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INDUSTRY PRIMER: WIND ENERGY 2010

MAX PRILUTSKY

RESEARCH ANALYST

P: (646) 395-9690 | F: (419) 818-9158 | E: MAX@INDUSTRYPRIMERS.COM

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Executive Summary

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

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.

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

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.

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

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.