



2010 Update
Cleantech and
environmental services



RemTech Workshop –
October 20, 2010

Introduction

Spencer Ord, MBA, CBV

- Manager of Edmonton Corporate Finance and Valuations practice
- Deputy lead of national cleantech and environmental services practice
- Responsible for providing
 - Valuation for business, intellectual property, share ownership planning and tax planning purposes;
 - Merger, acquisition, divestiture and partnering transaction support
 - Emphasis on environmental services and cleantechnology

Deloitte-SDTC Western Canada Cleantech Report – 2010 Update on environmental services

2009

- SDTC partnered with Deloitte in the spring of 2009 to co-author report
- Report mandate covers the 4 western provinces (BC, AB, SK, MB)
- Survey went out to approximately 150 “cleantech developers” as well as several large “cleantech users”
- Report on the state of the cleantech industry in Western Canada

2010

- 2010 report update with focus on environmental services
 - Overview of cleantech industry
 - Environmental services and cleantech
 - Case studies

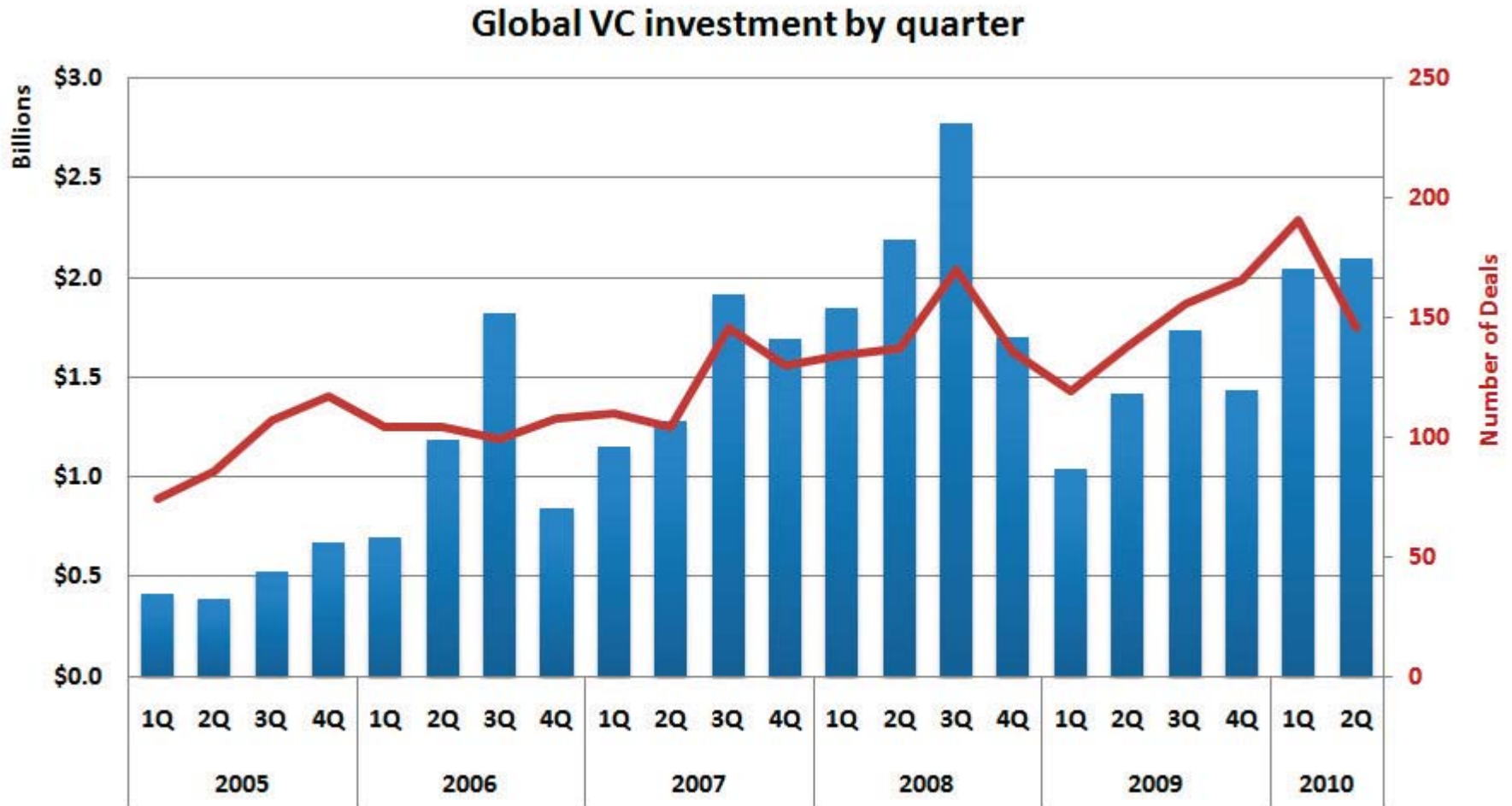
Deloitte.



