



EQUITY FINANCING FOR PV

UPEX 2002 CONFERENCE

November 13, 2002, 3 PM

**Track B: FACILITATING AND FINANCING
SOLAR ELECTRICITY**

Vencon Management, Inc.



**ONE OF THE LEADING GROWTH INDUSTRIES IN
THE EARLY 21st CENTURY**

PV IS IN!

**...and Attractive to Investors in
Private Equity**

...Public Markets to Return...



ONE OF THE LEADING GROWTH INDUSTRIES IN THE EARLY 21st CENTURY

- World Wide Security related markets facing major adjustment to terrorism
- Alternative Investment Vehicles
- Global Market Growth for Electricity
- Global Warming
- Fossil Fuels Depletion
- Electricity Deregulation



Growth has been a product of the major market needs

A

INVENTION OR DISCOVERY

B

MINOR MARKET NEEDS

C

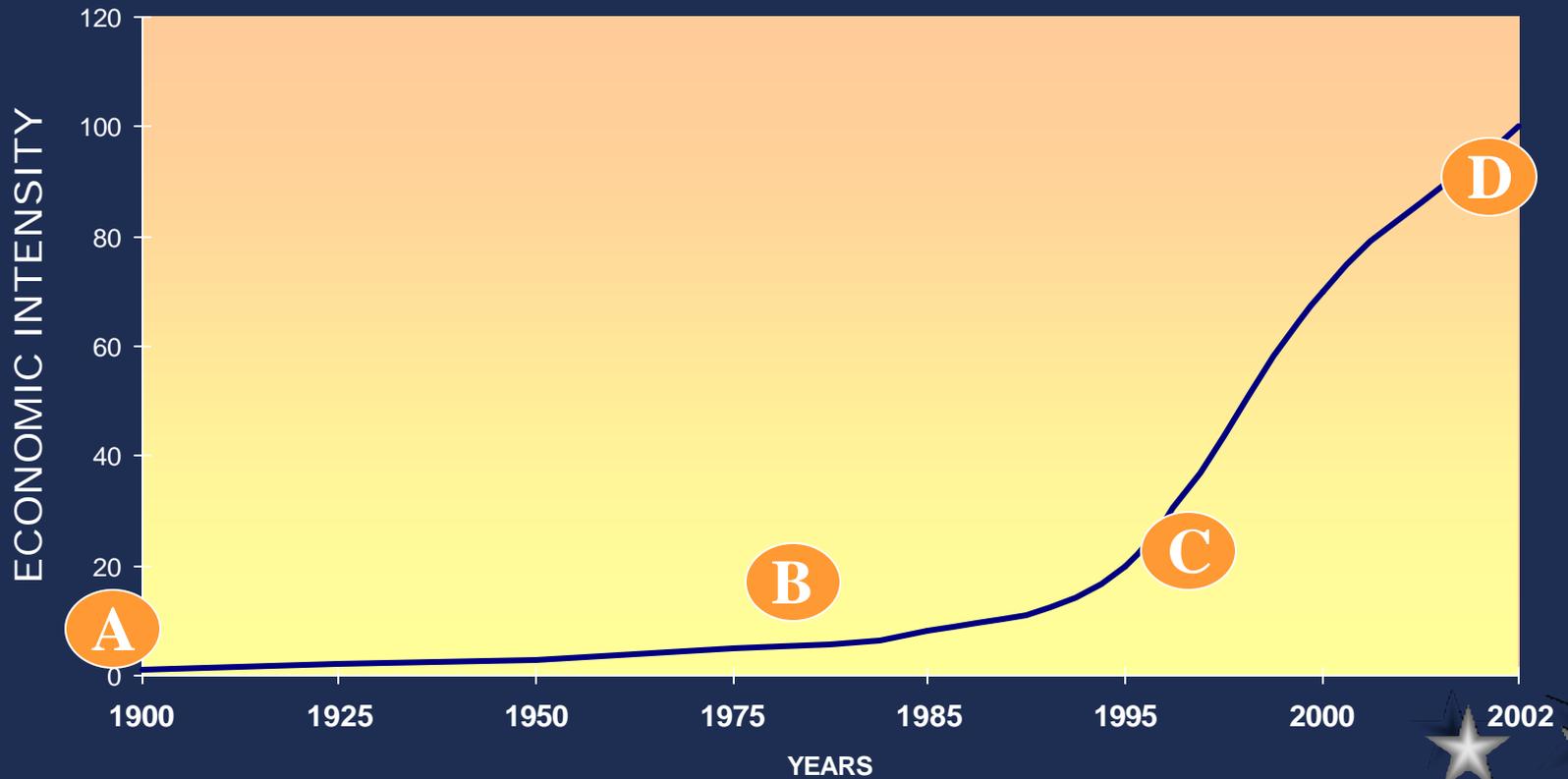
MAJOR TECHNOLOGY CHANGES

D

MAJOR MARKET NEEDS: *See Growth Factors*

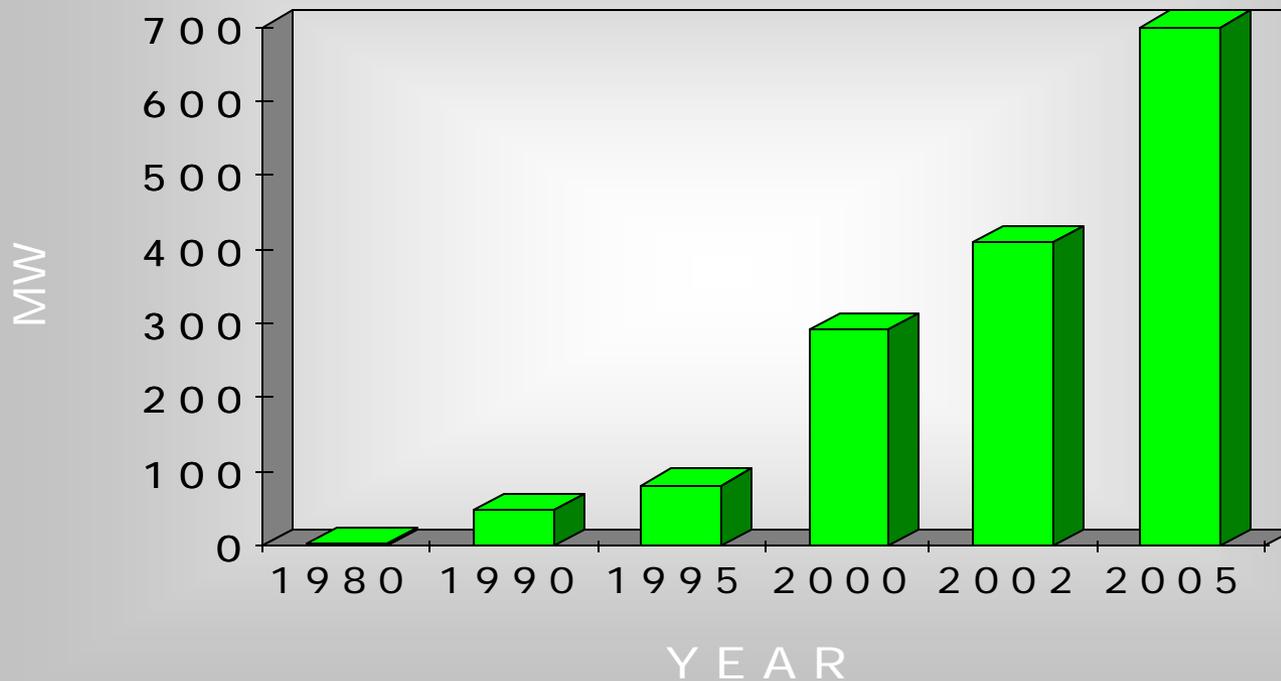


Photovoltaics Growth



PV: HIGH GROWTH PROFILE

WORLDWIDE PV PRODUCTION, ESTIMATED
1980-2005



FINANCING pv: INVESTMENT FACTORS

EXTERNALITY #1: RISK FACTORS

- Each type of investment has a different type of associated risk.
- Investors strive to diversify their risk amongst the investment categories. Risk also relates to the liquidity of the investment.

Risk regards many factors as:

- ◆ Stage of the investment
- ◆ Proprietary nature of the product/technology
 - ◆ History of the company
 - ◆ Industry growth
 - ◆ Total capital needs
 - Management



FINANCING PV: INVESTMENT FACTORS

➤ EXTERNALITY #2

CAPITAL APPRECIATION

The general range of appreciation of capital for the different categories relates to between 15% to 50% per year. Of course, such levels need to be contrasted with risk.

➤ EXTERNALITY #3

ACTIVE vs. PASSIVE INVESTMENT

In the active mode, investors sit on the Board of Companies or even take a role in management. In venture capital, investors are generally active.

