



Press Release – for immediate use

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Clean energy investment on course for another record year

Total new investment in clean energy is set to power ahead by more than 25% to \$94.5bn in 2007, according to analysts New Energy Finance. New investment in venture capital and private equity is predicted to leap by 31.3% to \$8.8bn, while companies are on course to raise \$13.7bn of new money on the public markets, 31.7% more than last year. Investment in assets is set to see an impressive rise, from \$38.6bn in 2006 to an estimated \$46.0bn in 2007. Wind leads the way, followed by investment in biofuels and the solar sector.

In the third quarter, activity on the public markets was subdued as a result of the correction that hit stock markets around the world. The value of deals was less than half the total of the previous quarter, at \$2.7bn, with IPOs offering a particular contrast. The second quarter saw almost \$4bn of initial public offerings, while the three months to the end of September mustered only \$673m as investors stayed on the sidelines because of the market uncertainty.

It was notable that the value of convertible deals grew markedly in the quarter, from \$591m to \$1.2bn, as the cost of debt increased and capital became harder to access. The trend was particularly strong in the Americas, where there were no market debuts at all but \$614m of convertible deals, along with \$114m in secondary offerings. However, Asia and Oceania also saw significant activity in convertibles - \$521m compared with \$55m of IPOs and \$15m of secondary deals. In Europe, \$618m was raised in IPOs, \$727m in secondary funds and just \$49m in convertible deals, suggesting credit markets were easier, although the IPO figures were a long way down on Q2 2007.

IPO activity was most notable in the Biomass and Waste sector, where \$529m was raised by market debutants led by Germany's EnviTec, which raised \$290m. In the same quarter last year, the sector saw no IPOs at all. Biofuels and solar were the big losers: in Q3 2006, biofuels companies raised \$500m in IPOs, compared with no IPOs this time round; and in solar IPO fund-raising fell from \$217m in Q3 2006 to just \$71m in Q3 2007.

Earlier-stage investments by venture capital and private equity companies dropped slightly on the second quarter, from \$2.3bn to \$2.1bn, with solar companies continuing to capture the lion's share of funds at \$604m, followed by wind, where \$320m was invested. However, in solar, the bulk of the cash went towards technology investments, while in wind, almost all the investment was in buy-out or pre-IPO deals. Geographically, the US continues to be the favoured destination for venture and private equity funds, with \$535m of investment. The UK, with \$344m, and Spain, with \$205m, also saw significant inflows during the quarter.

In Asset Financing, which hit a quarterly high of \$13.4bn, there was a notable increase in investment in biofuels assets, mainly in Latin America, as the focus continues to move away from the US and Europe towards primary producer countries such as Brazil, Ecuador, Malaysia and the Philippines.

Michael Liebreich, chairman and CEO of New Energy Finance, said: "The recent turbulence in the credit markets has certainly pushed up the cost of debt for clean energy projects, particularly in the wind sector, but the fundamental drivers are so strong that we believe it will only have an impact on marginal projects."

New Energy Finance also expects the surge in clean energy M&A and buy-outs to continue, rising by 24.7% to \$41.4bn for full year 2007. The wind sector continued to consolidate, with recent deals including the \$2.74bn purchase of Horizon Wind Energy by Energias de Portugal, and Indian wind turbine maker Suzlon's \$1.4bn acquisition of Germany's Repower Systems, after a fierce bid battle with Areva, the French nuclear group, who then swooped on offshore turbine specialist Multibruid. The increasing importance of demand-side management was shown by the \$1.7bn takeover of Luxembourg's Actaris Metering Systems by its US rival Itron.

Meanwhile, transactions in the world carbon market are predicted to be worth around \$70bn in 2007, over twice 2006's \$30bn total according to the company's New Carbon Finance division. Guy Turner, Director of New Carbon Finance said: "The carbon market continues to grow rapidly. More players are entering the market, providing much needed equity for emission reduction projects as well as injecting additional liquidity into the secondary market".

About New Energy Finance:

New Energy Finance is the world's leading independent provider of research to investors in renewable energy, biofuels, low-carbon technologies and the carbon markets. The company's research staff of 50 (based in London, Washington, New York, Beijing, Shanghai, New Delhi, Tel Aviv, Cape Town and Perth) tracks deal flow in venture capital, private equity, M&A, public markets, asset finance and carbon credits around the world.

New Energy Finance covers all sectors of clean energy: renewables (wind, solar, marine, geothermal, mini-hydro, biomass); biofuels; energy architecture (supply-side and demand-side efficiency, energy-smart buildings, smart distribution, power storage, carbon capture & sequestration); hydrogen & fuel cells; carbon markets and services.

The New Energy Finance Desktop is the world's most comprehensive subscription database of investors and investments in clean energy. New Energy Finance's Insight Services provide deep market analysis to investors in Wind, Solar, Biofuels, Biomass, China, VC/PE, Public Markets and the US. New Energy Finance is co-publisher of the world's first global stock-market index of quoted clean energy companies, the WilderHill New Energy Global Innovation Index (ticker symbol NEX).

New Carbon Finance, a division of New Energy Finance, is the world's leading independent provider of analysis, price forecasting, consultancy and risk management services relating to carbon. It has dedicated services for each of the major emerging carbon markets: European, global (Kyoto) and US, where it covers the planned regional markets as well as potential federal initiatives.

The company also undertakes bespoke research and consultancy, and runs senior-level networking events.

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