PRESS RELEASE

Surviving in clean energy: how 50 leading players have repositioned themselves in the global renewable energy market

Findings of the ***second edition of the Irex International Report*** *– "The strategies of the 50 leading companies in the global renewable energy industry" – presented in Brussels today*

Analysis by ***Althesys*** *into how major companies in the renewable energy industry have responded to a period of turmoil reveals their strategies in 359 deals, investments and agreements*

Brussels, 27 March 2014 – The world's top companies in the renewable energy sector have reorganized and repositioned themselves in the face of markedly altered market conditions, taking advantage of lower equipment prices in wind and solar to diversify internationally and towards emerging markets and to drive efficiency improvements and technological innovation.

These are some of the main strategies adopted by the industry that emerge from an analysis carried out by **Althesys Strategic Consultants** into the 359 investments decisions, merger & acquisition deals, cooperation agreements and other corporate transactions carried out by the 50 leading players in the global renewables sector in 2012 and the first half of 2013. The findings are contained in Althesys's 2nd Irex International Report, which was presented at a conference in Brussels today.

"*The strategic response of the top players in the industry provides the key to understanding trends in the sector as a whole*," said **Alessandro Marangoni, CEO of Althesys and head of the research team for the Irex International Report**. "*In early 2014 we've seen how these choices have helped many companies turn the corner: greater efficiency, a reduction of overcapacity and a shift to markets characterized by stronger investment in renewables are paying off now in terms of revenue growth and a return to profitability."*

The report also underlines how the development of clean energy has been influenced by the market models adopted in different parts of the world. Its findings are particularly relevant, therefore, to the current discussion about policies in Europe and in the context of the upcoming elections for the European Parliament.

Key facts from the research

- 50 leading companies by sales and international exposure
- 359 operations monitored
- $83.3 billion of activity analyzed
- 45.1% of new renewable capacity added in onshore wind
- Emerging markets account for 29.3% of new renewables

The corporate operations analyzed by Althesys collectively amounted to $83.3 billion. The lion's share of this activity by the top 50 players went on investing in new generation capacity, with **280 installations totaling 30.1 GW at a cost of $69.4 billion**. While most of new clean energy plants installed continued to be in Europe, the analysis shows how **emerging markets play an increasingly important role in the industry, accounting for 31.5% of operations and 29.3% of installed capacity** (by megawatts). This trend is set to continue as manufacturers and utilities seek to establish a presence in these markets as a way of re-focusing their geographical footprint.

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The **wind industry has become increasingly global**, with emerging markets gaining more and more investments. For the first year the amount of investments in developing countries surpassed the amount in industrialized regions with Latin America and eastern Europe seeing the highest growth rates. **In China, wind power generation increased more than production from coal and exceeded nuclear power output for the first time.** However the Chinese wind sector has been hit by manufacturing overcapacity, which is driving the weakest manufacturers out of the market and leading the industry to intense price competition.

Quick profile of the top 50 players

- 32 technology companies (components and equipment)
- 13 utilities
- 5 pure renewable generation companies
- 26 European companies, 16 from China and Taiwan, 5 from the U.S.
- Collectively they represent 8.2% of global renewable energy capacity
- Companies produce 5.9% of the world's green electricity

As for M&A deals and cooperation agreements, **solar PV was the major segment, making up 40% of the total number and 50% in terms of megawatts**. This trend has been driven by the marked slowdown in the PV sector because many providers have restructured and disposed of excess capacity after suffering heavy losses. Onshore wind, with 43% of deals and 30% of capacity, was also particularly active as utilities purchased wind farms to expand their renewables businesses.

One key indicator of future development lies in the way leading companies, particularly in the U.S. and Europe, have sought to boost technological innovation. Aggregate research and development spending at U.S. and European firms during 2012 was about $2 billion: at 12.6% of revenues, that means **they have an R&D investment rate that is almost triple that of their Asian counterparts, mostly in China** ($486 million or 4.5% of revenues).

"*Western manufacturers have bet heavily on innovation in order to increase the generation efficiency of PV cells, in other words on the quality and not the quantity of solar products*," Marangoni commented. "*Asian PV companies, by contrast, have sought to compete with high quantity and low prices*."

A summary of the report, "*The strategies of the 50 leading companies in the global renewable energy industry*", is available for download at the following link: Althesys_50_leading_companies

About Althesys

Althesys Strategic Consultants is an independent professional firm specialized in strategic advisory and research in the environment, energy, utilities and infrastructure industries. For more information, visit www.althesys.com.

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