



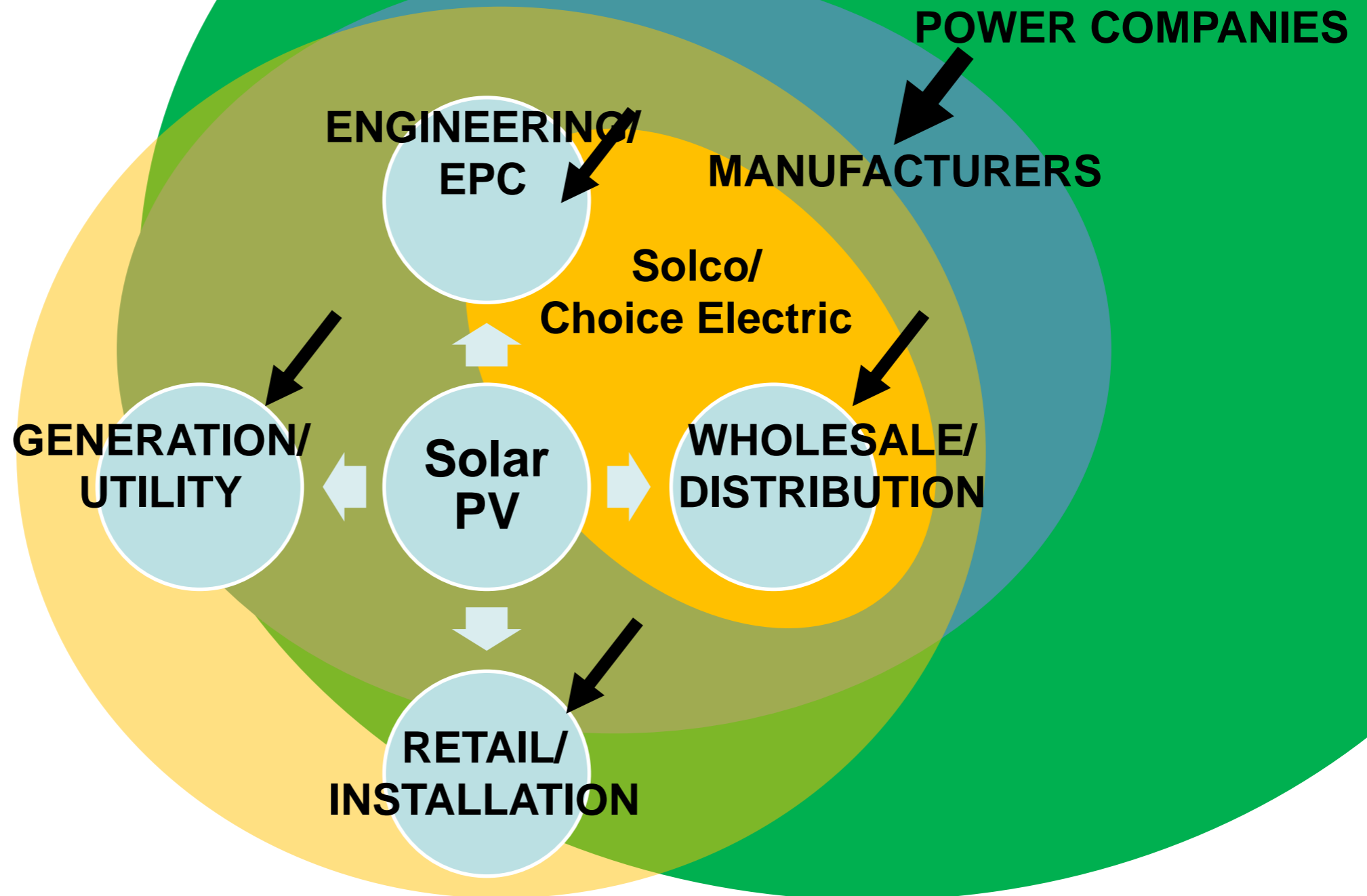
**Solco Ltd (ASX:S00)**  
**Annual General Meeting**  
**CEO Address**  
**Anthony Coles**

