

solcoltd

AGM CEO PRESENTATION

Nov 2013

Powering Australia's solar energy future...



CORPORATE STRATEGY

Changing the way people buy their power...

History

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2008-2011

- Manufacturing origins
 - Pumping/ SHW
- Moved into Wholesale
 - 2004 Choice Electric (est. 1998)
 - 2010 Lorentz Pumps (AU)
- Moved into Direct/ EPC
 - 2011
 - Engineer, Procure, Construct



Australian Solar Market **solcoltd**



Ave 74MW/mth

Ave 18k installs/mth

Ave 4kW system size

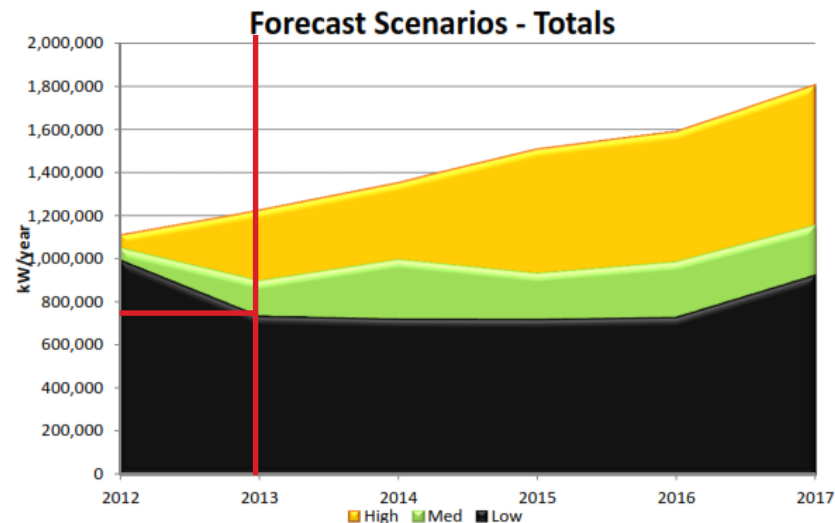
Ave \$2/W installed*

Market Forecast

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2013-2017 PV Market

- Est. worst-case 750MW pa market
- @ \$2/W* = \$1.5B market
- Market Sectors
 - Grid-Connect – distributed (rooftop)
 - Grid-Connect – centralized (utility)
 - Off-Grid – domestic (+storage)
 - Off-Grid – commercial/ industrial
- Solar Pumping[#]
 - A developing market not covered by these figures.
 - Irrigation/ Agriculture/ Mining/ Leisure



Recent History

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2012

- Wholesale review & restructure
- EPC consolidation
- M&A discussions
 - Wholesale, Direct, Finance
- Federal/ State legislative changes
- Global over-supply (PV)
 - Margins challenged
 - Top-line revenues challenged
 - OpEx thrift required

2013

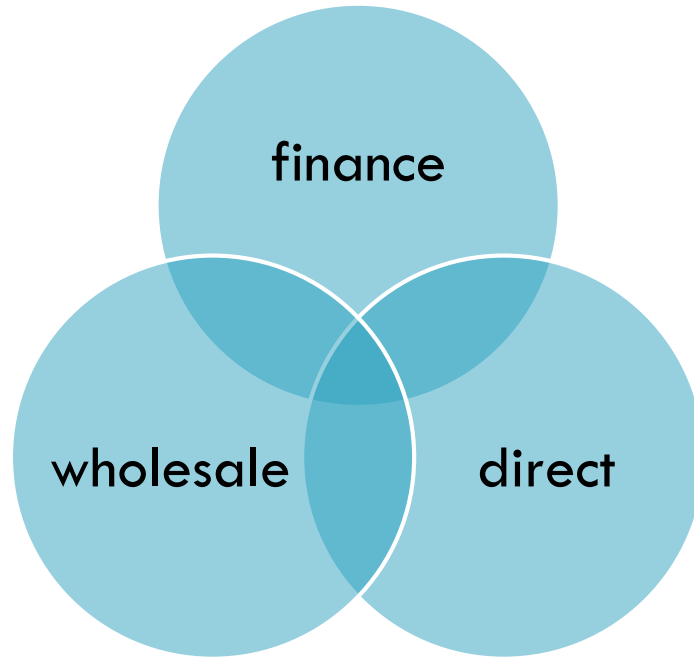
- M&A discussions
 - Wholesale, Retail, Generation, Leasing
- Finance business acquisition
- Warehouse/ Office relocation
- Customer Database development
- Re-branding
- Preparation for Capital Raising
- Maturing market (post-rebate)
 - Consolidation required

Strategy

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SolcoLtd, the corporate entity, supports the operational businesses in key channels, with a structure flexible enough to adjust to shifting market demands.

