










The background of the slide is a composite image. The upper portion shows a close-up of several blue solar panels with white grid lines, set against a bright blue sky with soft, wispy clouds. The lower portion of the image shows a stream of water flowing over large, rounded rocks covered in vibrant green moss. The water is slightly blurred, suggesting movement. A semi-transparent grey rectangular box is overlaid on the lower part of the image, containing the text "2010 Annual General Meeting".

2010 Annual General Meeting



Agenda

- | | |
|--|---|
|  Chairman's Address <ul style="list-style-type: none">✔ Company introduction✔ FY2010 in review |  Mr David Richardson |
|  Formal Business | |
|  CEO's Address <ul style="list-style-type: none">✔ FY2010 operations✔ FY2011 1st quarter results |  Mr Mark Norman |
|  Solar Products Business Unit Address |  Mr Steve Missen |
|  Projects & Power Business Unit Address |  Mr John Hebenton |
|  Questions and Answers | |
|  Market Update |  Mr Mark Norman |



Chairman's Address

**David Richardson
Chairman**



Established and profitable solar energy supplier

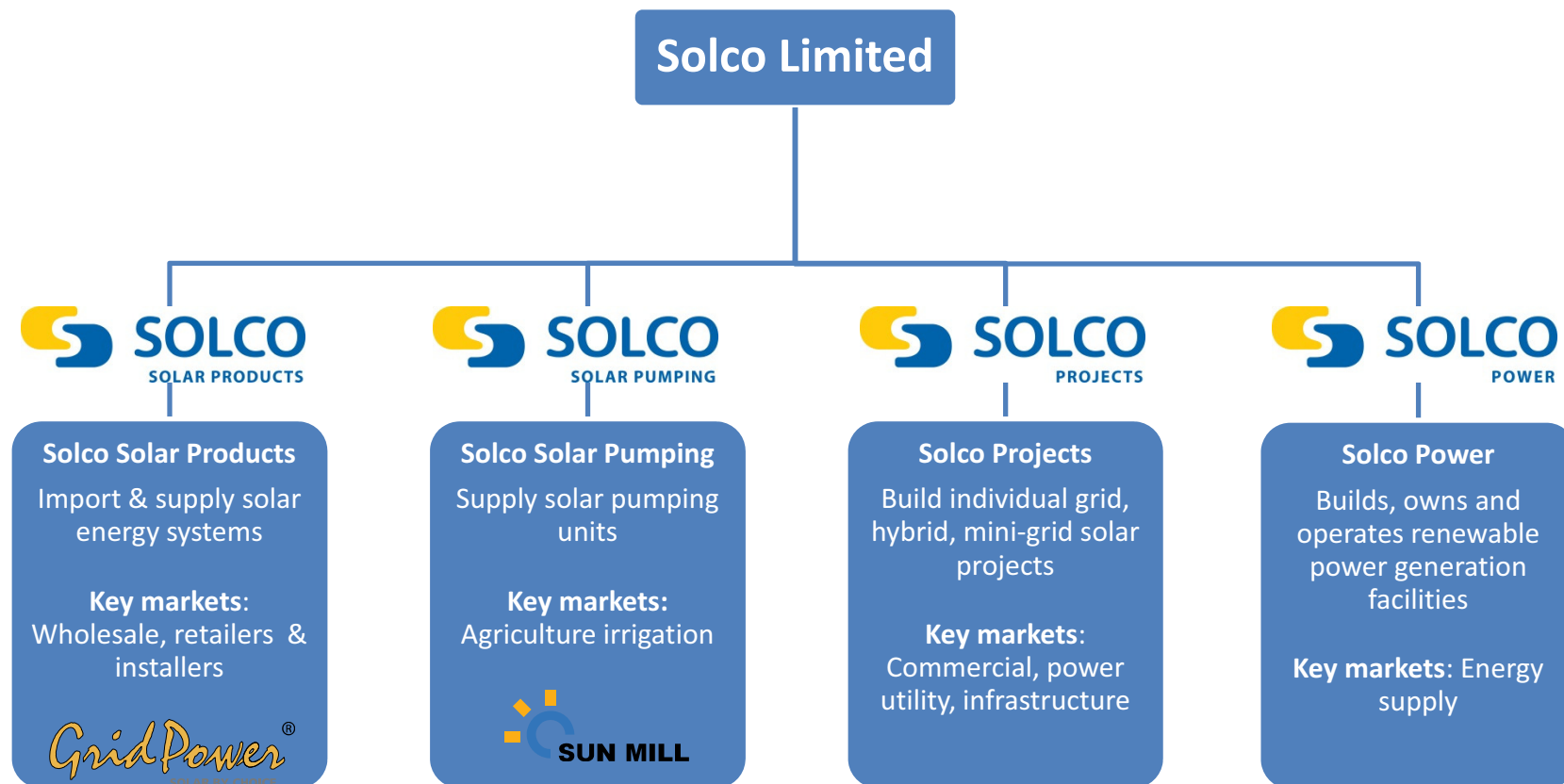
Overview

- ✓ We have established a team capable of managing successful solar technology introduction for our customers
- ✓ We are focused on the analysis, selection, distribution and support of leading-edge products
- ✓ We are a profitable importer and wholesale distributor of power & water solar systems
- ✓ We have established an Australia-wide sales capability with near-neighbour support and national customer service and support teams