SUSTAINABLE DEVELOPMENT
TECHNOLOGY CANADA™

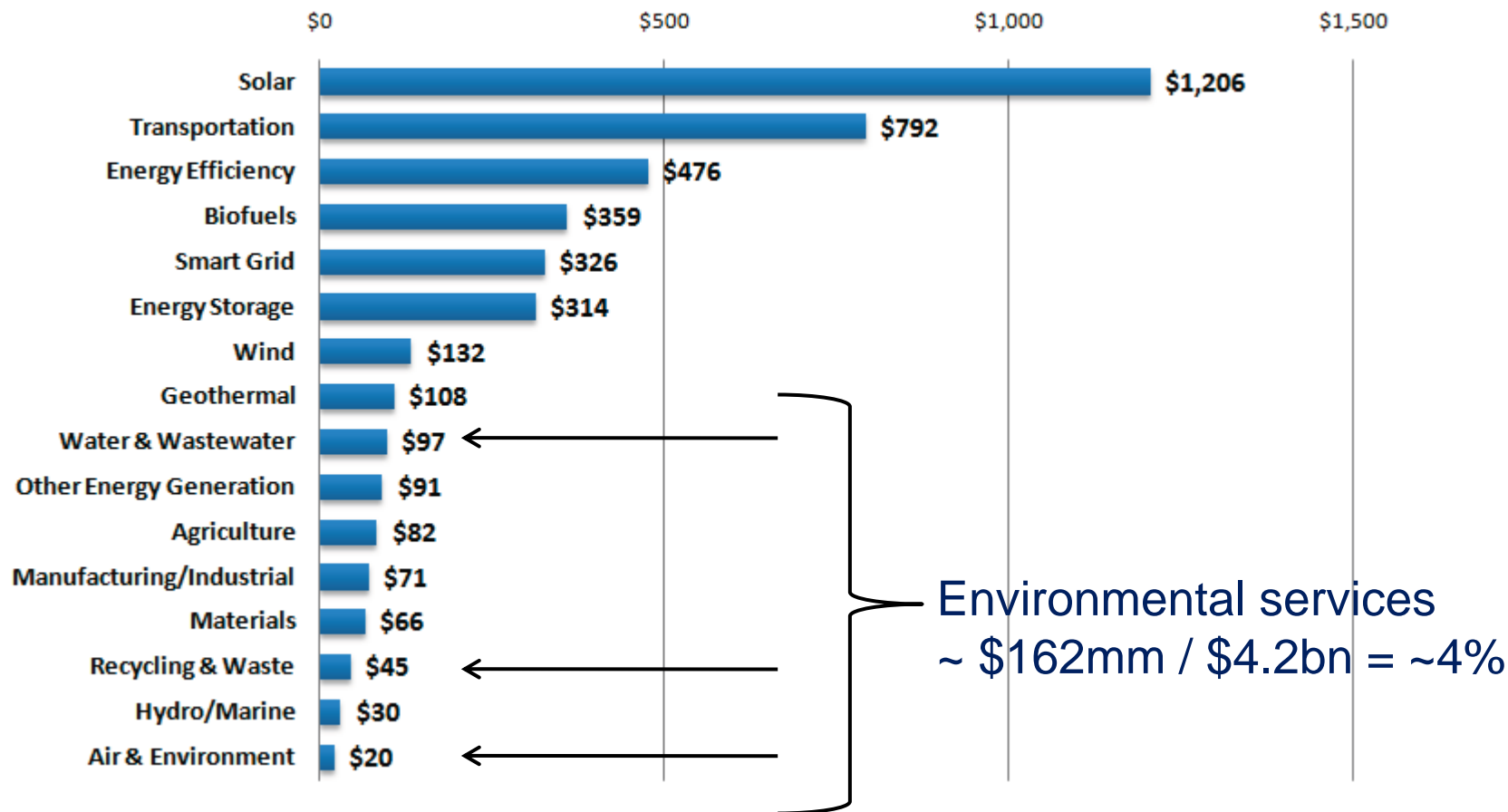
Cleantech overview

Global cleantech investment from 2005 to 2010



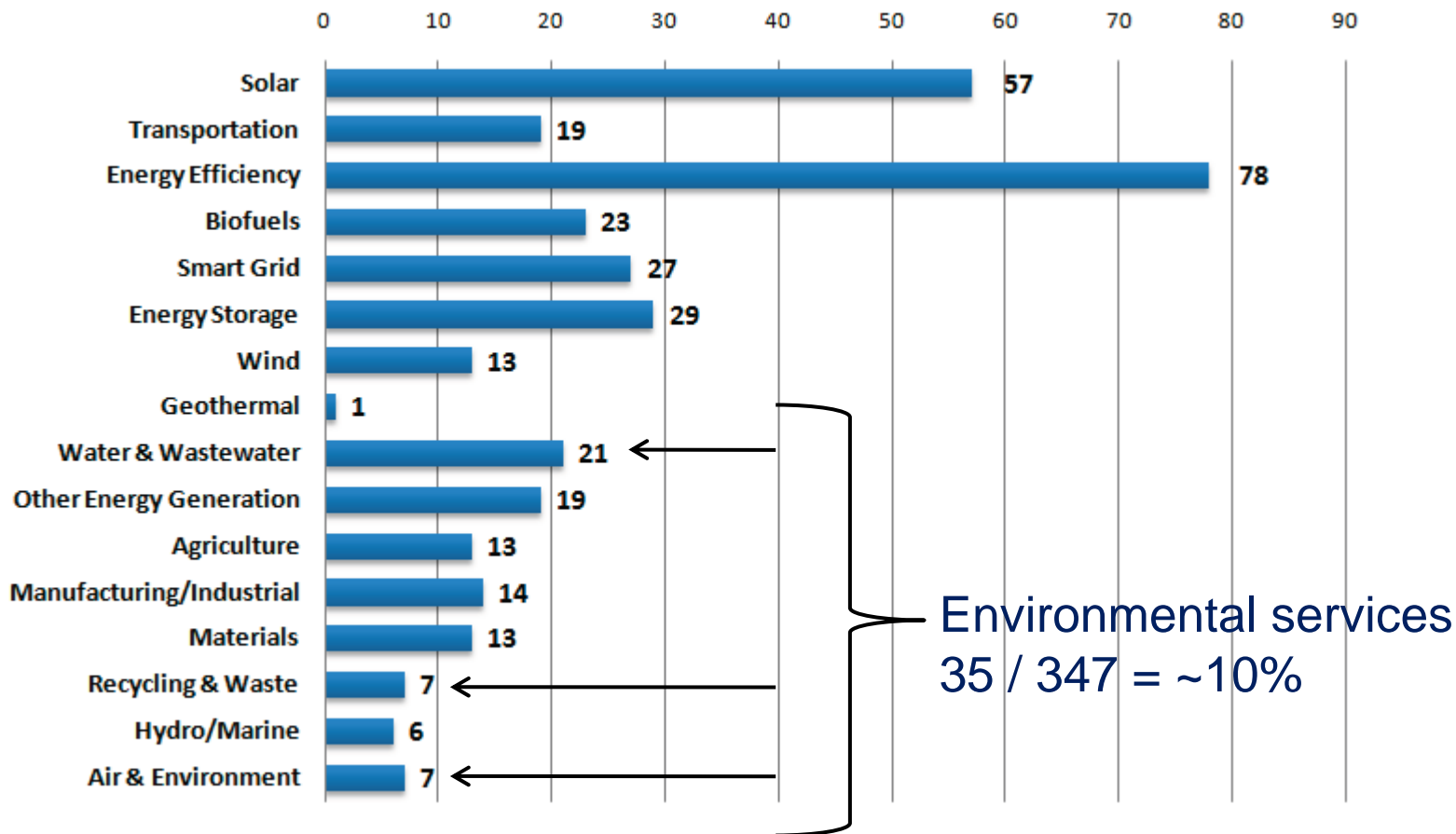