Leveraging listing to facilitate consolidation of maturing industry.



Market Opportunities solcoltd

- **RESIDENTIAL** (via wholesale biz)
 - Still a strong underlying market
 - Redistribution of market share
 - QLD-NSW
 - Re-establish WA, SA/ NT
 - Warehouse/ Logistics supp
 - Technical Sales support
 - Finance
 - Quoting tools/ Software
 - STC trading

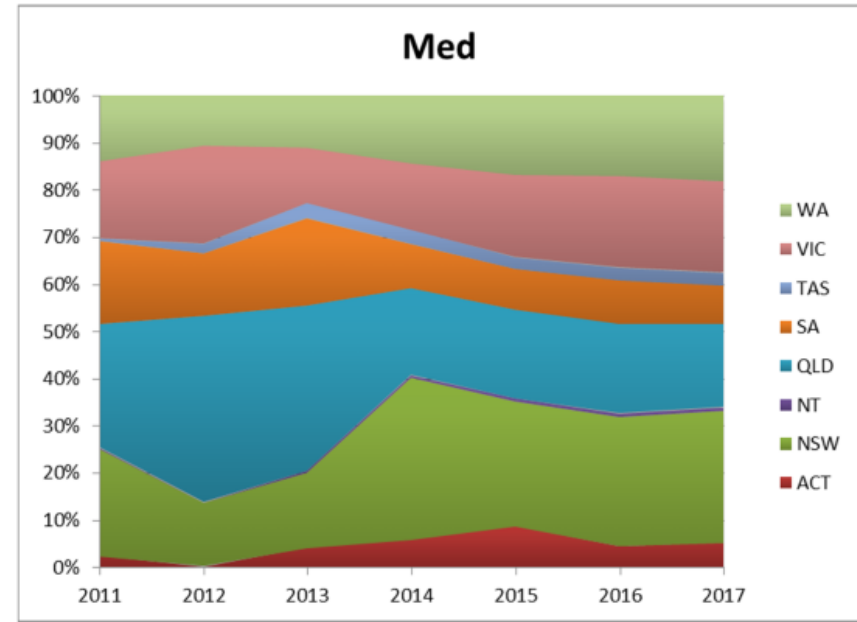


Figure 11: Market share by state, Medium scenario

Market Opportunities **solcoltd**

- RESIDENTIAL
- Retro-fit[#] market
 - 1-2kW >5yo
 - Moving on, or upgrade
- Access through Finance offering via Reseller network

