

Q1 2012 Deal Volume Comparison

Chart A: Completed Solar Energy Transactions

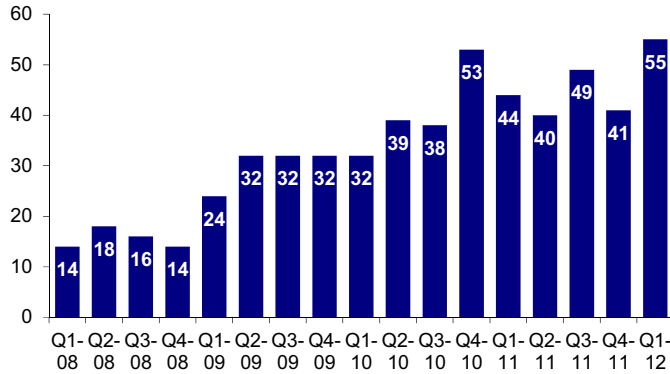
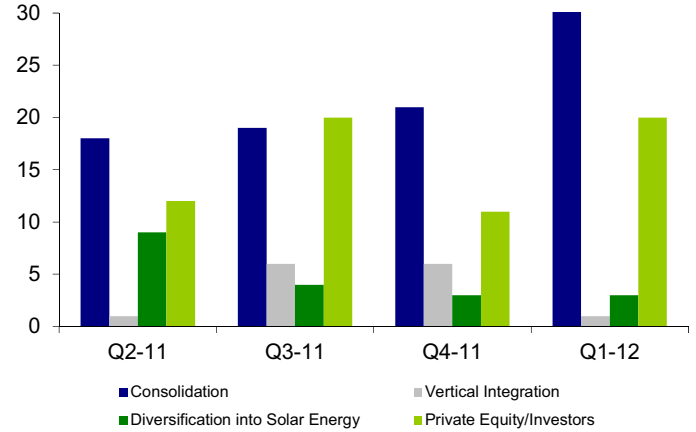


Chart B: Quarterly Comparison - M&A by Category



Announcements

- SunPower Corporation (NasdaqGS:SPWR) acquired Teneos SA from Total Gas & Power USA S.A.S (January-12)
- Tecpro Systems Ltd. (BSE:533266) acquired EverSun Energy Private Limited (February-12)
- MHH Solartechnik GmbH acquired Tecno Spot S.r.l. from GREMES Günther GmbH (February-12)
- NextEra Energy Resources, LLC acquired 2 projects totaling 40MW from First Solar, Inc. (NasdaqGS:FSLR) (March-12)

Sources: All information contained in this newsletter including the charts was obtained from company websites, Lincoln International's internal data and Capital IQ.

There were 55 completed solar energy transactions in Q1 2012 compared to 41 in Q4 2011. This number is the highest amount of transactions in a quarter since Lincoln began tracking M&A activity within the solar energy sector. These statistics exhibit a renewed level of transaction growth within the solar industry. 2012 has started off on track to be another record year from a transaction perspective, largely driven by the steady volume of consolidation transactions, including continued solar project sales, as well as an increase in private equity/investor transactions.

Within the solar energy transactions, consolidation represented a majority of the transactions with 56%, or 31 deals in Q1 2012. The next largest category was private equity/investors with 20 transactions, or 36% of the quarterly total. Diversification into the solar energy industry by corporations and investors was next with three transactions, or 5% of transactions in Q1 2012. Lastly, vertical integration accounted for one transaction in Q1 2012, or 2% of the quarterly total.

In Q1 2012, 35 transactions, or 64% of the quarterly total, came from Europe. The number of transactions from U.S./Canada was 13, or 24% of the total. Asia accounted for five transactions, or 9%, while cross-continental transactions accounted for two transactions, or 4%.

