COST, SCALE, AND STRATEGY: THE INVESTMENT CASE FOR SMALL MODULAR REACTORS

Our Investment Thesis

Small Modular Reactors (SMRs) are emerging as a pivotal force in the global nuclear renaissance, offering a compelling alternative to traditional large-scale reactors. **SMRs are rapidly gaining favor due to advantages in modularization, faster construction timelines, lower upfront capital at risk, and better alignment with grid constraints in emerging markets.** Recent analyses suggest that SMRs can achieve price and performance parity (P3) with large nuclear—and even with renewables—when production volumes scale and learning effects accelerate. Further research indicates that current SMR overnight capital costs range from $3,800 to $4,800/kW, but **costs can decline substantially through factory fabrication, standardized designs, and co-location**. Notably, Wright's Law suggests potential Overnight Capital Cost (OCC) reductions of over 60% once several hundred units are deployed—bringing costs closer to $2,000/kW in the long term. However, recent cost escalations at NuScale underscore the challenges of first-of-a-kind (FOAK) deployments.

We believe **SMRs can achieve cost competitiveness, especially in isolated grids, data centers, defense, and co-generation applications—where flexibility, reliability, and space constraints matter**. With proper regulatory streamlining, government support, and commercial learning, SMRs are positioned to become a strategic export industry, reduce nuclear deployment risk, and serve as a cornerstone in the clean energy transition.

Top Public Players

Company Name	Ticker	Share Price ($)	Market Cap ($B)	Revenue ($M)	Operating Margin (%)	P/E Multiple (x)
NuScale Power	SMR	39.24	5.22	37.05	-	-
BWX Technologies	BWX	141.12	12.84	2,703.65	12.17	44.9

Source: Factset Data as of 06/18/2025, revenue and operating margin as of FY 2024

Top Private Players

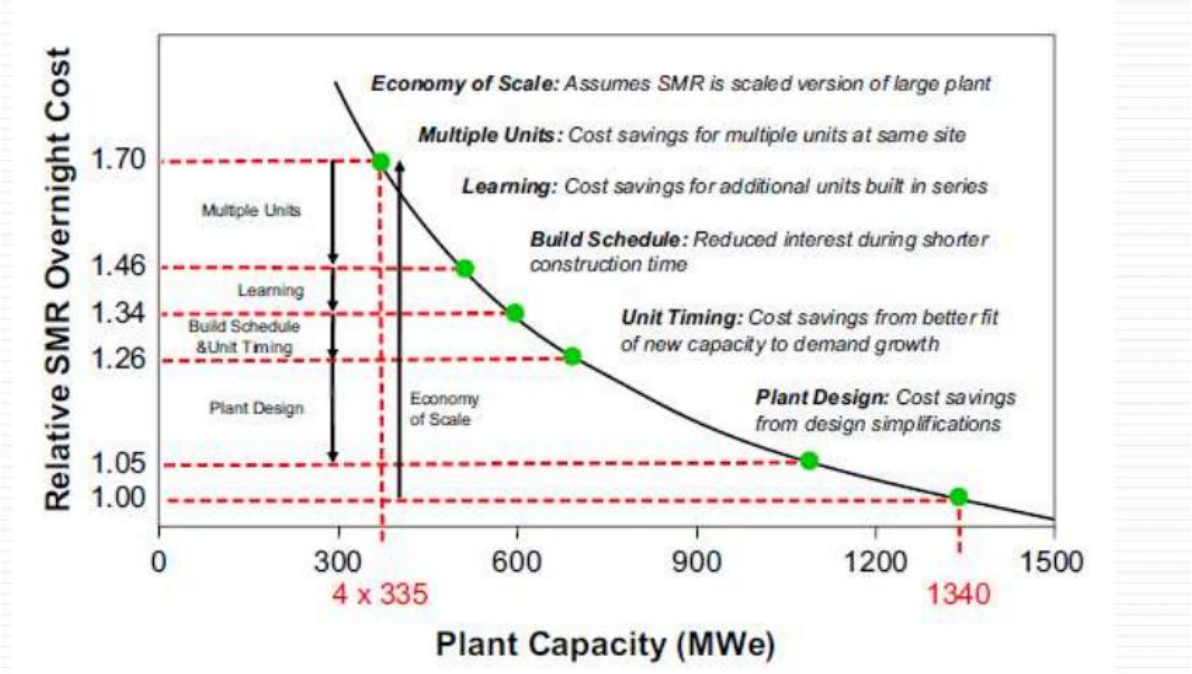
Company	Description	Total Funding ($M)	Key Investors
X-energy	X-energy is a leading force in commercializing next-generation nuclear tech. Their Xe-100 SMR, combined with resilient TRISO-X fuel and solid industry partnerships, positions them at the forefront of delivering scalable, safe, and low-carbon energy.	985.2	Pittco Management, Alumni Ventures, Climate Pledge Fund, Department for Energy Security & Net Zero, Ares Management, Kam Ghaffarian, US Department of Energy