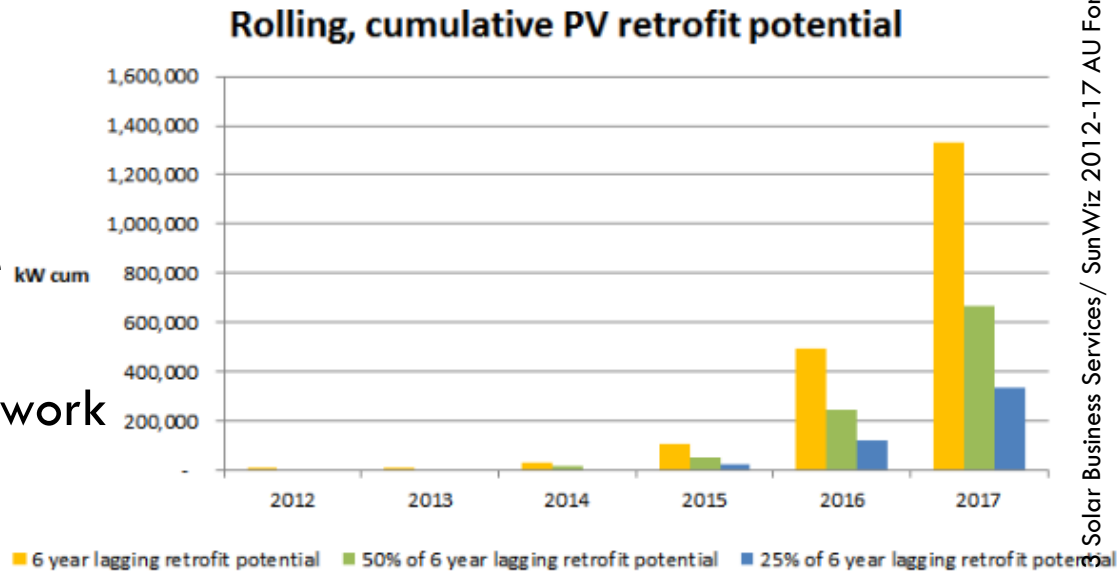
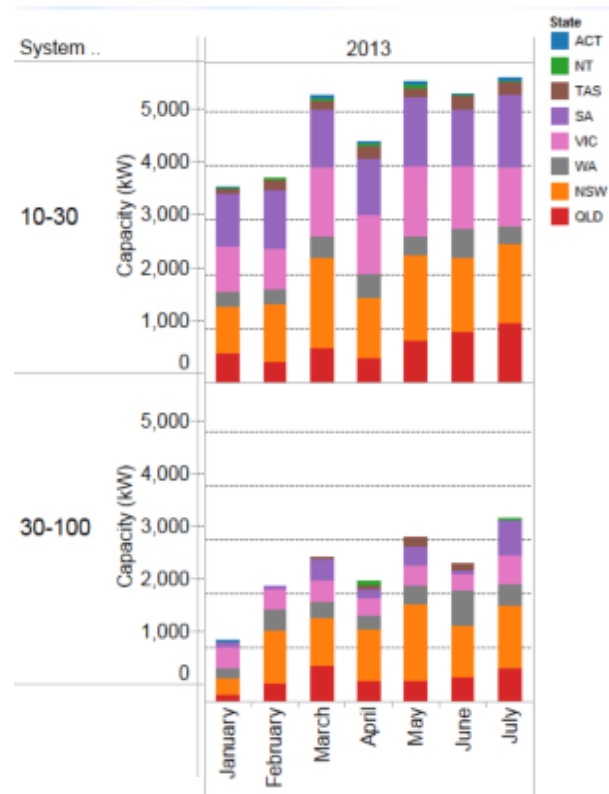


Figure 9: Retrofit Potential

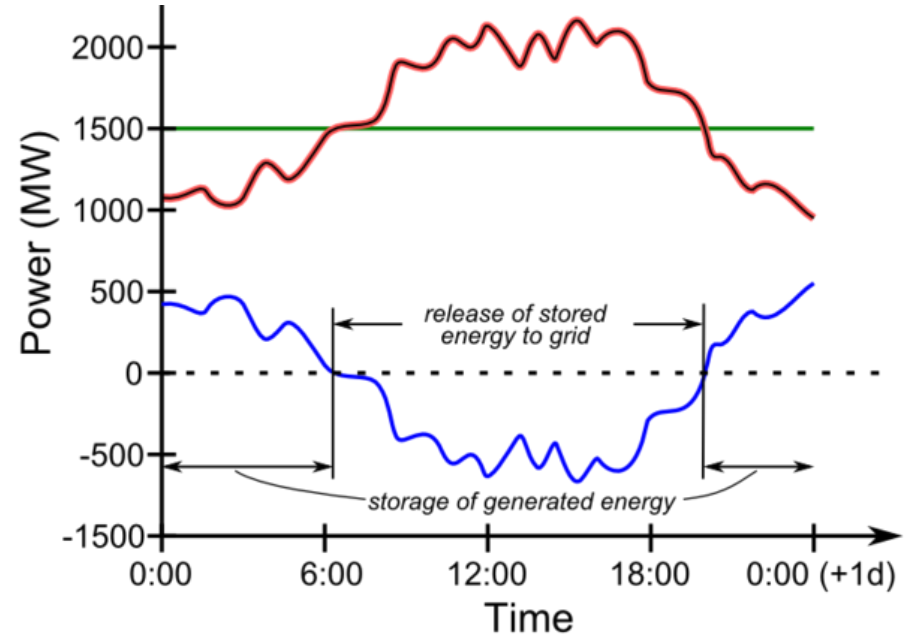
Market Opportunities **solcoltd**

- Small-Commercial/ SME
- Facilitated by Finance
- Access via
 - Wholesale
 - Direct



