

**Designing, Engineering, Building, and Financing Commercial Solar Projects in Canada, the US and the Philippines, UGE International Ltd. is delivering Economic Benefits while helping Organization go Green**



**Nick Blitterswyk**  
Founder and Chief Executive Officer

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**CEOCFO: Mr. Blitterswyk, would you tell us about UGE International?**  
**Mr. Blitterswyk:** UGE is a commercial solar company. We design, engineer, build, and finance commercial solar projects. Most of the work we do is in Canada and the US. We also do work internationally with a large concentration in the Philippines.

**CEOCFO: What is the interest in solar today?**

**Mr. Blitterswyk:** There are a few ways for me to think about that question. As far as why someone should be interested, and the answer is simply economics. The markets we focus on are ones where we can provide immediate economic benefits to our clients. Whereas five years ago, commercial solar projects really would have been driven by clients having a desire to 'go green'. Nowadays the sustainable aspect is still important, and we love to help people go green as that is the mission behind UGE, but the driving force of our projects really are the economics. Our belief here is that for solar energy to become mainstream and a significant contributor to the energy systems of the world, it needs to be economic and that is what drives us. If I think about it the other way from the customers perspective, that is the biggest aspect of interest for us, that is where we do our largest and most numerous projects, where there is a real win/win value proposition.

**CEOCFO: Do people recognize that solar can be a cost saver fairly quickly or are people under the old assumption that it takes forever?**

**Mr. Blitterswyk:** Generally, people are under the old assumption that transitioning to solar energy is either not cost effective and the payback will be very long, or they think that it does make sense economically, but it cannot stand on its own two feet. Those are all very outdated ways of thinking and today solar is simply the cheapest form of energy in more and more markets. An increasing number of people are recognizing that, but it is still a small minority of the people who understand just how cost effective solar really is.

**CEOCFO: How do you reach out, so people know more about your company?**

**Mr. Blitterswyk:** In the markets we serve, we really go for the customers that have the best economics, where we can provide the biggest bang for their buck. The better the economics are, the simpler those conversations are, and the more excited our customers will be. Going after targeted segments of the potential clientele has been something that has been

working well for us. We have completed many exciting projects and we try to get the word out about those projects to show that this works for everybody.

**CEOCFO: *What makes a good target, is it location?***

**Mr. Blitterswyk:** It is a basket of factors. When you work in this industry you cannot get away from flying into an airport and looking around and seeing all the empty rooftops. For us, our sales team gets excited about big empty rooftops. That is the first real target for us. Another, more underrated, factor is the existing cost of electricity. In the US, our activity is focused around the metro New York area, where there are very high electricity costs compared to other parts of the US and even other parts of the world. That is a big economic driver, so we can provide cheap energy to those clients more easily.

**CEOCFO: *Would you explain what is involved in a project?***

**Mr. Blitterswyk:** First and foremost, we must understand our customer's situation and educate them on the benefits we can provide for them with a solar solution. Once a client wants to do a project and we are ready to build, there is still a very demanding development cycle with a lot of hurdles that we need to jump through. This includes permitting, financing, engineering, interconnecting with the utility, and regulatory hurdles. We go from educating the client and working with them to establish any project goals or constraints to the development cycle, and then we do all the project engineering in-house, followed by procurement of materials and finally building the project. Let us say a project is worth a million dollars, typically the client is not going to pay anything, so working with financial partners to line up the financing is an important aspect of our projects as well. The whole process is usually in the range of anywhere from four or five months on the low end to twelve or sixteen months on the long end.

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**CEOCFO: *What does a solar panel consist of and are there different types that you might use depending on location?***

**Mr. Blitterswyk:** When I started the company ten years ago the industry was being driven by technology innovation and there was a lot of exciting ideas out there, but if you fast-forward in time ten years, the chips have really settled down here and have been placed on certain technologies. What that has allowed, especially with the industry growing as fast as it has, doubling every few years right now, is a lot of economies of scale that have gone into certain types of products which has made it a lot more efficient to build projects. The solar panels themselves have largely been commoditized, so when we are developing a project and building a project, the panel that we use does not matter too much. There is a Bloomberg Tier One list that is put out and we look at that list to make sure a company is on it. If they are on it, then in most cases we will consider using that company and that product which again is quite commoditized for our projects. It is not much different than buying other types of building materials.

