

## **All Energy Australia 2009**

# **Investing in early stage clean energy companies – an Australian perspective**

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# Presentation Outline

- Introducing Cleantech Ventures
- Early stage investing in Cleantech
- Cleantech investment trends in the early stage
- Australia - the Cleantech canary



# Introducing Cleantech Ventures

- Energy, water & environmental investment specialist
- Team of 5 investment professionals with expertise in:
  - Clean technologies;
  - Venture Capital / Private Equity; and
  - Starting & growing companies
- Focus on seed and early expansion
- \$80m under management
- Completed ~20 investments in the cleantech space
- Venture investing in cleantech since 2003



# Funds under Management

## 1. Cleantech Australia Fund

- \$50m investing since late 2007
- early expansion cleantech focus
- first IIF3
- LPs VicSuper & Commonwealth Gov

## 2. CEGT Fund

- \$30m investing since 2003
- seed cleantech focus
- Sole LP is Victorian Gov



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# What is Cleantech? - >50% of deals are **Energy**

Clean technology products and services that generate:

- superior **commercial benefits**; while
- Reducing **environmental impact** and **resource consumption**

<b>Cleantech Sectors</b>			
<b>Renewable Energy</b>	<b>Recycling &amp; Waste</b>	<b>Storage &amp; Fuel Cells</b>	<b>Biofuels</b>
<b>Energy Efficiency</b>	<b>Clean coal &amp; gas</b>	<b>Air Quality</b>	<b>Advanced Materials</b>
<b>Water</b>	<b>Distribution</b>	<b>CO<sub>2</sub> Reduction to Industry</b>	<b>Agriculture</b>

# Cleantech global drivers

- they are 'sustainable' & insulating against economic cycles

Climate change caused by anthropogenic greenhouse gas emissions

Water scarcity and emerging water contaminants

Over-population and dwindling natural resources incl. peak oil

Energy security

Trading schemes for carbon emissions and water use

Government policies for renewable energy and energy efficiency

Stricter environment protection regulations

Corporate social responsibility focus by boards etc

**... in every developed economy in the world**



## Early stage 'energy' portfolio Companies include:



Renewable energy and desalinated water from ocean waves



Cryogenic removal of carbon dioxide from raw natural gas



Advanced supercapacitor battery with increased power and lifespan



Residential and commercial solar energy system design, supply & installation



High efficiency power station turbine blade resurfacing



Advanced higher productivity welding tip which reduces energy consumption



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# The medium term impact of current global economic stress is unclear

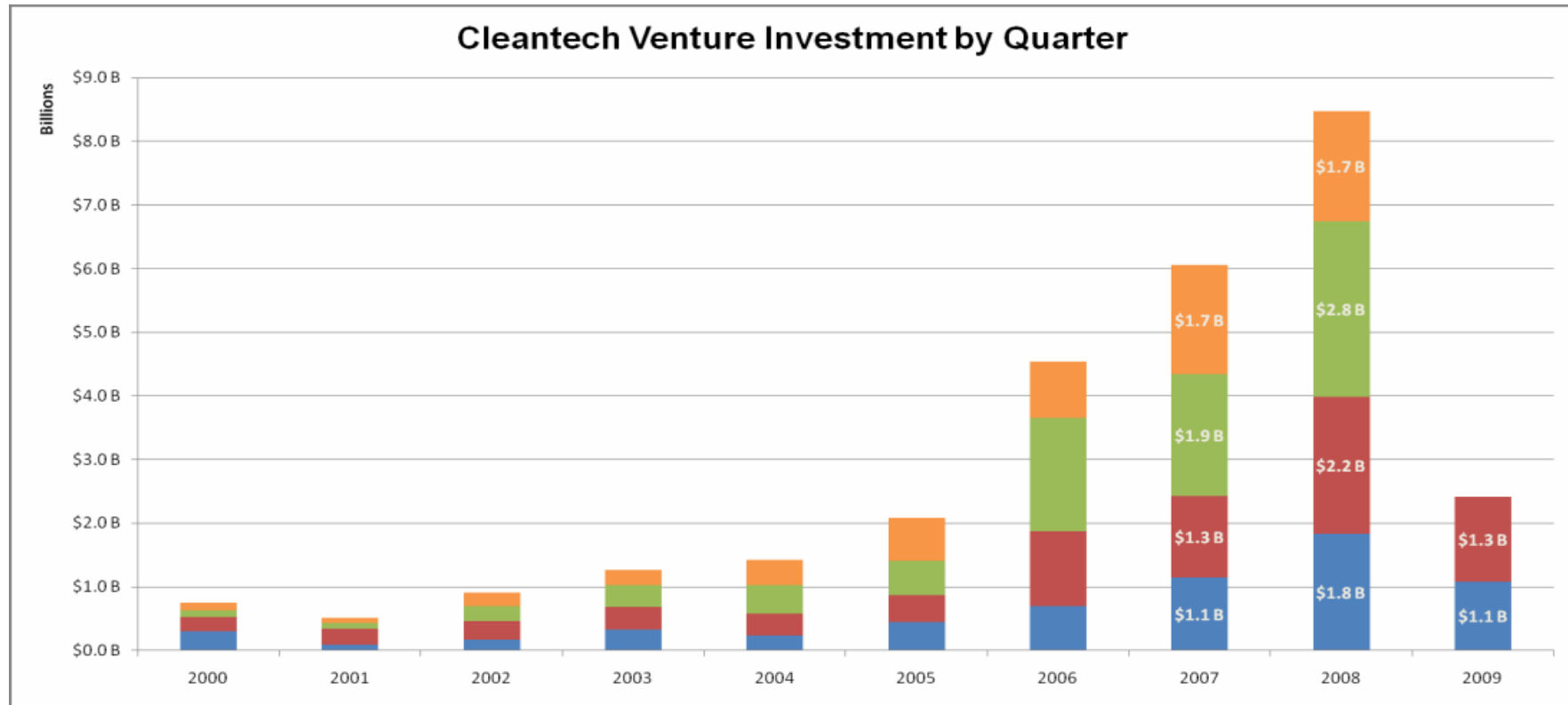


## ***But .....***

- Long term drivers are not going away
- Very strong growth since 2000 / 2001
- Last 12 months difficult but signs of recovery in terms of both deal numbers & funds invested
- Australia still well positioned

