

# India Renewables

Good bye winter, hello spring

Our two wind stocks with material exposure to the India market

Company	Bloomberg Ticker	Rating	Current price	Target price
Suzlon	SUEL IN	UW(V)	INR14.30	INR9.0
Gamesa	GAM SM	N(V)	EUR3.02	EUR3.15

Note: Price as of close of 29 April 2013.  
Source: HSBC estimates, Bloomberg

30 April 2013

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## Disclaimer & Disclosures

This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it

- ▶ **We expect recovery on the back of improvement in policy framework and other supporting factors**
- ▶ **Wind is now cost competitive with new coal while solar will likely reach parity over 2016-18, in our view; we raise our solar installation forecasts**
- ▶ **Reiterate UW(V) on Suzlon (TP: INR9) and N(V) on Gamesa (TP: EUR3.15), the two wind OEMs; estimate capacity additions across key developers over 2013-15**

## The worst is behind us

After a lull in 2012, we expect a recovery in 2013 and record-high installations in 2014, as the investment climate improves.

**Favourable policies.** The policy framework for the clean energy sector has improved over the past few months. Key developments include: (i) increase in wind feed-in-tariffs across six of the seven key wind states; and (ii) re-instatement of the Generation Based Incentive (GBI) for wind projects. We expect details on GBI before end-May.

**Cost competitiveness of wind.** Wind is now cost competitive with new coal capacity, though solar is likely to reach parity with new coal over 2016-18, in our view. India currently has 1.2GW of installed solar capacity and over 4GW of capacity is at various stages of tariff bidding. We expect commissioning of selected projects within two years.

**After Coal, now water stress to provide a thrust.** Coal stress has been a key driver of renewables in India. We now see water stress as also supporting renewables growth. For the third consecutive year in a row, some coal-based capacity has been closed down during the pre-monsoon period driven by water shortages. We note that thermal power generation is the largest water consumer within the industry segment in India.

**Stocks.** In our coverage of the wind sector, Suzlon (UW(V), TP INR9) and Gamesa (N(V), TP EUR3.15) have relatively high exposure to the Indian market and are the likely beneficiaries of the renewables growth trend. In 2007-12 Suzlon's market share in India fell 18% to 34%, while for Gamesa it increased to 10% from nil. We list the expansion plans of key renewable developers and key equity transactions since early 2012 on pages 15-17.

# Getting on track

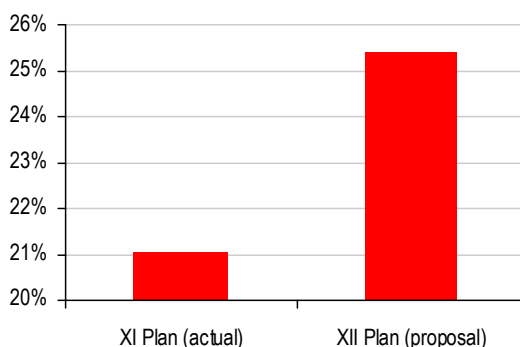
- ▶ GoI is targeting 30GW of renewable capacity addition during the XII five-year plan period; this is c50% of the coal capacity addition target
- ▶ Total clean investments were down c50% y-o-y in 2012; we now see multiple drivers for sector recovery
- ▶ We forecast 5.6GW of new wind capacity and 2.8GW of new solar capacity addition over 2013-14

## Gaining share

The GoI has doubled its renewable installation target over the XII Five-Year Plan period (April 2013-March 2017) to 30GW from that in the XI Five-Year Plan period. The plan targets to generate 15GW from wind; 10GW from solar; 2.1GW from small hydro; and the balance from other renewables, primarily biomass (refer to table 1). The additional renewable generation capacity in the XII Five-Year Plan as a percentage of total generation capacity is 25% vs. 21% in the XI plan period (refer to chart 1).

