



9 July 2008

NEX clean energy index recovers ground in Q2 as high oil prices compensate for credit woes

Press Release: NEX clean energy index recovers ground in Q2 as high oil prices compensate for credit woes

The second quarter of 2008 saw clean energy stocks regain some of the ground they had lost in the first three months of 2008, in contrast to the wider markets. The WilderHill New Energy Global Innovation Index (NEX) gained 6.2%, against a 3.2% fall for the S&P500, while the tech-heavy Nasdaq edged ahead by just 0.6%. Despite the recovery, clean energy stocks still ended the quarter 12.8% lower than they were at the start of the year, with the index being pulled in different directions - the ongoing credit crunch and economic slowdown hitting some stocks while others were being boosted by the surging oil price, which soared \$44 during the quarter to finish at \$140 per barrel.

Despite surging oil prices, which also drove ethanol prices up from \$2.66 to \$2.91 per gallon during the quarter, there was no respite for biofuel stocks. On average, these fell 1.3% in the quarter, leaving them 17.9% lower than at the start of the year, largely due to surging feedstock costs, with corn futures touching \$7.88-a-bushel following the floods in the Midwest at the end of the period. The biggest contributors to food price increase have been the increase in oil prices, the weakness of the dollar and the failure to improve agricultural yields; nevertheless, biofuels have attracted more than their share of blame, and moves to delay or reverse biofuel targets in the US and Europe are casting a pall over the sector.

US biofuels groups bore the brunt of investor discontent, with two of the biggest US groups -Aventine Renewable Energy Holdings and Verasun Energy - dropping 65.5% and 73.0% respectively. Verasun has completed three new ethanol plants with a combined capacity of 330m litres but is opting to leave them idle due to poor market conditions. However, Brazilian ethanol giant Cosan defied the gloom, rising 33% in the first six months of the year as it extended its reach with the announcement of a 14bn litre pipeline and the news that it would become one of the top ten electricity producers in Brazil within four years, capable of generating 1.3GW from sugar-cane residues.

The other sector to suffer in the second quarter was hydrogen and fuel cells, which appears little nearer to achieving the commercial breakthrough it has been threatening for so long. Methanol fuel cell manufacturer Medis Technologies was the worst performer in the index, losing 78.2% of its value, while the sector as a whole was 32.2% lower for the last six months.

All the other sectors in the NEX ended the second quarter in positive territory, but only power storage stocks ended the first six months of the year at a higher level than they started the year, driven by a strong rise in the first quarter. The sector was worth 21.6% more than on January 1 2008, led by Japanese battery makers GS Yuasa, whose shares more than doubled and Sanyo Electric, which saw its stock increase by 60.4% on the back of a wave of announcements on the development of electric vehicles. The positive sentiment towards hybrid and battery-operated cars may also explain some of the problems suffered by hydrogen and fuel cell stocks - the two sectors are effectively in competition to provide the propulsion system for the cars of the future.

Solar stocks, which saw a 31.2% correction in the first quarter, recovered somewhat in the three months to the end of June, leaving them 20.4% down on the half year, but there was little consistency in the performance of solar company shares. Energy Conversion Devices, the thin film solar equipment maker, rose 146.3% after it reported a profit, while Ersol, the German photo-voltaic module maker, jumped 91.6% after industrial group Bosch bought a 50.5% stake at a 63% premium to Ersol's trading price. However, sentiment on a number of other stocks was depressed by fears over changes to Spanish and German solar feed-in tariffs. Solaria Energia y Medio Ambiente, the Spanish solar panel maker, lost 23.0%, for example.

Energy efficiency stocks, which saw a strong run-up last year, failed to recover from first quarter losses, ending the six months to June 18.8% lower while wind stocks were 2.8% off their levels at the start of the year.

In the quarterly rebalancing of the NEX at the end of Q2, two Canadian companies entered the index - high purity semiconductor manufacturer 5N Plus, and Quebec-based project developer Boralex - along with Portuguese renewables group EDP Renovaveis following its IPO. Taiwan-based Arima Optoelectronics, a maker of LEDs, laser diodes and backlight moulds, left the index.

About WilderHill New Energy Global Innovation Index

WilderHill New Energy Global Innovation Index (NEX) is comprised of companies worldwide whose innovative technologies focus on generation and use of cleaner energy, conservation, efficiency and advancing renewable energy generally. Included are lower-carbon approaches relevant to climate change, smarter solutions that avoid greenhouse gases and technologies reducing emissions relative to traditional fossil fuel use. A majority of companies in NEX are listed on exchanges outside of the United States.

The NEX calculates live in several currencies including the US Dollar, the Euro, the Pound Sterling, and the Japanese Yen.

The NEX Index launched February 1, 2006 and is published by WilderHill New Energy Finance LLC as a partnership between New Energy Finance Limited based in London, Joshua Landess based in the US, and Dr Rob Wilder based in the US. For more info, see <http://www.nexindex.com>.

Contact Outside the U.S. and for Structured Products and Licenses on NEX:
Katya Grigorian, tel: +44-796-806-3832

Contact in the USA for Media Inquiries:
Dr. Rob Wilder, tel: 760-634-1358

Contact for Technical Inquiries:
Josh Landess, tel. 520-281-5760

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, Beijing, Cape Town, Sao Paulo, Shanghai, New Delhi, Tel Aviv and Perth) tracks deal flow in venture capital, private equity, M&A, public markets, asset finance and carbon credits around the world.

Michael Liebreich, CEO & Founder
New Energy Finance Limited
2nd Floor, New Penderel House
283-288 High Holborn
London WC1V England
tel: +44 20 7092 8800

For more information on New Energy Finance:
<http://www.newenergyfinance.com>
For more information on New Carbon Finance:
<http://www.newcarbonfinance.com>

About Joshua Landess

Josh Landess is a pioneer in the creation of alternative energy stock market indexes, creating his first in 2000. In 2004, Landess and Wilder, with the American Stock Exchange led the team that created the WilderHill Clean Energy Index® (ticker: ECO).

In January 2006, Landess and Wilder collaborated with New Energy Finance to create The WilderHill New Energy Global Innovation Index, the first global index in new energy put out over the tape.

About Dr Rob Wilder

Dr Rob Wilder is widely published in the fields of energy and environment and is co-Founder and Manager of the WilderHill Clean Energy Index® (ECO), the first index of companies for renewable energy, energy efficiency and lower-carbon solutions. It is tracked by a WilderHill Clean Energy Portfolio exchange traded fund that has over \$1 billion in assets since launching in 2005. <http://www.wildershires.com>

Disclaimer Note

The WilderHill New Energy Global Innovation Index ("NEX") is published by WilderHill New Energy Finance LLC, and is calculated by Dow Jones Indexes, a business unit of Dow Jones & Company, Inc. ("Dow Jones"). No financial instruments or products based on the NEX are sponsored, endorsed, or sold by WilderHill New Energy Finance, LLC or Dow Jones Indexes, and WilderHill New Energy Finance, LLC and Dow Jones Indexes make no representation regarding the advisability of investing in such product(s). Past results for the WilderHill New Energy Global Innovation Index (NEX) are no guarantee of future performance. Wide swings in the valuation of WilderHill New Energy Global Innovation Index should be expected; the Index is highly volatile and we anticipate this is an inherent aspect of clean energy securities. WHNEF LLC assumes no responsibility for the accuracy or completeness of the above data and disclaims all express and implied warranties in connection herewith.