

# Solar Electric Light Company



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SELCO



# WHY IS SELCO ATTRACTIVE?



- ✦ Market leader – first into new market with global strategy to serve new customers
- ✦ We have the right product to enable the development of the market
- ✦ We have extensive management team experience
- ✦ We have proven market acceptance
- ✦ We have a proven delivery system that has led to a branded physical network serving an extensive customer base
- ✦ Our product base is expanding from and due to our core offering
- ✦ Our ultimate target market is huge and untapped – *two billion people representing \$50 billion annually*





# SELCO BUSINESS DESCRIPTION

- ✱ Product distribution and service company that is developing the consumer market in those regions of emerging market countries that are removed from or not well served by the power grid
- ✱ Core business is selling and servicing packaged household lighting and electricity systems
- ✱ SELCO believes that electricity is fundamental to economic development and consumer behavior
- ✱ Delivery system is a network of sales and service outlets selling to individual consumers
- ✱ SELCO provides a superior source of lighting and electricity while costing less than available alternatives
- ✱ Core product is an enabling device leading to consumer desire for related applications





# ABOUT SELCO

- \* Corporate office is in Chevy Chase, MD near Washington, DC
- \* Majority owned subsidiaries in India, Vietnam and Sri Lanka
- \* Employs 300 people world wide and has network of 32 outlets
- \* SELCO companies have an installed customer base of 10,000
- \* Sales in 1999 were \$873 Thousand
- \* Sales in 2000 were \$1.7 Million
- \* Sales in 2001 were \$2.6 Million
- \* Further expansion into Africa, South America and further into Asia

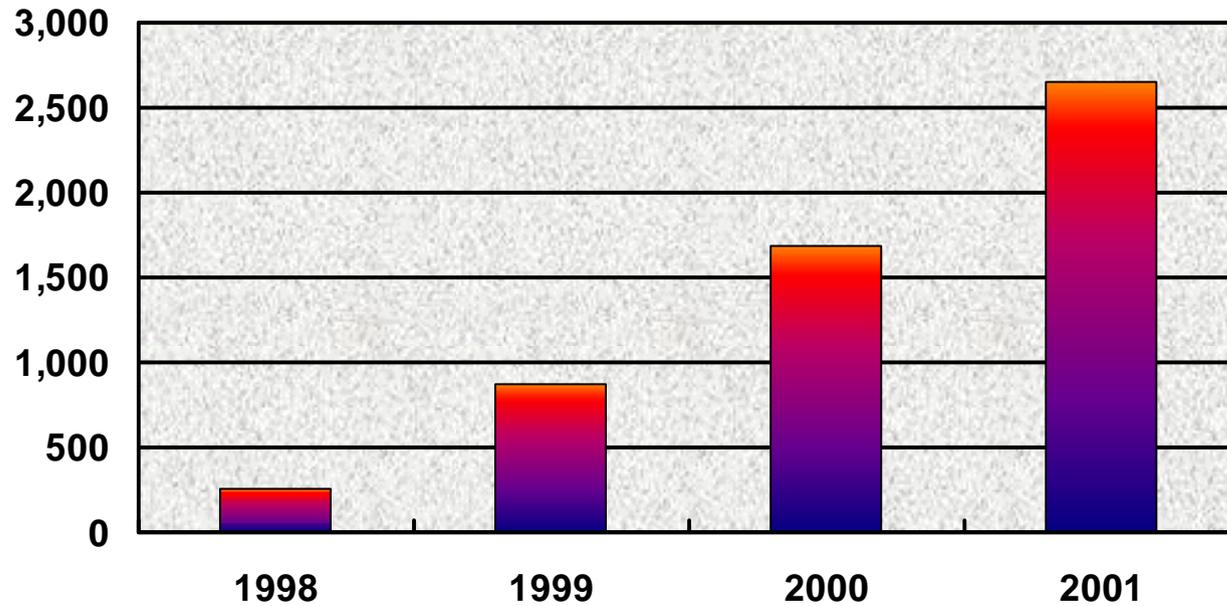




# TRACK RECORD

## SELCO SALES HISTORY AND 2001 RESULTS

(in thousands  
of US\$)



- ✱ Sales have grown at a CAGR of 155% from 1998 through 2000
- ✱ Sales are expected to continue growing rapidly for the foreseeable future.





