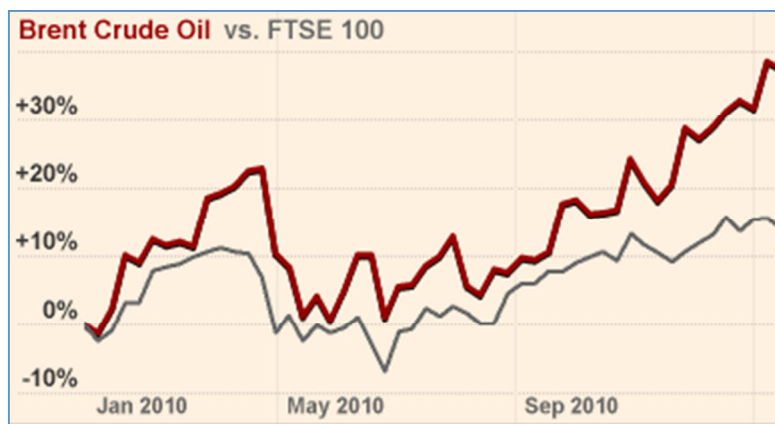


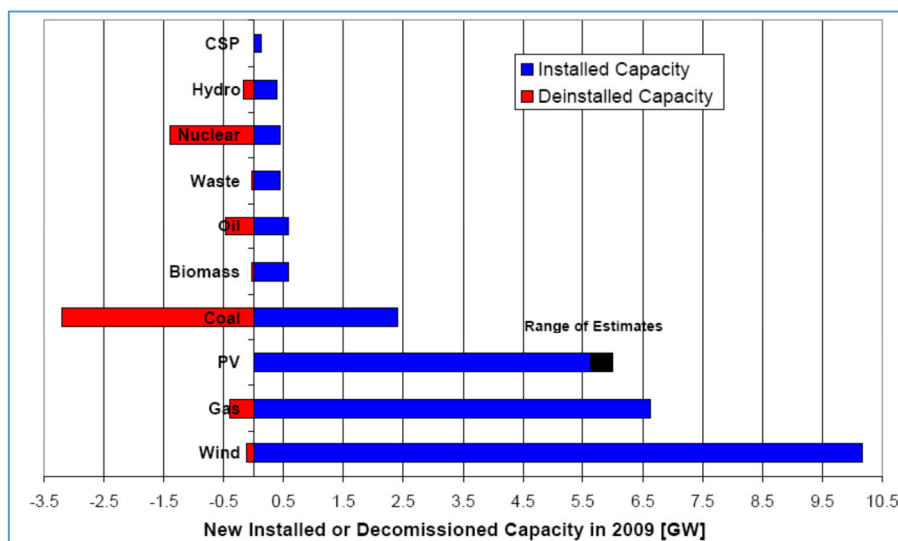
2010 Renewables Review

Many governments, in particular that of the UK, spent much of 2010 heralding the opportunities in the new low-carbon “Green Economy”. As a leading element of this new economy, renewable energy companies should have had a particularly good year, especially with oil prices on the rise again.



