

# Renewables – Investment Perspectives

*Astrup Fearnley Shipping & Energy Conference*

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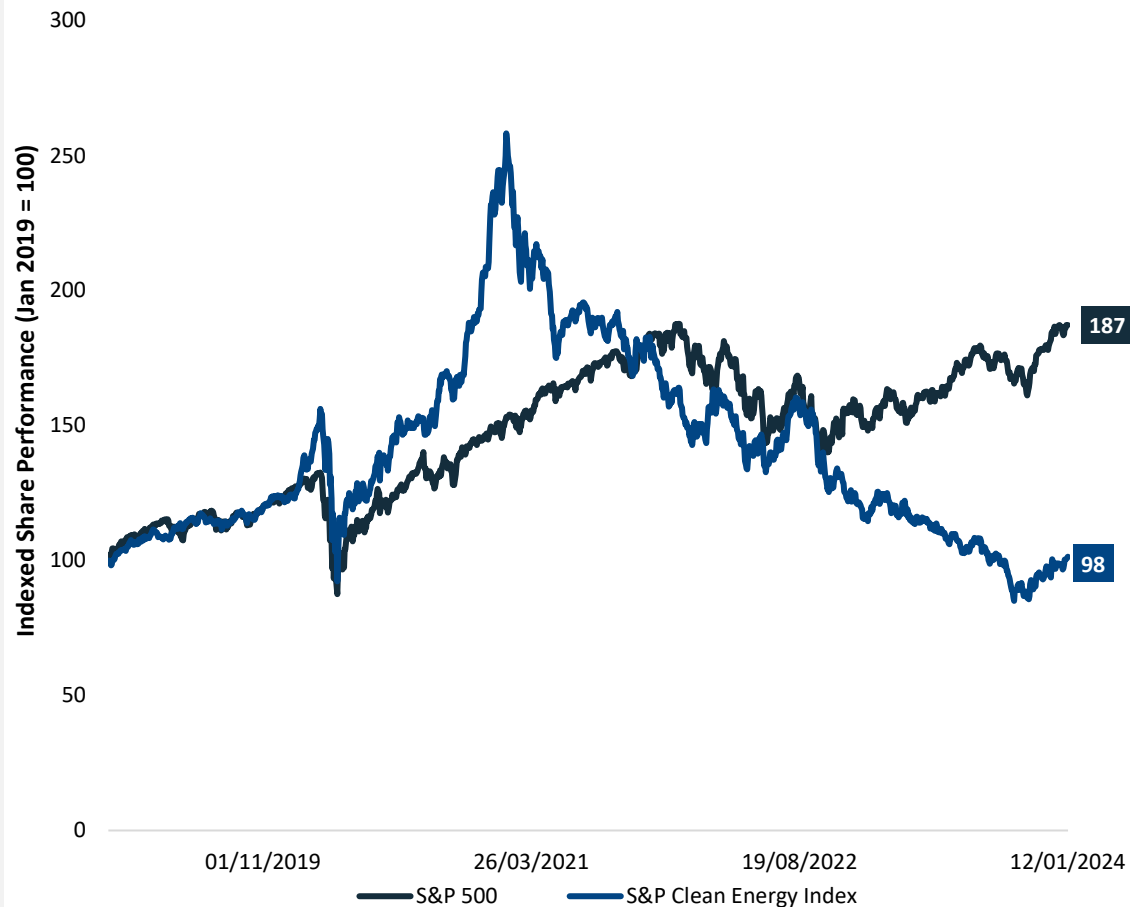
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# AF Days – Renewables

## Investment Summary



### Equity Returns Index – S&P 500 vs. S&P 500 Clean Energy Index



Source: Fearnley Securities, IHS, IEA

### Renewables – Investment Highlights

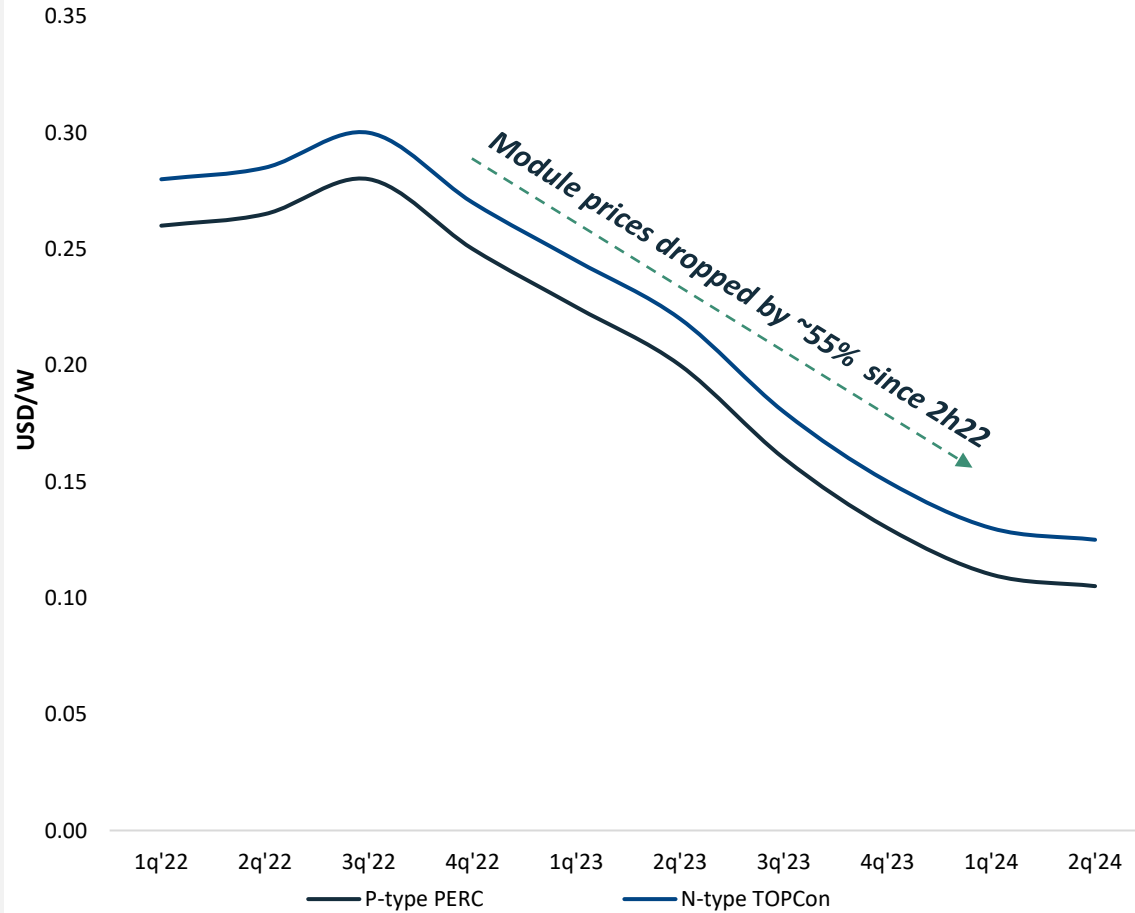
- 1 **Heavy beaten sector: *All generated alpha is lost***
- 2 **Improving fundamentals: *Driven by policies, peak interest rates and competitiveness of renewables***
- 3 **Valuation: *Remarkably low for companies poised to generate strong long-term growth***