Source: Cleantech Group LLC

Breakdown of global cleantech VC investment in 1H 2010 (\$USD) by subsector



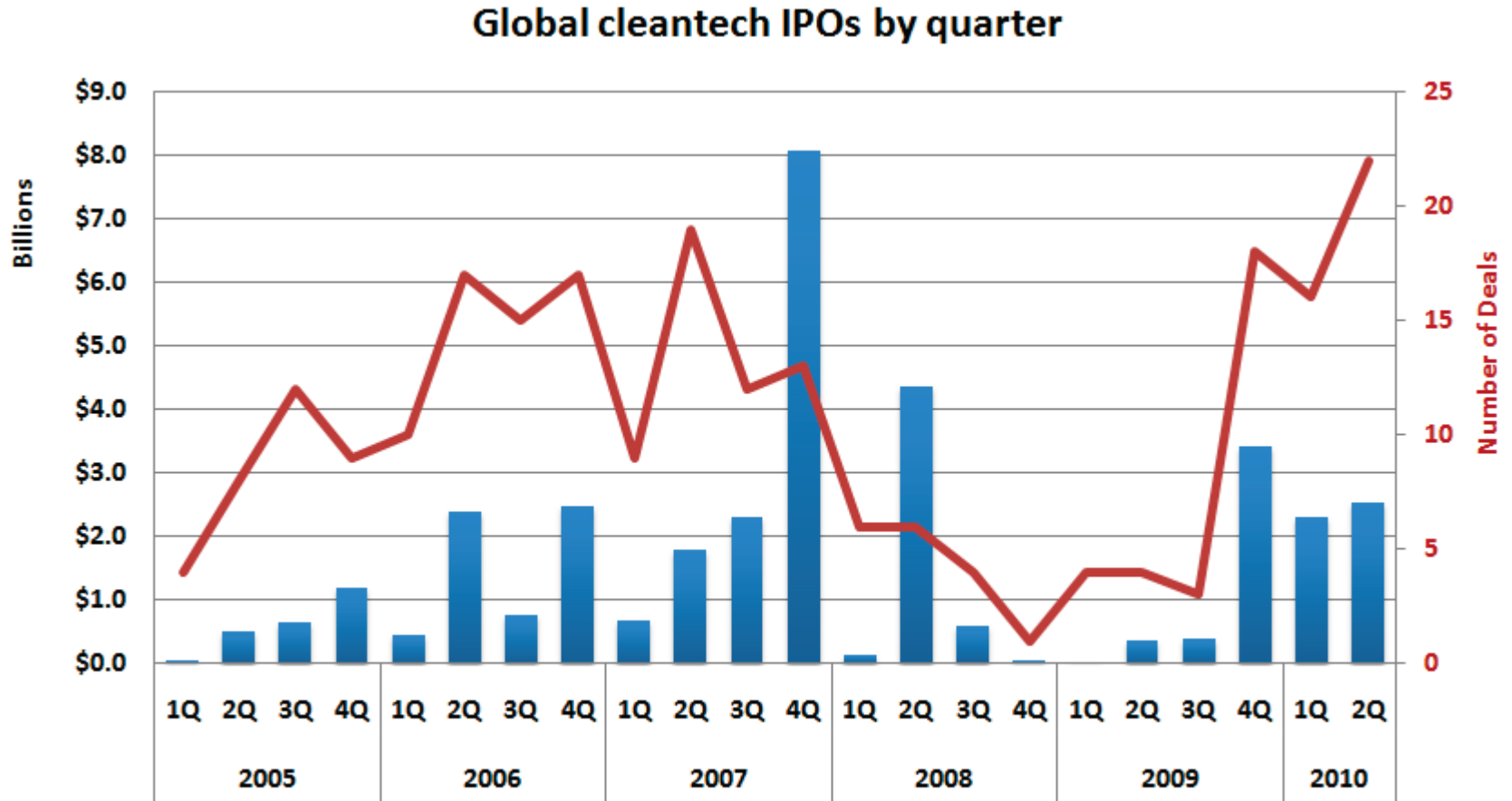
Source: Cleantech Group LLC

Breakdown of global cleantech VC investment