

HOT STOCKS

By Dan Lewis

RENEWABLE POWER COMPANIES ARE PERFORMING SURPRISINGLY WELL ON TODAY'S STOCK MARKET

For over a century, fast growing businesses and industries have looked to stock markets for a supply of plentiful and cheaper capital. For renewables and alternative energy companies maturing in size and scope, this is no different.

After decades of intermittent growth, but rapid technological progress and falling costs, a long incubation period is culminating in a brand new and exciting equity sector. Worldwide, there are now several multi-billion dollar companies, numerous players worth several hundred million and many smaller players now going public and performing well.

Fuel cell corporations are just such an example. London's Alternative Investment Market lists Ceres Power, a company aiming to be the first to break into the micro-CHP market with its fuel cells. And, while it's often been said that equity markets don't take the long view, you'll be surprised to hear that many listed fuel cell companies are without off-the-shelf products and are still at least two to three years from having them.

Nowhere is this more so the case than in developing fuel cells for vehicles. Canadian firm Ballard Power Systems has been doing this for years, but none of us are likely to be driving a fuel cell vehicle any time soon. However the company supplies fuel cell and related components to six out of the ten leading car manufacturers such as Ford and Mercedes-Benz.

Fuel cells aside, solar stocks have been the stellar performers with annual returns of more than several hundred percent being commonplace. One hot spot is Germany, which has been helped by a substantial feed-in tariff of up 57 eurocents per kilowatt hour.

Companies to watch include Conergy AG, which holds the world's largest solar stock, valued at about \$1 billion. Meanwhile, Solarworld AG, has been rated as low as €27 over the last 12 months yet has still risen to €147.

Wind power stocks have been dominated by the world's largest manufacturer of wind turbines, Vestas. The Copenhagen-listed firm is valued at \$20bn.

The world's second largest manufacturer is General



Electric which bought out the former Enron Wind. But even with their several billion dollars of sales in wind turbines, GE is so large, that this is not more than 2% of their turnover.

Other wind stocks of interest include Paris-listed Theolia. Seen by many industry analysts as a sleeping giant, the business is set to expand wind power in France. Tokyo-listed Japan Wind Development is also worth watching.

TREAT WITH CAUTION

Fancy spending some money? Investors be careful; it's worth remembering that while the renewable energy sector has seen some spectacular returns, it is still a very volatile market.

However, the latest wave of government mandates - demanding increased penetration of renewable power - could herald some stability. So with renewable growth on the cards and the price of oil reaching new highs, it could well be worth taking note of the potential investment opportunities offered by alternative energy companies. ■

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Are you passionate about power and want others to know about it? If so, send your views to the editor at rpool@iee.org.uk