



new energy finance

Overview of Venture Capital/Private Equity Investment in Clean Energy
12 May 2007

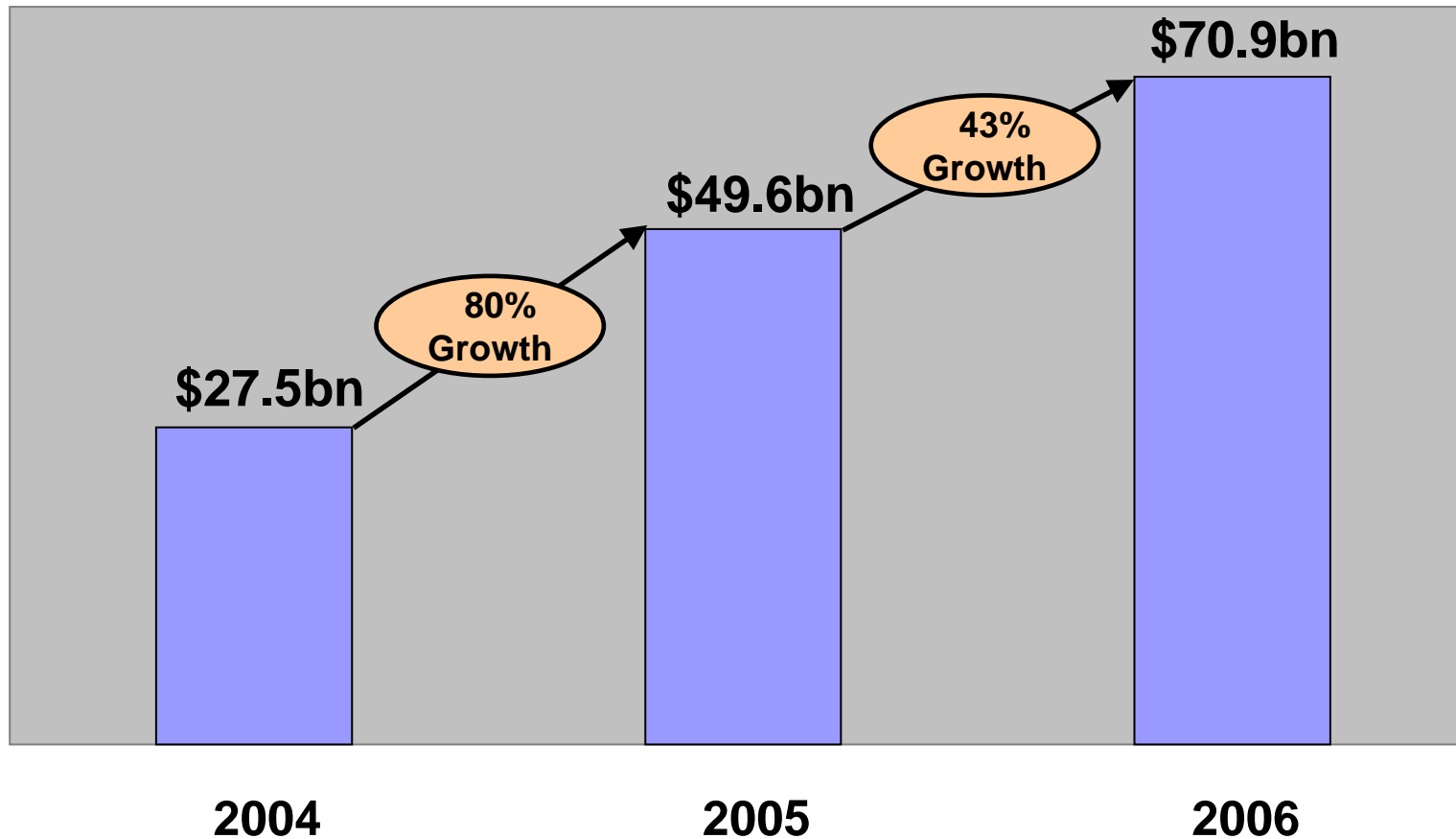
Michael Liebreich

Clean Energy Venture Capital / Private Equity Investment Summary

- Investment in clean energy (renewable energy, biofuels, low-carbon technology and the carbon markets) has grown from \$27.5bn worldwide in 2005 to \$70.9bn in 2006.
- In 2006, \$11.3bn of venture capital and private equity was invested worldwide. Less than \$1.5bn of this went into venture capital (defined as new technologies, products and services). The bulk of the investment went into leveraged-type investments: factory-building, MBOs, wind farms and biofuels plants.
- Investor interest in clean energy is becoming frenzied. There are at least 1250 venture capital / private equity investors worldwide now chasing investment opportunities (excluding project developers).
- Globally, the biggest growth in venture capital investment has been in solar, biofuels and smart power distribution. The most mature sectors are wind and biofuels.
- The US out-invested Europe by nearly three to one in venture capital and private equity in 2006, and by more than five times in technology venture capital.
- Despite the number of investors looking for deals, clean energy private equity investment in Europe has been flat since 2005 and clean energy venture capital has actually dropped from its peak in 2004.
- The average size of venture capital deals has stayed the same for each development stage, with the exception of Series C deals, which have doubled from \$10.1m in 2001-2004 to \$20.3m in 2005-2006 as investors snapped up companies with commercial technology.
- Public market valuations show signs of overheating, with the NEX index of clean energy companies up 29.9% per annum over the period 2003-2006, and 23.6% so far in 2007.
- Companies from China, the US and the UK are lining up to IPO, particularly those in solar, wind and biofuels.



Global Investment in Clean Energy 2004 - 2006

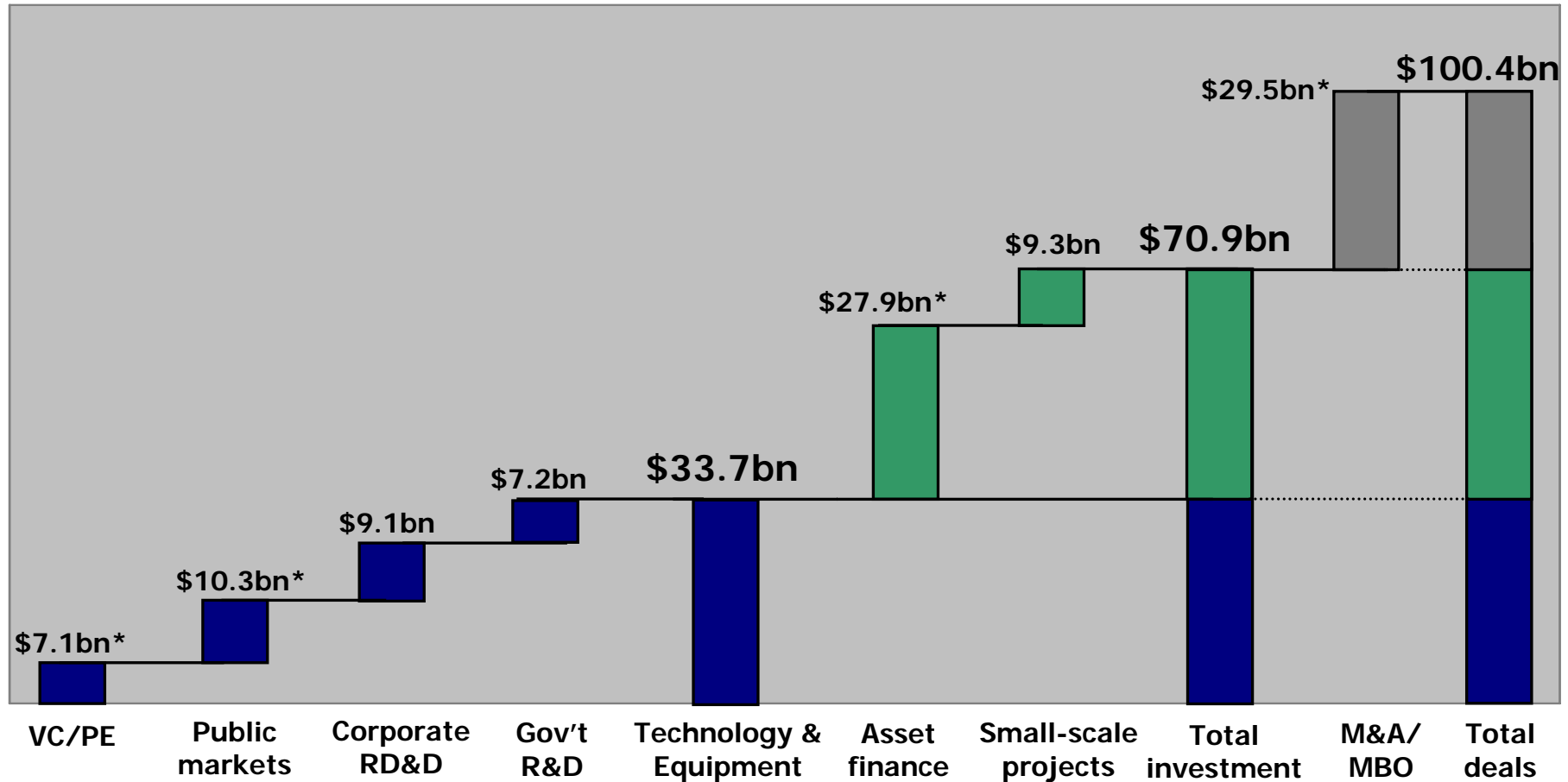


Grossed-up estimate based on disclosed deals. New investment only.

