Equis Funds Group

Opex Green Energy Service For Telco



28th May 2014

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Agenda

Section

1. **Equis Funds Group Overview**
2. Opex Green ESCo for Telco
3. Case Study
4. Contact Information for the Fund Manager



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Equis Funds Group

- **Equis Funds Group** is an independent funds management group established in 2010
- Investing in Asian energy and infrastructure
- Growth capital focus to deliver private equity style returns from utilities and corporates aggregating and operating mid-stream energy and infrastructure assets (**MSE&I**)
- 24 professionals across Asia, with fluency in English, Mandarin, Hindi, Korean, Thai, Vietnamese and local Chinese and Indian dialects
- Target investment size US$50-200m plus investor co-investment

Our Asian Offices …



960
MILLION OF ASIAN ENERGY AND INFRASTRUCTURE FUM

215
YEARS OF ASIAN ENERGY AND INFRASTRUCTURE EXPERIENCE

125
TRANSACTIONS IN ASIAN ENERGY AND INFRASTRUCTURE

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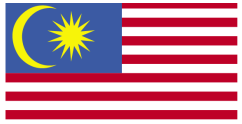
Equis Asia Fund Overview

Geographic Focus

At least 95% of aggregate Fund Commitment to the following Regional Growth Leaders


China (AA-)*


India (BBB-)*


Malaysia (A-)*


Thailand (BBB+)*


Indonesia (BB+)*


Philippines (BBB-)*


Vietnam (BB-)*

* Standard & Poor's Foreign Ratings

Sector Focus

Asian Energy and Infrastructure


Renewable Energy Generation


Conventional Energy Generation


Power, Oil & Gas T&D


Oil, Gas & Coal Handling & Storage


Energy & Waste Processing


Water & Sewerage

Investment Strategy

20% IRR (Net) or 2.0x – 2.5x MOIC (Net) Target Whole-of-Fund Returns
Utility and corporate growth platforms
Average deal size: US$50-200 million plus any LP co-investment capital
Number of Investments: 8 – 10
Investment holding period: 3 – 6 years
Equity, Quasi Equity, Convertible/Sub Debt

Allocation

Limit of 40% of aggregate Fund Commitment to any single jurisdiction
Limit of 20% of aggregate Fund Commitment to any single portfolio company

Exit

Exit via trade sale, IPO, sale to financial institutions/infrastructure investors seeking yield returns

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Opex Green Energy Service

Scope of Service

- Equis to partner with strong technical partners ("Equis Partnership") to provide managed energy solutions to Telco providers
- 100% OPEX model – Telco operator pay a monthly lease fee over contracted years (5 to 7) in exchange for the following services provided by Equis Partnership:
  - Full turnkey provision of continuous power 24x7x365 to off-grid and bad-grid BTS sites with a committed Service Level Agreement (SLA)
  - End-to-end managed energy services including operations and maintenance of sites
  - Manage and maintain all spares, warranty and repairs of all power equipment – rectifiers/inverters, generation sets, batteries, solar panels etc.
  - Provide complete visibility of site energy performance and monthly operations performance reports
  - Provide interface to service provider's Network Control Operation (NCO) to network overview, energy KPI monitoring, statistics view and controls capabilities
  - Independent ESCO

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Business Opportunity

Off-Grid Sites	Bad-Grid/ Standby Sites
• Solar Hybrid • Charge-Discharge-Charge (CDC) • Full Solar • Power from 700W – 7kW	• Hydrogen/Methanol Fuel Cell • Zinc-Air Battery • Power from 2kW – 10kW
Potential Countries	
Indonesia, Philippines, Malaysia, Myanmar, Vietnam, Cambodia	

Target Countries



Indonesia (BB+)*
- Targeted Units: 3000



Thailand (BBB+)*
- Targeted Units: 300



Malaysia (A-)*
- Targeted Units: 500



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



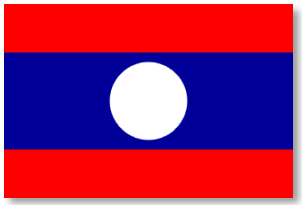
Vietnam (BB-)*
- Targeted Units: 500



Myanmar
- Targeted Units: 2,000



Cambodia (B+)*
- Targeted Units: 500



Laos
- Targeted Units: 500

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

Investment Target

Investment Target

- 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
- Established and proven technologies
- Contracts with a reasonable duration (5 - 10 years) and profitable tariff
- Companies with strong credit rating and asset base
- Companies with track record of meeting obligations
- Countries with low or insurable geopolitical risk
- Credit Support / Parent company guarantee of Local Contracting Party
- Rental in USD

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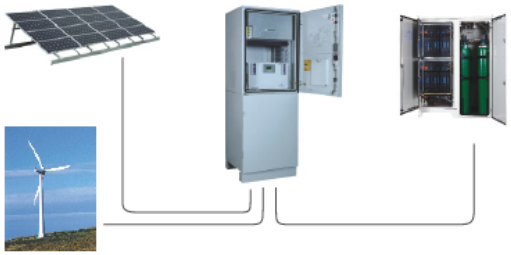


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Case Study – OPEX Energy Solutions

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** • 100% OPEX model • Comprehensive O&M on all equipment including spare parts management and on site support • Remote monitoring via Network Operations Centres (NCO) **Strong Technical Expertise** • 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 • Network monitoring, performance management, preventive and corrective maintenance ensuring 24x7x365 continuous power **Environmental Friendly Technology** • Proposed technology could potentially reduce CO2 emission by up to 80% **Potential Cost Savings** • No upfront CAPEX required; fixed monthly OPEX payments providing greater certainty • Lower exposure to fuel price increase as proposed technology requires less fuel compared to current system • **Multiple Users site**
Technology	• Charge Discharge System • Solar Hybrid System • Full Solar System • Fuel Cell System

Technology Partners for Myanmar

Bad Grid Solution	Off Grid Solutions
	
CASCADIANT BALLARD®	EMERSON™
• Fuel Cell Solutions (Methanol Fuel)	• Charge Discharge (CDC) • Solar Hybrid • Solar

Case Study – Options Comparison

	Case 1	Case 2	Case 3
Operation	***Equis OPEX Energy Service Co***	***CAPEX***	*Typical arrangement*
Technology	CDC 1.5kW or Fuel Cell	CDC 1.5kW	Diesel Genset
Service Level Agreement (Availability)	*98-99%*	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 CAPEX**

Key Challenges in Myanmar

Key Issues in Myanmar

- Credit support or parent company guarantee
- Currency risk
- Geopolitical risk
- Theft and fuel supplier issues
- Servicing and maintenance, spare parts
- Access to site/transport
- Inflation
- Skilled workforce

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