Cost Competitiveness of SMRs vs. Large Nuclear Plants: A Nuanced Analysis

The ongoing nuclear renaissance is expected to be significantly influenced by the deployment of SMRs, which offer a promising solution for smaller countries or those with limited electrical grids. While the economy of scale principle suggests that larger reactors should be more cost-effective, we believe that the unique characteristics of SMRs, such as simpler designs, modularization, and factory fabrication, can offset the perceived disadvantages. A key consideration in evaluating the cost competitiveness of SMRs versus large reactors is the specific cost of the two types of facilities. The International Atomic Energy Agency (IAEA) defines small reactors as those with a power output of less than 300 megawatts of electricity (MW(e)) and medium reactors as those with a power output of less than 700 MW(e).

We expect SMRs to have a more competitive cost profile than large reactors, primarily due to their shorter construction schedules, lower financing costs, and reduced capital at risk. The cost savings areas for SMRs include multiple units and learning, plant design and modularization, and shorter schedules, which lead to lower interest during construction (IDC) and total costs. A study using the Present Value Capital Cost (PVCC) model, developed by Westinghouse Electric Company LLC and Nexia Solutions Ltd, suggests that a **pack of four SMRs has only a 4% higher PVCC than a single large reactor with the same total capacity, despite having a 16% higher overnight capital cost**. This analysis indicates that SMRs can offer a competitive economy compared to large reactors, particularly in cases where the cost of capital is high or the grid capacity is limited. Further, SMRs are predicted to have a better fit with base load capacity growth, allowing for incremental deployment in shorter time frames and reducing the front-end investment and capital at risk. Overall, we believe that SMRs can provide a cost-effective solution for meeting the growing energy needs of developing countries and emerging markets, and their deployment is likely to play a significant role in the worldwide nuclear renaissance.

Chart 1: Economic factors that contribute to offsetting the economy of scale for 4 unit SMR plant compared to a single large plant



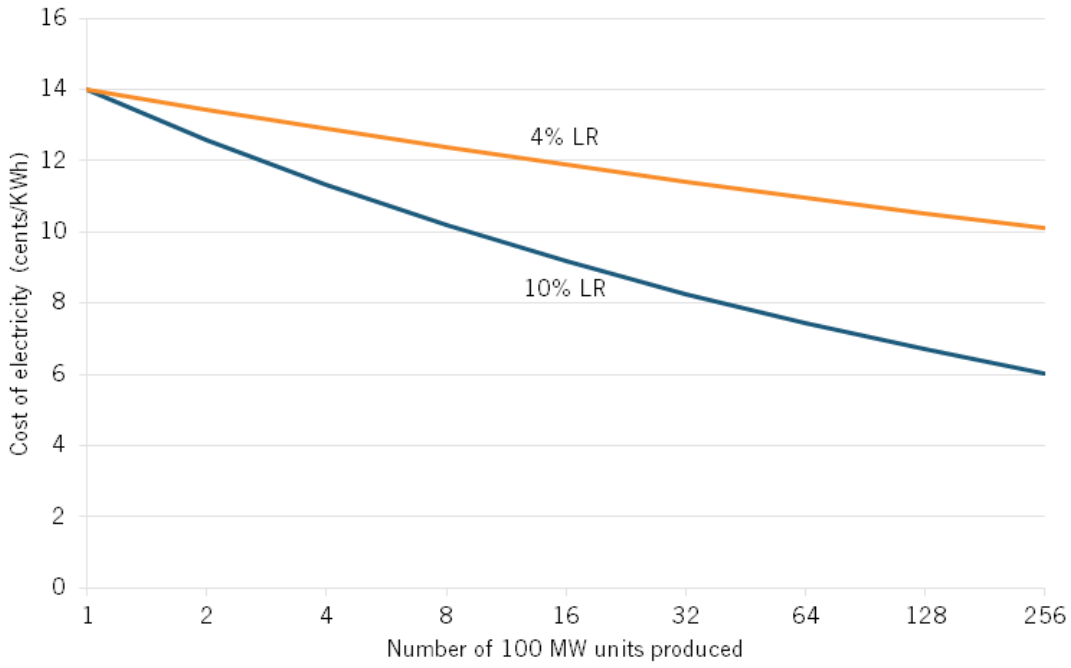
Source: *Approaches to Assess Competitiveness of Small and Medium Reactors*

A Path to Price and Performance Parity

As noted earlier, the development and deployment of SMRs are gaining significant attention as a potential game-changer in the nuclear power sector. We believe that SMRs have the potential to achieve price and performance parity (P3) with conventional energy sources, including large reactors, renewables, and fossil fuels, which is critical for their widespread adoption. Unlike large reactors, SMRs are designed to be built partly or completely in a factory, which can lead to faster production, lower costs, and improved quality control.

