
EAM Solar ASA



Capital Market Day, Italy
7th of June 2013

EAM SPM



Site visit 7. June 2013 to
Codroipo Solar Power Plant
on the occasion of EAM Solar ASA CMD

Contents



I. Main characteristics

II. Monitoring and O&M

Codroipo power plant

Installed module
power 3,128 MWp

368 Mover L Solon
trackers

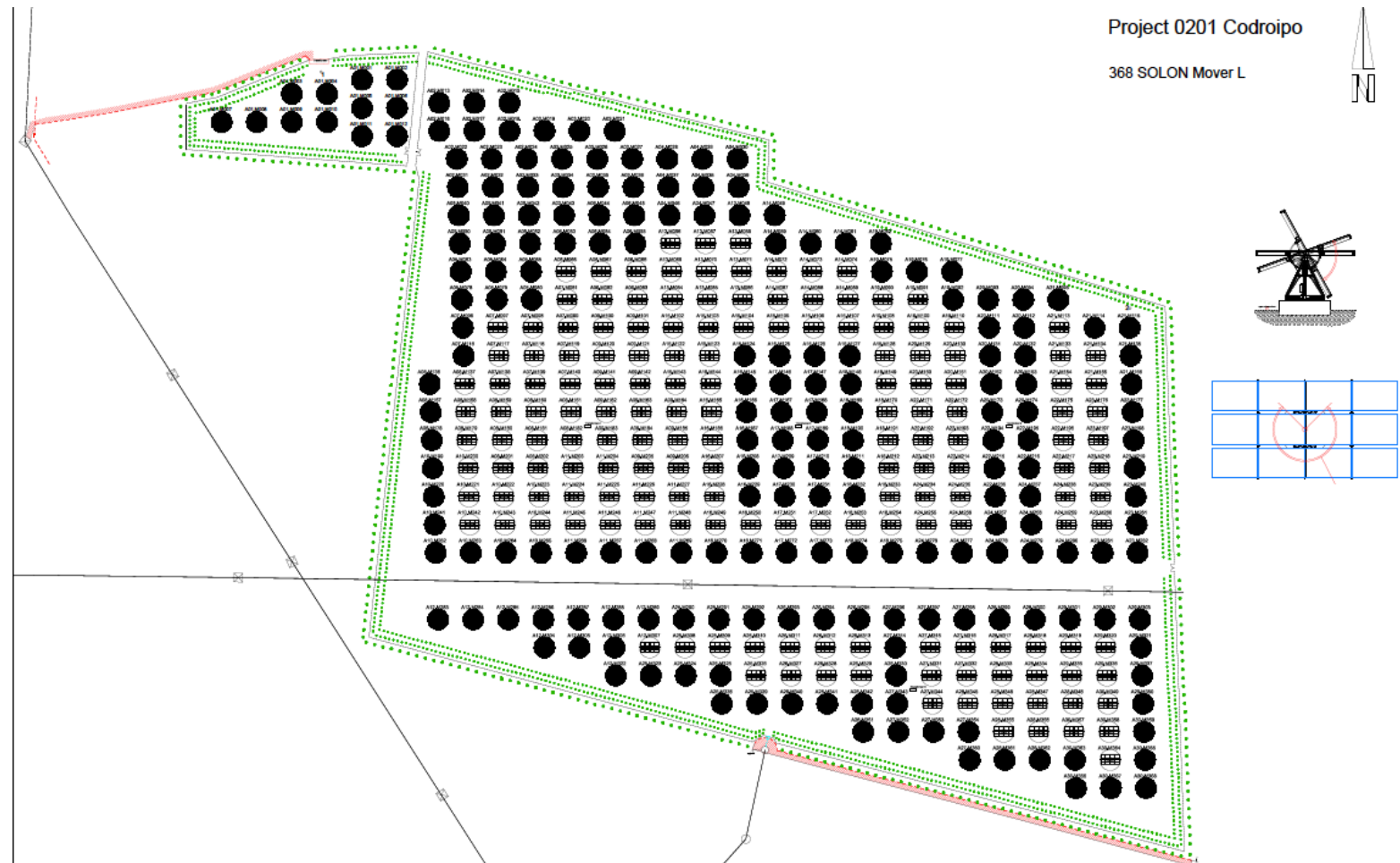
4416 modules
1104 inverters
5 transformer

Constructed
end 2010

Commercial
operation since
11. May 2011

Acquired by
EAM 29. Febr. 2012

Initial production
budget 2013
4623 MWh



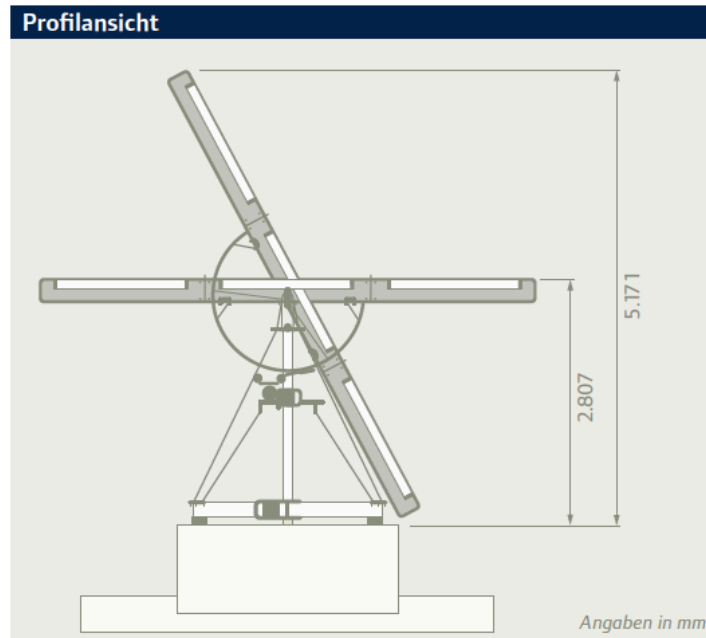
The Mover L technology from Solon

Mover L technology
produced by Solon
until 2010

12552 units
installed worldwide

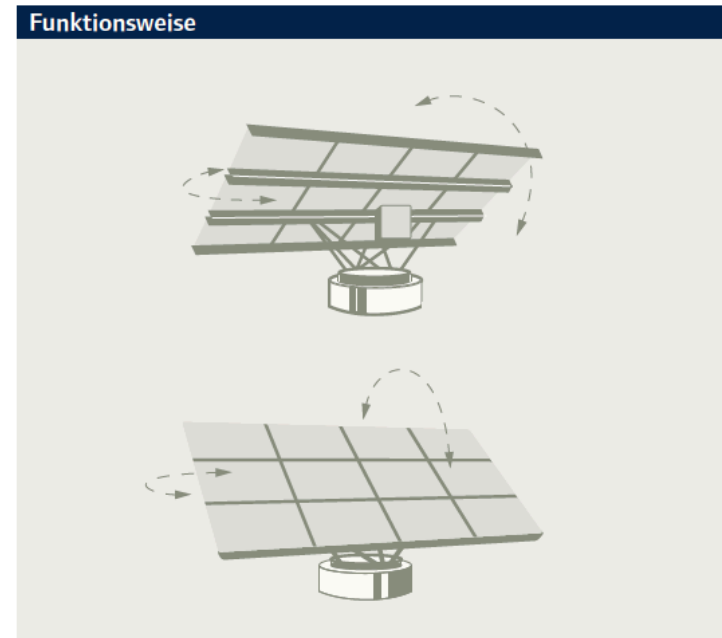
< 40 % more energy
than fixed tilt
systems

Among the most
robust tracking
systems with
historic availability
> 99,9%



Produktdaten

Module	12 SOLON Großmodule mit 5 mm Solar-Glas, verklebt mit Stahlrahmen, Modulfläche 52,7 m ²
Wechselrichter	dezentrales Konzept mit 3 Wechselrichtern, Ertragsoptimierung durch parallele Verschaltung
Systemgewicht	3.780 kg (ohne Fundament)
Systemhöhe	max. 5,80 m
Fundament	3 m Durchmesser, 85 cm Höhe, 13 t
Nachführung	zweiachsig, astronomisch, 2 Antriebsmotoren
Kommunikation	CAN-Bus, SOLON-Monitoring-Lösungen
Windresistenz	150 km/h in Sturmstellung (100 km/h in Betriebsposition), Anschluss an Windmesser
Zertifikate	CE, TÜV: IEC 61215, IEC 61730 (Schutzklasse II)
Flächenbedarf	ca. 5 ha für 1 MW, abhängig von Topografie, Standort und Vegetation

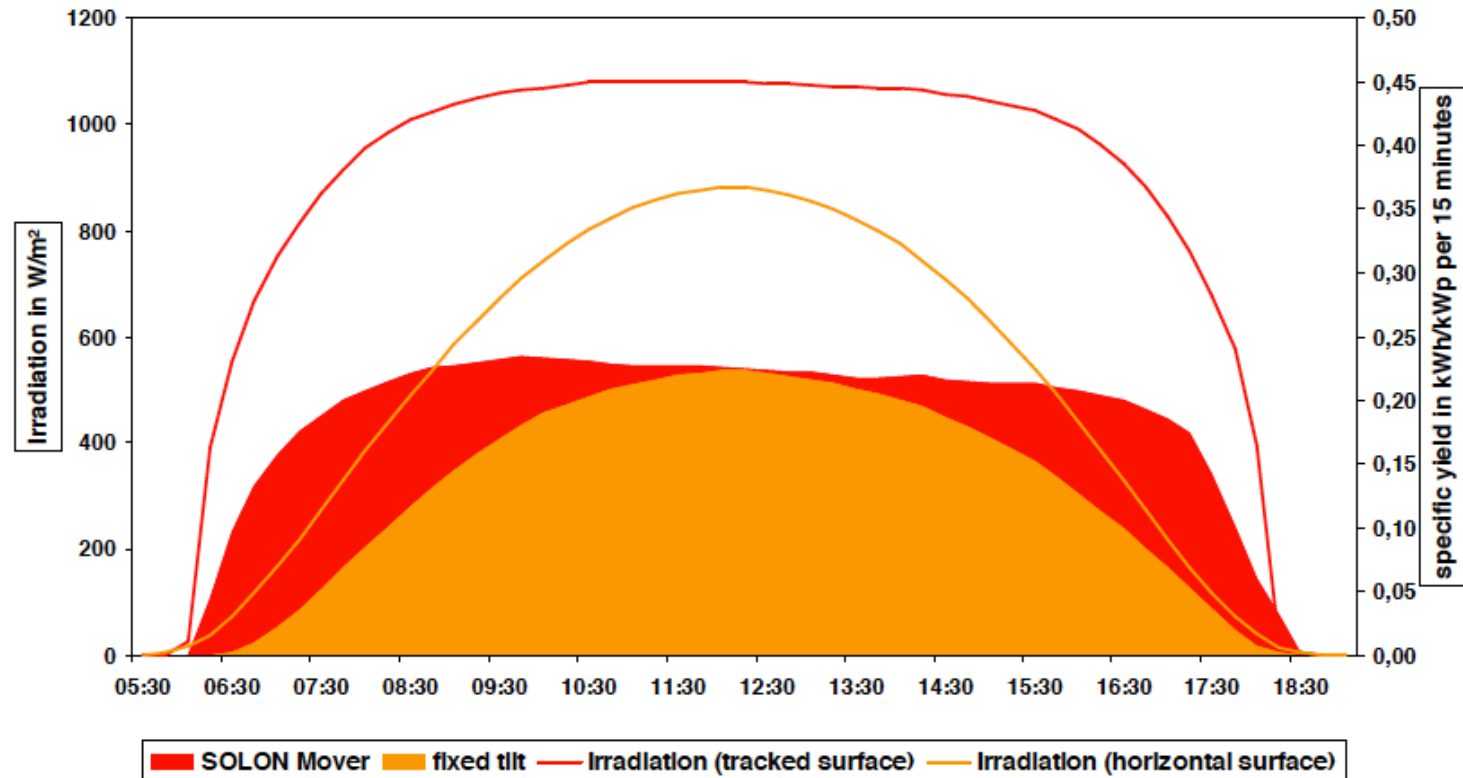


Produkttypen

Poly	Nennleistung $P_{\text{nom DC}}$ Ø 7.500 Wp
Mono	Nennleistung $P_{\text{nom DC}}$ Ø 7.500 Wp
High Performance	Nennleistung $P_{\text{nom DC}}$ Ø 9.600 Wp

The Mover L technology from Solon

Double axis tracking technology increase the energy production in the early morning and late afternoon and gives a “flat” production profile during the day



The Mover L modules

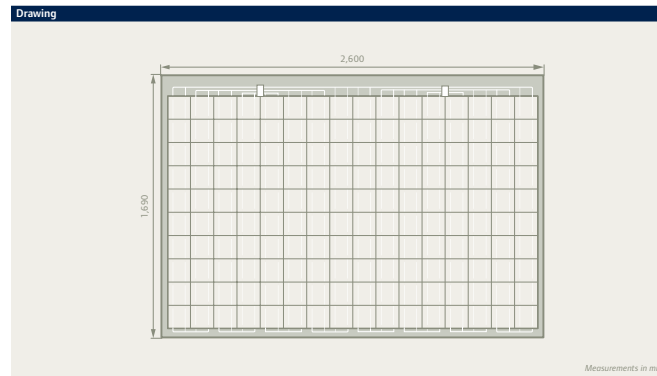
Modules produced
by Solon based cells
from various on
OEM contractors.
The cells in the EAM
power plants are
produced by
Bosch Solar AG
(Ersol)

Efficiency @ STP
Black 625 = 14,2%
Black 800 = 18,2%

The cell and module
quality is regarded
to be “above market
standard”
(Lahmeyer
International,
technical advisor)

SOLON Black 625

SOLON Black 625 12/09 EN



Electrical specification – typical

Nominal Power*	P _{max}	625 Wp
Rated voltage	U _{mp}	77.60 V
Rated current	I _{mp}	8.06 A
Open circuit voltage	U _{oc}	96.50 V
Short circuit current	I _{sc}	8.63 A
Maximum system voltage		860 V

* Billing according to measured output: permitted deviations found in contract
The above values are effective for an irradiation of 1,000 W/m², AM 1.5 and a cell temperature of 25°C (standard test conditions, STC).