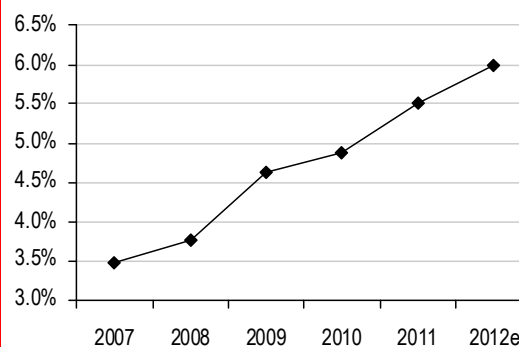
The country's share of renewable generation in total electricity mix has also increased to c6% in the last financial year (refer to chart 2). The GoI is targeting to take this to 20% by the end of 2020, which is unlikely in our view. During the first year of the XII plan period, renewable investments were down c50% y-o-y. However, this was reflecting the effect of expiry of incentives for wind, fewer project approvals for solar and a decline in solar capital costs. We see the situation recovering from the current financial year (April 2013-March 2014).

Chart 1: Comparison of a percentage share of REN capacity during XI and XII FYP



Source: XII five-year plan document, Government of India (GoI)

Chart 2: Increasing share of REN in total electricity generation



Note: 2007 means financial year April 2007 to March 2008 and so on, 2012e is HSBC estimate  
Source: Central Electricity Authority, India, HSBC estimates

**Table 1: Renewable capacity addition target under XI and XII five-year plans (GW)**

	XI Plan (April 2007- March 12)	XII Plan (April 2013- March 2017)
Wind	10.3	15.0
Solar	0.9	10.0
Small hydro	1.4	2.1
Biomass	2.0	2.9
<b>Total</b>	<b>14.7</b>	<b>30</b>

Source: XI and XII Five-Year Plan India

## Policy support improves

Key developments over the past 12 months, which in our view, support renewable growth are:

- **Wind feed in tariffs (FiTs) revised across key states:** Over the past 12 months, across key wind states, except Karnataka, the wind tariff has been raised. Six key states – Andhra Pradesh, Gujarat, Madhya Pradesh, Maharashtra, Rajasthan and Tamil Nadu – have increased tariffs in the range of 2-36% (refer to table 2). Karnataka's wind tariff approved in December 2009 is applicable for five years. Hence, we expect a review next year. A few other states such as Kerala have also increased tariffs.

**Table 2: Increase in Wind FiTs across states over past 12 months**

State	Old tariff (INR/kWh)	New tariff (INR/kWh)	% increase	Tariff revised on
Tamil Nadu	3.39	3.51	4%	Aug 2012
Gujarat	3.56	4.15	17%	Aug 2012
Rajasthan	4.46 - 4.69	5.18 - 5.44	16%	Sept 2012
Andhra Pradesh	3.5	4.7	34%	Nov 2012
Kerala	3.64	4.77	31%	Jan 2013
Madhya Pradesh	4.35	5.92	36%	Mar 2013
Maharashtra	3.78 - 5.67	3.88 - 5.81	2%	Mar 2013

Note: Rajasthan – INR 5.18/kwh for Jaipur, Jodhpur and Barmer districts and INR5.44/ kwh for the remaining state; Maharashtra – INR5.81/kwh (Wind Zone 1), INR5.05/kwh (Wind Zone 2), INR4.31/kwh (Wind Zone 3), INR3.88/kWh

Source: State electricity regulatory commissions

- **Generation Based Incentive (GBI) restored:** In its FY2014 (April 2013-March 2014) budget the GoI reintroduced GBI for wind power. The GoI has allocated INR8bn (USD160m) to the Ministry of New and Renewable Energy (MNRE) to support the reintroduction of GBI for wind energy projects. However, few details

of the GBI scheme such as value; subsidy cap per MW; term period; the maximum capacity for which the benefit is available; clarification on the depreciation rate; and other conditions are still pending. Clarification on these details is essential for investors to make informed investment decisions.

- **State targets:** Electricity is a state level subject under the Indian Constitution. While the GoI can make targets and provide incentives, unless the states are interested in implementing this, the GoI targets are unlikely to be achieved. During the past 12 months, we have seen various states announcing their wind and/or solar installation targets (refer to table 3).

