

The Environmental Markets Investment Opportunity

Will Oulton
Director, Responsible Investment
FTSE Group
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May 8, 09

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Agenda

- Growth in Environmental Markets
- Investment Opportunity
- Summary

Themes – Growth in Environmental Markets

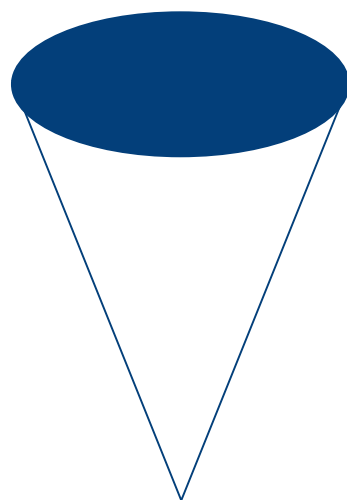
Climate change is one of the key drivers of interest environmental markets, others include;

- Energy security and supply
- Population growth
- Water scarcity
- Economic development
- Ecosystem degradation, and
- Political and regulatory initiatives related to CO2

Regardless of financial market conditions, these macro socio-political drivers (with the possible exception of economic development in the short term) are not going to disappear.

What are “Environmental Markets”

The Environmental Market Classification System offers a balance between levels of aggregation, for those who look at environmental markets from the top down . . . and granularity, for those who look at markets from the bottom up.



Universe = approx 1000 securities globally identified in this market

Twenty Three Sub-Sectors

Six Sectors;

1. Renewable and Alternative Energy,
2. Energy Efficiency,
3. Water Infrastructure and Technologies,
4. Pollution Control,
5. Waste and Management Technologies
6. Environmental Support Services

Companies that provide products and services offering solutions to environmental problems, or that improve the efficiency of natural resource use.