# Solar PV

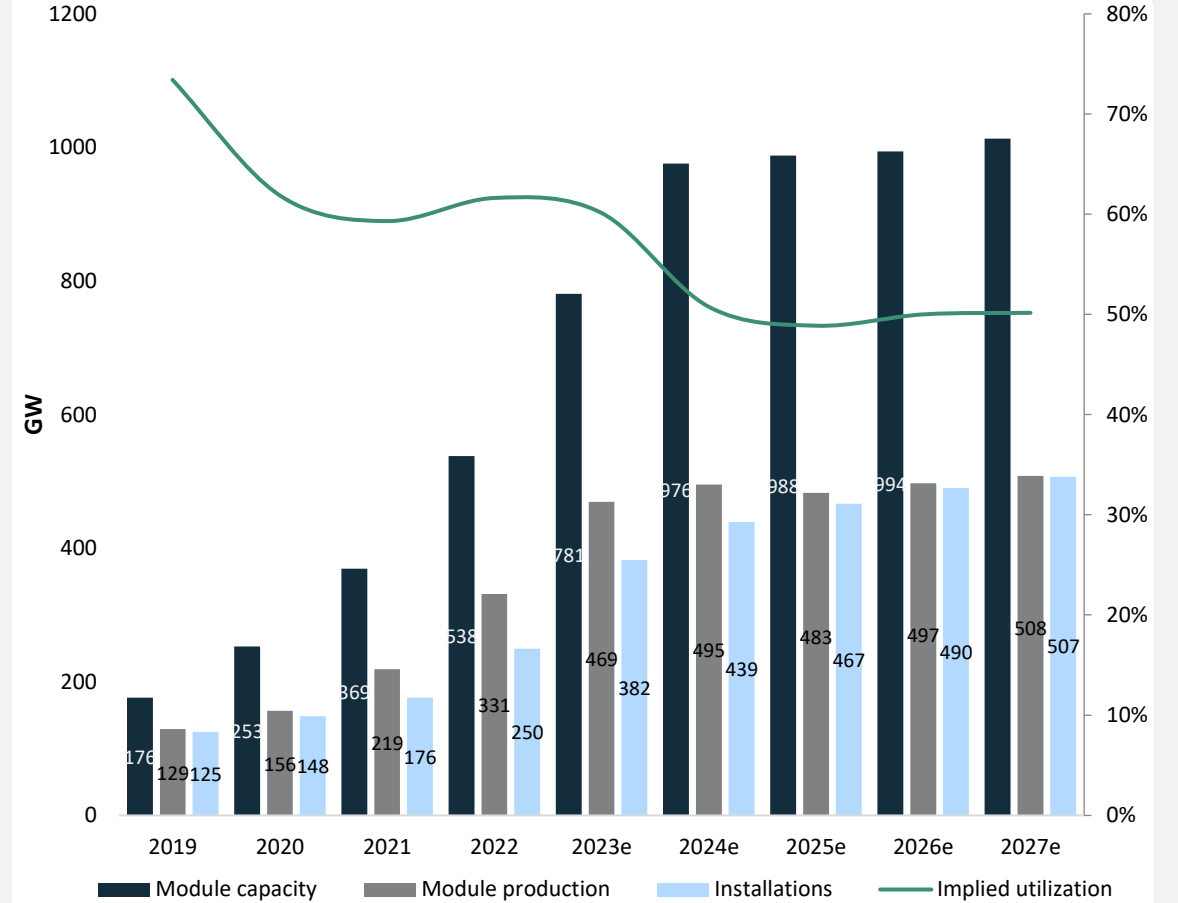
The drop in PV module prices should benefit renewable developers



