

FINANCING THE FUTURE - THE NEW ENERGY EQUATION

Data Sources

Deloitte and Cleantech Group LLC.

Bloomberg New Energy Finance

Cascadia Capital LLC, is a national investment banking firm for emerging growth companies in a wide range of industries.

Sustainable Industries Parallels to the Internet Boom, Bust...and...Rebirth

We all remember the internet boom in the late 1990's and early 2000's. New companies sprung up seemingly overnight. The word "new economy" was all anyone ever heard. These "new economy" companies didn't have revenue much less profits so new metrics like "eyeballs" and "page views" were devised to justify astonishing valuations. Companies in the "old economy" quickly moved to embrace the internet or risk becoming obsolete. Many companies added ".com" to their name to increase the value of their companies. Many companies flocked to the public markets where they were greeted with astonishing, seemingly "unreal" valuations based on hype and momentum as opposed to sound fundamentals. Then the madness came to an end as the economy went into a recession and the vast majority of the new internet companies went out of business. The internet became an area to be avoided by investors as capital flowed back into "old economy" companies.

However, a funny thing happened – a few bright and determined entrepreneurs, executives and investors remained in the sector and devised bet-

ter business models and better companies. Google, Facebook, Amazon and eBay emerged during

this period and are now household names. Today the internet is prevalent in our daily lives albeit without the hype. Sound familiar? It should.

The clean energy sector is going through the same re-birth process. Clean energy was the rage in the 2005-2008 time periods. All we ever read about was the "green" economy. Money, entrepreneurs and executives came into the sector in droves, but business models and the ecosystem were not fully flushed out and many of the companies that were funded in the 2005-2008 time period have not made it through the recession. The press, investors, entrepreneurs, executives and service providers left the sector for greener pastures (no pun intended).

However, dedicated investors, entrepreneurs and executives remained in the sector, working to improve the business models and technology. They have been joined by large corporations such as Boeing, Wal-Mart, Schneider Electric and others who see profit in the sector and are becoming actively involved.

We at Cascadia are on the ground every day in this market. We were there at the beginning, throughout the past and existing turmoil, and we remain more committed than ever to this space. We are seeing better companies, better technology, better business models and better executives in this industry every day. We strongly believe that a lot of the companies we see and work with will be well known companies in the 2013-2014 timeframe. Green companies are rising from the ashes. We remain believers.

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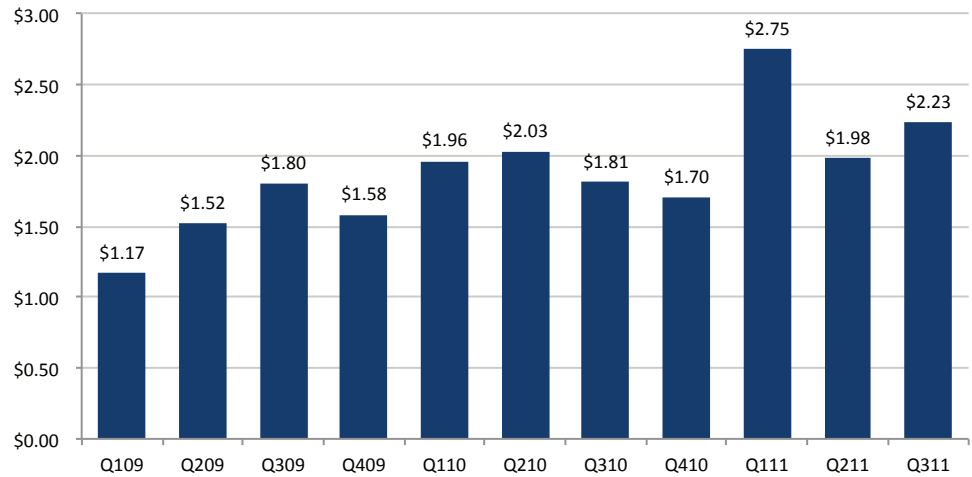
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EQUITY

Global Venture Capital and Private Equity New Investment in Clean Energy

- Q3 2011 global cleantech venture investments totaled \$2.23 billion over 189 deals. Total investment volume was 13% higher than Q2 2011 and 23% higher than Q3 2010.
- North American cleantech investments totaled \$1.69 billion over 128 deals during Q3 2011, an increase of total invested capital of 59% from Q3 2010.
- European & Israeli investments totaled \$230 million over 40 deals in Q3 2011, a decline in total invested capital of 34% from Q2 2011, and down 32% from Q3 2010.
- Asia & Pacific investments totaled \$303 million across 21 deals in Q3 2011.

Global VC Investment \$USD Billions



- Series B or later rounds accounted for 81% of all cleantech invested capital in Q3 2011; Investors are continuing to back the winning companies in their portfolios while opportunistically looking to exit certain investments.
- Energy storage was the top sector in cleantech investing in Q3 with the largest amount of invested capital (\$514 million across 19 deals) indicating a strong interest in smart grid technologies for grid-storage and electric vehicles; Energy Efficiency was the most active sector of the quarter (34 deals totaling \$223 million).
- Solar and Biofuels/Biomaterials had the second and fourth largest amount of invested capital this quarter with \$350 million (33 deals) and \$177 million (15 deals), respectively.