**CEOCFO: *Why does solar work?***

**Mr. Blitterswyk:** Solar has been growing so fast. If you look at the technology and where the industry is going, I have no doubt in my mind that ten years from now solar will be the leading source of energy in the world. Why does it work? It comes down to having a technology that is very cost effective. Similar to the cell phone, which has in the last ten years gone from an iPhone 1 to an iPhone 10, becoming a much more powerful phone today and able to do so much more than it could ten years ago, solar panels and the whole solar industry is going through that same growth as well. As a technology we are only going to see these products improve and become more cost effective over time.

**CEOCFO: *How is business at UGE?***

**Mr. Blitterswyk:** Business is good. We reported our 2017 year-end financial results just a few weeks ago. In 2017, we grew 3.6x over the year prior, so obviously a high growth rate which we are quite excited about. In the industry, we joke that it is called the solar coaster because this industry has its ups and downs and so on but if you just look at the charts of how much solar is being installed, you have a chart that is going up and to the right at amazing speed. Those ups and downs keep things exciting, but we are quite happy with where things are going for us now.

**CEOCFO: *Is the investment community onboard or do they need to learn more?***

**Mr. Blitterswyk:** This is a generalization, but I would say they need to learn more. UGE is a public company so I am out speaking with investors quite frequently and in the last two years I feel like it went from the people that I was speaking to

typically not having a real sense at all that solar can be so cost effective, to now where I feel like people have heard this but maybe they are not fully onboard yet. We are making progress but not fully there. I always like to point to the Gartner Hype Cycle, from marketing 101 in school, which is something that people will remember. When a new technology comes out, such as clean tech from around 2005 to 2008, there was a big hype cycle around it, people were very excited and investors poured in. However, in retrospect it was too early. It was at an initial hype cycle that is within the Gartner Hype Cycle. What you had was that after the financial crisis for various reasons you had the draught that follows that original hype cycle. Where the industry is now, is that it is cost effective, it is growing very quickly, and there are companies like UGE making profit in the industry and doing well but investors have not caught onto that yet. I am sure they will, and I am sure some smart investors already have but I there is still more education needed there as well.

**CEOCFO: Are you able to ramp-up if you get a lot of projects at once?**

**Mr. Blitterswyk:** We grew so fast last year, that ramp-up was possible because we have good processes in place. We have a good handle on streamlining project sales, development, engineering and building even though no project can be cookie-cutter. We have a scalable platform, and this helps us to also be successful in new markets. That is how we have been able to be so successful in the Philippines; we took the experience and scalable platform established in the North American market and brought it overseas. As a company, we have made two acquisitions over the last two and a half years and that has played an important role in our scaling up as well.

**CEOCFO: What have you learned about dealing with local entities on permitting and regulatory issues?**

**Mr. Blitterswyk:** We have a saying that energy is a local game. You think of local regulatory and local utilities, local building codes and all these local aspects that makes solar a really localized industry. That is both a challenge and an opportunity for us. As a company, we understand the overall platform and work within a platform that modifies project processes for different localities. We have people on our team called regional directors who oversee a region and know the regulatory framework and the business framework at the regional level allowing us to succeed within that region. The Philippines is going to be very different from North American projects, but already a solar project in New York City is different from Long Island, so that takes local expertise as well.

**CEOCFO: Are there any expanding technologies in your future?**

**Mr. Blitterswyk:** Solar in my mind is going mainstream right now. Five years ago, you really had to be an innovator to adopt the technology, today it makes economic sense. It is still early for sure, but it is starting to cross that chasm from a novelty to a normal, and better, energy source. Battery storage is also an important sister of solar energy. There is a lot of excitement in battery storage and we are having a lot of the same things happen, where costs are dropping fast. New models for project financing are also coming in, which will simplify the development of commercial solar solutions. I am a believer in building the full solution for our clients, so making solar extremely simple to adopt for our clients also something we are continuing to improve.

**CEOCFO: Why pay attention to UGE?**

**Mr. Blitterswyk:** You should pay attention to UGE because commercial and industrial solar is an industry that is growing extremely fast and UGE is a company that is growing much faster than the industry. Unlike many of the companies in our field, we recently crossed over to EBITDA positive, so we are self-sustaining, and we are growing very quickly. We are in markets where solar is simply the cheapest source of energy available, so we are providing an immediate value proposition to our clients. In fact, our target customers have a hard time answering, why would they not adopt solar? We are seeing a lot of growth based on that.

