



Rethinking Energy Efficiency Investing

07.2020

Webinar will start shortly
Thank you

www.ExergyEnergy.com

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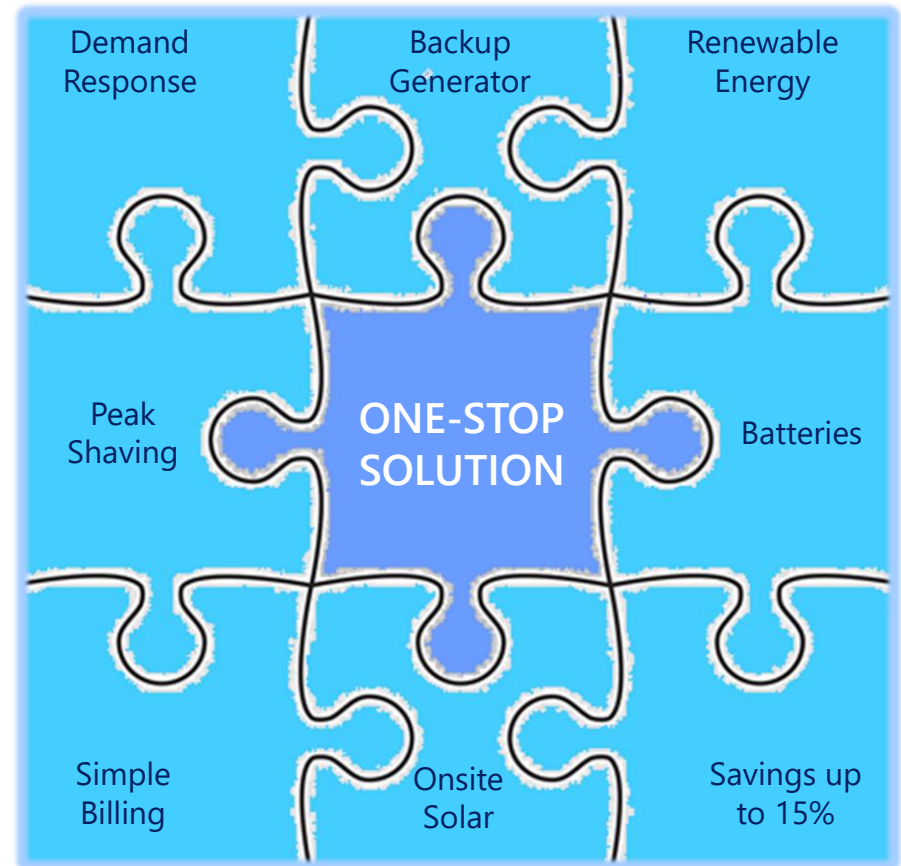
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What Does Exergy Do?

Exergy is a simple and easy to use platform that provides a one-stop shop for municipalities and businesses that want to be green, resilient and save money.



Today is about Why

Today's Concept!

“You can't save your way to success!”

John Leeman: CEO & Founder Leeman Labs.

Efficiency is GOOD...but...

Efficiency signifies a peak level of performance that uses the least amount of inputs to achieve the highest amount of output. It is a measurable concept that can be determined using the ratio of useful output to total input. It minimizes the waste of resources such as physical materials, energy, **CAPITAL** and time while accomplishing the desired output.

