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Cleantech and Renewables on AIM 2008

Concerns about climate change and the security and limit of supply of fossil fuels continue to drive interest in the cleantech and renewable energy sector on AIM. But the junior market has not been immune from the global financial crisis – nor the attendant reduction in investors’ willingness to back businesses perceived as higher risk.

Thus far in 2008, only two new ventures in this sector have managed to complete an IPO on AIM (against seven last year) and the amount of new money raised has fallen away dramatically, from £465 million in 2007 to just £8.6 million. These falls mirror the overall trends on AIM, where total IPOs have fallen to 67 this year (2007: 222) with £900 million of new funds raised (2007: £6.2 billion).

In this, our second annual report into this exciting sector, *Growth Company Investor*, in association with leading law firm Hunton & Williams, also reveals that the valuations of cleantech and renewable energy companies have taken a considerable hit, with the combined value of all 79 companies in our survey now totalling £3 billion, against £5.6 billion at the start of the year. Once again, this near 50 per cent reduction is in line with the fall in value of

the overall AIM Index, which has slipped from 1,050 points to 445 points over the same period.

That said, the sector is now a crucial component of the index, with its 79 constituent companies making cleantech/renewable energy the eighth-largest sector by value and ninth-largest by number of companies. In total, these firms have raised £1.64 billion over the past five years. Moreover, AIM’s global footprint continues to expand, with companies from no less than 16 countries including Australia, Brazil, China, Madagascar, Mozambique, Zambia and the USA.

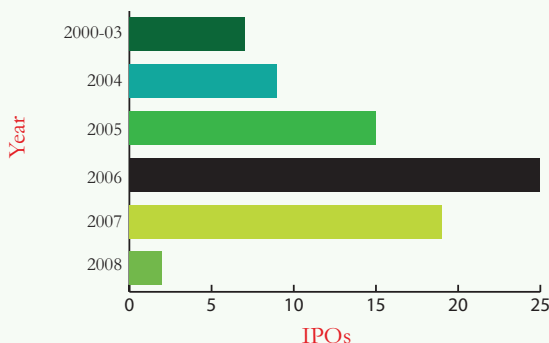
‘The cleantech sector is now the eighth-largest on AIM’

Sector sub-divisions

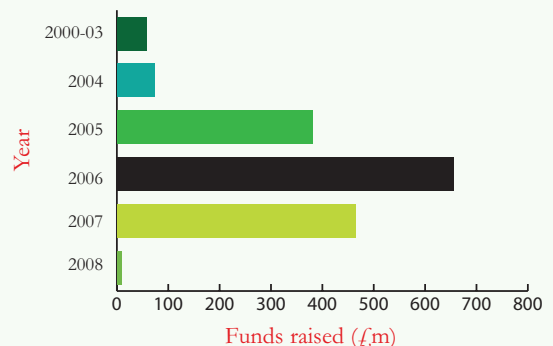
This report divides the companies into 14 different sub-sectors, according to their interests. These are: alternative power, bio products, biofuels, biomass, carbon credits, electric vehicles, fuel cells, fuel economy/emissions reduction, investments, recycling/waste management, solar, water conservation, wave and wind.

The most active sub-sectors are those of investment companies and fuel cell developers, of which there are 11 each. Most investment groups, which have raised over £300 million at float,

Cleantech & Renewable IPOs 2000-08



Cleantech & Renewable IPO funds raised 2000-08



are generalists in the sector, backing a variety of clean technologies, though some focus on certain sub-divisions only. They range from £183 million capitalised Leaf Clean Energy, focused on acquiring interests in a variety of clean energy companies, to sub-£1 million Alecto Energy, a recent convert to the sector, with its own fuel cell subsidiary.

Fuel cell developers have themselves attracted £138 million since float. Ventures here span the full range of applications in the area, with UK-based Ceres Power looking into a variety of uses, including household boilers; US-based IdaTech specialising

‘AIM’s global footprint continues to expand, with companies from no less than 16 countries’

in back-up power for telecoms companies; and German venture Proton Power putting its technology into forklift trucks. Next most populous are bio-products companies – a diverse group ranging from producers of natural pesticides to makers of biodegradable plastics – numbering nine, with combined fundraisings at float of just short of £100 million.

Share stars and casualties

Due to the dramatic stock market falls this year, especially in the small-caps of AIM, only 13 companies in this report can boast a share price above their listing value. Of these, Climate Exchange, the owner-operator of the European and Chicago carbon-trading exchanges, has risen the highest. Since floating at 100p back in 2003 the shares topped out at over £20 in May this year, before collapsing to 850p by November to still show a 750 per cent gain overall.

Plant Health Care, the producer of biologically based products to improve crop performance, still lays claim to a 451 per cent price rise since listing in 2004, though down from a high earlier this year above 400p to below 300p now.

Most active sub-sectors

Sector	Companies	Total funds raised (£m)	Combined market value (£m)	Average price performance (%)
Investments	11	315.2	325.42	-32%
Fuel cells	11	137.8	164.81	-69%
Bio products	9	94.2	359.33	-9%
Fuel economy/emissions reduction	9	52.5	169.25	-27%
Biofuels	8	406.0	126.44	-66%
Alternative power	6	85.6	130.44	-44%
Recycling/waste management	5	21.8	35.37	-64%
Solar	4	78.9	329.19	-61%
Carbon credits	4	233.9	845.3	154%
Electric vehicles	4	50.5	35.07	-76%
Wind	3	105.3	423.13	-20%
Biomass	2	2.0	57.9	-24%
Water conservation	2	31.5	49.75	-67%
Wave	1	25.0	33.19	192%

Fastest-growing companies by sales

Company	Market cap (£m)	Turnover (£m)	Annual sales growth (%)
Accsys Technologies	198.04	22.68	54,560.00
TyraTech	9.35	3.86	2,521.74
Novera Energy	62.44	32.14	1,374.31
Climate Exchange	443.35	13.77	1,163.30
Camco International	58.63	8.67	1,157.83
Axeon	7.53	29.31	1,049.41
Acta	2.25	0.50	757.14
PolyFuel	3.42	0.89	672.22
Ceres Power	42.07	0.72	620.00
D1 Oils	11.08	10.57	577.56

Most active nominated advisers

Nominated adviser	No. of companies	Raised at IPO (£m)	Share price performance (%)
Arbuthnot Securities	5	18.8	-78.2
Canaccord Adams	5	27.1	-64.4
Nomura	5	104.1	-80.6
Collins Stewart	4	323.9	12.8
KBC Peel Hunt	4	80.5	-56.5
Blue Oar	3	6.6	-70.7
Centos Securities	3	350.0	247.3
Evolution Securities	3	40.4	-81.7
Numis	3	34.0	-67.3
Seymour Pierce	3	18.9	14.7

This document is an extract from a comprehensive new research document focusing on cleantech and renewable energy companies on AIM.

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The Hunton & Williams AIM team in London has extensive experience acting for companies, nominated advisers and brokers on IPOs, secondary fundraisings and mergers/takeovers.

The firm has capitalised on the growing internationalisation of the AIM market and the firm's ability to offer advice on both UK and US securities laws from its London office.

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