# SELCO'S COMPETITIVE ADVANTAGE

- \* The only independent company targeting the off-grid lighting and electricity market
- \* First to develop physical points-of-presence
- \* Proven strategy for bringing new products to this new market
- \* Direct access to the end consumer
- \* Brand recognition





# STRONG BRAND IDENTITY

## Registered Logo

- ✱ SELCO has protected its distinct brand name and logo for worldwide marketing purposes
- ✱ The name “SELCO” along with its accompanying sunburst-over-rooftop symbol is officially registered with the United States Patent and Trademark Office



## Brand Recognition

- ✱ SELCO has established a strong brand identity in the marketplace. In many of its markets, customers seeking household electricity ask for a “SELCO”





# MARKET

- \* SELCO is targeting the \$50 billion-dollar market consisting of consumers who lack access to grid electricity in the emerging economies
- \* Over 400 million households representing more than 2 billion people throughout the world lack access to electricity
- \* Hundreds of millions of more households and businesses receive unreliable electric service and severe power outages
- \* The typical target customer currently spends about \$10 per month for inferior, expensive electricity and lighting sources such as kerosene and dry-cell batteries, and to recharge car batteries
- \* Demand for related electrical appliances is growing commensurate with rising incomes

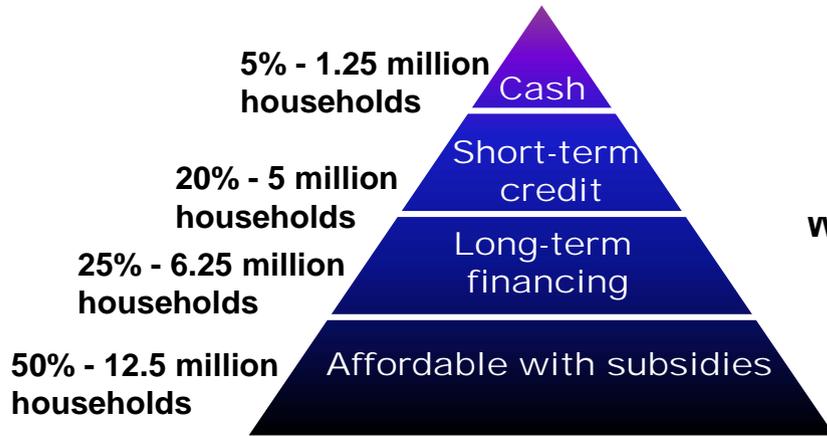




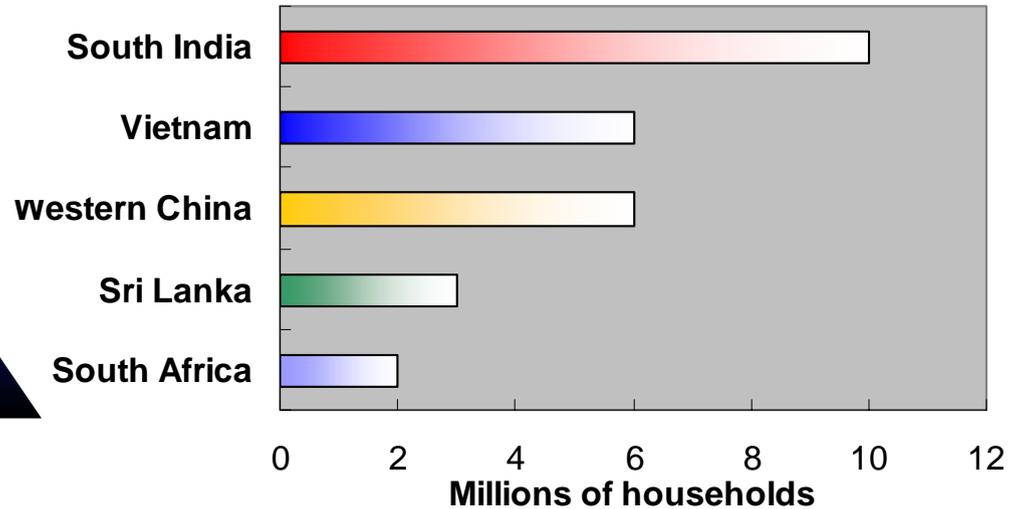
# SELCO MARKET PENETRATION ANALYSIS

**TOTAL = 25 MILLION UNELECTRIFIED HOUSEHOLDS IN SELCO'S CURRENT TARGET MARKETS**

## CUSTOMERS' ABILITY TO PAY



## COUNTRY BREAKDOWN



**SELCO intends to sell one million solar home systems by 2010, for a 16% penetration of its targeted cash and credit markets**