**PV Module Price By Technology**



**Global Module Supply and Installation Forecast**



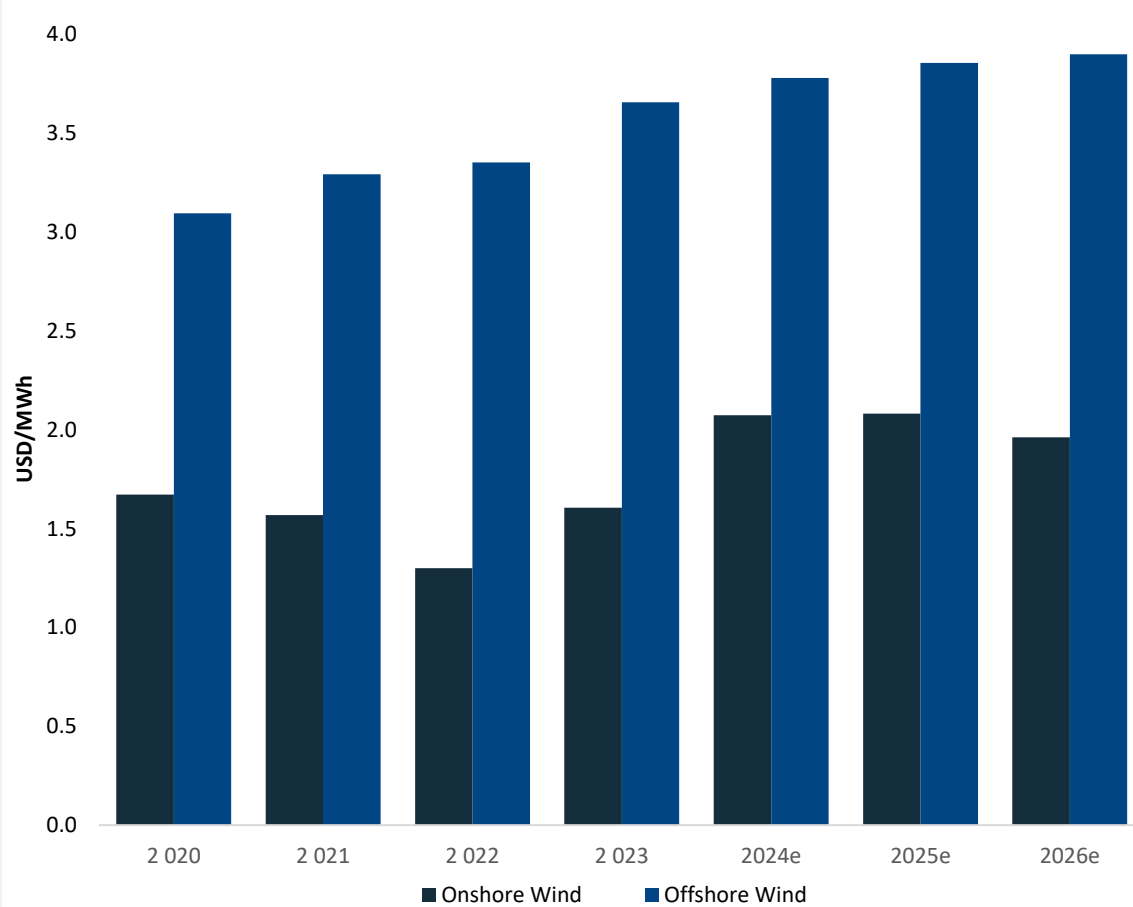
Source: Fearnley Securities, IHS

# Wind

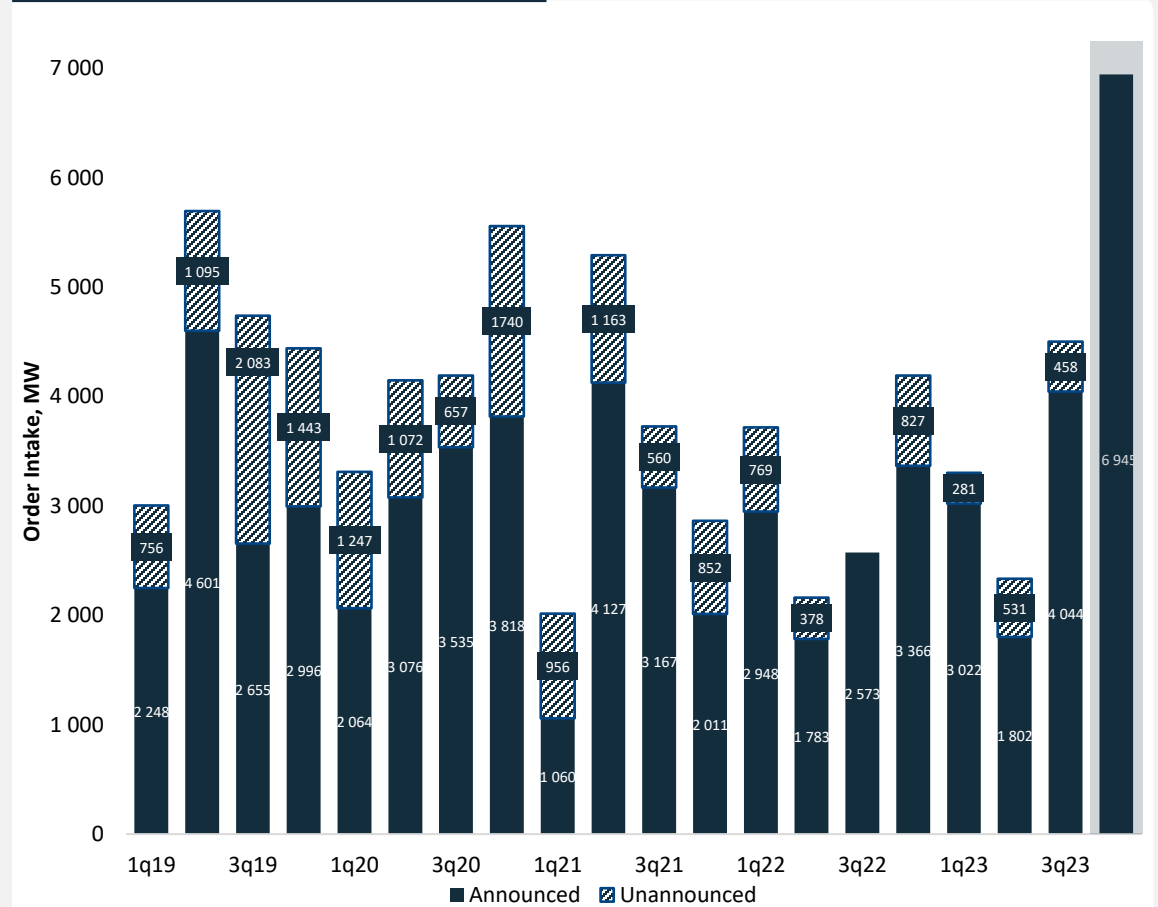
Order intake is picking up despite higher capital expenditures