Source: New Energy Finance



Global Investment, M&A and Refinancing in Clean Energy, 2006, by Type of Transaction

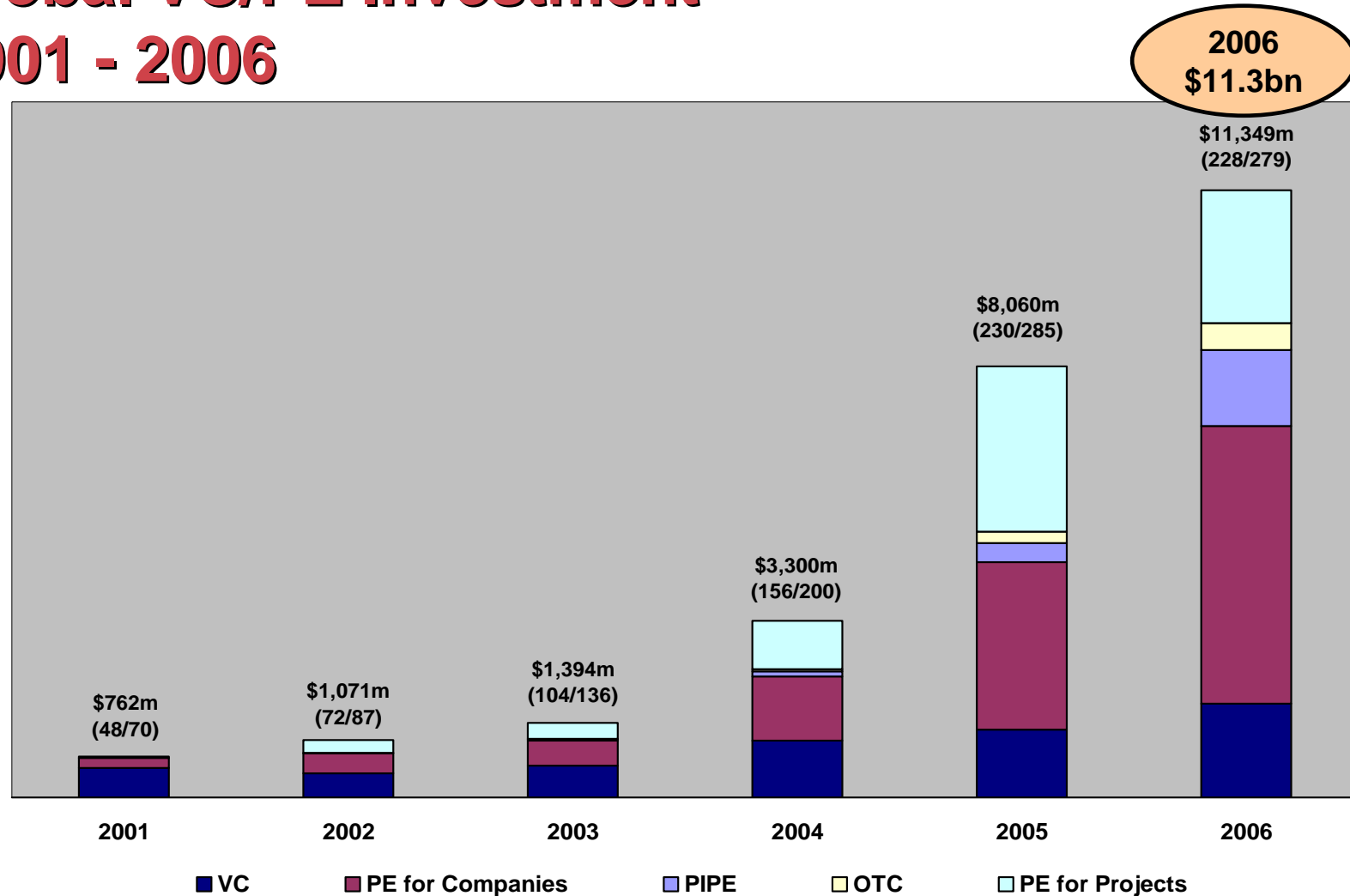


Figures marked * are based on NEF Desktop databases; all other figures based on industry estimates based on various sources.

Source: New Energy Finance



Global VC/PE Investment 2001 - 2006



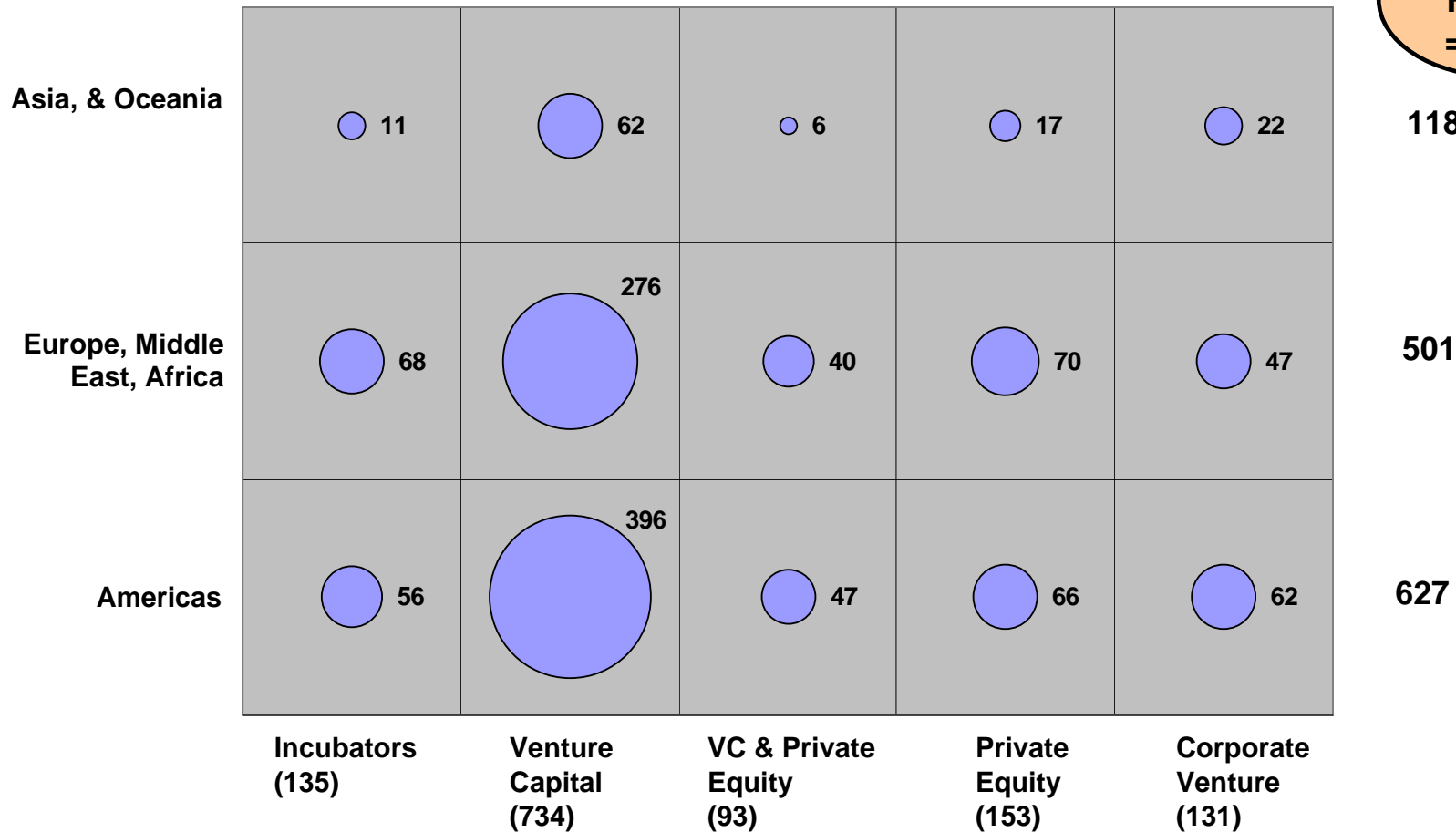
Grossed-up estimate based on disclosed deals. Figures in brackets represent (deals with disclosed value/total number of deals). Includes PE – Buy-outs.

