

ADVISORY SERVICES FOR THE
ENERGY SECTOR

✓ ENERGY M&A

✓ ENERGY BUSINESS DEVELOPMENT

MAURITZ & COMPANY
ENERGY, POWER & UTILITIES

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BRIEF INTRODUCTION

“WHO ARE WE?”

2. Mauritz & Company – Brief introduction.

Mauritz & Company is an independent investment banking boutique and management consulting firm that provides creative strategic and financial advice to senior management teams, company boards and owners.

Our advice focuses on two specialist areas: M&A Advisory and Business Consulting.

M&A Advisory services offer advice related to energy investments, e.g. mergers & acquisitions, joint ventures, Greenfield projects and divestitures.

Business Consulting services focus on business development advice to companies that plan to grow, expand or enter new markets.

In all our markets, we combine local staff and experts with international professionals and specialists (with global experience) to make our clients' effort successful and efficient.



ENERGY EXPERIENCE

“OUR ENERGY TEAM”

3. Energy experience.

We support energy companies' long term goal to become a major energy player focusing on strategic investment opportunities. Together with the client, we develop an international business development plan and execute the plan to strengthen our clients' position in CEE.

Our team has experience of all major energy technologies and has advised on energy projects in most of the CEE markets. Backed by a regional network of professionals with experience in energy and sustainable development schemes operating in local countries, we are able to offer a fully integrated service to our clients.

We pursue attractive investment opportunities which are in line with the clients corporate strategy and that provide strategic fit through various approaches, e.g. strategic alliances, mergers and acquisitions.

We build alliances with strong international and local partners for selected new markets.

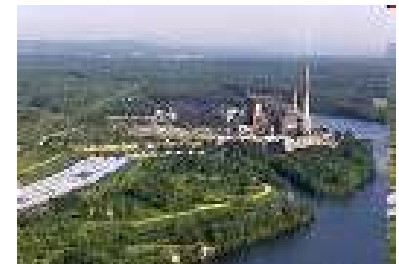


3. Energy experience.

We recognise that energy projects require strong financial advice to deliver appropriate, economically viable structures that meet stakeholder needs. On all of our projects, our approach relies on financial experience backed by strong sector knowledge and a proven track record.

Together with the client we develop a clear M&A strategy for the CEE region. Targets are coming and going and clients' will not be successful if they are not prepared to execute a transaction. There are few opportunities available and it is important to act quickly and decisively.

We know that following a sound business development process is crucial to the assessment of energy projects and the costly decision to execute or terminate a project.



ENERGY CHALLENGES

“WHAT TO EXPECT”

4. Challenges.

Global challenges. The energy industry is facing a series of challenges. It is critical for the industry to both understand and prevent potential risks and prepare to respond to problems as they arise in addition to creating infrastructures and policies for development and a positive future. Major challenges, such as energy security, energy poverty, carbon economy, environmental and social impact, are issues that no company can solve on its own.

Challenges during the energy business development process:

Stiff competition. It is very clear in the energy sector today that we are moving towards a small number of big companies. Most energy companies have realised that and to strengthen their position they want to grow via acquisitions.

Complex business. Energy projects are complex and costly and must be managed according to the highest standards. Project management is a people business and the foundation of project management effectiveness lies with the people involved, both individually and collectively. The essence of effective project management lies in the fitness for duty and the ability of the people on the team to become of one mind and to bond with one goal. It is not surprising that people, their capabilities and the ways they are organised, are central to the success of any project.



4. Challenges.

Project management challenges vary depending on which technology is used. While some are fairly simple (e.g., small hydro power), others such as offshore wind, tide and wave electricity and biomass involve some complex technological issues. The key challenge is that because a lot of this is new, we do not yet have standardised project management process to draw on; projects tend to be one-off and always need to be adapted to specifics of a country.

High risks. The ambitious energy targets of the EU will change electricity markets in Europe significantly. Greater uncertainty and higher volatility will have a major impact. An increasing share of renewables, especially intermittent sources like wind and PV power (solar), will increase the impact of the weather on electricity markets. Higher price volatility will be the consequence, which in turn will impact electricity supply forecasts. The increased risk profile will mean that we need to take steps to strengthen risk assessment and risk management practices.