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**November 29, 2012**

# SOLAR MARKET



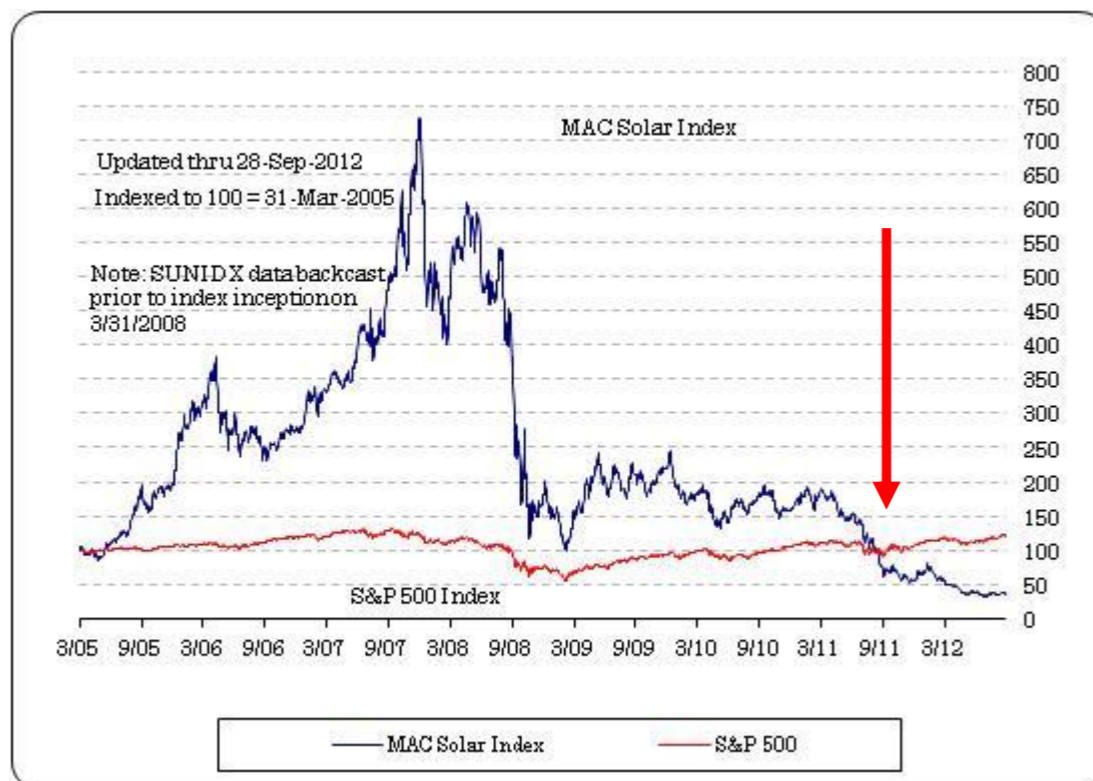
From Manufacturing origins, Solco has been a wholesale business, & now EPC  
Solar PV market dynamics have changed dramatically over 18mths

**Solco strategy is to leverage its ASX listing to lead in Australasian market**

# FY12

## Growing Pains:

- Global oversupply
- Vertical integration – Ingot+Wafer+Cell+Module+EPC\*
- Rebate-fuelled AU rooftop market
- Market dynamics shifted value “downstream”

