



## Strategic Decision Support for an Investment into a Green Fund

### Client Situation

- With a total committed portfolio of over EUR 10 billion, the client is one Europe's largest development banks and supports sustainable private sector growth in emerging markets by investing in ambitious entrepreneurs
- The client was assessing a commitment to a **Green Fund** promoted by an India-based private equity firm
- Strategically, the **Green Fund** had identified four sectors to would focus on:

• Renewable Energy



• E-mobility



• Resource Efficiency



• Energy Services



- While the Fund had already invested in four companies, the client wished to assess the prospects of the focus sectors and relevant sub-sectors within them. There was also a need to evaluate the robustness of the **Green Fund's** proposition and strategy. These would serve as inputs into the client's decision to invest

# Avalon Interventions

## Workstream

## Interventions

## Results

### SECTOR LANDSCAPING



- Evaluation of **impact of government regulations** and incentives on the overall attractiveness of the sector
- Assessment of the **current market potential** of each sector and sub-sector based on demand drivers and adoption
- Modeling the **future roadmap** based on underlying growth drivers, competition and impact of various enabling and inhibiting factors
- Examining the **potential for large scale capital deployment** in these sectors so that prevailing capex-led business models can be converted into opex-oriented ones
- Accordingly, taking a view on the **overall attractiveness** of sectors from an investment standpoint

- Client was able to gain a deep insight into the relative attractiveness of each sector that the fund was investing in and the real opportunity to deploy an opex-led business model

### PLATFORM EVALUATION



- Evaluation of the **investment rationale** for the four platform companies that the Green Fund had already invested in
- **Interactions with the management** of the platforms to ascertain their alignment with the overall approach
- Evaluation of the **capabilities of the platforms** and their ability to achieve scale in a reasonable time frame given the market approach being followed
- Analysis of recent **deal activity** in the sectors to assess investor interest in general and identify potential exit options

- Sense of comfort for the client on the overall efficacy of the platform approach and the capability of the teams to deliver

## Impact of interventions

Based on the diligence exercise, the client has invested about **EUR 114 million** in the *Green Fund*



Possible **platform vulnerabilities** were marked up to the relevant teams and placed on the client's radar for periodic tracking