Source: New Energy Finance



Venture Capital/Private Equity Funds Known to be Targeting Clean Energy, 2006

Total Funds = 1246

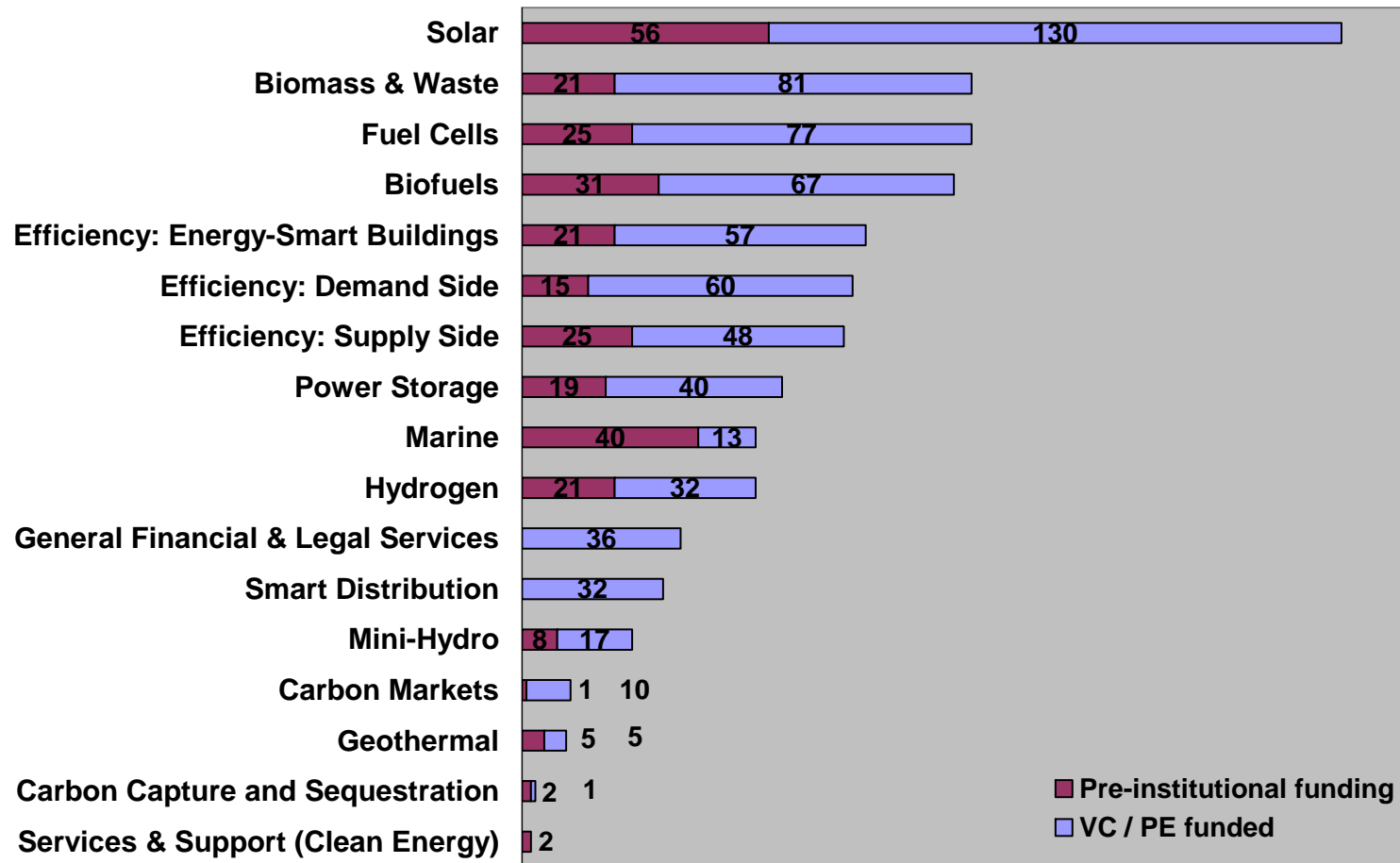


Excludes Chinese incubators; based on 1246 funds known to New Energy Finance to be targeting clean energy technology.

Source: New Energy Finance



Number of Venture-funded and Pre-Institutional Funded Organisations by Sector, May 2007, Global

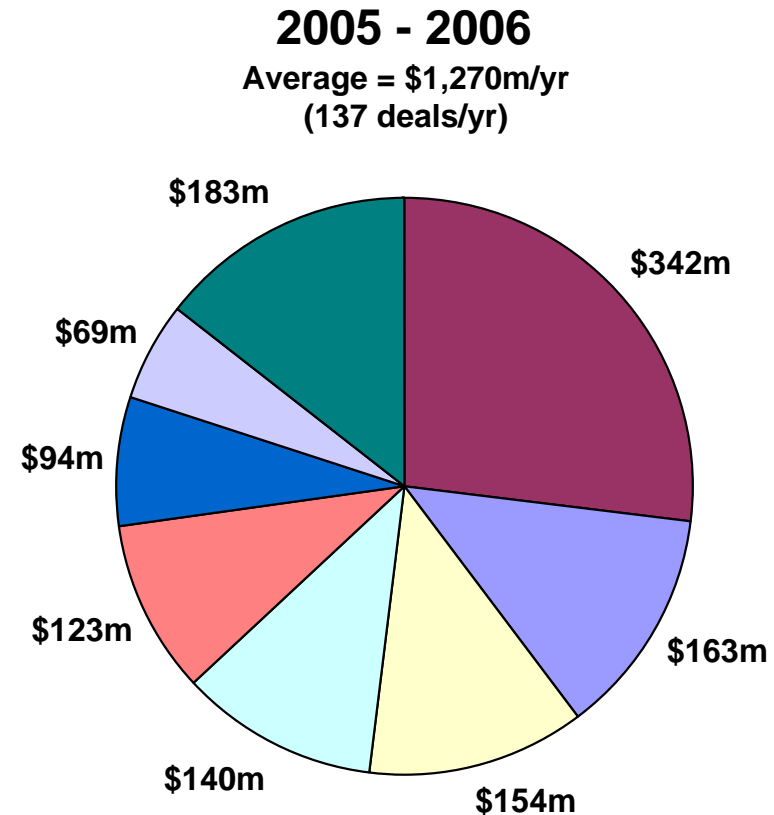
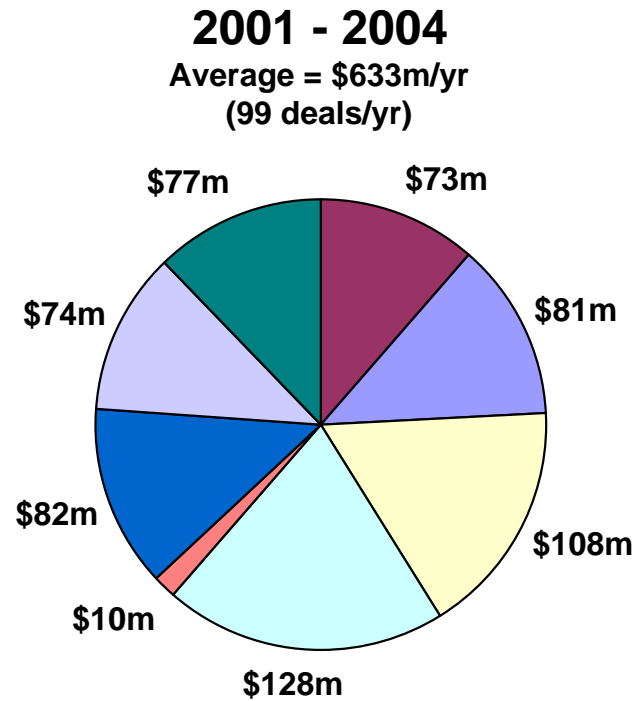


