



A Developer's Access to Equity Capital: Public vs. Private

Mortimer Menzel

AUGUSTA & CO

MERCHANT BANKERS

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The cost of public equity

Company	Country	Share Price 28-Mar-08	Market Cap. (€m)	EV (€m)	EV / Revenues		EV / EBITDA		EV / EBIT		P/E Ratio ¹	Cost of Equity ²
					LTM	2008F	LTM	2008F	LTM	2008F	2008F	in %
Developers												
Babcock & Brown Wind Partners	Australia	AUD 1.5	757.4	1,279.0	16.7 x	12.6 x	18.0 x	17.0 x	28.2 x	24.3 x	37.5 x	12.5%
EdF Energies Nouvelles	France	EUR 38.8	2,410.2	3,077.1	5.5 x	6.2 x	22.0 x	18.1 x	32.2 x	24.8 x	29.6 x	8.6%
Energiekontor	Germany	EUR 3.9	58.1	142.3	3.0 x	5.1 x	9.6 x	13.9 x	14.6 x	66.7 x	n.m.	10.4%
Iberdrola Renovables	Spain	EUR 4.6	19,430.7	20,233.7	12.8 x	10.4 x	26.0 x	17.9 x	46.7 x	29.6 x	46.0 x	n.m.
Plambeck	Germany	EUR 2.3	94.9	124.8	1.9 x	1.8 x	n.m.	7.8 x	n.m.	8.4 x	8.5 x	9.3%
Theolia	France	EUR 19.2	740.8	674.9	2.2 x	2.1 x	15.9 x	10.5 x	22.1 x	15.9 x	63.8 x	7.5%
Mean					7.0 x	6.4 x	18.3 x	14.2 x	28.8 x	28.3 x	37.1 x	9.6%
Median					4.2 x	5.6 x	18.0 x	15.4 x	28.2 x	24.6 x	37.5 x	9.3%
Turbine Manufacturers												
Clipper Windpower	UK	GBP 5.2	697.8	623.9	n.m.	1.0 x	n.m.	n.m.	n.m.	n.m.	n.m.	6.6%
Gamesa	Spain	EUR 29.3	6,802.7	7,038.7	2.1 x	1.9 x	15.0 x	12.4 x	28.2 x	19.5 x	15.0 x	9.7%
Nordex	Germany	EUR 23.3	1,557.5	1,429.6	2.3 x	1.4 x	34.5 x	14.1 x	51.6 x	18.9 x	23.5 x	10.0%
Repower	Germany	EUR 150.4	1,352.5	1,322.1	1.9 x	1.5 x	n.a.	19.1 x	47.2 x	25.7 x	37.7 x	10.7%
Suzlon	India	INR 270.0	6,418.3	6,994.1	3.8 x	3.0 x	23.8 x	19.3 x	27.6 x	22.3 x	31.1 x	n.m.
Vestas	Denmark	DKK 516.0	12,817.2	12,198.4	2.5 x	2.0 x	21.9 x	14.3 x	27.5 x	18.7 x	27.1 x	9.5%
Mean					2.5 x	1.8 x	23.8 x	15.8 x	36.4 x	21.0 x	26.9 x	9.3%
Median					2.3 x	1.7 x	22.9 x	14.3 x	28.2 x	19.5 x	27.1 x	9.7%

Notes:

