

Due Diligence in Australia's Renewable Energy Industry



DUE DILIGENCE
 HELPED A PRIVATE
 EQUITY FIRM MAKE
 THE RIGHT DECISION
 ABOUT ACQUIRING
 A TOP SOLAR PV
 PLAYER

A private-equity firm was considering investment in a top player in the Australian photovoltaic (PV) on-grid residential installation market. Changes in the regulatory environment had implications for the underlying market for PV technologies, forecast costs, and potential threats and opportunities.

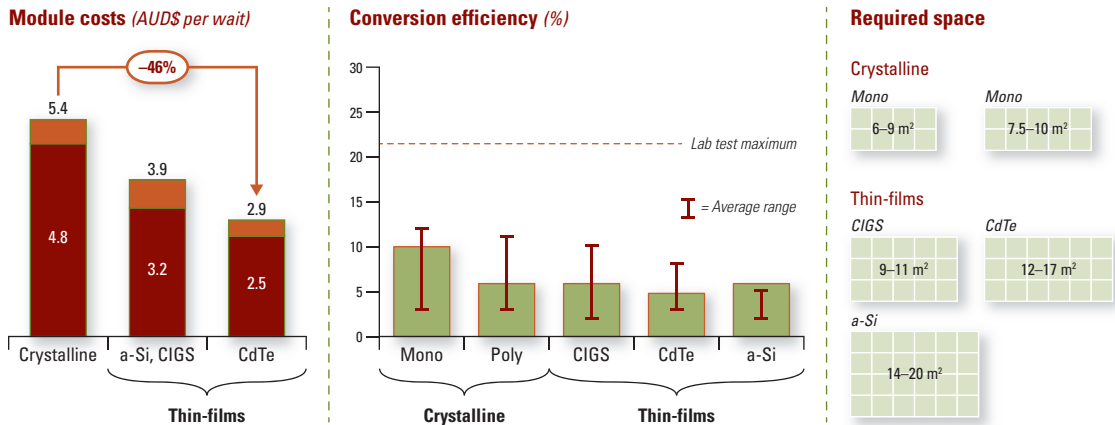
Challenge

The PE firm engaged A.T. Kearney to conduct commercial due diligence on the solar PV on-grid residential market, the regulatory environment, cost and technological developments, and the competitive landscape.

Approach

A.T. Kearney performed primary research, focusing on relevant government agencies, including state governments and the departments of energy, water, heritage and the arts, energy providers and main competitors. Based on the information, we built models to forecast payback periods, product costs and market size and revenue. We conducted a cost-performance comparison of various PV technologies, including module costs, conversion efficiency and required space, to determine the long-term trends (see figure).

FIGURE: Cost-performance comparison of technologies¹



¹Besides crystalline and thin-films, new emerging technologies include next generation PV (organic, dye-sensitized, nanocrystal) and CPV III-V. Notes: Average ranges for module costs as of February 2009, based on A.T. Kearney research and global experts. CIGS=Copper Indium gallium diselenide; CdTe=Cadmium Telluride; a-Si= amorphous Silicon. Sources: IEA PVPS 2009; Global Solar; Cannacord Adams equity research; A.T. Kearney research and analysis.

Results

Based on the commercial due diligence, we found an environment favorable to the development of the PV market. System costs were falling while the market was growing quickly, regulation remained favorable, and there was very little competition.

For more information on how A.T. Kearney's sustainability expertise can help your business, please contact:

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