The cost structure of SMRs is expected to benefit from economies of scale and learning effects, similar to those experienced in the solar and battery industries. **Wright's Law, which suggests that costs decrease by 10%-15% with each doubling of production volume, provides a useful framework for understanding the potential cost savings of SMRs.** For instance, if SMRs follow a 10% learning curve, their costs could decrease by around two-thirds as deployment reaches 256 units, making them a competitive energy source. However, the actual cost savings will depend on various factors, including the technology adopted, plant size, and financing methods. We expect that SMRs with lower capital expenditures and shorter construction timelines will have a significant advantage over large reactors in terms of cost competitiveness.

Chart 2: Potential Impact of Wright's Law on the Cost of SMR electricity



Source: Small Modular Reactors: A Realist Approach to the Future of Nuclear Power, Information Technology and Innovation Foundation

The potential for cost reduction through modularization and factory production is substantial. **A study estimates that full modularization can reduce overnight capital costs by more than 40%, and another analysis suggests that 60-80% of SMR production by value could be accomplished with a factory**. This could enable the application of advanced manufacturing techniques, such as electron beam welding and diode laser cladding. Additionally, SMRs can be designed with passive safety features, which can cut containment costs substantially. We believe that these design and production advantages will contribute to SMRs achieving cost parity (P3) with competing fuels.

However, there are risks and challenges associated with SMR development, including technology, market, regulatory, and political risks. To mitigate these risks, governments and industry stakeholders must work together to provide financial

and non-financial support. The U.S. government can play a critical role in supporting SMR development through funding for research and development, testing and certification, and first-of-a-kind commercial deployment. We recommend that the U.S. Department of Energy (DOE) focus its nuclear resources primarily on SMRs, and that the Nuclear Regulatory Commission (NRC) and other regulatory bodies work to reduce the time lag before designs are certified and support design iteration.

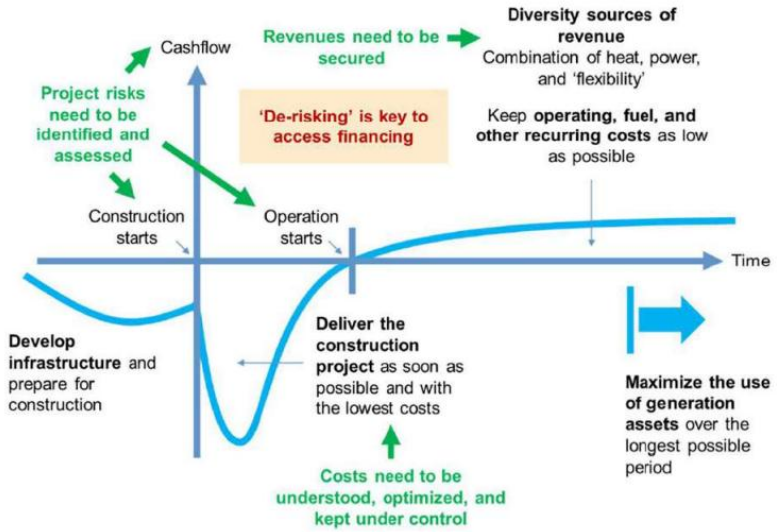
The future of SMRs looks promising, but it will take considerable effort and investment to achieve P3. We expect that SMRs will become an important strategic export industry in the next two decades, and their development will require a coordinated effort from governments, industry stakeholders, and regulatory bodies**. With the right support and policies in place, SMRs can become a cost-competitive energy source and play a significant role in the transition to a low-carbon energy future.**

NuScale's Surprising Numbers for Energy Costs

Recent cost estimates for NuScale's SMR project have raised concerns about the economic viability of small modular reactors compared to traditional large-scale nuclear plants. The latest data shows **a 53% increase** in the target power price, reaching **$89/MWh**, driven by a **75% surge** in construction costs—now totaling **$9.3 billion**. Without the **$4 billion in federal tax subsidies**, the cost would be even higher. This cost escalation stems from inflationary pressures across the energy supply chain, including steep price hikes for key materials: **fabricated steel plate (+54%)**, **carbon steel piping (+106%)**, and **electrical equipment (+25%)**. Further, a techno-economic analysis of advanced SMRs estimates their **overnight capital costs (OCC)** between **$3,782/kW and $4,844/kW**, varying by design. For example, **light-water SMRs (LW-SMRs) average $4,844/kW**, while **gas-cooled SMRs (GC-SMRs)** come in at **$4,355/kW**. Despite these upfront costs, SMRs demonstrate competitive levelized energy costs (LCOE), ranging from **$80.6/MWh** to **$89.6/MWh**.