The majority of the transactions in Q1 2012 involved target companies categorized as solar energy producers with 36, or 65% of the total transaction volume. There were 15 transactions for target companies categorized as EPC integrators / developers, or 27%. There were two transactions for companies categorized as solar equipment providers, or 4% of the total, while there was one transaction for cells / modules producers, or 2% of the total. There were no transactions with vertically integrated companies or wafer/ingot producers this quarter. Lastly, there was one transaction that did not fit into the six standard classifications as the Solar Alliance was acquired by the Solar Energy Industries Association (SEIA).

The upward trend in transaction activity resumed in the first quarter of the year after declines in two of the previous three quarters, with activity particularly driven by consolidation and private investment. Activity in these two areas reached new highs. Industry consolidation can be expected to continue given increased price competition at the cell and module level and potential for a further industry shakeout forcing some companies to seek liquidity. Transactions were overwhelmingly weighted towards target companies or projects that produce solar energy, especially in Europe, where there exist a larger number of solar projects for sale.

Chart C: Quarterly Comparison - M&A by Geography

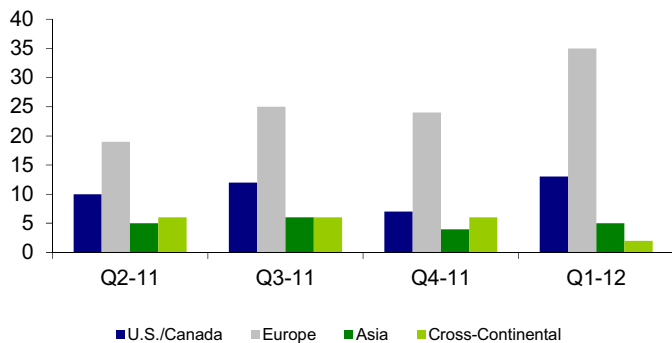
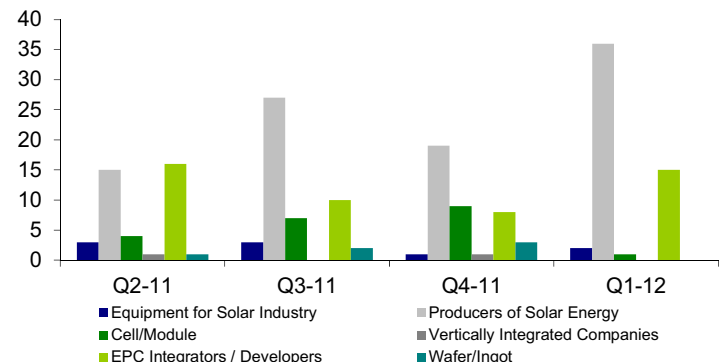


Chart D: Quarterly Comparison - M&A by Sector of Target Company



An Analysis of Cell Production within the Solar Energy Industry

At the forefront of the supply chain within the solar energy industry is the capacity and production of solar cells and modules. The level of production has continually increased over the last several years and only now given the turbulent demand dynamics in the industry is the industry facing a potential production decline.

Global cell production has only outpaced the initial annual forecast once (2010) in the last four years. In 2011, actual production was 27.5% lower than the initial forecast due to lower future demand expectations resulting from the difficulties faced in many international geographies. While the initial production forecast for 2012 is currently at 52.5 GW, it is highly conceivable that actual production could be significantly lower.

There is already ample installed capacity in place to support the forecasted increase in production in 2012. In addition, the actual year end capacity has historically lagged the initial forecast similar to production results. Year-end capacity for 2012 will more likely remain flat or even possibly decline given plant closures that have already occurred and are expected to occur over the course of this year. Even so, unless the global demand expectations improve drastically the solar energy industry could be facing an over capacity situation for some time.

From a geographic perspective Asia, and in particular China, dominates production of cells and modules. China reached 57.3% of the total production during 2011, which was a share increase of 950 basis

points (20%) over its 2010 share of production. Only one other country, Malaysia, increased its share during 2011, growing its share of production to 5.8% of the 2011 total compared to a share of 5.1% in 2010. Germany saw the largest decline in production share with a 300 basis point drop (31%) to 6.7% share of 2011 production compared to 9.7% in 2010. This decline may be further exacerbated in 2012 due to the recent closure of First Solar's factory in Germany. A geography which may exhibit a positive trend in 2012 is Japan. While the country exhibited a 150 basis point share decline (18%) from 8.4% in 2010 to 6.9% in 2011, it is quite possible that Japan will increase its share of production during 2012 given recent developments in the country.