➤ EXTERNALITY #4

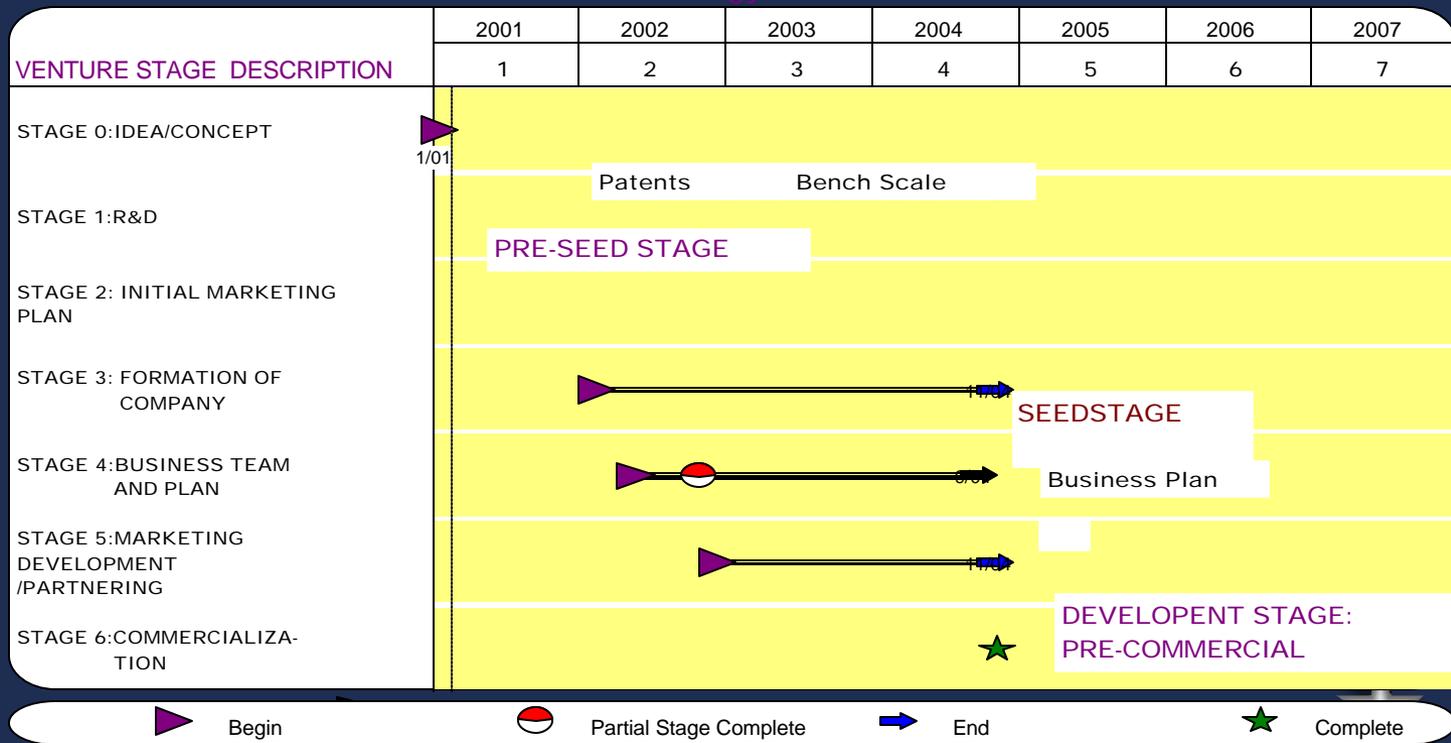
ECONOMIC ENVIRONMENT



STAGES OF VENTURE GROWTH

TECHNOLOGY VENTURES GROWTH STAGES

Renewable Energy Model



Vencon Management, Inc.

INVESTMENT CRITERIA

- 1. STRONG MANAGEMENT TEAM**
- 2. PAST R & D STAGE**
- 3. TECHNOLOGY BASED**
- 4. NIL LEGAL/BANKRUPTCY**
- 5. PROPRIETARY PRODUCT**
- 6. SUBSTANTIAL CAPITAL APPRECIATION**