Market Opportunities **solcoltd**

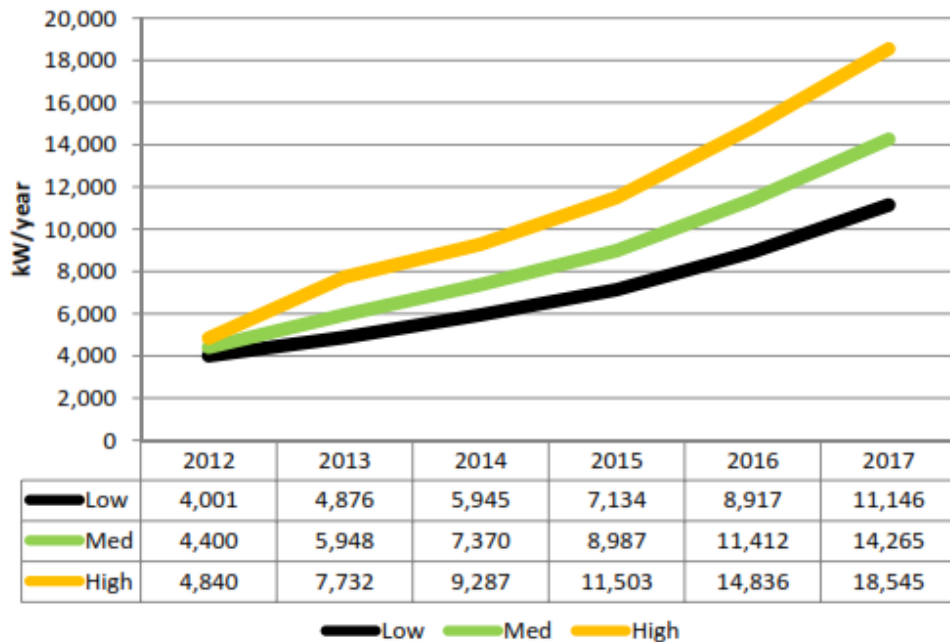
- Storage
 - load-shifting
 - grid autonomy
- Access
 - via Wholesale network
 - niche Finance packages



Market Opportunities **solcoltd**

- Off-Grid (Commercial)
 - Diesel replacement
 - Water movement/management
- Accessed via
 - Wholesale
 - Direct (EPC)