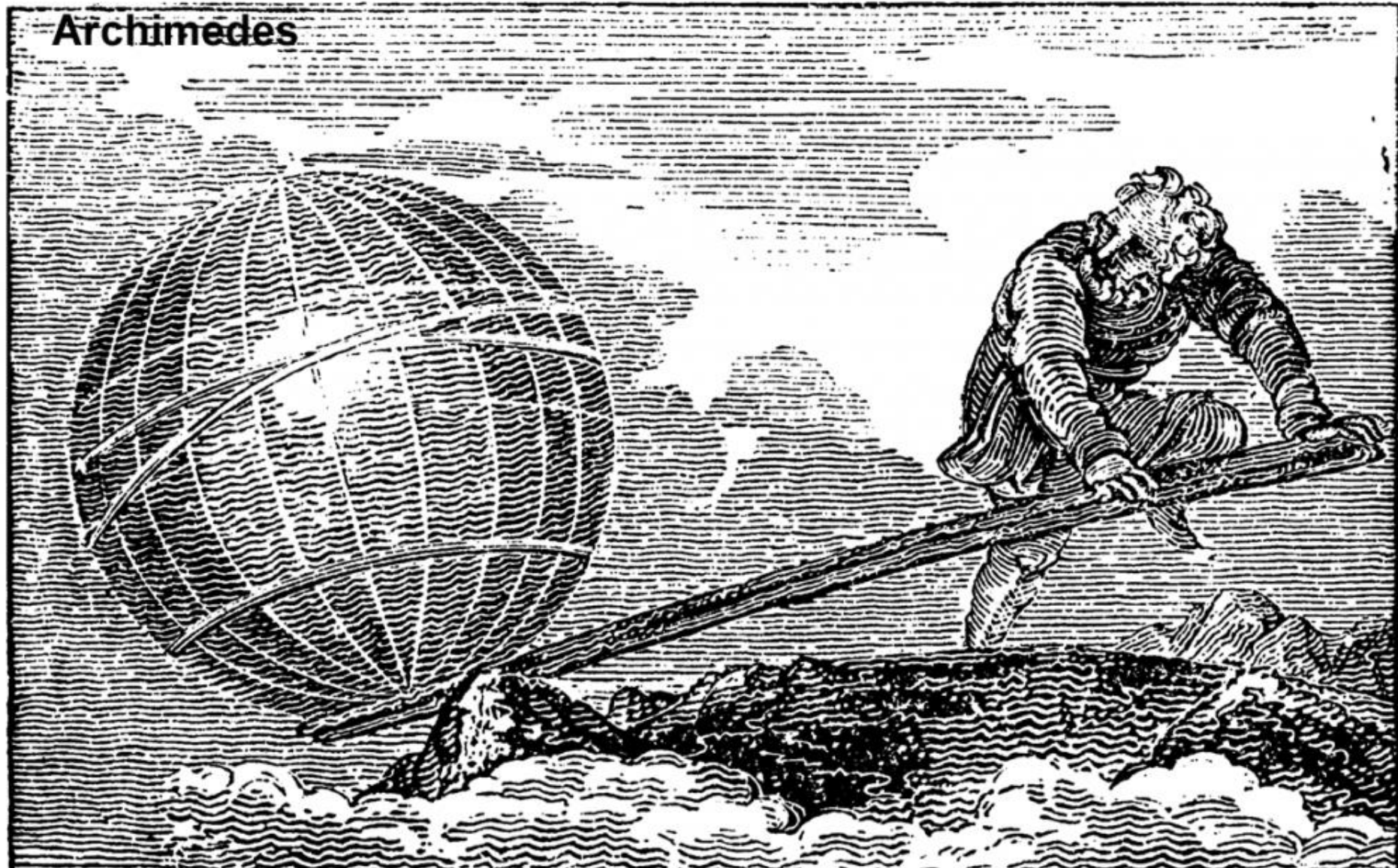
Demon Energy!



Energy Efficiency Legacy!

- **1973 Oil Embargo**
- **1990 Gulf War**
- **2001 World Trade Center (9-11)**
- **2003 US Invades Iraq**
- **2007 IPCC wins Nobel Prize**
- **2015 Paris Climate Agreement signed by 195 countries**
- **2018 Renewable Energy reaches Grid Price Parity**
- **Zero Carbon Generation: How do things change?**

Energy is a multiplier!



Today's Concept!

“Energy is the engine for economic growth for any society or country as it provides the basis for socio-economic development. Energy access is a critical enabler of access to the basic needs and essential services which are supplied through other sectors of the economy namely agriculture, health, education, water, transport, construction, to mention but a few.”

The Innovation Village

Re-Think!

Energy is the enabler, the power behind growth and productivity.

Think about how you can use MORE energy to grow your business.

Great Minds Think Alike!

Energized Economy: Advancing Energy- Enabled Growth

Wednesday, November 13, 2019
8:00 AM – 10:15 AM

Chamber of Commerce

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Great Minds Think Alike!

