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## **Cleantech Index launched to track ‘the next big thing’**

An Index to track the performance of more than 75 Australian-listed stocks in the cleantech industry with a combined market capitalisation of more than \$13 billion was launched today in Melbourne, reflecting the importance of a rapidly emerging industry.

The ACT Australian Cleantech Index, the first of its kind in Australia, will provide investors with a vehicle to diversify into the emerging cleantech investment category.

The new Index is an initiative of Australian Cleantech Consulting (ACT) which provides assessment and investment analysis for the cleantech sector.

Mr John O’Brien, Managing Director of ACT, said concerns about climate change and energy consumption have led to greater interest in the cleantech industry and an increase in the economic value of clean technologies.

“For the first time we will be able to provide a picture of the Australian cleantech industry’s growth in a single measure,” Mr O’Brien said.

“In 2007 a trialled ACT Australian Cleantech Index outperformed both the ASX 200 as well as the ASX Small Ords,” he said.

“The growth of the renewable energy sector in Australia will be driven by the Federal Government’s commitment to achieve 20 per cent of energy generation from renewable sources by 2020.”

The ACT Australian Cleantech Index includes over 75 companies, large and small, from Sims Metal Group with a market capitalisation of over \$3 billion to Skydome Holdings with a market capitalisation of \$5 million – plus a few outstanding performers with CBD Energy posting a 147 per cent increase in returns over a six-month period to December 2007.

The ACT Australian Cleantech Index monitors companies across 14 industry sectors: solar; wind; biofuel; water; waste management/ recycling; energy efficiency, green buildings, biomaterials; energy storage, fuel cells; wave, tidal hydro; biogas generation; vehicle technologies; geothermal; carbon trading;

environmental service providers; and 'other' additional companies providing sustainable outcomes.

WilsonHTM Investment Group Director of Equity Capital Markets, Mr Jamie Taylor, said he believes the growth prospects for the cleantech sector are strong.

"We are seeing greater activity in this sector and many firms are now looking towards IPOs to provide the capital to fund their growth prospects. It is a trend that we believe is likely to increase in momentum as we see a more supportive regulatory environment emerge in Australia," Mr Taylor said.

"It is important for cleantech companies seeking investment not to move toward a listing too early. Often a VC investor is a more natural partner at the earlier stages as they can provide both financial support and advice on preparing for life as a public company. There are now a few VC's in Australia actively looking for opportunities in the cleantech sector," he said.

According to the US-based Cleantech Network, international investor momentum in the Cleantech industry reached an all time high in 2007 with American and European venture capitalists investing a record US\$1.74 billion in the third quarter, bringing the total to more than US\$3.5 billion in 2007, an increase of 13 per cent on the previous year.

The ACT Australian Cleantech Index will be updated each month and published on the ACT website at [www.auscleantech.com.au](http://www.auscleantech.com.au). Comments on performance will be released on a quarterly basis.

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**John O'Brien is attending the AustralAsian Cleantech Forum in Melbourne March 11-12. He is available for interview by phone or in person. Please call for details.**

**FURTHER INFORMATION:**

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## ACT AUSTRALIAN CLEANTECH INDEX

### Overview

The *ACT Australian Cleantech Index* provides a measure of the performance of the Australian listed stocks in the Cleantech sector. With over 75 companies with a combined market capitalisation of over \$13Bn falling under the coverage of the index, the *ACT Australian Cleantech Index* presents for the first time a picture of the Australian Cleantech industry's growth in a single measure.

The Cleantech industry is an amalgamation of market sectors whose products and services provide both environmental and economic benefits. The 14 sub-sectors of the *ACT Australian Cleantech Index* are solar, wind, biofuels, water, waste management and recycling, energy efficiency, batteries and fuel cells, wave and tidal energy, biogas, vehicle technologies, geothermal, carbon trading, environmental service providers and other companies providing sustainable outcomes. Each of these sub-sectors is experiencing continued global growth driven by increasing populations, wealth, consumption and expectations regarding quality of life.

The Cleantech industry is growing rapidly. According to the Cleantech Network's *Investment Monitor* reports, quarterly investment in the North American Cleantech industry reached US\$1.3Bn spread over 82 investments in the third quarter of 2007, up from US\$930m over 47 investment transactions in the previous corresponding period. This compares to quarterly investments throughout the 2000 and 2004 period in the range of US\$100m to US\$300m. In the third quarter of 2007, the European market saw investments of US\$510m up from the US\$150m mark that it had maintained until the end of 2005. These investment figures are dominated by energy generation investments encouraged by favourable regulatory regimes.