Mechanical specification

Dimensions (L x W x H)	2,600 mm x 1,690 mm x 6 mm
Weight	65 kg ± 3 kg
Junction box	2 junction boxes with bypass diodes
Connection	Connectors at the junction box
Front glass	White toughened safety glass, 5 mm
Cells	160 pc. monocrystalline Si 6.2" (156 mm x 156 mm)
Cell encapsulation	EVA (Ethylene-Vinyl-Acetate)
Back	Tedlar composite foil

Subject to modifications and omissions. Electric data without guarantee.

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Temperature coefficient (Tc)

Tc of open circuit voltage	-0.35 %/K
Tc of short circuit current	0.03 %/K
Tc of power	-0.43 %/K

Permissible operating conditions

Temperature range	-40 °C to +85 °C
Resistance against hail	Maximum diameter of 28 mm with impact speed of 86 km/h

Guarantees and certifications

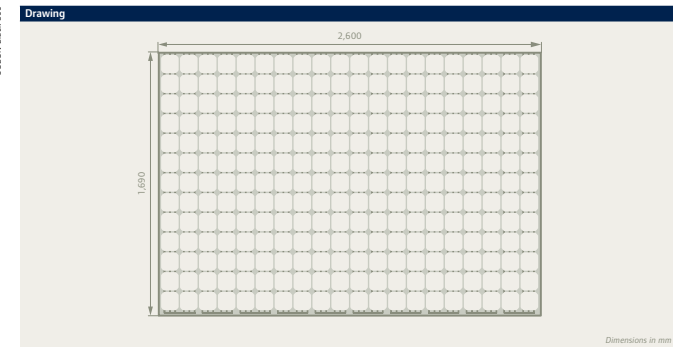
Product warranty	2 years
Performance guarantee	Guaranteed output of 90% for 10 years and 80% for 25 years
Approvals and certificates	TÜV: IEC 61215 Edition II, IEC 61730



For more information on SOLON products, please visit www.solon.com.

SOLON Black 800 12/09 EN

SOLON Black 800



Electrical specification – typical

Capacity rating*	P _{max}	800 Wp
Rated voltage	U _{mp}	143.0 V
Rated current	I _{mp}	5.60 A
Open circuit voltage	U _{oc}	173.6 V
Short circuit current	I _{sc}	6.12 A
Maximum system voltage		860 V

* Billing according to measured output: permitted deviations found in contract
The above values are effective for an irradiation of 1,000 W/m², AM 1.5 and a cell temperature of 25°C (standard test conditions, STC).

Mechanical specification

Dimensions (L x W x H)	2,600 x 1,690 x 6 mm
Weight	65 kg (±3 kg)
Junction box	2 junction boxes with bypass diodes
Connection	Connectors at the junction box
Front glass	White toughened safety glass, 5 mm
Solar cells	260 cells monocrystalline Si 5" (125 x 125 mm)
Cell encapsulation	EVA (Ethylene Vinyl Acetate)
Back	Tedlar composite foil

This module is a high performance module and uses rear contacted cells.
To avoid polarization the positive terminal must be grounded.

Subject to modifications and omissions. Electric data without guarantee.

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Temperature coefficients (Tc)

Tc of open circuit voltage	-0.29 %/K
Tc of short circuit current	0.03 %/K
Tc of power	-0.38 %/K

Permissible operating conditions

Temperature range	-40°C to +85°C
Resistance against hail	Maximum diameter of 28 mm with impact speed of 86 km/h

Guarantees and certifications

Product warranty	2 years
Performance guarantee	Guaranteed output of 90% for 10 years and 80% for 25 years
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The inverters and transformers

**Xantrex string
inverters with 4
modules on each
inverter**

**Schneider Electric
oil transformers
Codroipo 5 units
Varmo 4 units**

	XANTREX DATA	
	XANTREX GTM 3.3 XANTREX GTM 3.3	XANTREX GTM 3.8 XANTREX GTM 3.8
Input voltage, Maximum Power Point range	195 to 450 Vdc	195 to 550 Vdc
Absolute maximum array open circuit voltage	600 Vdc	600 Vdc
Maximum input current	18.5 A dc	21.3 A dc
Reverse polarity protection	Crow bar diode	Crow bar diode
Nominal output power at 40 °C	3000 W ac	3500 W ac
Maximum output current	15.2 A	20 A
Nominal grid voltage	184–253 Vac	184–253 Vac
Nominal grid frequency	47.5–50.2 Hz	47.5–50.2 Hz
Total Harmonic Distortion (THD)	<3%	<3%
Power factor	>0.9	>0.9
Output characteristics	Current source	Current source
Maximum efficiency	95.2%	95.1%
Euro efficiency	94.0%	94.0%
Operating temperature range	-25 to +65 °C	-25 to +65 °C
Storage temperature range	-40 to +85 °C	-40 to +85 °C
Tolerable relative humidity limit (operation)	<95%, non-condensing	<95%, non-condensing
Tolerable relative humidity limit (storage)	100% condensing	100% condensing



a company of
**Schneider
Electric**

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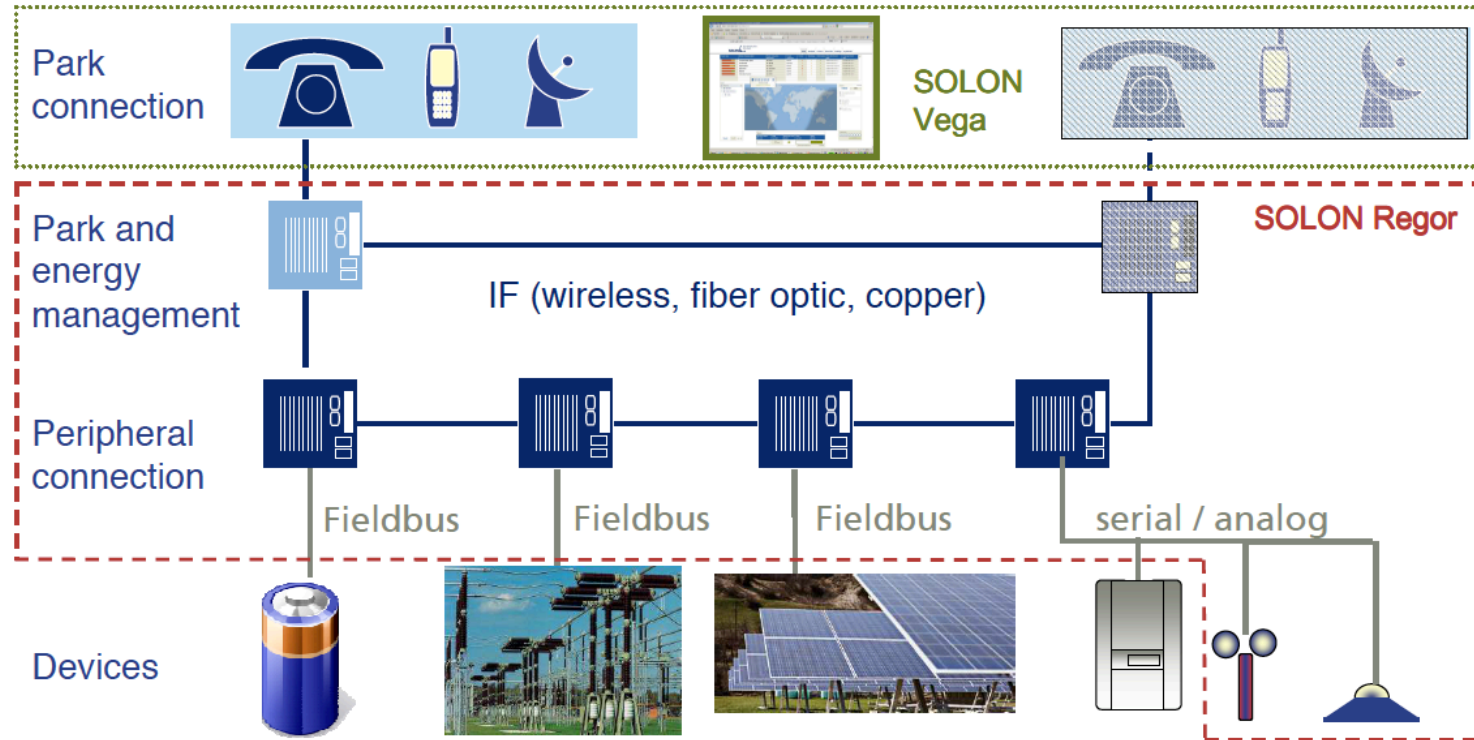
- I. Main technical characteristics
- II. Monitoring and O&M

The Regor and Vega monitoring system

All relevant data are logged at inverters, switches, energy meters, weather station, and independent irradiation meters

Transmitted to data server operated by Solon Energy GmbH

Monitoring and alarm response in Solon O&M department

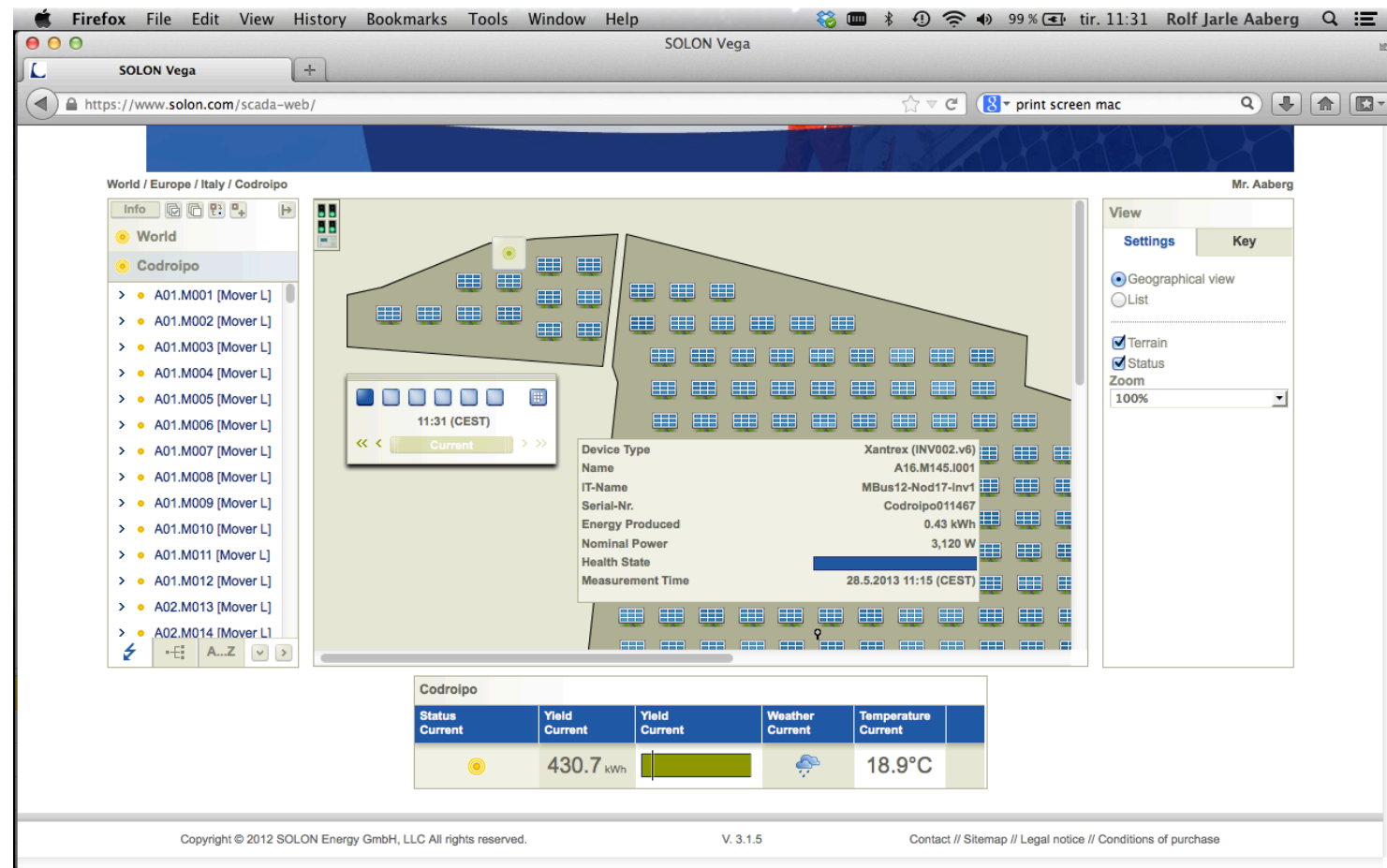


Vega monitoring system – EAM interface

The Vega interface gives the owner access to all technical status data (current and historic) in a web portal.

