

INDUSTRY PRIMER: WIND ENERGY 2010

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Table of Contents

EXECUTIVE SUMMARY	6
INTRODUCTION	7
INDUSTRY OVERVIEW	7
BRIEF HISTORY OF THE INDUSTRY	8
BASICS OF WIND ENERGY	12
WIND TURBINE CHARACTERISTICS	15
COMPONENTS OF A WIND TURBINE	21
INDUSTRY COMPOSITION	26
WIND INDUSTRY SUBSECTORS	26
INDUSTRY VALUE CHAIN	26
INDUSTRY FRAGMENTATION.....	28
INDUSTRY SIZE	30
SIZING METHODOLOGY.....	30
ESTIMATED INDUSTRY SIZE.....	32
INDUSTRY BREAKDOWN BY SUBSECTOR AND VALUE CHAIN.....	35
INDUSTRY BREAKDOWN BY GEOGRAPHY.....	36
INDUSTRY GROWTH	42
HISTORICAL GROWTH.....	42
FORECAST AND DRIVERS	45
INDUSTRY TRENDS AND THEMES	50
GROWTH OF OVERALL RENEWABLE ENERGY MARKET	50
REGULATORY OBSTACLES AND INFLUENCE	50
EFFECTS OF THE GLOBAL CREDIT CRISIS.....	51
UNDERSTANDING GRID PARITY	52
COMPETITION WITH OTHER ALTERNATIVE ENERGY SOURCES.....	54
UNDERSTANDING SITE SELECTION	59
OFFSHORE WIND	61
CHINA’S EMERGENCE IN THE GLOBAL WIND ENERGY MARKETPLACE.....	63
STRATEGIC ANALYSIS	65
FIVE FORCES ANALYSIS	65
SWOT ANALYSIS.....	69
CUSTOMER SEGMENTS	72
REGULATORY MATTERS	74
OVERVIEW OF REGULATORY STRUCTURES	74
GLOBAL REGULATORY LANDSCAPE	76

- U.S. REGULATORY LANDSCAPE 79
- REGULATORY TRENDS TO WATCH..... 80
- INVESTMENT RISKS AND MITIGANTS..... 84**
 - DISCUSSION OF INDUSTRY RISK FACTORS 84
 - DILIGENCE QUESTIONS FOR POTENTIAL INVESTMENTS..... 88
- FINANCIAL ANALYSIS..... 91**
 - REVENUE GROWTH OF PUBLICLY TRADED COMPANIES 91
 - PROFITABILITY OF PUBLICLY TRADED COMPANIES 91
 - OPERATING METRICS OF PUBLICLY TRADED COMPANIES 93
 - CAPITALIZATION METRICS OF PUBLICLY TRADED COMPANIES..... 94
 - PUBLIC COMPARABLES VALUATION 95
 - HISTORICAL VALUATION TRENDS..... 97
 - WIND INDUSTRY TRANSACTIONS 97
- KEY PLAYERS 101**
 - PUBLIC COMPANY PROFILES 101
 - INVESTMENT FIRMS ACTIVE IN THE WIND INDUSTRY 114
- USEFUL RESOURCES FOR FURTHER RESEARCH 120**