It is important to note that while SMRs hold promise for cost parity with other clean energy technologies—particularly as the industry matures and scales—their adoption faces hurdles, including **high initial capital requirements** and **first-of-a-kind project risks**. Government subsidies and access to financing will be critical to overcoming these challenges. Looking ahead, we anticipate declining costs and broader SMR deployment, leveraging their inherent advantages: **modularity**, **faster construction**, and **scalability**.

Chart 3: Economic Challenges Facing SMR's



Source: The-Role-of-Small-Modular-Reactors-in-the-Energy-Transition-05162023,

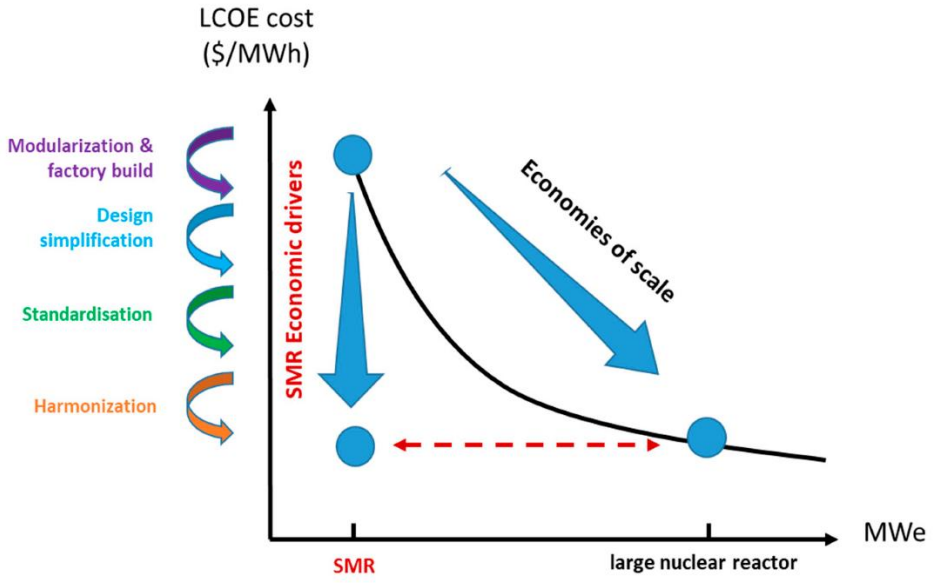
A Delicate Balance Between Economies of Scale and Learning Effects

While large reactors have traditionally been considered more cost-efficient due to economies of scale, SMRs offer the potential for cost reductions through factory fabrication and learning effects. We believe that the cost competitiveness of SMRs will depend on a delicate balance between these two factors. On one hand, SMRs are expected to experience significant cost declines as they are deployed in series, facilitated by rapid factory production. This "learning by doing" could result in substantial cost reductions, potentially offsetting the diseconomies of scale associated with smaller reactor designs. On the other hand, scale inefficiencies in small reactors could keep their unit costs higher than large-scale designs, contradicting the expectation of economies of scale.

The IAEA proposes a scaling relation to predict the FOAK cost for an SMR, using FOAK costs for two SMRs currently going through licensing in the United States: NuScale's 60 MW LWR and Oklo's 1.5 MW fast reactor. Calculations suggests that the FOAK costs for these designs could range from $9800/kW to $56,000/kW and $21,000/kW to $1.1 million/kW, respectively. However, one could expect that learning effects, expedited construction schedules, and rapid deployment rates will play a crucial role in reducing the total capital investment of SMR projects. In fact, with modest learning rates of 10-20%, SMRs could reach cost parity with large reactors after a dozen units, even if they start out at twice the cost. Further, policymakers can support the deployment of SMRs through targeted incentives, such as production and investment tax credits, federal power purchase agreements, and streamlined licensing processes.

Additionally, we believe that SMRs have the potential to be cost-competitive with large nuclear plants, particularly when considering the impact of reactor cost uncertainties on the LCOE. A study by Abdusammi et al. highlights the importance of optimizing key technical parameters, such as reactor rated capacity, fuel enrichment, and refueling intervals, to minimize LCOE. **The study found that SMRs can achieve competitive LCOE, ranging from $48.21/MWh to $78.32/MWh, with the Production Tax Credit (PTC) playing a crucial role in reducing the LCOE by ~22-24%.**

Chart 4: Economies/Diseconomies of scale for SMR technology



Source: MDPI

In contrast, traditional large nuclear reactors have faced significant cost overruns and delays, as exemplified by the European Pressurized Reactor (EPR) projects in Flamanville and Olkiluoto. These projects demonstrate the persistent cost uncertainties associated with nuclear projects, ranging from capital investment to long-term operational expenses. We expect that SMRs, with their smaller size and modular design, can mitigate some of these cost risks and provide a more cost-effective alternative. For instance, a study comparing SMRs and solar plants in the PJM region found that SMRs can provide a more stable revenue profile due to their ability to produce electricity continuously, whereas solar plants face significant revenue fluctuations due to downtime and variable market prices. Further, the LCOE metric, while useful, has its limitations, as it does not capture the value of flexibility, storage costs, or revenue analysis. A more comprehensive analysis that considers these factors reveals that **SMRs can offer a competitive edge, particularly in high-cost or isolated markets where their ability to co-produce heat and hydrogen can enhance grid resilience**.