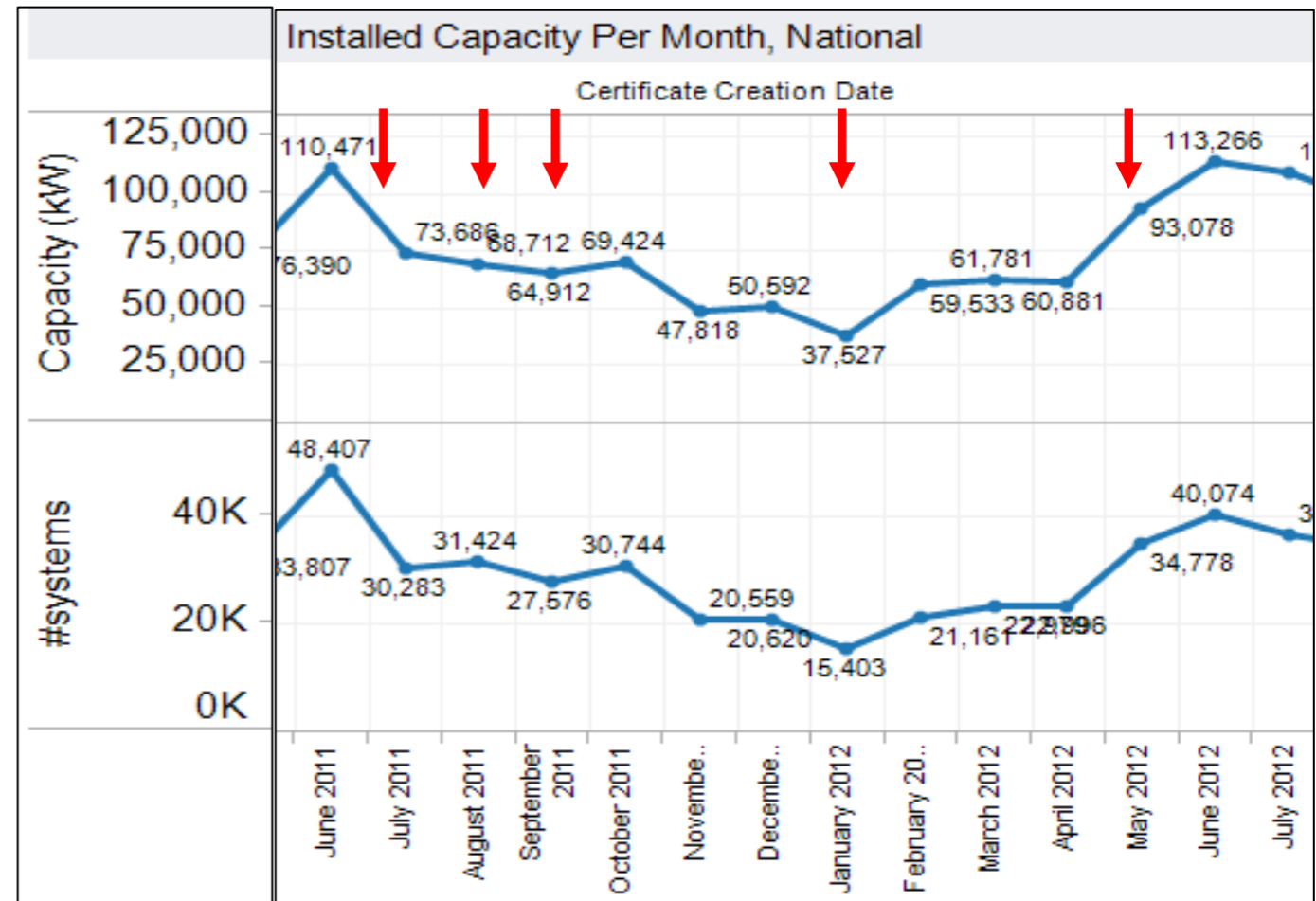


# FY12 – Solco Ltd

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## Solar Roller-Coaster

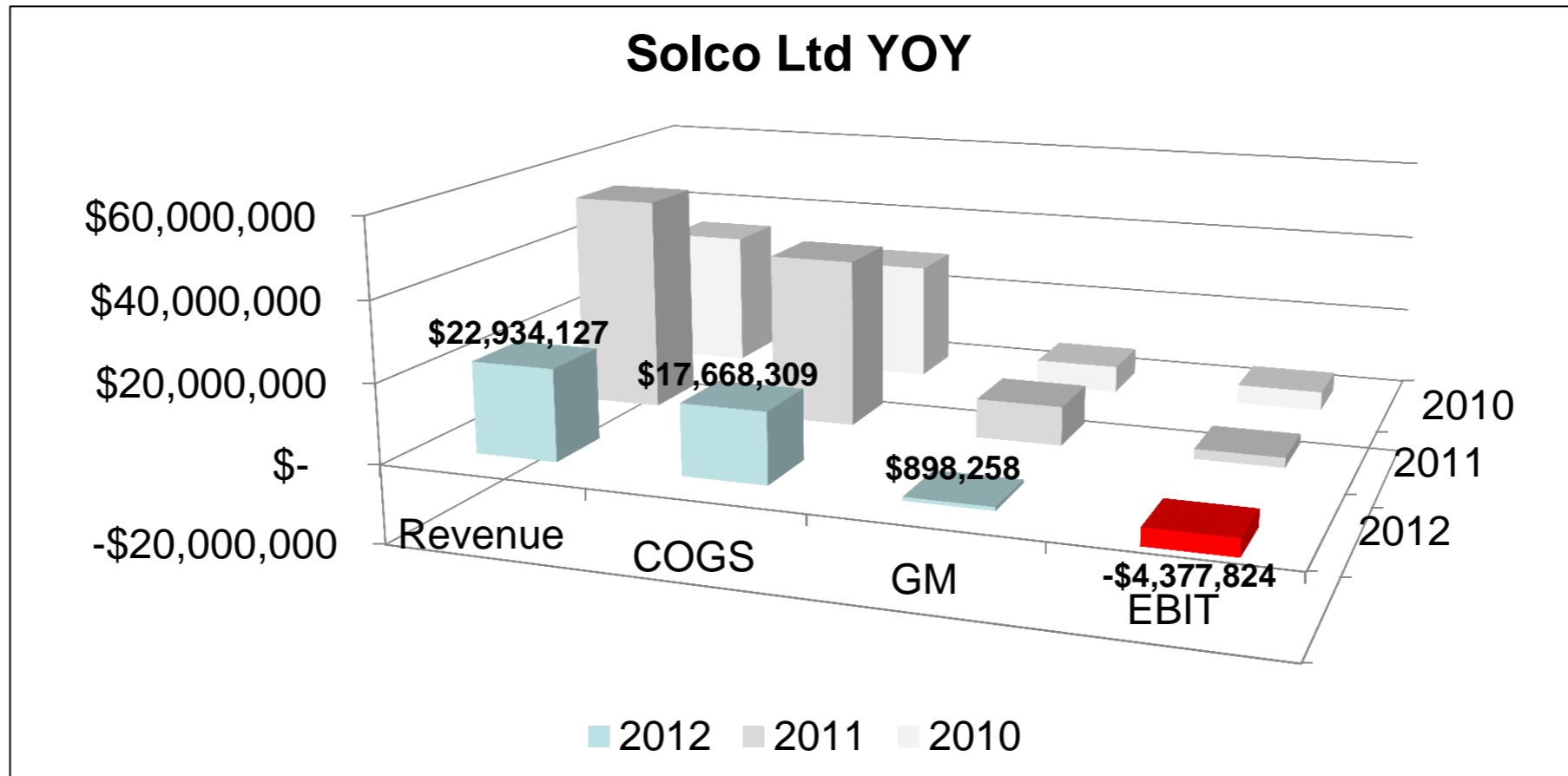
- July – Bullish purchasing
- August – EPR introduction
- September – Solar Shop AU
- October – Redundancies
- Dec/ Jan – Write-Downs
- Q3/ 4 – Structural recovery