How do we handle these challenges? The risk assessment and management skills of the project team are critical determinants of eventual project success. We ensure that an acquisition strategy is developed at the beginning of the project. Regular, periodic project reviews by internal and external parties are often an effective means of keeping projects on track. Early reviews by technical experts with experience from similar energy projects can play a key role in the success of complex projects.



ENERGY ADVISORY SERVICES

“HOW WILL WE CONTRIBUTE?”

5. We offer the following services:

5.1. Energy Business Development.

- Business development is a specific process designed to identify, analyse, and evaluate new business opportunities. Mauritz & Company assesses new business opportunities through the analysis of market potential, customer needs, company's existing and future capabilities, competitors, strategic alliances, and potential business models.
- Today, companies need to find new and innovative opportunities to compete in today's global marketplace. Business modelling allows our clients to choose the best possible opportunities for their investments.



5.2. Energy M&A.

- Our M&A Advisory team provides corporate buyers and private equity investors in the energy industry with comprehensive service offerings across the entire deal lifecycle. From strategy development and target screening through transaction execution, integration and valuation assistance, Mauritz & Company's M&A Services practice has the industry experience to advise our clients during every phase of their transaction.

6. Energy M&A advisory services.

We advise domestic and international companies with individually tailored M&A advice and assist them to accomplish their goals in Central & Eastern Europe (CEE).

We structure, execute and evaluate mergers & acquisitions, joint ventures, strategic alliances, greenfield investments and divestitures in various industries and countries with a focus on Energy & Utilities.

We have successful track records of managing all aspects of complex investment projects, working on a large number of industry, commercial and infrastructure projects.

We select sector specialists and industry experts to support transactions.

Our services cover all phases of an M&A process; from buyer and seller pre-deal support through to completion and post-deal integration.



7. Sell-side Advisory Services.

The sale of a company is a special and unique situation for most entrepreneurs and shareholders. A discreet and personal approach is therefore an essential prerequisite for ensuring a successful sale. This success is defined by the individual interests of our clients', which may for instance consist in maximising the selling price, ensuring the future existence of the company, or quickly executing the sales contract.

As part of a sales assignment Mauritz & Company provide the following services:

- Discussion and definition of the selling criteria and objectives.
- Company analysis and information, preparation of the sales outline and necessary sales documents.
- Calculation of the company value and the offer price.
- Definition of the target groups and market research to identify potential buyers (acquirers).
- Development of the sales strategy.
- Confidential approach of potential buyers (acquirers).
- Organising and conducting the negotiations in close cooperation with the client, coordination of the whole negotiating and selling process.
- Providing legal and tax advice during the preparation of the contracts involving external lawyers, auditors and tax advisors.



7. Sell-side Advisory Services, continued.

Mauritz & Company can assist you in evaluating your options as you seek to maximise the value of your business with the assistance of a professional financial adviser at your side.

The close cooperation with the client will ensure that the owner's personal objectives in selling the company are duly taken care of and the best possible negotiating position for our client will be established.

In carefully weighing the interests of our client, we are striving for the optimal balance between the selling price, the security of the agreement, a minimum of taxation and the matching takeover structures.

As your adviser we would assist you through the whole selling process and keep the information flow with potential buyers (acquirers) on a daily basis.

Only competent and highly motivated consultants who participate personally in the success of the project will accompany and advise our clients from the moment the first contact is established until the transaction is finally closed.



8. Buy-side advisory services.

Mauritz & Company's services cover all phases of an acquisition process. When being commissioned with an acquisition, we offer the following services to our clients' and support them in implementing their objectives:

- Definition of the acquisition criteria and analysis of the objectives.
- A complete selection of the candidates (target companies) on the basis of defined criteria's.
- Establishing confidential and personal contacts.
- Analysis of candidates (target companies).
- Assessment of an appropriate purchasing price.
- The development of negotiation strategies and the conduct of negotiations.
- Preparation of contracts involving external legal advisers.

The complete assistance in a strategic acquisition we provide ranges from the market research and the definition of targets right up to conducting the negotiations, so that the success of a later integration is ensured. This is the only way to actually benefit from the intended synergy effects.