Company Spotlights

NuScale Power Corp. (NYSE: SMR)

Powering the Future with Compact Nuclear Innovation

NuScale Power Corporation is a provider of small modular reactor technology solutions, offering the NuScale Power Module (NPM), a water reactor that can generate 77 MWe. The company was founded in 2007 and is headquartered in Corvallis, Oregon, operating as a subsidiary of Fluor Enterprises, Inc.

Investment Highlights

- NuScale's SMR technology has **received design approval, making it the only SMR ready for worldwide deployment**, providing a unique selling proposition.
- The company's **partnership with ENTRA1 Energy** for commercialization, distribution, and deployment of SMR technology provides a competitive edge, with long-term power purchase agreements available for reliable, carbon-free power to data centers.
- NuScale's technology can **help utilities increase generation capacity to meet growing demand** and achieve sustainability goals, with a high-capacity factor (>95%) indicating reliable and efficient operation.
- The company's **compact module design**, with a manageable weight (~700 tons) and dimensions (76' x 15'), facilitates transportation and deployment, enabling scalable and flexible power generation.
- NuScale's **improved financial position**, with a cash balance of $521.4 million in Q1 2025 and **revenue growth to $13.4 million**, driven by FEED Phase2 project and Technology License Agreement for the RoPower Doicești power plant, reinforces its strong liquidity and growth prospects.

BWX Technologies, Inc. (NYSE: BWXT)

Driving Nuclear Innovation for Energy and National Security

BWX Technologies, Inc. is a leading manufacturer and supplier of nuclear components, operating through two segments: Government Operations and Commercial Operations. The company provides precision naval nuclear components, reactors, and nuclear fuel, as well as critical nuclear components, fuels, and assemblies for government and limited other uses.

Investment Highlights

- BWX Technologies' **strategic focus on innovative nuclear technologies**, including SMRs and microreactors, positions the company for growth in the nuclear energy sector. We believe this focus on SMRs and microreactors while providing a competitive edge in addressing pressing energy challenges. .
- The company's **acquisition of Kinectrics Inc.** expands its capabilities in the nuclear market, particularly in Canada, and enhances its position globally. This acquisition nearly doubles the workforce of BWXT's Commercial Operations group, enabling an expanded portfolio of products and services.
- BWX Technologies' financial performance has been robust, with a **13% year-over-year revenue growth** to $682.3 million in Q1 2025, driven by growth in both Government Operations and Commercial Operations. The company's adjusted EBITDA was $129.8 million, also, up 13% year-over-year.
- The company's backlog growth, driven by **strong Commercial backlog growth and robust opportunities for growth in Government markets**, indicates a positive outlook. **The total backlog stands at $4.87 billion**, with a 23% year-over-year increase in government work.
- BWX Technologies' commitment to nuclear innovation and national security, as evident in its **$3.58 billion government operations backlog** and the Domestic Uranium Enrichment Centrifuge Experiment (DUECE) project, supports its growth strategy. We believe this commitment could mitigate some of the business risks associated with developing and deploying new reactor designs.

X-Energy (Private)

Revolutionizing Nuclear with Safer, Scalable SMR Solutions

X-Energy is a nuclear energy company focused on developing SMR technology, utilizing passive safety systems to enhance safety and reduce operational costs.

Investment Highlights

- X-Energy's reactor design **features a passive safety system**, reducing reliance on electrical power and human intervention, which may provide a competitive advantage in the nuclear industry.
- The company's **Xe-100 reactor** has a negative temperature coefficient, enabling automatic shutdown through passive means, and low power density, allowing for heat dissipation through passive means, enhancing overall safety.
- X-Energy has recently **secured significant funding, including a $700 million Series C-1 financing round**, led by prominent investors such as Amazon's Climate Pledge Fund, to support the commercialization of its SMR technology.
- The company is also **collaborating with Amazon on a 5 GW clean energy project**, aiming to bring new power projects online across the U.S. by 2039, which could drive growth and revenue.
- X-energy's **SMR design is road-shippable, optimized for multi-unit plants, and intended to drive geographic scalability, reduce construction timelines, and create more predictable construction costs**, which may appeal to customers prioritizing safety and simplicity in nuclear reactor design.

