Introduction

Capital starvation of companies developing proprietary technologies is now a well-documented challenge. In 2010 we presented one of the first analyses of venture capital funding for Canadian clean technology companies compared to their US counterparts. This analysis is sometimes known as the 'thirty cents on the dollar' story. In the same constructive spirit, we would now would like to launch a discussion about the near future debt requirements of Canadian clean technology companies, particularly project financing.

In this edition of *Spotlight on Cleantech*, we discuss findings from the *2013 Canadian Clean Technology Industry Report* in which we examined the debt requirements of companies that are globally competitive and have the potential to achieve scale.

In our next *Spotlight*, Hydrogenics, an Ontario-based manufacturer of hydrogen fuel cells that are sold globally as part of 'smart' electricity grids, will comment on how it benchmarks its performance against peers using the Analytica Emerging Industries Monitor (AEIM) Company Report. As it seeks capital and investor confidence in order to grow, Hydrogenics leverages the AEIM Company Report benchmarks to gain traction in capital markets and guide its operations.

Best Regards,

Céline Bak

Spotlight on Cleantech
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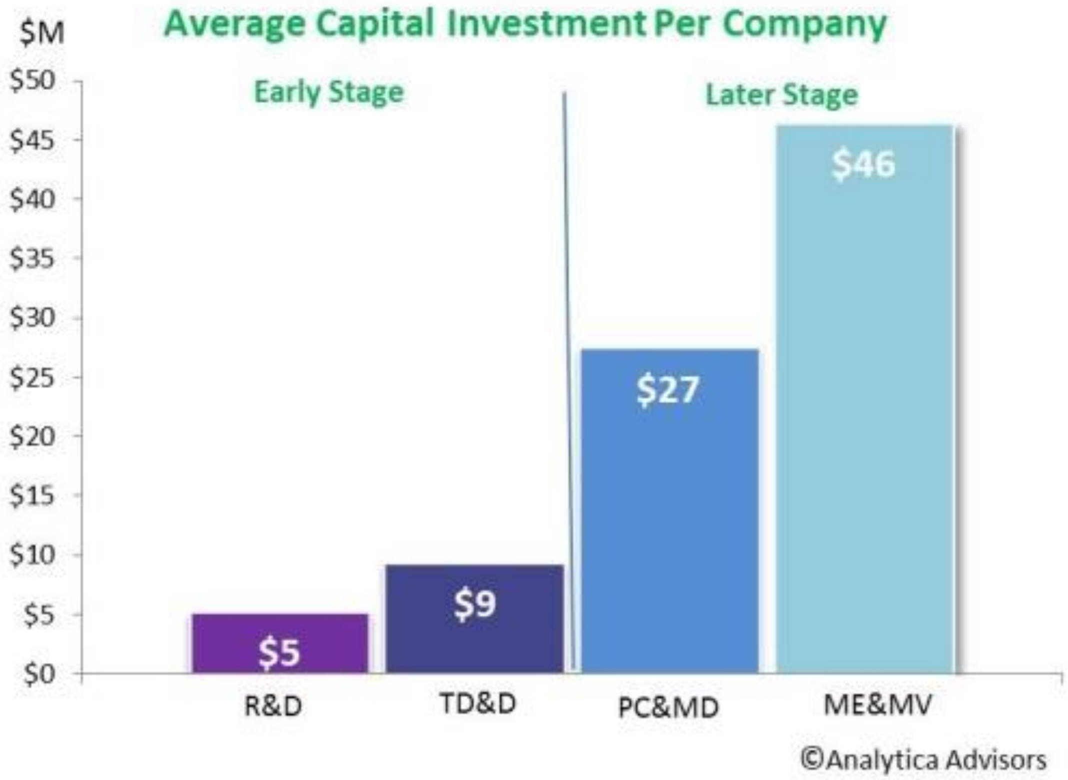
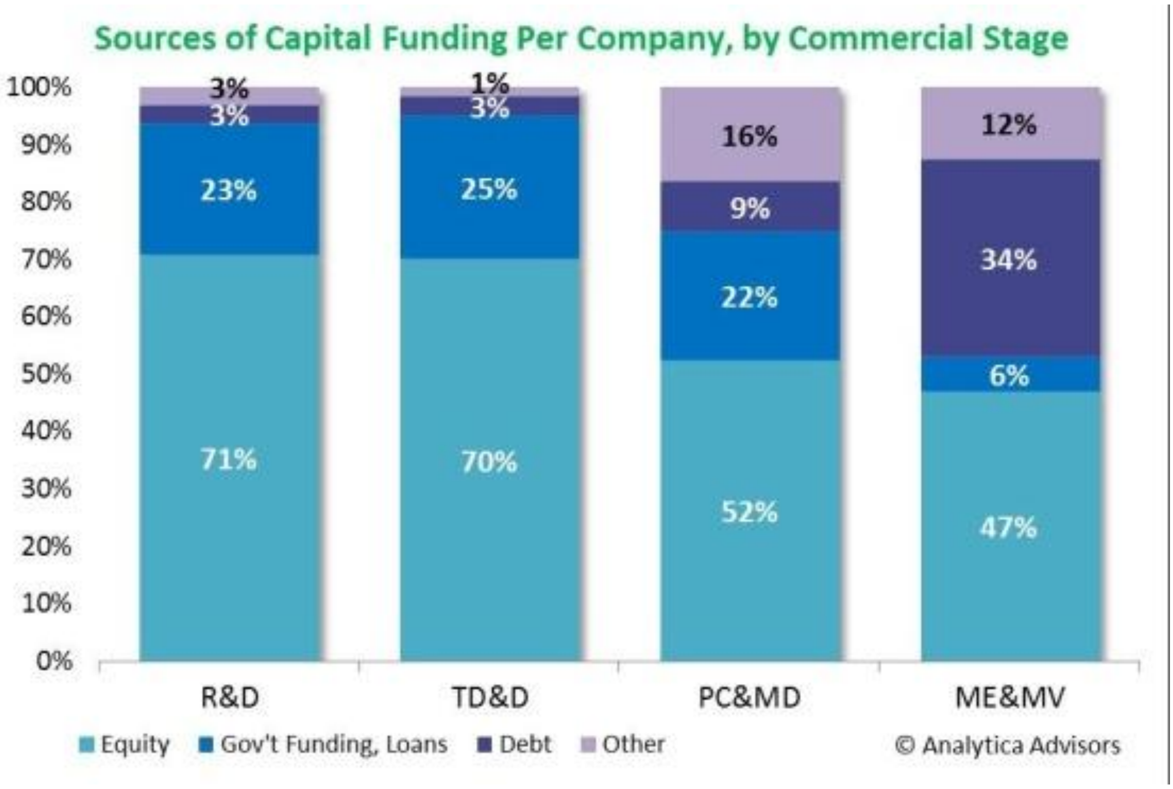
Galvanizing Financial Resources for Clean Technologies

Clean technology companies surveyed for the 2013 Canadian Clean Technology Industry Report indicated that on average, capital financing requirements approximately double at each subsequent commercialization stage. From $5 million in the R&D stage, average financing requirements increases to $9 million to prove technologies at the technology demonstration and development stage (TD&D).

However, to make the leap to the product commercialization and market development (PC&MD) stage, companies require three times more capital (an average of $27 million), while capital investments at the expansion phase average $46 million. It is also at these later stages that debt becomes another important component of capital, ranging from 9% to one third of total capital sources when companies achieve market entry and market volume (ME&MV). Government funding remains an important capital source until companies achieve volume commercialization.





We have called for acceleration of development of financial markets specific to clean technologies that enables equity, export and buyer finance and continue to advocate sovereign guarantees, at the scale required by the industry, that would help unlock debt financing.

This cleantech insight was prepared by Analytica Advisors,a trusted research and advisory firm and a thought-leader in Canada's technology and innovation industries. The firm's original research and advisory work serving start-ups, financial institutions, think-tanks and governments both in Canada and internationally, combines focused primary research with decades of experience in start-up operations, global management consulting, human capital development, as well as capital market valuations.

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