We are in a unique market position

- ✓ We have a low risk profile – avoidance of development and manufacture
- ✓ There are few direct competitors operating in Australian marketplace
- ✓ Solco has exclusive supply arrangements with the world's best suppliers of both proven and leading-edge technologies allowing us to capture opportunities as they arise

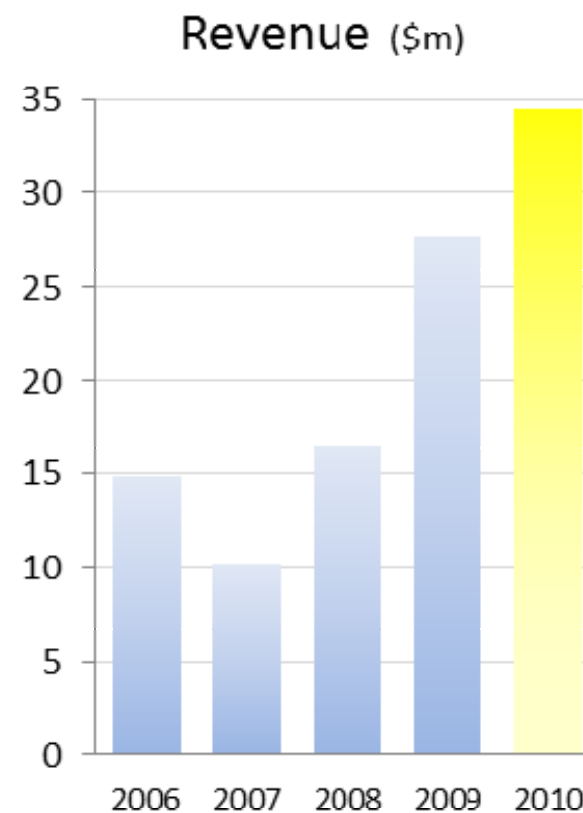
Company structure



Key financial highlights

☀ Revenue:

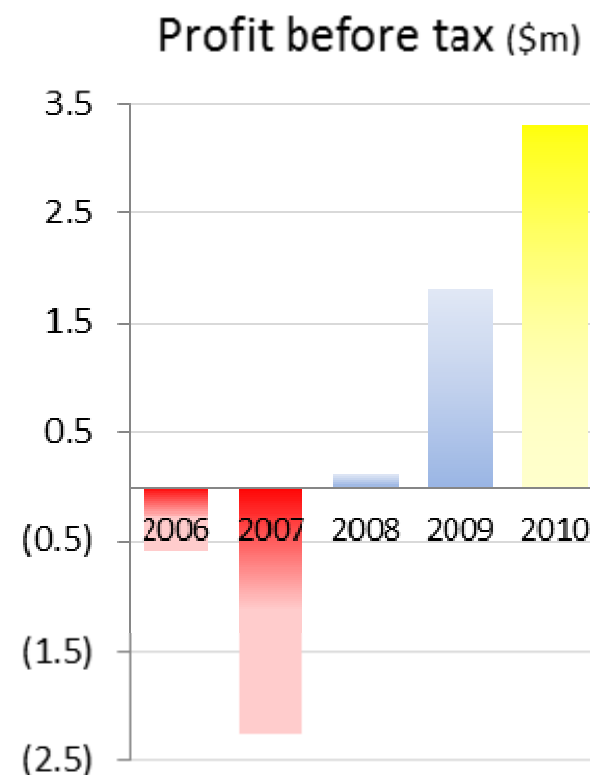
- ✓ Group revenue for FY2010 was up 24% to \$34.5 million.
- ✓ However, due to falling prices, PV panels shipments up 121%
- ✓ 3 consecutive years of growth after restructure



Key financial highlights

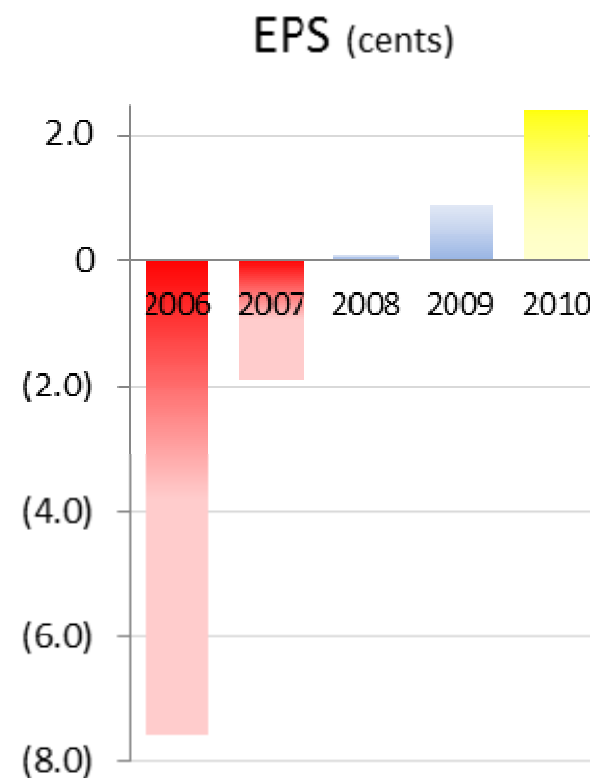
☀ Profit:

- ✓ Group net profit \$3.29 million for FY2010 up 84% on prior year
- ✓ 3rd consecutive year of profit growth following company restructure



Key financial highlights

- ☀ Earnings per share:
 - ✓ Earnings grew to 2.4* cents per share representing a growth of 167%



* Includes income tax benefit of \$1.5 million

Key financial highlights

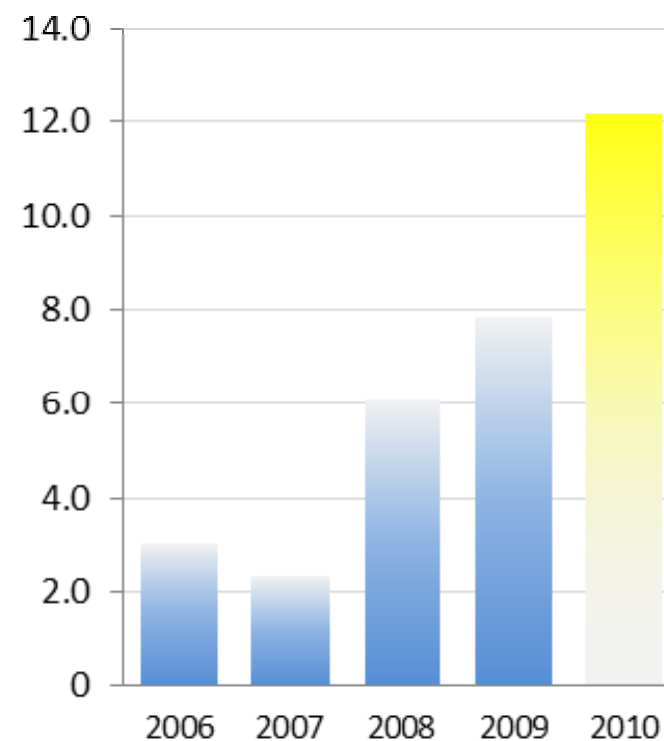
☀ Equity :

- ✓ Total equity grew to 12.2 million an improvement of 55% on prior year

<u>Consolidate balance sheet</u>	<u>2010 \$</u>
Total current assets	15,799,627
Total non-current assets	2,356,573
Total assets	18,156,200
Total current liabilities	5,876,947
Total non-current liabilities	106,083
Total liabilities	5,983,030
Net assets	12,173,170
Equity	
Issued capital	19,818,256
Reserves	22,650
Accumulated losses	(7,667,736)
Total Equity	12,173,170

18/11/2010

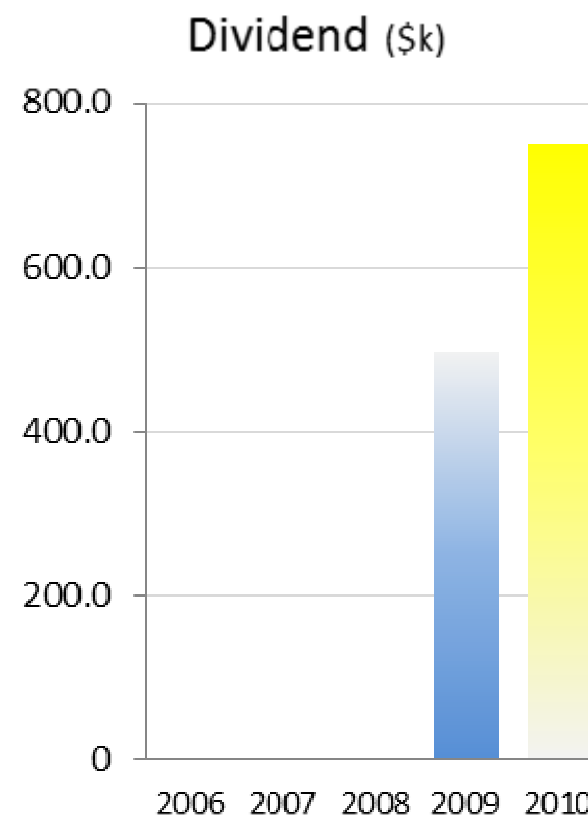
Total Equity (\$m)



Confidential Solco Ltd 2010



- ☀ Dividend:
 - ✓ Maiden dividend for FY2009
 - ✓ 50% increased dividend for FY2010





2011 Outlook

- ☀ **Well positioned for further growth in FY2011 following sustained profitability of core business**
- ☀ **Solar Products (core) division**
 - ✓ Expansion through supply of new technology solar PV, water pumping and small wind products
 - ✓ Further growth of sales, dealer and customer support networks
 - ✓ Strengthen supply chain assurance, quality systems and processes
 - ✓ identify and assess alliance opportunities
- ☀ **Projects division**
 - ✓ Consider small to medium commercial scale project opportunities as they arise for a range of market sectors and customers
 - ✓ Grow delivery capability, including through partnership, as larger-scale applications and developments emerge
- ☀ **Power division**
 - ✓ Consideration of the strategic development of Solco's capability and capacity to respond to emerging opportunities as a renewable-energy power-utility participant
 - ✓ Establish dialogue with retail power suppliers



