

WIND POWER: EXECUTIVE SUMMARY

- ❑ Long-term growth prospects for the wind power sector are good – climate change, energy security, electricity demand growth, improving competitiveness (LCOE -2% pa) ...
- ❑ ... but current fundamentals remain challenging
 - Macro environment (economies, regulation, financing, electricity markets, carbon prices)
 - Shale gas proving to be a game-changer for wind in certain geographies
 - Excess industry-wide capacity & heightened competition (supply-demand, Asian new entrants)
- ❑ Investor sentiment towards sector heavily influenced by perceived ongoing regulatory risk (FiT in Europe, PTC in US)
- ❑ Wind turbine related companies currently valued towards trough “cyclical” multiples, reflecting poor profit metrics
- ❑ Offshore wind represents a major growth opportunity over the 2015-2030 period, led by the UK and Germany, though initial expectations (for 2020) look likely to be missed
- ❑ Despite its prospects having increased since 2008, consolidation activity remains subdued
- ❑ Financing activity dominated by projects (both under development and operating assets)
- ❑ Sector maturity and integration complexity entails that much of technology development is in-house at OEMs and/or major subsystem/component vendors, limiting start-up activity
- ❑ While VC interest in the wind power sector is currently low, investment opportunities are to be found in offshore (supply chain), yield enhancement (hardware, software), cost reduction, grid integration and emerging markets ...
- ❑ ... however, lenders remain very cautious with regards to financing new technology (in projects)