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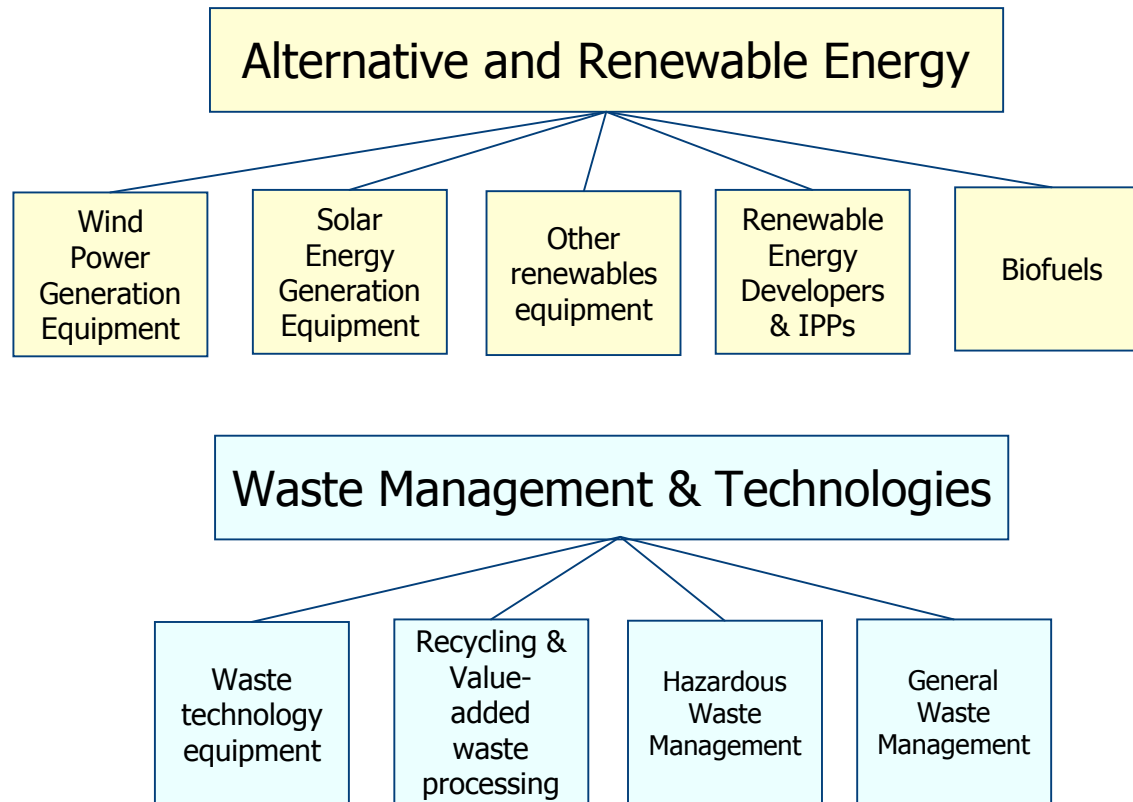
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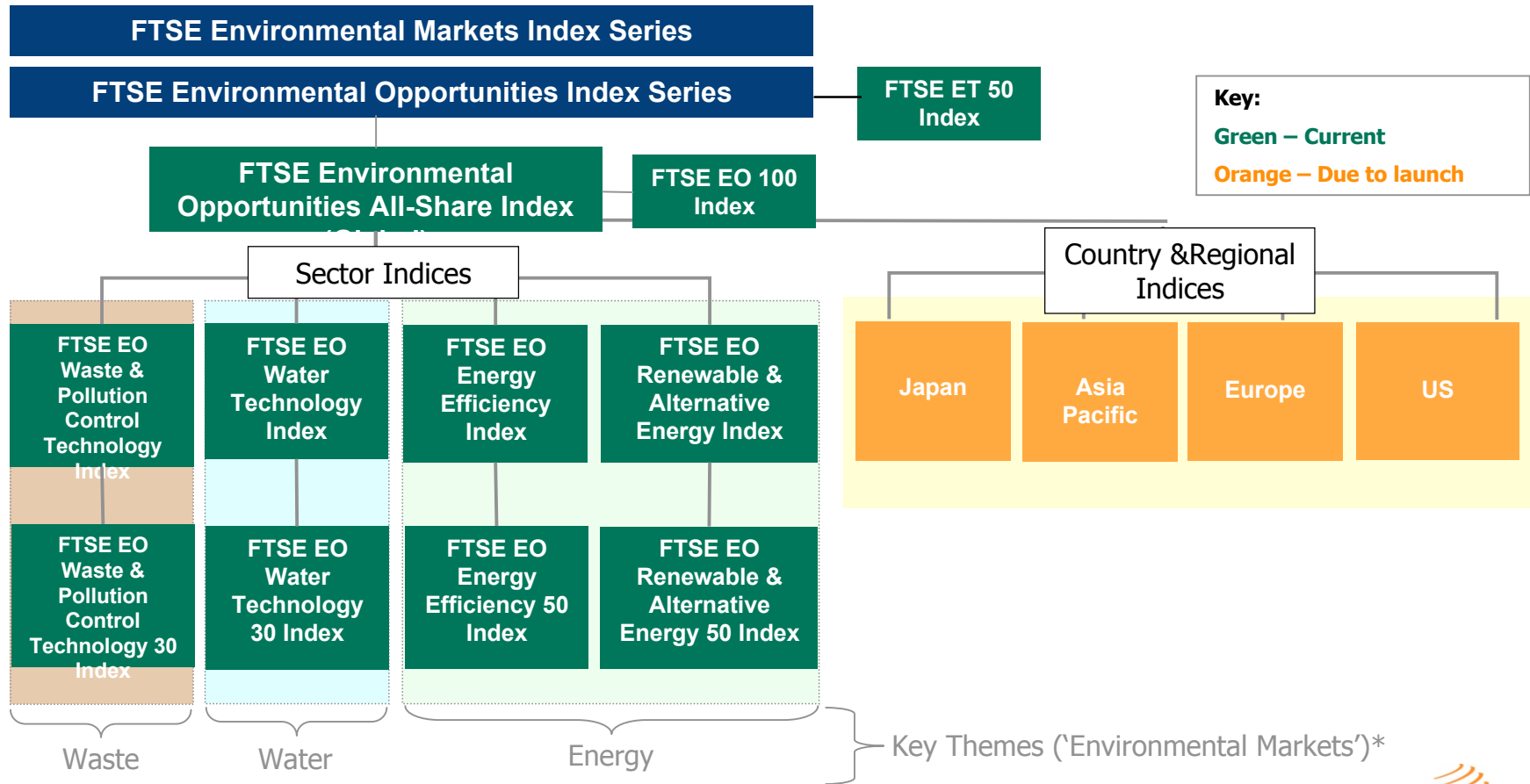
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Classification of Environmental Markets

