

Research Note

By MAKE Consulting

September 2011

Global Wind Market M&A Forecast: Margin Pressure Drives Industry Restructuring

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Current market conditions, shaped by a host of external and internal factors, have resulted in reduced profitability for companies in the wind power supply chain. While the global policy environment signals a mixed outlook for the industry, macroeconomic fragility continues to weigh heavily on industry growth. Similarly, increased commodity prices and decreased production capacity utilization are hurting the cost position of manufacturers. The impact of these conditions is apparent, as negative investor sentiment has decreased the market capitalization of several major turbine pureplays by more than 55% over the past 20 months.

Significant M&A activity in the turbine OEM market is inevitable in this market environment. Through an examination of continued market capital erosion of pureplay OEMs, current competitive dynamics, and future scenarios of turbine profit margin development, this Research Note reveals that further market consolidation is imminent. An analysis of turbine segments provides the basis from which MAKE forecasts the likelihood of different M&A scenarios. In order to sustain solvency, industrial conglomerates and turbine pureplays alike will have to pursue strategic M&A, leading to a restructuring of the market.

M&A activity among component suppliers gained pace over the past 12 months. As pressure over lower margins continues to trickle down to component suppliers, further consolidation is expected. Large companies within all of the major component segments are expected to strengthen their market position through M&A, while specific target segments are expected to attract takeovers by turbine OEMs and new entrants.

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Annual publishing plan is tentative and subject to change

Market Reports are 60-150 pages of high quality industry forecasts, trend spotting and analysis, giving the reader a detailed insight into the demand side, the supply side, wind power development in a range of countries as well as current wind turbine trends. Our market reports are published four times a year.

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Research Notes are 10-20 pages of comprehensive analysis of specific trends in the industry. They are published 8 times a year and cover topics such as capacity shortages, order announcements, emerging markets, policy changes and strategic changes in the competitive landscape etc.

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