Power and Projects

1. **Utilise existing product, supply capabilities and I.P.**
2. **Diversify into the power utility and project markets**
3. **Build and maintain long-term shareholder value**



Leverage existing proven capabilities, products and IP to drive growth by entering new solar power markets



Chief Executive Officer's Address

Mark Norman
Chief Executive Officer



FY2010 Operational Highlights

Successful continuation of strategic operational growth plan

Expansion of national sales network and highly skilled sales team

Completion of **exclusive supply deal** with blue-chip Chinese company

Key management appointments for Power and Products divisions

Continued **investment** into sales and products training for workforce

Successful penetration into **new markets** - NSW, SA and Vic

Key FY2010 operational improvements

- ☀ Development of “strategy as culture at Solco” model for growth
- ☀ Nationalised sales and support teams
- ☀ Opened Melbourne office and warehouse
- ☀ Secured key strategic supply agreements, some with exclusivity
- ☀ Evaluated and released leading-edge technologies
- ☀ Broadened supplier base with, at a minimum, dual sourcing for existing products
- ☀ Implemented systems to improve stock levels and reduce lead-times
- ☀ Development of corporate marketing and communications strategies to enhance brand recognition



FY2010 Industry and economic issues

- ☀ Positive demand for PV products
- ☀ Higher demand for larger solar systems and adoption of medium-sized systems as revenue generators from FiT schemes
- ☀ Larger-scale solar system projects moves forward
- ☀ Longer-term uncertainty and government mismanagement of solar and related support programs creating confusion in the market
- ☀ Solar system products continue to fall in price offset by dramatic increases in worldwide demand for solar products
- ☀ Volatility in Australian dollar exchange rates, both negative & positive
- ☀ Strong competition, especially from new retail entrants, in a maturing market sector for PV, placing downward pressure on operating margins