# FY12 - RESULTS



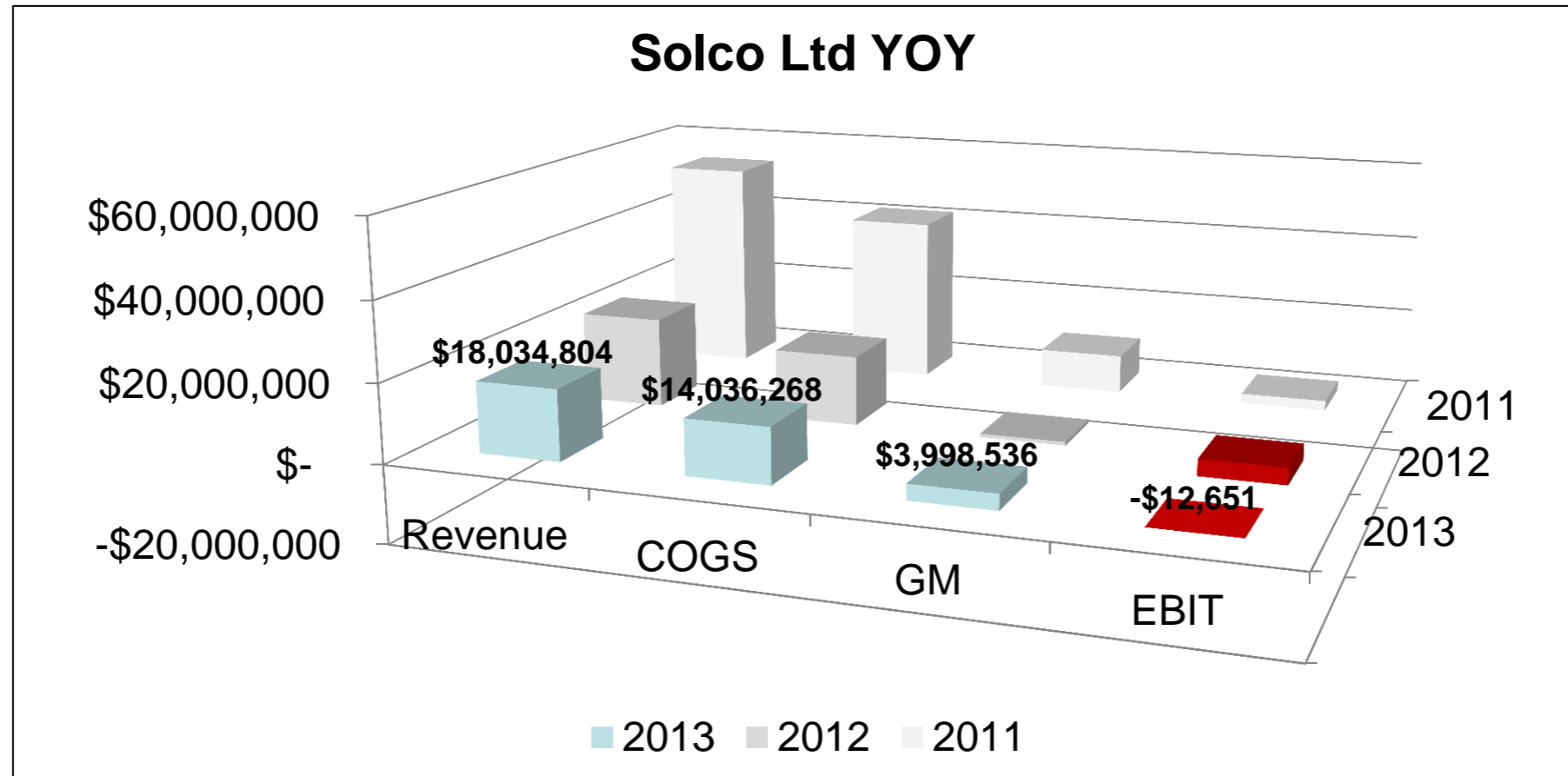
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ITEM	RESULT	ON FY11
<b>REVENUES</b>	\$22.9M	-57%
<b>CASH</b>	\$3.49M	-45%
<b>RECIEVABLES</b>	\$2.29M	-48%
<b>INVENTORIES</b>	\$3.53M	-50%
<b>PAYABLES</b>	\$2.32M	-57%
<b>EBIT</b>	-\$4.38M	-278%

