

19 February 2020

**NEW ENERGY SOLAR (ASX:NEW) 2019 FULL YEAR RESULTS**  
**A\$1.3 BILLION 772MW<sub>DC</sub> PORTFOLIO IS FULLY OPERATIONAL**

**2019 Highlights**

- All 16 of NEW's solar power plants, primarily in the US, and in Australia are operational
- Three plants in North Carolina, New South Wales and California completed and brought into service in the twelve months to 31 December 2019 (FY2019)
- Portfolio capacity increased 70% to 772MW<sub>DC</sub> from 454MW<sub>DC</sub> as at 31 December 2018
- Solar power plants performing in line with weather adjusted expectations
- Operating portfolio generation equivalent to displacing over 692,000 tonnes of CO<sub>2</sub><sup>1</sup>

**Statutory Earnings for NEW (reporting as an 'investment entity')**

- Net loss after tax of A\$4.2 million reflecting income from the operating subsidiaries and the changes in asset valuations from 31 December 2018
- Net asset value (NAV) of A\$1.51 per stapled security, down 9 cents from A\$1.60 at 31 December 2018, reflecting the payment of distributions, operating costs and a minor change in the valuation of the solar power plants
- Distributions totaling 7.9 cents per stapled security for the period, compared to 7.75 cents in the twelve months to 31 December 2018 (PCP)
- External 'look-through' gearing of 58.3% as at 31 December 2019

**Operating Portfolio Results (underlying solar power plants)**

- The portfolio achieved gross generation of 1,012 GWh of electricity over FY2019, compared to 768 GWh in the PCP
- Revenue from sales of electricity for FY2019 increased 29% to US\$54.3 million, compared with US\$42.0 million in the PCP
- Underlying operating earnings before interest, tax, depreciation and amortization (EBITDA) attributable to NEW increased 32% to US\$29.6 million compared with EBITDA of US\$22.3 million in the PCP

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<sup>1</sup> US CO<sub>2</sub> emissions calculated using the US Environmental Protection Agency's AVOIDED Emissions and geneRation Tool (AVERT) and Australian CO<sub>2</sub> emissions displacement is calculated using data from the Australian Government – Department of the Environment and Energy.

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New Energy Solar<sup>2</sup> (NEW or the Business) released its 2019 full year results today, as well as its 2019 Annual Report. A results presentation has also been made available via webinar on the NEW website (<http://www.newenergysolar.com.au>).

The 2019 year saw the completion and bringing into service of three solar power plants, marking the end of construction activity for New Energy Solar's portfolio. Since NEW was established in November 2015 and subsequently listed in December 2017, NEW has brought together a portfolio of 16 operational solar power plants in the United States (US) and Australia, selling over 99% of the electricity produced in 2019 under long-term power purchase agreements (PPAs) with an average capacity-weighted term of 15.8 years with creditworthy offtakers.

NEW is well-positioned in the global transition to new energy technology. NEW now has 14 solar power plants in the US where investment in clean energy continues to be significant. Recent data shows that US\$78.3 billion was invested in the US in clean energy in 2019<sup>3</sup>, and that the quantity of electricity generated from renewable sources is expected to surpass that derived from coal-fired generation in 2021<sup>4</sup>.

In Australia, NEW has two solar power plants, 98.7% of the output of which is contracted to Sydney Metro Northwest, Kellogg's Australia and EnergyAustralia, under PPAs with an average term of 12.4 years.

John Martin, CEO of New Energy Solar said, "The NEW portfolio comprises quality solar assets, contracted under well-negotiated, long-term PPAs with creditworthy offtaker counterparties. The potential of the business to provide attractive, risk-adjusted returns for investors is consistent with the investment proposition envisaged at listing, just on two years ago.

"The growth in renewable energy globally is very encouraging and having most of our assets in the US, where the energy landscape is evolving quickly, provides a regular reminder of the opportunities available through the development of new technology, new expertise and new skills. We see innovation offering communities, electricity consumers and utilities the means to better manage energy consumption and cost, and their natural resources, and it reinforces our commitment to offer Australian investors an opportunity to participate in the future energy sector", concluded Mr Martin.

## Operating and Statutory Results

NEW's operating portfolio produced total underlying revenues of US\$54.3 million up 29% from the PCP, with earnings before interest, tax, depreciation and amortisation (EBITDA) increasing 24% over the PCP to US\$40.3 million, of which US\$29.6 million was attributable to NEW.