APPENDIX: OUR CLEANTECH ALPHA PICKS

First Solar, Inc. (NasdaqGS: FSLR)

Evaluating Growth Prospects Amidst Policy Uncertainty

First Solar, Inc. presents a compelling investment opportunity in the solar energy sector, driven by its strong market position, innovative technology, and growth prospects. **Despite short-term policy uncertainty and volatility, we believe the company's long-term growth narrative remains intact, supported by increasing demand for clean energy and a favorable regulatory environment.** First Solar's leadership in the solar technology space, ability to innovate, and scale production make it a cornerstone of the green energy infrastructure.

The renewable energy market is volatile, influenced by policy, global supply chains, and economic shifts, but First Solar's long-term performance metrics are strong. The solar energy sector is expected to benefit from the global push for clean energy and carbon neutrality, a major long-term trend. **First Solar's recent decline is part of a volatile sector, with the stock showing a decline of -47.11% over the last year, but its 5-year return remains positive**. Significant pullbacks in fundamentally sound growth sectors like solar energy can represent compelling buying opportunities for long-term investors.

First Solar's core business remains strong, with **improving gross margins (41% in Q1 2025)** and operational execution. The company has demonstrated strong growth, with revenue growing at a 14% CAGR over the past three years, nearly triple the S&P 500's pace. Its profitability is robust, with an **operating margin of 33%** and a **net income margin of 31% over the last four quarters**. The company's balance sheet is strong, with a **debt-to-equity ratio of 4.7%** and $891 million in cash, representing 14.8% of total assets. The company's expansion plans aim to maintain its position as the largest U.S. solar module manufacturer. Notably, **First Solar is expanding its U.S. production capacity to meet growing solar demand, targeting 14 GW of installed nameplate capacity by 2026**. The company has started commercial operations at its fourth U.S. manufacturing facility and is building a fifth facility, with a projected $0.6 billion investment in 2025 and 2026.

The U.S. Senate's draft tax bill may impact First Solar's growth, with proposed tax credits phasing out by 2028, four years earlier than expected. The company's exposure to U.S. projects (93% of $4.2 billion in 2024 revenue) makes it more vulnerable to policy changes than industry peers. However, **we believe the company's long-term growth drivers, including its market position and ability to innovate, outweigh its short-term risks**, making it an attractive investment opportunity for those with a strategic, long-term perspective.

First Solar's valuation is attractive, with a P/E ratio of 12.32 (vs. S&P 500's 27.5) and a P/S ratio of 3.66 (vs. S&P 500's 3.1**). The stock may offer a rare opportunity for long-term investors with a tolerance for risk, as the market appears to be pricing in worst-case policy scenarios while overlooking First Solar's dominant position and margin strength.** However, the company's key weakness is its vulnerability during market downturns, with significant stock price drops during the 2022 inflation shock, COVID-19 crash, and 2008 financial crisis.

In a nutshell, FSLR presents a compelling investment opportunity in the solar energy sector, driven by its strong market position, innovative technology, and growth prospects. While policy uncertainty and volatility pose short-term risks, we believe the company's long-term growth narrative remains intact, supported by increasing demand for clean energy and a favorable regulatory environment.

Constellation Energy Corp. (NasdaqGS: CEG)

A Clean Energy Powerhouse with Growth Potential

Constellation Energy Corp., a leading producer and seller of energy products and services in the United States, has been making significant strides in the clean energy space. **The company's recent acquisition of Calpine Corporation, expected to close in the fourth quarter of 2025, will create America's leading reliable and clean energy provider with a coast-to-coast presence.** This deal will combine Constellation's clean, carbon-free energy with Calpine's low-emission natural gas and geothermal assets, positioning the company to capitalize on emerging trends and opportunities in the clean energy market. The acquisition of Calpine will **add approximately 27,000 MW of electricity generation capacity and 2.5 million customers to Constellation's portfolio**, creating opportunities to supply more customers coast-to-coast with customized energy and sustainability solutions. We believe this strategic move will enable Constellation to support growing demand for around-the-clock, sustainable power and drive growth in the clean energy sector.

Constellation's commitment to clean energy is evident in its operating performance. **The company's nuclear fleet achieved a 94.1% capacity factor in Q1 2025, up from 93.3% in Q1 2024**. Additionally, the company's natural gas operations attained a dispatch match rate of 99.2% in Q1 2025, up from 97.9% in Q1 2024. These operational metrics demonstrate Constellation's ability to provide reliable and clean energy to its customers. The company's financial performance has also been impressive. Constellation reported **Adjusted (non-GAAP) Operating Earnings of $2.14 per share for Q1 2025, up from $1.82 per share in Q1 2024**. The company reaffirmed its full-year 2025 Adjusted (non-GAAP) Operating Earnings guidance range of $8.90 - $9.60 per share. We believe Constellation's strong financial performance and growth prospects make it an attractive investment opportunity.

