

High-flyers brought back to earth

Copenhagen and the S failure have hit antech stocks

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financial years. Essentially, the index fell harder than the rest of the market and recovered less.

Now it's falling again. Figures for December show the CleanTech Index down 6.2 per cent for the month, compared with 1.7 per cent gains in the broader index and a 3.8 per cent gain in the small caps.

That has taken its results for the December half to a loss of 4.9 per cent, compared with jumps of 24.3 per cent and 26.7 per cent respectively for the other indices.

John O'Brien, the managing director of Australian Cleantech, says many smaller stocks have recovered quicker than the general market, but the larger stocks, such as waste specialist Sims Metal and Transpacific Industries, and wind energy group Infigen, have not recovered as quickly.

The index and its components are also vulnerable to the vagaries of government policy.

The December slump coincided with the defeat of the emissions trading legislation and disappointment in Copenhagen, which hit carbon offset stocks

such as Carbon Conscious and CO2, and the allocation of renewable energy grants.

Those that missed out, including Carnegie Wave and Kuth Energy, were among the hardest hit. Solar PV installers such as Quantum Energy went on a roller-coaster ride that pretty much followed government policy.

Companies such as Jackgreen went into administration, while others, such as Geodynamics, slumped after nearly sending its board of directors into orbit with a blowout at its flagship well.

The best performer for the past month was solar cell innovator Dyesol. Biodegradable packing group Pro-Pac Packaging was the best performer for the latest quarter, while biodegradable nappies producer Eco Quest was the best performer for the half, trebling its share price, mostly in the first quarter.

It's hard to read any trend in the various components of the cleantech index. Solar, which performed well in the 2007 fiscal year and last year, underperformed in 2008 and so far this year, while

wind, which boomed in 2007 but fared poorly in 2008 and last year, has performed better so far this year, as have the energy efficiency, geothermal and environmental services sub-indices.

Perhaps they could be neatly plotted against a graph highlighting policy hope, policy promises, and policy delivery over the same period. O'Brien says the volatility highlights the relatively immaturity of listed stocks in the area.

Offshore cleans up

THE Australian CleanTech Index gained just 12.7 per cent last calendar year, but it was a different story offshore, where the Wilderhill New Energy Global Innovation Index, which tracks 86 clean energy stocks worth \$US230bn (\$248.6bn) worldwide and is a favourite of fund managers specialising in this area, rose 39.7 per cent in 2009 after a 61 per cent fall in 2008.

Wilderhill attributes the rebound to the government green stimulus programs, and interest in power storage and energy

efficiency stocks because of the excitement about electric vehicles.

More established industries such as wind, solar, biofuel and biomass found the going tougher, reflected in the December quarter, which showed an overall gain of just 0.3 per cent, as power storage shares jumped 25.4 per cent, energy efficiency shares jumped 8.6 per cent, while solar stocks fell 8.1 per cent and wind dropped 4.4 per cent.

The best-performing stocks in the last quarter were the Chinese energy efficiency company Zhejiang Yankon (up 54.3 per cent) and US light-emitting diode maker Cree (up 53.4 per cent).

The best performers of the year included the Chinese-based electric car and battery maker BYD (which soared more than fourfold) and the Nasdaq listed ultracapacitor maker Maxwell Technologies (which jumped 252 per cent).

The best energy efficiency stocks over the year included Taiwanese firm Epistar (up 315 per cent), and US companies

EnerNOC (up 308 per cent) and Cree (up 255 per cent).

Hot rock doubt

DOUBT about prospects for hot rock energy created by the incident at Geodynamics, along with regulatory uncertainty, has helped scuttle plans by Granite Power for a \$50 million float, as well as those of New World Energy, which hoped to raise \$10m to pursue geothermal opportunities in the Pilbara. It seems investors balked at the idea of geothermal energy and are awaiting further proof that the hot rock concept works and will be commercial.

Granite Power is expected to focus on the development of its Granex heat system, with the hope of licensing the technology to other producers. But overseas interest in cleantech initial public offerings is increasing, with algae fuel developer Codexis announcing plans last week for a \$US100m IPO on the Nasdaq, underwritten by Goldman Sachs and Credit Suisse, while US solar firm Solyn-dra plans a \$US300m IPO.