Note: companies may be in multiple sectors

Source: New Energy Finance Desktop



Average Annual VC Investment Volume by Sector 2001-04 vs. 2005-06



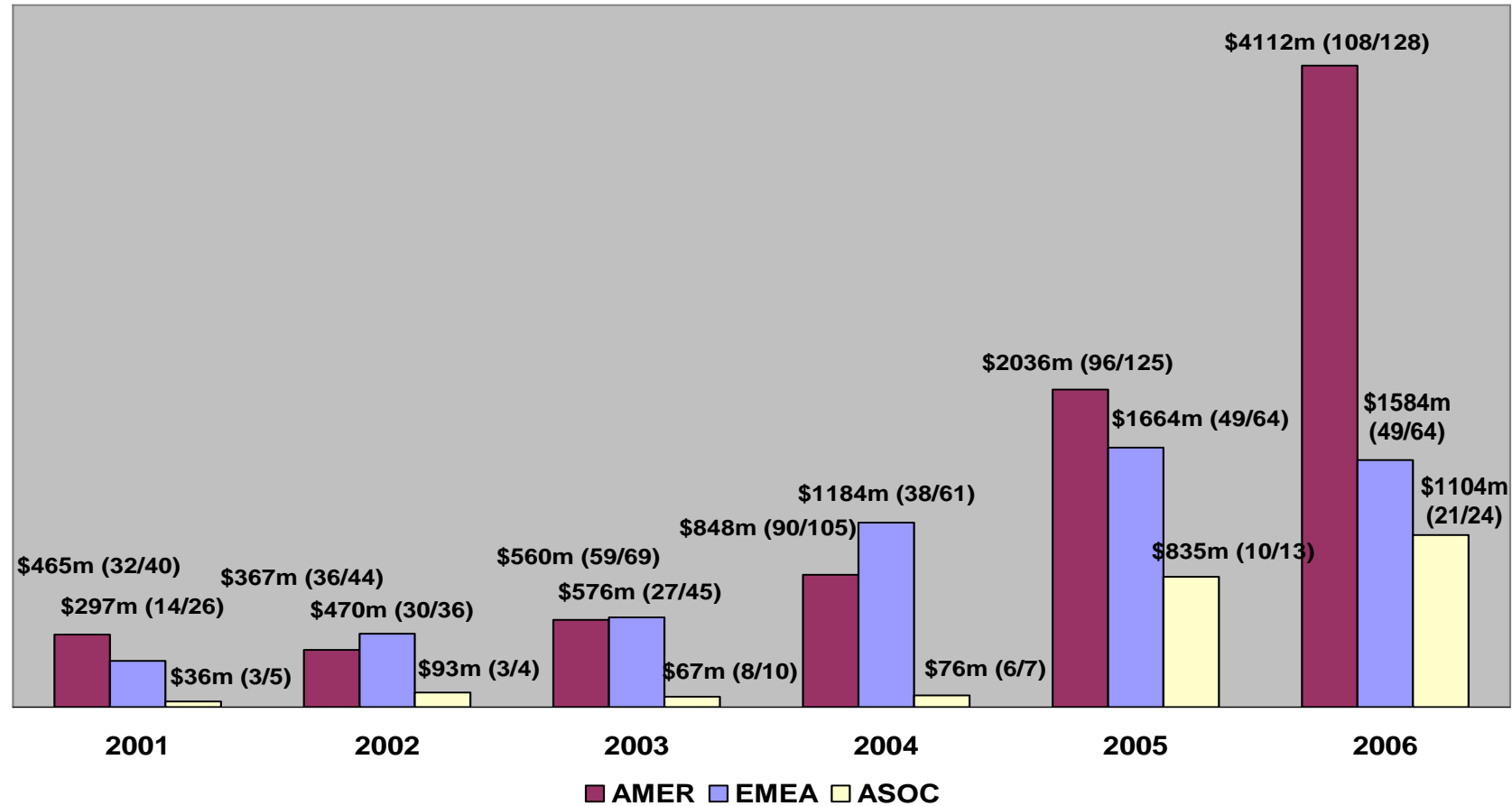
- Solar
- Smart Distribution
- Fuel Cells
- Efficiency: Demand Side
- Biofuels
- Power Storage
- Other Renewables
- Other Low Carbon

Based on grossed-up data. Figures are the average of VC deals in a sector over the set period. Excludes all PE deals (leveraged-type and MBOs).

Source: New Energy Finance



Global VC+PE Investment by Region 2001 - 2006

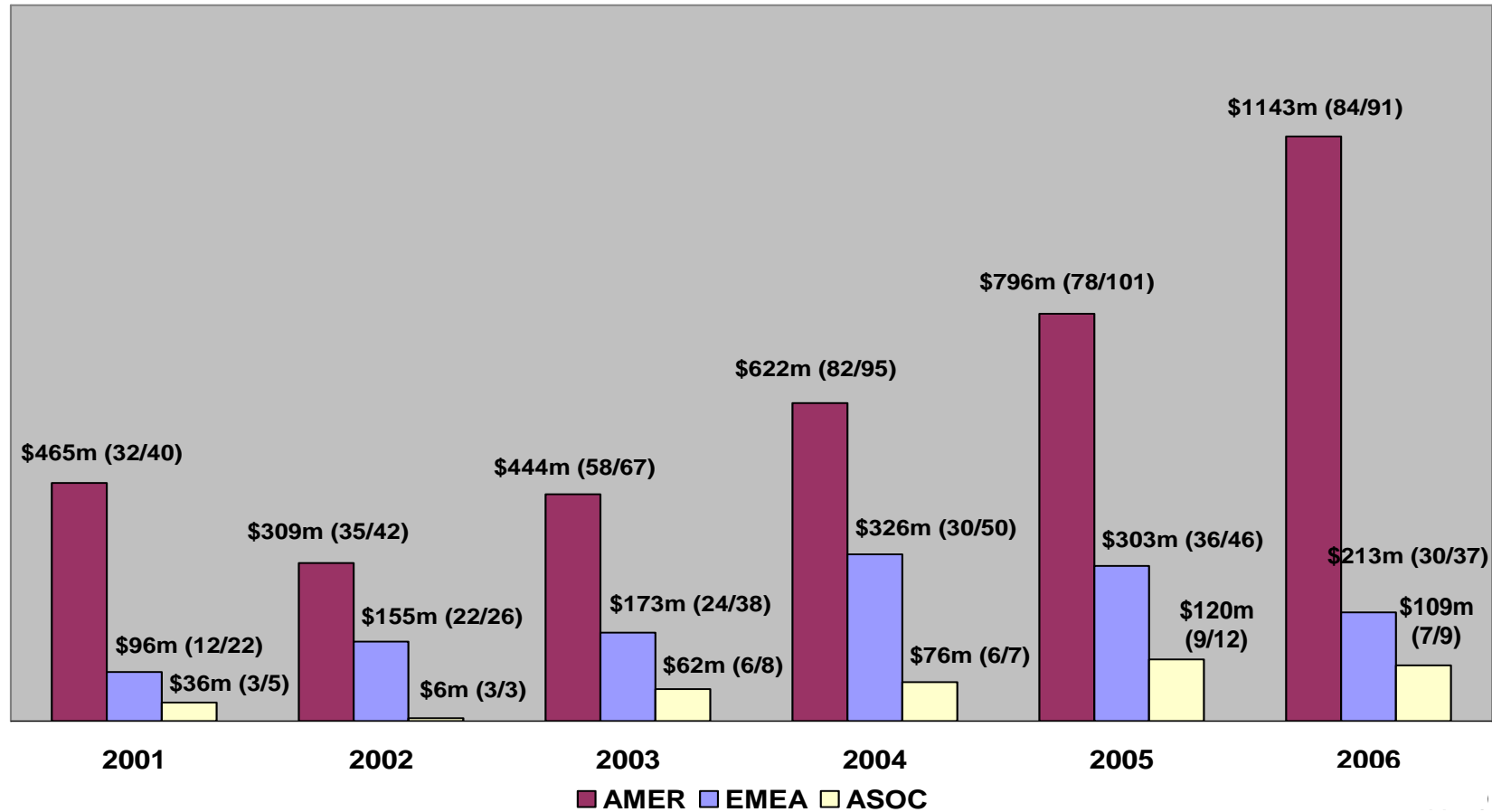


Grossed-up estimate based on disclosed deals. Includes PE – Buy-outs, excludes PIPE/OTC Secondary and OTC deals. Figures in brackets represent (deals with disclosed value/total number of deals).

