dPoint Investability and Recommendations

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Aditi Mishra / Yufan Ruan / Yujiang Shu
Dongyub Han / Juhwan Suk
Agenda

Company Product / Service

Industry Value Chain

PVC Diagram

Investability Diagram

Recommendations
Two Major Products based on **Specialized Membrane Technology**

1. **Energy Recovery Ventilator Cores**
   - Cores part of larger ERV systems
   - ERV systems used in HVAC
   - Reduces energy consumption
   - Improves indoor air quality

2. **Fuel Cell Humidifiers**
   - Part of fuel cells
   - Used in portable/stationary power and automotives
   - Increases FC functionality by humidifying FC membrane
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Recommendations
Industry Value Chain

1. Energy Recovery Ventilator Cores (ERV)
   - **Value Chain**
     - **Materials** (Machine Parts)
     - **Components** (ERV core, etc)
     - **Sub-systems** (ERVs, etc)
     - **Assembly** (HVAC systems)
     - **Distribution**
   - **Key Activities**
     - Procure commoditized and special materials
     - **Manufacturing** – Part of larger ERV sub-systems
     - Build Functional Sub-systems with ERV cores
     - Assemble to HVAC systems and integrated sub-systems including ERV
     - Deliver to end-customers such as developers and builders

2. Fuel Cell Humidifier (FCH)
   - **Value Chain**
     - **Materials** (Machine Parts)
     - **Components** (Fuel Cell Humidifiers)
     - **Sub-systems** (Fuel Cells, etc)
     - **OEMs** (Fuel Cell System)
     - **Distribution**
   - **Key Activities**
     - Procure commoditized and special materials
     - **Manufacturing** – Part of sub-systems like fuel cell stack
     - Build Functional Sub-systems with FCH
     - Assemble to fuel cell systems and integrated sub-systems including fuel cell stack
     - Deliver to end-customers such as developers and utilities

**Margin Competition**

- **Low**
- **High**

- **Competition**
- **Low**
- **High**
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Recommendations
PVC Diagram

Key Reasons

ERV
- Strong and attractive membrane technology
- Strong existing networks
- Don’t distribute their own products so specialized complimentary assets

FCH
- Strong membrane technology
- Good relationships with distributors
- Highly dependent on Ballard to do distribution
- Also highly dependent on government grants and use of govt. space for R&D

Complimentary Assets (Easy to acquire)

<table>
<thead>
<tr>
<th>Specialist</th>
<th>Generic</th>
</tr>
</thead>
<tbody>
<tr>
<td>License to or Partner with CA holder</td>
<td>Strong New Business Potential</td>
</tr>
<tr>
<td>Capabilities have No Capture Value</td>
<td>Niche Business Potential or Development Co.</td>
</tr>
</tbody>
</table>

- Unclear Value Capture

Strong and attractive membrane technology
Strong existing networks
Don’t distribute their own products so specialized complimentary assets

Strong membrane technology
Good relationships with distributors
Highly dependent on Ballard to do distribution
Also highly dependent on government grants and use of govt. space for R&D
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- Company Product / Service
- Industry Value Chain
- PVC Diagram
- Investability Diagram
- Recommendations
**Equity Investability**

**Proxies**

<table>
<thead>
<tr>
<th>Proxies</th>
<th>2009-12</th>
<th>2010-12</th>
<th>2011-12</th>
<th>Average</th>
<th>EBIT Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>ReneSola Ltd.</td>
<td>Revenue Growth</td>
<td>n/a</td>
<td>136.2%</td>
<td>-18.3%</td>
<td>59.0%</td>
</tr>
<tr>
<td></td>
<td>COGS %</td>
<td>108.5%</td>
<td>71.1%</td>
<td>90.3%</td>
<td>90.0%</td>
</tr>
<tr>
<td>($Solar module,</td>
<td>S G&amp;A %</td>
<td>8.3%</td>
<td>9.0%</td>
<td>10.7%</td>
<td>9.3%</td>
</tr>
<tr>
<td>wafer, inverter</td>
<td>Capex %</td>
<td>44.2%</td>
<td>12.0%</td>
<td>15.5%</td>
<td>23.9%</td>
</tr>
<tr>
<td>manufacturer)</td>
<td>R &amp; D %</td>
<td>2.8%</td>
<td>3.0%</td>
<td>4.8%</td>
<td>3.5%</td>
</tr>
<tr>
<td>EV/EBITDA</td>
<td>n/a</td>
<td>3.01x</td>
<td>4.47x</td>
<td>3.74x</td>
<td></td>
</tr>
</tbody>
</table>

| Power One       | Revenue Growth | n/a | 142.6% | -2.9%  | 69.9% |
| ($Solar inverter, | COGS %  | 77.7% | 61.5%  | 69.2% | 69.5% |
| monitoring system, | S G&A % | 35.8% | 13.2%  | 13.7% | 20.9% |
| power solution | Capex %  | 1.6%  | 2.6%   | 4.2%  | 2.8%  |
| provider)       | R & D %  | 7.0%  | 3.5%   | 4.7%  | 5.1%  |
| EV/EBITDA       | n/a     | 2.53x  | 0.60x  | 1.57x |

**Returns**

**Seed/Start-up Stage**
- $6.1MM (Actual)
- 5.6% annual return
- 46% over investment horizon (7~8 years)
- Requires 50~80%

**First/Second Stage**
- $8.7MM (Additionally Required)
- 3.8% annual return
- 25% over investment horizon (5~6 years)
- Requires 30~60%

**Diagram**

- Investment / Time-to-monetary-return (Rapidly-scalable venture)
- High
- Significantly depends on government regulation
- Low

- Valuation / Investment (Upside potential)
- High
- Social Entrepreneurial Venture or Hobby
- Low

Using ReneSola and Power One as proxies, we arrived at $13.1MM at the end of 2018 for the EV of dPoint

Limited upside potential but high scalability push dPoint to reposition its business model to capture more value
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Recommendations
## dPoint Opportunities

### Opportunities

<table>
<thead>
<tr>
<th>Recom'd</th>
<th>Locational Positioning</th>
<th>Government &amp; Institutions</th>
<th>Stationary</th>
<th>Exclusive Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open up branches in locations where green building is popular (e.g. CA, NY)</td>
<td>Cooperate with USGBC to expand their business</td>
<td>Focus on stationary type of fuel cell humidifier</td>
<td>Try to get out of the exclusive contract with Ballard</td>
<td></td>
</tr>
<tr>
<td>Or high energy efficiency is strictly required by government regulations (e.g. Canada, European countries)</td>
<td>Search for more distributors and partnerships</td>
<td>Work with government to improve the building regulations and codes</td>
<td>Look for more clients and distributors to expand their network in this industry.</td>
<td></td>
</tr>
<tr>
<td>Or many constructions are being conducted (e.g. China)</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### Impact

- **strong**
- **weak**

**Prioritized Options**