REFERENCES

“ENERGY & UTILITIES”

9. Selected Energy & Utilities references.



SKANSKA



10. Contact address.

Mauritz & Company's team of professionals has the experience and qualifications to assist you with the many issues and decisions you may face during the energy business development process.

We welcome the opportunity to meet with you, learn more about your company's objectives, and discuss our experience and capabilities.



Mauritz & Company, s.r.o.
Business Centre Agathis
Školská 32
CZ- 110 00 Prague 1
Czech Republic

Phone: +420 221 419 727

Fax: +420 221 419 712

Homepage: www.mauritzcompany.com

E-mail: info@mauritzcompany.com



APPENDICES

“OVERVIEW OF SOME PROCESSES”

11. The Sales & Divestiture Process: Overview.

Planning & Preparation

- Formulate sales strategy.
- Valuation & Pricing.
- Target list of potential acquirers.
- Prepare marketing materials (incl. offering memorandum with relevant facts and figures) for distribution to potential acquirers.

Marketing & Initial Contacts

- Contact potential acquirers.
- Sign confidentiality agreements.
- Distribute marketing materials to interested potential acquirers.
- Receive indications of interest.

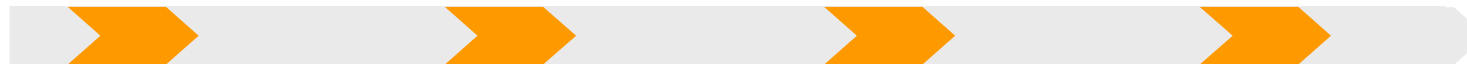
Meetings & Presentations

- Evaluate initial indications of interest.
- Conduct meetings with potential acquirers.
- Receive letters of intent.

Negotiation & Closing

- Negotiate final terms and conditions.
- Prepare for final due diligence.
- Facilitate final legal documentation and closing.

There are several distinct stages during the sales and divestiture process. The timing of each phase depends on the selling strategy, the characteristics of the company, the deal process, and the market conditions prevailing at the time of the transaction. On average a typical process ranges from six to nine months.



Clients' to-do list (examples of sell-side considerations):

- | | | | |
|--|---|--|--|
| <ul style="list-style-type: none"> • Selling objectives and goals? • Pre-deal conditions? (selling price, ownership structure, other) • Financial reports and legal, tax and litigation issues in order? • Devote the people and time needed to be involved through the whole process! • Own list of potential acquirers? | <ul style="list-style-type: none"> • Wish to be anonymous in the first marketing step? • Approve and reject companies on the list of potential acquirers. | <ul style="list-style-type: none"> • Review initial interests. • Approve and reject offers. • Select the most "promising" potential acquirers. • Good or bad "gut feeling" about any of the potential acquirers? • "Sell/No-sell" decision. | <ul style="list-style-type: none"> • Ready to sell? • Decide a selling price range including the absolute minimum price. |
|--|---|--|--|

12. The acquisition process: Overview.

Identification & Preparation

- Market research.
- Finding/Screening potential companies to acquire (Targets).
- Facts and figures.
- Preliminary Target list.

Planning & Structuring

- Selecting the project team members with right background and expertise.
- Target meetings.
- Find out available Targets?
- Develop Short-list.
- Deal structure.

Strategic Evaluation

- Advantages and disadvantages of this investment.
- Competitive advantages?
- Synergies and strategic fit?
- Benefits?

Financial Evaluation

- Confidentiality agreement.
- Financial data.
- Financial analysis.
- Risk analysis.
- Valuation & Pricing.
- Letter of Intent.
- Pre-deal conditions (purchase price?).

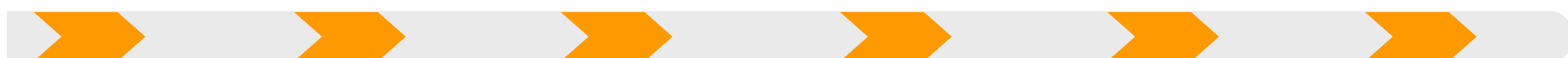
Due Diligence

- Due diligence (legal, financial, tax, accounting, market, HR, environmental, engineering, etc.).
- Involve sector and industry experts.
- Risk allocation.
- Legal documents to be prepared.