Forecast Scenarios - All Off Grid



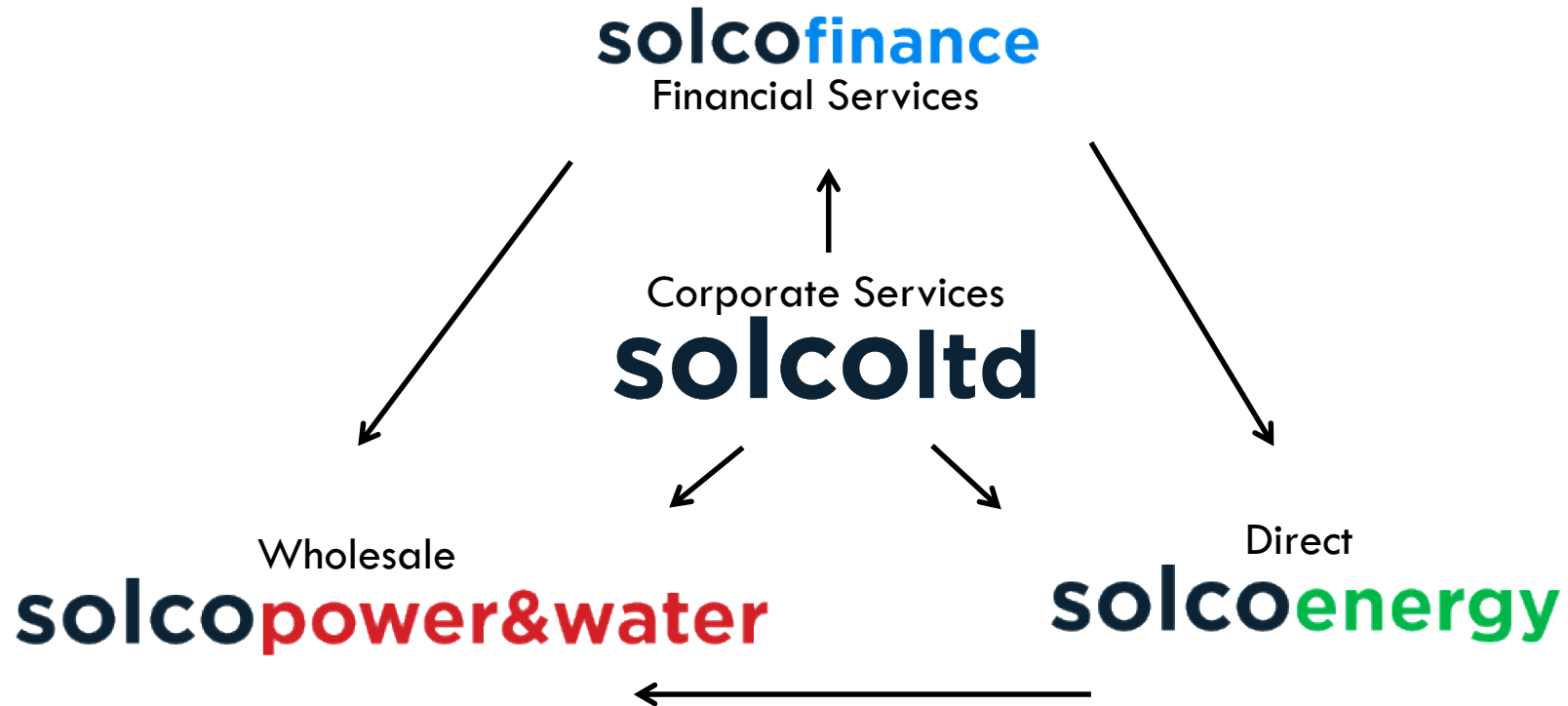
Strategy

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- FINANCE is a key strategic enabler in the post-rebate solar energy market.
 - Known to Analysts & Brokers
 - Brings “PV-Friendly” funds into the market
 - Enables the “re-introduction” of Solco’s wholesale offering

FINANCE is *defendable*, (ie: distances us from smaller solar players), *differentiating*, (implies a larger, stronger corporate entity with good governance), and *dynamic* (ie: allows the development of new products to service niche markets)

Integrated energy business



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OPERATIONAL BUSINESS FOCUS



FINANCE

Finance for solar people, by solar people

solcofinance.

SOLCO FINANCE

- 2013 acquisition of start-up business established by AFG
- Online Credit Application
- 24hr* Approval
- Residential/ Commercial
- Operating/ Finance Lease
- Originator for Larger lending institutions (Personal Finance)

Important: Australian Government licensing requirements for Financial Services are some of the most rigorous in the world. Solco is committed to meeting Compliance requirements.

Only accredited SolcoFinance resellers will be authorised to offer SolcoFinance products.

RESELLER BENEFITS

The screenshot displays the SolcoFinance website interface. At the top, there are links for 'Terms & Conditions', 'Privacy Policy', and 'Application Portal'. The main header includes the 'solcofinance.' logo and navigation links for 'About Roof Leasing', 'Our Story', 'FAQ', and an 'ENQUIRE' button. The central banner features a man installing solar panels with the text 'Apply to be a roof lease dealer today'. Below this, there are sections for 'Solid Returns' and 'Flexibility Options', each with a list of products and a 'Calculate Return' button. A large orange box at the bottom contains the text 'The future is bright call us now 94454321'. The footer includes the 'solcofinance.' logo, navigation links, and a contact form with fields for 'Full Name', 'Email', and 'Message', along with a 'Go' button.

