

Thrive Renewables

Empowering a positive change

Thrive Renewables (THRV), which trades on the JP Jenkins share-matching platform, has funded, built and operated sustainable clean energy generation projects for more than 30 years. To date, it has built, developed or funded 43 renewable energy projects across multiple technologies in the UK, the majority of which it still owns and operates or is currently financing. Thrive's investor base has grown to more than 6,000 individuals, institutions and organisations.

A diversified UK portfolio

As of October 2024, Thrive's portfolio (assets under management at 2023: £129m) consists of 33 sustainable energy projects across the UK (141.6MW capacity), with a highly diversified technology base including onshore wind, solar photovoltaics, hydropower, battery storage and the UK's first deep geothermal electricity generation project. Thrive is continually looking to expand its portfolio, having brought 25MW into operation and 41.5MW into development and construction in 2023. The portfolio has been built to create a sustainable, measurable long-term environmental impact, generating 136,316MWh in renewable electricity and reducing emissions by 58,620tCO₂e in 2023. A project that demonstrates Thrive's approach is its investment into the 100% community-owned onshore wind turbine in Lawrence Weston, Bristol. The turbine's height is 150m, making it the largest onshore wind turbine in the England (4.2MW site capacity).

Innovative and flexible business strategy

Thrive aims to deliver value and growth for its shareholders via its innovative commercial approach of bringing together individuals, communities and businesses to create a diverse range of operational clean energy projects. Thrive manages its exposure to energy price volatility through a combination of maintaining short- and long-term power purchase agreements (PPAs), private wires and fixing prices up to 24 months in advance (c 70% of FY23 revenue was fixed). Further resilience is built into the portfolio through government-backed, long-term, inflation-linked stability in Thrive's PPAs, providing a relatively secure and inflation-protected base level of income. The company also spreads risk by providing debt to other clean energy project owners, as well as owning projects through direct investments.

Directors' valuation

Management's current valuation stands at £2.43/share and was last reviewed in July 2024 (FY23: £2.43). To obtain this valuation, Thrive uses a discounted cash flow method and the valuation methodology has been consistent for the last 17 years.

Historical performance

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	Yield* (%)	P/E (x)
12/20	13.5	2.6	6.8	7.0	3.1	31.6
12/21	11.0	1.8	0.9	7.0	3.1	238.9
12/22	17.5	6.5	19.0	7.0	3.3	11.3
12/23	29.0	12.5	33.9	12.0	5.7	6.3

Source: Thrive Renewables. Note. *Based on average volume-weighted price of shares.

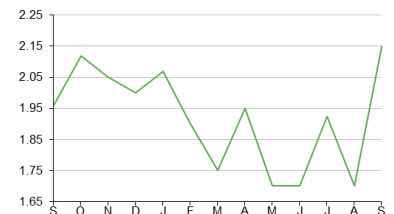
Renewable energy

28 October 2024

Price £2.15*
Market cap £61m

*As at end-September 2024

Share price graph



Share details

Code	THRV
Share matching platform	JP Jenkins
Shares in issue	28.4m

Business description

Since 1994, Thrive Renewables has been working alongside investors, developers, businesses and communities to fund, build and operate sustainable renewable energy projects. Thrive's aim is to develop the future of UK energy by only investing in clean energy projects that deliver a long-term, measurable environmental impact.

Bull

- Increasing demand for renewable energy generation assets.
- Macro environmental shift towards renewables with net zero target.
- Direct investments into assets to create a positive environmental impact regarding emission reductions.

Bear

- Partial exposure to the volatility in wholesale power price market.
- Risk in raising capital to fund additional projects.
- Potential lag in revenue growth, over the medium term, as wholesale electricity prices begin to lower and stabilise.

Analysts

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Capital allocation

Thrive has a clear capital allocation policy, with capital raised directly invested into developing new projects in its pipeline and operational proceeds returned to investors in the form of dividends. However, its exceptional profits over the last couple years have allowed it to reinvest some of the proceeds back into the portfolio. There is no published dividend policy. At Thrive's annual general meeting on 28 June 2024, shareholders approved a final dividend of 12p per share for 2023, which was paid in July 2024. This represents a 5% yield, based on the current directors' valuation of £2.43, and a historical dividend yield of c 5.5%, based on the latest available trading price on the JP Jenkins platform (the September auction price was at an 11.5% discount to the directors' valuation).

Thrive has a share buyback policy that allows eligible shareholders who have been unsuccessful in selling their shares in the monthly auctions to apply for their shares to be bought back by Thrive twice a year at a 10% discount to the directors' valuation (managed by Thrive). To qualify for the buyback, shareholders must have owned the shares for at least 24 months and made them available for sale at auction for at least 12 months.

Improvement in the regulatory environment

As a UK-focused renewables developer with strong community links, Thrive is well placed to benefit from an improving policy environment. The UK government announced planning reforms to make building renewable energy infrastructure easier, with amendments proposed to the existing National Planning Policy Framework. These include instructing planning officers and local authorities to consider the additional benefits of renewable energy projects, as well as an expectation that they will proactively identify potential project sites when designing plans. These changes, along with the lifting of the effective ban on onshore wind farms in England, are positive catalysts for Thrive, which is well placed given its track record in developing projects with a community focus, often bringing direct benefits to the communities in which they are developed. Thrive has also received numerous industry awards for its work with community energy groups across the UK.

Acceleration in growth

Thrive more than doubled its operating profit year-on-year in both FY23 and FY22 and the company is planning to accelerate the growth of its portfolio, having recently signed a joint venture (JV) with TopCashback Sustainability. This JV potentially brings up to £80m in collaborative capital, to be deployed over the next four years. In addition to continuing to acquire development rights to grid connected renewables, Thrive has entered into a partnership with solar developer Eden Sustainable, through which Thrive will provide up to £75m of debt funding to further accelerate the rollout of onsite private wire solar PPA projects for schools, businesses and other organisations across the UK. Through this partnership, Thrive will receive equity stakes in the projects. This will enable Thrive to benefit not only from the projects' generation capacity, capturing any upside in power price volatility, but also from future options to either increase its stake in the projects or exit completely.

Financials

In FY23, Thrive recorded £13.6m in operating profit (FY22: £6.7m) and annualised H124 results where ahead of this rate (H124: £7.4m). This strong growth in profitability is largely due to the company locking in the high power prices seen in 2023 in its PPAs for 2024. Thrive's ability to sustain this growth in profitability reflects its success in securing power prices above the spot price, which directly contributed to significant year-on-year revenue increases in both FY22 and FY23. Thrive continued its commitment to expand its portfolio in FY23, allocating £12.6m to developing new clean energy projects, having raised £5.1m through crowdfunding in FY23 and an additional £0.3m in early 2024 (£12m raised in two years).

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