



**ENERGY
PARTNERS**

POWERED BY RESULTS

www.energypartners.co.za

57%

Business overview

- Energy Partners is a **fully integrated private utility business** that sells solar energy, cooling and heating to commercial and industrial clients
- The primary business focus is to **grow the investment portfolio of energy assets**
- By owning the assets, Energy Partners secures **recurring income** and a greater share of the lifetime value of the assets

Divisions retained

Brief rationale

Solar

Large scope for photovoltaic solar plants (both as cash and PPA* projects) given the cost advantages compared to grid alternatives

Refrigeration

Significant potential to design, build, own and operate industrial and commercial refrigeration plants exists in South Africa where value can be unlocked through the funding model, exceptional design, execution and operation of assets

Steam

The potential exists to design, build, own and operate boilers in South Africa where we have offered clients savings by superior design, control and operations. Assets are typically large and attractive on a PPA model

Energy Intelligence Solutions

The support required to track asset performance and bill utilities is invaluable to our three divisions building assets, as well as to large corporates like Netcare and Pick n Pay

**Power Purchase Agreement, where Energy Partners owns the asset*

Business model and basis of valuation

The business model comprises two components:

1. Operations business

- Constructs and sells energy installations to external customers or to the Energy Partners investment business*

**Inter-company transactions occur at market-related rates and eliminate on consolidation*

2. Investment business

- Owns energy-related assets with long-term off-take agreements with private sector clients

Basis of valuation – EV/EBITDA multiple:

- **The following EBITDA multiples are used to value the respective components of the business:**
 - › Operations business - 6.0x
 - › Investment business - 10.0x
- **The following adjustments are made in the interest of accuracy:**
 - › The EBITDA from assets commissioned in the last 12 months is annualised (otherwise the debt would be overstated)
 - › Available cash and the value of work-in-progress assets are added to the valuation
 - › All debt is deducted from the valuation

Basis of valuation: EV/EBITDA multiple (continued)

Historical financials (YE: Jan) (Rm)	FY17	FY18	FY19	FY20	3-year CAGR	FY21 H1
Cumulative commissioned energy assets (owned by EP)	52.0	102.0	160.2	252.6	69%	319.3
Work-in-progress energy assets	-	6.9	15.0	47.9	n/a	66.9
Total capital value of energy assets	52.0	108.9	175.3	300.5	79%	386.2
EBITDA from Investments (FY21 H1 has been annualised)	7.2	16.6	28.5	35.3	70%	43.9
EBITDA from Continuing Operations (rolling 12-month actual)	5.2	33.8	7.5	13.0	36%	11.3
Enterprise value						506.5
Net cash/(debt)						(126.3)
Add work-in-progress asset value						59.0
Equity value as at 31 Jul 20¹						439.2
Plus shareholder loans advanced during Aug 20 ²						25.0
Total valuation as at 31 Aug 20						464.2
Plus shareholder loans advanced during Sept 20 ³						20.0
Total valuation as at 9 Oct 20						484.2
Average yield on assets	13.8%	16.3%	17.8%	14.0%		13.7%

Note 1: Energy Partners adopted the valuation methodology in FY21

Note 2: Energy Partners 100% equity value as at 31 Aug 20 includes shareholder loans of R25m that were capitalised at 30 Sept 20

Note 3: Energy Partners 100% equity value as at 9 Oct 20 includes further shareholder loans of R20m that were capitalised at 30 Sept 20