Example Sector and Sub-Sectors:



FTSE Environmental Opportunities Index Series



Classification of Environmental Markets

Company Environmental Opportunities - Case Studies:

Iberdrola:

15% hydro generating capacity.

24% other renewables.

Total of **39%**.

Classification: Renewable Energy Developers & Independent Power Producers

Siemens:

12% from industrial energy efficiency through their automation products.

6% from renewable energy and water treatment.

5.5% from energy efficient power transmission.

3% energy efficiency lighting.

3% building energy efficiency.

Total of **29.5%**.

Classification: General Energy Efficiency

“Old or new” ? The issues are linked

“Investments will soon be pouring back into the global economy – the question is whether they go into the old extractive, economy of yesterday or the new green economy that will deal with multiple challenges such as climate change, water scarcity, the need to feed a growing global population, while generating multiple economic opportunities for the poor and the well off alike”

Pavan Sukhdev

Deutsche Bank

Author: “The Economics of Ecosystems and Biodiversity”

"Green technology will be one of the great growth sectors of the world economy over the next few years"

Alistair Darling

“The eco-stocks to watch if green energy powers ahead”

30 April, 2009

CLIPPER WINDPOWER

Market cap: £90m

The Story:

London-listed US wind turbine manufacturer with plans to build turbines in North East for North Sea installations last half-year losses stood at \$211 million; has \$214 million of cash balances

The Cash:

flat-lining in 2009 at 70p after falls last year

The Shares:

The Man:

Douglas Pertz recently appointed chief executive after career in US industrial companies

The City Likes...

well-placed for a US and UK wind boom. Jefferies says the stock could be worth 316p

OCEAN POWER TECHNOLOGIES

Market cap: £40m

The Story:

installing wave energy powerbuoys off Cornwall and Spain as well as and the US

The Cash:

\$13 million loss over last 9 months; cash balances of \$85 million

The Shares:

down 15% on the year at 390p

The Man:

chief executive is Mark Draper, former power stations chief at Powergen

The City Likes...

wave energy as the coming technology. Nomura says it is buy up to 600p

CERES POWER

Market cap: £80m

The Story:

developer of fuel-cell technology creating "combined heat and power" home energy generators

The Cash:

latest half-year start-up losses stand at £3.3 million; has £24 million of cash

The Shares:

up 50% to 128p in the last four months though down on where the stock was a year ago

