

European Investors Looking for Australian Clean Technologies

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Europe is a strange place at the moment. Having managed to escape the heaviest snow London has experienced for many years and come back to another Australian heatwave, and despite the extreme pessimism in the City, I am enthusiastic about the potential for securing European money to invest in Australian cleantech companies.

Whilst I was there, the front page of The Times of London showed a big picture of the Blitz with a headline saying that the economy has not been this bad since then. There are daily and significant job losses being announced, wild cat strikes over the use of Italian and Portuguese construction workers 'taking British workers jobs' and many in the finance community both without a job and facing significant community backlash. It makes the Australian version of the financial crisis seem mild.

The investors I met were all focussed on cleantech and were all remarkably positive and looking forward to a year of growth in 2009. Many were increasing staff levels and confident that they would be able to raise new funds during the year. It was a wonderful contrast to the feeling held by the rest of the country. There was a view that the rest of the UK may be a 'basket case' but that cleantech was the one area that is set to thrive.

One consequence of the financial crisis is slight change to the investment mandates. There appears to be an increased emphasis on late stage pre-IPO type capital, as opposed to seed investments, and also on sectors less dependent on carbon pricing such as waste, recycling, building materials and energy efficiency. It was felt that the volatile conditions would lead to unpredictability in carbon pricing that may lead to short term revenue issues. There is also a greater desire to see definitive sales strategies in place and to gain an understanding of exactly how and when revenues will be generated.

These investment groups have either previously raised funds that they are looking to invest or have institutional investors ready to provide further capital as required. The

one common problem they seemed to face was enough high quality investment targets in which to invest these funds.

There was also a common view that Australia is an excellent source of technology research and development and that there may be many potential products and companies that would be suitable for investment. The bonus with this arrangement would be that through securing a European investment, companies may then be able to more easily access the larger European markets and thereby increase the value of the company and returns to its investors.

Some of the funds seemed keen to co-invest with local investment partners. This also provides the opportunity for Australian based investment funds to mitigate their investment risks and establish ties with European partners.

It seems as though many in Australia have been looking to the big venture capital funds from Silicon Valley to secure international investment and that there have been limited ties to date with European investors. This feels like a big opportunity that we have been ignoring. A number of the European funds are currently actively looking for Australian investments and are keen to hear of any suitable opportunities.

The investment opportunities for Australian cleantech companies have been clear for some time. My recent trip to Europe has not only reinforced this opinion in a global context but also highlighted the potential to secure additional sources of investment and access to new markets. The future for Australian clean technologies seems even brighter than before.

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