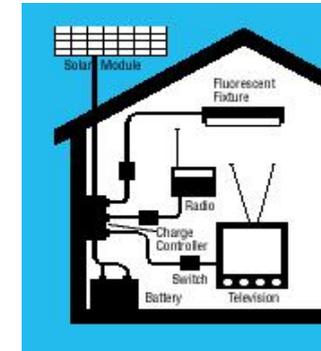




# SELCO PRODUCTS

## SHS

- \* SELCO's primary product is a packaged household lighting system with an ASP of \$500 per unit
- \* SHS represents 75% of the company's revenues



## Components & Appliances

- \* SELCO sells individual components for system expansion as well as private-labeled lights, fans, televisions, and other electrical appliances
- \* SELCO intends to expand its offerings to meet additional market opportunities

## Customized Systems

- \* SELCO also sells customized electric systems. The company designs, installs, and maintains systems for customized applications

## Service

- \* SELCO provides installation and services for all of its packaged electricity systems
- \* Provides design and installation for specialized custom electricity systems applications





# SOLARELECTRIC POWER: THE MOST ECONOMIC ENERGY ALTERNATIVE IN OUR MARKETS

## COMPARATIVE POWER COSTS OVER SHS LIFETIME

### *Non-SHS Household*

	US\$
Kerosene	2,000
Dry cells	300
Battery recharging	300
Battery replacement	225
<b>TOTAL <sup>1</sup></b>	<b>2,825</b>

### *SHS Household*

	US\$
System price	495
Light replacement <sup>2</sup>	186
Battery replacement <sup>2</sup>	369
Maintenance	237
Financing costs <sup>3</sup>	400
<b>TOTAL <sup>4</sup></b>	<b>1,687</b>

*COST OF GRID  
EXTENSION TO  
UTILITIES*  
= US\$ 3,000 per household

**NET GAIN TO CUSTOMER: Over life-time of a SHS, customer SAVES \$1,138**

- 1 Based upon SELCO market research: believed conservative
- 2 Battery and lights replaced every five years
- 3 Downpayment = 25%; Term = 3 years; Interest Rate = 25%
- 4 Does not factor in benefits accrued through quality of life improvements and convenience





# SELCO SOLUTION

SELCO's unique combination of branded products, on-site service and local presence allows the Company to provide, in addition to its packaged lighting systems, its customers with a wide-range of high quality electric appliances and related applications

Non-SHS revenue is expected to reach 40% of total sales by 2008.