Wind Capital Expenditure



Order Intake - Vestas Wind Systems



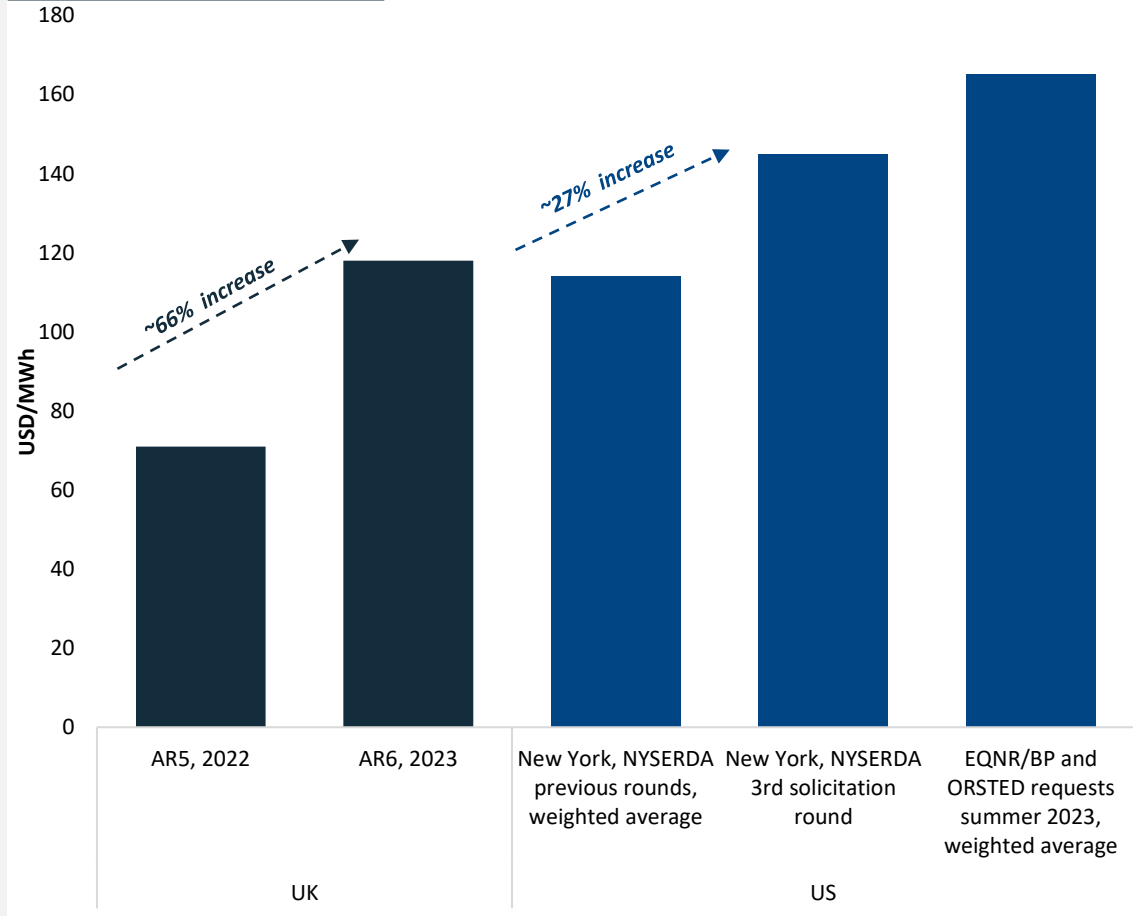
Source: Fearnley Securities, IHS

# Offshore Wind

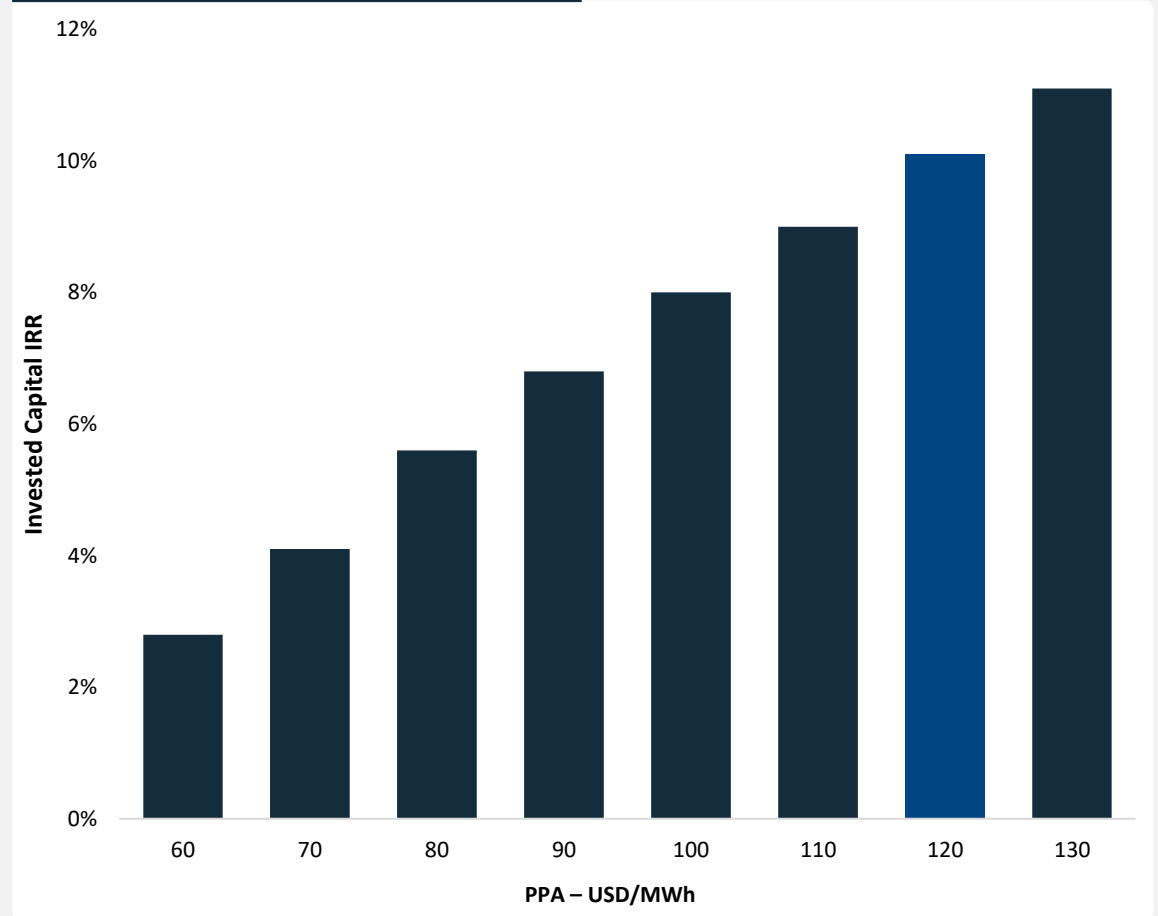
Less worrisome than it might appear