# FY13 – BUDGET FORECASTS

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ITEM	FORECAST	ON FY12
CASH	\$1.6M	-49%
REVENUE	\$18M	-25%
COGS	\$14M	-40%
GM	\$3.9M	350%
EXPENSES	\$4M	-29%
EBIT	-\$0.0012M	400%

# FY13 – EXISTING OPERATIONS

## Wholesale/ Distribution Business:

- Continued pressure Gross Margins/ EBIT
- Blurring of the lines
- Global oversupply – no borders to supply
- Buy better/ Sell better
- Focus on higher margin Pumping/ Off-Grid
- **OPERATIONAL FOCUS**
- **Needs to grow market share - Organically/ via Acquisition\***
- **Re-focus on heritage in off-grid**
- **Build on expertise in pumping, power optimisation**
- **Build back confidence with core customers – service & supply**

# FY13 – EXISTING OPERATIONS

## Engineering/ EPC Business:

- Immature commercial market in AU, maturing fast
  - Markets in US, EU tightening – EPC's coming here to get to...
  - Hyper-growth of CN/ JP
- Investment uncertainty still for M+
- Needs lower-cost capital and solid PPA's
- **OPERATIONAL FOCUS**
- **needs to grow top-line - Organically/ via Acquisition\***
- **Focussing on Diesel replacement market – strong heritage**
- **Accessing funding (lease/ debt finance)**
- **Leveraging ARENA/ CEFC links**
- **Mature project management disciplines in immature pv market**





## PRODUCT/ SERVICE AREAS:

### Consulting Engineering

- Feasibility/ Audit
- Grid-Connect
- Off-Grid (Storage/ Pumping)
- Diesel Integration/ Hybrid

### EPC

- Engineering/ Design
- Quote/ Procure\*
- Project Manage Build
- Commission

### Monitor/ Maintain





# FOCUS - STORAGE/ OFF-GRID/ HYBRID FRINGE-OF-GRID/ COMMERCIAL



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## Commercial/ Govt.