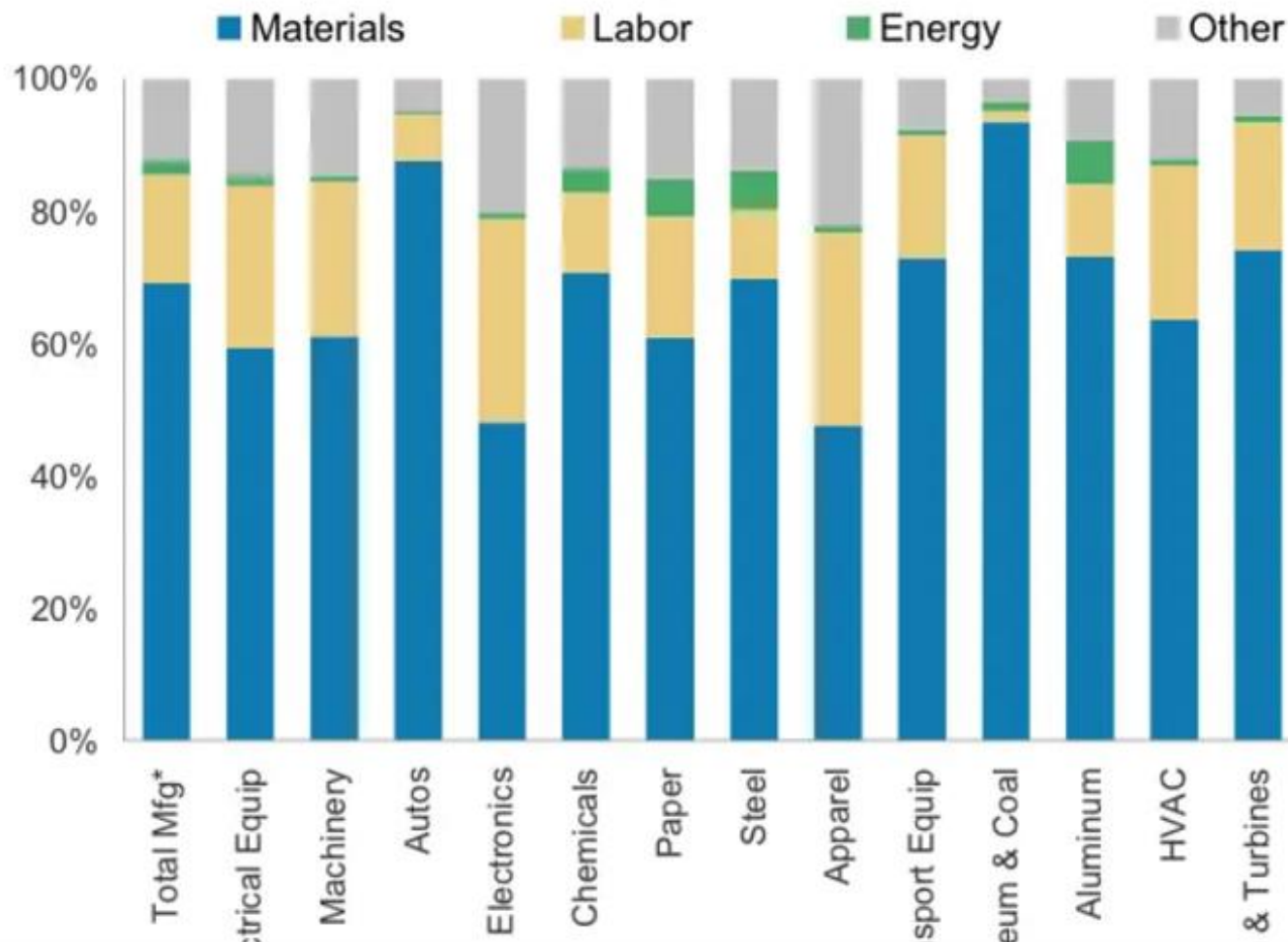
Navigating the energy transition from disruption to growth

Deloitte Insights

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Not Big But Most Important!

Components of US Manufacturing Costs



Putting it in Perspective

Average Energy % of US mfg COGS is less than 5%

Assume energy efficiency investing you can save 10%

Your cost of good sold would decline by 0.5%

With average profit margins, profit will increase less than 1%

Is there a better way to use Energy?

Growth vs Margin

Measuring the Relative Value of Growth

The RVG metric expresses the value of an extra percentage point of growth as a multiple of the value of a percentage point increase in a company's operating profit margin. The higher the multiple, the more valuable growth is to a company. A multiple of 6, for example, means that a firm would generate six times more shareholder value from adding 1% of growth than it would from boosting operating margin by 1%.