**Table 3: State wind and solar installation targets**

State	State Target
<b>Wind</b>	
Gujarat	2.1GW installations during XII FYP
Maharashtra	1.8 GW installations during XII FYP
Tamil Nadu	5 GW installations during XII FYP
<b>Solar</b>	
Andhra Pradesh	1.35GW of solar bids submitted against a target of 1.16GW allocations in 2013
Gujarat	0.8GW installed by Dec 2012 against a target of 0.5GW by 2014
Karnataka	0.125GW up to March 2014 and 0.2GW up to March 2016
Kerala	0.5 GW by 2017 and 1.5GW by 2030 (Draft policy)
Madhya Pradesh	0.3GW by 2014 (Draft plan)
Maharashtra	0.2GW projects are announced and plan is to add another 0.2GW by 2015
Rajasthan	12GW by 2022
Tamil Nadu	3GW by 2015
Uttar Pradesh	1GW by 2017
Orissa	0.05GW for 2012-13, 5GW by 2020

Source: State Electricity Commissions, MNRE

- **Wind Mission:** The GoI has long been forecasting a wind potential of c50GW across India. However, studies conducted over the past two years indicate a potential of more than 100GW to a few hundred GWs. Some stakeholders are lobbying for a National Wind Mission similar to the National Solar Mission. The Wind Mission was not a part of the eight missions mentioned under the National Action on Climate Change (NAPCC). The formation of a separate mission is likely to provide further impetus to the wind sector's growth.

- ▶ **Reduced interest rate for renewables:** The GoI has committed to providing low interest-bearing funds from the National Clean Energy Fund (NCEF) for five years to the Indian Renewable Energy Development Agency (IREDA), the nodal agency providing debt finance to renewable projects in India. India's Power Finance Corporation (PFC), another lender to the power sector, has cut its lending rate to renewable energy power projects by 50bp vis-à-vis a cut of 25bp for conventional power plants to encourage the deployment of more renewable energy capacity (source: Bloomberg, 13 February 2013).

## Other key drivers

Renewables growth in India is driven by a combination of factors listed in table 4 below:

**Table 4: Key factors supporting renewable growth (other than the policy framework)**

Factors	Remarks
Coal constraints	Supply constraints likely to persist
Gas constraints	Poor reserves and supply constraints
Large hydro issues	Limited resource, rehabilitation issues dominate
Nuclear constraints	Public concern, Nuclear liability bill issues
Cost competitiveness	Wind is now cost competitive with coal ; Solar costs have declined by c70% over the past four years and we expect that by 2016-18, solar will be competitive with new coal
Water Stress	India is now a water stressed country; situation is likely to worsen further with economic growth and increasing population

Source: HSBC

## Coal supply constraints and pricing risk

India has the fifth-largest global reserves of coal. However, coal imports increased from c43m tonnes to c118m tonnes in FY12, implying a CAGR of c22%. Imports now meet c18% of the country's demand and have been up from c9% five years back. Imports are likely to grow at a CAGR of 13% over FY12 to FY17 and meet c21% of demand in FY17 (refer to [Coal India Limited, Production growth key to stock performance](#), 12 October 2012). With international coal prices much higher than the domestic coal price, the performance of generators relying on imported coal has been adversely affected.

## Gas shortage and high price

India has less than 1% of the world's gas reserves. Over the past five years, domestic supply has increased 54%, but way below the government and industry expectations. Currently, India has c20GW of gas-based generation capacity. In spite of a power deficit in the country, average plant load factor (PLF) of gas-based generation projects continues to remain low (declined from 60% in FY11-12 to 40% in FY12-13). On the imported gas price, these projects are unviable, and domestic supply is likely to remain constrained given the limited reserves and supply issues.

## Nuclear facing twin challenges

Public opposition and the Nuclear Liability Bill are the two key challenges faced by the nuclear sector in India. Post Fukushima, we have seen agitations around existing and proposed nuclear project sites. The Kudankulam nuclear plant site in Tamil Nadu, where the construction was around 90% complete when the Fukushima disaster struck Japan in March 2011, has still not started operations. The first unit of the project is likely to commence operations over a couple of months and the second unit in December 2013.

Global nuclear OEMs are concerned about the provisions of the Nuclear Liability Bill passed by the GoI. No contracts have been awarded to date since the passage of the Bill in August 2010.

