

Global Clean Technology Venture Investment Increases 65 Percent in 1H 2010 to Match the Record 1H 2008, finds Cleantech Group and Deloitte

SAN FRANCISCO, July 1 /PRNewswire/ -- The Cleantech Group™, providers of leading global market research, events and advisory services for the cleantech industry, along with Deloitte, which provides audit, tax, consulting and financial advisory services to cleantech companies, today released preliminary 2Q 2010 results for clean technology venture investments in North America, Europe, China and India, totaling \$2.02 billion across 140 companies.

Cleantech venture investment was very similar to the previous quarter (\$2.04 billion) and was up 43 percent from the same period a year ago. The number of deals recorded in 2Q10 was down from a record high of 192 in 1Q10, but still represents a strong quarter by historic standards. This completes 1H10, up 65 percent on 1H09.

"In spite of the persistence of wider concerns about the strength and sustainability of the global recovery, the strong flow of investment dollars to cleantech growth companies has continued in 2Q10, with cleantech venture investment in the first half of 2010 edging slightly ahead of the record total recorded during the first half of 2008 [\$4.04 billion versus \$4.02 billion]," said Richard Youngman, head of global research at the Cleantech Group. "Key to this has been the resurgence of solar, and a high volume of follow-on rounds, including many blockbuster deals, which are, in part, a response to the lackluster and unpredictable state of the cleantech IPO market. Goldwind and Solyndra's recent IPO withdrawals have been the norm of late, and Tesla's trend-bucking triumph the exception."

Corporate activity around cleantech innovation has continued to play an important role in maintaining the levels of investment activity. Corporations are becoming key participants in many of the largest venture and growth capital investment rounds. Strong corporate involvement was evident again in the quarter's top ten deals: Intel Capital, GE Capital, Shell, Votorantim (Brazilian conglomerate), Alstom (French power and rail infrastructure company) and Cargill Ventures all contributed, the latter two making their first publicly disclosed venture-stage investments in cleantech.

Corporations have multi-faceted roles in cleantech. Any single utility or multi-national could play any or all of the following roles – investor, partner, customer, acquirer, or competitor. As such, their activity levels are a key indicator of the health and growth of the broader market for clean technology products. The strengthening of corporate commitment to renewable energy and broader cleantech are evident in the strong growth of multi-national corporate and U.S. utility investment for the first half of 2010 (1).

- In 1H10, total announced capacity additions by U.S. utilities increased 197 percent compared to 2H09, from 1,393MW to 4,134MW, primarily driven by wind and solar.
- Power purchase agreements (PPAs) rose 148 percent in 1H10, compared to 2H09, from 621MW to 1,539MW, likely due to the pressure of meeting Renewable Portfolio Standards in many U.S. states.
- Corporate investment announcements from the global corporates tracked reached a new high of \$5.1 billion in 1H10, a 325 percent increase from the same period last year.

"The significant strengthening of corporate and utility investment into the cleantech sector, relative to 2009, is very encouraging, given the key role they will play in enabling broader adoption of clean technologies at scale," said Scott Smith, partner, Deloitte & Touche LLP and Deloitte's clean tech leader in the United States. "Major U.S. utilities are increasing direct investments in wind and solar due to improving cost scenarios, favorable tax credits and incentives, and evolving pressure to meet Renewable Portfolio

Standards. Meanwhile, the largest global companies are seeing the business case for operational cleantech integration, leading to record corporate investment. This uptick was driven by companies looking to improve energy efficiency and reduce carbon emissions in order to reduce operational costs, mitigate energy price volatility risk, drive sustainable growth, and comply with existing and pending regulations around carbon and climate change risk disclosure."

VENTURE INVESTMENT BY TECHNOLOGY SECTOR

The leading sector in the quarter by amount invested was solar (\$811 million), followed by biofuels (\$302 million) and smart grid (\$256 million). Energy efficiency was the most popular sector measured by number of deals, with 31 funding rounds, ahead of solar (26 deals) and biofuels (13 deals). The largest transactions in these sectors were:

SOLAR - \$811 million in 26 deals

Solyndra, a California-based thin film company raised \$175 million from existing investors instead of following through with its planned IPO. BrightSource Energy, a California-based developer of utility-scale solar thermal power plants, raised \$150 million in Series D funding from new investors Alstom and the California State Teachers Retirement System (CalSTRS) as well as existing investors; the deal followed a conditional commitment from the U.S. Department of Energy for \$1.37 billion in loan guarantees that was made in February and Amonix, a California-based developer of concentrated photovoltaic (CPV) solar power systems, raised \$129.4 million in a Series B round led by Kleiner, Perkins, Caufield & Byers.

BIOFUELS - \$302 million in 13 deals

Amyris Biotechnologies, a California-based developer of technology for the production of renewable fuels and chemicals, closed the final tranche of a \$61 million Series C round and also raised a further \$47.8 million from Temasek Holdings; Virent Energy Systems, a Wisconsin-based developer of a catalytic bio-refinery platform, raised \$46 million from Shell and Cargill Ventures; and Kior, a Texas-based developer of a catalytic cracking technology for turning biomass into bio-crude, raised \$40 million.

SMART GRID - \$256 million in 11 deals

Landis+Gyr, a Switzerland-based smart metering company, raised an additional \$165 million from Credit Suisse to add to the \$100 million it raised in mid-2009, while OpenPeak, a Florida-based developer of home energy management products, raised \$52 million from Intel Capital and existing investors, and GreenWave Reality a Denmark-based developer of home energy management products, raised \$11 million from Craton Equity Partners and other undisclosed investors.

