



Press Release – for immediate use

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Clean energy stocks fall back to earth in first quarter **after stellar performance in 2007**

Clean energy stocks were unable to escape the uncertainty that has characterised global financial markets in the first three months of 2008 and the performance of the WilderHill New Energy Global Innovation Index (NEX) illustrated the volatility of the sector. The index of clean energy stocks outstripped other indices in its decline just as it outperformed them by rising 57.9% last year. In the first quarter, the NEX fell by 17.9% to 373.72. By contrast, NASDAQ was down by 14.1% and the S&P500 was 9.9% lower.

Nonetheless, New Energy Finance believes that the fundamental drivers for investment in clean energy remain strong, with governments needing to spend much more to meet their own ambitious targets on renewable energy, biofuels, energy efficiency and reducing greenhouse gas emissions.

Bearing the brunt of the falls was the solar sector, last year's best performer, which saw valuations fall by 31.6% as investors took fright at the soaring valuations solar shares saw in 2007. In an illustration of the way sentiment has turned, Yingli Green Energy, the Chinese vertically integrated photovoltaic product maker, was the sector's biggest casualty, down 55.8% despite increasing profits by 80% but no solar stocks gained ground in the quarter.

However, the biggest individual falls in the NEX came from energy efficiency companies, another of last year's success stories. Led by falls of 76.8% from smart grid services provider EnerNOC and 67.2% from demand response and energy efficiency company Comverge, the sector lost 20.1% of its value. Hydrogen and Fuel Cells shares continued to disappoint and the sector lost 24.6% over the three months.

Biofuels companies extended their miserable run as questions continued to be asked about their sustainability, their economic viability and their role in driving up food prices. However, the divide between sentiment on US-produced corn-based ethanol and sugar-based ethanol from Brazil was illustrated by the fact that Aventine Renewable Energy and VeraSun Energy, the US ethanol producers saw their shares fall by more than 50% while the leading Brazilian company Cosan gained 25%. The Wind sector and Renewables Other, which mainly covers geothermal and mini-hydro companies, were less affected by the market turbulence, losing 8.1% and 5.1% respectively.

It was notable that the five worst performers in the NEX were US-listed, while seven of the ten constituents that saw their shares rise came from outside the US, with Japan looking the safest bet during the quarter.

The real bright spot in the clean energy universe was the Power Storage sector, which actually gained 10% in value. Four of the top ten stocks were from this sector, which has a key role to play in integrating renewable energy sources into the energy mix but also comes into its own when energy prices are high and will be vital in the development of lower carbon vehicles. Sanyo Electric, the Japanese electric appliance manufacturer which has recently expanded aggressively into rechargeable batteries and solar products, led the sector's gains with an increase of 36.4% but the best performance on the index came from another Tokyo-listed company, Japan Wind Development Company, which gained 72.4%.

In the quarterly rebalancing of the NEX, seven companies came in to the index and four were removed. Joining the index were UK-based carbon-credit exchange operator Climate Exchange; Epistar, the Taiwan-listed maker of high-brightness light-emitting diodes; US waste-to-energy group Covanta Holding; New York Stock Exchange listed Chinese biodiesel producer Gushan Environmental Energy; Sao Martinho, the Brazilian ethanol producer; the Frankfurt-listed Centrotherm Photovoltaics, a maker of manufacturing equipment for photovoltaic cells; and Chinese wind turbine maker Xinjiang Goldwind Science & Technology.

Leaving the index were the Shenzhen-listed bioethanol producer Anhui BCCA Biochemical; Pacific Ethanol, the NASDAQ-listed US bioethanol producer; Verbio, the German biodiesel and bioethanol producer, and UK utility Scottish & Southern Energy.

ABOUT NEW ENERGY FINANCE:

New Energy Finance is the world's leading independent provider of research to investors in renewable energy, biofuels, low-carbon technologies and the carbon markets. The company's research staff of 80 (based in London, Washington, New York, Palo Alto, Beijing, New Delhi, Tel Aviv, Cape Town, Sao Paulo and Perth) tracks deal flow in venture capital, private equity, M&A, public markets, asset finance and carbon credits around the world.

The New Energy Finance Desktop is the world's most comprehensive subscription database of investors and investments in clean energy. New Energy Finance's Insight Services provide deep market analysis to investors in Wind, Solar, Biofuels, Biomass, China, VC/PE, Public Markets and the US. New Energy Finance is co-publisher of the world's first global stock-market index of quoted clean energy companies, the WilderHill New Energy Global Innovation Index (ticker symbol NEX). The company also undertakes bespoke research and consultancy, and runs senior-level networking events.

New Carbon Finance, a division of New Energy Finance, is the world's leading independent provider of analysis, price forecasting, consultancy and risk management services relating to carbon. It has dedicated services for each of the major emerging carbon markets: European, global (Kyoto) and US, where it covers the planned regional markets as well as potential federal initiatives.

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