Note: Production and capacity information sourced from Photon International, March 2012 Edition

Chart E: Global Annual Cell Production, Historical and Forecasted

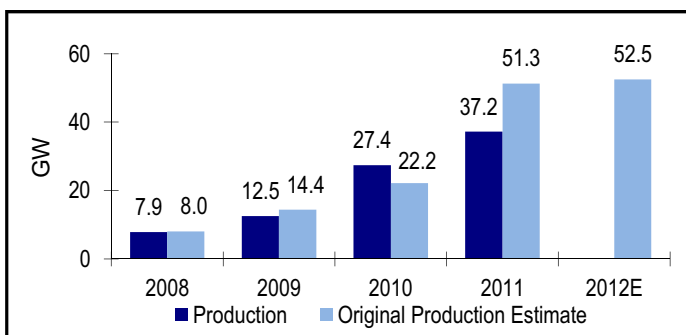


Chart F: Global Cumulative Cell Capacity, Historical and Forecasted

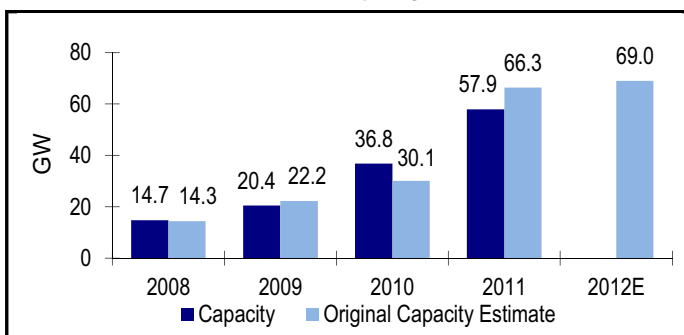


Chart G: Share of Global Production in 2011

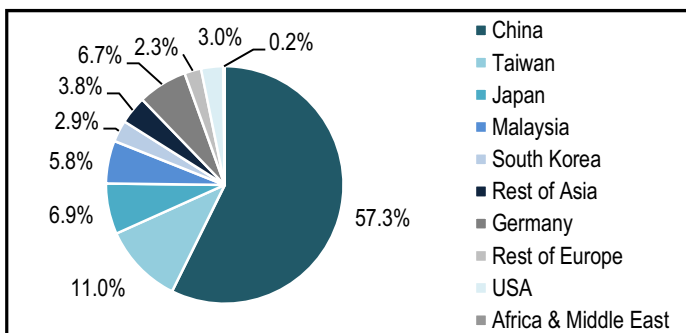
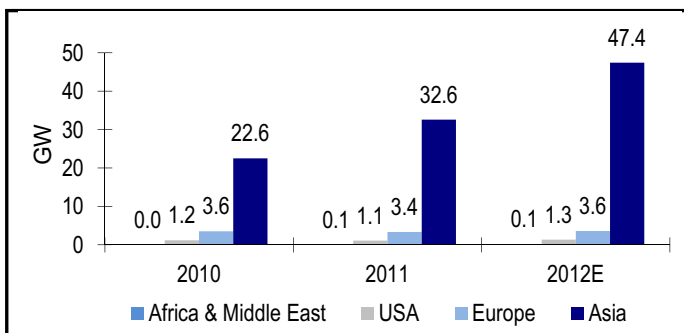


Chart H: Annual Production by Region



Source: Photon International, March 2012 Edition

Contact

Lincoln International's Renewable Energy Group is led by a former CEO of a public company. The firm's Renewable Energy team provides transactional, financial and strategic advisory services to renewable energy companies and private equity groups with an interest in the renewable energy space.

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