¹ P/E ratio uses EPS estimates from various brokers notes

² Ignores dividends and is indicative only

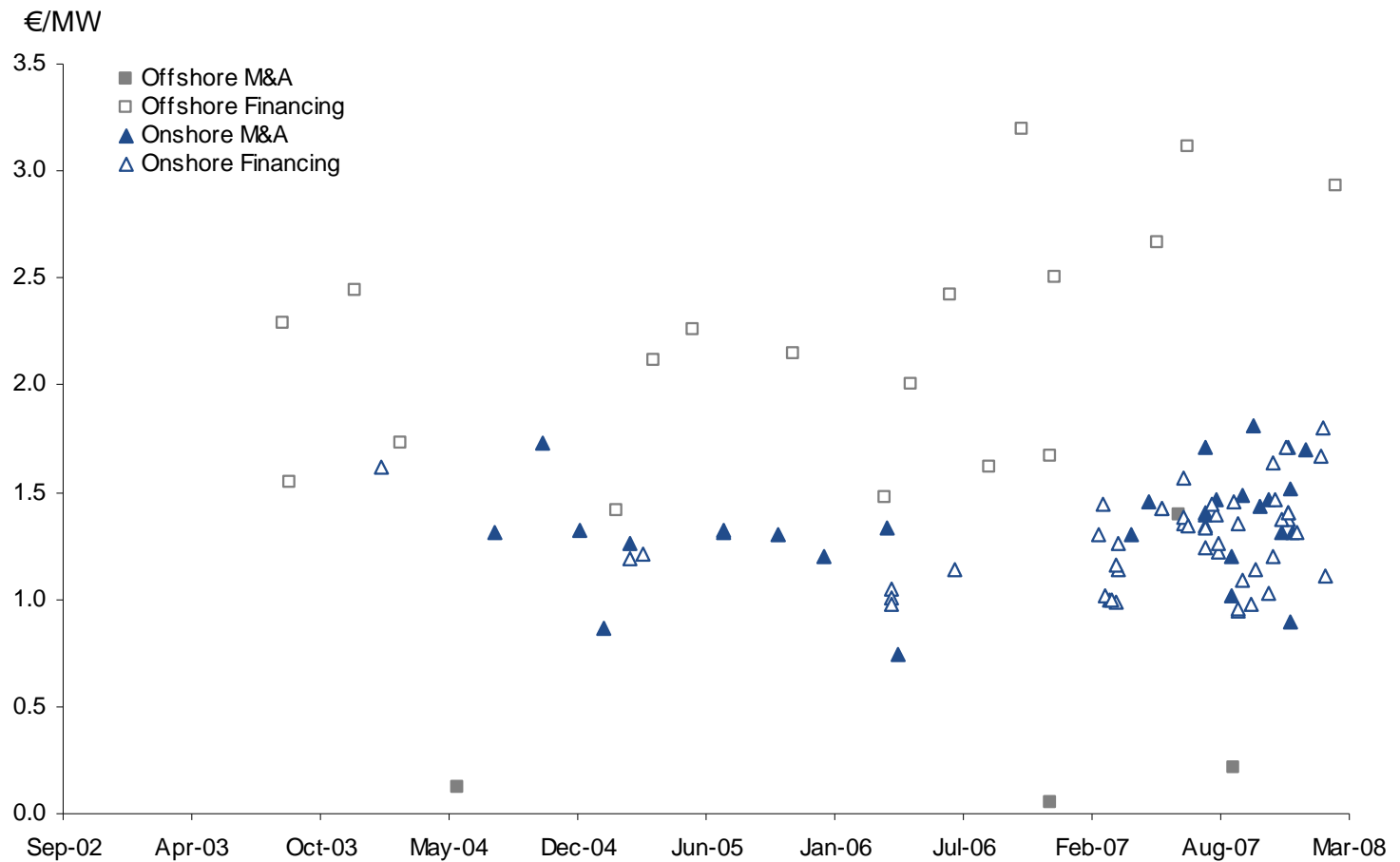
² Cost of Equity = RFR + (β * RP), RFR = 4.5% and RP = 4.5%

The cost of private equity in asset values

Windfarm transactions (€/MW)

Valuations have been increasing and are widening

Have we reached the top?



The cost of private equity in project IRRs

	Onshore	Offshore
Investment Costs €/kW	~ 1,400	~ 2,500 *
Capacity Utilization	20 - 35%	30 - 45%
Investment Costs €/kWh	~ 50 - 80 cents	~ 60 - 100 cents
Operating Cost	1.5 - 1.8 €/kWh	~ 1.6 - 2.0 €/kWh
Debt Service Cover Ratio @ P90	1.1	1.2 - 1.3
Proj. Fin. Leverage	80 - 90%	70 - 80%
Equity IRR @ P50	7 - 10 %	18 - 22%