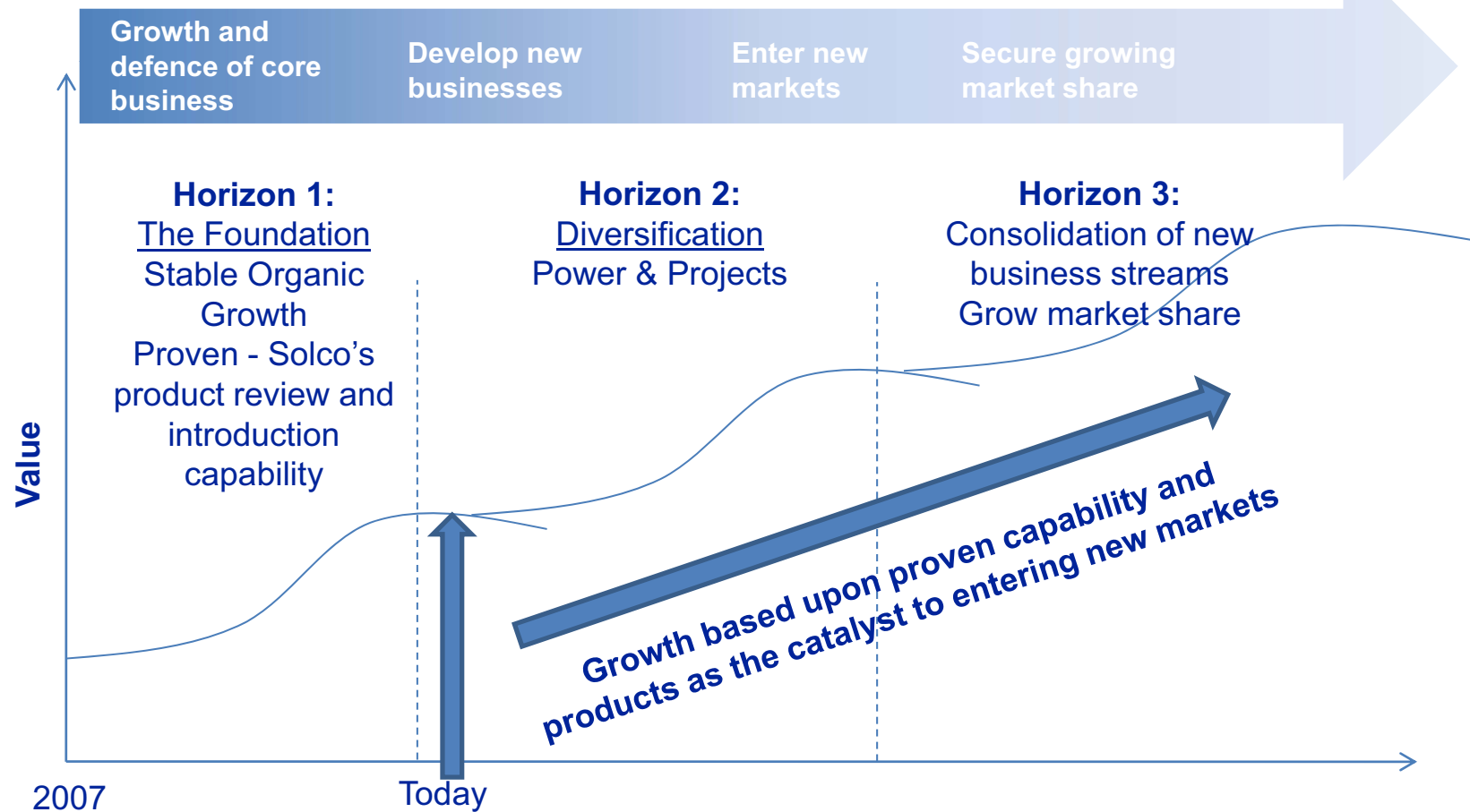
FY2011 First quarter results

- ☀ On track to exceed FY2010 financial performance
- ☀ Continued improvement in first quarter revenue for FY2011
 - ✓ Revenue of \$11.2M, up 50% on the same period last fiscal year
 - ✓ Gross margin percentages maintained inline with FY2010
 - ✓ Total revenue constrained by product shortages due to worldwide demand
 - ✓ Pressure on pricing due to strengthening Australian dollar
 - ✓ PV panel prices stabilise and then increased slightly



☀ Growth trends continue into October 2010:

- ✓ October had increased revenue over the first months of FY2011 due to increased product availability
- ✓ October was best sales month so far in FY2011
- ✓ Product supplies free up
- ✓ Competitive pricing pressure continues
- ✓ Pressure increases on government support programs including NSW FiT reduction





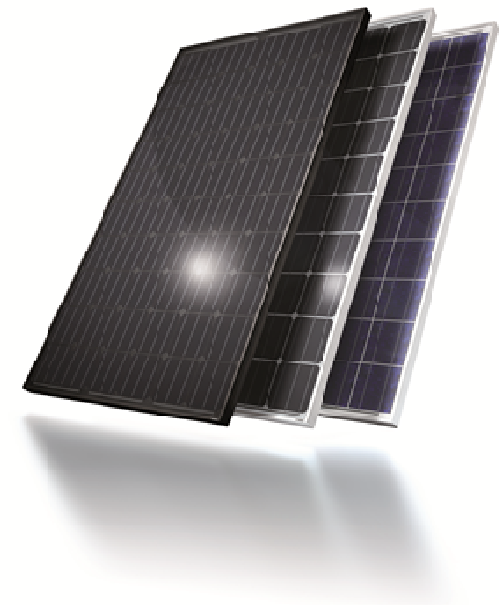
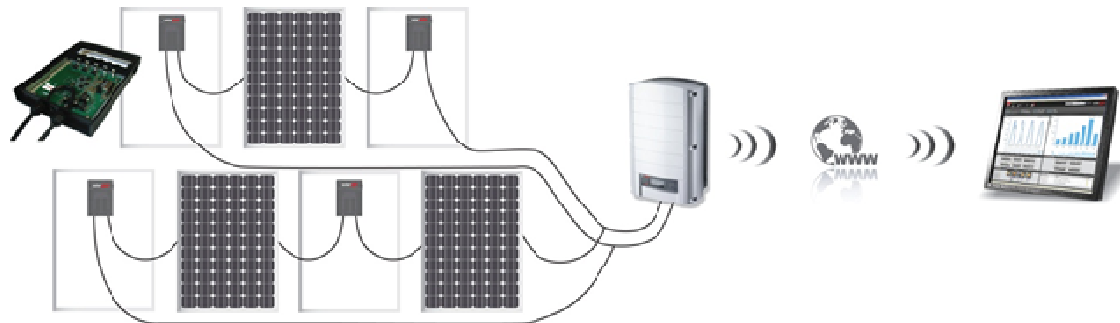
Products Business Unit Manager's Address

**Mr Steve Missen
Products Business Unit Manager**

Solco Solar Products

☀ FY2011 – Q1:

- ✓ Melbourne Office and Warehouse opened
 - ✓ Foundations for enhanced national distribution capability adding to existing Perth and Brisbane facilities
- ✓ Enhancing strategic centres of excellence
 - ✓ Procurement and logistics
 - ✓ Engineering
 - ✓ National Sales and Customer Service



solaredge
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Solco Solar Products

☀ FY2011:

- ✓ ERP system implementation as a unified platform for future growth
 - ✓ Enhanced forecasting ability
 - ✓ Improved national multi-warehouse inventory management
 - ✓ Improved customer order communication
 - ✓ Implement a CRM (Customer Relationship Management) database to enhance capture rate on sales opportunities
- ✓ Fill product white space
 - ✓ Mid tier panel supply providing regional diversity
 - ✓ Entry level inverter supply
 - ✓ Broadening Power Optimiser – potential emerging market
- ✓ Brisbane Distribution Centre
 - ✓ Current facility lease due to expire Dec 2011
 - ✓ Commenced search for larger premises to service growth





Project Business Unit Manager's Address

**Mr John Hebenton
Projects Business Unit Manager**

Solco Projects and Power

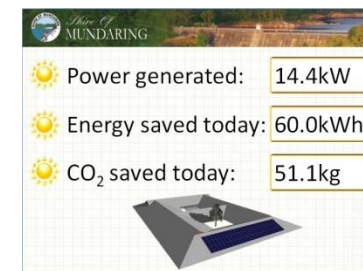
☀ FY2011 – Q1:

- ✓ Grew reference List: e.g. Mundaring Shire, NSW Water
- ✓ Grew design and delivery capability: e.g. EOI's for Sydney and Brisbane Projects with Downer EDI Engineering as installation partner



☀ FY2011:

- ✓ Expand client diversity: e.g. Corporate consumers, Power Utilities, Building Energy Efficiency, Conceptual Engineering, Specialist Applications, Visualisation
- ✓ Develop advanced financial modelling
- ✓ Develop financing solutions for projects



Solco Projects and Power

☀ FY2011 – Q1:

- ✓ Investigate diverse BOO power and acquisition opportunities and partners

☀ FY2011:

- ✓ Develop advanced financial models to identify and analyse emerging opportunities
- ✓ Develop financial, design and delivery capabilities
- ✓ Carry out power feasibility studies on selected power developments for funding and implementation





Questions

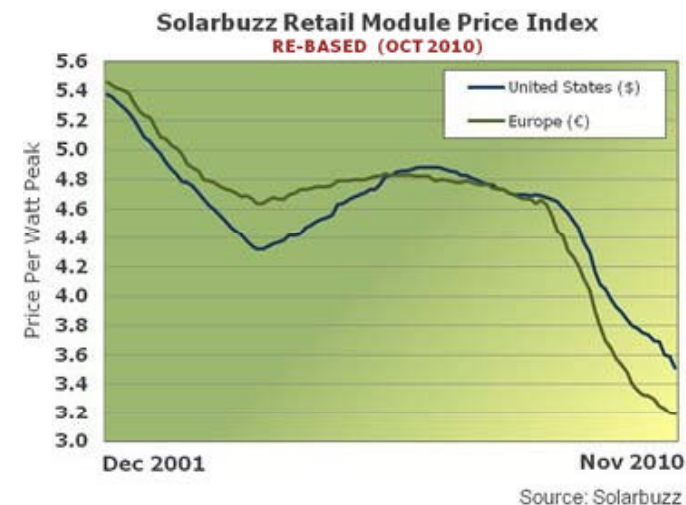
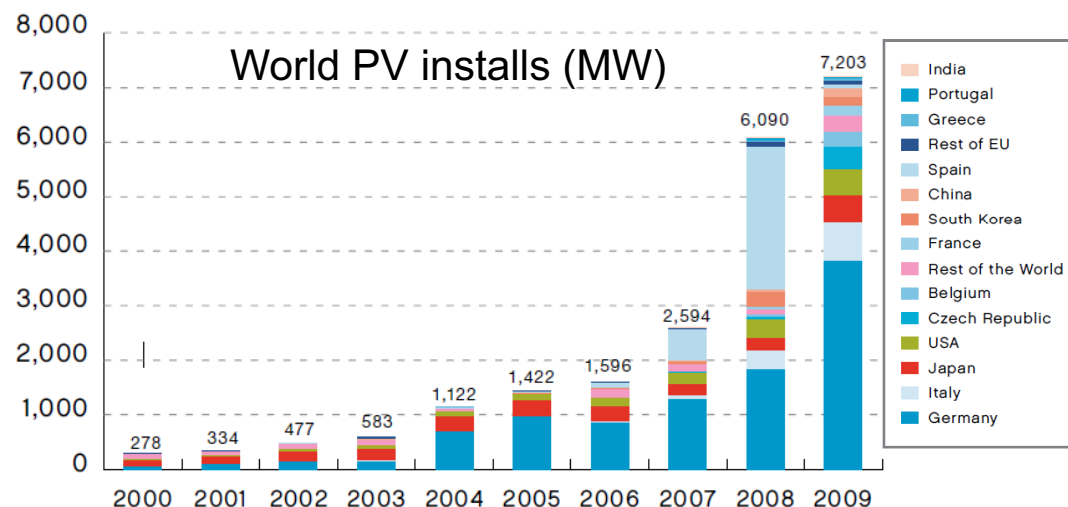