## Mining Sites &



## Accommodation



## Off- Grid



## Irrigation



## Fringe-of-Grid

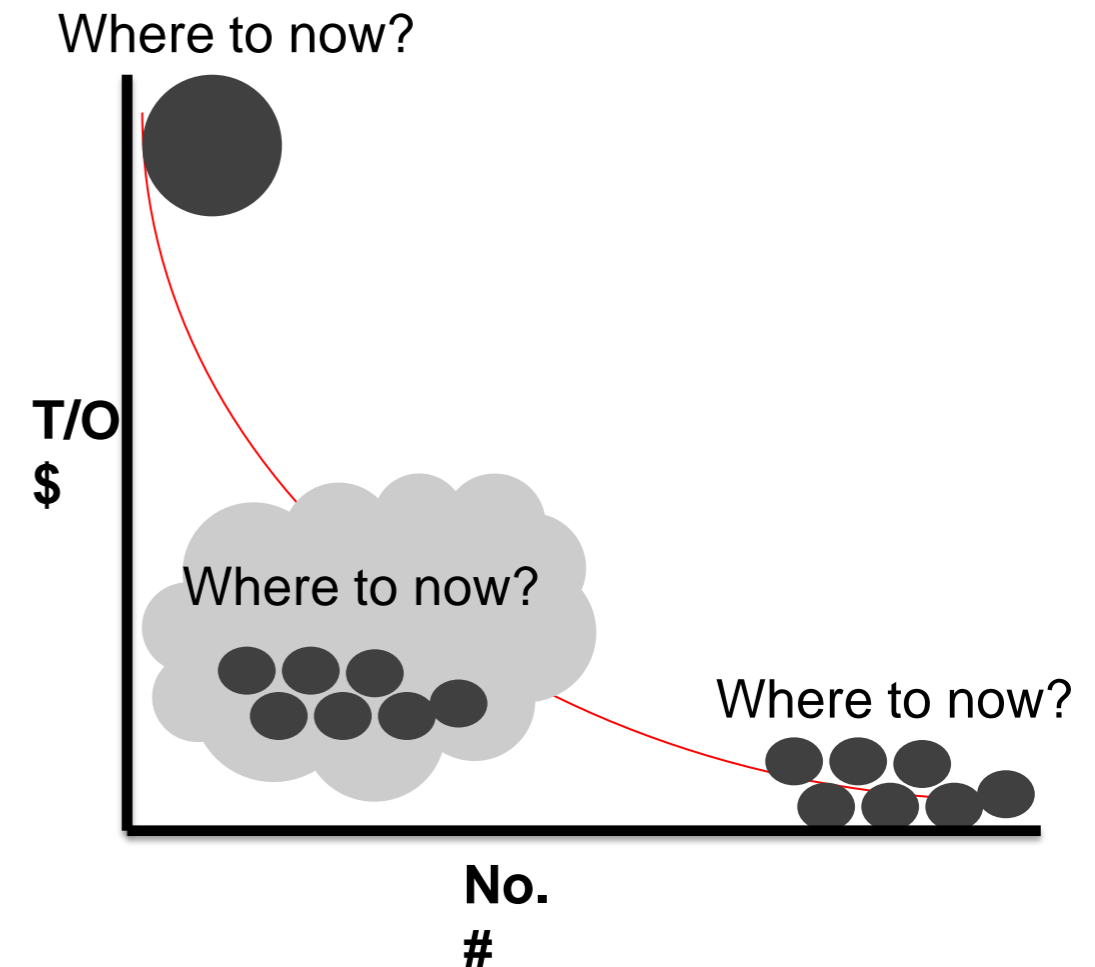




# BLUE-SKY - RETAIL

## Retailer/ Installer Business:

- “Long-Tail” model developing
  - Fewer large, More small
- Unsustainable market
- Still opportunities for innovation in lead generation and services
- Currently in M&A discussions



# BLUE-SKY UTILITY-SCALE SOLAR



## Generation/ Utility Business:

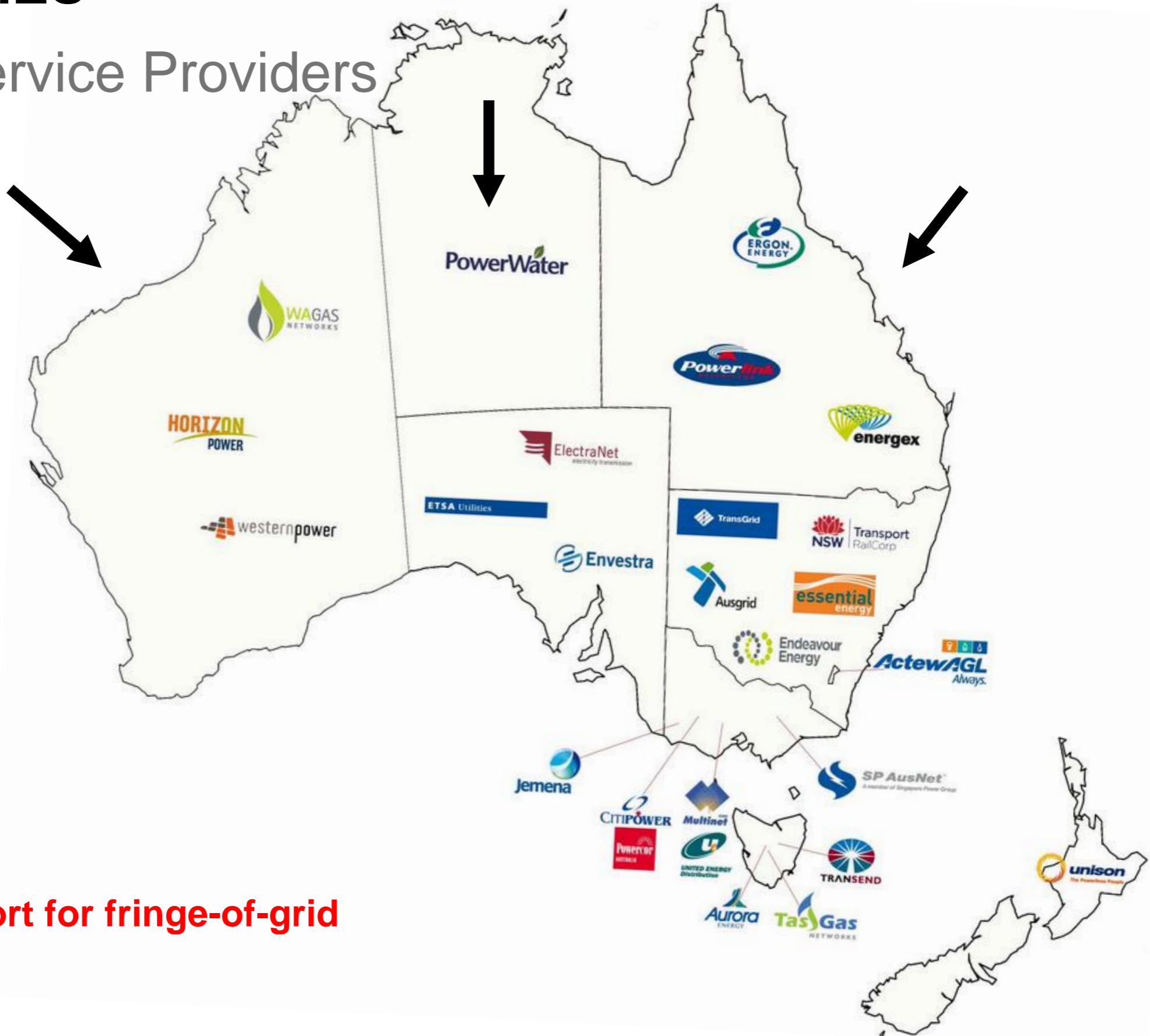
- Defended by traditional players
- BOO still Immature in AU
- Lack of “PV-Friendly” funding
- Currently in M&A discussions





