

ON THE RECORD

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After closing on \$250 million (€165 million) for its second vehicle last October, New York-based cleantech investor Braemar Energy Ventures is looking to Europe for the first time. The new fund – which drew commitments from Robeco, Alpinvest Partners and VenCap, among others – has a 20 percent target allocation for the region. Private Equity International recently spoke with managing director Neil Suslak about the opportunities he sees on the other side of the Atlantic.



Suslak: 'interesting valuations' in Europe

Europe. I've spent a fair amount of my career in Europe, both in Switzerland and the UK, so we have very good contacts. We have a number of advisory board members who are based in the UK, including Tim Edger, who was the former energy minister under Prime Ministers Major and Thatcher, and David Fitzsimmons, who was very senior at BP on their renewables side, is based in London as well. So the combination of our prior associations; our presence at trade shows, conferences and industry forums; working with local partners who we have known for many years; and the assistance of our advisory board, initially will help us get deals. Over time we may open an office in London, although there's nothing planned at the moment.

Why is now the time to invest in European cleantech?

Europe has always been a very interesting area for energy technology. There has been much greater interest in sustainability. If you look across the region, governments have been pushing renewable energy over a longer timeframe, and there's been more focus on energy efficiency and conservation - much more so than in the US. That has led to a lot of interest, certainly from government and within university laboratories, in trying to find new technologies which feed into that. There are a lot of interesting opportunities to invest in the European cleantech sector, perhaps more so than in other sectors. The capital markets in Europe have for the most part become much more receptive to venture-backed companies across a range of stock exchanges. The VC community has become stronger in getting into early-stage investments. So we think the dynamics are very good, yet it's still a nascent market compared to the US. This makes the market interesting from a valuation standpoint as well, assuming you're backing good technologies with good entrepreneurs.

Without an office on the ground in Europe, how will you source deals there?

A lot of European venture capital is local, so we would only go into an investment with a local partner who knows the nuances of the market, the particularities of operating in those conditions. At the moment we're going to be doing deals from our New York office, but we spend a lot of time in

How will your European investment strategy differ from your US strategy?

We would primarily look at later-stage opportunities in Europe, whereas in the US we would traditionally invest in the very early stages. As I said, we would generally do deals with local partners. Where our capital requirements are up to \$20 million per company investment in the US, in Europe we might invest a bit less than that. But other than that, we will invest in very similar types of opportunities.

Within Europe, where are you seeing the strongest deal flow?

We've seen quite a few opportunities in the UK, as well as some of the Nordic countries. Certainly Spain, Germany and Italy have had very strong government support for renewable energy. In terms of technology, the highest volume of interesting business plans has come from the UK and Germany, with a smattering from the Nordics. In terms of sectors, the renewable sector interests us: renewable energy, solar power and wind. On the fuel side, biofuels is very strong. We're also interested in carbon reduction: with EU requirements under Kyoto, there are interesting opportunities across that sector. Waste-to-energy is another area that's very important. In Europe, landfill space is limited, so tipping fees for landfills are higher. This creates more incentive to recycle waste and to create energy from that waste through gasification and other technologies. ■