



Press Release – for immediate use

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Wind and Solar drive NEX outperformance of 17.6% as Demand-side Energy Saving groups enter index

London, 4 April 2007, New Energy Finance

The Wilderhill New Energy Global Index (NEX) of clean energy companies forged ahead in the first quarter, its 17.6% gain putting other indices in the shade – the S&P 500 was just 0.2% ahead while the NASDAQ was up 0.3% (see Figure 1). Wind and Solar were the hottest performers on the index, rising by 35.4% and 28.8% respectively, while the only sector to lose ground was Biofuels, Biomass & Waste-to-Energy, which lost 3.1%. General sentiment on clean energy was strong, with the publication of the latest IPCC report in February and an Oscar win for Al Gore's *An Inconvenient Truth* keeping the sector in the headlines.

Companies listed in countries that have signed up to the Kyoto Protocol continued to outperform those listed in non-signatories Australia and the US – in Kyoto markets, companies saw gains of 20.1%, while there was an increase of 11.1% in non-Kyoto markets.

The wind sector was driven by developments in Europe, where Theolia, the Euronext-listed French wind project developer, saw a rise of 148.6% in its shares as it gained control of the 165MW European wind portfolio of GE Energy Financial Services in return for 5.3m Theolia shares. A bid battle between Areva, the French nuclear company, and Suzlon, the Indian turbine maker, pushed the shares of REpower, the German turbine manufacturer, up by 91.3%. But investors punished Suzlon, which saw its shares drop by 23.2%. Nordex, another German turbine maker and project developer, saw gains of 76%.

Gains in Solar were led by Baoding Tianwei Baobian Electric, the Chinese transformer manufacturer and PV manufacture holding company, whose shares were 112.6% higher than at the start of the year, but performance was strong in all regions - Solon, the Frankfurt-listed German solar system integrator, was up by 74.9% on the back of a 72% growth in revenue for 2006, while First Solar, the US thin-film PV cell manufacturer, gained 74.3% as it secured long-term contracts and set up a manufacturing plant in Malaysia. However, the markets punished ATS Automation Tooling Systems, the TSX-traded Canadian industrial automation company, whose shares lost 26.1% as it cancelled the IPO of its Photowatt subsidiary.

Investors in Europe and the US turned away from biofuels as they began to take a more considered view of the viability of the sector after the extraordinary gains last year – the biggest fallers on the index were Verbio, the German biodiesel and bioethanol producer, which was down 46.6% after warning of weak demand for 2007; and Diversa, the NASDAQ-listed biofuel technology group, was 28.2% lower despite narrowing its losses and announcing a merger with Celunol, a cellulosic ethanol technology company. Shares in Brasil Ecodiesel, the Brazilian biodiesel producer and project developer, dropped 22.3% as President Bush's South American tour failed to bring an easing of US tariffs on Brazilian biofuels and Aventine Renewable Energy, the NYSE-quoted ethanol producer, fell 22.7% in the face of investor hostility to the sector.

The index gained three new constituents at the end of the first quarter of 2007, while five companies dropped out. All of the new entrants are involved in Demand-Side Energy Saving, in line with New Energy Finance's prediction that in 2007, policy-makers and investors worldwide would wake up to the reality that if you want to cut fossil fuel use, it is easier to increase the efficiency of the 98% of energy generation that is non-renewable, than by adding to the 2% that is renewable. Meanwhile, all of those companies that leave the index are US-listed.

There have been a number of positive developments in Demand-Side Energy Saving this year, including announcements by Australia and the European Union that they would phase out traditional incandescent lightbulbs and EU commitments to improve energy efficiency by 20% by 2020. Arima Optoelectronics, a company that makes light emitting diodes (LEDs), laser diodes (LDs) and backlight moulds becomes the only Taiwan-listed company on the NEX. Color Kinetics, a Boston-based company listed on NASDAQ, is also involved in lighting – it provides solid state lighting systems and technologies using LEDs. Kingspan Group, meanwhile, provides insulated panels and insulation for construction, as well as some waste containment and recycling products and becomes the only Ireland-listed group on the index. It is well-placed to benefit from the increasing focus on energy efficiency in buildings.

The sector also lost a member, Linear Technology, a US integrated circuit manufacturer. It was among four NASDAQ-listed companies to depart, all in different sectors. In Power Storage, Active Power, the US backup power supply system maker, leaves not only the NEX but also, potentially, NASDAQ, after it failed to comply with filings requirements.

US fuel cell and power holding company Distributed Energy Systems dropped out of the Generation Efficiency & Smart Distribution sector, while Solar lost Emcore, the US semiconductor solutions developer, which was also facing delisting from the NASDAQ due to delayed filing of its results. NYSE-listed Hexcel, a carbon fibre manufacturer company, left the Services & Suppliers sector.