## Offshore Wind Subsidies



## Offshore Wind UK, Invested Capital IRR



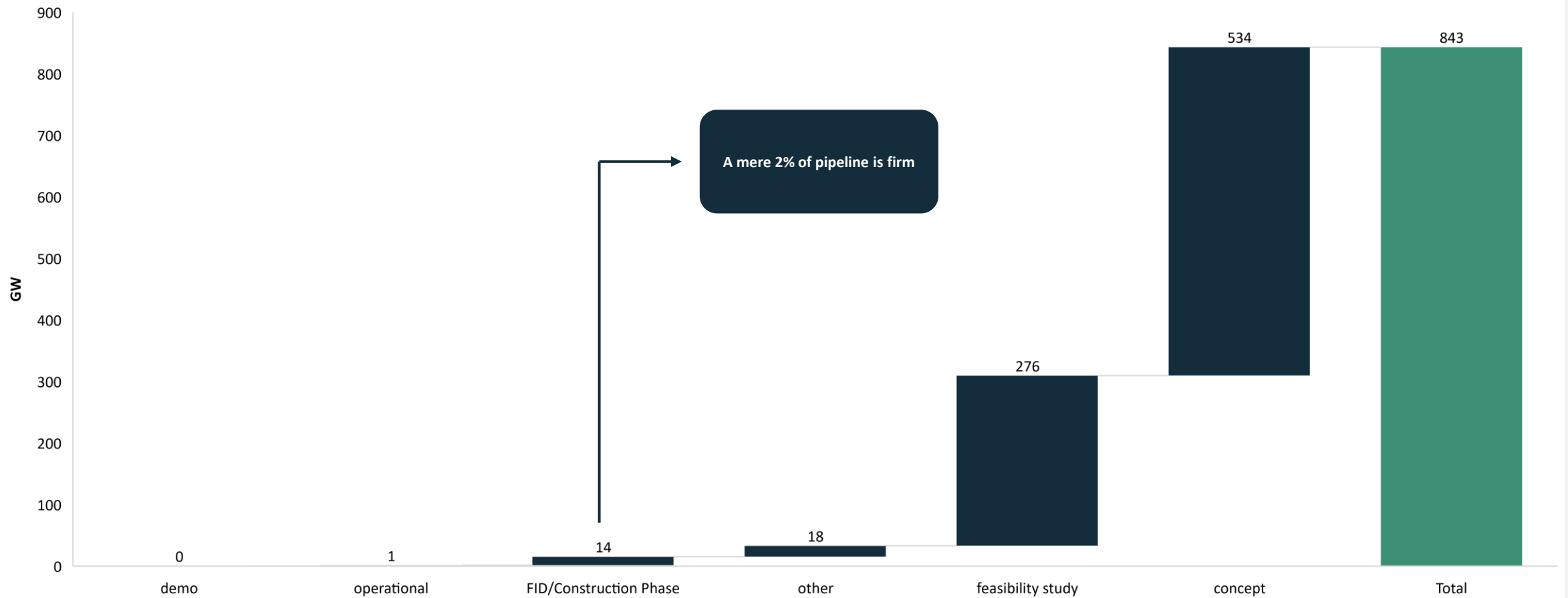
Source: Fearnley Securities, IHS

# Green Hydrogen

## Global green hydrogen pipeline



### Developers are Reluctant to Take FiDs



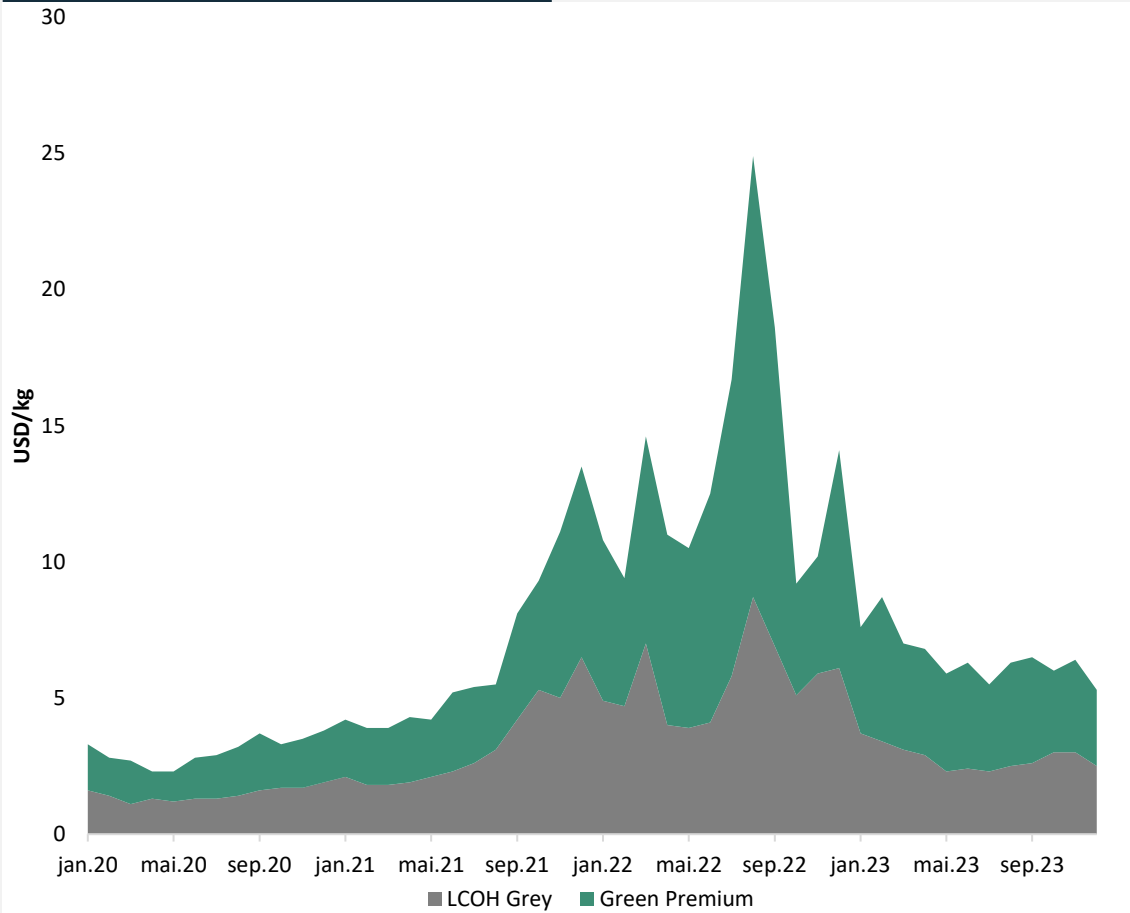
Source: IEA, Fearnley Securities

