Equis Funds Group

# Green Energy Services



**25th September 2013**

*This Paper is private and confidential, and for information purpose only. It does not constitute any offer, solicitation and/or inducement.*

# Agenda

**Section**

1. **Equis Funds Group Overview**
2. IPP for companies with off grid and bad grid power needs
3. Case Study
4. Contact Information



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# Equis Funds Group

- **Equis Funds Group** is an independent funds management group established in 2010
- Focusing on Asian energy and infrastructure
- Growth capital focus to deliver private equity style returns from platform groups aggregating and operating “hard” energy & infrastructure assets
- 30 professionals across Asia, with fluency in English, Mandarin, Cantonese, Hindi, Korean, Vietnamese and local Chinese and Indian dialects
- Target investment size US$50-130m plus investor co-investment

**Our Asian Offices …**




**750**
MILLION DOLLAR FUND CURRENTLY BEING DEPLOYED

**44**
PRINCIPAL INVESTMENTS IN ASIAN ENERGY AND INFRASTRUCTURE

**106**
TRANSACTIONS IN ASIAN ENERGY AND INFRASTRUCTURE

**181**
COMBINED YEARS OF ASIAN ENERGY AND INFRASTRUCTURE EXPERIENCE

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# Business Model

## IPP for companies with off grid and bad grid power needs

### CONSTRUCT

- Construct the assets
- Establish local operational teams or relationships

### OPERATE AND MAINTAIN

- Operate the assets according to users requirements
- Maintain the assets
- Harvest revenue

### Investment Target

- To build the largest and most reliable Telco Green Energy Service Company in Asia
- To invest **USD 200 million** into Telco Green Power Solutions
- To build, own and operate **5,000 – 7,000** sites across targeted countries in Asia
- To establish integrated Network Operations Center (NOC) in each region
- To establish comprehensive O&M team in each country

# Role & Responsibilities

## We are committed to work together with established and proven technical partners to deliver quality services

### EQUIS ROLE

**Finance**

- Commit capital for roll out of assets
- Provide core working capital for operations
- Assist with development capital for new products

**Operations**

- Back office support, including accounting and control functions
- Strategic management and product development
- Assistance with legal contracts
- Joint customer relationship management

### TECHNICAL PARTNER ROLE

**Business Development**

- Sales channel and business development to potential end users
- To provide customer ongoing relationship management

**EPC**

- Design, supply, and installation of energy solutions

**O&M**

- Support and maintenance for the system

# Target Countries

## CORE COUNTRIES



**Indonesia (BB+)***
- Targeted Units: 3000



**Thailand (BBB+)***
- Targeted Units: 300



**Malaysia (A-)***
- Targeted Units: 500



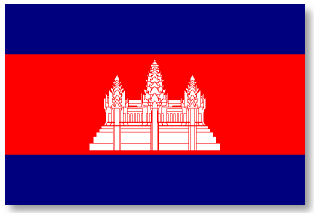
**Philippines (BB+)***
- Targeted Units: 1,000



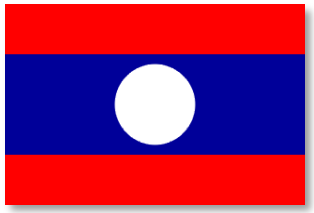
**Vietnam (BB-)***
- Targeted Units: 500



**Myanmar**
- Targeted Units: 1,000



**Cambodia (B+)***
- Targeted Units: 500



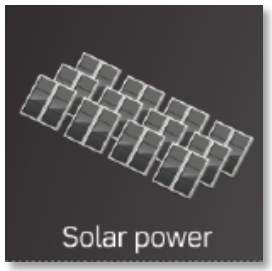
**Laos**
- Targeted Units: 500

* Standard & Poor's Foreign Ratings (Feb 2013)

# Target Assets

| Off-Grid | Bad-Grid/ Standby |
| --- | --- |
| • Charge Discharge Charge (CDC)<br>• Solar Hybrid<br>• Full Solar | • Fuel Cell |














# Strategy

## Key factors we look out for:

- Established and proven technologies partners
- Contracts with reasonable durations (5 - 10+ years) and attractive tariff
- Companies with strong credit rating and asset base
- Companies with track record of meeting obligations
- Countries with low or insurable geopolitical risk

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# Case Study – OPEX Energy Solutions

| Factors | Details |
|---|---|
| **Industry** | Telecommunications |
| **Value Proposition** | Provide the end-to-end managed energy services on a monthly fee basis over the contract term |
| **Benefits** | **Hassle-Free Operations with no operational risks**<br>• 100% OPEX model<br>• Comprehensive O&M on all equipment including spare parts management and on site support<br>• Remote monitoring via Network Operations Centres (NCO)<br><br>**Strong Technical Expertise**<br>• Technical partners are strong in Telco Power Solutions and vast O&M experience in energy solutions to BTS, with strong commitment to deliver best solutions to meet energy requirements<br>• Network monitoring, performance management, preventive and corrective maintenance ensuring 24x7x365 continuous power<br><br>**Environmental Friendly Technology**<br>• Proposed technology could potentially reduce CO2 emission by up to 80%<br><br>**Potential Cost Savings**<br>• No upfront CAPEX required; fixed monthly lease payments providing greater certainty<br>• Lower exposure to fuel price increase as proposed technology requires less fuel compared to current system |
| **Technology** | • Charge Discharge System<br>• Solar Hybrid System<br>• Full Solar System |

