

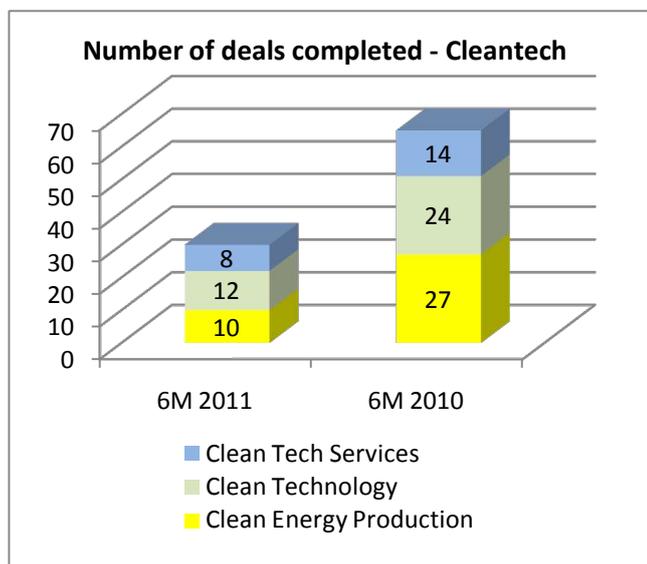

2-2011

Cleantech Monitor

Germany • Switzerland • Austria

The Cleantech M&A landscape in Germany, Switzerland and Austria in the first six months of 2011

After 65 deals in the first six months of 2010 (6M 2010) only 30 deals were completed in the region in the first six months of 2011 (6M 2011). 25 (6M 2010: 51) of these deals were finalized with a target in Germany, 4 (6M 2010: 7) in Switzerland and 1 (6M 2010: 7) in Austria. Compared to 6M 2010, the number of completed transactions declined by 54% in the region in 6M 2011.



Source: MergerMarket (6M 2011), Zephyr (6M 2010)

In comparison to 6M 2010 the number of deals declined in all segments between in 6M 2011. In the segment Clean Energy Production the decline was the highest with 63%, whereas in the segment Clean Tech Services it was the lowest with 43%.

Within the cleantech market, there were shifts between the segments Clean Technology and Clean Energy Production. Unlike 6M 2010, the most transactions were finalized in the segment Clean Technology in 6M 2011 whereas the

segment Clean Energy Production fell to second place in 6M 2011. Clean Tech Services remained the segment with the least transactions.

If a comparison is done by deal value it should be noted that deal values were published only for a small percentage of completed deals, namely for 7 out of 30 deals (23%) in 6M 2011 and for 21 out of 65 deals (32%) in 6M 2010.

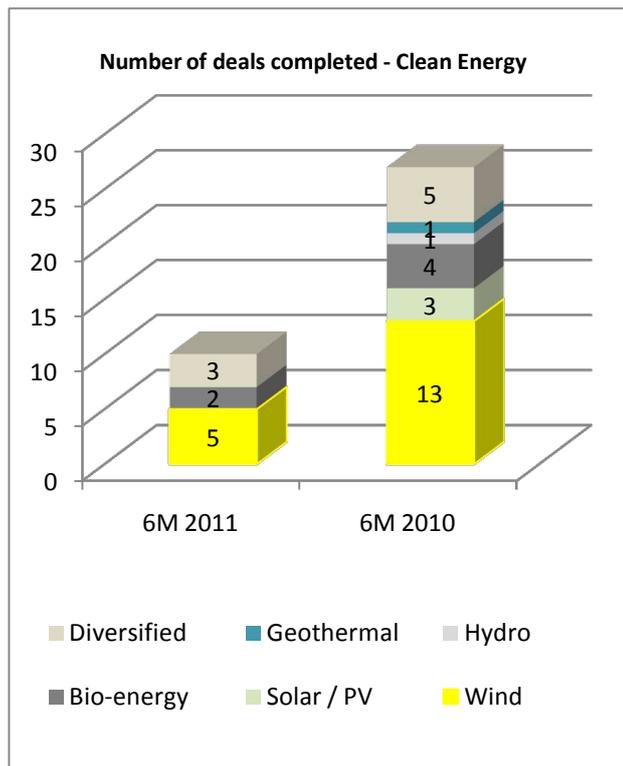
Based on the published deal values € 882 million were invested in the Cleantech sector in the region in 6M 2011. This was 3% less than in 6M 2010 (€ 911 million).