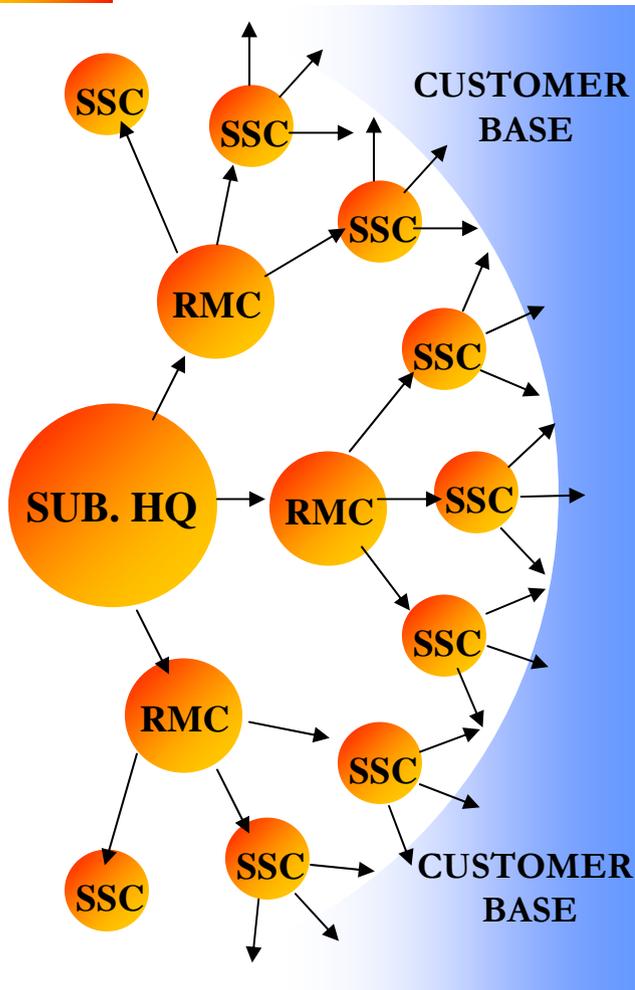


SELCO®

4/22/2004



# DISTRIBUTION CHANNEL



## Sales and Service Centers (SSC)

- ✿ SELCO services its market territories through sales and service outlets called Sales and Service Centers (SSC)
- ✿ SSCs are the point-of-presence with its end-customers, and serve as the base of local sales and service operations
- ✿ Sales and Service Centers contain a showroom for company products
- ✿ All SSC employ local staff, which operate according to standardized SSC operating procedures
- ✿ As the network grows, it will be managed through Regional Management Centers (RMCs)





# DISTRIBUTION CHANNEL

- \* Inexpensive protected means of acquiring millions of new customers eager to purchase consumer goods
- \* SSC costs \$20,000 to establish
- \* Covers 50,000 households
- \* Expected annual sales of \$200,000
- \* Payback generally of less than one year
- \* Once customers have electricity they consume more panels and applications
- \* Distributed model adapts easily to lowest cost method of serving market for electricity (e.g. fuel cells in the future)





# MANAGEMENT

## Corporate Management

- ✿ Neville Williams, Chairman, has devoted 10 years to solarelectric wireless power development in 11 countries
- ✿ Carter Hertzberg, Chief Financial Officer, has 8 years of strategic financial management experience in start-up energy and communications companies.

## Board of Directors

- ☞ John Kuhns, Vice Chairman, is a leading financial expert in the renewable and independent power sectors
- ☞ Paul Maycock is the leading technology expert for the Photovoltaic Industry
- ☞ Anthony Dixon, a senior officer for Salomon Smith Barney, is an expert in international asset-backed financing
- ☞ Lars Zoellner, CEO, Gaia Kapital, Germany

## Subsidiary Management

- ✿ Dr. H. Harish Hande, Canh Tran and Susantha Pinto are the managing directors for India, Vietnam and Sri Lanka
- ✿ More than 25 years of combined experience in the renewable and power industries in addition to extensive educational qualifications





# CONCLUSION

- ✱ Investor interest in the renewable energy industry is substantial and growing
- ✱ SELCO has arrived early to its markets
- ✱ Market development based upon filling a basic consumer need – deliver electricity first
- ✱ Market targeted with the most commercially viable product delivery system currently available
- ✱ A proven business strategy that can penetrate a huge untapped market
- ✱ Core business readily expands with related add-on applications and sources of revenue
- ✱ Investor returns are expected to exceed 60% annually





## POSTSCRIPT: CARBON OFFSET BENEFITS

- \* *Provides additional financing opportunities*
- \* The world's first carbon offset funding agreement for solar rural electrification was signed in August, 1999 between SELCO and the Solar Energy trust, providing \$500,000 - from PacifiCorp's Klamath Cogeneration Project in Oregon - for SELCO to use over a 30 year period to finance SHS in India, China and Sri Lanka
- \* A single 35Wp SHS will displace 7.2 tons of carbon dioxide emissions caused by burning kerosene and recharging car batteries over 20 years
- \* The Klamath Falls project is for 1 million tons or \$0.50 per ton CO<sub>2</sub>. As the pressure mounts in the area of climate change mitigation and carbon trading, prices will escalate
- \* *Carbon offsets enhance shareholder value with "free" equity*





## Images of SELCO at Work



4/22/2004



DON BOSCO – YUVAPRACHODINI - Bangalore



TGB - Taykanahalli





A SHOP USING A SELCO LIGHT

# KENTENICH VIDYANIKETAN - Bangalore



**PRAYERS UNDER SOLAR LIGHTS IN  
KENTENCH \_ ALWAYS**



AN OVERVIEW OF THE 56000 LITRE  
INSTALLATION AT MAHE - MANIPAL



A 300 LPD INSTALLATION



# ONE OF THE 75 STREET LIGHTS AT MUNDGOD