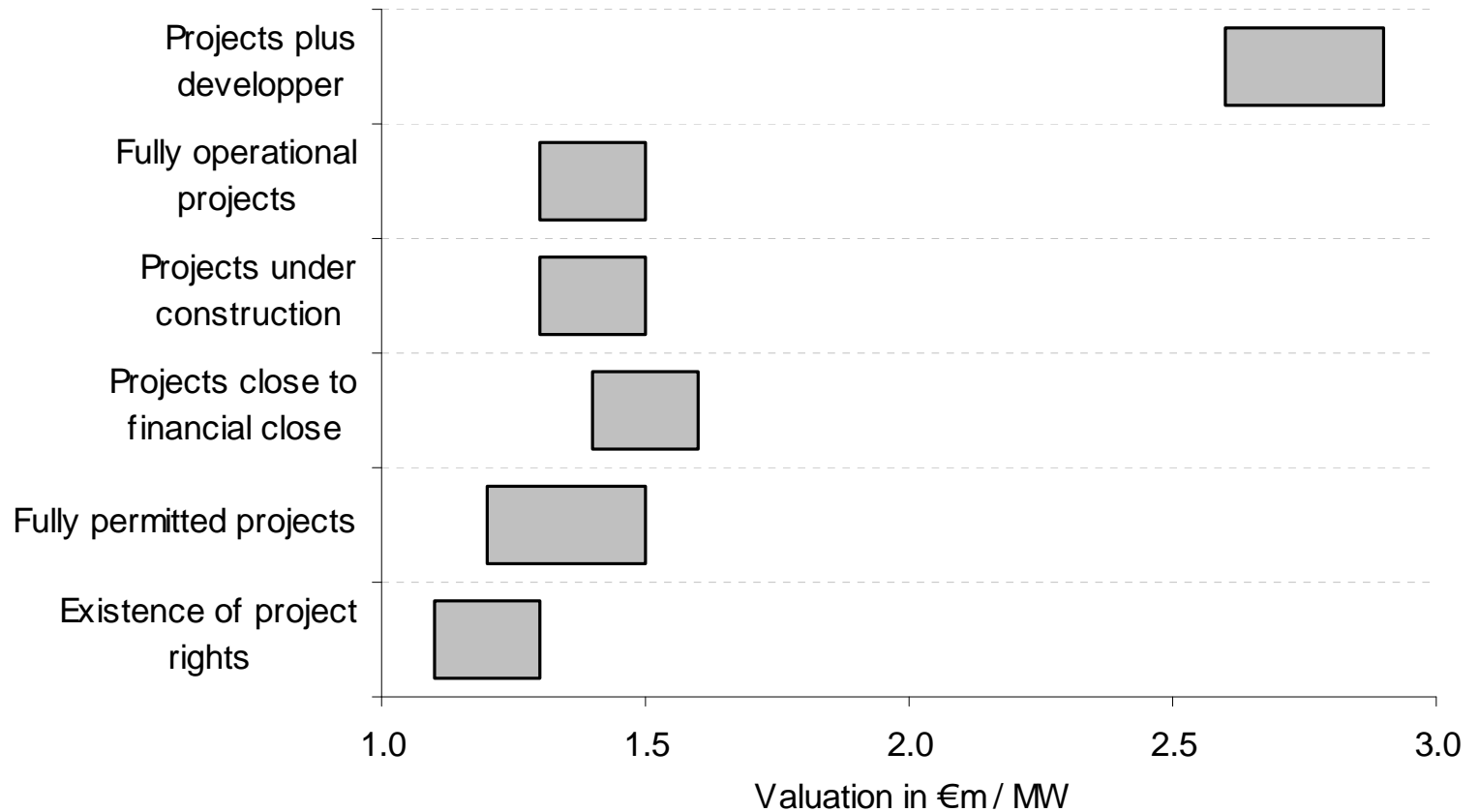
* Site dependent

Management can double the price of assets

Plotting all reported developer deals shows the cascade of value

Risk is expensive!

Assumption is that the value of a Developer = the value of its assets + management team

