

27 FEBRAURY 2012

Australian Cleantech Review 2012: \$26bn Revenue and 45,000 Employees places Cleantech alongside Automotive and Manufacturing

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

The report is published by Australian CleanTech, a research and advisory firm that works for cleantech companies, investors and governments to deliver both an understanding of and growth in the sector.

The **8th Annual Australasian Cleantech Forum** opens today to encourage development and investment in cleantech innovation. The largest cleantech investment event in the southern hemisphere, the two day conference features presentations from over 30 different speakers from the Australian and international cleantech community.

John O'Brien, Managing Director of Australian CleanTech, said, "This is the third version of Australian Cleantech Review and it has been used extensively by investors and governments wanting to understand the sector. This year we have expanded the coverage of companies to provide a more detailed profile. We have found that it is already a significant sector and one that is growing fast."

Cleantech is defined as comprising of products and services that have both '**economic and environmental benefits**'. The sub-sectors of cleantech include renewable energy, water, waste and recycling, construction materials, energy efficiency, carbon trading and environmental services.

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 revenue 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.

	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.

New South Wales and Victoria were the most active states with the largest sectors being Water, Waste and Solar.

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.

"That cleantech is the size of automotive or 25% of all manufacturing is not something that is yet recognised. It is a significant proportion of the Australian economy and one that has a growing future with highly productive and valuable jobs," O'Brien added.

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 showing international activity and investment levels. 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,” says O’Brien. “Whilst there is an 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.

Twelve Cleantech Trends for 2012	
1. The Carbon Sky Remains in Tact	Possibly the biggest boost for the long term growth of cleantech in Australia will be that the 'sky doesn't fall in' with the introduction of the Carbon Price.
2. Pump Priming	The oil price is forecast to rise during 2012 which will drive growth in Energy Efficiency , Biofuels and plastics Recycling .
3. Increasing Industry Efficiency	Industry will increasingly demand Energy Efficiency and Emissions Reductions technologies.
4. The Government Salesman	State and Federal Governments to facilitate increased sales of cleantech solutions through industry development and procurement initiatives.
5. Competitive Councils	Local governments will be increasing competing on their 'green-ness'.
6. Overseas Success	Companies and investors will form international partnerships to secure the greatest benefit from the world's shift towards sustainability.
7. Wind and Solar Change Tack	The price of LGC will reach \$45 during 2012. Wind farms will increasingly need to move into more remote areas and there will also be a growing roll out of 1-3 MW commercial Solar projects underpinned by PPAs.
8. Distributed PV Finds its Feet	Solar panel pricing will reach US\$0.85/W in mid 2012.
9. Geothermal Resurrection	The Geothermal industry will finally make significant progress in 2012.
10. Asia & MNCs Save the Day	2012 will see large-scale Asian and multi-national corporations investing into underpriced Australian cleantech companies ignored by the local market.
11. Upgrade Finance Step Change	Environmental Upgrade Finance will drive the uptake of Green Building solutions.
12. Fundamental Drivers of Cleantech Strengthen	The fundamental drivers of cleantech will continue to strengthen in 2012. Raw material depletion, environmental degradation, energy security and the need for efficiency all drive cleantech adoption.

“The data provided in this report will enable investors and government to more fully understand the opportunities that the cleantech sector presents,” O’Brien concluded.

FURTHER INFORMATION:

For further information or to obtain a Review Copy of the report for please contact:

John O’Brien

Managing Director, Australian CleanTech

Ph: +61 419 826 372

john.obrien@auscleantech.com.au

SUMMARY REPORT FINDINGS

The industry has been analysed in terms of its sub-sectors and geography to provide a comprehensive national profile of the industry. This enables investors and policy makers to understand the extent and locations of activity and then be able to assess future options.

Geographic Spread - New South Wales with 366 cleantech companies and Victoria with 266, currently dominate the distribution of cleantech companies with more than 54% of the 1160 companies considered in this report. A comparison with 2011 Gross State Products (GSP) shows that Queensland and Western Australia are relatively under-represented in cleantech companies and South Australia has a greater share of the total than its GSP would indicate. The reduced activity in Western Australia and Queensland is due to the higher focus on mining in those states that inflates their GSP in areas where cleantech solutions are not yet being developed.

Sector Spread - In terms of the sector distribution of cleantech companies, the Water, Waste and Solar sectors are the only ones with greater than 10% of the companies. Water has the most companies with 213 companies, followed by Solar with 219 companies and Waste with 130 companies.

Revenue numbers show a strong dominance by New South Wales and the Waste sector. New South Wales (61.5%), Victoria (14.4%) and Queensland (13.9%) generated the largest amounts of revenue. Waste (61.3%), Water (10.4%), Solar (7.1%), Environmental Services (6.6%) and Wind (4.0%) all generated more than **\$1 billion** of revenue over 2011.

Listed Cleantech Companies in Australia had a combined market capitalisation of \$7.4 billion at 31 December 2011, down from \$11.9 billion 12 months earlier, and raised a total of \$898 million in new capital in the 12 months to 31 December 2011. The sector comprises just under 4% of the listed companies, although has less than 1% of the market capitalisation of the total market and raised only 2.3% of the new equity.

	Cleantech Sector (CY11)	Total ASX (CY11)	%
Number of Companies	81	2222	3.6%
Market Capitalisation	\$7.4 billion	\$1.17 trillion	0.6%
New Equity	\$898 million	\$38.7 billion	2.3%

State Averages - An analysis that has been undertaken for the first time has been to look at some average figures for each State and Sector. The average 2011 Revenue number varies from \$42.9m per company in New South Wales down to \$1.7m per company in the Northern Territory. The national average is \$22.5m per company. The average Employee number varies from 64.3 per company in Queensland down to 6.2 per company in the Northern Territory with the national average of 39.5 per company.

State or Territory	Average Revenue (\$m)	Average Employees	Average Capital Transactions (\$m)
ACT	9.1	43.6	0.2
NSW	42.9	50.0	4.9
NT	1.7	6.2	0.0
QLD	20.1	64.3	2.9
SA	9.3	19.5	0.6
TAS	18.2	28.7	0.1
VIC	13.9	32.3	0.6
WA	6.7	18.3	2.6
	22.5	39.3	2.5