India previously had been targeting a cumulative capacity of c22GW by FY2022 (April 2022). Seemingly, the target appears to have been scaled down, as the GoI in its XII five-year plan is targeting new capacity addition of 5.3GW by FY2017-end, implying a cumulative capacity of only c10GW.

## Declining cost of renewables

In our estimates, wind is now competitive with new coal and solar is likely to reach that stage over 2016-19 (more details in the wind and solar sections on page 6 and 7). Given the power deficit situation in most of the states consumers rely on their own

diesel generators during power cuts. With off-grid solar power generation now cheaper than diesel power, we expect it to replace a significant proportion of diesel generators over this decade.

## Water stress aggravating

India is now a water-stressed nation (per capita water availability less than 1700cu m). According to available estimates by the Centre for Science and Environment, c88% of the country's industrial water demand is taken up by thermal power plants. Over the past few years, we have observed closures of coal-based power stations and other water-intensive facilities owing to the shortage of water primarily during the pre-monsoon period (April- June). We had highlighted the closures of coal-based generating capacity of c6GW in 2011 and c1.5GW capacity in 2012 ([The resource efficiency mantra](#), 14 September 2011 and [Escaping India's resource crunch](#), July 2012). The most severe black-out faced by the country in 2012 was attributed to water supply shortages ([Water, are you stressed yet](#), July 2012).

Currently, a couple of states - Maharashtra and Kerala - are reporting severe draught. In Maharashtra, the Parli thermal power plant with an installed capacity of 1130 MW was partially shut down in October 2012. Since February 2013, the plant has been completely shut down owing to water supply constraints. According to available plans, c17GW of new coal-based generation capacity addition is proposed to be added in Maharashtra over the next five years. With observed capacity closures in the state over the past few years, we see water stress rising and increasing risk for new and existing water-intensive facilities in the state. The water stress issue in the Vidarbha region of Maharashtra is also highlighted in the Greenpeace India report entitled *Coal Power Plants in Vidarbha*, December 2012.

Kerala is currently resorting to load shedding of two hours per day, as the water level in its dams is sufficient only for 25 days of hydro generation at the current generation rate (source: Daily Pioneer, 22 April 2013). Various others such as Tamil Nadu, Karnataka, Uttar Pradesh, Gujarat and Delhi are also reporting water shortages. Weather forecasts are predicting a normal monsoon in India, this year (source: The Times of India, 26 April 2013). However, any delay in rainfall is likely to worsen the situation further.

For the first time, India's five-year plan has identified water as a scarce natural resource. The plan mentions that under the business-as-usual conditions, India's water demand is expected to rise 50% by 2031 from current levels. It also estimates that up to 20% of this increase can be met through augmenting supply, primarily through storage and ground water retention. The remaining gap has to be bridged through water use efficiency. There are proposals to improve water use efficiency within industry through rationing and enforcing annual water returns similar to tax returns. Many of the industry leaders are also highlighting the impending water crisis. Tata Steel (TATA IN, INR305, Neutral), one of India's key players in the metals and mining sector, last year had set a target of reducing water utilisation by half over 2005-20. The Chairman of another key metal company Rashtriya Ispat Nigam recently noted that water availability is going to be an even bigger issue in the coming days (source: Bloomberg, 22 April 2013).

## Power supply deficit

India currently has a peak deficit of 12GW, which is c9% of its demand, according to the Central Electricity Authority (CEA). With electricity demand expected to grow and conventional power capacity facing its own challenges, we expect developers and investors to favour renewable capacity addition.

## Wind competing with new coal

The tariff bids for new coal capacity submitted in December 2012 in the state of Uttar Pradesh are in the range of INR4.5-7/kwh (USDc8-13/kwh) (refer to [Indian Power: Power generators getting risk averse = higher power cost](#), 20 December 2012). This is a significant increase over the tariff bids range of INR3.3-5.6/kwh (USDc6-10/kwh) received in 2011.

Wind FiTs across seven key wind states in the country range from INR3.51-5.92/kwh (USDc6-11/kwh), with four of them having a tariff lower than INR4.5/kwh (USDc8/kwh), which is the lower end of the tariff bids received in 2012 for the new coal capacity. These four states together account for c70% of India's installed wind capacity.