Negotiation, Bidding & Closing

- Revaluation after due diligence findings?
- Acquisition agreement.

Implementation & Integration



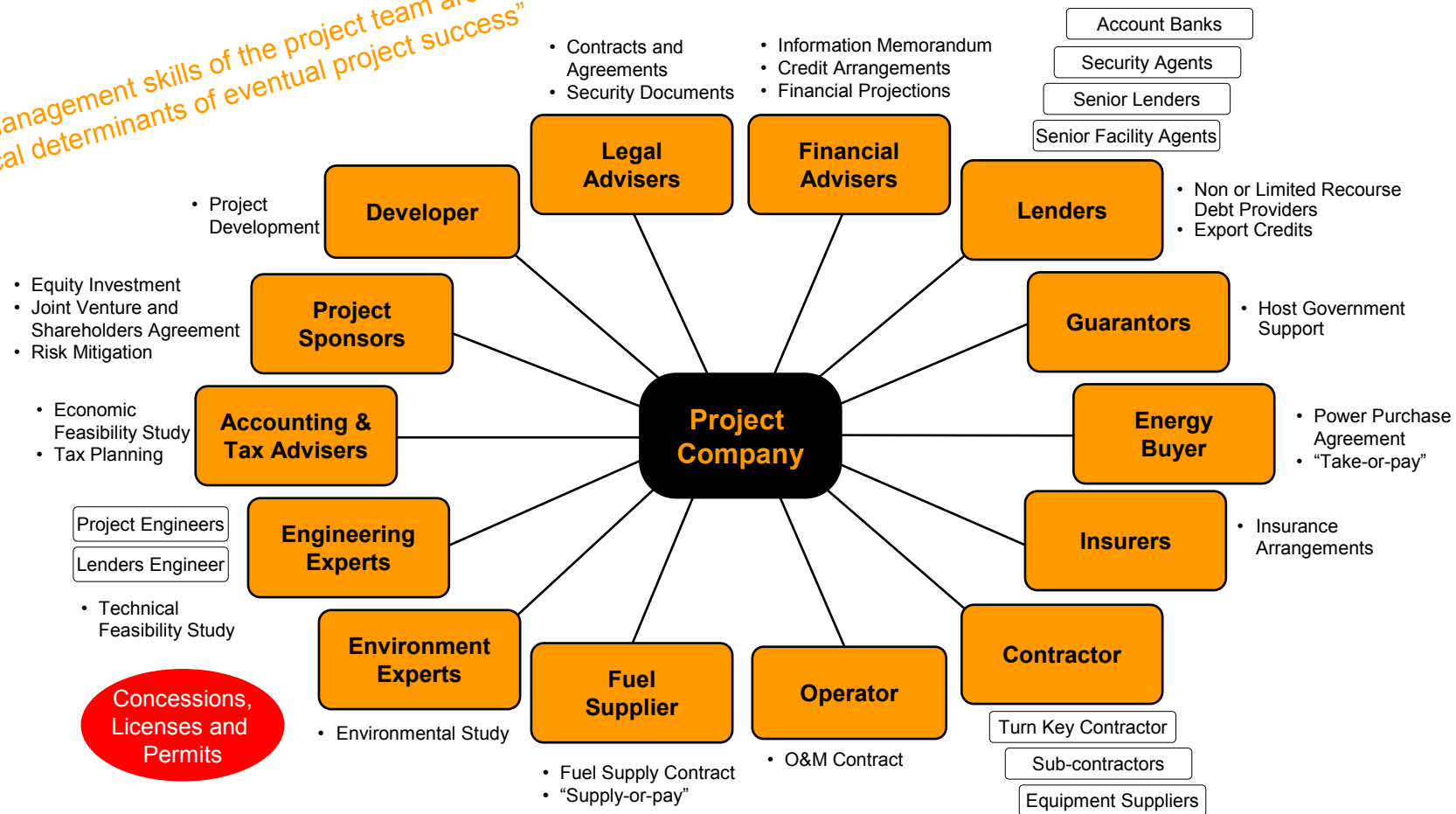
Clients' to-do list (examples of buy-side considerations):