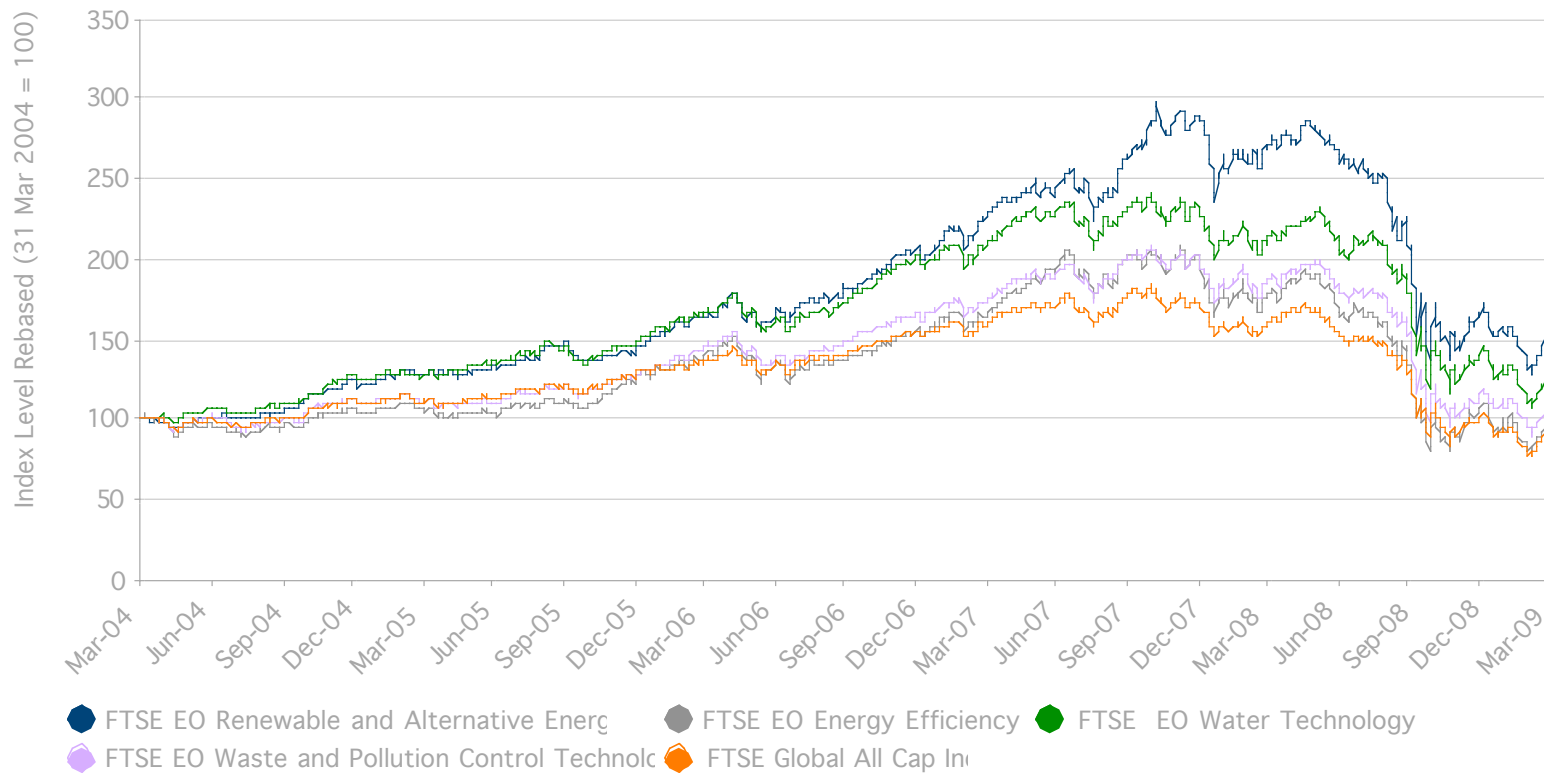
The Man:

chief executive is Peter Bance, a scientist-turned-management consultant

The City Likes...

leading technology in potentially huge market. KBC Peel Hunt has set a 398p target price

Global Investment Opportunity



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Summary

- Global trends re energy, emissions, etc
- New generation of informed public opinion
- Investors are behind the curve
- Standards and transparency
- Investment opportunities are emerging

Contact Details

Will Oulton

Director, Responsible Investment

FTSE Group

Tel No: 020 7866 1853

Email: will.oulton@ftse.com

FOR FURTHER INFORMATION VISIT WWW.FTSE.COM, EMAIL INFO@FTSE.COM OR CALL YOUR LOCAL FTSE OFFICE:

BEIJING + 86 10 6515 9265 BOSTON +1 888 747 FTSE (3873) FRANKFURT +49 (0) 69 156 85 144 HONG KONG +852 2230 5800

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