The rebalancing leaves the NEX with 84 constituents – Solar remains the biggest sector in the NEX, with 16 constituents (see Figure 2), followed by Biofuels, Biomass & Waste-to-Energy with 14 and Wind with 12. But Demand-Side Energy Saving consolidates its position as fourth-biggest sector, with 10 members while Power Storage (6) and Services & Suppliers (5) slip back. There are seven companies each in Hydrogen & Fuel Cells, Generation Efficiency & Smart Distribution and Renewables – Other, which encompasses geothermal and mini-hydro-electric power. North America remains home to the most NEX members (see Figure 3), with 19 listed on NASDAQ, along with nine on the New York Stock Exchange and four in Toronto. However, the geographical spread of the NEX continues to advance, with 30 companies listed on European exchanges, 21 in Asia and two in South America.

Figure 1. NEX Performance, 2003 to 2007 to date

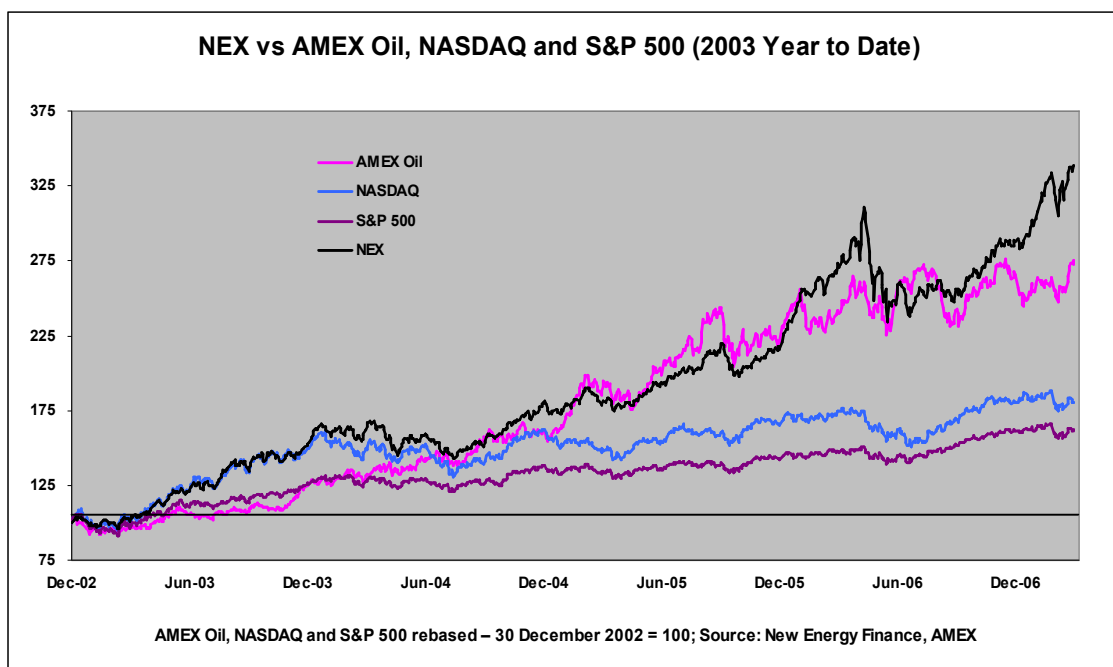
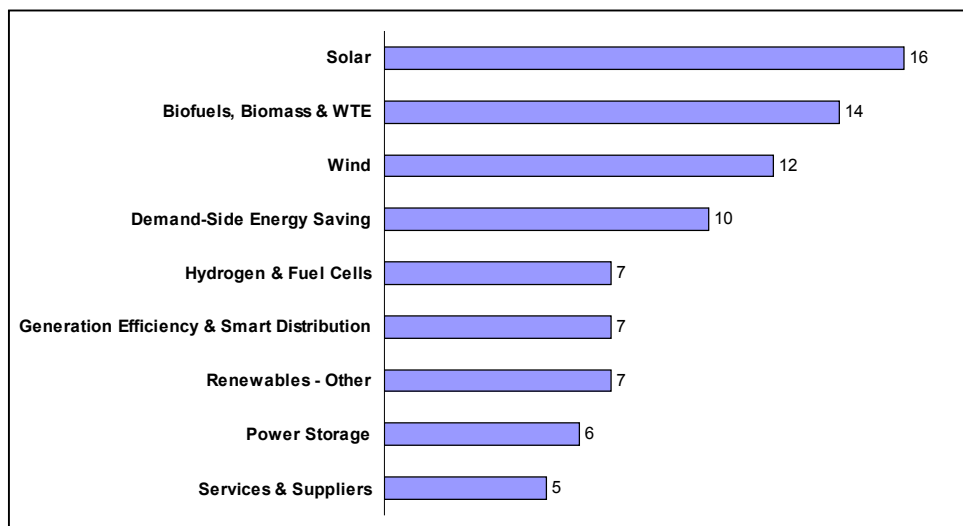
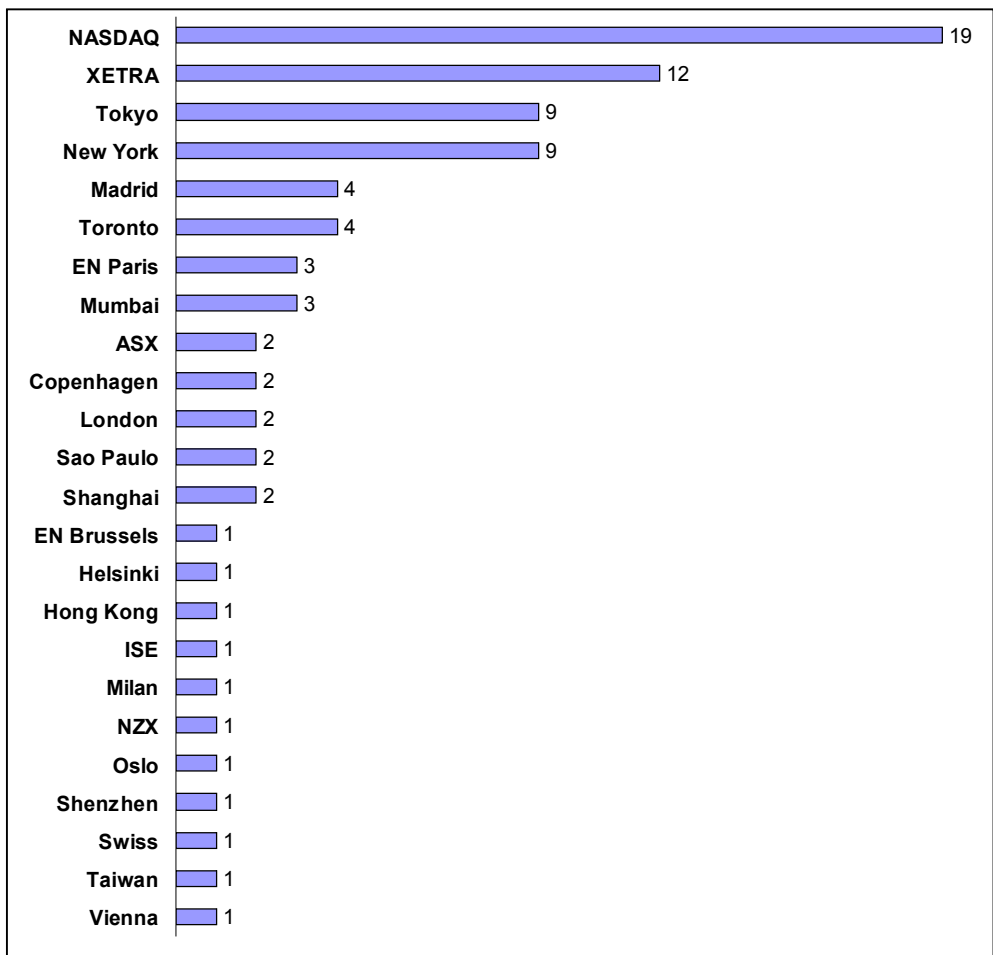