in 1H 2010 (deal count) by subsector



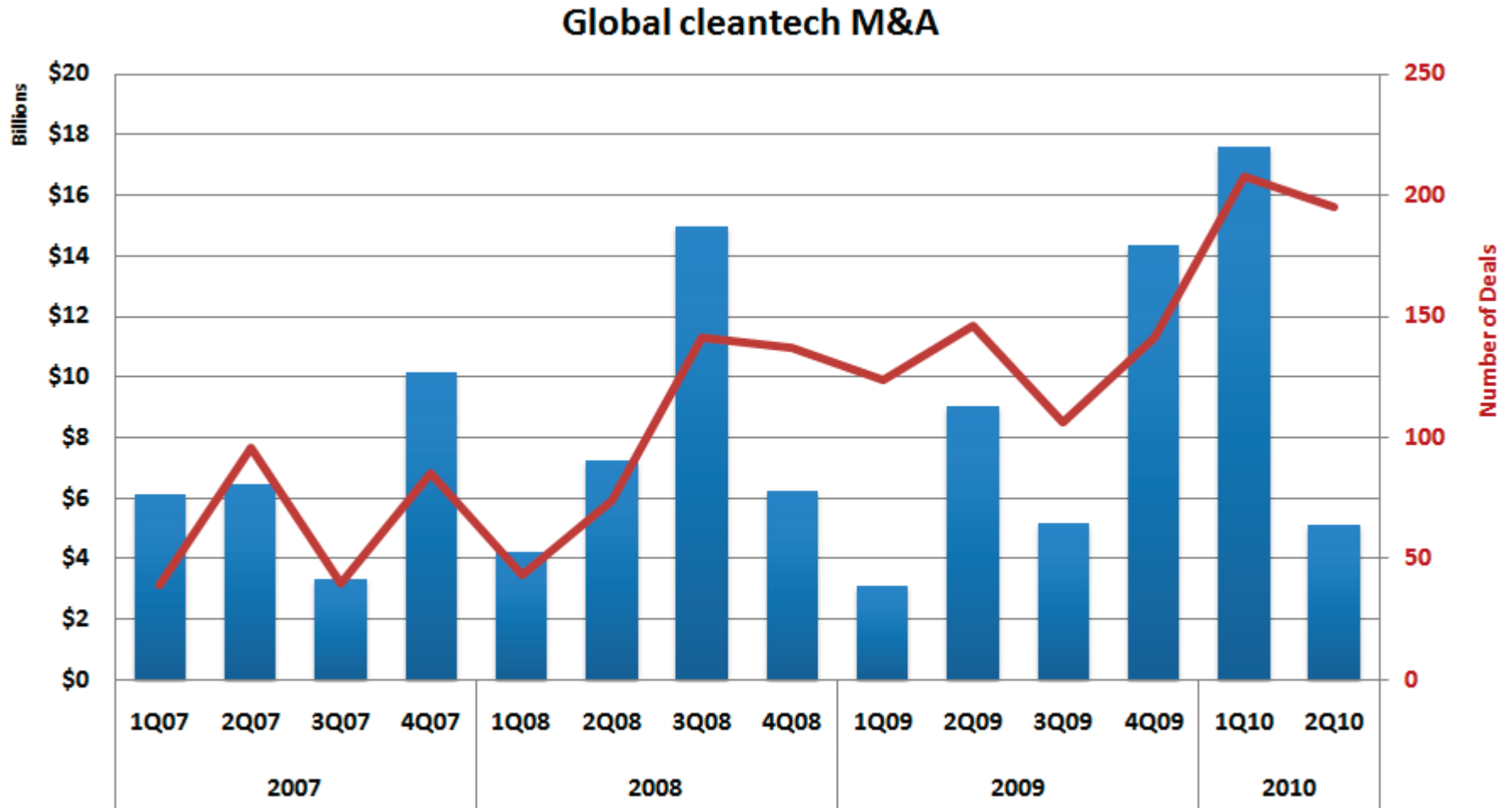
Source: Cleantech Group LLC

Global cleantech IPOs by quarter



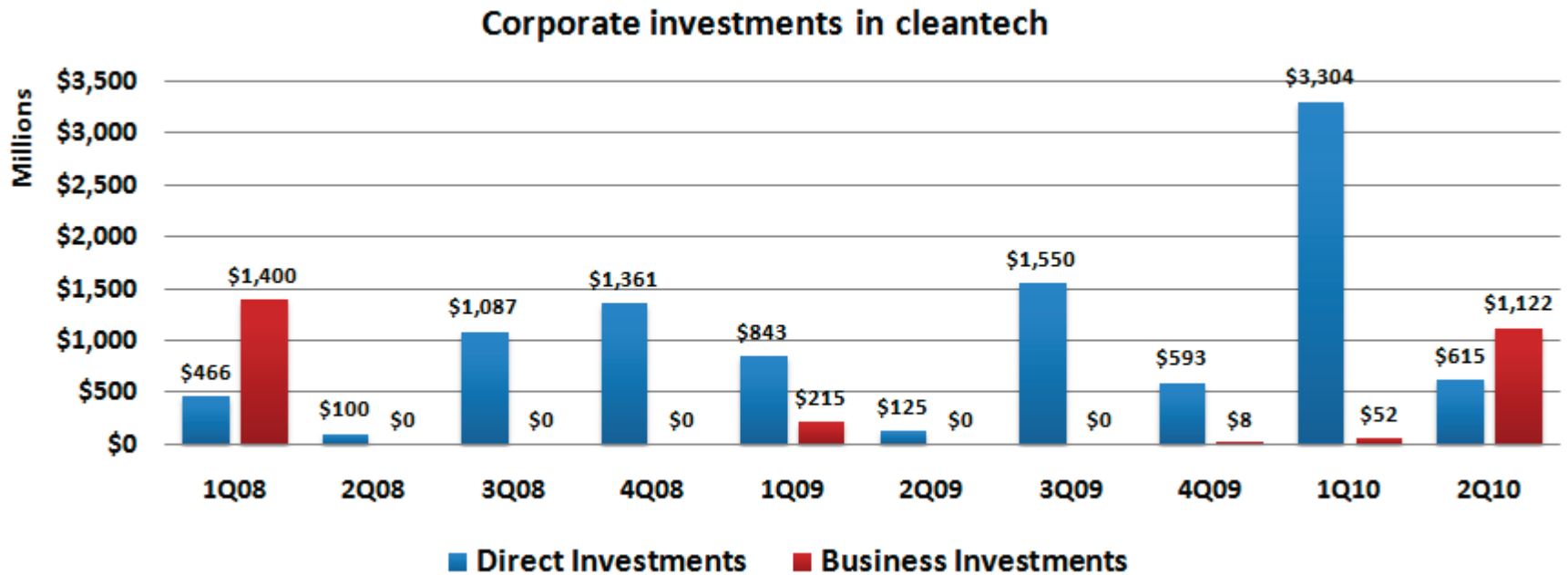
Source: Cleantech Group LLC

