

RESEARCH NOTE

By MAKE Consulting

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REpower Systems partners up to expand its global business

The French AREVA Group who is a worldwide leading energy company has acquired 21 per cent of the share capital in the German listed wind turbine supplier, REpower Systems.

That this is now happening, does not come as a surprise. For the past years, the AREVA Group has shown a keen interest in expanding its wind energy business and according to industry sources they have in the past negotiated with both Bonus Energy (who was acquired by Siemens late 2004) and NEG Micon (who has been part of Vestas Wind Systems since early 2004). The AREVA Group already owns the smaller French wind turbine supplier, Jeumont, who has delivered several smaller wind turbines to the French market.

From REpower Systems' point of view, the transaction fits very well with their overall strategy. They have for some time been looking for partnerships in order to gain access to financial resources and capabilities to expand their business globally. With the AREVA Group as a major investor and partner, it seems likely that REpower Systems could be well-positioned to further expand their business given a successful partnership between the two parties. Not only does REpower Systems gain access to the AREVA Group's worldwide network, there might also be upsides in the technology area as the AREVA Group has in depth knowledge of generators.

We would not be surprised if the AREVA Group at some point decides to increase its ownership in REpower Systems and thus become a majority shareholder. We see this as a natural development in an industry where wind turbine suppliers are getting bigger as the financial strength as well as an international base is becoming increasingly important. Furthermore, the transaction confirms the attractiveness of the wind industry, e.g. General Electric acquired Enron Wind, Siemens acquired Bonus Energy and now the AREVA Group has acquired 21 per cent of the share capital in REpower Systems.

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