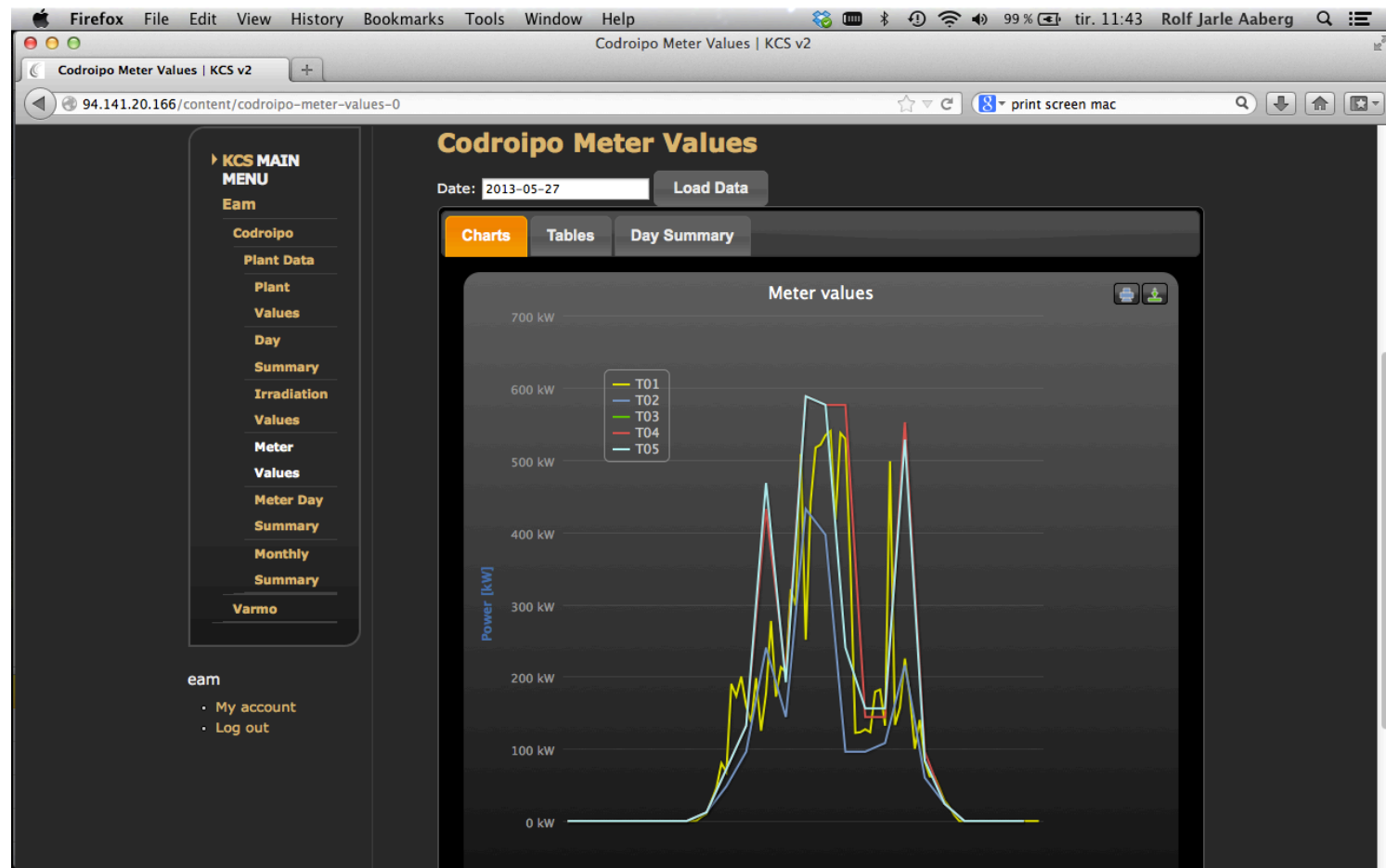
In the order of 1500 data points / sensors are recorded every 15 minutes for the lifetime of the plant

EAM checks the status on average twice a week



Commercial monitoring system – EAM interface

EAM has installed a separate and independent scada system to monitor overall performance and GSE + ENEL meters. The system is operated by the commercial manager Wise Energy srl.



Operation, Maintenance and Repairs

Main O&M contract items for Codroipo power plant

- Continuous monitoring and remote intervention (Berlin)
- Responsive action capacity if failures or errors (Udine)
- Spare parts storage (Udine)
- Monthly reports of production, availability, technical status and HSE
- Quarterly inspection and maintenance of plants, systems, components, connections
- About 8000 defined inspection points
- Grass cutting in Q2 and Q3
- Module cleaning only if necessary
- Corrective maintenance / repairs are evaluated in individual basis: Cost / Benefit – ratio of quick repair vs wait until next scheduled inspection
- Specified response times
- Availability guarantee
- Regular operational telcos with commercial manager
- Regular improvement meetings with EAM (once a year)

The Codroipo power plant

Location
Strada Vicinale
Comugne,
45 58 20 N
12 56 00 E
Codroipo, Udine

Late afternoon
aerial view



EAM Solar ASA



Capital Market Day, Italy
7th of June 2013

EAM SPM

Agenda



I. Introduction

- | | |
|--------------------------------|------------|
| II. EAM Solar today | 45 minutes |
| III. EAM Solar growth strategy | 15 minutes |
| IV. EAM Operational Excellence | 90 minutes |

EAM Solar ASA

History

January 2011
EAM Solar was incorporated

March/April 2011
Share issue of EUR 15m completed

September 2011
Varmo acquisition completed

February 2012
Codroipo acquisition completed

March 2013
Listed and share issue of EUR 15m (OSE)

- Investment company acquiring and operating solar power plants (“SPPs”)
- Current focus on feed-in tariff (“FIT”) markets in Europe
- Owns two SPPs in Italy, with combined capacity of 4.65 MW
- In negotiations to expand portfolio through further SPP acquisitions
- Aiming to create steady dividend yield to investors from low risk operations of SPPs
- Operated under strict investment criteria and dividend payment by-laws
- Management conducted by EAM Solar Park Management AS
 - EAM Solar covers direct costs and pays 12.5% of pre-tax profits
- Became the first pure “Solar Power Plant Owner” listed company in the world 26th March 2013 (OSE)



A Mover dual-axis tracker



The Codroipo power plant

Investment case with strong financial characteristics

High revenue visibility	• Feed-in Tariff (FiT) revenues fixed at nominal price for 20-year period • Market price development according to general market bankable scenarios • Free to sell at market prices if they should exceed FiT prices
High EBITDA margins	• Project EBITDA-margins in the 75%-85% range • Mainly “fixed” cost base, offering high operational leverage
Low risk	• No project risk ---- No construction, grid connection or Feed-in Tariff risk • Low operational risk --- Stable production input and output with limited maintenance
Benefits of active ownership	• Experienced management with extensive industrial and financial expertise • Protecting returns through operational improvements and minimising of capital cost
Financial leverage opportunities	• 15-18 year debt repayment schedules available, matching the revenue profiles
High equity return and dividend capacity	• Attractive funding spreads between project IRR and debt funding rates
Extensive growth pipeline	• Attractive acquisition opportunities, both in the new-build and second-hand markets

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The existing solar power plants (Varmo and Codroipo)

Key figures

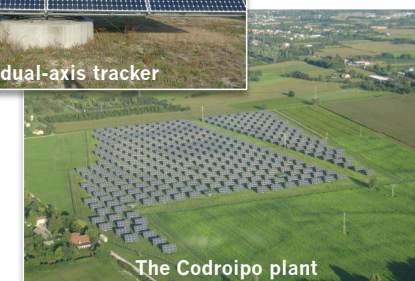
- Combined asset acquisition price of EUR 18.6 million, excl. working capital
- Extensive technical and legal due diligence
- Combined annual production of 6.9-7.2 GWh
- Combined annual revenue of EUR 3.0-3.5 million
- Feed-in Tariff contract according to the Italian 2010 Conto Energia 2
- Insurance covering ~90% of revenues

Location

Located in the Friuli-Giulia region, ~80km north-east of Venice, Italy

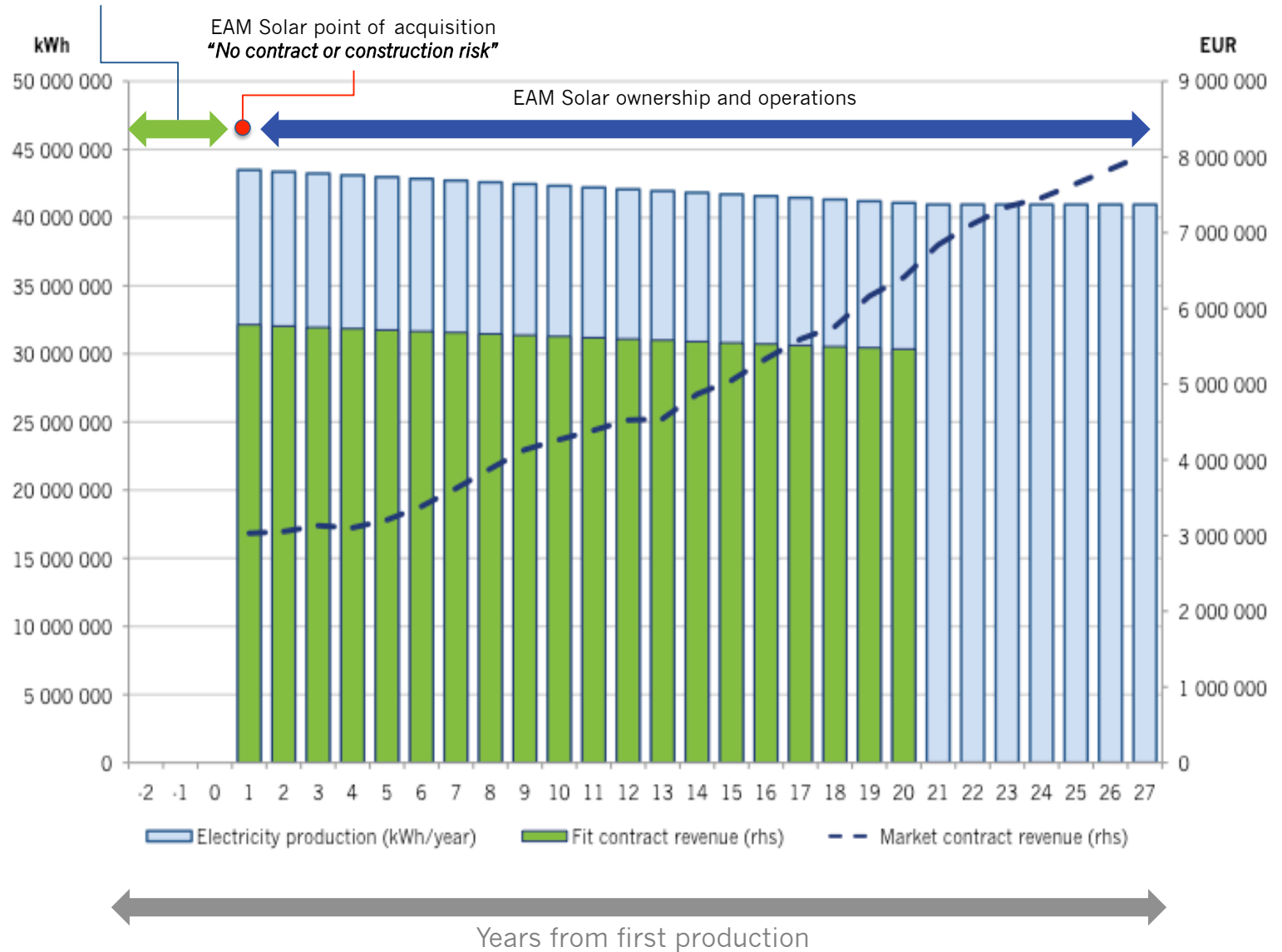


	Varmo	Codroipo
<i>Description</i>	• 8 hectares • 184 dual-axis tracker structures • 2,208 modules	• 16.85 hectares • 368 dual-axis tracker structures • 4,416 modules
<i>Capacity</i>	• 1.52 MW	• 3.13 MW
<i>Production start</i>	• 28 Dec 2011	• 11 May 2012