Global cleantech M&A by quarter



Source: Cleantech Group LLC

Corporate investments in cleantech



Source: Compiled by Deloitte using company releases, www.cleantech.com, Factiva search

Sustainability and why it matters

Companies respond to the sustainability challenge differently



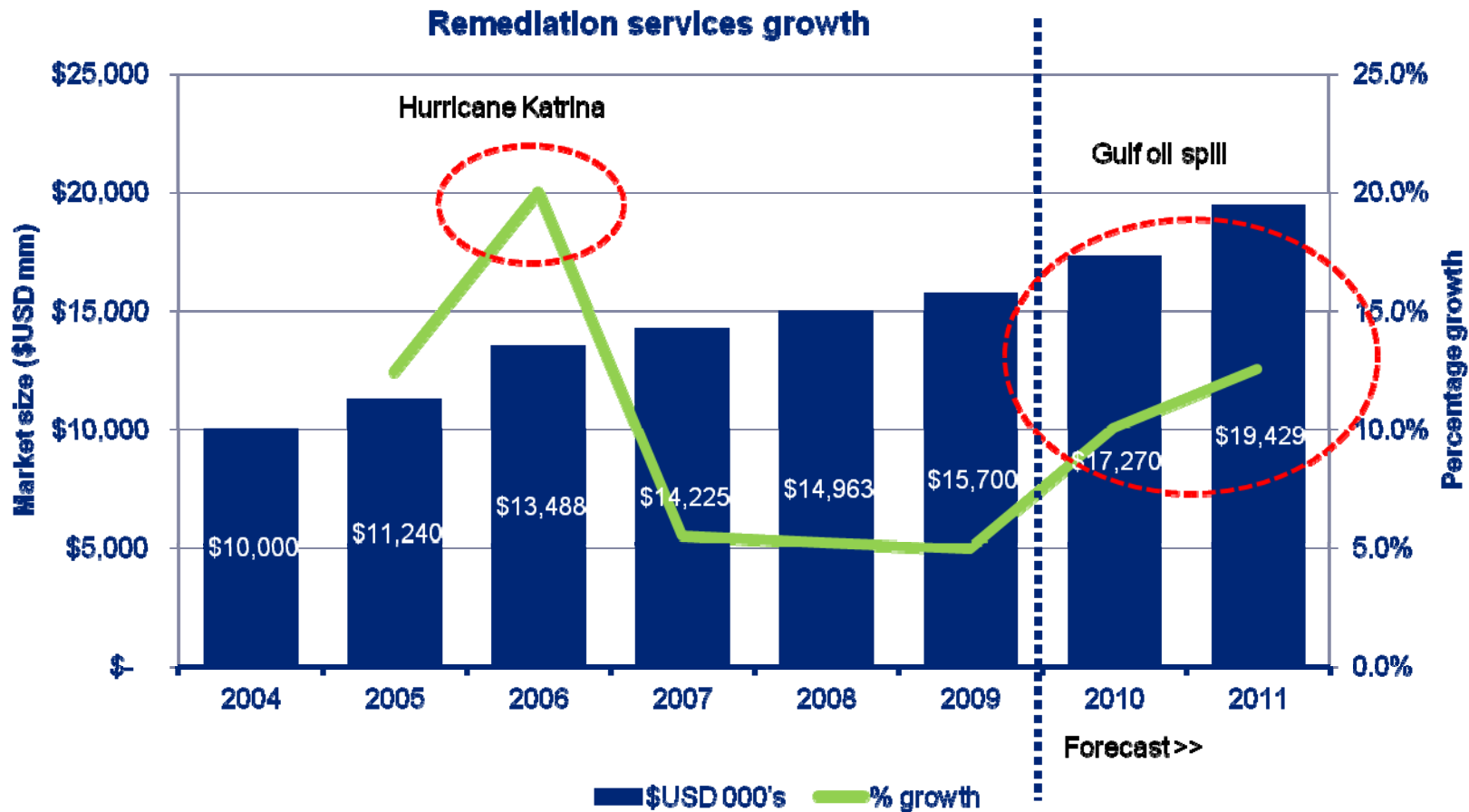
Cleantech and environmental services – survey themes and case studies

