

Opportunities emerge on the rooftops of MENA –

Why the Middle East will be a key region in the development of distributed solar in years to come?

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1 – Quick introduction to Finergreen

Corporate presentation and key achievements



Advisory boutique for renewables

Finergreen is a leading advisory boutique for mid-cap transactions specialized in the renewable energy market



**Active in 100+
countries**

Worldwide Coverage

International firm with
local footprint

10 offices covering all
continents

Focus on **Europe** and
emerging countries

Global network of **key
decision makers and
influencers**

A unique network in
the industry



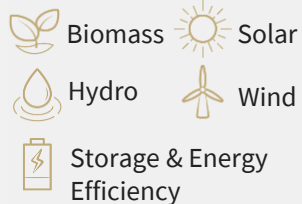
**10 GW
of projects**

Renewables Specialist

Multi-energy expertise
in the green economy

Deep view on energy
transition markets

Provide **decision-
making services** in:



**€2.5bn of
financial closings**

Deal Maker

Strong track-record in
execution deals since
2013

**M&A, Project Finance,
and Strategic Advisory**

30+ transactions per
year

Maximizing value
creation

Designing the **most
suitable financing**



**120 transactions
executed**

Client Focus

Stand beside our client
**from project inception
to financial close**

**Tailor-made & highly
hands-on** approach

High quality services
for our clients

Agile, innovative and
responsive

**Passion, enthusiasm
and entrepreneurship**
define our commitment



**60+
professionals**

Multicultural Team

**A pure player fully
independent**

A very **wide variety of
experiences and skills**

**10 nationalities and
15 spoken languages**

**Diversity is one of our
greatest assets** for
cross-border deals

Strong **legal, technical
and financial** expertise



Worldwide coverage

A team of 60+ professionals spread throughout 10 offices all around the world

26 deals closed in 2020, and 50+ ongoing transactions in 2021



Our practices

We provide our client with a full range of financial services

WE STRUCTURE & EXECUTE

transactions that maximize value creation for our clients

Finergreen is a specialist in the management of transactions, working as:

- **Sell-side advisor** for brownfield or greenfield asset
- **Buy-side advisor** for identified transactions
- **Fundraiser** for assets and corporate mandates
- **Joint - venture** or **external growth advisor**

WE DESIGN & EXECUTE

the most suitable financing for your projects

Finergreen has the expertise and agility to tap the most relevant source of financing, from commercial banks, DFI's and private finance providers, our experience includes:

- **Equity** or **quasi-equity**
- Senior & junior **long-term financing**
- **Mezzanine** or **bond** financing
- **Grants** (especially for emerging markets)

WE ARE

market insiders providing decision making services for private and institutional clients

Finergreen's strategic advisory practice provides assistance in decision making and business development through a wide range of services:

- **Financial modelling**
- **Independent valuation**
- **Due diligences**
- **Development & Contracting Services**
- **Market intelligence**
- **Training courses**

MERGERS & ACQUISITIONS



PROJECT FINANCE



STRATEGIC ADVISORY



2 – Opportunities emerge on the rooftops of MENA

Why the Middle East will be a key region in the development of distributed solar in years to come?

Overview of the DG market in MENA

Solar DG market recent developments in MENA



Solar rooftops **gained in popularity** thanks to their sustainability, the savings allowed on energy bills and the over centralized power generation systems.



The sector is **perceived as key** by governments **to achieve their sustainability targets** and ensuring energy access to their populations.

Active markets have emerged in MENA thanks to **efficient regulatory frameworks**, including these two mechanisms:



- **Net metering:** Energy bills reduction thanks to credits received after injection of excess energy into the grid;
- **Wheeling:** For off-site plant, the producer benefits from a net billing system for the excess energy produced and has to pay a wheeling fee for using the grid



4 countries took the lead in terms of installed capacity: **Jordan, UAE, Egypt and Tunisia.**



The region offers great opportunities with **huge addressable markets:** UAE, Jordan and KSA are expected to have an installed capacity of **4 GW vs less than 1 GW now.**



A strong recovery is expected in MENA despite a difficult year in 2020, mainly thanks to improvements of financing, regulation and bankability.

Business models for DG projects in MENA

EPC/CAPEX model



- The **client pays upfront** the entire PV system designed, constructed and installed by a **certified EPC contractor.**
- The **user enters into a contract** and based on payment milestones, pays the full amount to the contractor to connect the system and generate savings

Lease model



- **A third-party** finances, constructs and installs a PV system on a client's rooftop and **leases it with a fixed fee over a contracted period.**
- **Ownership of the system remains with the third party** until the end of the lease when the plant is transferred to the client.