However, two transactions accounted for ca. 76% of the total deal value in 6M 2011. The biggest one disclosed was the € 466 million acquisition of 100% of the shares in Schulthess Group AG, Switzerland, by NIBE Industrier AB, Sweden. The target company is active in the sector solar thermal engineering. The second largest transaction was the € 200 million acquisition of 100% of the shares in Project Green comprising two wind farms in Lower Saxony, three in Saxony-Anhalt and three wind farms in Brandenburg and Mecklenburg-Pomerania, Germany, by EOS Holding S.A., Switzerland. One more transaction was above the € 100 million mark and two deals were in the € 10 to 50 million range. Compared to 6M 2010 more larger deals were completed in 6M 2011 and the variance in transaction value was much higher.

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Clean Energy Production



Source: MergerMarket (6M 2011), Zephyr (6M 2010)

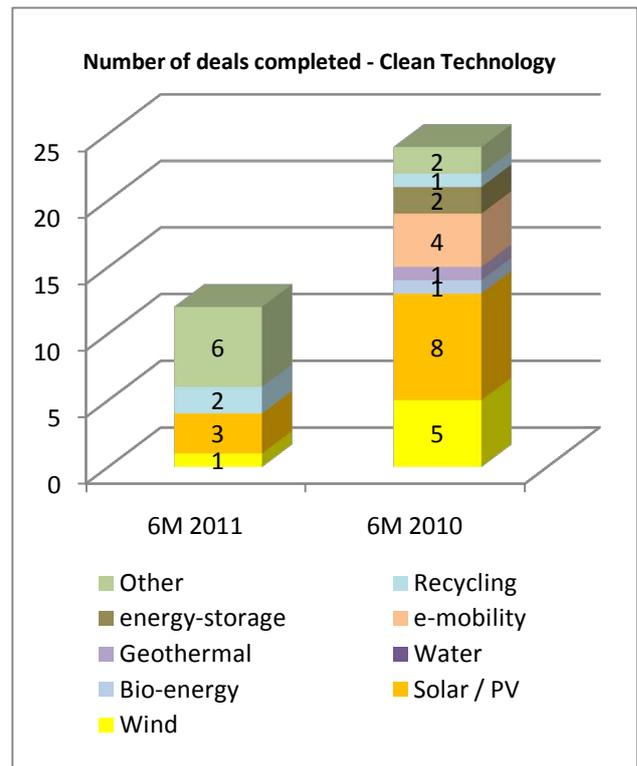
Within the segment Clean Energy Production the sub-segment Wind remained the biggest but declined from 13 completed deals in 6M 2010 to 5 completed deals in 6M 2011.

The sub-segment Diversified fell from 5 to 3 completed deals and the sub-segment Bio-energy declined from 4 to 2 deals. There were no completed deals reported in the sub-segments Solar / PV, Hydro and Geothermal in 6M 2011.

The sub-segment Diversified contains transactions in targets where the target company is active in several Cleantech areas.

However, the deal value in the segment Clean Energy Production grew from € 191 million to € 255 million in 6M 2011. The largest sub-segment was Wind amounting to a deal value of € 247 million in 6M 2011. The increase was mainly caused by the € 200 million EOS Holding S.A. deal for Project Green.

Clean Technology



Source: MergerMarket (6M 2011), Zephyr (6M 2010)

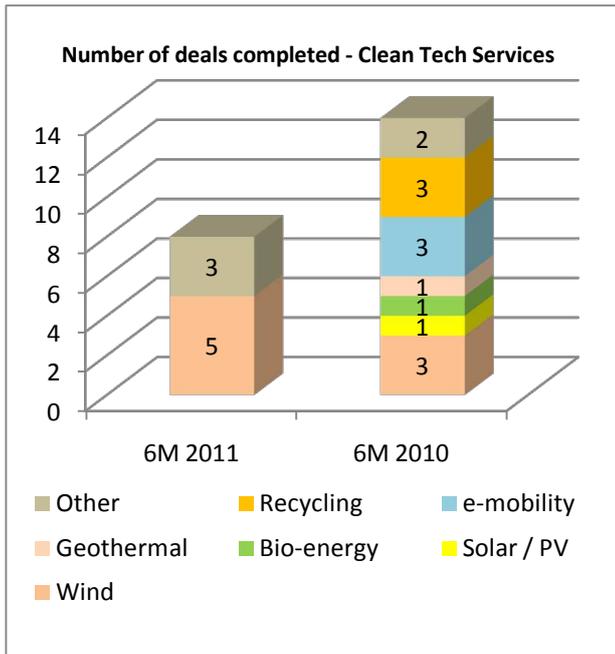
Within the segment Clean Technology the sub-segment Wind showed a sharp decline in the number of deals completed in 6M 2011 compared to 6M 2010. It declined from 5 deals to 1 (-80 %).

