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Attention environment, business editors and reporters

For immediate release:

**Establishing the Cleantech 20 by 2020:
Cleantech sector poised to be a key engine of Ontario's
economic growth**

***2010 SDTC Cleantech Growth and Go-To-Market Report –
Ontario Edition released today***



TORONTO – MAY 19, 2010 –

The clean technology industry in Ontario grew at a compound annual growth rate of 50% versus the national growth rate of 47% during the 2008-2009 recession and is poised to reach 122% compound annual growth versus the national average of 117% growth between 2010 and 2012. Ontario's strong performance was due in part to the robust growth rates of the top quartile companies which grew 168% over the 2008-2009 period.

Other important survey findings indicate that Ontario clean technology companies are focused on energy conservation, are globally ambitious and predominantly export oriented. More than half of Ontario companies are focused on energy conservation as opposed to green energy production and 54% intend to be dominant global competitors compared to 46% on a national basis. Moreover, Ontario companies reported 53% of export sales in 2009 versus the national average of 51%.

The Ontario Edition of Canada's first ever comprehensive report on the cleantech industry was released today. Based on input from 168 cleantech companies, including 56 in Ontario, the *2010 SDTC Cleantech Growth & Go-to-Market Report - Ontario Edition* found that the cleantech sector is on the cusp of being a green engine driving economic growth.

"We are committed to supporting the clean technology sector and have made it one of our three focus areas under our \$3.2 billion Ontario Innovation Agenda," said John Milloy, Minister of Research and Innovation. "Ontario cleantech companies are driving market demand in Canada and internationally, while improving the environment and providing good paying jobs for Ontario families."

The *Report* also outlines a game plan to build “20 by 2020” – twenty Canadian cleantech companies having achieved \$100 million in annual revenues by the year 2020. In order to meet this goal, the *Report* outlines areas that the Ontario government, the federal government and the private sector need to address. The recommendations address structural issues that stand in the way of the industry’s potential success. These issues are:

- The industry has commercially ready products and is ready to grow but by industry benchmarks is undercapitalized by a factor of 3. Structural changes are required to enable access to capital for these Ontario technology companies, 67% of which intend to be globally competitive and secure investment capital.
- Domestic markets for clean technology companies in Canada are not dynamic. Green procurement by large procurers including government and large institutions is vital to the industry. Governments should explore tax policy and regulation as levers to stimulate green procurement.
- Management teams that invest in commercialization are rewarded by growth. Many companies are under performing because of systemic underinvestment in market facing disciplines. Industry growth benchmarks and commercialization best practices provide a way to raise awareness of when a company needs to pivot from primarily investing in R&D, to primarily investing in commercialization.

“The Canadian cleantech industry has plenty of potential to build globally-competitive companies,” said Céline Bak, Partner with the Russell Mitchell Group. “But, being global technology leaders is that much harder when early adopter markets are far from home. A thriving Canadian cleantech industry depends on more than just technological innovation; we will need to build strong domestic markets while at the same time, investing in world-class commercialization for customers at home and abroad.”

“Governments have a continuing role to play in strengthening Ontario cleantech companies and building domestic markets,” said Vicky Sharpe, President and CEO of Sustainable Development Technology Canada (SDTC). “Strong domestic support is vital to attracting the capital needed to finance commercialization and compete in the global market.”

“By establishing the Green Schools Pilot Initiative and the Green Focus on Innovation and Technology (Green FIT) strategy, the Government of Ontario has adopted one of the recommendations from the “*2009 OCETA SDTC Cleantech Growth & Go-to-Market Report*” to increase domestic demand, said Kevin Jones, President and CEO of OCETA. Clean technology solutions can significantly reduce the environmental

footprint and lower the capital and operating costs of government operations, thereby saving taxpayers' money while helping to build globally competitive Ontario-based clean technology companies."

The Report, which is available in 5 editions (National, BC, Prairies, Ontario and Quebec) was produced by the Russell Mitchell Group in partnership with six provinces and five federal departments. It was sponsored by title sponsor SDTC, Industry Sponsor OMERS, presenting sponsor OCETA as well as BC Hydro, Business Development Bank of Canada (BDC), C3E, Cenovus, Export Development Canada (EDC), Encana, Lixar, Ogilvy Renault, RBC and the Stonewood Group.

Sponsor Quotes

"In Canada, we have a history of selling our natural resources - our wood, water, oil and gas – as commodities rather than as value added products. We have now taken that business model to technology, and are selling our best technology, as 'commodity' innovations, before we derive the economic benefit from them. At OMERS, we believe that there is an opportunity to raise our game in Canada by improving how we commercialize our inventions. We believe this should be done by creating a clear link between investment, intellectual property, and markets. This Report sets out the path for company managers, investors and government officials to work together to build the Canada cleantech 20 by 2020. "

"The *Report* confirms the need for investment by BDC in the clean technology industry and makes practical recommendations on how we can make stronger companies by investing in commercialization and by ensuring that there is a level playing field for small technology companies to participate in government procurement processes", said Tony Van Bommel, Managing Director, BDC Venture Capital.

"The *Report* points to the opportunity to extend access to flow through share capital from resource exploration companies to innovation and technology companies. This proposal addresses a fundamental issue facing the industry, which is access to capital for commercialization", said Rick Sutin, Senior Partner and Co-Chair, Cleantech Practice at Ogilvy Renault.