# Green Hydrogen

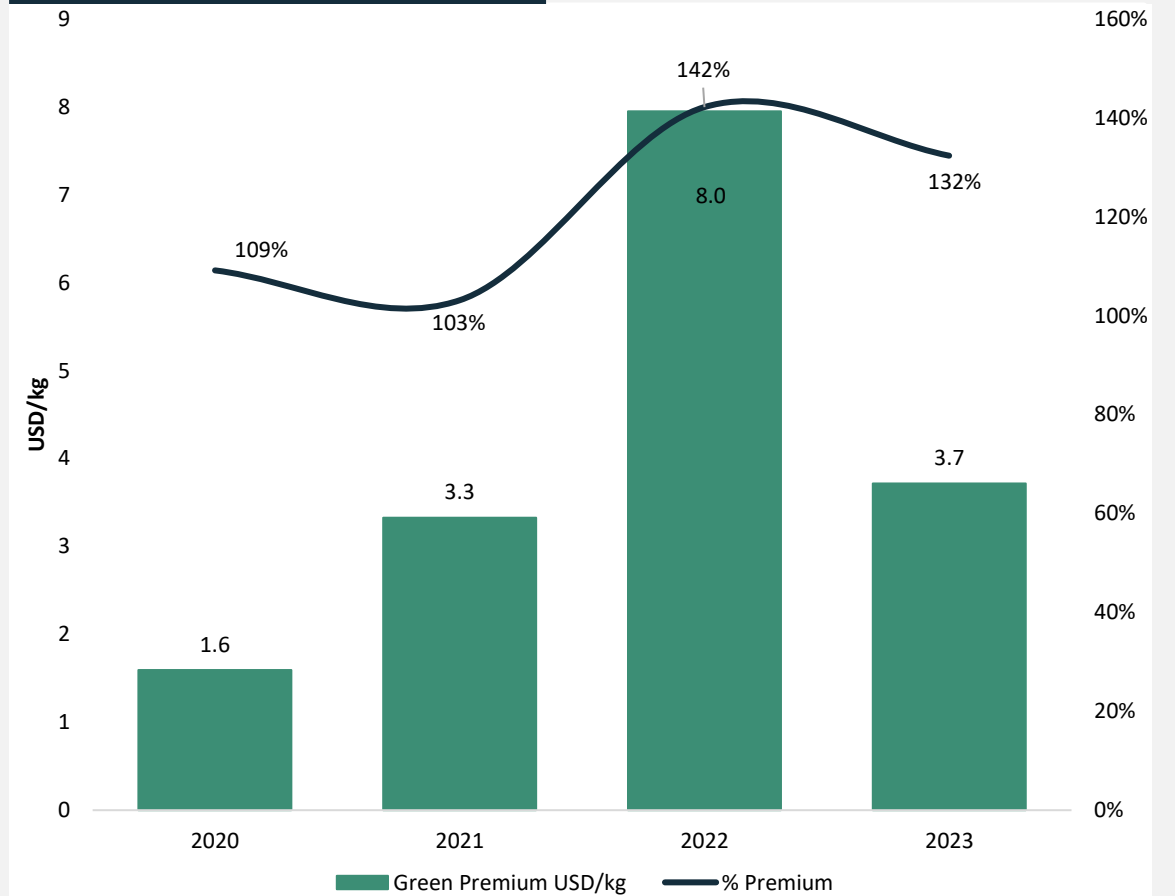
Cost gap to grey H2 – key demand driver



Levelized Cost of Hydrogen in Europe



Average Cost Premium 132% in 2023



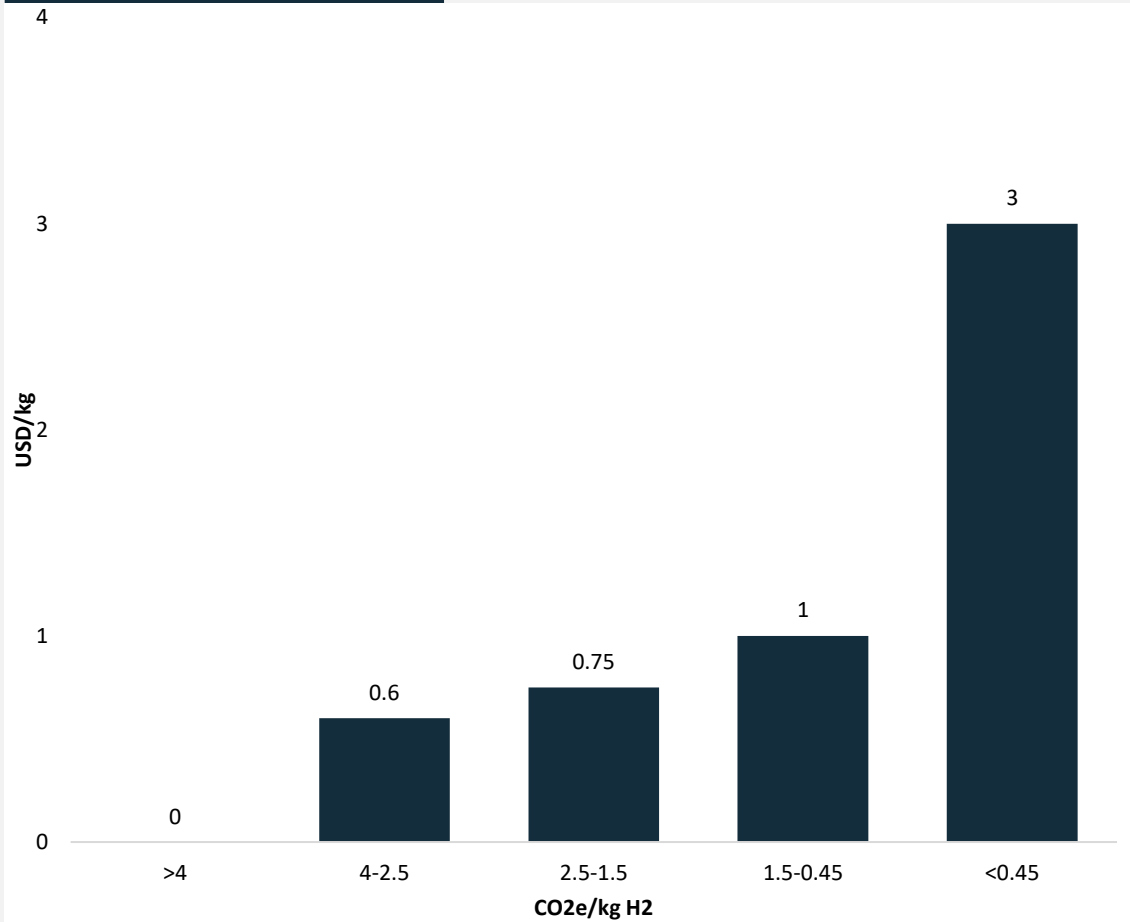
Source: Fearnley Securities, FactSet, IEA