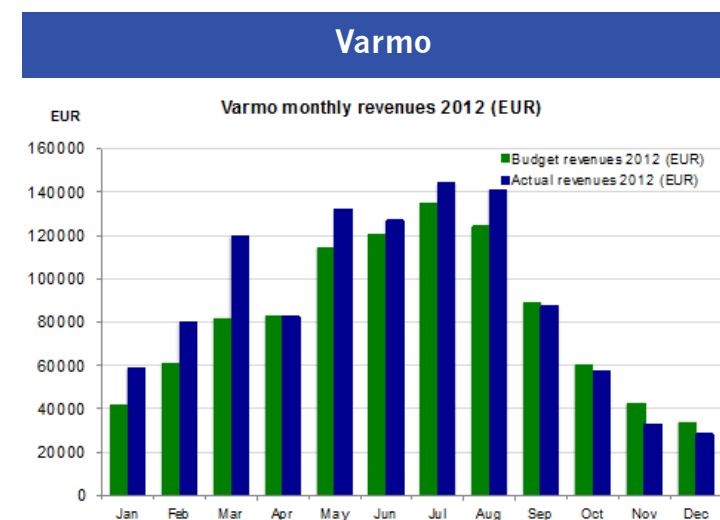
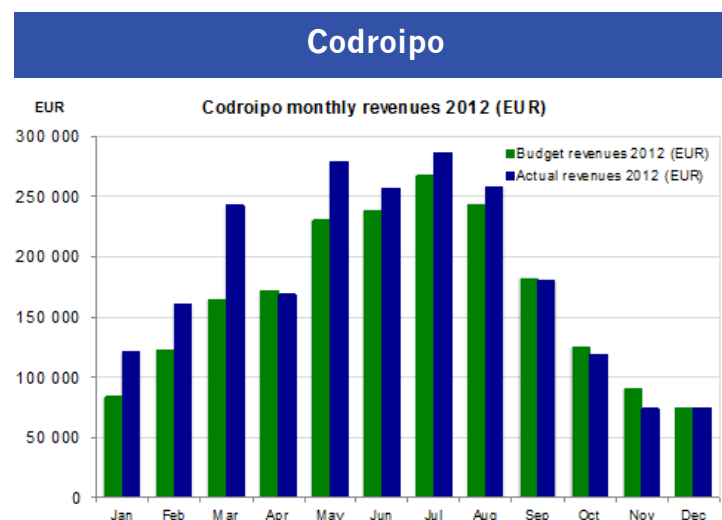
Timeline and financial profile for a solar power plant

Design, permit and
construction period (3yrs)



Production and revenues for Codroipo and Varmo

Operating performance on both plants at satisfactory levels in 2012

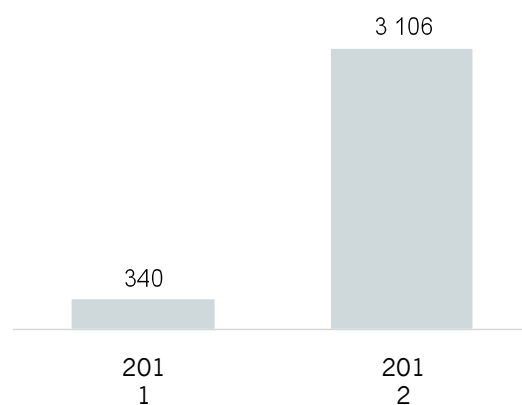


CODROIPO	2011	2012
<i>PRODUCTION (MWh)</i>		
Actual	3 263	5 237
Budget	3 091	4 591
% diff	5,6%	14,1%
<i>REVENUES (EUR)</i>		
Actual	1 497 624	2 220 624
Budget	1 326 902	1 996 150
% diff	12,9%	11,2%

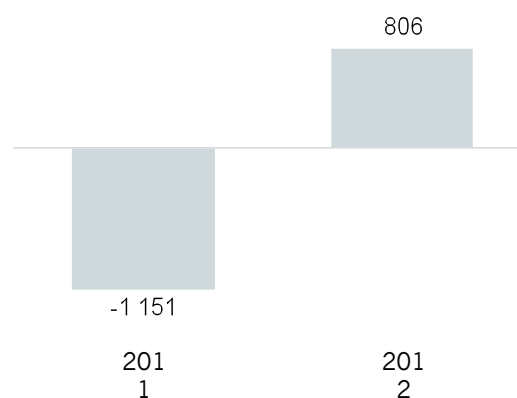
VARMO	2011	2012
<i>PRODUCTION (MWh)</i>		
Actual	2 623	2 571
Budget	2 291	2 280
% diff	14,5%	12,8%
<i>REVENUES (EUR)</i>		
Actual	1 123 807	1 091 085
Budget	994 779	985 813
% diff	13,0%	10,7%

Financial overview

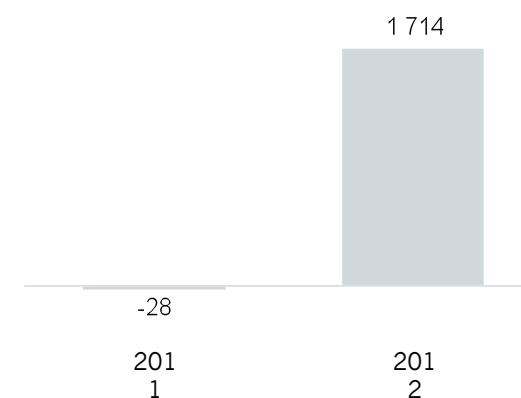
Revenue (EURk)



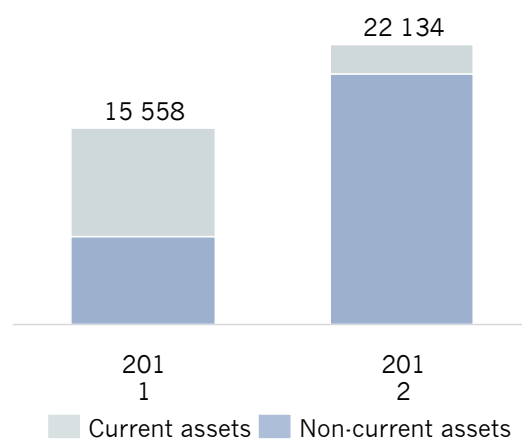
EBITDA (EURk)



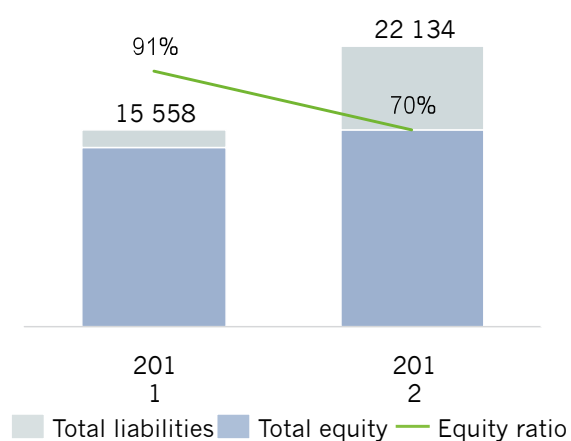
Adjusted EBITDA* (EURk)



Total assets (EURk)



Total equity and liabilities (EURk)



Comments

- 2011 figures reflect start-up year; no revenues prior to the acquisition of the Varmo SPP on 27 September 2011
- The 2012 figures reflect operations of the Varmo SPP for the full year, and consolidation of the Codroipo SPP with effect from 29 February 2012

* Adjusted for non-recurring items such as acquisition costs, gains from purchase and non-cash currency movements

Agenda



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- II. EAM Solar today
- III. EAM Solar growth strategy**
- IV. EAM Operational Excellence

Growth strategy – diversification and scale

Three growth paths

- **Second hand market**
 - Large second hand market in Italy with several portfolios out in the market
- **New builds without Feed-In-Tariff (2014)**
 - Large projects under development in Spain (400MW)
 - Starting to see projects in Italy and Germany
 - Expecting significant market in end 2014

Scalability in cost base

- High operational leverage and scalability, with primarily fixed cost base
- Growth funding through both equity and project debt financing

Financing opportunities

- Equity financing through both cash payments and share issues
 - Listing offers EAM Solar the opportunity to make value increasing acquisitions with consideration in shares
 - Increase likelihood of “correct” priced bonds

Where to invest in Solar Power Plants in Europe ?

Fundamentals

Solar Irradiation (Geography)

Grid quality and regulation

Electricity import and price

Electricity import and price

Key issues:
Grid
PPP
Financing

Regulations

Shaping the invest possibilities

Type of regulation, incentives

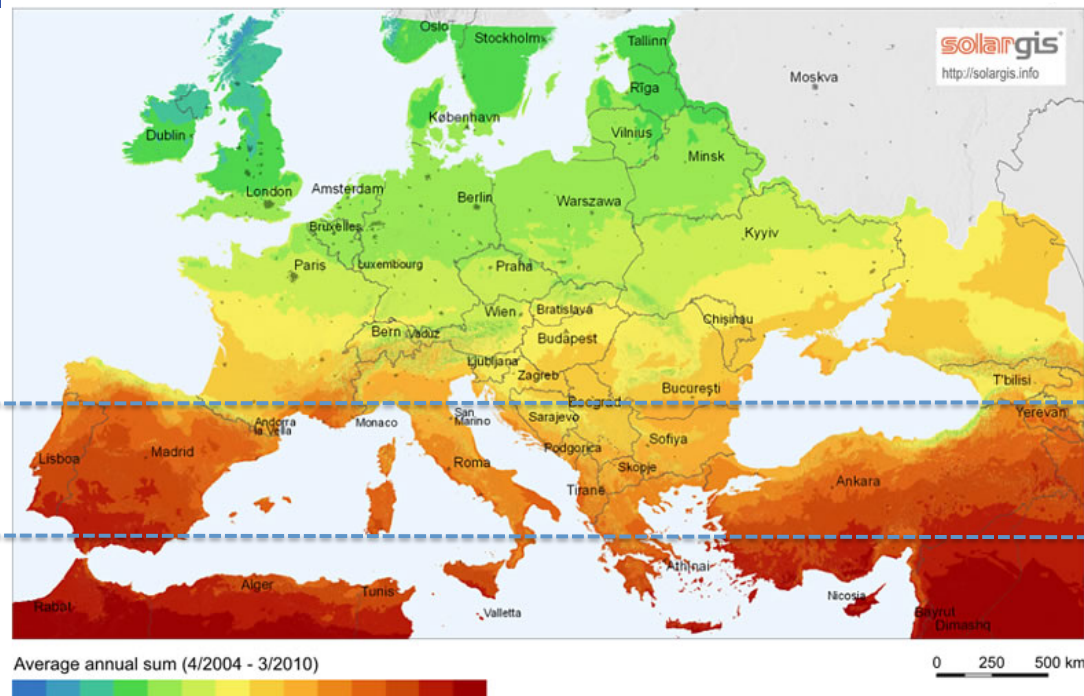
Retroactive tradition

Tax regime

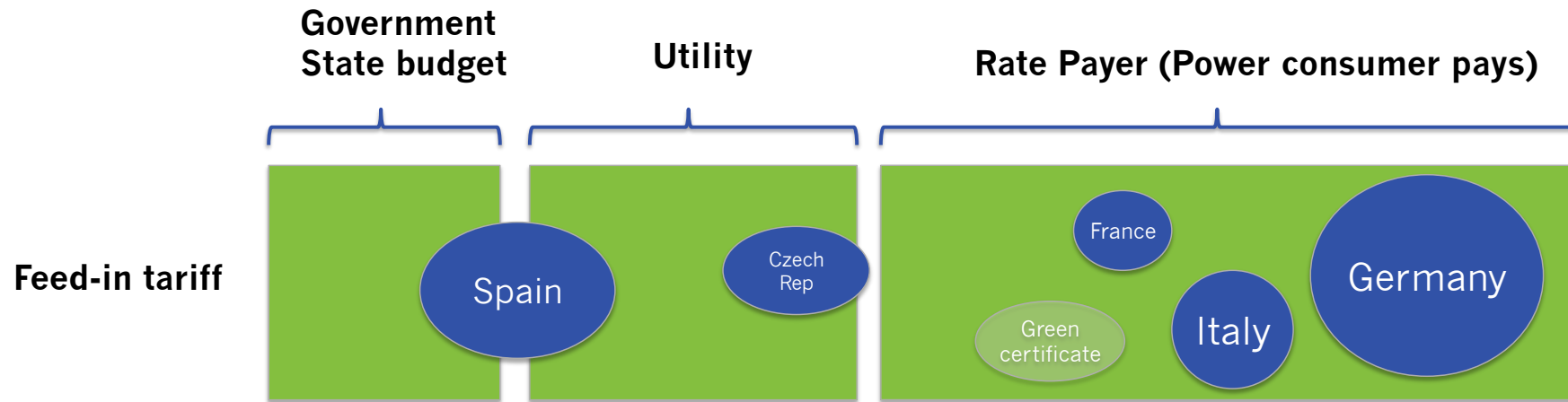
Grid-Parity
2014-

Grid-Parity
“now”