- Secure online “PORTAL”
- PV-friendly finance
- Online credit application process
- SolcoFinance credit management
- Reseller customer management
 - Pre-Approval



WHOLESALE

Powering local solar businesses

solcopower&water

WHOLESALE

A strong return to service the National market on the back of new Finance offering

Build on Solco/ChoiceElectric heritage

Solco Power

- Electricians/ solar retailers

Solco Water

- Pumping/ irrigation dealers

- **Industry-leading** vendor partners.
- National warehousing & dealer network.
- Integrated Finance offering.
- Technical expertise, (Off-Grid/ Pumping)
- Integrated service offering, backed by Solco Ltd

solcopower&water

NATIONAL DISTRIBUTION - WATER



WATER



Lorentz Pumps

- Committed to excellence
- Designed for efficiency (DC)
- Solar Pump specialists

Irrigation (surface)

- New market

Leisure (pools)

- New market

Stock/ Ag (submersible)

- Growing market



POWER – NEW VENDOR RELATIONSHIPS

Panels



Inverters



Power Optimisers



Racking



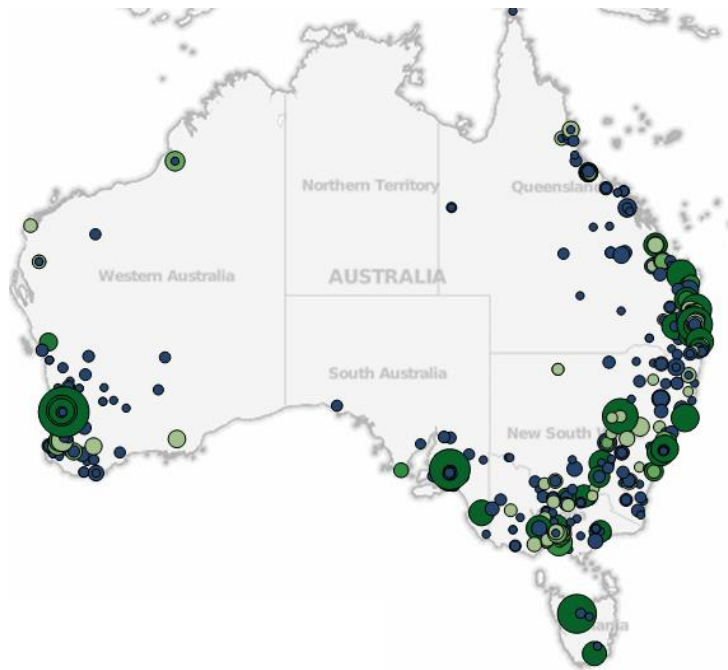
Batteries



Regulators



NATIONAL DEALER NETWORK



- Searchable Installer Database
 - Accredited
 - CEC/ Solar Council
 - Approved Product
- Powered by Solco (ASX)
 - 20years in solar
 - Products (Solco Power & Water)
 - Engineering (Solco Energy)
 - Finance (Solco Finance)

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DIRECT

Engineered with confidence

solcoenergy

DIRECT/ EPC

Commercial/ Utility-scale Solar

- Large companies and Government entities like to deal with a company with a strong balance sheet, and that are here for the long-term.
- SolcoEnergy can build on its commercial-scale Project origins.



BHP Remote Area Power Station – Hybrid diesel/ solar/ battery

solcoenergy

DIRECT/ EPC

Commercial/ Utility-scale Solar

- As the market matures, economically-viable industrial-scale solar power plants will need building, owning and operating.
- We want to position SolcoEnergy as a key player in this space



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ASX:SOO

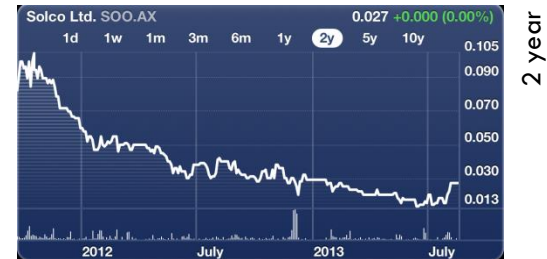
Powering Australia's solar energy future...

