82**
Shares in issue (m)	101
Mkt Cap ($m)	83
Net debt ($m)	6
EV ($m)	89
BVPS ($)	7.8

Share price performance

1m	3.8%
3m	-2.4%
12m	-9.3%
12 m high/low	1/0.7
Ave daily vol (30D)	30,083

Shareholders

Romanin Stefano	17.7%
Kelly Scott	7.2%
McKenna Margaret	4.8%
Vassilakakis P	4.8%
Marianna Alifuoco	4.0%
Yang Marcus	3.7%
Stubbs Phillip	0.7%
Fmr LLC	0.0%
Total for top 8	42.9%
Free float	57.1%
Source: Bloomberg	*12 Nov 24*

Next news Q3s Q4

Business description

Developer of PV and BESS projects

Research
Adam Forsyth
adam.forsyth@longspur.com
+44 (0) 131 357 6770

Max Campbell
max.campbell@longspur.com
+44 (0) 7900 206039

Distribution
Adam Robertson
adam.robertson@longspur.com
+44 (0) 203 940 6602

FIVE NEW PROJECTS

Five new battery storage projects in Alberta add high quality opportunities to Westbridge's development portfolio which has now grown more than 30x since listing. The company now has 9.5GW of development capacity across 22 projects in four countries. We see both solar PV and battery costs continuing to fall in 2025 adding to the attraction of these projects.

New Battery Projects in Alberta

Westbridge has today announced a significant addition to its development portfolio with the addition of five new battery energy storage schemes (BESS) in Alberta, Canada. These bring a total storage capacity of 539MWh. All the projects have site control, environmental permitting feasibility studies completed, and interconnection (grid) applications confirmed. These latter are in the Alberta Electricity System Operator's (AESO) Cluster 2 process which allows simultaneous assessment of grid connections for the projects as a batch and is aimed at accelerating connections in the province. For Cluster 2 the successful project list is due to be published in July 2025 making these projects potentially near-term opportunities.

Shareholder Letter Caps Period of Major Development

The announcement follows the company's year-end shareholder letter which capped a period of strong progress during 2024. In particular the company has delivered tangible monetisation from projects in Canada with the sale of the Georgetown and Sunnynook projects in Alberta raising $73m of gains and adding more than $62m of non-dilutive cash to the balance sheet. The return on capital to date is over 5x and there remains the potential of additional cash from these projects if BESS is added and Canada Clean Technology Investment Tax Credits are confirmed. With these gains Westbridge has been able to return $10m to shareholders and also to repay over $35m in debt. Progress on the near-term Alberta projects continues with the 375MWdc Dolcy project receiving Alberta Utilities Commission approval.

C$,000 Nov	2022a	2023a	2024e	2025e	2026e	2027e
EBITDA	-2,345	-3,564	61,949	84,954	104,709	92,325
PBT	-2,340	-5,647	60,466	84,326	105,491	95,075
EPS	-2.8	-3.1	60.5	80.5	98.3	90.8
CFPS	-5.9	-33.9	48.7	70.8	97.4	87.7
DPS	0.0	0.0	15.0	13.7	24.3	37.7
Net Debt (Cash)	-1,192	34,388	5,861	-41,127	-106,710	-153,754
Debt/EBITDA	0.5	-9.6	0.1	-0.5	-1.0	-1.7
P/E	-29.4	-26.1	1.4	1.0	0.8	0.9
EV/EBITDA	-19.7	-22.9	0.9	0.1	-0.6	-1.2
EV/sales	na	na	na	na	na	na
FCF yield	-7%	-41%	59%	86%	119%	107%
Div yield	0%	0%	18%	17%	30%	46%

FINANCIAL MODEL

Profit and Loss Account

C$,000, Nov	2022a	2023a	2024e	2025e	2026e	2027e
Operating profit						
Project income	0	0	0	0	0	0
Project development	-2,392	-3,711	61,949	84,954	104,709	92,325
Grants etc	0	0	0	0	0	0
Other	0	0	0	0	0	0
Operating profit	-2,392	-3,711	61,949	84,954	104,709	92,325
P&L Account	**2022a**	**2023a**	**2024e**	**2025e**	**2026e**	**2027e**
Turnover*	0	0	0	0	0	0
Operating Profit	-2,392	-3,711	61,949	84,954	104,709	92,325
Investment income	0	0	0	0	0	0
Net Interest	51	-1,936	-1,483	-628	782	2,749
Pre Tax Profit (UKSIP)	-2,340	-5,647	60,466	84,326	105,491	95,075
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	0	0	0	0	0	0
Pre Tax Profit (IFRS)	-2,340	-5,647	60,466	84,326	105,491	95,075
Tax	0	2,571	-4,654	-12,930	-18,312	-14,558
Post tax exceptionals	0	0	0	0	0	0
Minorities	6	-4	0	0	0	0
Net Profit	-2,335	-3,080	55,812	71,396	87,179	80,517
Dividend	0	0	-13,862	-12,156	-21,596	-33,473
Retained	-2,335	-3,080	41,950	59,240	65,583	47,044
EBITDA	-2,345	-3,564	61,949	84,954	104,709	92,325
EPS (c) (UKSIP)	-2.79	-3.14	60.51	80.49	98.28	90.77
EPS (c) (IFRS)	-2.79	-3.14	60.51	80.49	98.28	90.77
FCFPS (c)	-5.88	-33.86	48.65	70.77	97.40	87.67
Dividend (c)	0.00	0.00	15.03	13.70	24.35	37.74