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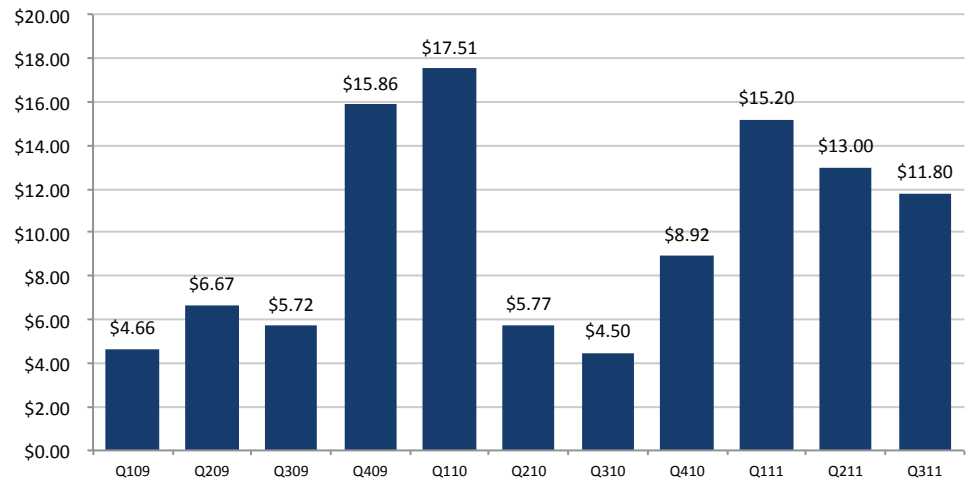
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M&A

Global Clean Energy M&A Volume

There were 85 M&A transactions in Q3 2011, of which 27 deals were disclosed for a total of \$11.8 billion. This deal total was slightly down compared to 89 transactions with 31 deals disclosed totaling \$13 billion in Q2 2011.

Global M&A Volume \$USD Billions



KEY M&A TRANSACTIONS



- The largest deal was the announcement of Ecolab's \$5.4 billion acquisition of Nalco Holding, a leading provider of water treatment and process improvement services, chemicals and equipments. With the acquisition of Nalco, Ecolab will diversify their base of food-service, hot and health care customers with water treatment sales to energy and industrial companies.



- Toshiba acquires Landis + Gyr, a leader in smart grid metering, for \$2.3 billion. The acquisition allows Toshiba to gain access to Landis + Gyr's 8,000 utility customers and makes Toshiba a major player in the smart grid landscape.

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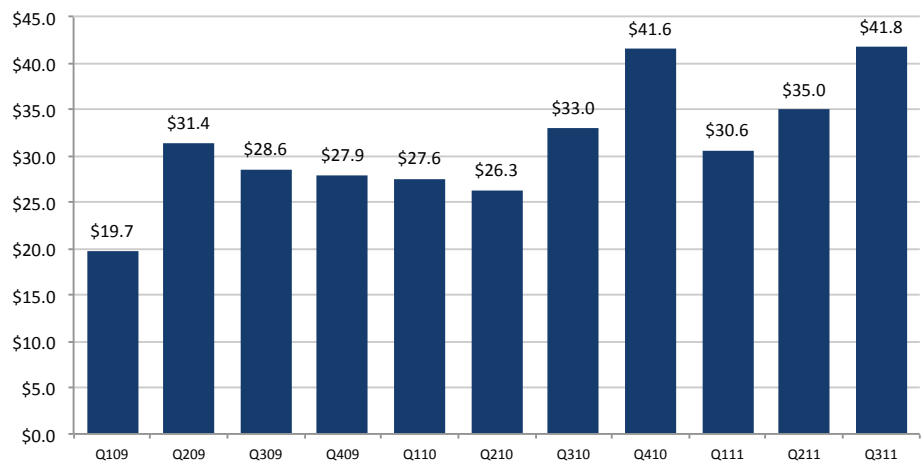


- DuPont, a multinational chemical conglomerate, acquired Innovalight for an undisclosed amount. Innovalight makes a silicon ink that can be added to crystalline silicon solar panels, and it can boost efficiency by 1 percent to 2 percent at a relatively low cost. The deal highlights the continued trend of shopping sprees among multinational conglomerates in clean technology. Conglomerates have a worldwide reach and established relationships with customers. Startups like Innovalight have novel technologies. Startups see an acquisition by these conglomerates as the quickest path to

PROJECT FINANCE

Global Asset Financing of New Build Clean Energy Assets

Global Asset Financing \$USD Billions



- Q3 2011 asset finance of utility-scale renewable energy projects jumped to a record \$41.8 billion.
- The biggest asset finance deals of the quarter were the \$2.7 billion financing of the Global Tech 1 offshore wind farm, off the coast of Germany, and the \$1.8 billion financing of the Djursland Anholt offshore wind project, off Denmark. The largest solar financing was \$1.6 billion for the High Plains Ranch II and III PV portfolio in the US.
- Q3 saw a large investment in three offshore wind farms in the North Sea totaling more than 1GW in capacity and \$6.3 billion in investment.
- Other big financings for Q3 included photovoltaic, solar thermal and biofuel projects in the US, a geothermal installation in Indonesia, and onshore wind projects in Brazil and China.