"Similar to the IT sector 15 to 20 years ago, the cleantech industry is undergoing incredible change and rapid growth," adds Gwen Paddock, national manager, Knowledge-Based Industries, RBC Royal Bank. "This kind of research is a fundamental first step toward establishing benchmarks against which we can measure future growth of the industry. As a financial institution with substantial expertise in this industry, we welcome the opportunity to support the growth of clean tech companies and the benefits they provide to the Canadian economy."

Highlights from the National Report

B minus for the industry

The *2010 SDTC Cleantech Growth & Go-to-Market Report* gave the clean technology sector overall a B minus, applauding the important strengths but also in recognition of areas needing urgent improvement in terms of the business environment for investing, the management of individual companies and government policy to foster growth. (The full list of grades is included in the attached backgrounder).

Launching an online database to stimulate growth

The *Report* is complemented by an on-line database containing 436 companies with a view to making the industry more readily accessible to company managers, investors, procurers and government officials. It can be found at www.cleantechnologyreport2010.ca

Sponsors, partners, and supporters of the Report include: Alberta Innovates – Technology Futures; BC Hydro; BDC; British Columbia Innovation Council; C3E; Cenovus Energy; Climate Change Central; CVCA; EnCana; Enterprise Saskatchewan; Enviro-access; Environment Canada; Export Development Canada; Foreign Affairs and International Trade Canada; Government of Manitoba; Greening Greater Toronto; Industry Canada; LifeSciences British Columbia; Lixar; Natural Resources Canada; OCETA; OCRI; Ogilvy Renault LLP; OMERS; Ontario Ministry of Research and Innovation; Quebec Ministry of Economic Development, Innovation and Export Trade; RBC; SpringBoard West Innovations; Stonewood Group; TMX Group; Western Economic Diversification Canada; and XPV Capital.

An executive summary and the full *Report* can be found at www.cleantechnologyreport2010.ca

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About OCETA

OCETA is a private, not-for-profit Corporation based in Mississauga, Ontario, and one of three Canadian Environmental Technology Advancement Centres. The core mandate of OCETA is to provide technical and business services to support the commercialization and market adoption of clean technologies and environmentally sustainable solutions. Since its formation in 1993, OCETA has successfully delivered on specific mandates for municipal, provincial and federal governments that have achieved multiple benefits around innovation, job creation, economic development and environmental protection.

About Russell Mitchell Group

The Russell Mitchell Group is an advisory firm focused on technology commercialization in the clean technology and ICT sectors.

Russell Mitchell delivers strategic advice and operational support to emerging technology businesses, investment firms, and financial institutions. Working with company leaders to identify and capitalize on opportunities for growth, Russell Mitchell has helped some of Canada's most successful technology companies become global market leaders. Bringing insight and expertise gained by working with hundreds of companies across Canada and unparalleled proprietary industry research, Russell Mitchell offers: Business Planning; Corporate and Product Strategy; Technology Licensing; Go-to-Market Strategy; Strategic Planning; Business Risk and Performance Management; International Expansion; Hands-on Operational Support; Due Diligence; and Industry and Market Research.

About SDTC

Sustainable Development Technology Canada (SDTC) is an arm's-length foundation created by the Government of Canada which has received \$1.05 billion as part of the Government's commitment to create a healthy environment and a high quality of life for all Canadians.

SDTC operates two funds aimed at the development and demonstration of innovative technological solutions. The \$550 million SD Tech Fund™ supports projects that address climate change, air quality, clean water, and clean soil. The \$500 million NextGen Biofuels Fund™ supports the establishment of first-of-kind large demonstration-scale facilities for the production of next-generation renewable fuels.

SDTC operates as a not-for-profit corporation and has been working with the public and private sector including industry, academia, non-governmental organizations (NGOs), the financial community and all levels of government to achieve this mandate.

About BDC

BDC is Canada's business development bank. From more than 100 offices across the country, BDC promotes entrepreneurship by providing highly tailored financing, venture capital and consulting services to entrepreneurs. Visit www.bdc.ca for more information.

About Ogilvy Renault

Ogilvy Renault LLP is a full-service law firm with close to 450 lawyers, patent and trade-mark agents practicing in the areas of business, litigation, intellectual property, and employment and labour. Ogilvy Renault has offices in Montreal, Ottawa, Quebec, Toronto, Calgary and London (UK), and serves some of the largest and most successful corporations in Canada and in more than 120 countries worldwide.

Ogilvy Renault's Cleantech team combines legal disciplines with hands-on industry experience. Team members are integrated within areas of practice relevant to Cleantech clients, providing a tailored approach.

About OMERS

OMERS is the leading institutional investor in the commercialization of innovation in Canada and is the only pension investor in the Ontario Venture Capital Fund, supporting the development of new companies through the venture capital system. OMERS and its investment entities are developing programs to invest directly in technology-based companies, building the future economy of Canada and creating sustainable growth. It is able to integrate its activities in commercialization of innovation with its substantial market presence across many sectors including power generation, energy transmission, real estate and transportation.

About RBC and the Environment

RBC has garnered an impressive suite of honours and recognition for its environmental sustainability programs and performance. RBC was named to the 2009-2010 Dow Jones Sustainability World Index and the DJSI North American Index, and is recognized as one of Canada's Greenest Employers and one of Canada's 50 Most Socially Responsible Corporations. RBC is also listed on the Jantzi Social Index, the FTSE4Good Index, and the Carbon Disclosure Project Canadian Leadership Index.

RBC established its first policy on the environment almost 20 years ago. In 2007, RBC released the RBC Environmental Blueprint, containing 44 corporate environmental commitments, including commitments related to the reduction of greenhouse gas emissions and energy use.