Australia has to date lagged behind the progress made elsewhere due to its relatively small venture capital sector and uncertainty about Government policies at both Federal and State levels. In a recent report entitled *Turning Green into Gold*, the Cleantech Network reported that in 2006 there were 48 Cleantech transactions with a total investment for the period 1999 to 2006 recorded at A\$539m. Australian investment peaked in 2001 with a rush of investment to meet the Federal Government's Mandatory Renewable Energy Targets (MRET).

The *ACT Australian Cleantech Index* now enables the performance of the industry to be measured and monitored on an ongoing basis.

## Index Design

The *ACT Australian Cleantech Index* is weighted by market capitalisation and is benchmarked against both the S&P/ASX200 and the S&P/ASX Small Ordinaries Indices. The rules for the formulation and management of the *ACT Australian Cleantech Index* have been developed with reference to global best practice. The pricing used is the closing price of the shares on the last day of trading for each month.

Of the 14 sub-sectors, those with a combined market capitalisation of over \$500m are wind, water, waste, biogas and environmental service providers. As at 31 December 2007, the *ACT Australian Cleantech Index* included 20 companies with market capitalisations of more than \$100 million with 4 companies included with market capitalisations of over \$1.0 billion.

## Index Performance

The share price returns for the universe for Australian listed Cleantech companies has outperformed the benchmark indices of the S&P/ASX200 and the S&P/ASX Small Ords. In the 12 months to June 2007, the *ACT Australian Cleantech Index* increased by 42.9% compared with the 25.4% increase of the ASX200 and the 40.4% increase of the ASX Small Ords. The *ACT Australian Cleantech Index's* performance is seen to be even stronger if this period is extended back to the 24 months to June 2007.

Since June 2007, the market turmoil has resulted in decreases across the board. In the 8 months to the end of February 2008, the S&P/ASX200 fell by 9.8%, the S&P/ASX Small Ordinaries fell by 13.9% and the *ACT Australian Cleantech Index* decreased by 12.8%.

.Percentage Change	FY07	FY06 + FY07	1Q08	2Q08	1H08	Jul'07 - Feb'08	Jan'08-Feb'08
<b>ACT Australian Cleantech Index</b>	42.9%	176.3%	-3.1%	-2.7%	-5.7%	-12.8%	-7.5%
<b>S&amp;P/ASX200</b>	25.4%	47.0%	4.3%	-3.0%	1.2%	-9.8%	-10.9%
<b>S&amp;P/ASX Small Ords</b>	40.4%	67.9%	-1.6%	-1.4%	-3.0%	-13.9%	-11.2%

By outperforming in bull markets and generally performing on par in bear markets, the *ACT Australian Cleantech Index* may be said to have outperformed the benchmarks since its inception. This is because the index includes companies with high growth

potential that benefit from positive sentiment together with more mature strong cash flow generating companies that hold up well when negative sentiment appears.

The ACT Australian Cleantech Index will be updated each month and published on the ACT website ([www.auscleantech.com.au](http://www.auscleantech.com.au)). In addition, quarterly media briefings will be released including commentary on changes to the index constituents and details and explanations for the performance through the prior quarter.

As part of the portfolio of services offered by ACT, it maintains a database of global cleantech companies. The database contains company profiles of around 800 companies, more than 200 of which are located in Australia. Each company is assessed on the basis of their technical, regulatory and commercial risk profiles

## **Profile: John O'Brien**

John O'Brien is the principal founder of ACT Consulting.

John left Origin Energy after nine years in June 2007. He spent his last six years with Origin working on growth, strategy and M&A projects. He specialised in the water industry, securing Origin's entry and then leading a strategic review that was presented to the board, and in reviewing and filtering clean energy opportunities.

Through the combination and interaction of these sectors he became interested in the emerging cleantech sector and in 2004 started developing both the company database and further finance industry contacts with the aim of starting a cleantech business.

He is now running ACT Consulting and has advised a number of organizations on their options with respect to investing in the clean energy market. He is also assisting a boutique investment bank establish a number of property businesses, is working on the development a Cleantech industry cluster, is organising a "Beyond Carbon" festival and is on the board of two currently unlisted renewable energy start-ups.

He has engineering degrees from the University of Oxford and Trinity College, Dublin and an MBA from the University of Adelaide. He is a member of the Australian Institute of Company Directors, the Institute of Engineers Australia and the Australian Water Association.

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### **FURTHER INFORMATION:**

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### ACT Australian Cleantech Index

(ACT/AC Index, S&P/ASX200 and S&P/ASX Small Ords Indices set at 100 at 30 June 2006)