Source: Company data, Longspur Research estimates, *Project monetisation recognised as a gain on investment and not as turnover

KEY POINTS

- Project monetisation recognised as gains at operating profit level
- Initial gains on Georgetown and Sunnynook projects in FY24
- Further project gains in following years with Alberta projects in FY 25
- Deferred gains from ITC and BESS see continued project income further out
- Administration expenses running at c.C$4m before development costs and bonuses

Balance Sheet

C$,000, Nov	2022a	2023a	2024e	2025e	2026e	2027e
Fixed Asset Cost	560	2,157	2,157	2,157	2,157	2,157
Fixed Asset Depreciation	-57	-209	-209	-209	-209	-209
Net Fixed Assets	503	1,948	1,948	1,948	1,948	1,948
Goodwill	0	0	0	0	0	0
Other intangibles	0	0	0	0	0	0
Investments	5,359	48,383	60,432	69,684	69,684	69,684
Stock	0	0	0	0	0	0
Trade Debtors	1	1,016	0	0	0	0
Other Debtors	174	3,644	3,644	3,644	3,644	3,644
Trade Creditors	-654	-1,390	0	0	0	0
Other Creditors <1yr	0	-8,949	-8,949	-8,949	-8,949	-8,949
Creditors >1yr	0	-4,257	-4,257	-4,257	-4,257	-4,257
Provisions	-59	0	0	0	0	0
Pension	0	0	0	0	0	0
Capital Employed	5,325	40,395	52,818	62,070	62,070	62,070
Cash etc	1,645	2,823	9,200	56,188	121,772	168,816
Borrowing <1yr	80	35,929	10,029	10,029	10,029	10,029
Borrowing >1yr	373	1,283	5,033	5,033	5,033	5,033
Net Borrowing	-1,192	34,388	5,861	-41,127	-106,710	-153,754
Share Capital	10,987	12,505	12,504	12,501	12,501	12,501
Share Premium	1,433	2,352	1,353	-1,643	-1,643	-1,643
Retained Earnings	-6,028	-9,108	32,842	92,083	157,666	204,710
Other	30	25	25	25	25	25
Minority interest	95	232	232	232	232	232
Capital Employed	5,325	40,395	52,818	62,070	62,070	62,070
Net Assets	6,517	6,006	46,956	103,197	168,780	215,824
Total Equity	6,517	6,006	46,956	103,197	168,780	215,824

Source: Company data, Longspur Research estimates

KEY POINTS

- Asset light model means limited fixed assets
- Cash grows and could mean further distributions above our assumed dividend
- Borrowing assumed paid down in FY 25

Cashflow

C$,000, Nov	2022a	2023a	2024e	2025e	2026e	2027e
Operating profit	-2,392	-3,711	61,949	84,954	104,709	92,325
Depreciation	47	147	0	0	0	0
Provisions	0	0	0	0	0	0
Other	1,019	1,071	0	0	0	0
Working capital	-216	486	-7,599	-8,276	-5,382	3,754
Operating cash flow	-1,541	-2,007	54,351	76,677	99,327	96,079
Tax paid	0	0	2,571	-4,654	-12,930	-18,312
Capex (less disposals)	0	0	0	0	0	0
Investments	-3,380	-31,191	-12,049	-9,252	0	0
Net interest	-85	-225	-1,483	-628	782	2,749
Net dividends	0	0	-13,862	-12,156	-21,596	-33,473
Residual cash flow	-5,006	-33,423	29,527	49,988	65,583	47,044
Equity issued	0	0	-1,000	-3,000	0	0
Change in net borrowing	0	35,581	-28,527	-46,988	-65,583	-47,044
Adjustments	0	-2,158	0	0	0	0
Total financing	0	33,423	-29,527	-49,988	-65,583	-47,044

Source: Company data, Longspur Research estimates

KEY POINTS

- Cash inflows with project sales in all forecast years
- No capex assumed as company retains existing model
- C$4m equity return in FY 24 and FY 25 through NCIB

Equity Research Disclaimers

Non-independent research

This report has been commissioned by the issuer and prepared and issued by Longspur Research, in consideration of a fee payable by the issuer. It is Non-Independent Research and a marketing communication under the FCA's Conduct of Business Rules. It is not Investment Research as defined by the FCA's Rules and has not been prepared in accordance with legal requirements designed to promote Investment Research independence and is also not subject to any legal prohibition on dealing ahead of the dissemination of Investment Research. We do not hold out this research material as an impartial assessment of the values or prospects of the company.