Priority of sales of
electricity



Governmental cash flow and solar subsidies



Governmental cash out	Difference between wholesale and retail tariff	Cash out = 0
Governmental cash in	Direct cash in: VAT on power plant and construction Tax on power plant in operation	Direct cash in: VAT on power plant and construction Tax on power plant in operation

Several positive indirect cash effects for governments on labour tax, sub-suppliers etc. In addition positive effects on foreign trade balance, energy security and CO² emission

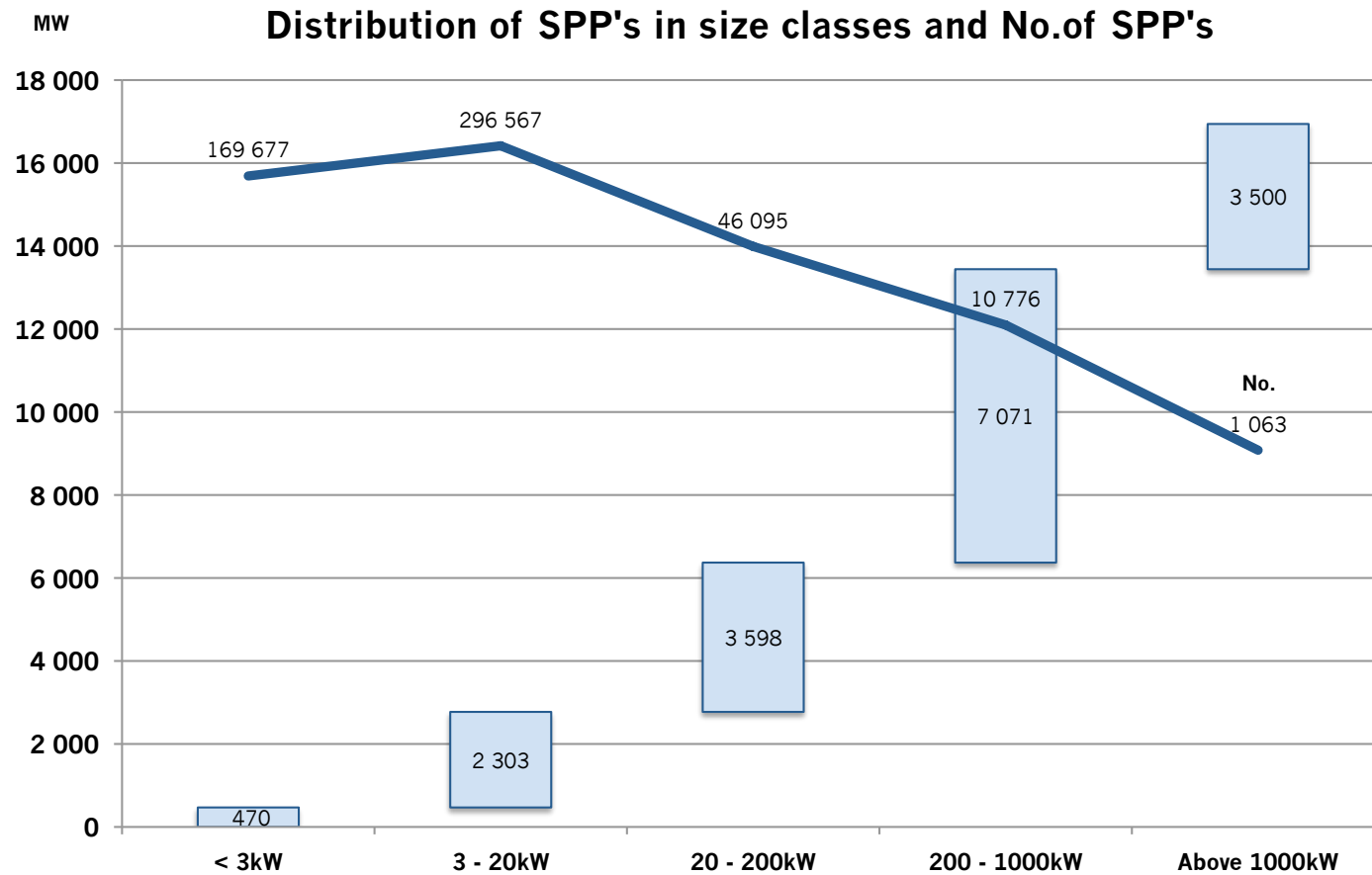
Italian solar power plant structure

17GW installed

525,000 SPP's under
20 year FIT contracts

3,500 SPP's above
1MW in size

up to 5,000 SPP's
relevant for ownership
by EAM Solar ASA

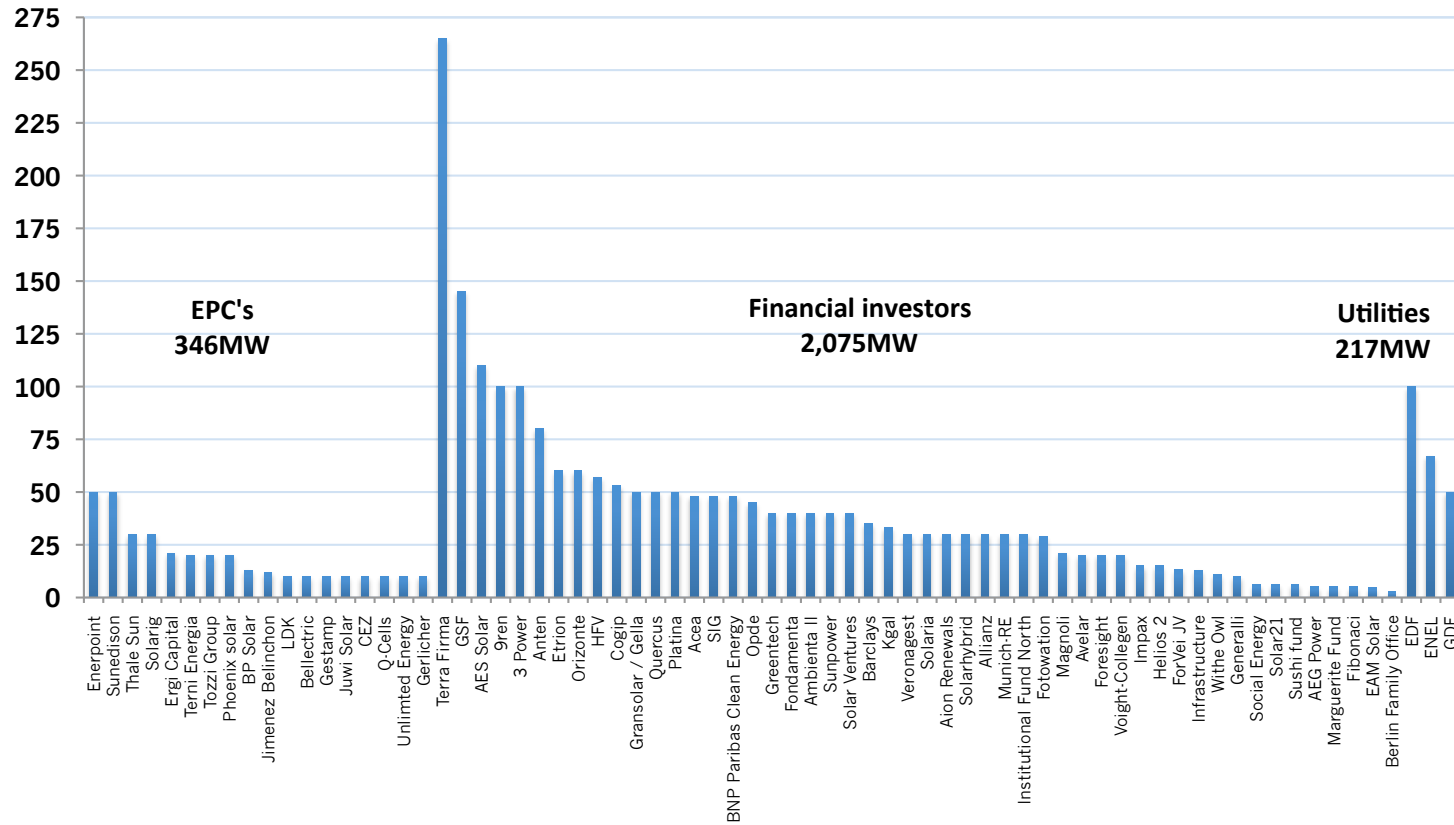


71 identified owners of SPP's

2,368MW owned

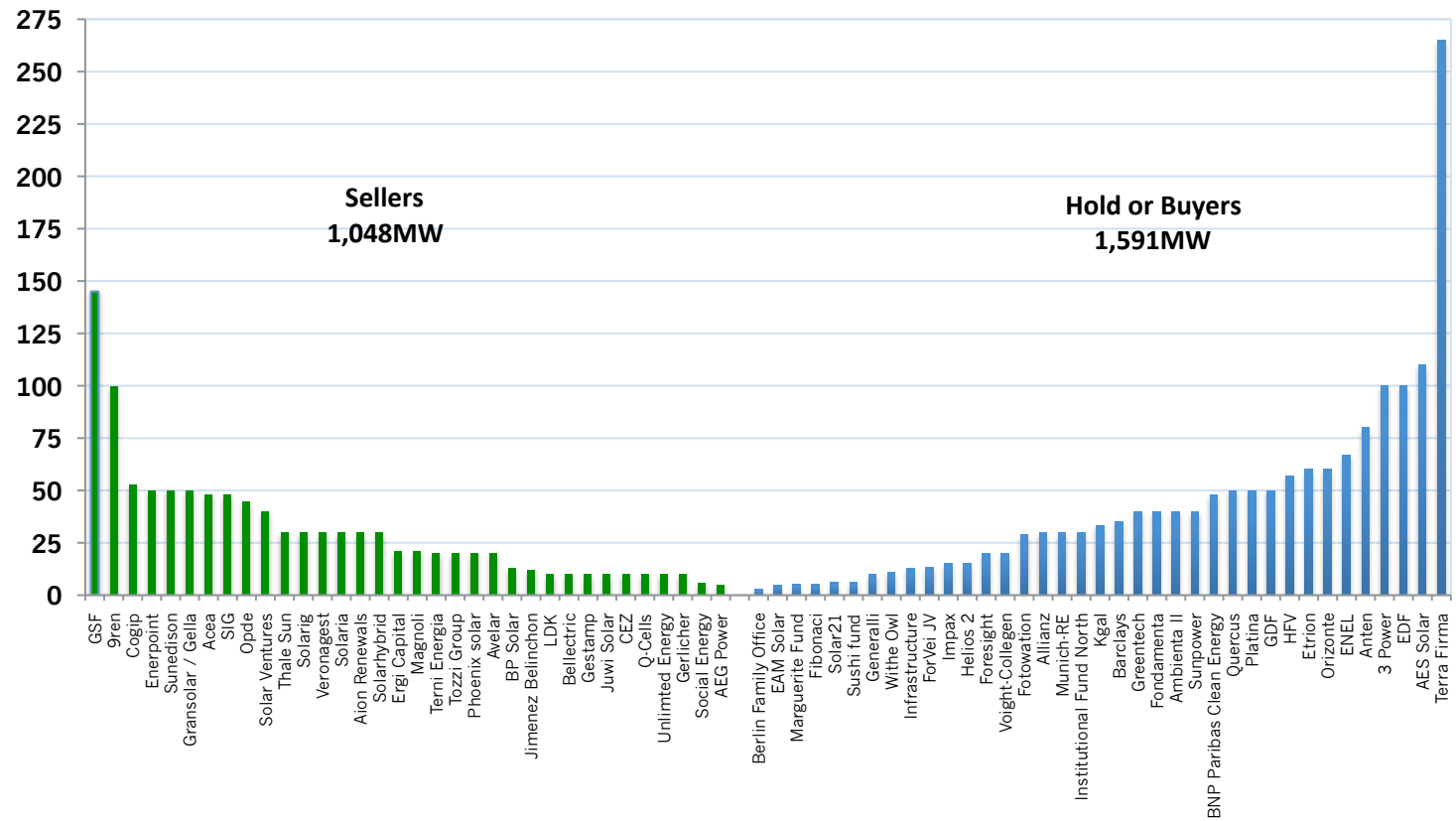
EPC's not final
owners of power
plants

71 Italian owners and portfolio size (2,368MW)



Assessment of sellers & buyers of SPP's among the 71