ENERGY EFFICIENCY - \$147 million in 31 deals

Nualight, an Ireland-based developer of LED illumination products for refrigerated displays in food retail, raised \$11.4 million from Climate Change Capital Private Equity, 4th Level Ventures and ESB Novus Modus. This was the largest deal in the energy efficiency category after OpenPeak (\$52 million, as above).

VENTURE INVESTMENT BY WORLD REGION

North America accounted for 72 percent of the total, while Europe and Israel accounted for 24 percent, India 3 percent, and China for 2 percent.

NORTH AMERICA: North American companies raised USD \$1.46 billion, down 11 percent from 1Q10 but up 47 percent from 2Q09. The total of 76 disclosed rounds was high by historic standards, but down by 41 percent from the record 128 in 1Q10. As the most significant region for VC investment, the sector trends broadly match those described globally. The largest deals were for Solyndra (\$175 million), a California-based thin film solar company, BrightSource Energy (\$150 million), a California-based developer of utility-scale solar thermal power plants, and Amonix (\$129.4 million), a California-based developer of concentrated photovoltaic (CPV) solar power systems. California led the way, with \$980 million (67 percent total share) in investment, followed by Massachusetts (\$124 million, 8 percent).

EUROPE/ISRAEL: European and Israeli companies raised USD \$476 million in 54 disclosed rounds, up 48 percent (by amount) from 1Q10 and up 100 percent from 2Q09. The largest deals were for Swiss smart

grid company Landis+Gyr (\$165 million) and French solar plant developer Fonroche (\$66.1 million). The large growth capital deal for Landis+Gyr places Switzerland (\$165 million, 1 deal) at the top of the country league table, followed by France (\$82 million, 11 deals), and Norway (\$59 million, 4 deals). The UK had the most deals (17) with investment totaling \$59 million.

CHINA: Chinese companies raised USD \$30 million in 5 disclosed rounds. The largest deal was for Prudent Energy, a developer of flow batteries, which raised \$10 million from JAFCO Investment Asia, Mitsui Ventures and CEL Partners.

INDIA: Indian companies raised USD \$59 million in 4 disclosed rounds. The largest deal was for Krishidhan Seeds, a producer and distributor of hybrid seeds for the farming industry, which raised \$30 million from Summit Partners.

GLOBAL M&As AND IPOs

There were 19 clean technology IPOs during the quarter, totaling \$2.31 billion, up slightly from 18 IPOs in 4Q09, also totaling \$2.31 billion. China accounted for the majority of transactions, with 12 offerings, which raised a combined \$1.73 billion (75 percent of the overall total). There were three North American cleantech IPOs in 1Q 2010, which raised a total of \$304 million, the lion share netted by the high-profile \$226m IPO of Tesla Motors on June 29, 2010.

However, the largest global cleantech IPO recorded during the quarter was Origin Water, a China-based developer of membrane filtration systems for municipal and industrial sewage treatment and recycling, which raised \$370 million from an offering on the Shenzhen Stock Exchange. The company's share price more than doubled during the first day of trading, valuing the company at about \$3.3 billion.

Clean technology M&A totaled an estimated 160 transactions in 2Q10, of which totals were disclosed for 45 transactions totaling \$6 billion. Two of the most significant deals were in smart grid: Swiss engineering company ABB acquired U.S.-based software maker Ventyx for more than \$1 billion to provide it with broader access to the utility enterprise management market; and Maxim Integrated Products acquired U.S.-based smart meter semiconductor company Teridian Semiconductor for about \$315 million in cash.

TOP GLOBAL VC INVESTORS

2Q10 Most Active Cleantech Venture Investors (Preliminary Data)

| Venture Capital Firm | # of rounds | Companies |
|----------------------------------|-------------|--|
| Carbon Trust Investment Partners | 6 | Helveta, Green Biologics, Intamac Systems, ACAL Energy, Arieso, Concurrent Thinking, |
| Kleiner Perkins Caufield & Byers | 4 | Amonix, Amyris Biotechnologies, Fisker Automotive, EdeniQ |
| Angeleno Group | 3 | Amonix, Coda Automotive, EdeniQ |
| Draper Fisher Jurvetson | 3 | BrightSource Energy, EdeniQ, Scientific Conservation |
| Khosla Ventures | 3 | Coskata, Amyris Biotechnologies, Sakti3 |

Source: Cleantech Group (cleantech.com)

About the Cleantech Group, LLC

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and global networking events. The company's growing international client base includes global corporations, investors, entrepreneurs, governments, and service providers. The company also produces the premier Cleantech Forum® and Focus™ events worldwide, including upcoming events in Paris, Boston, New York, Chicago, and Los Angeles. Details are available at <http://www.cleantech.com>.

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(1) The data is derived from a sample; the activities of a basket of utilities and corporate companies are tracked each quarter to act as a barometer of corporate activity in cleantech. The announcements of 46 U.S. utilities are tracked for new power purchase agreements (in alternative energy) and for direct investments (in the form of funding, partnerships, or stake purchases in clean tech or renewable energy companies/projects). Similarly, announcements are tracked for 65 global Fortune 500 companies, for their direct investments (as above) and their business investments (dollar amounts invested by companies on their buildings or processes to improve energy efficiency and reduce carbon footprint). These 65 multi-nationals include the top 30 companies from the Fortune Global 2009 and the top 50 companies from the Fortune U.S. 2009 list.