THE NEW SOLAR ELECTRIC INDUSTRY

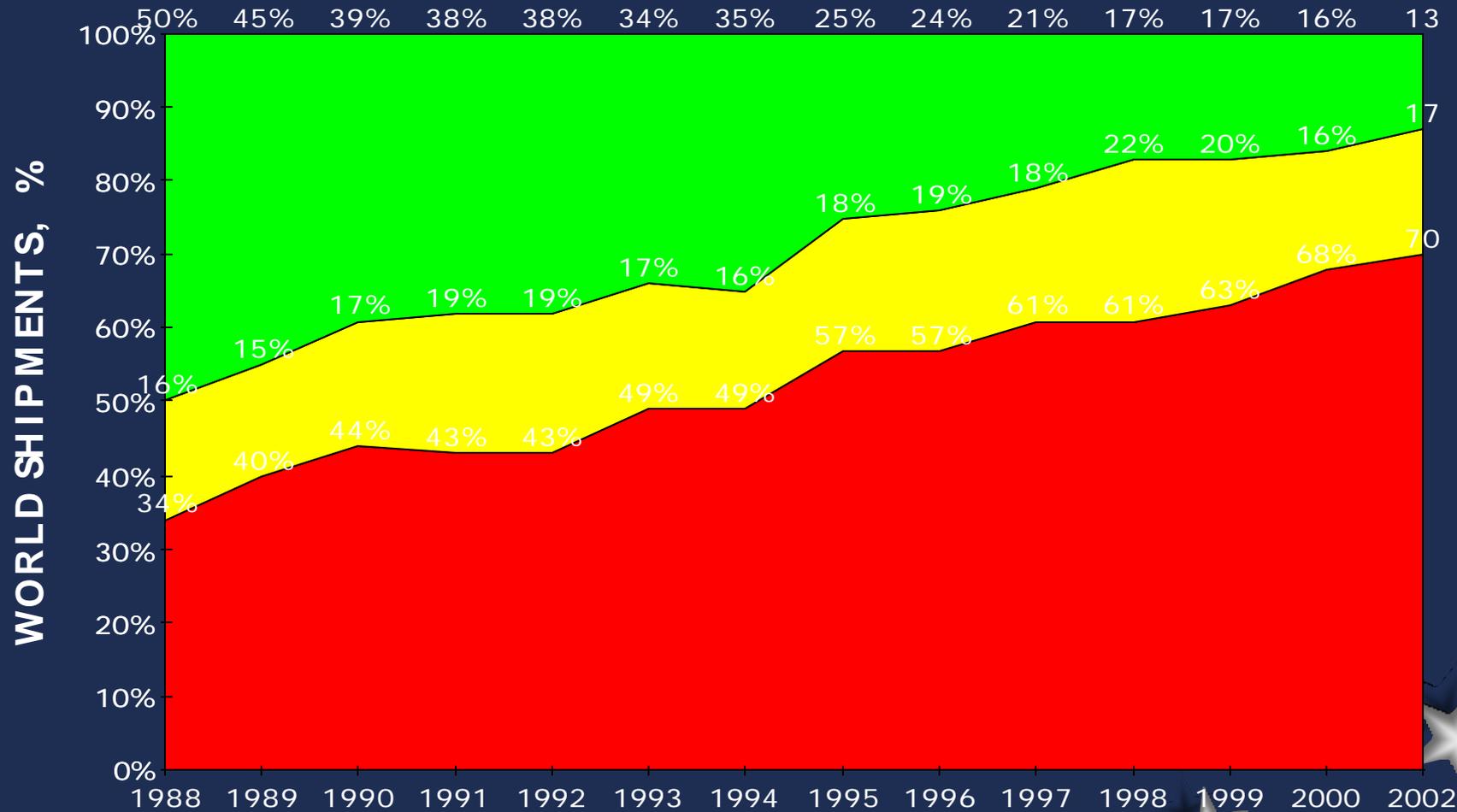
- Opportunities exist in this “convergence” wave of the metamorphosis of the industry as it becomes one of the largest in the early years of the 21st century.
- Opportunities regard combining companies which serve the same market, are affected by comparable market impetus and access a common customer base.
- Vencon believes many solar electric companies are basically one product businesses without the proper management, well thought out strategies and vision to be successful as the dynamics of the industry grow and change.



GLOBAL INVESTMENT CLIMATE

GLOBAL CONCENTRATION OF PV SUPPLIERS

1988 - 2002



■ TOP 5
 ■ NEXT 5
 ■ OTHERS

Vencon Management, Inc.

NEW AGE STRATEGIES FOR THE LARGE AND SMALL PV COMPANY

- Consider Acquisitions
- Undertake Strategic Partnering
- Access the billions of customers in developing nations---link up with Microfinance Funds.



*CREATING THE NEW HIGH GROWTH
ENERGY COMPANY*

**Entrepreneurial Targets
“Energy Related” Strategic
Partners
Venture Capitalists**



The New Mega-Company

Linkages