Build-Own-Operate-Transfer Model



- **A developer** designs, finances, constructs, installs **and operates a PV plant** at the premises of a client or at an off-site location.
- The developer receives revenues for the energy produced **by entering into a PPA** and owns the plant before transferring it to the client at the end of the contract.



Opportunities and challenges in MENA

The residential sector accounts for 41% of the total power demand in the MENA region suggesting a high prospects for the solar rooftop market

General comments

- The MENA region is **fragmented**, with very **well-established markets** having efficient regulation, and other markets at **early stage of development** (see next slide);
- Given these discrepancies, **it's complex to make general comments** on the solar rooftop market in MENA;
- But most of MENA countries are **eager to develop their C&I sector** as it's an integral part of their programs to promote renewables;
- Hence, **regulations improved a lot** recently and things are expected to evolve positively in less established markets : Morocco, Abu Dhabi, Oman etc.;
- Suggesting **high growth prospects for the sector** in MENA and **many opportunities for new players** who wants to enter the region;
- Despite a **severe impact of the Covid-19** on the energy demand of C&I customers which called into the questions their investment in renewables;
- However, the **lack of financing and the creditworthiness of off-takers** in the region could harm the development of the market.

Main challenges of the region

Financing : partly faced

The **financing sectors are not yet efficient in all the countries** of the region, making it sometimes difficult to develop C&I projects. However, it has **improved a lot recently**, mainly as a result of:



- **Reduction of knowledge discrepancies** between the regional banks in financing PV projects;
- **Increase of both size and pipeline of solar C&I projects**, making it easier to finance them (e.g. portfolio structure);
- **More efficient due diligences** processes thanks to the experience built progressively, with time and costs saving.

Bankability : yet to be faced

Regarding bankability, there is still **room for improvement** in the **region**, notably on the creditworthiness issue of off-takers. The following recommendations could improve the situation :



- **Guarantees and liabilities packages** should be adapted with a focus on stronger off-takers;
- **Tenor of contracts should also be re-evaluated**, so developers and off-takers find a right consensus between risk and profitability ratios;
- Standard clauses covering **changes in laws, pandemic and Material Adverse Changes** should be included in the contractual document.



Analysis of some specific markets in MENA

Tunisia

- Lot of solar rooftop projects developed these last years;
- Mainly **thanks to the auto-consumption regime** : user can **sell up to 30% of its production** to the grid operator;
- Authorities target to develop **210 MW** through this regime.

Morocco

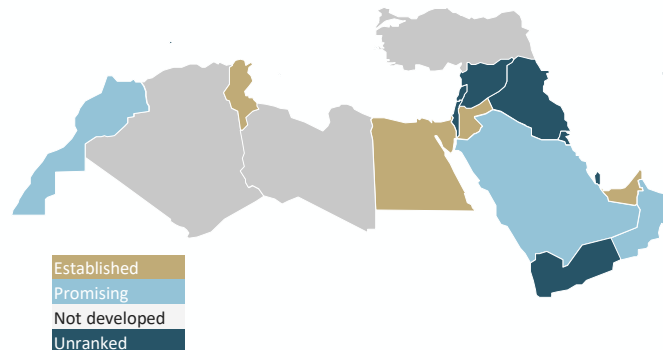
- The C&I segment, including rooftop plants, **is key** in the promotion of renewables;
- This market has a lot of players which increases the competition;
- A **dedicated regulation is expected to come**, making the country more attractive.

Bahrein

- Due to the **scarcity of available land**, the country is **focusing on rooftops** and private projects to develop renewables;
- Authorities' objective is to install **255 MW** by 2025 **using net metering**;
- A **3MW solar array rooftop project** spread on 8 locations has been launched in 2019.

Jordan

- Strong political support;
- Efficient regulatory framework with both **net metering and wheeling mechanism**;
- It's the **most established market** in MENA with a high availability of financing



Egypt

- C&I projects are a key component of the ESIS program that targets 52 GW of capacity in both utility and C&I scale;
- A **net metering mechanism** has been implemented for solar rooftop projects;
- Many EPC players are active in the country.

KSA

- High targets and potential for the C&I segment as **it's the most populated country in the GCC**;
- **Availability of financing is high** compared to other markets in MENA;
- A **clear regulatory framework** for C&I **is expected to be released** soon.

UAE

- Very **differentiated market** with great discrepancies between Emirates;
- **Dubai has a well-established market** in terms of installed capacity and regulation;
- Whereas **Abu Dhabi is a promising market** with great ambitions and a dedicated regulation under assessment.

Oman

- **Promising market** with a two-level incentive scheme;
- First, at **user level** granting an **export tariff** for excess energy production;
- Then, at developer level tendering BOOT contract for **250,000 rooftop installations**.

Thank you for your attention !



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