Source: New Energy Finance



Global VC Investment by Region 2001 - 2006

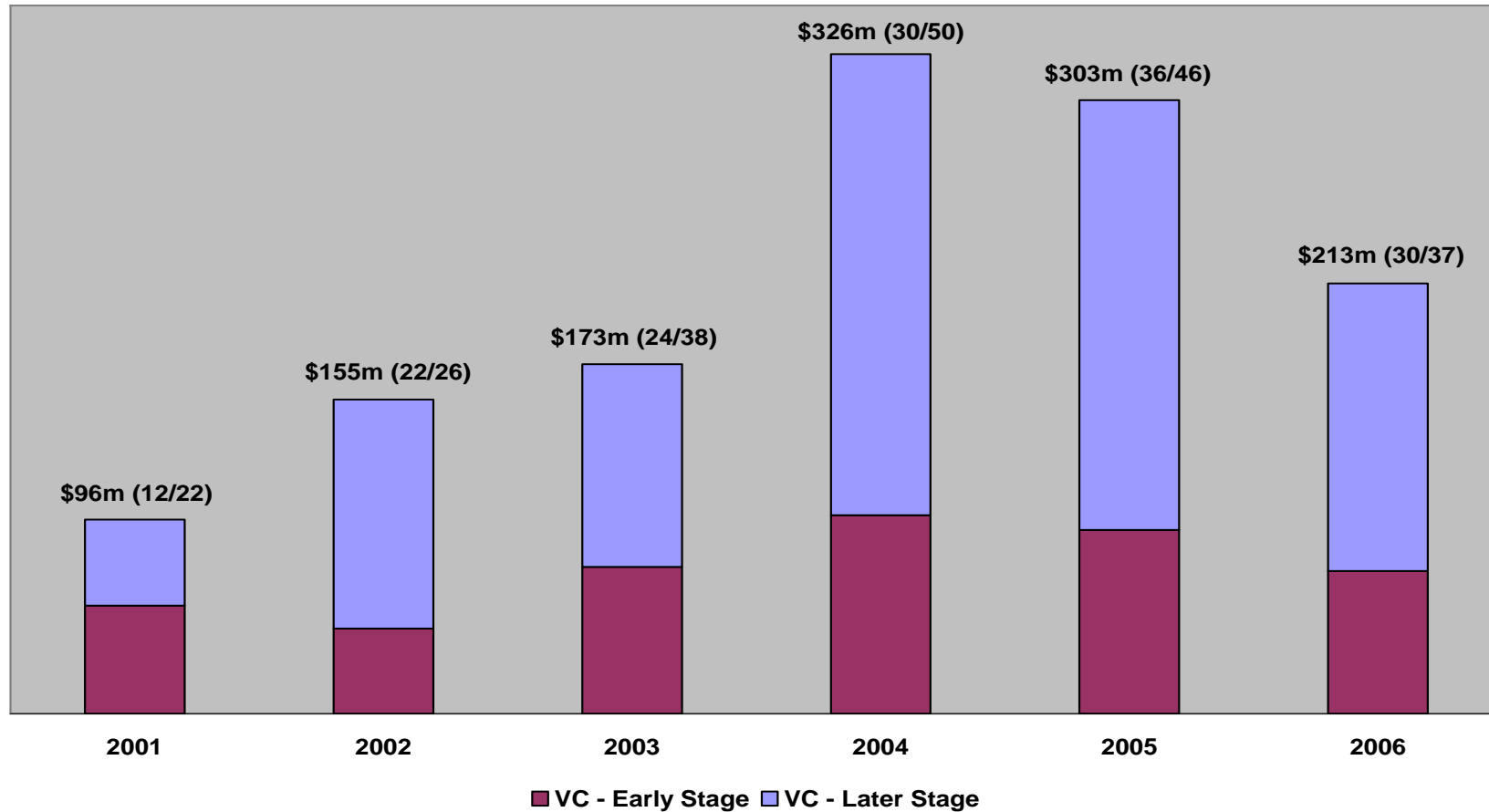


Grossed-up estimate based on disclosed deals. Figures in brackets represent (deals with disclosed value/total number of deals).

Source: New Energy Finance



EMEA VC Investment by Type 2001 - 2006

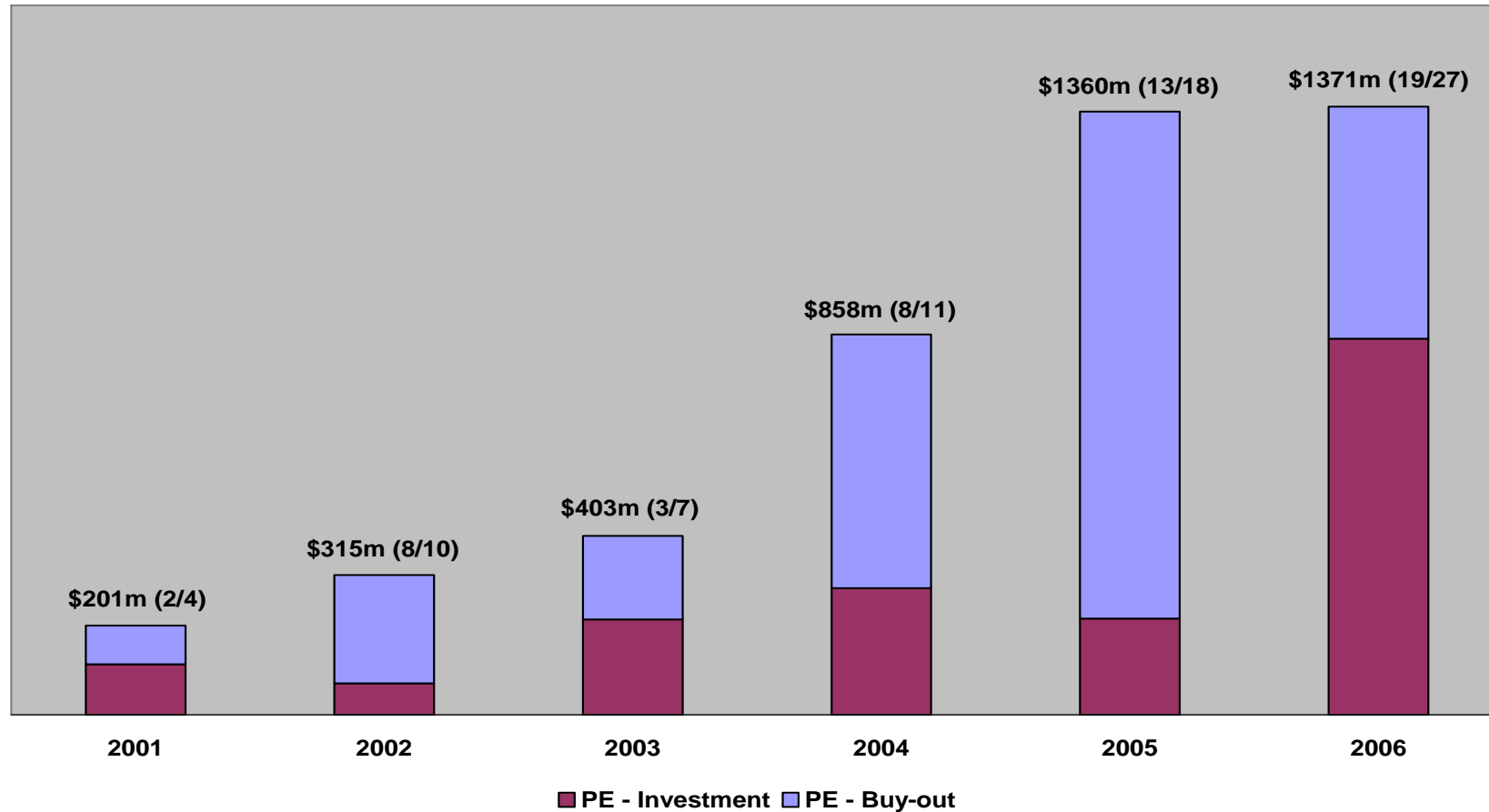


Grossed-up estimate based on disclosed deals. Figures in brackets represent (deals with disclosed value/total number of deals).

Source: New Energy Finance



EMEA PE Investment by Type 2001 - 2006



Grossed-up estimate based on disclosed deals. Figures in brackets represent (deals with disclosed value/total number of deals).