71 Italian sellers and buyers (2,368MW)



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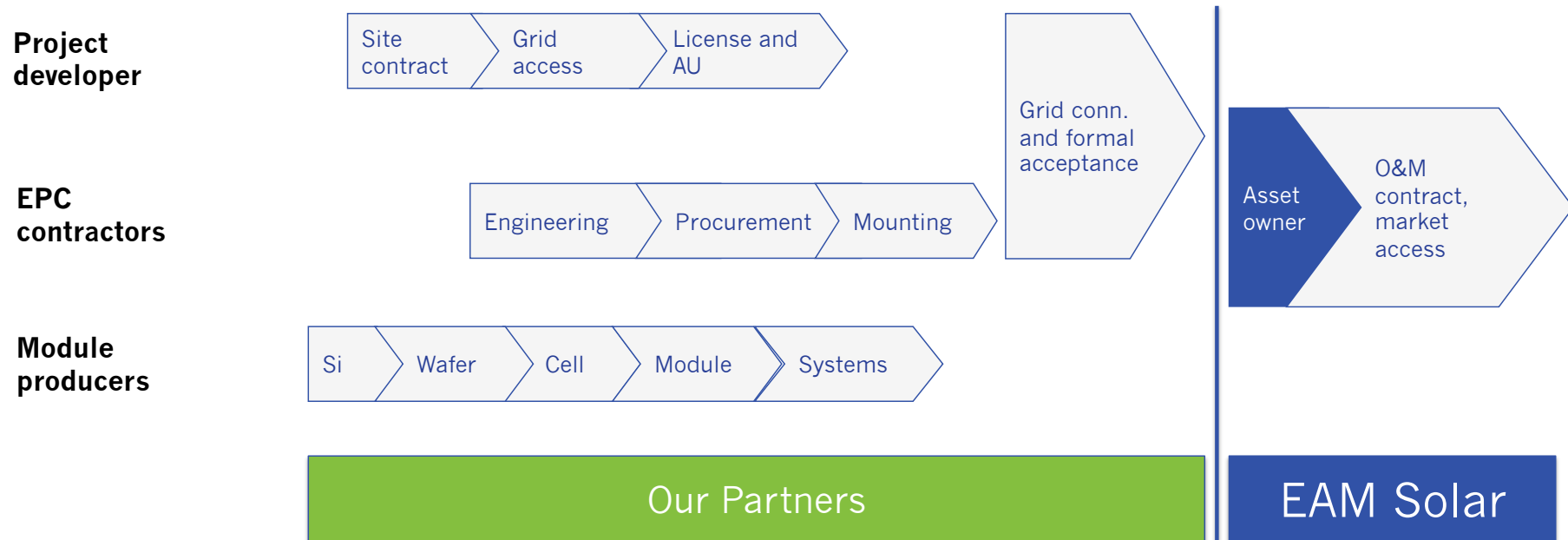
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- II. Good operations
- III. Medium and long-term development

EAM Solar in the value chain

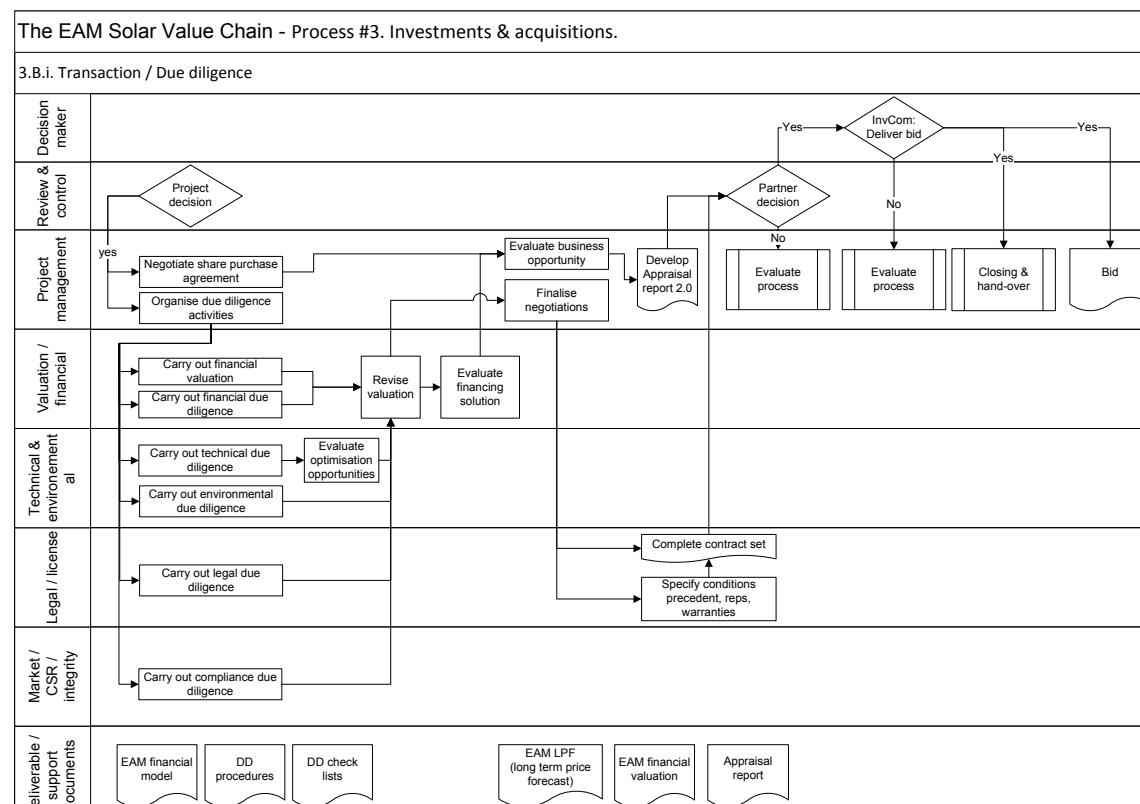


No project development or construction risk
Low revenue risk

Investment decisions follow regulated processes

**Investment decisions
are regulated by the
Management Agreement
between EAM SPM and
EAM Solar ASA**

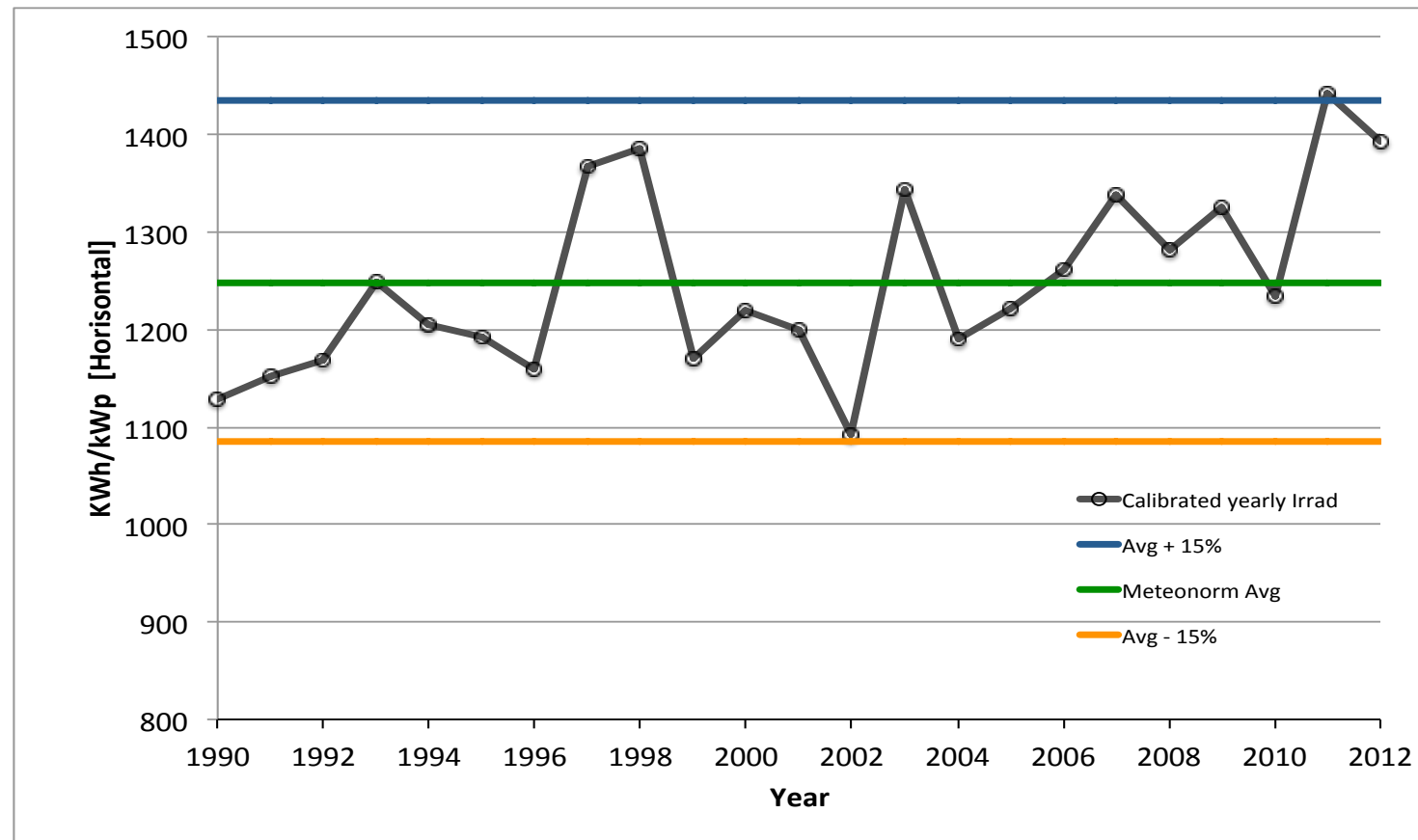
The diagram shows the principles but adjusted process may apply in individual cases



Solar Irradiation and Energy Yield estimates

Estimating expected Energy Yield for a given power plant requires interpolation between various methods
Good routines and correct use of data gives a good estimate

Production data for Varmo and Codroipo power plants show that EAM made a precise estimate for the investment decisions