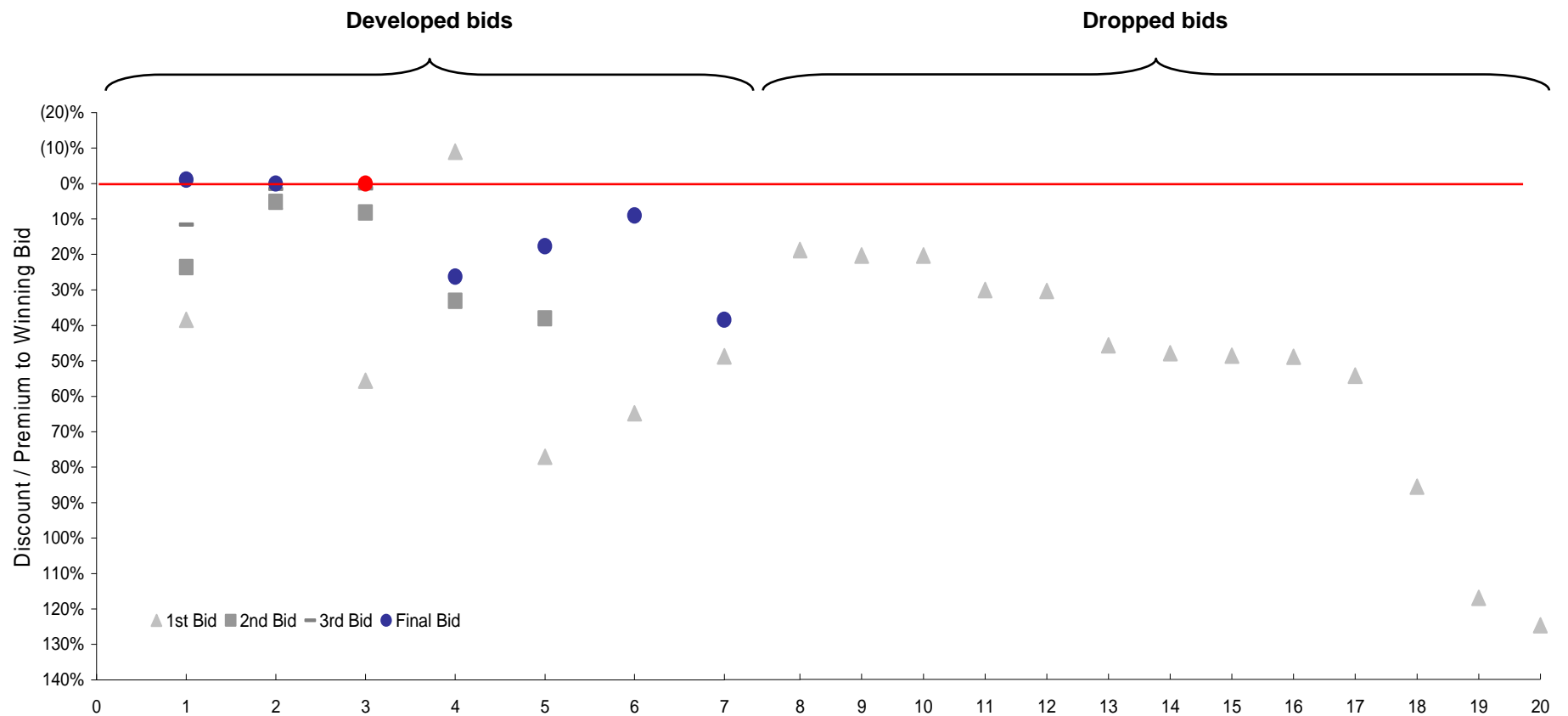


IPO vs. Private Equity

IPO	Private Equity
+ Facilitates future equity financing	+ A longer-term approach (no „short-termism“)
+ Successful IPO can boost company’s branding	+ Active management support by experienced investors
+ Market valuation can be seen on a day to day basis	+ Flexible design (buy-back options, earn-out, carry etc.)
+ No additional influence on management	+ Immediate cash-out to existing shareholders (no „lock-up“ periods)
+ Lower costs of capital in comparison to private equity (usually)	+ Less legal, regulatory requirements
- Requires strong „growth-story“ and reason for use of funds	+ IPO option remains available and can be facilitated
- Affect of volatility (e.g. wind developers/turbine makers and solar stocks are interlinked)	+ Discreet (publicity can be avoided)
- Can lead to short-termism and management quarter-by-quarter	+ Understands complex structures
- Complicates completion of restructuring tasks (no exclusion of the public possible)	- Expensive capital in comparison to an IPO
- Conversion into a public company brings along rights of co-determination for employees (unions)	- Exit (after ca. 3-5 years) necessary
- Burden of high reporting standards	- Dilution of control
- Lock-up period for existing shareholders	

IPOs cannot do this...

A recent Augusta deal – the value of a competitive process¹⁾



¹⁾ Red bullet shows the winning bid








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- Debt and equity placement and advice
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- Specific expertise in wind, solar, hydro, biomass, AD, waste to energy and biofuels

Selected Renewables Financing and Advisory Assignments

<p>2008</p>  <p>PLATINA FINANCE LIMITED</p> <p>Sale of 36MW of windfarms in France</p>	<p>2007</p>  <p>Plambeck® Neue Energien</p> <p>Equity placement in 400MW offshore wind park</p>	<p>2007</p>  <p>Multibrid</p> <p>Equity placement valuing Company at €150m</p>	<p>2006</p>  <p>ENERTRAG</p> <p>Equity placement in 48MW of windfarms</p>	<p>2006</p>  <p>VATTENFALL</p> <p>Strategic advisor on UK and pan European renewables strategy</p>	<p>2005</p>  <p>acciona Pioneros en desarrollo y sostenibilidad</p> <p>Financial advisor on acquisition of Swiss / German renewables IPP</p>	<p>2005</p>  <p>IBERDROLA</p> <p>Financial advisor on acquisition of UK development portfolio</p>
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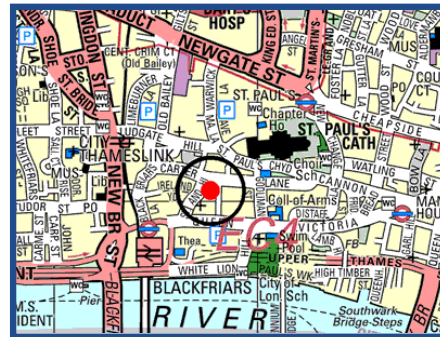


www.augustaco.com

Contact Details

London Office

2 Wardrobe Place
London EC4V 5AH
Tel: +44 (0)207 236 0100
Fax: +44 (0)207 236 0111



Frankfurt Office

Opernplatz 6
60313 Frankfurt
Tel: +49 (0)69 770 759 0
Fax: +49 (0)69 770 759 20



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