Notwithstanding this, Longspur Research has procedures in place to manage conflicts of interest which may arise in the production of Research, which include measures designed to prevent dealing ahead of Research.

Minor non-monetary benefit

This Research is a minor non-monetary benefit as set out in Article 12 (3) of the Commission Delegated Directive (EU) 2017/593. The Research is paid for by a corporate client of Longspur Research) and can be distributed free of charge.

Copyright

Regulated by the FCA

Longspur Research Longspur Research is a trading name of Longspur Capital Limited, authorised and regulated by the Financial Conduct Authority (FRN 839313). Longspur Capital is registered in England, company number 11011596.

No warranty as to accuracy or completeness

All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified.

Opinions contained in this report represent those of the Longspur Research analyst at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. No representation or warranty is made as to the accuracy or completeness of the information included in this Research and opinions expressed may be subject to change without notice. Longspur Research does not undertake any obligation to revise such forward-looking statements to reflect the occurrence of unanticipated events or changed circumstances.

This report is solely for informational purposes and is not intended to be used as the primary basis of investment decisions. Longspur Research has not assessed the suitability of the subject company for any person. Because of individual client requirements, it is not, and it should not be construed as, advice designed to meet the particular investment needs of any investor. This report is not an offer or the solicitation of an offer to sell or buy any security.

Longspur Research has no authority whatsoever to make any representation or warranty on behalf of any of its corporate finance clients, their shareholders or any other persons similarly connected.

Information purposes only

This Research is designed for information purposes only. Neither the information included herein, nor any opinion expressed, are deemed to constitute an offer or invitation to make an offer, to buy or sell any financial instrument or any option, futures or other related derivatives. Investors should consider this Research as only a single factor in making any investment decision. This Research is published on the basis that Longspur Research is not acting in a fiduciary capacity. It is also published without regard to the recipient's specific investment objectives of recipients and is not a personal recommendation. The value of any financial instrument, or the income derived from it, may fluctuate.

Take own advice

The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Longspur Research's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Longspur Research may have a position

At any time, Longspur Research or its employees may have a position in the securities and derivatives (including options or warrants) of the companies researched and this may impair the objectivity of this report. Longspur Research may act as principal in transactions in any relevant securities, or provide advisory or other services to any issuer of relevant securities or any company connected therewith.

Only for eligible counterparties and professional clients. Not for retail

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document (nor will such persons be able to purchase shares in the placing).

Distribution in the US

Longspur Capital Limited (Longspur) is not registered as a broker-dealer with the U S Securities and Exchange Commission, and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Longspur is not a member of the Financial Industry Regulatory Authority. It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is intended for distribution in the United States solely to "major U.S. institutional investors" in reliance on the exemption from broker-dealer registration provided by Rule 15a-6 under the United States Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major U.S. institutional investor that receives a copy of such a report by its acceptance thereof represents and agrees that it shall not distribute or provide copies to any other person.

MAR Formal disclosure of conflicts

This report has been commissioned by the issuer and prepared and issued by Longspur Research in consideration of a fee payable by the issuer. Fees are paid upfront in cash without recourse. A draft has been sent to the issuer for comment and it has been appropriately amended.

Neither Longspur Research nor the analyst have any holdings in the issuer. Longspur Research may from time to time provide the issuer with of consultancy advice.

See webpage for additional MAR disclosures.

GDPR

For further information about the way we use your personal data please see our Third Party Privacy Notice at https://longspur.com/privacypolicy.html or at such other place as we may provide notice of from time to time. We may contact you about industry news, offers and information relating to our products and services which we think would be of interest to you. You can tell us you do not wish to receive such communications by emailing michelle.elsmore@longspur.com.

Laven Consulting Limited (incorporated and registered in England and Wales with company number 10918441) ("Laven") acting through its Paris branch located at 128 Rue La Boetie 75008, Paris, France as designated representative of Two Sigma Investments LP ("Company"), in accordance with art. 27 of the General Data Protection Regulation (the Regulation (EU) 2016/679) ("GDPR"). The Company has mandated Laven to be the European representative of the Company with regards to any communications or enquiry from the Supervisory Authority and/or data subjects on all issues related to the processing of personal data. Please contact Laven on info@eurorep.eu; the postal address is FAO EuroRep, c/o Laven Partners, 128 Rue La Boetie 75008, Paris, France. When contacting Laven regarding the Company please quote the name of the company and the Ref: 0085.

Severability Applicable law

Exclusion of Liability: To the fullest extent allowed by law, Longspur Research shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

Longspur Research

10 Castle Street,

Edinburgh. EH2 3AT

UK

Longspur Capital

20 North Audley Street,

London. W1K 6WE

UK