- | | | | | | |
|---|--|--|--|--|---|
| <ul style="list-style-type: none"> • Investment objectives and goals? • Target criteria definition. • Devote the people and time needed to be involved through the whole process! • Wish to be anonymous? • Own Target list? | <ul style="list-style-type: none"> • Required return? • Expected investment cost? • Approve/reject companies on the short-list. • Accepted ownership/management control/structure? | <ul style="list-style-type: none"> • Is this what you are looking for? • What value will you add to/get from Targets? • Good "gut feeling"? • Select one or a few "Hot" Targets. • "Go/No-go" decision. | <ul style="list-style-type: none"> • Own financial and risk profiles. • Contribute with market knowledge, forecasts and specific industry data and projections. • Review. Approve/reject. • Initial investment decision and price. | <ul style="list-style-type: none"> • Want to use own industry experts and other professionals? • Implementation plan. • Plan & appoint management resources. • Financing plan. | <ul style="list-style-type: none"> • Ready to make the final offer? • Approve a price range and the "walk-away"-price. • Financial agreements. • "The Morning After"- plan. |
|---|--|--|--|--|---|

This is a simplified overview, we view M&A as a coordinated process, rather than as a series of separate, sequential steps.

13. Overview of an energy project organisation (example of structure).

“Management skills of the project team are critical determinants of eventual project success”



14. Managing risk in energy projects: Overview of some risks.

An optimal risk assessment should include risk identification, risk analyses and evaluations, risk avoidance and risk response.

• Country Risks

- Political risk
- Inflation risk
- Currency risk
- Taxes
- Laws
- Licenses and permits

• Market Risks

- Energy politics/prices/taxes
- Contract structure
- Customer profile
- Market structure/ regulations/access
- Market situation/supply and demand
- Competitors

• Public Relation Risks

- Environment
- Ownership structure

• Financial Risks

- Valuation method/modeling
- Lenders requirements
- Currency exposure
- Interest fluctuations
- Refinancing

• Development Risks

- Negotiations/contract terms
- Commitments/obligations
- Partner co-operation
- Project Management
- Delays
- Cost overrun
- Permissions
- Procurement

• Technical/Construction Risks

- Contractor/ technical experience
- Delays
- Cost overrun
- Performances/completion

• Fuel Risks

- Environment
- Availability
- Quality
- Cost/price

• O&M Risks

- Operator/ operating experience
- Management and operating personnel
- Production costs
- Environment/emissions

- Availability
- Efficiency/degradation

• Environmental Risks

- Environmental impact
- Fees/ taxes/costs
- Polluted sites
- Contamination of land
- Waste disposal and handling costs

• Corporate Risks

- Tax law
- Accounting law
- Payments/insolvency

• Legal Risks

- Corporate rules
- Ownership rights/access
- Liabilities
- Arbitration/ disputes
- Energy law
- Environmental law

• Force Majeure Risks

- Acts of God
- Extreme weather conditions
- Fire/explosion

MAURITZ & COMPANY

- investment banking boutique and management consulting firm.

MAURITZ&Co.

M&A ADVISORY

- Mergers & acquisitions (M&A), joint ventures, strategic alliances and other types of investments and partnerships in various industries.
- Advising clients with individually tailored M&A advice and assisting them to accomplish their goals in Central & Eastern Europe.
- Searching and identifying M&A targets and investment opportunities.
- From buyer and seller pre-deal support through to completion and post-deal integration.
- Creative strategic and financial advice. Valuations and appraisals.



BUSINESS CONSULTING

- Providing a wide range of advisory services to companies that plan to grow, expand or relocate their business.
- Arranging all essential services that clients need - a complete, convenient, time and cost effective solution for clients.
- Preparing market entry studies, industry analysis and country reports.
- Finding local partners, suppliers, distributors and sales agents.
- Senior management consulting to utilities, energy companies and large energy users.



Mauritz & Company, s.r.o., Školská 32, CZ- 110 00 Prague 1, Czech Republic
Phone +420 221 419 727. Fax +420 221 419 712. E-mail: info@mauritzcompany.com

WWW.MAURITZCOMPANY.COM

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