The statutory results reflect the classification of the listed NEW stapled entity as an 'Investment Entity' under Australian Accounting Standards. As a result of this classification,

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<sup>2</sup> New Energy Solar Limited (**Company**) and Walsh & Company Investments Limited as responsible entity of New Energy Solar Fund (**Trust**), together New Energy Solar.

<sup>3</sup> Bloomberg New Energy Finance Clean Energy Investment Trends, 2019 January 16, 2020

<sup>4</sup> Institute for Energy Economics and Financial Analysis update: Renewable generation in U.S. is set to surpass coal in 2021. Dennis Wamsted, November 22, 2019.



revenues of the stapled entity primarily comprise income received from subsidiaries and movements in the fair value of NEW's investment in its operating subsidiaries – which also includes the impact of foreign exchange movements for investments or subsidiaries located outside of Australia.

In this current period the Business generated total net income of A\$0.4 million, while operating expenses totalled A\$5.7 million, and an income tax benefit of A\$1.1 million arose, resulting in a net loss after tax of A\$4.2 million.

During the year ended 31 December 2019 the US dollar was largely unchanged against the Australian dollar resulting in a small foreign exchange gain of A\$1.3 million recognized in the total net income.

Also recognized in the total net income were the changes in the value of the underlying solar plant assets. This period the change in the valuation of the underlying plants was, in aggregate, a decrease of A\$0.8 million. This movement represented, primarily, an increase in the values of Beryl and Mount Signal 2 (MS2), because the risks attached to these projects declined as they came into operation; offset by the adoption of lower, more specific forecasts for future solar energy prices which reduce the value of the cash flows post each asset's PPA.

### **Portfolio Update**

At the end of FY2019, NEW's portfolio became fully operational, with every plant in service. During the year, three solar power plants were completed, Organ Church in North Carolina, Beryl in New South Wales and MS2 in California. Organ Church and Beryl were brought into service in the first half of FY2019, while MS2 was brought into service on 23 December 2019. "Substantial completion" for MS2 under the terms of the engineering, procurement and construction contract was achieved on 17 January 2020. From that date MS2 sells electricity output into the California merchant market pending the commencement of the power purchase agreement with Southern California Edison in June 2020. Merchant prices in the California market are typically volatile and the undertaking of transmission upgrades in this market may exacerbate this volatility.

### **Asset Performance**

NEW's portfolio performed in line with expectations adjusted for adverse weather conditions over the year.

Unusually wet weather prevailed along the east coast of the US and severe storms were experienced in North Carolina. Storm damage was sustained at several NEW sites in North Carolina, although all sites were restored to full capacity within the quarter, with the exception of NC-31. Warranty work was undertaken at NC-31 and this, together with the proceeds of insurance, largely mitigated the costs of the damage at NC-31.

Favourable conditions on the west coast of the US and drought conditions in New South Wales contributed to solid performances from the plants in those locations, particularly in the December quarter of 2019.



## Outlook

NEW confirms the forecast operating metrics provided at NEW's 2019 half year results in August 2019, that once operational, the NEW portfolio of solar power plants is anticipated to produce more than 1,500 GWh of electricity and that the average PPA price would be greater than A\$75 per MWh.

The PPA price includes the MS2 PPA which commences from June 2020. The contribution of MS2 in the period from 17 January to 1 June 2020 is dependent on the merchant price of electricity in the California market over this period.

*Authorised for release by New Energy Solar Limited and Walsh & Company Investments Limited as responsible entity of New Energy Solar Fund.*

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## About New Energy Solar

New Energy Solar was established in November 2015 to invest in a diversified portfolio of solar assets across the globe and help investors benefit from the global shift to renewable energy. The Business acquires large scale solar power plants with long term contracted power purchase agreements. In addition to attractive financial returns, this strategy generates significant positive environmental impacts for investors.

Since establishment, New Energy Solar has raised over A\$500 million of equity, acquired a portfolio of world-class solar power plants, and has a deep pipeline of opportunities primarily across the United States and Australia. New Energy Solar's securities trade on the Australian Securities Exchange under the ticker, NEW.

New Energy Solar is a listed stapled entity consisting of New Energy Solar Fund (ARSN 609 154 298) and New Energy Solar Limited (ACN 609 396 983). For more information, visit: [www.newenergysolar.com.au](http://www.newenergysolar.com.au)