Engineering services valuation multiples



Source: Compiled by Deloitte using Capital IQ.

Remediation and environmental services - outlook



Source: IBISWorld Market Research and Deloitte estimates

Western Canada Cleantech Report – 2010 survey update on environmental services – findings summary

1. Cleantech spending

- FY10 – modest increase, FY11 – major increase

2. Cleantech adoption method

- Purchase of third-party products
- In-house development
- Technology in-licensing

Western Canada Cleantech Report – 2010 survey update on environmental services – findings summary cont'd

3. Top reasons for adopting cleantech

- (1) improved product quality, (2) improved ROI, (3) gov't incentives

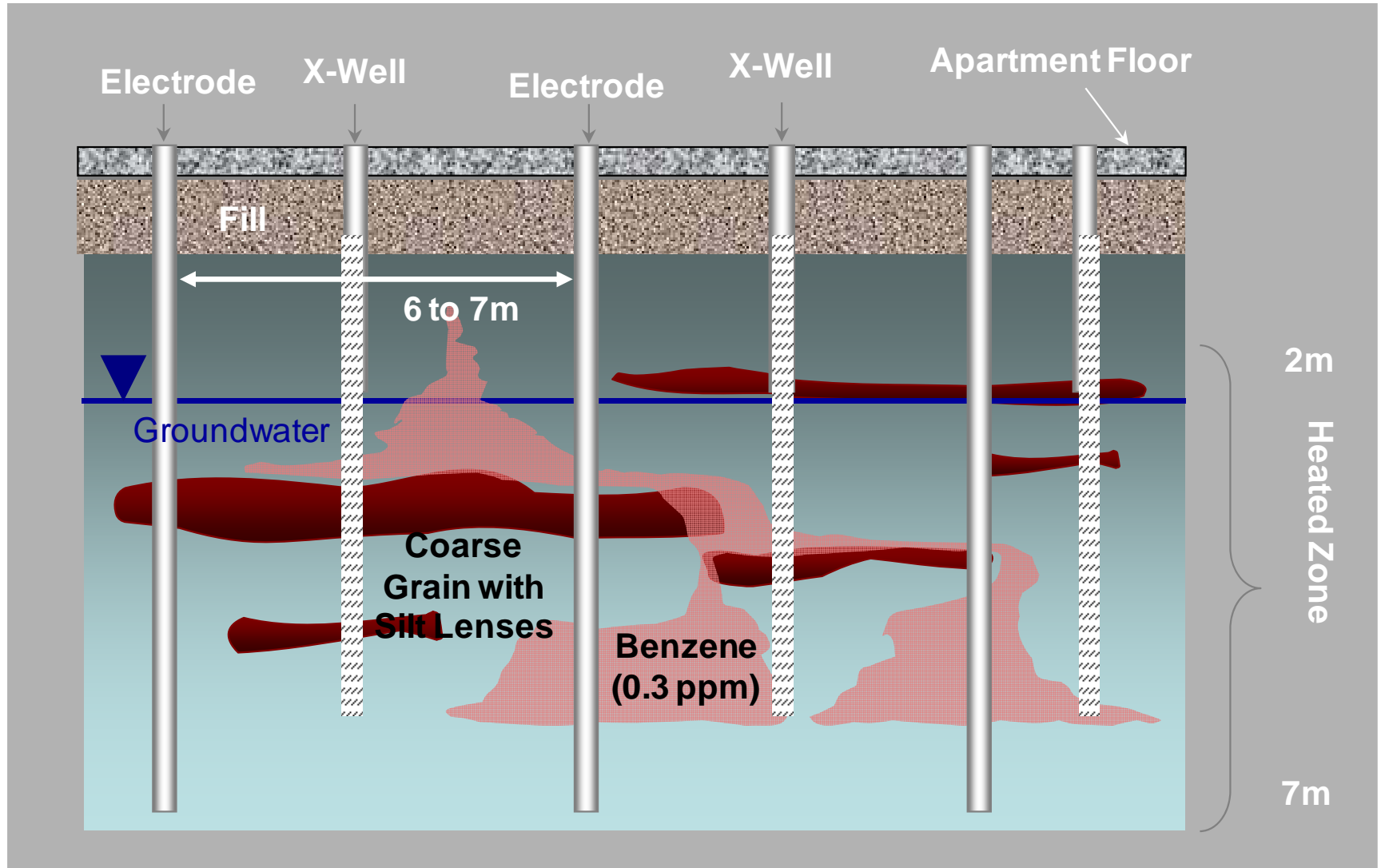
4. Are clients demanding cleantech? Why?

