

Energy Technology Article

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What the Strong IPO Market Means for Clean Tech and Renewable Energy Companies

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The year 2013 was officially the year with the most active IPO market in the United States since 2000. There were 222 US IPOs in 2013, with a total of \$55 billion raised.¹ The year 2000 (over 350 IPOs) was the last year of a 10-year boom in US IPOs that reached its peak in 1996 (over 650 IPOs). The strongest year for IPOs since 2000 was (until now) 2004, with roughly 215 IPOs.

What has that meant for emerging energy technology and renewables companies that might be looking to the capital markets? There was some activity in 2013 — but not much compared to the broader market or to the more traditional energy and oil & gas sector.

For a handful of larger energy tech companies that are already public (e.g., Tesla, First Solar, Jinko Solar and SunEdison), it has meant follow-on offerings to bolster cash for growth. These companies accessed the market over the last several months; Tesla (May 2013), First Solar (June 2013), SunEdison (September 2013) and Jinko Solar (September 2013).

For a couple of energy companies with renewables portfolios, it has meant IPOs for “YieldCos,” vehicles that hold energy-generating assets and pay a stream of dividends, such as NRG Yield (which went public in July 2013) and Pattern Energy (which went public in September 2013). FYI – I expect to see more of these in the coming years.

There has not been as much activity in initial public offerings for a range of emerging technology companies focused on energy. For example, next-generation biofuels producers are not accessing the IPO market again, though BioAmber, a renewable chemicals company, was able to complete an IPO in May 2013. More traditional ethanol producer Green Plains Renewable Energy was able to raise \$120 million in a convertible note offering. Smart grid company Silver Spring Networks completed an IPO in March 2013.

I am hearing from investment bankers in the sector that there is plenty of discussion about 2014 IPOs. Let’s see if we have some good companies lead the charge to broaden the IPO window for energy and clean tech companies. As technologies mature and market adoption advances, I’m optimistic!

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Endnotes

¹ Please note that there will be some variance in the statistics for IPOs generally. This is because most data sets exclude extremely small initial public offerings and uniquely structured offerings that don’t match up with the more commonly understood public offering for operating companies. The data above is based on information from

<http://bear.warrington.ufl.edu/ritter/IPOs2012Statistics.pdf> and Renaissance Capital www.renaissancecapital.com

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