



Flash update: Greencoat UK Wind

UKW's dividend remains resilient.

Update
30 January 2026

The UK government has announced the result of its consultation into changes to the inflation indexation used in the Renewables Obligation (RO) scheme. The RO scheme will, from 01/04/2026, be indexed at the consumer price index (CPI), instead of the retail price index (RPI).

Greencoat UK Wind (UKW) had released its factsheet for 31/12/2025 on the day of the announcement and made some changes to its net asset value (NAV) and dividend policy as a result of this news on 29/01/2026.

- **UKW's unaudited NAV per share had been announced as 136.1p before the RO consultation announcement, as of 31/12/2025. That was updated solely for the changes to the RO scheme the next day to 133.5p, a reduction of 2.6p, in line with November's guidance.**
- **The dividend policy has also been updated to reflect the RO scheme changes. Since inception in 2013, UKW has targeted (and successfully achieved) increasing its dividend each year by RPI or more. The RO scheme has been the principal instrument from which UKW has derived its explicit RPI cashflow linkage, which will now be linked instead to CPI. In addition, UKW's contracts for difference instruments also have explicit CPI linkage.**
- **As a result, UKW's board has decided that its new dividend policy will be to aim to provide shareholders with an annual dividend that increases in line with CPI inflation. The target dividend for 2026, then, will be 10.7p per share, an increase of 3.4%, in line with CPI for December 2025.**
- **The quarterly interim dividend of 2.59p per share with respect to the quarter ended 31/12/2025 remains unchanged.**
- **In its most recent factsheet, UKW noted also that it had seen a return to normalised wind speeds in Q4 (1.6% below budget), with Q4 dividend cover of 1.8x. Overall generation in 2025 was 8.5% below budget, primarily owing to low H1 wind speeds.**
- **Net cash generation in 2025 was robust, at £291m, producing a dividend cover of 1.3x. Gross disposals proceeds through 2025 were £181m which, alongside free cash generation, was allocated to share buybacks and debt reduction. UKW has now made cumulative buybacks of £199m since the inception of its programme.**

Analysts:

David Brenchley

david.b@keplerpartners.com



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- **There was a net reduction in debt principal of £118m, with a further reduction from scheduled project debt amortisation. Aggregate group debt at the end of the year was £2,126m (including MTM), or 42.5% of gross asset value.**

Kepler View

While neither of the **two possible changes to the RO scheme** that were being consulted on were ideal, this is clearly the least-worst outcome and removes a key piece of uncertainty that had been hanging over renewable energy infrastructure investment companies. Accordingly, UKW's shares initially rose as much as 4.5%, before settling c. 0.7% higher by the end of the day (28/01/2026).

Considering the result of the consultation, it makes sense to us that UKW would change the inflation linkage in its dividend policy from RPI to CPI to ensure that dividend cover remains strong and does not compromise future dividend growth nor dividend cover.

Indeed, UKW has increased its dividend by RPI or better for each of the 12 years it has been a listed



company. The dividend has grown from 6p per share at IPO to 10.35p by 2025, a cumulative increase of 72.5%, and the target is to increase this further to 10.70p in 2026. This dividend progression has been underpinned by strong cashflow generation since IPO.

The company's forward-looking dividend cover and cashflow generation expectations remain robust and the former is substantially unchanged. This leaves UKW with one of the most robust dividends in the sector and unique in that the dividend is still linked to inflation.

With shares trading at 98p at the time of writing (on 29/01/2026), the forecast yield based on UKW's 2026 dividend target is 10.9%. That's attractive, at almost two-and-a-half times the 4.5% yield offered by a 10-year UK government bond.

In addition, UKW's structurally higher dividend cover means that it still has options to deploy surplus cashflows towards new investments, buybacks or reducing debt. We note that UKW continues to buy shares back, illustrating the confidence the board has in strength of the balance sheet.

As discussed in our recent feature, the **fundamentals of the renewable energy sector appear to remain as strong as ever**, and UKW has delivered impressive NAV total returns of 185% since launch 12 years ago, yet shares currently trade below their IPO price, suggesting, on a discount of c. 27%, there remains latent value, in our view.

[View the NAV and dividend policy update on RNS](#)

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