



# Australian Cleantech Review, 2012:

by John O'Brien, Australian CleanTech

The Australian Cleantech sector is profiled to a greater extent than ever before in a report published by Australian CleanTech. The report provides an overview of the location, activities, revenue, employee numbers and funds raised by all of Australia's leading cleantech companies.

The analysis of 1,160 Australian cleantech companies reviewed shows the leading sectors of activity and which regions are most active. As a sector, the companies had combined revenues of \$26 billion and employed 45,000 people. They were involved in capital transactions totaling \$2.9 billion during the 2011 calendar year in 119 separate capital transactions.

New South Wales and Victoria were the most active states with Waste, Water, Solar, Environmental Services and Wind all generating more than \$1 billion of revenue in 2011.

Listed Cleantech Companies in Australia had a combined market capitalisation of \$7.4 billion at 31 December 2011, down from \$11.9 billion twelve months earlier, and raised a total of \$898 million in new capital in the twelve months to 31 December 2011. The sector comprises just under 4% of companies listed on the ASX, although has less than 1% of the market capitalisation of the total market and raised only 2.3% of the new equity.

## COMPARABLE INDUSTRIES

With 45,000 employees, the sector

is the same size as the automotive manufacturing industry in Australia and the \$26 billion of revenue makes it equal in value to a quarter of the entire Australian manufacturing sector. Furthermore, employees in cleantech create on average about five times the revenue per employee in comparison to both automotive and general manufacturing.

## INTERNATIONAL CLEANTECH SECTOR

In addition to the Australian industry profile, a comparison is provided from international researchers including summary data from Bloomberg New Energy Finance. The 2011 total global investment in clean energy reached US\$260 billion, a 5% increase on 2010.

The international sector growth is being driven in Europe by regulatory measures and the EU Emissions Trading Scheme and in the United States by the voracious appetite of the venture capital industry. In China, the drivers are environmental rehabilitation and energy security, making it the fastest growing global cleantech market. Other countries, such as Korea with its Global Green Growth Initiative, see a great economic opportunity to secure a leading position in cleantech.

Australia is falling further behind the rest of the world. Whilst there is a continuing immature debate on pricing carbon here, other countries are seeing the 'opportunities beyond carbon' and investing in the industries of the future. Australian Governments are missing the opportunities being presented to the

world and, in the long term, the country will suffer. Australia as a quarry with some nice beaches is not a strategy that will deliver long term prosperity.

## INDUSTRY FORECASTS

The report concludes with a forecast for the regulatory, technology and investment trends that will impact the cleantech industry in Australia in 2012. The key forecasts are:

- **The Carbon Sky Remains Intact** - Possibly the biggest boost for the long term growth of cleantech in Australia will be that the 'sky doesn't fall in' on 1 July with the introduction of the Carbon Price.
- **Pump Priming** - The oil price is forecast to rise during 2012, which will drive growth in efficiency measures, alternative fuels and plastics recycling. In particular, the biofuels industry will see improved revenues and increased investment.
- **The Government Salesman** - 2012 will see an increased push by State and Federal Governments to facilitate increased sales of cleantech solutions. 2012 may see initiatives that establish bilateral trade initiatives, increase support for industry development initiatives and progress pro-cleantech Government procurement policies.
- **Wind and Solar Change Tack** - The price of Renewable Energy Certificates will reach \$45 during 2012, helping to drive many large scale renewable energy projects. However, due to increased community objections and State Governments' anti-wind planning changes, wind farms will increasingly need to move into more remote areas with fewer potential complainants. There is also likely to be a growth of 1-3MW solar projects underpinned by PPAs.
- **Distributed PV Finds its Feet** - Forecast solar panel pricing of US\$0.85/W in mid 2012, combined with the strong Aussie dollar, will make the remaining feed-in tariffs sufficient to make paybacks attractive, driving continued household uptake of solar panels.
- **Geothermal Resurrection** - The geothermal industry may show the first signs of its renewed life in 2012.

	Listed	Unlisted	TOTAL
Number of Companies	81	1079	1160
Market Capitalisation (\$m)	\$7,441m	N/a	N/a
Revenue (\$m)	\$13,493m	\$12,084m*	\$25,577m
Employees	16,426*	28,567*	44,993
Capital Transactions (\$m)	\$1,428m	\$1,457m	\$2,885m
No. of Capital Transactions	77	42	119

\* Australian CleanTech estimates based on company analysis.

John O'Brien is managing director of Australian Cleantech that operates in Australia, China, Korea and Malaysia and publishes both The Australian Cleantech Review, The Act Australian Cleantech Index and The China Cleantech Index.



## \$26bn Revenue and 45,000 Employees places Cleantech alongside Automotive and Manufacturing

The first proof of concept with deep wells in Australia will be completed and the timing of positive cash flows may become more reliable, providing encouragement to investors.

- **Asia & MNCs Save the Day** - 2012 will see ongoing large scale Asian investments into the cleantech sector in Australia. In addition, the multi-national corporations will continue to invest in underpriced Australian cleantech companies and seek to take them global.

Overall, the Australian cleantech sector is establishing itself as a major component of the economy. In a year when many manufacturing companies closed their doors, cleantech is growing its revenues and creating high value jobs. Governments are increasingly realising the potential of cleantech to both improve the efficiency, competitiveness and resilience of existing industry whilst at the same time growing the industries of the future.

Furthermore, Australia's growing cleantech links with Asia will see the growth continue to accelerate over the next few years.



	Cleantech Sector (CY11)	Total ASX (CY11)	%
Number of Companies	81	2222	3.60%
Market Capitalisation	\$7.4 billion	\$1.17 trillion	0.60%
New Equity	\$898 million	\$38.7 billion	2.30%

The Australian Cleantech Review, published by Australian Cleantech, is on sale, from the Australian Cleantech website, for A\$650.

[www.auscleantech.com.au](http://www.auscleantech.com.au)

The Australian Cleantech Review is available for download on the Cleantech Investor website (access available to full subscribers to Cleantech Investor only).

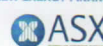
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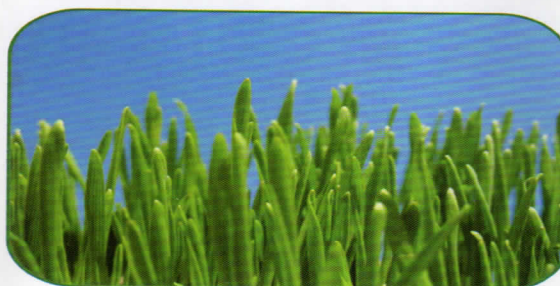
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