Source: New Energy Finance



Average VC deal size by type 2001 – 2006

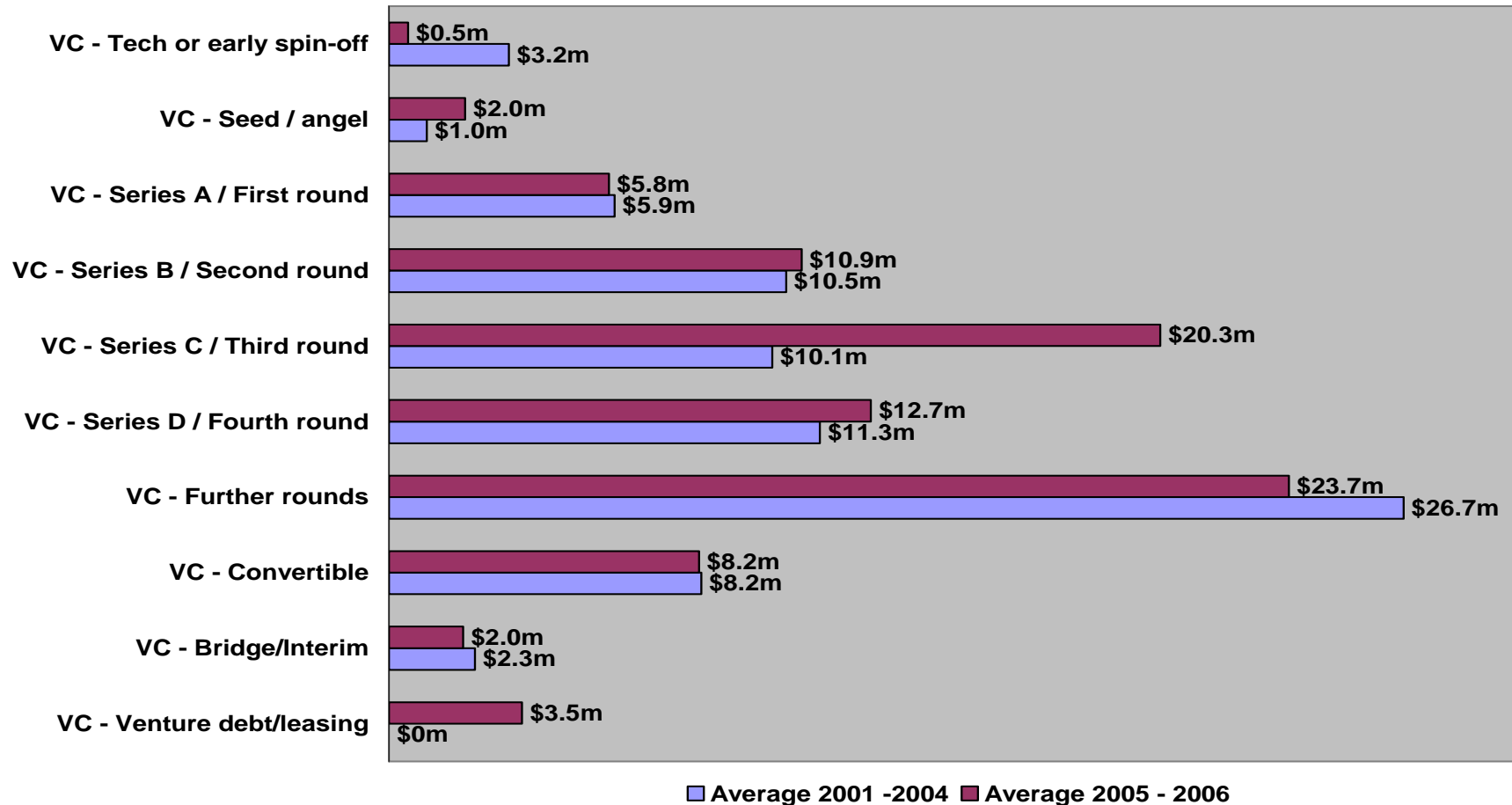
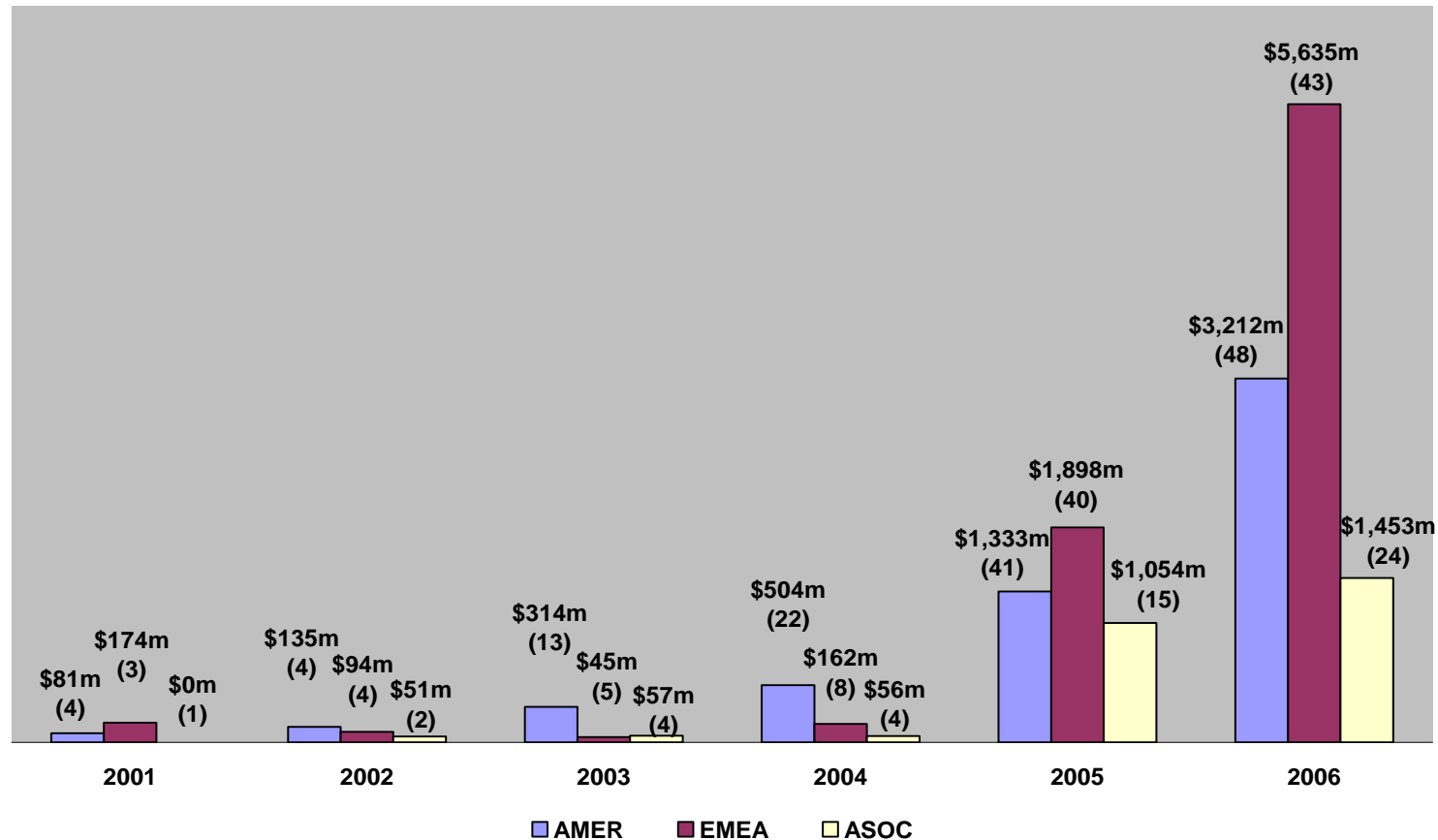


Figure is the average size of each deal type over the set period.