# “FRIENEMIES”

## Network Service Providers



Wanting support for fringe-of-grid

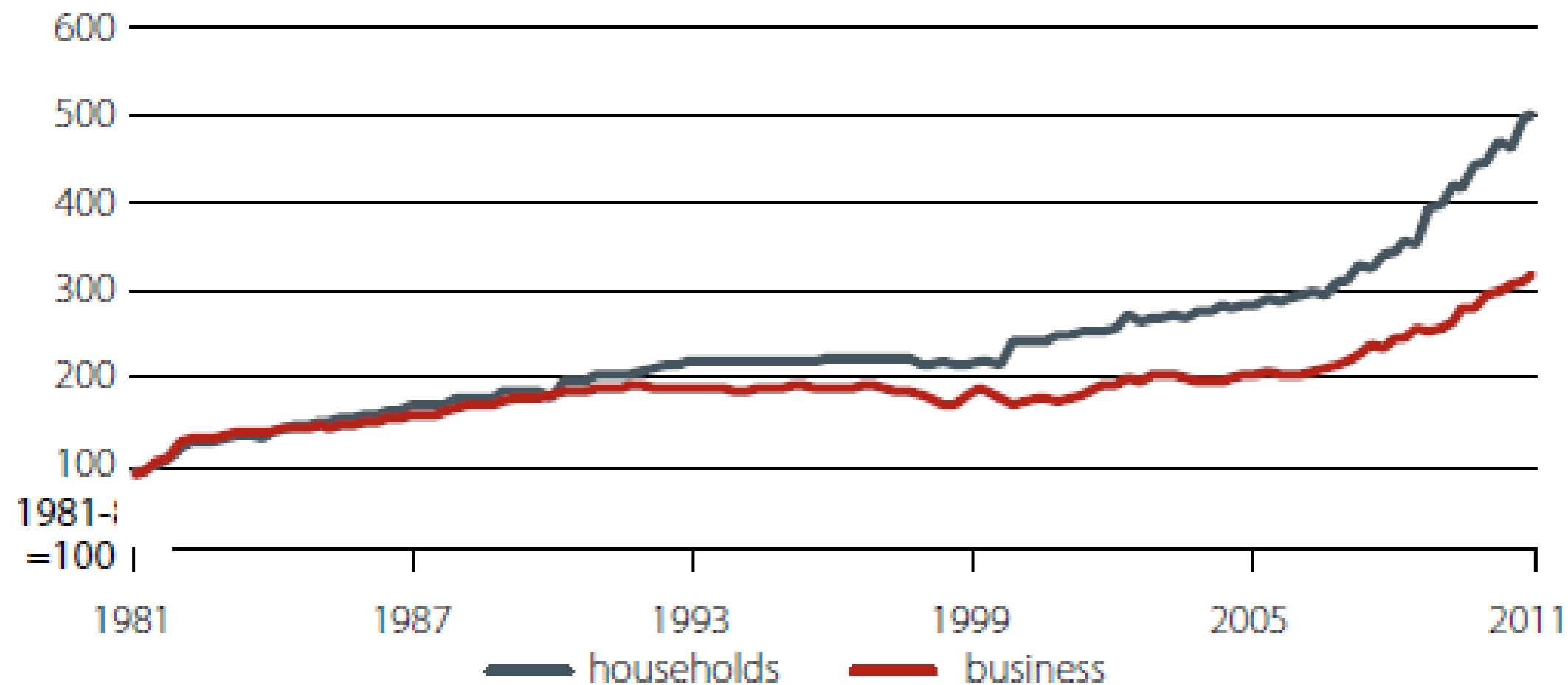
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# MARKET OPPORTUNITY

