

13 May 2025

Current Price (C\$)	0.82
Shares in issue (m)	101
Mkt Cap (\$m)	83
Net debt(cash) (\$m)	-26
EV (\$m)	57
BVPS (\$)	6.1

Share price performance	
1m	36.7%
3m	-1.2%
12m	1.9%
12 m high/low	1/0.6
Ave daily vol (30D)	61,710

Shareholders	
Romanin Stefano	17.8%
Kelly Scott	6.5%
Mckenna Margaret	4.8%
Vassilakakis P.	4.8%
Marianna Alifuoco	4.0%
Yang Marcus	3.6%
Stubbs Phillip	0.7%
Premier Miton Group	0.2%

Total for top 8	42.5%
Free float	57.7%
Source: Bloomberg	1 May 25

Next news Q1s Q3

Business description

Developer of PV and BESS projects



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PROJECT SALES BOOST BALANCE SHEET

Westbridge's full year accounts show a strong year for the company with \$74m in gains from the sale of Georgetown and Sunnynook. The company is now in a strong financial position which gives it more strategic options. The wider portfolio has seen significant additions and now stands at 3.6GW of PV in 19 projects and 7.2GWh of BESS in 24 projects. Moving on from the Metlen deal adds flexibility to potentially accelerate the transition to a hybrid Developer/IPP model for these three, late-stage Alberta assets. With the new Canadian government creating more certainty around ongoing support for renewables, the company is well placed and the optionality on strategy creates the opportunity for added value in our view. With the new capacity additions our central case valuation increases to C\$3.0 from C\$2.4.

Sales Leave Strong Cash Position at Year End

Westbridge's accounts for the full year to November 2024 show strong progress with the sale of the Georgetown and Sunnynook projects in Alberta raising \$74m of gains, adding \$93m of non-dilutive cash to the balance sheet and helping to drive a reported profit of \$56m. The return on capital to date is over 5x. With these gains Westbridge has been able to return \$10m to shareholders and also repay \$35m in debt with the company still retaining \$28m in cash at the year end. This new financial strength now gives the company more options for strategic development including opening up the possibility of taking projects through to completion and ownership and thus generating recurring revenues.

Portfolio Enlarged in Alberta and Ontario

During the year, Westbridge has announced the addition of five new BESS projects to its development portfolio in Alberta and today it has announced a move into Ontario with three new PV projects building on the company's track record in Canada. These bring total PV projects under development to 3.6GW and storage capacity of 7.2GWh. Adding the new projects and factoring in a permitting delay at the Eastervale project moves our central valuation to C\$3.0 from C\$2.4. We ran a valuation exercise in our initiation note, and if Westbridge decided to fully move to an IPP model it could see valuations in the range C\$5.2 to C\$11.0, although it would need to raise additional capital. A hybrid model with some projects retained to completion using recycled cash from other project sales could still raise valuations above our central case, if not as far as a full IPP model. For example, if the company operated the next three Alberta projects, we see a central case valuation of C\$6.0.

C\$,000 Nov	2023a	2024a	2025e	2026e	2027e	2028e
EBITDA	-3,564	60,549	42,449	143,371	64,532	180,100
PBT	-5,647	59,875	43,146	143,960	68,216	183,843
EPS	-3.1	55.5	37.7	123.7	59.7	158.2
CFPS	-33.9	80.2	11.2	123.1	55.9	154.3
DPS	0.0	12.4	12.6	17.1	58.3	61.1
Net Debt (Cash)	34,388	-25,811	-22,200	-125,386	-126,742	-220,780
Debt/EBITDA	-9.6	-0.4	-0.5	-0.9	-2.0	-1.2
P/E	-26.1	1.5	2.2	0.7	1.4	0.5
EV/EBITDA	-22.3	0.3	0.5	-0.6	-1.3	-1.0
EV/sales	na	na	na	na	na	na
FCF yield	-41%	98%	14%	150%	68%	188%
Div yield	0%	15%	15%	21%	71%	74%

PORTFOLIO UPDATE

Significant additions in Alberta and Ontario

The new Alberta BESS projects have a storage capacity of 539MWh. All have site control, environmental permitting, feasibility studies completed, and interconnection (grid) applications confirmed. These 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.

In Ontario the company has added three solar PV projects with a total capacity of c.500MWdc. These projects also have site control and environmental feasibility studies, and interconnection applications are currently underway. Westbridge sees Ontario as a new strategic market and one where it can lever its track record in project development. Ontario is already supportive of low carbon energy being largely powered by hydro and nuclear and an early adopter of renewables.

Progress on the near-term Alberta PV projects continued during 2024 with the 375MWdc Dolcy project receiving Alberta Utilities Commission (AUC) approval. However, the AUC has turned down the original application for the Eastervale solar PV and storage project in the municipal district (MD) of Provost. The project appears to have run foul of perceived incompatibility with agricultural land use policy in the district and notably a possible impact on wetlands unique to the project. Westbridge are re-submitting the application to include additional wetlands mitigation which should correct for the issues although inevitably delays the project. We have assumed a 12-month impact although it is likely that this could be bettered.