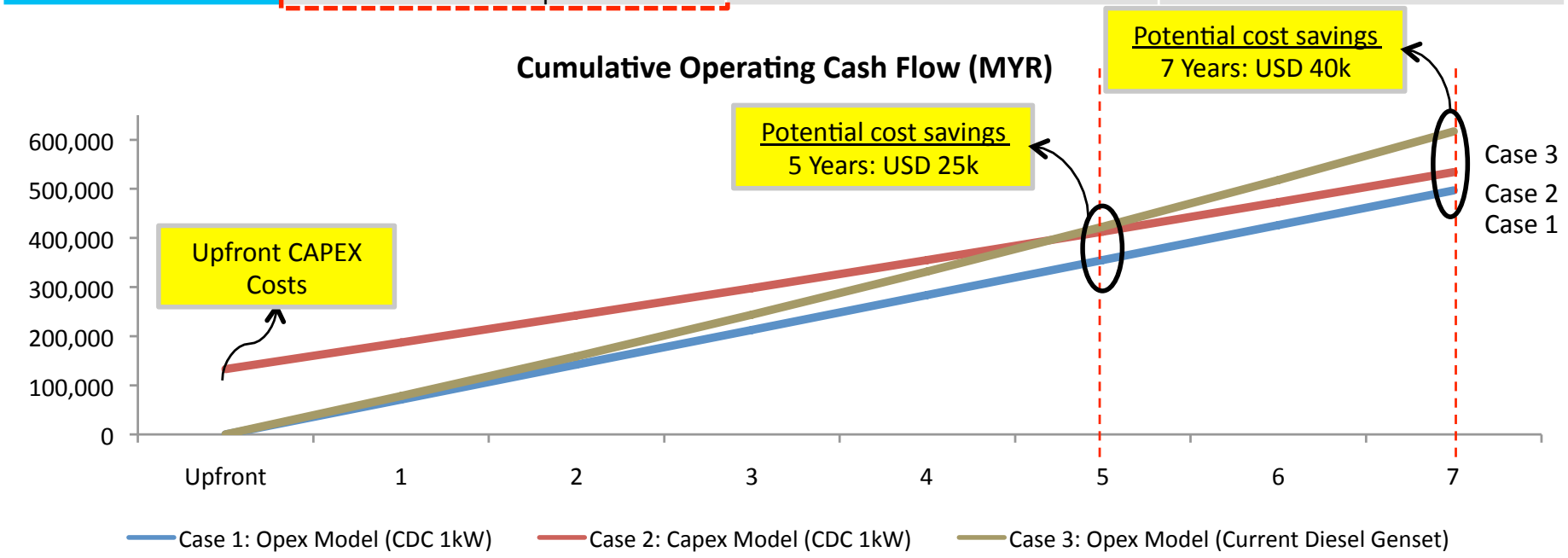
# Case Study – Options Comparison

| | Case 1 | Case 2 | Case 3 |
|---|---|---|---|
| **Operation** | ***Equis OPEX Energy Solutions*** | ***CAPEX*** | *Typical arrangement* |
| **Technology** | CDC 1.5kW | CDC 1.5kW | Diesel Genset |
| **Service Level Agreement (Availability)** | *98%* | 98% | 85-95% |
| **Theft Risk Responsibility** | **Equis** | Telco | Genset Supplier |
| **Remote Monitoring via Network Operations Centre** | Full Network Operations Center Monitoring and Control of Energy Data and Alarms | Full Network Operations Center Monitoring and Control of Energy Data and Alarms | - |
| **Diesel Fuel Price Increase** | Only 20% energy dependent on diesel fuel | Only 20% energy dependent on diesel fuel | 100% dependent on fuel |
| **Green CSR** | Reduce CO2 emission by 80% | Reduce CO2 emission by 80% | Dirty, inefficient and heavy pollution |
| **Payment Terms** | Fixed monthly lease payment (potential reduction of 10-20% from Diesel Genset model) | Upfront CAPEX + OPEX (fuel, O&M, HQ, debt interest, replacement costs) | Fixed monthly lease payment; fuel price increase fully borne by Telco |

**OPEX Savings** **Higher Availability** **NOC Visibility** **No Operational Risks**

# Case Study – Options Comparison

| | Case 1 | Case 2 | Case 3 |
|---|---|---|---|
| **Operation** | ***Equis OPEX Energy Solutions*** | ***CAPEX*** | ***Current arrangement*** |
| **Technology** | CDC 1.5kW | CDC 1.5kW | Diesel Genset |
| **Payment Terms** | Fixed monthly lease payment | Upfront CAPEX + OPEX (fuel, O&M, HQ, debt interest, replacement costs) | Fixed monthly lease payment |
| **Contract Term** | Minimum 5 years<br>Option to renew or buy back at discounted price | n.a | Monthly or Yearly |



# Case Study – Key Issues

## Key Issues

- Ownership of systems
- Land rights and access
- Theft and fuel supplier issues
- Length of contracts
- Servicing and maintenance
- Timing of rollout

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