Rising Energy Costs – Grid/ Off-Grid

Reduced PV Component Costs

Figure 18: Electricity price indices for households and businesses, Australia



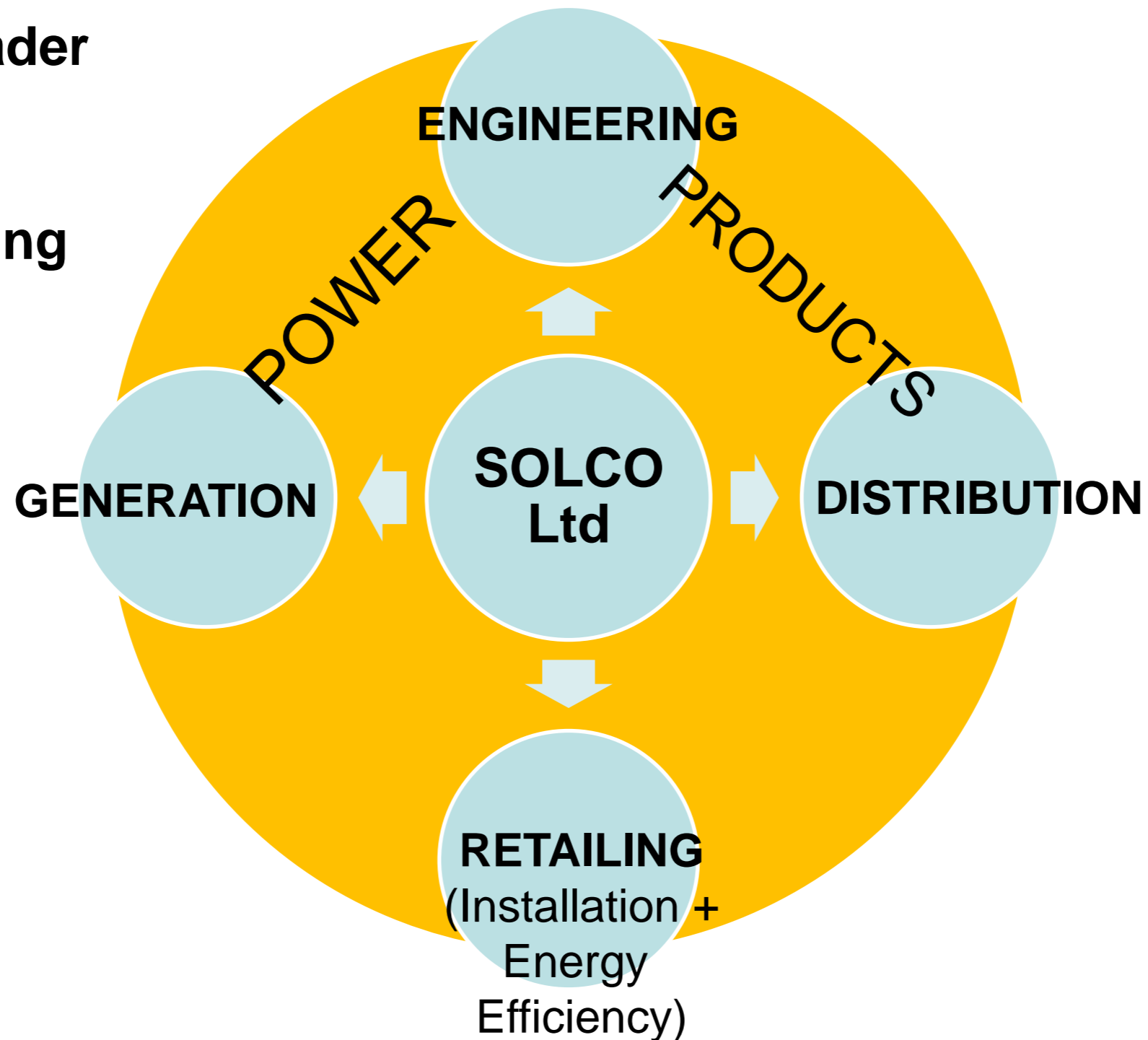
Source: ABS 2011, Producer Price Indexes, Australia, cat. no. 6427.0; Consumer Price Index, Australia, cat. no. 6401.0.

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# STRATEGIC DIRECTION...

## POWERING AUSTRALIA'S SOLAR ENERGY FUTURE

- Market Leader
- Innovator
- Integrated
- Value-Adding



# STRATEGIC DIRECTION...



## POWERING AUSTRALIA'S SOLAR ENERGY FUTURE

### **Purpose:**

To leverage our listing to be a leader in the maturing AU PV industry

### **Strategy**

To operate a “house of brands” with individual specialist businesses servicing customers in each of the channels to market

### **Goals**

Doubling in turnover each year through to 2015, 6% EBIT



# THANK YOU

## ANTHONY COLES, CEO

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