Constellation's investment in innovative technologies and commitment to sustainability position it well for growth in the increasingly sustainability-focused market. The company's **focus on clean energy and reducing emissions may create competitive advantages and barriers to entry for new market entrants**. With a diverse energy mix and large generating capacity, Constellation is well-positioned to mitigate business risks associated with fluctuations in energy demand and supply. The company's **recent power purchase agreement with Meta, a 20-year deal for 1,121 megawatts of emissions-free nuclear energy** from the Clinton Clean Energy Center, further solidifies its position as a leading nuclear energy provider. This deal supports Meta's clean energy goals and ensures the continued operation of the Clinton nuclear facility for another two decades without ratepayer support. Notably, Constellation's **dividend yield and growth prospects make it a great buy-and-hold stock**, with a 25% dividend boost in 2024 exceeding its 10% annual growth target. Overall, we believe Constellation Energy Corporation's strong operational and financial performance, commitment to clean energy, and attractive valuation make it a compelling investment opportunity in the clean energy space.

Centrus Energy Corp. (NYSEAmerican: LEU)

A Key Player in Nuclear Fuel Production with Growth Potential

Centrus Energy Corp. is a leading supplier of nuclear fuel components to the nuclear power industry, with a unique position in the market as the **only company licensed by the Nuclear Regulatory Commission for High-Assay, Low-Enriched Uranium (HALEU) production**. We believe that Centrus Energy Corp. offers an attractive value proposition for investors, driven by its growth prospects in the nuclear energy sector, government-backed revenue streams, and diversified services.

The company's recent financial performance has been impressive, **with a 67% year-over-year increase in revenue to $73.1 million in Q1 2025**, driven by a 46% increase in the average price of SWU sold and a 49% increase in the volume of SWU sold in the LEU segment. Centrus Energy Corp. reported **a net income of $27.2 million in Q1 2025, compared to a net loss of $6.1 million in Q1 2024**. The company's consolidated cash balance stood at $653.0 million as of March 31, 2025, and its **backlog extends to 2040, with a total value of $3.8 billion**.

The company's **growth prospects are driven by both commercial and national security-driven demand for HALEU**. Centrus Energy Corp. has secured a one-year extension on its government contract to produce HALEU, valued at $110 million, with up to eight additional years possible. This contract extension provides revenue visibility and reinforces Centrus Energy Corp.'s role in restoring the US's uranium enrichment capabilities. The company is well-positioned to execute on its expansion plans once federal funding decisions are made, with a focus on domestic nuclear fuel production and a $3.4 billion funding commitment from Congress.

We believe that Centrus Energy Corp.'s involvement in U.S. national security and its role in supporting the US's advanced nuclear energy goals, particularly in the AI era, are key growth drivers. The company's diversified services encompass nuclear fuel production, national security support, and advanced manufacturing, which could mitigate risks associated with any one business segment. However, risks to Centrus Energy Corp. include uncertainty around government funding and demand for HALEU, potential changes to the U.S. government's policy or appropriated funding levels, and risks related to the company's ability to perform and absorb costs under its contracts.

The company's technical capabilities and licensed production of HALEU position it for potential growth in high-tech sectors. **Centrus Energy Corp. has completed Phase I and Phase II of its contract with the Department of Energy, demonstrating HALEU production and delivering 920 kilograms of HALEU to the Department of Energy.** The company's role in national security may expose it to geopolitical risks and policy changes, but its diversified portfolio could mitigate these risks. In conclusion, Centrus Energy Corp. offers a unique investment opportunity in the nuclear energy sector, driven by its growth prospects, government-backed revenue streams, and diversified services. While risks exist, **we believe that the company's strong momentum and earnings outlook make it a promising pick for investors l**ooking for a stock with growth potential.

NEXTracker, Inc. (NasdaqGS: NXT)

A Solar Tracker Technology Provider with Improving Growth Prospects

NEXTracker, Inc. is a leading provider of solar tracker technologies and solutions, offering a range of products and services to utility-scale and distributed generation solar applications. NEXTracker's core strengths lie in its **global leadership in smart solar tracking systems, with over 100 GW deployed worldwide** and a strong presence in the U.S., Latin America, India, and Australia. Its integrated hardware-software platform, anchored by the **NX Horizon™ tracker**, delivers superior energy yield and installation efficiency. The company benefits from a resilient U.S.-based supply chain a diversified customer base, and a growing services backlog. Key technologies include **TrueCapture™, an AI-driven control system** that optimizes panel angles for higher output; **NX Navigator™ for remote monitoring and diagnostics**; and self-powered trackers designed for high reliability and wind resilience—all of which position NEXTracker as a differentiated and high-margin solar infrastructure provider.

