

PHOTOVOLTAICS: EXECUTIVE SUMMARY

- ❑ Long-term growth prospects for PV remain excellent – climate change, energy security, electricity demand growth, PV cost curve; the sector has never had a down units year
- ❑ Principal long-term constraints to PV penetration are cost (cost curve) and intermittency (energy storage)
- ❑ Some lead indicators improving, but current fundamentals challenging - macro, supply-demand, Asian competition, regulatory uncertainty
- ❑ PV sector valuations towards trough “cyclical” multiples (EV/S & PBR), due to depressed profitability
- ❑ “Death” of European PV manufacturers isn’t a foregone conclusion – rising Chinese costs (salaries, energy costs, FX, import tariffs) & narrower funding options (CDB, local governments, capital markets) ...
- ❑ ... but aggressive proactivity the key - production delocalisation, cost focus, business model adaption, differentiated applications
- ❑ Sector consolidation (bankruptcies, restructuring, M&A) to continue through 2013-14 – lacklustre demand growth, severe excess capacity, limited financing (debt, equity) for manufacturers
- ❑ 2014-15 could be a transition period as markets increasingly attain residential grid parity and potentially adopt net metering (obviating need for FiTs)
- ❑ New financing approaches emerging (green bonds, crowdsourcing, pension funds ...), but more expensive (initially)
- ❑ Potential interesting (but risky) technology enabler investment opportunities in balance-of-systems, manufacturing (tools, materials), new business models (financing, ownership), BIPV and 3rd gen (OPV)