# Green Hydrogen

Inflation Reduction Act – not a lifeline

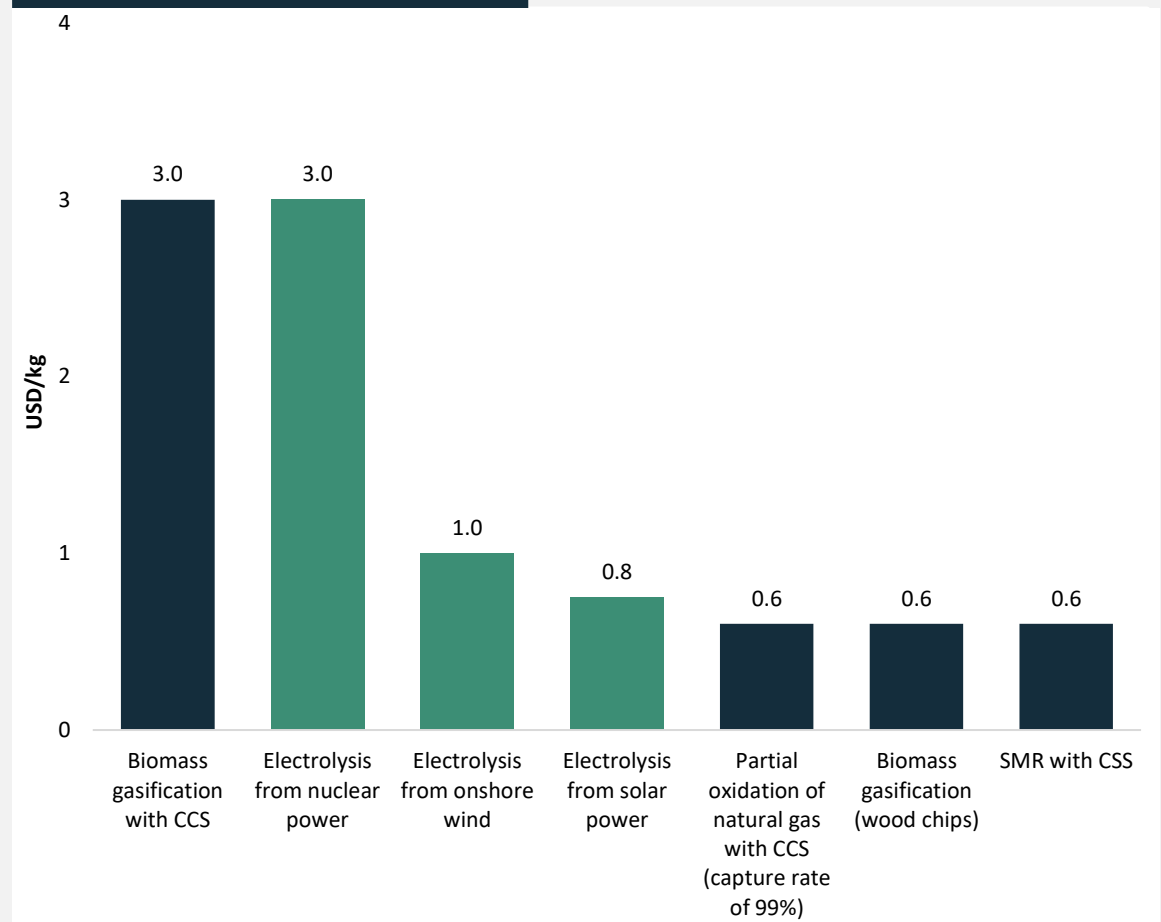


## Lifecycle Tax Credit Tranches



Source: IEA, Fearnley Securities

## Obtained Tax Credit by Technology

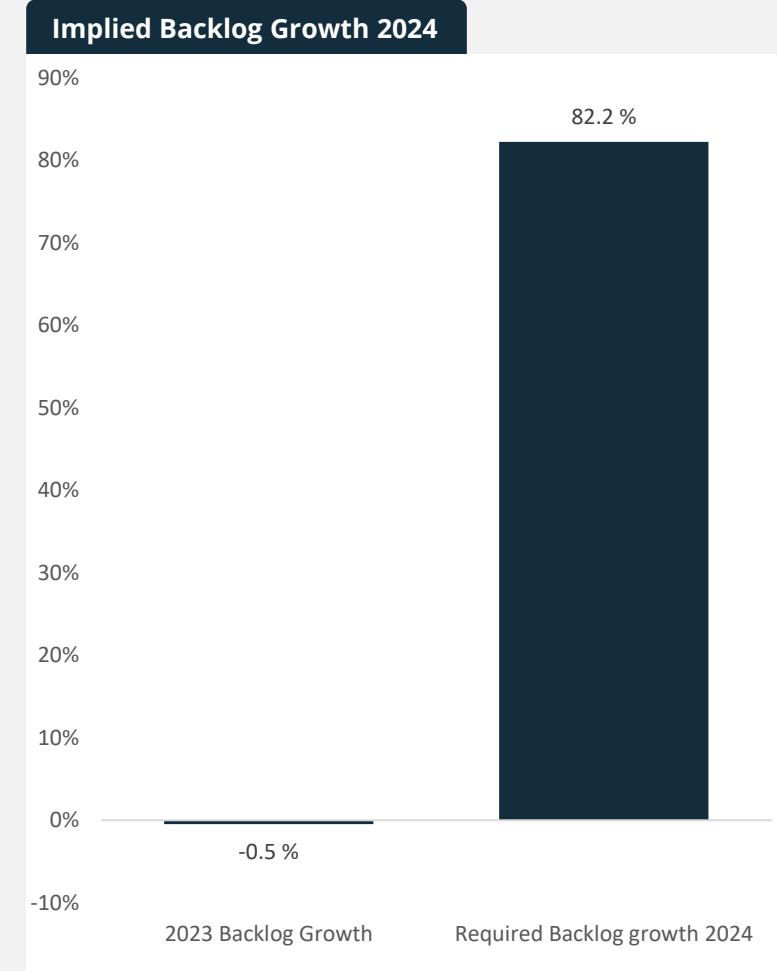
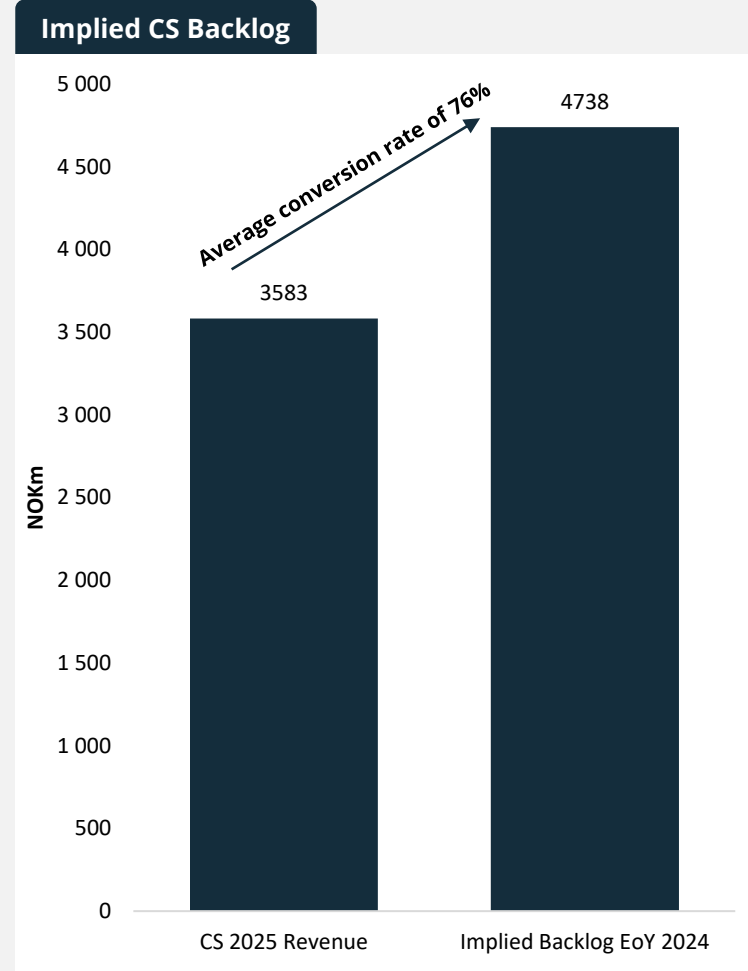
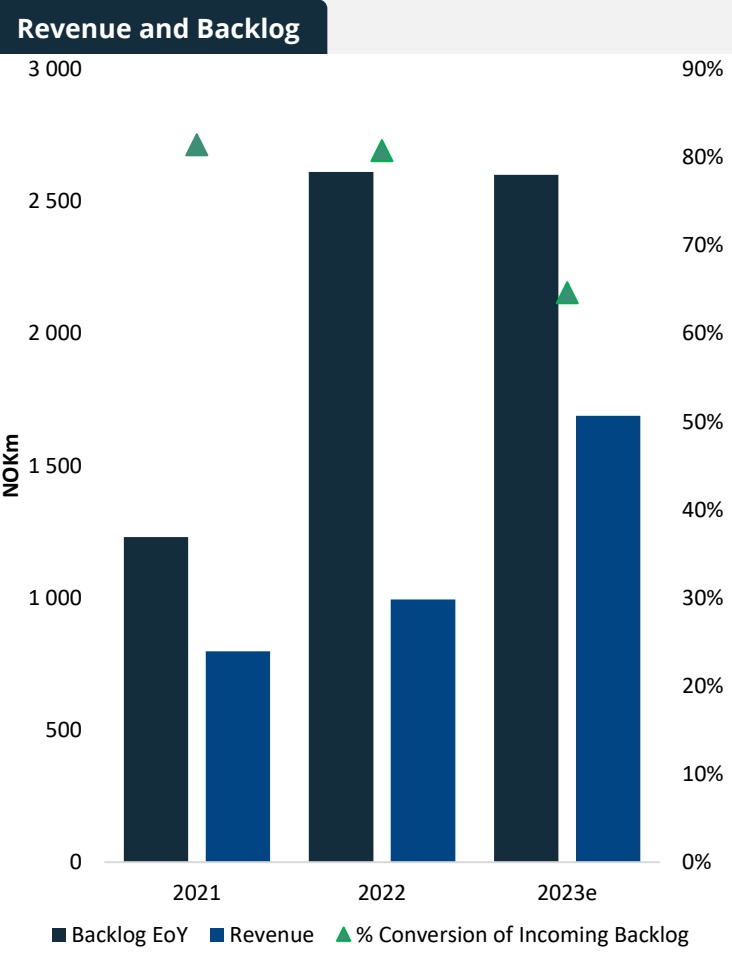


Note: Uses midpoints of IEA's emissions ranges



# Green Hydrogen

Investment case: short NEL



Source: FactSet, Fearnley Securities

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Issued by Fearnley Securities on March 17, 2023.

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Last updated 31. December 2023	Analyst's holding		Others	
	Equities	Bonds	Equities	Bonds
Company Name				
Aker ASA	6	-	-	-
DNO ASA	600	-	-	-
Euronav NV	500	-	-	-
Green Minerals	40	-	-	-
Måsøval AS	1.000	-	-	-
Northern Ocean	2.000	-	-	-
SeaBird Exploration	226	-	-	-
Siem Offshore Inc	550	-	-	-

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Last updated 31 December 2023

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- Biofish Holding AS
- Borr Drilling Ltd
- d'Amico International Shipping SA
- Diamond Offshore Drilling Inc
- Edda Wind ASA
- Havila Kystruten AS
- Himalaya Shipping Ltd
- Hunter Group ASA
- Kyoto Group AS
- Maha Energy AB
- Odfjell Drilling Ltd
- Okea ASA
- Reach Subsea ASA
- Seadrill Limited
- Seanergy Maritime Holdings Corp.
- SFL Corporation Ltd
- Shelf Drilling Ltd
- Stainless Tankers ASA
- Subsea 7 S.A
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Last updated 31 December 2023

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