<https://hbr.org/2005/04/the-relative-value-of-growth>

Investment Focus

Relative Value of Growth

$$\text{RVG} = \frac{\text{Stock Price Increase from Top Line Growth}}{\text{Stock Price Increase from Cost Reduction}}$$

Investment Focus

Relative Value of Green Growth

$$\text{RVG} = \frac{(\text{Stock Price Increase from Top Line Growth}) * \text{SP}}{\text{Stock Price Increase from Cost Reduction}}$$

*SP = Sustainability Premium. Investors reward sustainable growth even more.

You Can't Hide!

SUSTAINABILITY

How to Tie Executive Compensation to Sustainability

by Seymour Burchman

November 12, 2018

Harvard Business Review

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Using Exergy's Model Strategically

1. Tell Your Shareholders
2. Tell Your Customers
3. Tell Your Employees
4. Tell the Press
5. M&A
6. Automation
7. Speed
8. Become a Poster Child.

Competitive Power

Always Green, Always On, Always
Lower Cost

Always More Competitive !

Questions?

 **Hitachi Capital America Corp.**

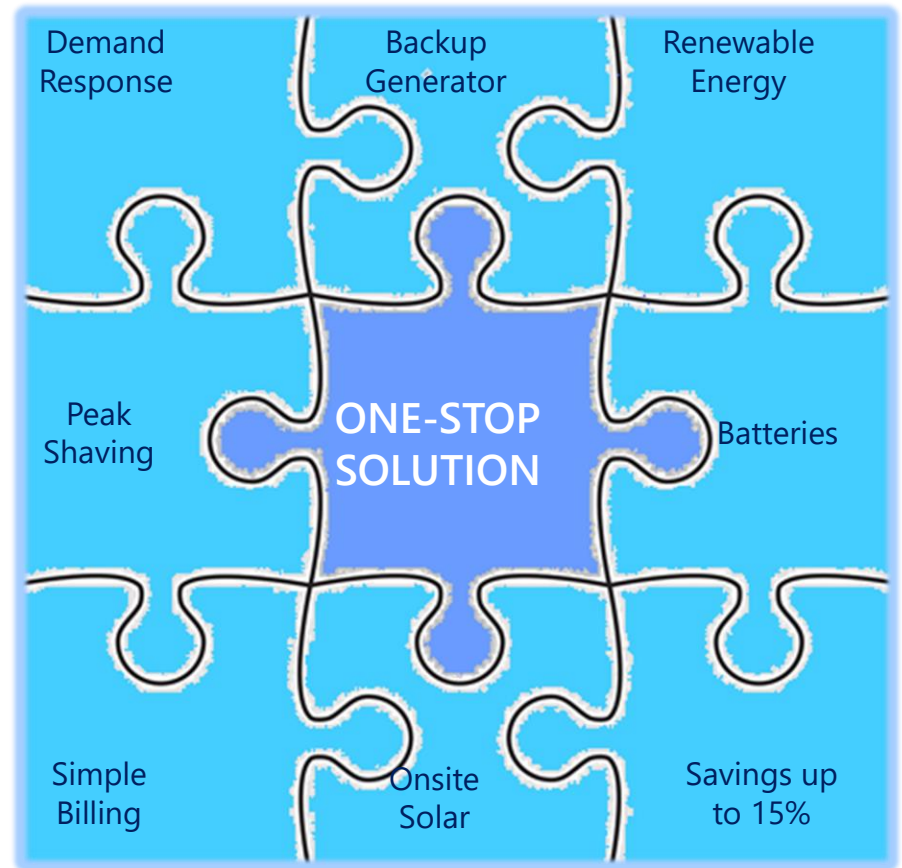


*ENERGY STORAGE DEVELOPMENT
PARTNERS*

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**Always Green
Always On
Always Less
Expensive**

**Always More
Competitive**



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Thank you.

Energy Enhances Everything!





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Valuation

Anyone who has tried to turn around a declining company knows firsthand that taking out costs is challenging, but it's still much easier than reviving growth, which is harder to execute and requires different skills.

<https://hbr.org/2005/04/the-relative-value-of-growth>

Natural Leverage!

Humans are driven to find ways to amplify their own force — to get stronger and move things faster. This has meant an increase in consumption and a never-ending search for new energy sources. The results: greatly expanded capabilities and lasting implications for the world around us.

Khan Academy

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