Metlen deal moves on and opens up options

Following the successful sale of Georgetown and Sunnynook, the remaining agreement with Metlen to sell three of the Alberta projects reached its "outside date", and as a result the agreement has now lapsed. Despite this, Westbridge should receive additional cash proceeds from the Georgetown and Sunnynook projects of approximately C\$50m. The deal had already been extended due to the Alberta renewable energy moratorium and with recent uncertainty ahead of the Canadian federal election there was mutual agreement not to extend further. With Westbridge's strengthened balance sheet and cash position and now a supportive Liberal government in place, we see the value of these projects unchanged in our overall company valuation. Westbridge is now evaluating options for the projects which could include the company retaining ownership and developing the projects themselves or engaging with new strategic partners to potentially co-invest in the projects. We examined the options for Westbridge following such a strategy in our initiation note (Unique Model Delivers High Returns, Longspur Research, 14 November 2024) and found added value should the company pursue these options.

FINANCIAL MODEL

Profit and Loss Account

C\$,000, Nov	2023a	2024a	2025e	2026e	2027e	2028e
Operating profit						
Project income	0	0	0	0	0	0
Project development	-3,711	59,848	42,449	143,371	64,532	117,314
Grants etc	0	0	0	0	0	0
Other	0	0	0	0	0	0
Operating profit	-3,711	59,848	42,449	143,371	64,532	117,314
P&L Account	2023a	2024a	2025e	2026e	2027e	2028e
Turnover*	0	0	0	0	0	0
Operating Profit	-3,711	59,848	42,449	143,371	64,532	180,100
Investment income	0	0	0	0	0	0
Net Interest	-1,936	27	697	589	3,684	3,744
Pre Tax Profit (UKSIP)	-5,647	59,875	43,146	143,960	68,216	183,843
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	0	0	0	0	0	0
Pre Tax Profit (IFRS)	-5,647	59,875	43,146	143,960	68,216	183,843
Tax	2,571	-4,203	-6,616	-24,225	-10,439	-30,671
Post tax exceptionals	0	0	0	0	0	0
Minorities	-4	3	0	0	0	0
Net Profit	-3,080	55,675	36,530	119,735	57,777	153,173
Dividend	0	-12,466	-12,156	-16,550	-56,421	-59,135
Retained	-3,080	43,208	24,374	103,185	1,356	94,038
EBITDA	-3,564	60,549	42,449	143,371	64,532	180,100
EPS (c) (UKSIP)	-3.14	55.48	37.73	123.67	59.68	158.21
EPS (c) (IFRS)	-3.14	55.48	37.73	123.67	59.68	158.21
FCFPS (c)	-33.86	80.25	11.20	123.07	55.87	154.34
Dividend (c)	0.00	12.42	12.56	17.09	58.28	61.08

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	2023a	2024a	2025e	2026e	2027e	2028e
Fixed Asset Cost	2,157	3,598	3,598	3,598	3,598	3,598
Fixed Asset Depreciation	-209	-859	-859	-859	-859	-859
Net Fixed Assets	1,948	2,739	2,739	2,739	2,739	2,739
Goodwill	0	0	0	0	0	0
Other intangibles	0	0	0	0	0	0
Investments	48,383	33,636	54,541	54,541	54,541	54,541
Stock	0	0	0	0	0	0
Trade Debtors	1,016	140	0	0	0	0
Other Debtors	3,644	634	634	634	634	634
Trade Creditors	-1,390	-4,221	0	0	0	0
Other Creditors <1yr	-8,949	-6,484	-6,484	-6,484	-6,484	-6,484
Creditors >1yr	-4,257	0	0	0	0	0
Provisions	0	0	0	0	0	0
Pension	0	0	0	0	0	0
Capital Employed	40,395	26,445	51,430	51,430	51,430	51,430
Cash etc	2,823	28,390	24,779	127,965	129,321	222,733
Borrowing <1yr	35,929	626	626	626	626	0
Borrowing >1yr	1,283	1,953	1,953	1,953	1,953	1,953
Net Borrowing	34,388	-25,811	-22,200	-125,386	-126,742	-220,780
Share Capital	12,505	13,644	13,641	13,641	13,641	13,641
Share Premium	2,352	2,091	-906	-906	-906	-906
Retained Earnings	-9,108	36,402	60,776	163,961	165,318	259,356
Other	25	-11	-11	-11	-11	-11
Minority interest	232	130	130	130	130	130
Capital Employed	40,395	26,445	51,430	51,430	51,430	51,430
Net Assets	6,006	52,256	73,630	176,815	178,172	272,210
Total Equity	6,006	52,256	73,630	176,815	178,172	272,210

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

Cashflow

C\$,000, Nov	2023a	2024a	2025e	2026e	2027e	2028e
Operating profit	-3,711	59,848	42,449	143,371	64,532	180,100
Depreciation	147	700	0	0	0	0
Provisions	0	0	0	0	0	0
Other	1,071	-71,542	0	0	0	0
Working capital	486	1,875	-6,493	-17,609	13,785	-20,231
Operating cash flow	-2,007	-9,118	35,956	125,762	78,317	159,868
Tax paid	0	0	-4,203	-6,616	-24,225	-10,439
Capex (less disposals)	0	0	0	0	0	0
Investments	-31,191	89,643	-20,905	0	0	0
Net interest	-225	-741	697	589	3,684	3,744
Net dividends	0	-10,165	-12,156	-16,550	-56,421	-59,135
Residual cash flow	-33,423	69,619	-611	103,185	1,356	94,038
Equity issued	0	258	-3,000	0	0	0
Change in net borrowing	35,581	-60,199	3,611	-103,185	-1,356	-94,038
Adjustments	-2,158	-9,677	0	0	0	0
Total financing	33,423	-69,619	611	-103,185	-1,356	-94,038

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

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