Table of Exhibits

Exhibit 1 – U.S. Generation Capacity by Energy Type, 2009	7
Exhibit 2 – Photographs of Early Wind Energy Technologies	9
Exhibit 3 – Wind Power Classification Ratings	13
Exhibit 4 – Wind Resource Map of the World	14
Exhibit 5 – Wind Turbine Axis Orientation	15
Exhibit 6 – Artist’s Rendering of the Aerogenerator X Vertical Axis Turbine.....	16
Exhibit 7 – Turbine Size Specifications	17
Exhibit 8 – Fixed Foundations for Offshore Turbines	19
Exhibit 9 – Floating Foundations for Offshore Turbines	20
Exhibit 10 – Diagram of Wind Turbine Component Groups	21
Exhibit 11 – Illustration of Nacelle Components	23
Exhibit 12 – Wind Energy Industry Sub-segment Map	26
Exhibit 13 – Wind Energy Industry Value Chain	27
Exhibit 14 – Global and U.S. Market Share by Company (in MW Installed), 2009	28
Exhibit 15 – Historical Market Share in the U.S., 2005-2009.....	29
Exhibit 16 – Fragmentation and Market Share of Small Wind Companies, 2009.....	29
Exhibit 17 – Methods of Calculating Wind Industry Size	31
Exhibit 18 – Wind Industry Size by Sub-Sector (\$ in Millions), 2009	32
Exhibit 19 – Composition of the Global and U.S Wind Energy Markets by Sub-Segment, 2009.....	33
Exhibit 20 – Global and U.S. Wind Industry Size Estimates by Sub-Sector and Value Chain, 2009	34
Exhibit 21 – Wind Turbine Market Shares by Country, June 2010	36
Exhibit 22 – Market Share of Top 5 Countries by Installed Capacity (GW), 2005-June 2010	37
Exhibit 23 – Top 10 Countries by Capacity Installed from 2005 to 2Q 2010 (GW)	38
Exhibit 24 – Growth Rates of Top 10 Fastest Growing Markets Under 1 GW, 2008-2009	39
Exhibit 25 – Top 10 States by Installed Capacity	40
Exhibit 26 – Top Ten Largest Wind Farms in the United States	41
Exhibit 27 – Map of Installed Capacity in the United States	41
Exhibit 28 – Historical Growth of the Global Wind Market (1990-2009)	42
Exhibit 29 – Historical Growth of the Global Offshore Wind Market (1991-2009).....	43
Exhibit 30 – Historical Growth of the U.S. Small Wind Market (2004-2009).....	44
Exhibit 31 – Global Wind Turbine Installations Market Forecast, 2009-2015 (\$ billions).....	45
Exhibit 32 – Wind Energy Industry Forecast for Large-Scale Onshore Turbines, 2009-2015 (MW)	46
Exhibit 33 – Wind Energy Industry Forecast for Offshore Turbines, 2009-2015 (MW).....	47
Exhibit 34 – Wind Energy Industry Forecast for Small Wind Turbines, 2009-2015 (MW)	48
Exhibit 35 – Wind Energy Industry Forecast for China, 2009-2015 (MW)	49
Exhibit 36 – Forecast Market Share of Cumulative Installed Capacity by Region (MW), 2009-2015	49
Exhibit 37 – U.S. Wind Energy Project Asset Financing Deals (\$ millions), 2001-2009	52
Exhibit 38 – Factors Influencing Grid Parity.....	53
Exhibit 39 – Competing Sources of Energy.....	55
Exhibit 40 – Factors Influencing Long-Term Potential of Alternative Energy Sources.....	56
Exhibit 41 – Comparison of Competing Renewable and Non-Renewable Energy Sources.....	57
Exhibit 42 – Map of Earth’s Exergy Flows	59