INVESTMENT

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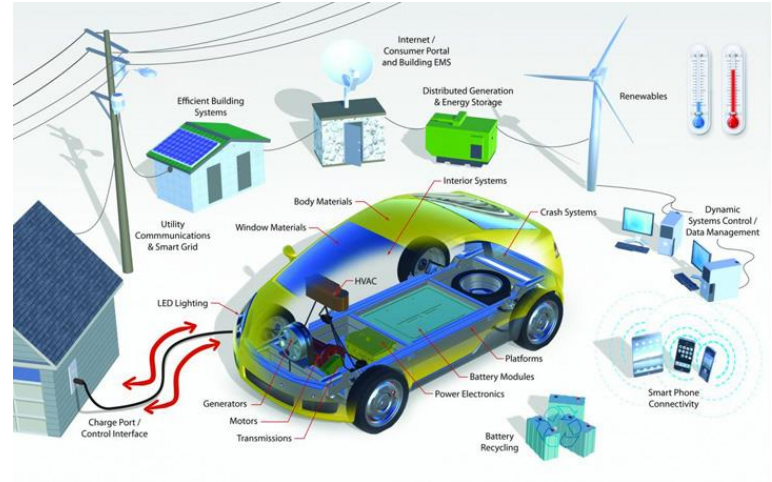
Investment

- Investors are looking for a well-managed company that is positioned to capitalise on the changing market dynamics in the energy sector.
- Market responded positively to recent announcement of Finance business establishment, and positive cashflow in Q4 2012/13
- Investment will come into the sector when reliable business models are presented and delivered on



New Energy Market

- As market dynamics drive energy reform, Solco is well-positioned to build on its heritage
- Solco needs to be financially-strong, well managed, and innovating in new products and services to meet the changing consumer marketplace



NEW ENERGY BUSINESS (ANALOGY)

Old Media



New Media



Distributed Publishing

Traditional media business models were disrupted by new service offerings:

- ie: converging new technologies enabled distributed publishing

Old Energy



New Energy



Distributed Generation

The same is happening now in energy due to the convergence of renewables and other (storage/pumping) technologies under distributed generation:

- Electricity Generators, T&D Co's and Retailer's assets and business models are all being challenged.
- Solco can help drive disruptive change in the sector



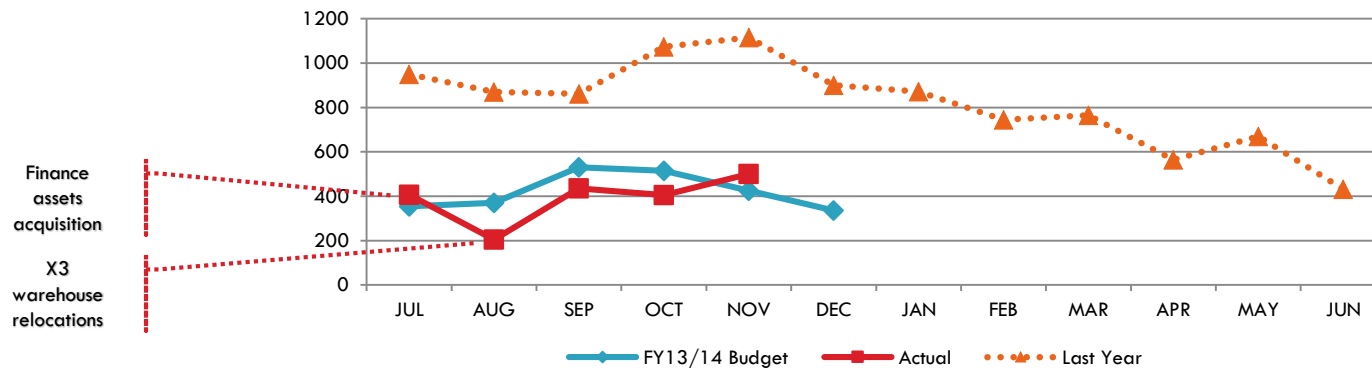
2014

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Market Guidance

- Revenue to October \$1.4M
- Pro-rata to December \$2.1M

FY13/14
Sales Actual v Budget



END

Powering Australia's solar energy future...