We believe that NEXTracker's growth prospects are driven by **increasing demand for solar energy equipment**, with a **strong backlog of orders** and a solid execution track record. The company's **projected revenue growth is strong**, with **estimates of 20.4% year-over-year in the current quarter and 12.4% and 9.4% in the current and next fiscal years**, respectively. NEXTracker reported revenues of $924.34 million in the last quarter, representing a 25.5% year-over-year change, and beat consensus EPS estimates in each of the trailing four quarters.

NEXTracker's free cash flow (FCF) of $622 M exceeded reported profit of $509.2 M for the year to March 2025, indicating a **strong FCF generation capability**. The company's **accrual ratio from cash flow was -0.15**, indicating that FCF significantly exceeded statutory profit. A negative accrual ratio is a good thing, as it shows a company is generating more FCF than its profit suggests.

We believe that NEXTracker's stock may perform in line with the broader market in the near term, but investors should monitor the company's execution and industry trends to assess potential risks and opportunities. The stock's near-term performance is likely to be driven by trends in earnings estimate revisions, which have a strong correlation with short-term price movements. Overall, we believe that NEXTracker Inc. offers an attractive value proposition as an investment thesis, driven by its improving growth prospects, solid execution track record, and strong FCF generation capability.

Brookfield Renewable Partners L.P. (NYSE: BEP)

A High-Yielding Investment Opportunity in the Renewable Energy Sector

Brookfield Renewable Partners L.P. offers an attractive investment opportunity for investors seeking **high-yielding dividend stocks** with growth prospects. Brookfield Renewable Partners L.P. has a diversified portfolio of hydroelectric, solar, wind, energy storage, and nuclear power assets across North America, South America, Europe, and Asia. The company has secured long-term contracts with major companies like Microsoft to provide clean energy. Brookfield Asset Management, the parent company, plans to increase its clean-energy investments by around 100% by 2030, with Brookfield Renewable as a key source of funding. The company's business model, which includes recycling capital and making accretive acquisitions, positions it for long-term success and potential market-crushing returns. **Brookfield Renewable Partners L.P. has a strong financial profile, with a high-yielding dividend backed by long-term, fixed-rate power purchase agreements (PPAs) with an average remaining term of 14 years, providing predictable and steadily growing cash flow**. The company's PPAs have inflation escalation clauses, which are expected to drive 2-3% annual growth in funds from operations (FFO) per share.

Brookfield Renewable Partners L. P's **growth profile is highly visible and secured through 2029** and increasingly visible over the subsequent five-year period, supporting its **plan to increase its dividend by 5-9% annually**. The company can grow its FFO per share at a 4-7% annual rate organically, with potential for additional growth through new investments. The **company plans to deploy $8-9 billion into new growth opportunities over the next five years**, including its 74 GW advanced-stage renewable energy development project pipeline. We believe **the combination of a high-yielding dividend (over 5%) and expected strong earnings growth (over 10% annually) may produce total annual returns in the mid-teens, outpacing the S&P 500**. We believe that Brookfield Renewable Partners L.P. is well-positioned to benefit from the global shift towards cleaner energy alternatives, driven by its extensive operations and growth prospects.

In comparison to its peers, Brookfield Renewable Partners L.P. and Brookfield Renewable Corporation (BEPC) offer the same dividend payment but different yields (5.6% and 4.6% respectively) due to varying demand from institutional investors. **The current market environment, with the S&P 500 index near all-time highs but with a low 1.2% dividend yield, makes high-yield stocks like Brookfield Renewable Partners L.P. more appealing.** Investing in Brookfield Renewable Partners L.P. requires a long-term perspective, as it may experience near-term volatility, but offers potential for growth and high dividend yields. The company's strong balance sheet and ample liquidity ($4.5 billion at the end of Q1) enable it to maintain financial flexibility. Brookfield Renewable Partners L.P. has a record of delivering stable and growing cash flows, underpinned by strong operating earnings across renewable power and transition, infrastructure, and private equity businesses. Overall, we believe that Brookfield Renewable Partners L.P. offers an attractive investment opportunity for investors seeking high-yielding dividend stocks with growth prospects, driven by its diversified portfolio, long-term contracts, and strong financial profile.

Latest Intro-act Cleantech Publications

Report Type	Publishing Date	Topic	Alpha Idea	Link
Newsletter	June 5, 2025	Compact Power, Expansive Impact: SMR's and the New U.S. Energy Doctrine	SMR, LEU	Read here
Newsletter	May 21, 2025	Tracking The Surge: U.S. Solar Stocks Rally on Tax Credit Stability and Supply Chain Edge	FSLR, ARRY	Read here
Thematic	May 14, 2025	Top Must-Know Energy Storage Trends for Investors	EOSE, Form Energy (Private)	Read here
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