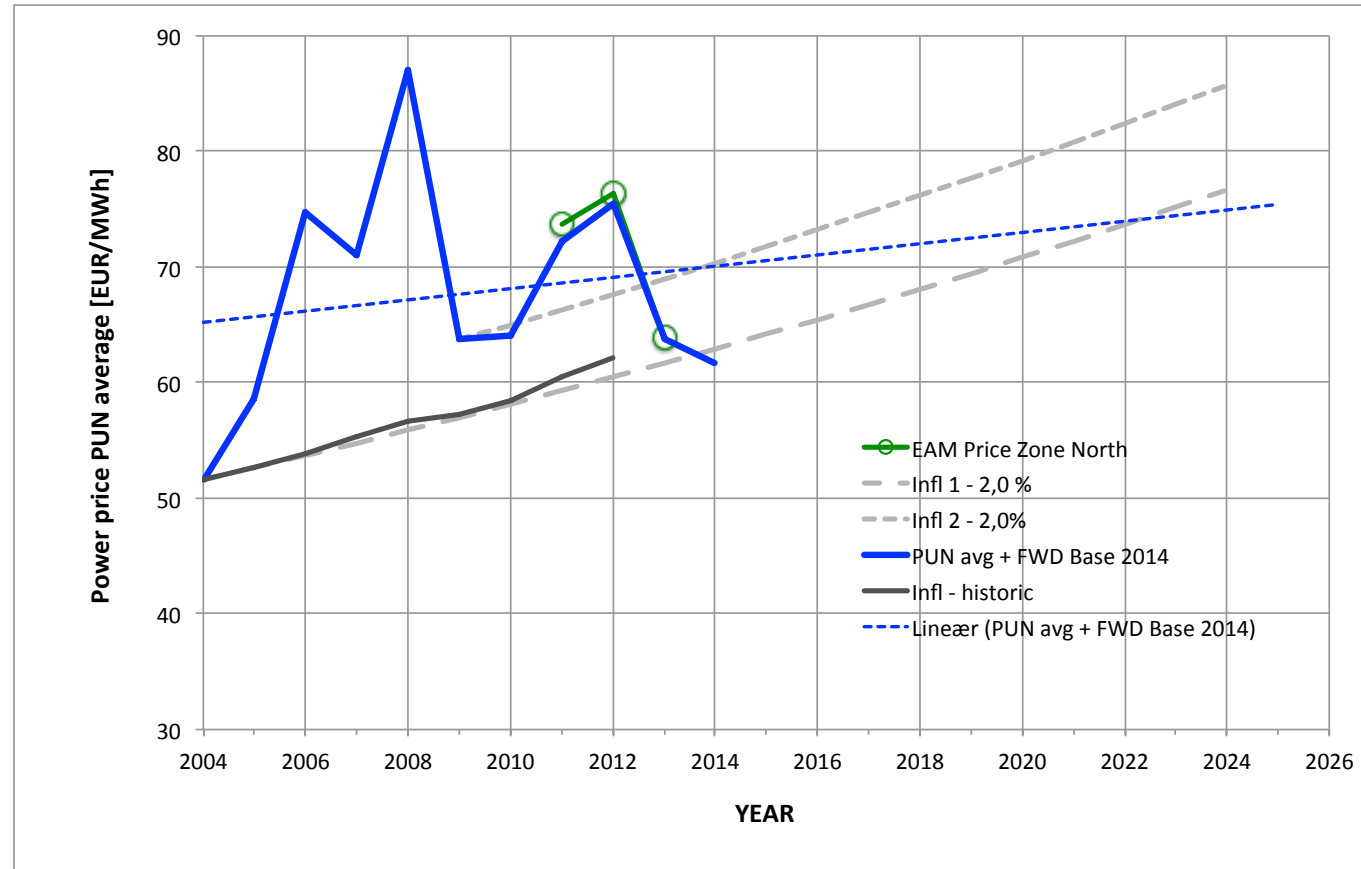


Data for Codroipo, calibrated for PV relevance (NASA, Meteonorm, EAM)

- In Northern Italy (Codroipo and Varmo) annual variation of +/- 15 % from average is normal.
- In Mediterranean climates the variation is down to +/- 5 % in some areas.
- Detailed knowledge about design, components and site is necessary to estimate Energy Yield
- EAM uses historic production data (when available) calibrated against actual irradiation to estimate Energy Yield
- The estimate is checked against technical advisory reports (yield reports)

Power prices and revenue estimation

Power prices may represent a smaller or larger share of the revenues depending on the FIT regime in which the power plant is inscribed



(www.mercatoelettrico.org, ISTAT, EAM)

- The price “picture” above is used in sensitivity analysis of investment cases
- Third party forward price analysis supplements the investment decision
- Power prices (actual and forward) across Europe have seen a reduction in last months

Due diligence and site inspections

The due diligence is typically conducted in three steps

- 1) Internal EAM screening (consistency of seller data)
- 2) Red Flag TDD+LDD analysis (major parameters)
- 3) Full DD (detailed analysis)



- Technical DD (Energy Yield / Contracts / Technical quality and robustness of components and design / natural risk and loss factors at site / Contracts for bankability and commercial standards / Availability and loss analysis incl Grid and other as applicable)
- Legal DD (Licences and permits / Land rights / Grid / Tariff agreements / Contracts / Legal structure / Compliance and other as applicable)
- Financial DD (Financial status / historic commercial problems)
- Insurance DD

Efficient integration is fundamental for good operation

The acquisition is complete and good when the legal, administrative and commercial integration are finished

- Renegotiate O&M Contracts including scope of services, price and guarantees
- Restructure and streamline commercial management
- Re-specify commercial and authority counterparties
- Update registries and addresses
- Set – up accounting and reporting
- “Good citizenship” – meetings with municipalities, land owner, etc.
- .. and more as applicable

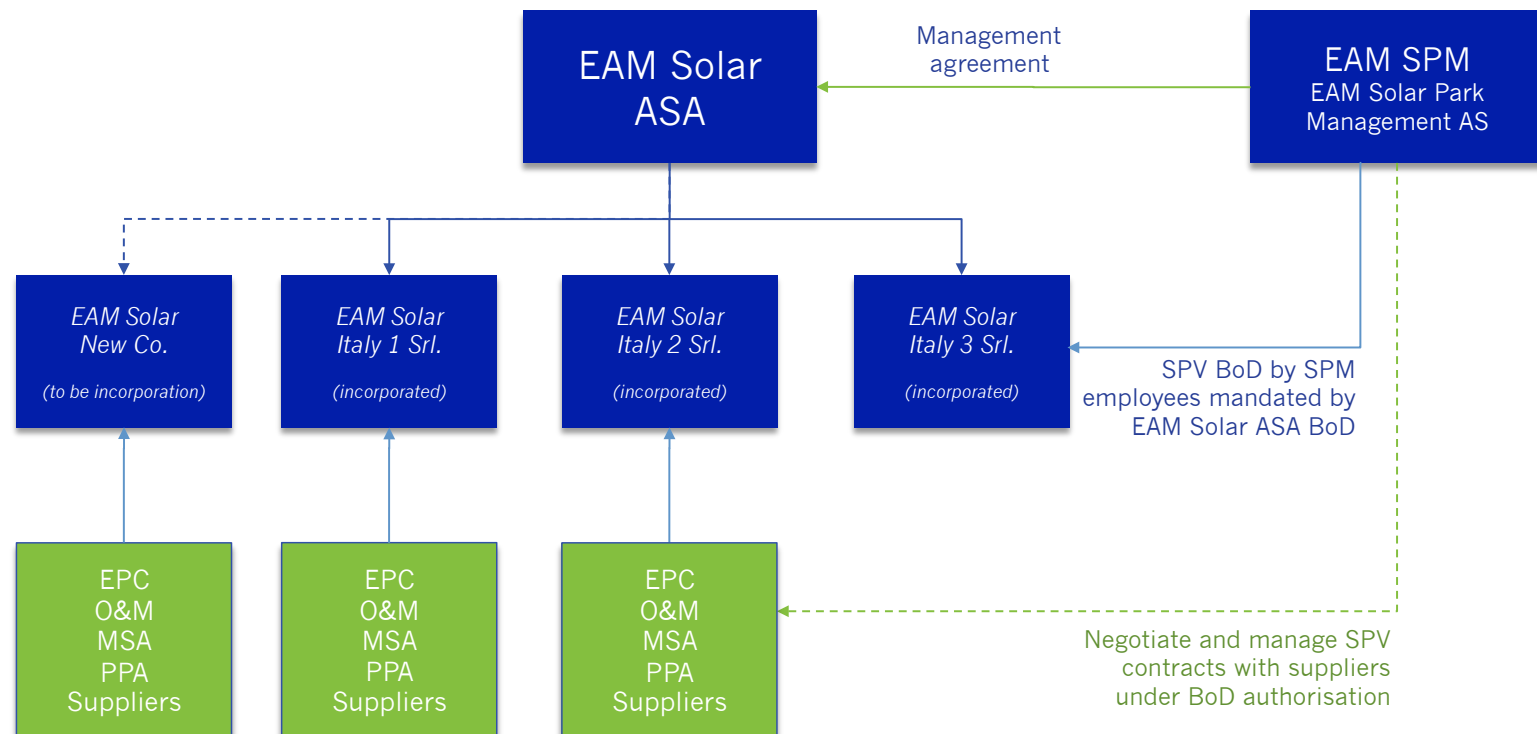
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Contract structure – an element of risk management

- All administrative, technical and commercial services are managed by SPM
- All service contracts are directly between SPV and the relevant Service provider (bankability, insurability and risk distribution)
- Clarity in governance: SPV BoD with wide local mandates, but restricted mandate from Solar ASA based on mandate chart
- Alignment of services: M&A / Business development included in services from SPM to Solar ASA



Business flow and main contracts for SPV operations

General note:
Owning a PVPP is not just a capex investment, but also a significant opex and risk management operation



Main operations contract focus on:	Monitoring Corrective response Q-ly inspections Maintenance Repairs Spare parts supply and management Monthly reports (MWh, tech status, HSE)	Day-ahead sales and hourly imbalance market operations at IPEX	20 year fixed nominal subsidy per kWh	Revenue reconciliation Receivables claims Cost / contract control Daily O&M follow-up Periodic technical and commercial analysis Improvement planning / advice Regulatory response Authority relations reporting Third party relations Claim management PPA pooling Production planning Corp services Legal & bus. office Monthly reports (revenues, receivables, commercial and admin status)	All financial reports Selected advisory services in M&A, tax
Quality of service					
Cost / risk optimisation					
Flexibility in scope (and price)					
Termination options					

Operational priorities

These priorities are relevant in normal operations situations

Other priorities apply in HSE emergency situations

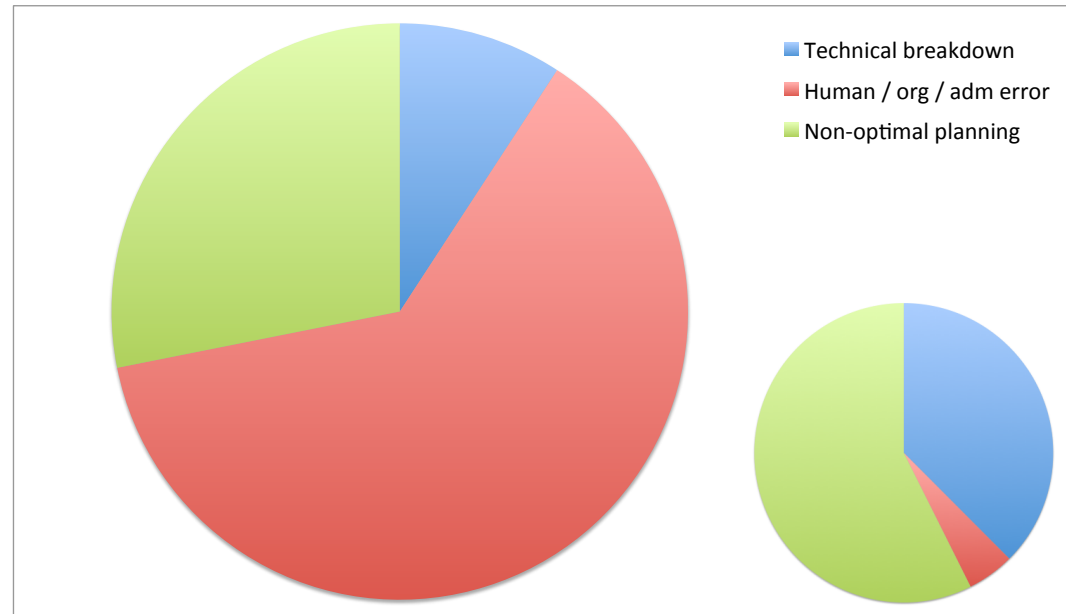
- Avoid loss and risk of loss
 - Reduce cost
 - Compliance
 - Revenue improvement
 - Reporting and documentation
 - Planning future and development
-
- The list is not priority of importance, but indicates “the sense of urgency”
 - Risk and cost management influence every part of the operation from planning of activities, to single repair activities, to renegotiation of main contracts

Loss evaluation and removal of loss causes

Recorded losses
Sept 2011 – Dec
2012

A loss is defined as
any incident that
result in lower than
possible power
sales

For Q1 2013 the
losses have
stabilised on a low
level compared to
previous situation



(Illustration: Start-up (left) and long term (right) loss cause distribution)

- Human / org / admin. inefficiencies and errors are typically a large loss cause in the start-up of plant and business. For Varmo and Codroipo all root causes for the recorded loss incidents have been eliminated.
- For EAM, the start-up losses have been significantly compensated in transaction price, insurance settlements, and commercial responsibility settlements.
- Non – optimal planning losses are gradually being reduced as operational excellence accumulates, but difficult to eliminate completely.
- Technical breakdowns are difficult to avoid without increasing maintenance cost unproportionally.