Source: New Energy Finance



Global Public Market IPOs by Region 2001 - 2006

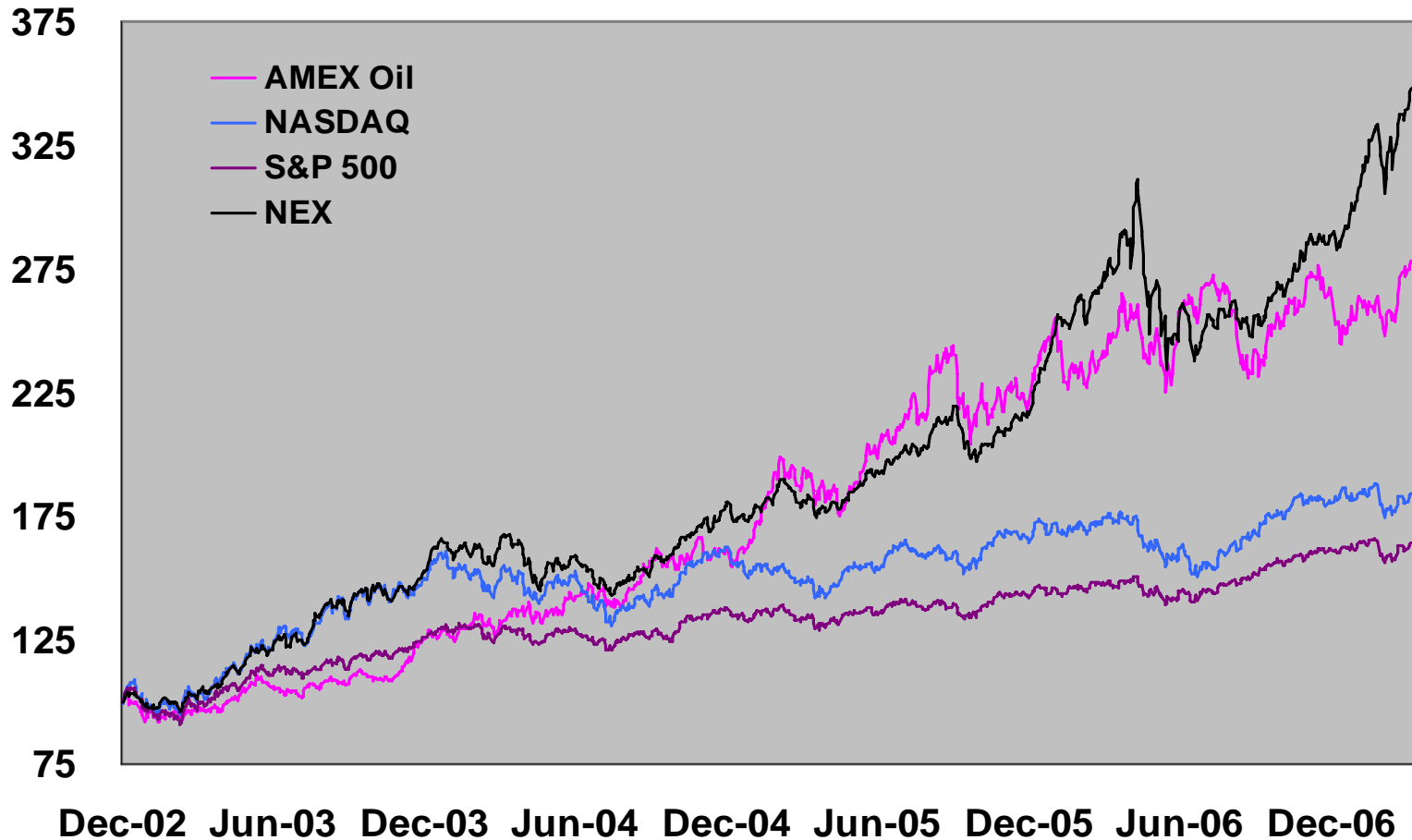


Figures in brackets represent (IPOs/ secondary offerings/ convertible and other).
Figures include new equity raised only, and are not total equity raised.

Source: New Energy Finance



Wilder Hill New Energy Finance Global Innovation Index (NEX), Jan 2003 to 24 April 2007



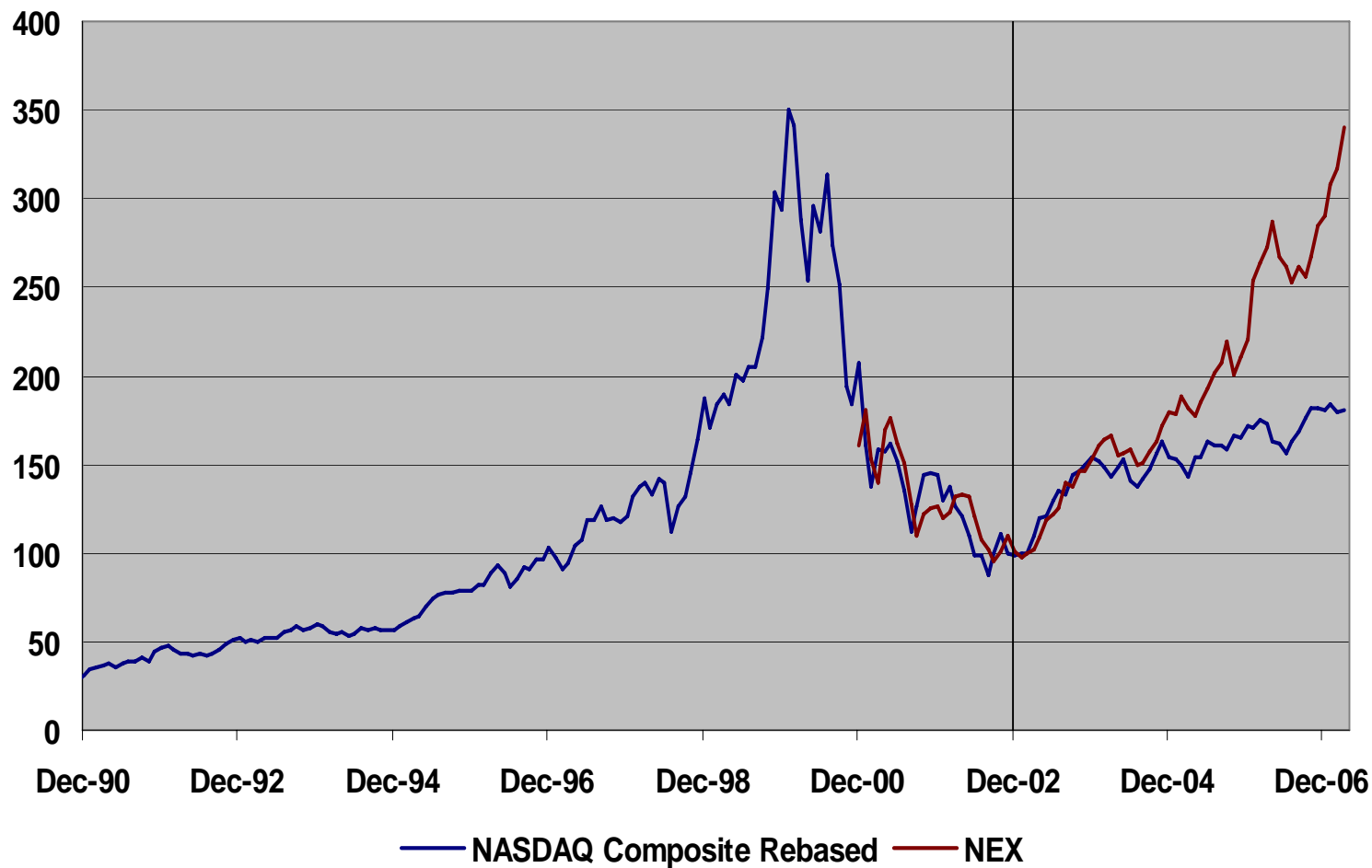
NEX showed 29.3% compound growth between 2002 and 2005, and 33.3% increase in 2006. NEX closed at record 356.28 on 11 May 2007 – up 23.6% year to date (80% annualised)

The NEX consists of the world's largest, most liquid and most representative clean energy stocks. 30 December 2002 = 100

Source: New Energy Finance, American Stock Exchange



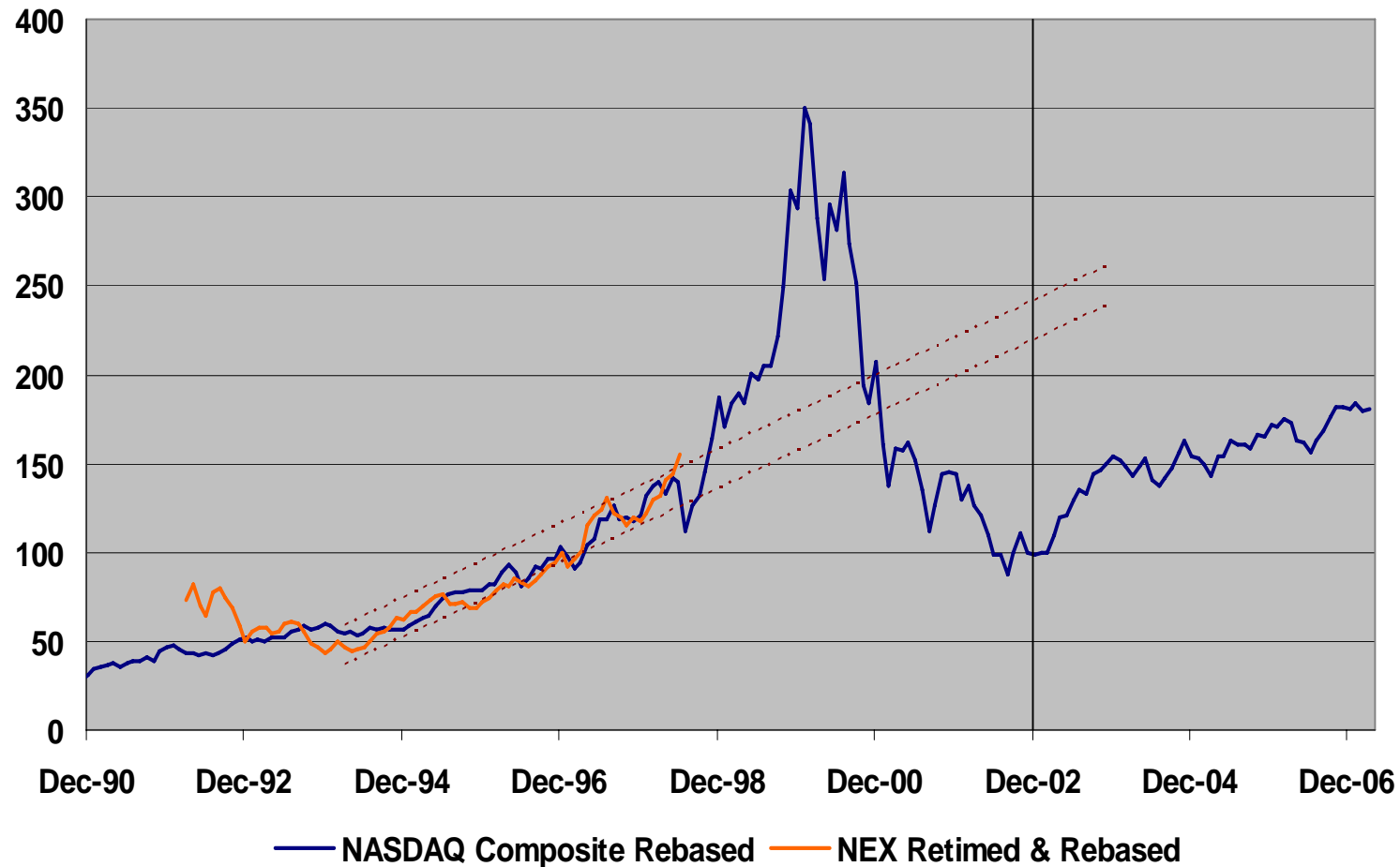
WilderHill New Energy Global Innovation Index (NEX) vs NASDAQ Composite