Figure 2. NEX Number of Constituents by Sector, Q2 2007



Source: New Energy Finance

Figure 3. NEX Number of Constituents by Market, Q2 2007



Source: New Energy Finance

About New Energy Finance:

New Energy Finance is a specialist provider of analysis to the world’s leading investors in renewable energy, biofuels, low-carbon technologies and the carbon markets. The company’s research staff of 45 (based in London, Washington, New York, Beijing, Shanghai, New Delhi, Tel Aviv and Perth) tracks deal flow in venture capital, private equity, M&A, public markets and asset finance around the world.

New Energy Finance covers all sectors of clean energy: renewables (wind, solar, marine, geothermal, mini-hydro); biomass & biofuels; energy architecture (supply- and demand-side efficiency, smart distribution, power storage, carbon capture & sequestration); hydrogen & fuel cells; carbon markets and services.

Services include the New Energy Finance Briefing, New Energy Finance Desktop, Newswatch daily news service and Focus Reports on sectors and countries. New Energy Finance co-publishes the world’s first global clean energy market index, the WilderHill New Energy Global Innovation Index (ticker symbol NEX). New Energy Finance’s subscription-based Insight Services providing deep market analysis to investors in Wind, Solar, Biofuels, Biomass, China, VC/PE, Public Markets and the US. The company also undertakes bespoke research and consultancy, and runs senior-level networking events.

New Carbon Finance, a division of the company, provides analysis and price forecasting for the European, global and US carbon markets.

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