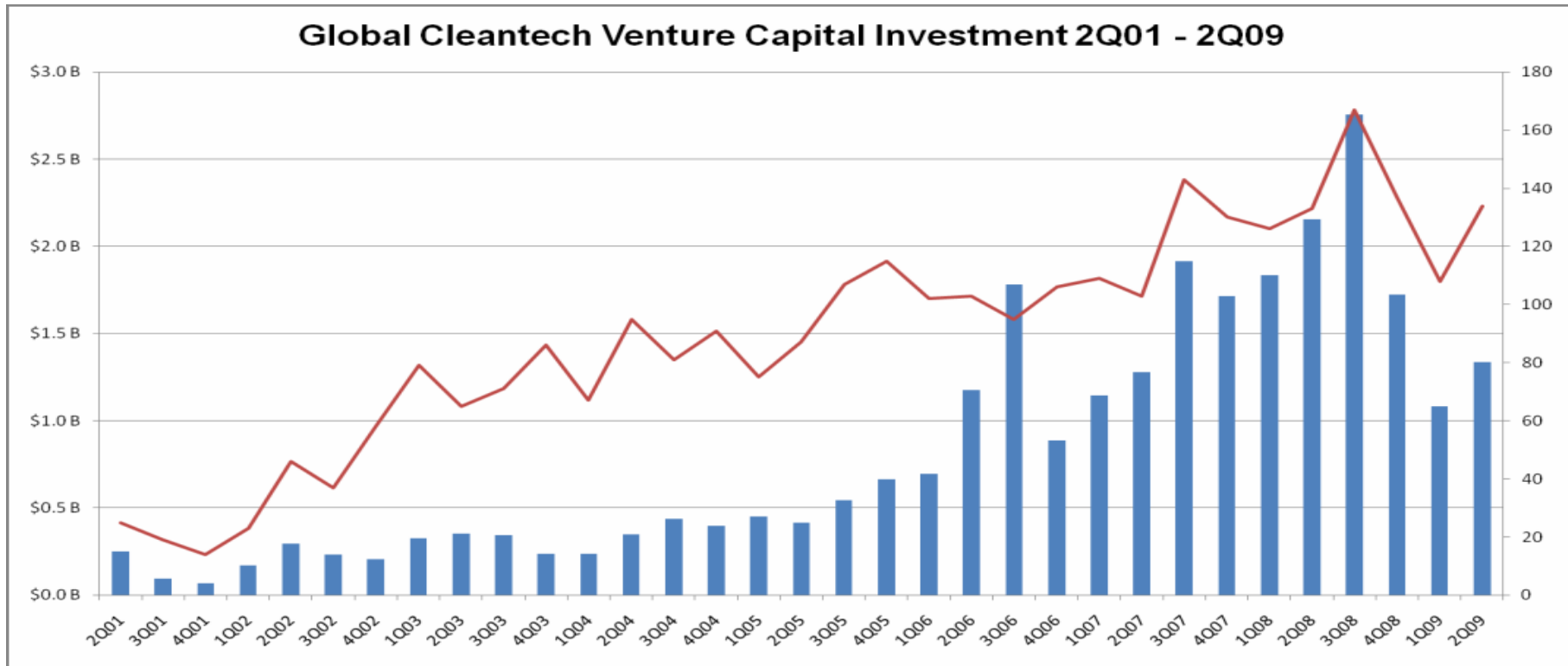


# Cleantech Investment through the GFC



Source: Cleantech Group, LLC. Q209 Investment Monitor

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## Australia - the cleantech canary

*“Like the canary, our ‘earlier sensitivity’ should give us a first mover advantage in new technology and company development”*



**“This means something  
but I can't remember what!”**



## Australia - the cleantech canary

- we've experienced cleantech 'drivers' for a long time – water, sparsely distributed population, dependence on coal etc
- = established expertise / R&D already plus high levels of innovation
- Regulatory environment – includes new Federal Gov't policies – MRET 20%, Kyoto, Emissions Trading, Commonwealth support programs, State Programs (esp. Victoria)
- Consumer demand / awareness
- Strong media interest
- Capital specifically for cleantech – from Super Funds such as VicSuper



## ... but in 'early stage' we have challenges

### *Capital*

- Scarcity of angel, corporate and seed-round financing
- Need to continue to build recognition with institutional investors
- There is a need for more public companies to invest

### *Companies*

- Building entrepreneurial talent
- The need to expand internationally early = high resources
- First demonstrations are very capital intensive

### *Policy*

- Cleantech is highly regulated
- Now have new Federal Government policy on MRET, ETS, Kyoto – with increasing policy detail now needed
- Need for long term policy commitments to cleantech industries, especially aiming at stimulating demand eg: FITS





# Thankyou

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