

Excerpt from BusinessWeek, February 13, 2012

<http://www.businessweek.com/news/2012-02-13/first-solar-to-vestas-wind-profit-crash-deters-new-ceos-energy.html>

## **First Solar-to-Vestas Wind Profit Crash Deters New CEOs: Energy**

Renewable-energy companies are losing their allure with top executives after profits and stock prices collapsed across the industry, making it more difficult for boards to replace underperforming managers.

First Solar Inc., the biggest U.S. solar company, ousted its chief executive officer in October and is still seeking a replacement. At Vestas Wind Systems A/S, the largest turbine maker, the chairman and finance director are leaving after the company cut sales forecasts twice in three months and CEO Ditlev Engel said his own job is safe.

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The renewable-energy industry, which just four years ago drew managers from Silicon Valley to join the fight against global warming, is suffering increased competition from Chinese companies that gutted margins. The bankruptcy of Solyndra LLC, which left the U.S. government responsible for \$527 million in debt, and concern that President Barack Obama's administration won't be able to extend support for the industry, is driving executives back to chipmakers, Fust said.

The interest from outside executives in the clean energy industry peaked in 2008 when natural gas approached \$14 per million British thermal units, said Steven Goodman, North America energy leader at executive recruiting company Egon Zehnder International. That sparked interest in alternative fuel sources.

### **Gas Slump**

"It was going gangbusters in 2007 and early 2008," Goodman said. The recruiting environment slowed in late 2009 as gas prices fell, curbing demand for expensive renewable power, he said. Gas in New

York dropped 32 percent in 2011 to \$2.99 per million British thermal units, falling below \$3 for the first time in a decade.

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## Shares Slump

The WilderHill New Energy Index of 97 companies tumbled 40 percent last year, and both Vestas and First solar told investors profits will slump. Solyndra filed for bankruptcy in September, touching off debate in Congress about whether the government has any business subsidizing the industry.

Global oversupply battered wind and solar industries in the past year as Germany, France and Spain trimmed support for the technology. Prices for solar panels fell 51 percent in 2011, and global purchases of wind turbines will fall 14 percent this year from 2010 and won't surpass 2011 levels for two years, according to Bloomberg New Energy Finance.

"You will start to see a dearth of talent, and people will leave this industry," Goodman said. "We're starting to see it already."

On Feb. 7, Vestas Chief Financial Officer Henrik Noerremark, 45, quit less than a month after he was promoted to also serve as chief operating officer. Chairman Bent Erik Carlsen, Deputy Chairman Torsten Erik Rasmussen and board member Freddy Frandsen also won't stand for re-election, the company said in a statement on Feb. 8.

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