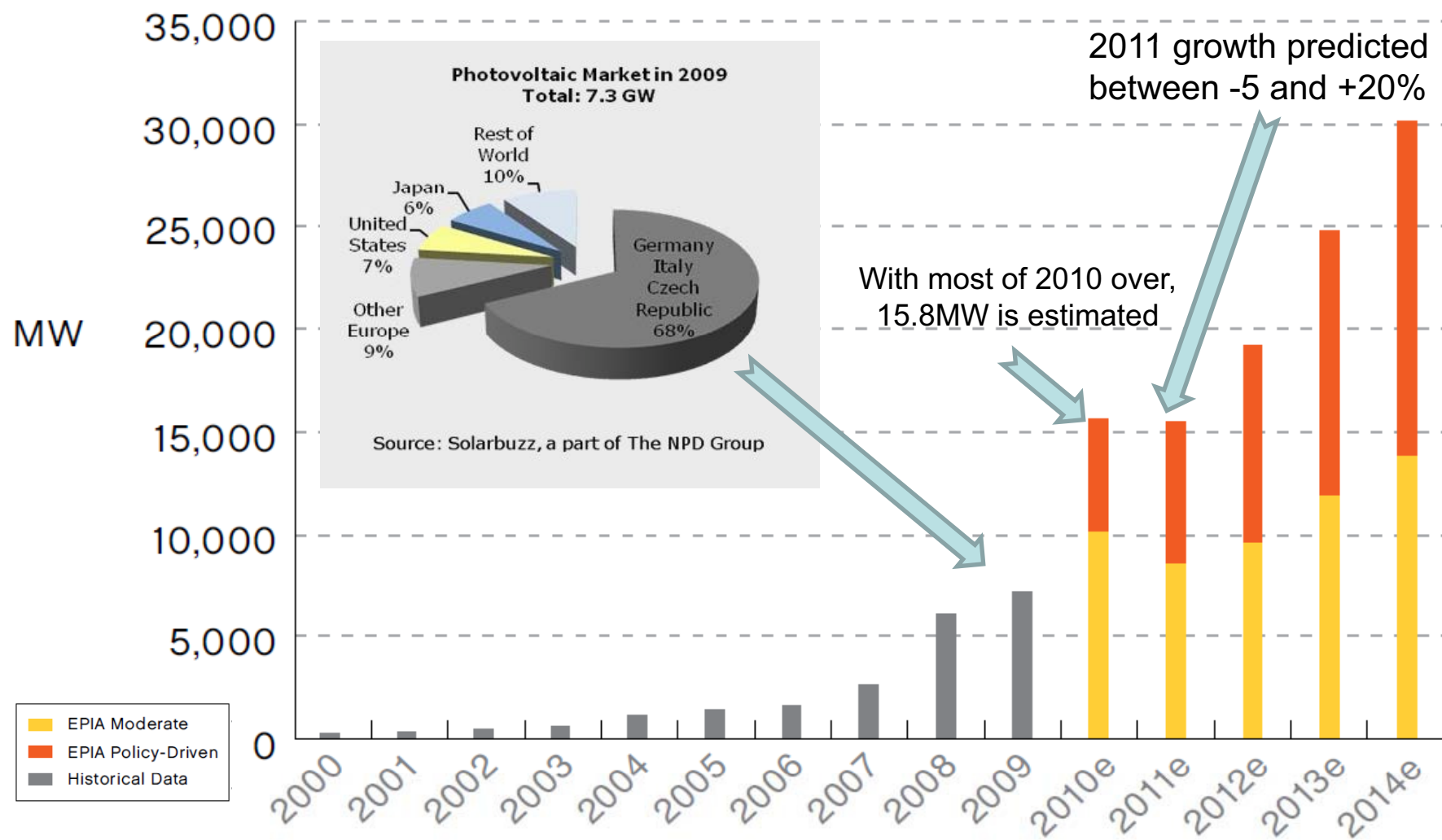
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Solar Market Update

CY2009 World market update – Key events

- ☀ After an expansionary 2008, world market growth stalled in 2009:
 - ✖ The GFC reduced large project spending, primarily in Spain
- ☀ However **market confidence** remained and **positive effects** resulted:
 - ✓ PV panels dropped in cost moving closer to **Grid Parity**
 - ✓ Availability of PV equipment for the **Australian market** improved
 - ✓ With stimulus funding the Asian market grew; Japan, **Australia**, China
 - ✓ Investment in **PV manufacture in low-cost countries** expanded rapidly



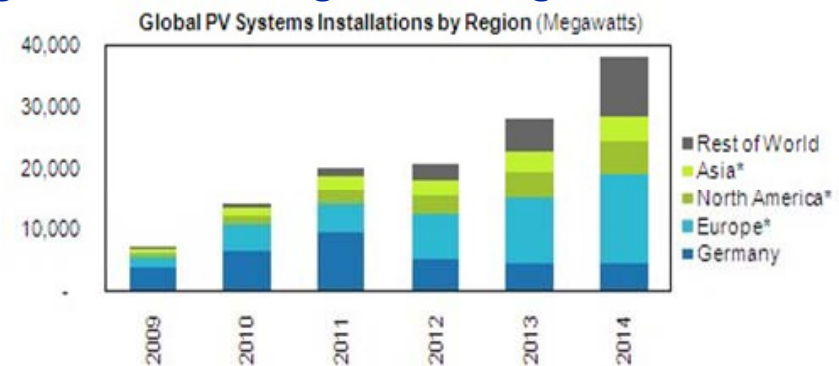


CY2010 World market update – Key events

- ☀ PV pricing and changing government programs **fuels demand**
 - ✓ **PV panel product pricing fell** in the first half and stabilised in the second
 - ✓ Rapidly **reducing PV prices** overtook programed reductions in FiT and subsidies
 - ✓ Germany accelerated FiT reductions at mid and end of year, fuelling a dramatic **increase in demand** to install while returns were at their highest
 - ✓ **Major investment** in PV production plant ramped world wide
 - ✓ **Low-cost Asian manufacturers** take the lead on the supply side releasing quality low-cost inverters and panels from Korea, Taiwan and China
 - ✓ 2010 shipped volume predicted to be 15-16 Gigawatts, **greater than double the prior year**, with Germany approximately 50% of the total
 - ✗ Lack of power electronics **slowed inverter deliveries**, delaying sales in all countries outside of Germany for the first 3 quarters
 - ✗ **Raw material shortages** in 3rd quarter saw limits on panel supplies