Exhibit 43 – Annual Wind Resource Map of the United States.....	60
Exhibit 44 – List of Offshore Wind Projects Installed as of Q2 2010.....	62
Exhibit 45 – Installation Growth in China (MW), 2000-2009.....	64
Exhibit 46 – Wind Energy Industry Five Forces Analysis, Components Manufacturers.....	66
Exhibit 47 – Wind Energy Industry Five Forces Analysis, Turbine Manufacturers.....	67
Exhibit 48 – Wind Energy Industry Five Forces Analysis, Wind Farm Developers & Installers.....	68
Exhibit 49 – 2009 Global Small Wind Sales by On-Grid vs. Off-Grid (Units and kW).....	72
Exhibit 50 – U.S. Wind Energy Capacity by End-Market Customer Type, 2009.....	73
Exhibit 51 – Overview of the Types of Incentives and Regulations.....	74
Exhibit 52 – Four Types of Government Influence on the Wind Industry.....	75
Exhibit 53 – Summary of Subsidies, Incentives, Regulations and Other Drivers in Top 10 Countries.....	77
Exhibit 54 – Map of State Wind Energy Policies in the U.S.....	80
Exhibit 55 – Denmark Case Study: Reaction to Regulatory Incentive Cuts.....	81
Exhibit 56 – Current Installed Capacity Versus Expected 2009-2030 Growth, by Region.....	83
Exhibit 57 – Relationship between Wind Stocks and Crude Oil Prices, 2009-2010.....	86
Exhibit 58 – Sample Due Diligence Questions for Wind Energy Companies.....	88
Exhibit 59 – Average Revenue Growth by Value Chain, 2006-2010E.....	91
Exhibit 60 – Average Gross Margin by Value Chain, 2006-2010E.....	92
Exhibit 61 – Average EBITDA Margin by Value Chain, 2006-2010E.....	92
Exhibit 62 – Average A/R Days by Value Chain, 2006-2010E.....	93
Exhibit 63 – Average A/P Days by Value Chain, 2006-2010E.....	93
Exhibit 64 – Average Inventory Days by Value Chain, 2006-2010E.....	93
Exhibit 65 – Avg. Net Working Capital as % of Revenue by Value Chain, 2006-2010E.....	93
Exhibit 66 – Current Ratio by Value Chain, 2006-2010E.....	94
Exhibit 67 – Total Debt / Capitalization by Value Chain, 2006-2010E.....	94
Exhibit 68 – Net Debt / EBITDA by Value Chain, 2006-2010E.....	94
Exhibit 69 – CapEx as % of Revenue by Value Chain, 2006-2010E.....	94
Exhibit 70 – Public Comparables Analysis by Value Chain.....	95
Exhibit 71 – Indexed Stock Price Performance by Wind Industry Value Chain, 2008-2010.....	97
Exhibit 72 – New Financial Investment & Acquisitions by Renewables Sector, 2009.....	98
Exhibit 73 – Transactions by Renewable Technology and Type, 2009 (\$ billions).....	98
Exhibit 74 – Selected Wind Industry Transactions, 2009-2010.....	99
Exhibit 75 – Wind Industry Resources: Industry Associations.....	120
Exhibit 76 – Wind Industry Resources: Relevant Websites.....	120
Exhibit 77 – Wind Industry Resources: Conferences & Events.....	121
Exhibit 78 – Wind Industry Resources: Informative Research Reports.....	121
Exhibit 79 – Wind Industry Resources: Ongoing Publications.....	122
Exhibit 80 – Wind Industry Resources: Books.....	122

Wind represents 55% of the total electricity generated from renewable sources worldwide.

The industry is forecasted to grow at a 19% CAGR through 2015.

\$67 billion in new capital was invested in the wind industry in 2009.

Executive Summary

Wind energy has become the most widely adopted source of renewable energy around the world, with approximately 300,000 wind turbines installed globally, representing an aggregate generation capacity nearing 200 gigawatts. In 2009, wind energy accounted for approximately 2.1% of the total electricity generated worldwide and 55% of electricity generated from renewable sources.

Despite its considerable lead on other renewable energy technologies, the wind industry is far from mature. We estimate that the market for wind turbines will grow at a compound annual growth rate of 19% to reach a market size of over \$185 billion by 2015. This growth is expected to be driven by an aggressive expansion of China's wind industry, the emergence and adoption of offshore wind farms and an increase in project finance availability as credit markets recover from the economic downturn.

Industry growth does not, however, affect all wind businesses equally. Today's wind energy industry is a complex landscape of companies, working across heterogeneous geopolitical climates via a diverse range of business models and operational strategies. This report aims to help potential investors understand the size and growth characteristics of the various product, value chain, geographic and customer segments of the wind energy market. We provide a number of quantitative and qualitative analyses of regulatory, strategic and financial issues to assist investors in navigating the complex and constantly evolving sphere of supply chain dynamics, competitive forces, regulatory incentives, regional trends and other external factors that may influence investments in wind energy companies.

Investors spanning a spectrum of asset classes invested an estimated \$67 billion in new capital in the wind industry in 2009—an amount greater than all other segments of renewable energy combined. The highly concentrated wind turbine assembly and manufacturing segment is likely to be of interest to public equities investors, while the significantly more fragmented components manufacturing and wind farm development segments may pique the interest of private equity firms. Meanwhile, lenders and asset-focused investors are likely to be drawn to the downstream end of the wind value chain by investing in wind farm operations. Regardless of one's asset class of interest, the availability of diverse business models in the wind industry, in combination with strong overall end-market growth and favorable macro trends render it an attractive sector for a broad range of investors.

While plenty of attractive opportunities exist in wind, investors new to the industry would benefit greatly from the analysis provided by this report of the key trends, drivers and risk factors associated with investing in the wind energy industry.