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Good Energies invests 'green' ahead of pack

Dutch family scion cites success in 3 P's: people, planet, profit

The Dutch Brenninkmeijer family are entering their second century of investing, on the back of the world's largest clean-technology venture-capital firm.

Marcel Brenninkmeijer, chairman of Good Energies Inc., founded this subsidiary of the family's investment holding company, Cofra Holding AG, after a 20-year stint at clothing retailer C&A, which his family started nearly 170 years ago. He took a year off, studied microfinance initiatives in Tanzania, and then moved into the then-novel world of environmental technology. He founded Good Energies in 2001.

Good Energies' stakes in publicly traded companies amounts to about €4 billion, or \$6.25 billion, and last year it set out to invest €350 million a year in early stage start-ups and more developed businesses in environmental technology. By comparison, all of Silicon Valley's venture-capital firms invested a total of \$1.1 billion in clean-energy technology last year, according to research body Cleantech Group.

And last year Good Energies took over all Cofra's environmental investment—including private-equity firm Englefield Capital LLP's renewable-en-

ergy fund—and also has a project aimed at getting electricity to more places in emerging markets. Good Energies now covers solar and wind energy, project finance and energy efficiency investments. Last year, it topped consultant New Energy Finance's ranking of venture-capital investors, with 20 publicly announced deals worth \$100.6 million in 19 companies, including solar-photovoltaic technologies manufacturer Konarka Technologies Inc. and wind-power company Sequoia Energy Inc. It also invested \$200 million in China-listed solar-cell company Solarfun Power Holdings.

Good Energies' success primarily has sprung from backing Europe's most successful venture-capital-backed start-up, Q-Cells AG, which has seen its stock fall about 25% this year but which still has a market capitalization of €6.3 billion.

James Mawson talked with Mr. Brenninkmeijer about why he chose to break into green investing long before the sector had become hot, and what he has learned since.

In 2001, Good Energies invested a single-digit million euros in ScanWafer and REC, which later merged, and a similar amount in Q-Cells the following year. This was two years before the next institutional investor, private-equity firm Apex Partners, took a stake. Why were you so prescient?

When I first visited Q-Cells in early

2002 no one wanted to invest in this company....However, I was impressed with the people who had a great vision and shared our values, and decided to invest. In December 2002, we got them into a room with REC and I asked how we could compete with the Japanese and build an industry with our strategic investment where we could be in the top three by market share by 2010. To achieve this, REC and Q-Cells needed scale, and we promised to finance their proven technology if they could grow as fast as possible.

Is this a sign of Good Energies' ability to think longer-term than most investors?

Yes. Good Energies has taken the same approach by buying 150 wind turbines from General Electric to be delivered in stages and counter the chronic two-year waiting list. It is not hard to find people to finance cleantech entrepreneurs, but the skill is in finding a competent partner. Most cleantech funds are financiers rather than technical or industry specialists. We have a narrow fo-

cus and employ technical experts, such as physicists for solar or architects for green buildings. Good Energies' long-term nature came from being part of the Cofra group, a private group of companies controlled by the Brenninkmeijer family. Good Energies...is about backing idealists with both their feet on the ground.

The German Advisory Council on Global Change has said by the start of the next century renewable energy would make up to 80% of the world's energy needs, of which about two-thirds might come from solar electricity. By 2100, renewable energy would make up 80% of all power production. What does this mean for you?

Good Energies estimated from this German Advisory Council on Global Change research that the photo-voltaic solar subsector alone would require more than \$300 billion of finance between 2008 and 2011 with \$5.1 billion coming from venture capital, \$81 billion from equity capital markets and

the remainder from debt. This need means Good Energies expects Q-Cells, among its other solar investments—such as its 36% stake in Solarfun in China—to continue to grow.

Why were you so interested in this space and how did you get financing?

The sixth generation has now entered our family business and in another 100 years there will be just four more. In this area we do not want to dominate the industry but support meaningful players and create and build on the '3 P's' of people, planet and profit. As a Catholic I believe in the preservation of creation and good business is about efficiency and responsible investment....For Cofra, the money invested in the beginning was very little given the potential over the next 100 years or more and so of low risk. In fact, even €350 million per year is relatively little money compared to the vast opportunity.

With investors rushing in and established energy companies spinning off their [environmental technology] arms, is the sector overheating?

The growth in the sector is undervalued still and less than commodity prices. Prices are just two years of earnings. We, however, welcome competition as an advertisement for the industry.



Good Energies

Marcel Brenninkmeijer