In comparison to 6M 2010 the number of deals in the sub-segment Solar / PV also decreased sharply (-63%) to 3 deals in 6M 2011. There were no completed deals reported in the sub-segments Bio-energy, Water, Geothermal, e-mobility and energy-storage in 6M 2011.

In contrast, the number of deals rose in the sub-segments Recycling (+1) and Other (+4) in 6M 2011. The sub-segment Other includes companies which are active in developing and producing technology for regenerative heat recovery, energy saving and green products.

By deal value the segment Clean Technology grew from € 541 million to € 598 million in 6M 2011. It became the largest segment within Cleantech in the first six months of 2011. By transaction value the largest sub-segment was Solar / PV amounting to a deal value of € 598 million in 6M 2011 (6M 2010: € 415 million).

Clean Tech Services



Source: MergerMarket (6M 2011), Zephyr (6M 2010)

In comparison to the first six months in 2010 the number of deals increased in the sub-segments Wind (+2) and Other (+1) in 6M 2011. There were no completed deals reported in all other sub-segments in 6M 2011.

The sub-segment "Other" which grew by one deal contains above all deals with energy and environmental engineering services companies.

By deal value the segment Clean Tech Services fell from € 178 million to € 29 million in 6M 2011. The largest sub-segment was "Wind" amounting to a deal value of € 25 million in 6M 2011 whereas in 6M 2010 the largest sub-segment was "Other" amounting to a deal value of € 170 million. This amount was paid by Thüga AG for the acquisition of 80% of the shares in WEMAG AG. The sharp decrease resulted thus from this large transaction which was completed in 6M 2010.

Most active investors

In 6M 2011 the most active investor was EOS Wind Deutschland GmbH (3 deals). The Germany based renewable energy production company which is a subsidiary of EOS Holding S.A., Switzerland, has acquired SCE Wind Uelitz GmbH & Co. KG, a Germany based wind farm, for an undisclosed consideration. The acquisition is in line with EOS' strategy to enhance its renewable energy generation business. In addition, EOS Wind Deutschland GmbH has also acquired SCE Wind Fuchsberg GmbH & Co. KG and SCE Wind Freudenberg Brieske Management GmbH.

In 6M 2010, the M&A activities were distributed more evenly among a larger investor base. We identified three investors who completed at least two cleantech deals in this period.

Trends in the German renewable energy market in the first six months of 2011

The wind industry continued its recovery in 6M 2011 and the newly installed capacity of wind turbines grew by 20% to 793 MW compared to 6M 2010.

The installation of new offshore capacity more than doubled to 25 MW in 6M 2011 and accounted for 3% of total newly installed capacity. Total offshore capacity amounts now to 210 MW which is 0.8% of total wind generation capacity in the country.

Repowering also picked up and amounted to 42 MW (5%) of total added capacity in 6M 2011. This is a big increase in comparison to 6M 2010 (7 MW), but overall repowering is still far below its potential which is estimated by the German Wind Association at 1,000 MW per year.

As the average installed power per wind turbine rose from 1,985 MW to 2,228 MW (+12%) the number of wind turbines grew only by 2.8% to 21,917 units as of 30 June 2011. Compared to 30 June 2010 wind turbine capacity rose by 6% in the last 12 months to 27,981 MW. It is expected that the capacity added will amount to 1,800 MW for the full year (1,551 MW in 2010) and that the pre crisis level can be reached in 2011.