- Yes. Driven by (1) government incentives, (2) public image and environmental conscience.

5. Top reasons for not pursuing cleantech

- (1) Poor ROI, (2) Insufficient gov't incentives, (3) Unproven tech

Case study #1: McMillan McGee and ET-DSP technology



Case study #1: McMillan McGee and ET-DSP technology cont'd

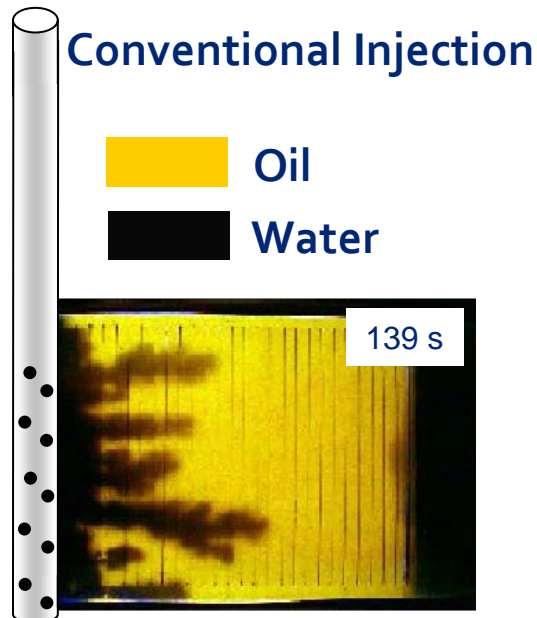
- Winner of Deloitte Green 15 award
- ET-DSP technology - recently awarded \$6.9 million from CCEMC
- Funds to be used by E-T Energy – subsidiary of McMillan McGee, to demonstrate application of ET-DSP tech in oilsands production
- Good example of the role of gov't incentives in driving cleantech development and adoption in remediation and related industries



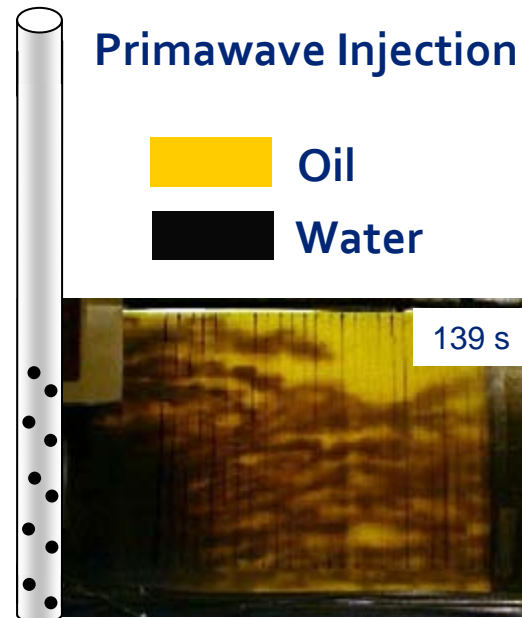
Case study #2: Wavefront Technology Solutions

WAVEFRONT PRIMAWAVE

Primawave is an injection technology developed to improve fluid distribution in porous media



Poor remedial fluid distribution. Considerable bypassed contaminant.



Superior remedial fluid distribution. Vast majority of the contaminant contacted.

Western Canada Cleantech Report – 2010 survey update on environmental services – recap

1. Cleantech spending expected to accelerate for env. services
2. Cleantech adoption method involves outright purchase, in-licensing or in-house development
3. Cleantech adoption happens primarily when there is a evidence of ROI-enhancement and / or available gov't incentives
4. Clients of environmental services companies are demanding cleantech to take advantage of gov't incentives, and improve public image
5. Cleantech adoption is typically avoided where there lacks a business case for improved ROI, insufficient gov't incentives and unproven tech

Deloitte.

Questions?

- Deloitte, a leading professional services firm, offers clients a broad range of fully integrated services in areas that include accounting, assurance and advisory, tax, risk management, business, financial, and human capital consulting.