Commercial availability – measuring good operations

EAM believes that high commercial availability over time depend on the robustness of the design and the quality of the operations

Commercial availability in EAM Solar in Q1 2013 was 98,7%

$$\text{Commercial availability} = \frac{\text{Actual energy to grid} * 100\%}{\text{Actual energy to grid} + \text{Lost energy due to interruptions}}.$$

- All measurements are referred to energy meter at the grid connection point
- Losses include all incidents that interrupt the revenue generating production irrespective of the reason being technical, administrative or external (grid loss) or damage due to natural events
- Budget values for good power plants should be about 98 – 99 %

Cost / loss evaluation – an example

EAM is prioritising repairs that are important for long term revenue

Some repairs are postponed if the repair cost surpasses the loss and loss risk

Plant Availability in March							
Number of hours / Month (sunrise to sunset)	371,07	March					
Number of days / Month	31						
Day hours (sunrise to sunset) average value of month	11,97	hours/day					
technical Availability PV plant	99,97 %						
energetic Availability	99,97 %						
Device	Amount	Failure	Failure influence on yield per device per hour	Failure influence entire PV plant	Amount of devices affected	down time hours	Availability loss
Grid transfer site							
Medium Tension Cable	1	total break down	100,00 %	100,00 %			0,0%
Medium Tension Switch	1	total break down	100,00 %	100,00 %			0,0%
Park transfer site							
Transformers 400kV	5	transformer breakdown	100,00 %	20,00 %			0,0%
medium Tension switches	5	switch off (grid availability)	100,00 %	20,00 %			0,0%
Low Tension switches feed in	5	switch off (grid availability)	100,00 %	20,00 %			0,0%
Low tension sub-distribution boxes (including NH - fuses)	24	switch off (grid availability)	100,00 %	4,17 %			0,0%
Low voltage switchgear UTF	5	switch off (grid availability)	30,00 %	6,00 %			0,0%
Mover L (2Modelle)							
Mover L (3 Inverter) High Performance 9,3KWp	368	break down	100,00 %	0,27 %			0,00 %
Inverter (3 Strings)	1104	break down	33,33 %	0,09 %			0,00 %
Modulstring	3312	glass defect	10,00 %	0,03 %	1	371,1	0,03 %
tracking (1 Mover)	368	break down	30,00 %	0,08 %			0,00 %
Control System							
Weather Station	2	break down of both Weather stations	30,00 %	15,00 %			0,0%
SCADA Control	1	break down	30,00 %	30,00 %			0,0%

- Repair ASAP or wait until next inspection? The answer depends on the cost of repair + logistics vs loss estimate until next inspection when logistics and technician cost are lower

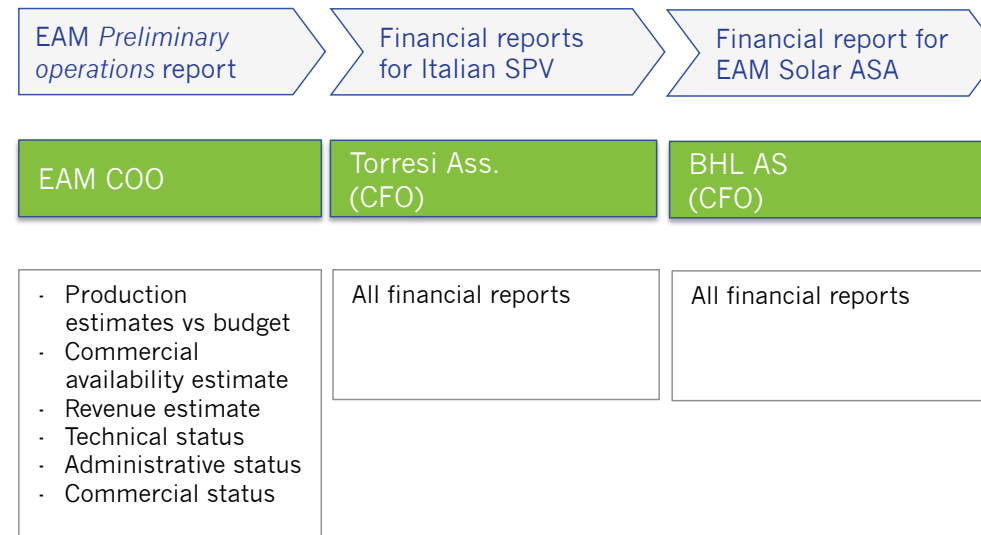
Main operational actions - Varmo and Codroipo power plants

Main operations contract focus on: Daily operations and main contracts focus on: Lowest possible real risk based on documented knowledge of power plants Find the most cost effective contractor fulfilling risk requirements General quality of service and improvement potential Flexibility in scope (and price) Termination options	Period	Main improvements and deliveries	Quantified benefit (estimated)
	Q2-Q4 2011	Negotiated bankable EPC and O&M Contracts, no price increase. Handover (PAC) test and QA.	Better guarantees and liabilities vs clear performance parameters. Confidence in plant status.
	Q1 2012	Strong fundamental argument of necessary insolvency discount "Cordoipo" Handover test and QA.	Discount fully compensate "Risk free" buyout from Solon insolvency. EUR 90 000 discount for minor issues
	Q2 2012	Renegotiated O&M Contract with new Solon Energy GmbH.	Approx 18% cost reduction, effectively same service level.
	Q3 2012	Loss risk analysis identified significant loss risk areas which can be removed by good.	Systematic loss of EUR 15 000 p.a removed and reduced risk of stochastic loss scenarios.
	Q4 2012	Installed "GSE meters". Replaced ENEL for production reporting.	Increase future revenues 0,5 -1 %. Receive correct payments of revenues, avoid overdue receivables.
	Q1 2013	New service agreement Wise Energy signed. Signed PPA major European power trader Implement new technical equipment to comply with regulatory requirements	Approx 16% cost reduction, effectively higher service level. Cap significant risk in the imbalance market. Solution for approx EUR 16 000 cost reduction

Monthly reporting cycle

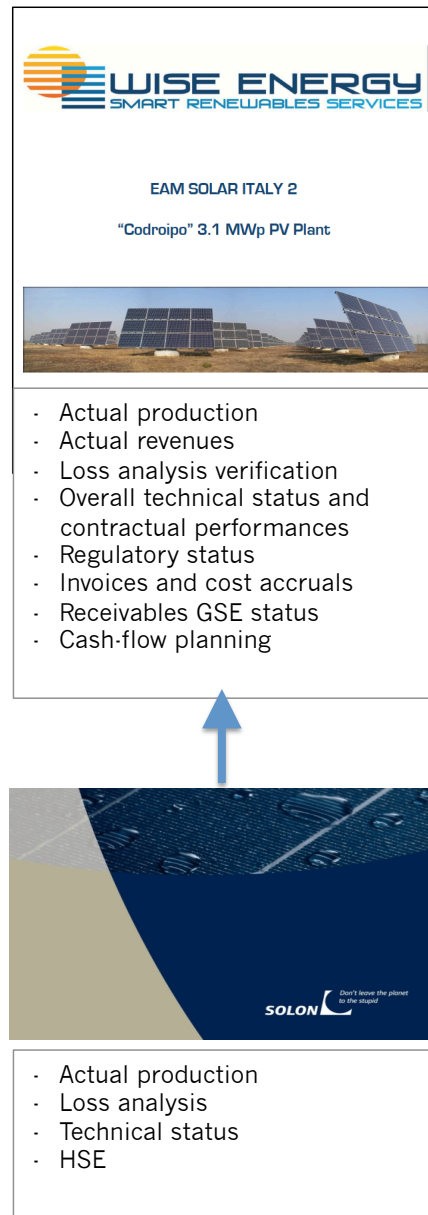
Formal and final production figures and revenues are released by GSE about 3 weeks after the end of month

Monthly reporting in EAM is therefore based on relatively precise production estimates in a preliminary operations report



Final operations results and reporting

The final and formal data are verified and checked for consistency by Solon (O&M Contractor) and Wise Energy (adm. manager) before prepared for EAM Solar ASA reports



Contents



- I. Good investments
- II. Good operations
- III. Medium and long-term development

The O&M operator market

Many O&M Operators are “add-ons” to EPC Contractors. Specialised operators are being set up, but their robustness is yet to be proven

- Many EPC contractors are operating their own plants, typical portfolios of 50 – 200 MW
- Market experience shows large variations in skills, quality and contractual reliability between the individual O&M operators
- There is commercial potential in professionalising the O&M operations and scale up the portfolios to the 500 – 1000 MW range, if the skills and capacity can be maintained on a micro level (“each power plant is special”)
- Some “big-name” companies are entering the market and making investments to facilitate market share growth. Their success will be interesting to follow
- EAM expects a restructuring of the O&M operator industry over time, but this may be slowed down by lending institutions and insurance companies who typically want the EPC contractor to do the O&M operations on long contracts (5 – 20 years)
- The operator of EAM power plants in Friuli, Solon, has about 80 MW ground plants in various markets, and about 100 MW roof plants in Italy
- Solon, like most other O&M operators, is pursuing strategies for growth

EAM O&M Contractor strategy

Main operations contract focus on:

Quality of service

Cost / risk optimisation

Flexibility in scope (and price)

Termination options

EAM has a pro-active strategy towards O&M Contractor

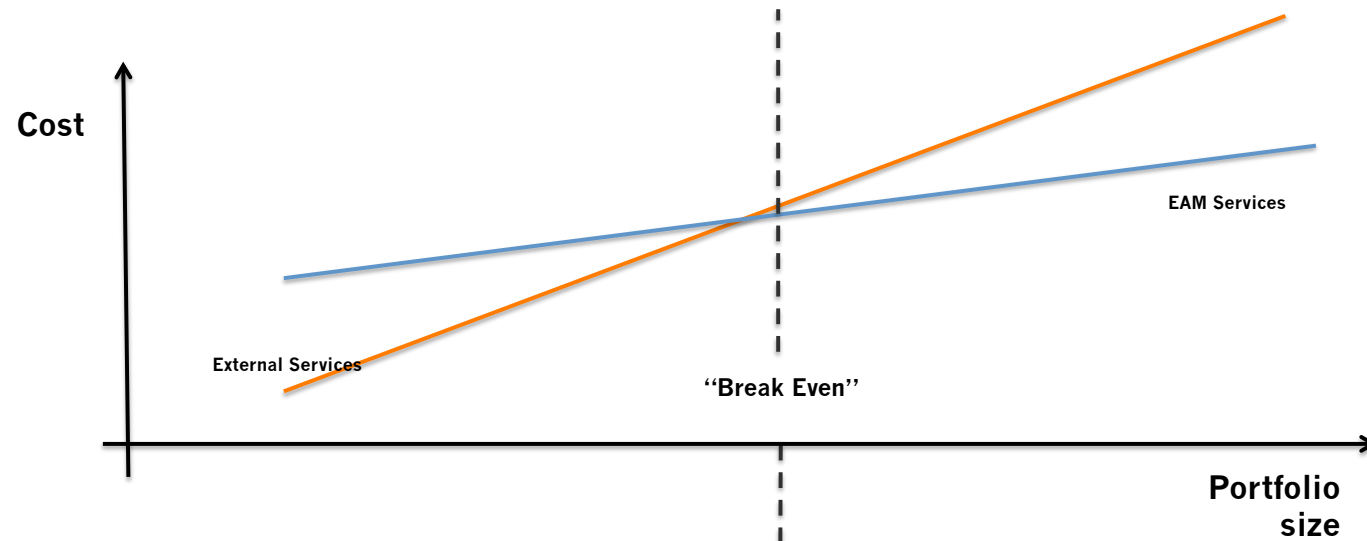
- Competitive on cost vs service level
- Quality of service
- Possibility to adjust service level and price
- Ability and willingness to participate in power plant upgrades
- Ability to maintain long term supply chains for spare parts
- Shorter contract durations and clear termination options

EAM will also be a good partner during the contract period

- participate in “supplier development” activities
- mutual business development ideas
- consider participating in testing of procedures and technologies (if no cost or loss risk)

EAM Internalisation plan for administrative cost reduction

At critical mass EAM SPM AS will establish an operations office in Italy in order to offer services at lower cost and improved service level



TODAY: EXTERNAL SERVICES

Pro's

- Lower cost (32 – 37kEUR/SPV) current prices for accounting and management services
- Start-up and streamlining of operations in organisation with established routines
- Benchmarking and experience exchange
- Pooling of capacity for PPA negotiations (25 MW)
- Risk distribution

Con's

- Slower processes with more interfaces typically in reporting (i.e. coordination “cost” for EAM SPM)

AS SOON AS POSSIBLE: INTERNALISED SERVICES

Pro's

- Lower cost (< 30kEUR/SPV) for accounting and management services
- Business flow optimised for listed company , quicker workflows and fewer interfaces
- Quicker processes with fewer interfaces
- Direct contact with authorities and GSE
- Risk control



Thank you