Statistics Wind

	6M 2011	6M 2010
Installed capacity, MW	793	659
<i>thereof onshore</i>	768	649
<i>thereof offshore</i>	25	10
<i>thereof repowering</i>	42	7
Number of wind turbines (WTGS)	356	332
<i>thereof onshore</i>	351	330
<i>thereof offshore</i>	5	2
<i>thereof repowering</i>	13	3
Average installed power, kW/WTGS	2,228	1,985
	30.06.2011	30.06.2010
Installed capacity, MW	27,981	26,387
Number of wind turbines (WTGS)	21,917	21,315

Source: DEWI

Compared to the first five months of 2010 new installations of PV capacity shrank by 38% to 1,079 MW in the period January to May 2011. This development results above all from 2010 which was a record year for the PV industry in Germany. In June 2010 alone 2,109 MW_p were installed and as the rate cuts which became effective on 1 July 2010 were not as severe as anticipated new capacity grew in total by 7,408 MW_p in 2010. The newly installed capacity in June 2011 has not been made public yet, but the decline in new capacity for the first six months in 2011 compared to 6M 2010 can be expected to be even higher than in the first five months of 2011 due to the record month June 2010.

The PV industry expects that the capacity added will be in the range of 2,800 to 3,000 MW_p for the full year 2011 and will remain below the 3,500 MW_p threshold. This means that there will be no additional rate cuts in 2011, but it also means that the German PV market will shrink by around 60% in 2011. Nevertheless, total installed capacity is expected to grow to 20,000 MW_p at year end 2011.

Statistics Solar / PV

	5M 2011	5M 2010
Installed capacity, MWp	1,079	1,743
Number of units installed	43,491	75,615
Average installed power per PV unit, kWp	28	24
	31.05.2011	31.05.2010
Installed capacity, MWp	18,279	11,528
Number of PV units installed	903,491	685,615

Source: BSW Solar

The German Biogas Association has not issued any half year figures for 2011 yet, but it expects that the installed capacity will grow by 440 MW_{el} (+19%) to 2,728 MW_{el} and that the number of biogas units will grow from 5,905 to 7,000 (+18.5%) until year end 2011. This development would be in line with the growth the industry showed in 2010.

Whereas the wind industry and the biogas industry can show a solid growth in the first six months of 2011, the PV industry struggles with the decline in demand in the German market after the record year in 2010.

According to the latest BDEW statistics, the renewables generated overall 20.8% (6M 2010: 18.3%) of total electricity consumption in the first six months of 2011.

Wind was the biggest source of renewable energy and contributed 7.5%, followed by biomass with 5.6%. Due to the increase in installed capacity and a very sunny spring period PV overtook hydro energy for the first time in Germany and generated 3.5% of electricity consumption, followed by hydro power (3.3%) and other renewables (0.8%).

Equity placements by closed-end renewable energy funds in the first six months of 2011

Compared to the first six months of 2010 the equity placements by closed-end renewable energy funds decreased from € 175 million (6M 2010) by 7.1% to € 163 million in 6M 2011.

This development was caused by Solar / PV funds which declined from € 165 million (6M 2010) to € 121 million in 6M 2011, but still accounted for 74.2% of total equity placements of closed-end renewable energy funds.

After several quarters without any capital raising renewable wind funds grew from € 0.0 in 6M 2010 to € 29 million in 6M 2011. Thus 17.8% of the total equity placements were attributable to closed-end renewable wind funds and 8% to other renewable energy funds in 6M 2011.

Overall, in comparison to 6M 2010 total equity placements by closed-end funds fell from € 2,030 million to € 1,863 million (-8.2%) in 6M 2011. The share of equity placements for renewable energy funds slightly rose from 8.6% (6M 2010) to 8.8% of all equity placements for closed-end funds in 6M 2011.

	6M 2011 € million	6M 2010 € million
Renewable energy funds equity placement	163	175
<i>thereof Solar/PV</i>	<i>121</i>	<i>165</i>
<i>thereof wind</i>	<i>29</i>	<i>0</i>
<i>thereof others</i>	<i>13</i>	<i>10</i>

Source: VGF

Upcoming events

5 September 2011

8th European PV Industry Summit

Hamburg, Germany

www.epia.org

5 – 9 September 2011

26th EU PVSEC – European Photovoltaic

Solar Energy Conference & Exhibition

Hamburg, Germany

www.photovoltaic-conference.com

30 September – 2 October

Cleantech World

Berlin, Germany

www.cleantechworld.org

1 November 2011

Swiss Equity cleantech day

SIX Swiss Exchange Convention Point,

Zurich, Switzerland

www.cleantechday.ch

6 September 2011

EPIA Investors Day

Hamburg, Germany

www.epia.org

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