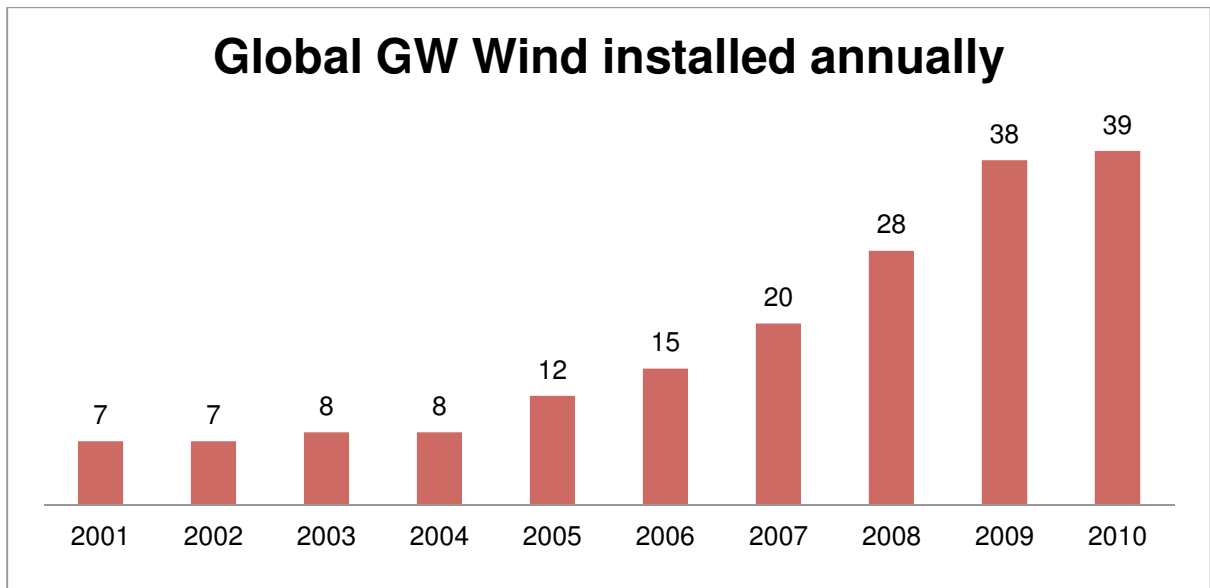
Source: Financial Times

Renewables, in particular wind power, are now firmly established as ‘mainstream’ sources of fresh generating capacity. Indeed in recent years in Europe and the USA they have become the dominant new plant installed.



Source: Renewable energy snapshots, EU, July 2010, new data expected soon.

Despite this in 2010 the effects of the financial difficulties around the world, allied to lower than expected demand for electricity, led to growth flattening off. This was certainly true in the case of wind power, as shown below.



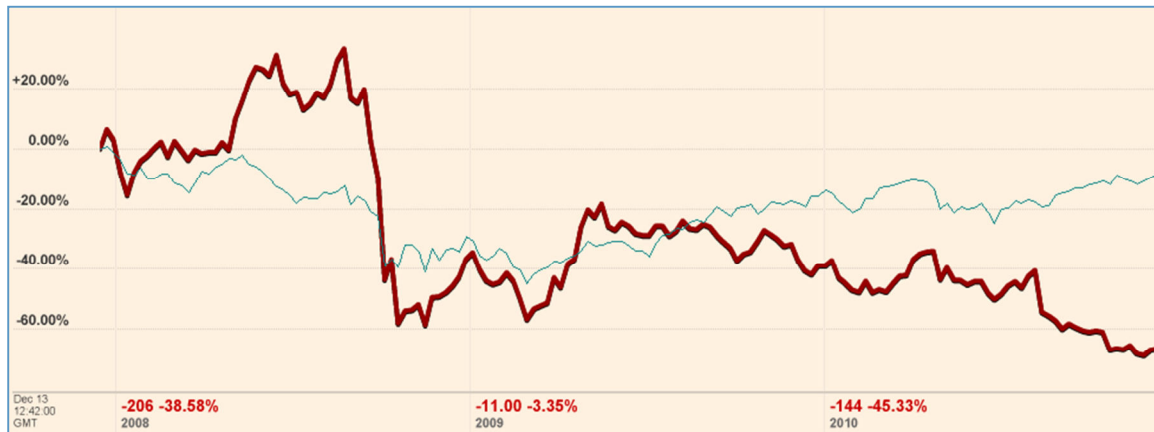
Source: BTM Consult ApS



The net result was to make 2010 a difficult year for renewables, with market sentiment particularly harsh for listed companies. This followed a similarly tough 2008.

Investors in the leading wind turbine manufacturers have seen value significantly eroded. (Comparison is with the FTSE 100 (blue line) over a three year period):

Vestas



Source: Financial Times

Nordex



Source: Financial Times

As have investors in integrated developers:

EDF Energies Nouvelles



Source: Financial Times

Iberdrola Renovables



Source: Financial Times

Solar, too, took a pounding:

Sun Power Corp



Source: Financial Times

Even the global “clean tech” market index, that includes stalwarts such as Siemens and GE, has struggled:

CTIUS Clean Tech index



Source: Financial Times

2011 will be a critical year for the global renewables industry. Will government rhetoric translate into yet more market growth? In turn, will that growth and investment bring back investor sentiment or will there continue to be underperformance?

Hopefully the undoubted value of clean electricity generation will be reflected in the value attributed to its leading companies over the course of 2011.