World Market CY2011

- ☀ After a dramatic CY2010, world **demand in CY2011 is expected to grow** as we move **closer to grid parity**:
 - ✓ **PV Panel price is expected to fall approximately 15%** over Q1 & Q2 due to reductions in German demand and over supply
 - ✓ Pricing falls expected to **fuel demand** as previously experienced due to; **improved returns, increasing energy costs** and continued community support for renewables
 - ✓ Growth in Q2 - Q4 is expected to drive world market growth “year-on-year”
 - ✓ Germany, southern Europe and the UK, USA and China to drive market
 - ✓ Several **new emerging markets**, including **Australia** to augment this growth
- ☀ Product supply CY2011
 - ✓ **Large investment** in 2009/2010 in key component manufacturing capacity
 - ✓ Supply-side capability estimated at twice expected demand
 - ✓ Raw material supply issues of CY2010 not expected in 2011



*Explanation of Regions: Asia includes China, Japan, Korea; North America includes Ontario (Canada), USA; Europe includes Belgium, Bulgaria, Czech Republic, France, Greece, Italy, Spain, UK

CY2010 Australian Market Update

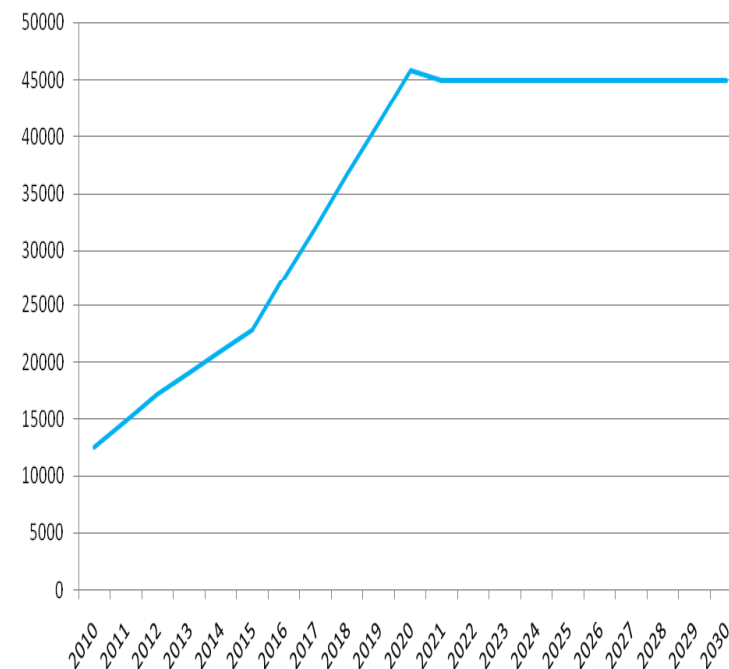
- ☀ Market predicted to be between 150-200MW, ~100% growth
- ☀ Australian market grows rapidly due to:
 - ✓ **Strong sales** around final SHCP installs early in 2010
 - ✓ **REC Solar Credits program** introduced;
 - ✓ removes means test,
 - ✓ increases system size to 1.5kW, and
 - ✓ REC prices stabilise at ~\$35, effectively replacing the SHCP subsidy.
 - ✓ All panel **prices fall** and low-cost panels and inverters released from low-cost manufacturing countries
 - ✓ **Solar Schools**, PV on all schools in Australia, and Solar City programs gather momentum and resulting sales
 - ✓ Most states have **implemented FiTs**, strong take-up under NSW FiT
 - ✓ Government is committed to **large scale solar** and technological developments to support **Grid Parity**

Solar Credits: the underlying program for growth

☀️ Solar credits program & RET, **underpinning growth** for 2010 and beyond

- ✓ **Legislated** and implemented program supported by all parties beyond 2020
- ✓ Small scale REC's set at **\$40*** from January 1st 2011, large scale REC's stay a traded commodity
- ✓ **5 times multiplier** on REC value up to 1.5kW for next 2 years
- ✓ Currently **~\$5,250 subsidy**, to rise to **~\$6,000** at \$40 REC price
- ✓ Consumer out of pocket **reducing rapidly**

RET Target per year 2010-2030
GWh per year



* Government can adjust

Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	From 2015-16 on
Multiplier	5	5	5	4	3	2	No multiplier

Supporting growth: Feed-in-Tariff (FiT) schemes

State	Date	Tariff Rate etc	Reduction from 60¢ Nov 2010	Type	Years	Sectors
NSW	2010	20¢/kWh		Gross	7	TBD
Vic.	1 Nov 2009	60¢/kWh < 5kW		Net	15	Residential, Small Business
QLD	1 July 2008	44¢/kWh <10kVA per phase		Net	20	Residential, Small Business
WA	1 Aug 2010	47¢/kwh < 5kW (Synergy) < 30kW (Horizon)		Net	10	Residential, Small Business
SA	1 July 2008	44¢/kWh		Net	20	Residential, Small Business
Tas.	TBD	TBD		TBD	TBD	TBD
ACT	July 2009	50¢/kWh <10kW 40¢/kWh >10kW		Gross	20	Residential, Small Business
NT	May 2008,	45¢/kWh Alice Springs Solar City only		Gross		



Australian Market CY2010 and beyond

☀️ **Continued growth** in the Australian Market is underpinned by:

- ✓ The **legislated** RET and Solar Credits program along with fixed price small scale REC's
- ✓ Continued PV panel product **price reductions**
- ✓ **Increasing energy costs** and an aging distribution infrastructure
- ✓ The worldwide march to **grid parity** at “point-of-sale” for solar PV



Questions