Source: New Energy Finance, NASDAQ, American Stock Exchange



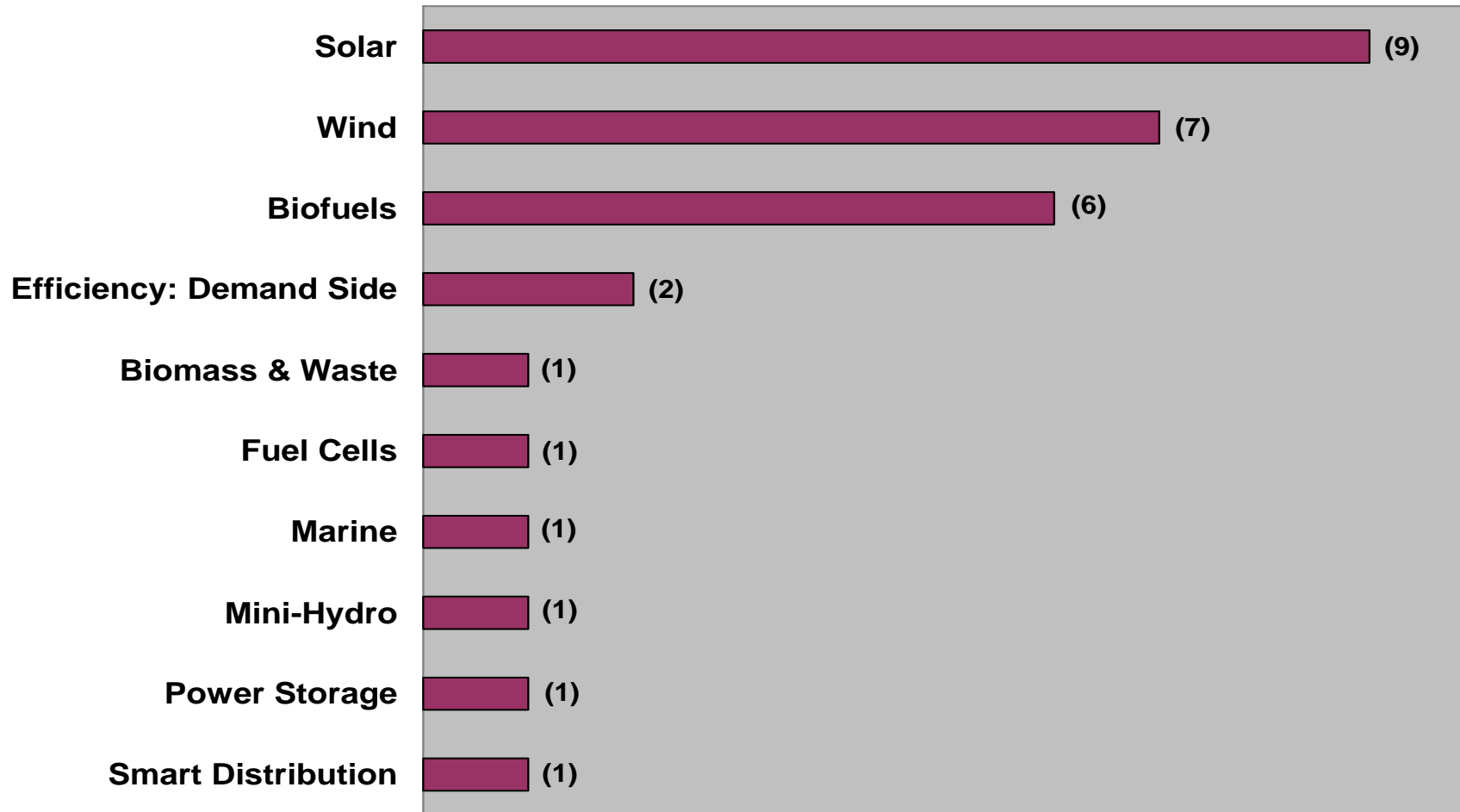
WilderHill New Energy Global Innovation Index (NEX) rebased and time-shifted vs NASDAQ Composite



Source: New Energy Finance, NASDAQ, American Stock Exchange



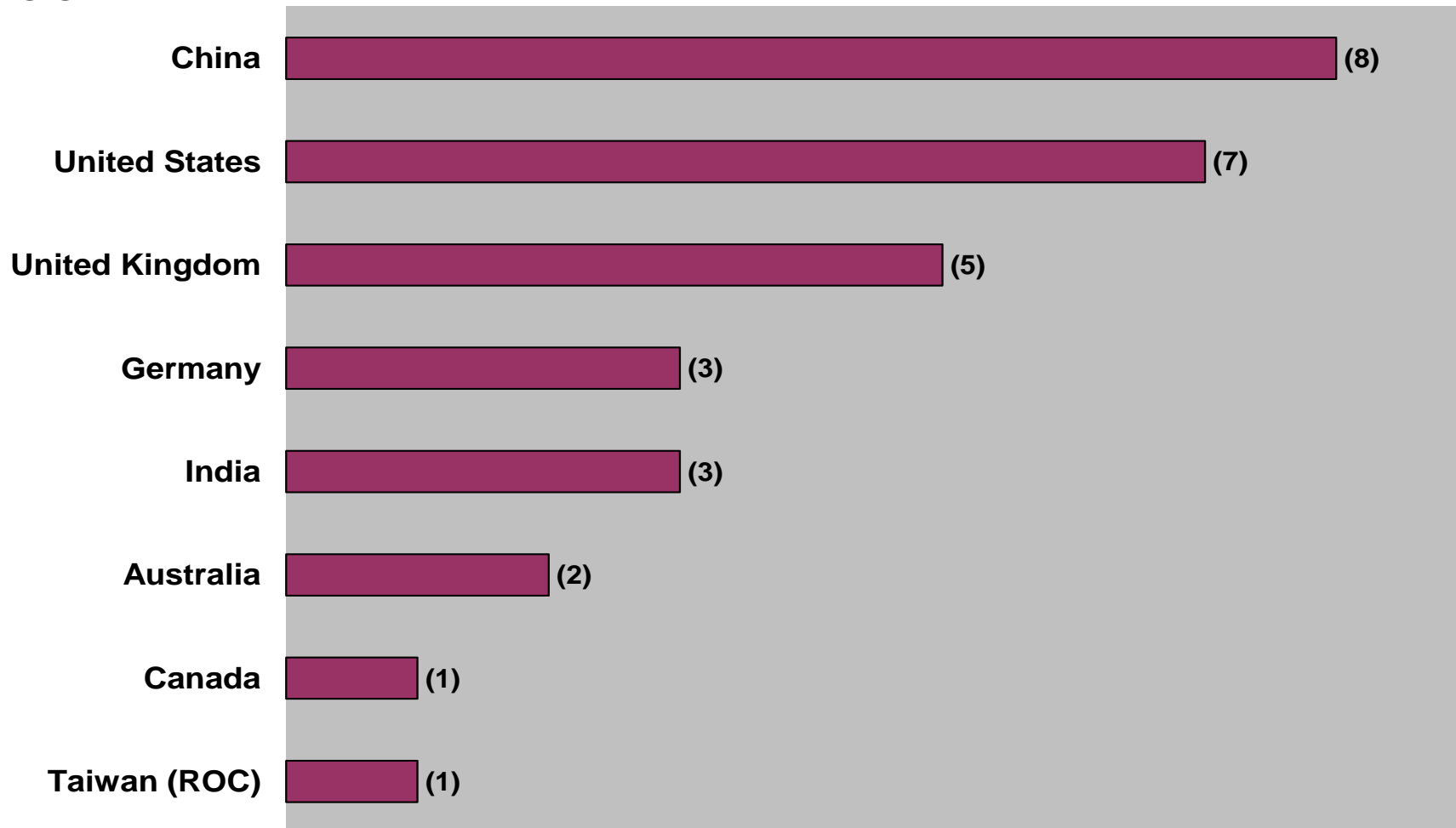
Global Public Market IPO Pipelines by Sector 2007



Source: New Energy Finance



Global Public Market IPO Pipelines by Country 2007



Source: New Energy Finance



For More Information

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