We therefore note that wind is now cost competitive with new coal-based generation capacity. We also note that the upper end of the wind FiT range is c15% lower than the upper end of tariff bids received for new coal capacity contracts in December 2012 (refer to chart 3).

## Retain our wind installation forecasts

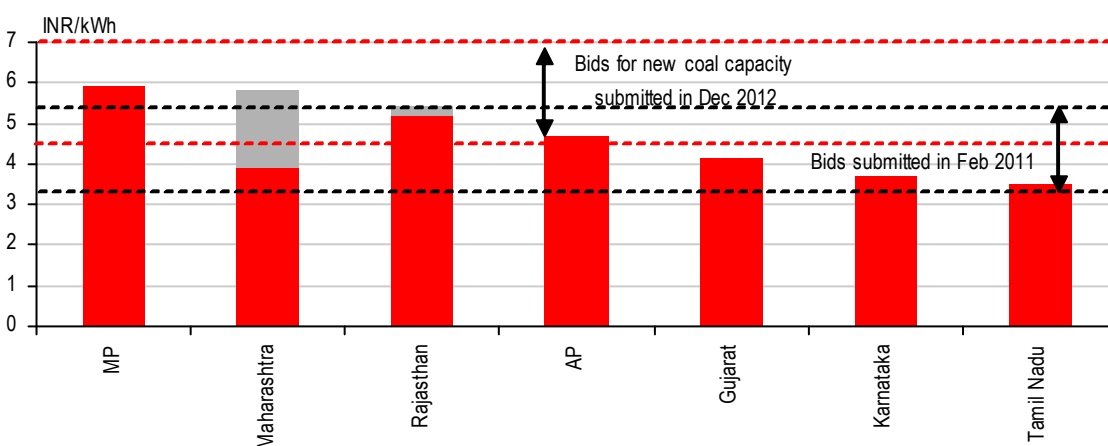
Owing to the expiry of wind incentives in April 2012, we have cut our 2012 and 2013 forecasts. As we were expecting reinstatement of the GBI during the current year, we have therefore included the impact in our 2013 and 2014 forecast. The GBI is now approved in the budget document; however, a Ministry notification with details of the GBI scheme is still pending. We expect this to be released before May-end, post which we expect the installation rate to pick up. However, this is likely to benefit more the installations in 2014 than 2013 (refer to table below). With our forecasts unchanged there is no change our company forecasts.

Table 5: Wind installation forecasts (MW)

	2013e	2014e	2015e
Capacity installation	2600	3200	3400

Source: HSBC estimates

Chart 3: Current Wind FiTs across seven key states in India are lower than the bid price range of new coal capacity in the state of UP conducted in December 2012



Note: Red Bar denotes that the state has a single tariff value. Few states such as Maharashtra and Rajasthan offer a tariff range based on wind conditions across the state. For such states the top of the grey bar denotes the upper end of tariff range.

Source: State electricity regulatory commissions

## Solar: Parity with new coal over 2016-18

The cost of solar systems has declined 70% over 2008-12. This is also reflected in the solar tariff decline observed in India for solar projects over the past three years (refer to Chart 4). The GoI has recently announced that under Phase II of the National Solar Mission, project developers are likely to be paid INR5.45/kWh (USDc11/kwh), and they can bid for capital support if they need. This support will come through a Viability Gap Funding (VGF) mechanism from the GoI. VGF could cover up to c30% of the cost of project. Earlier, in December solar tariff bids in the three states during December 2012, three states which went for tariff bids, have seen prices dropping to cINR6.5/kwh (USD0.12/kwh) and even lower in one particular case. For the total bid capacity of c1.8GW only c130MW was bid for a price lower than INR7/kwh (USD0.13/kwh) and the majority of the capacity (c750MW) was bid for a price range of INR7-8/kwh (USD0.13-0.15/kwh). However, the state utilities (buyers of solar power) across these states have fixed a tariff of cINR6.5/kwh and are asking generators to accept the mentioned price. We broadly expect c0.9GW capacity (c50% of the bid capacity) agreeing to this arrangement.

We now forecast grid parity for solar over 2016-18. Earlier we had been forecasting grid parity over

2018-20 (refer to [Global Solar Power, Solar eclipsed, September 2009](#)).

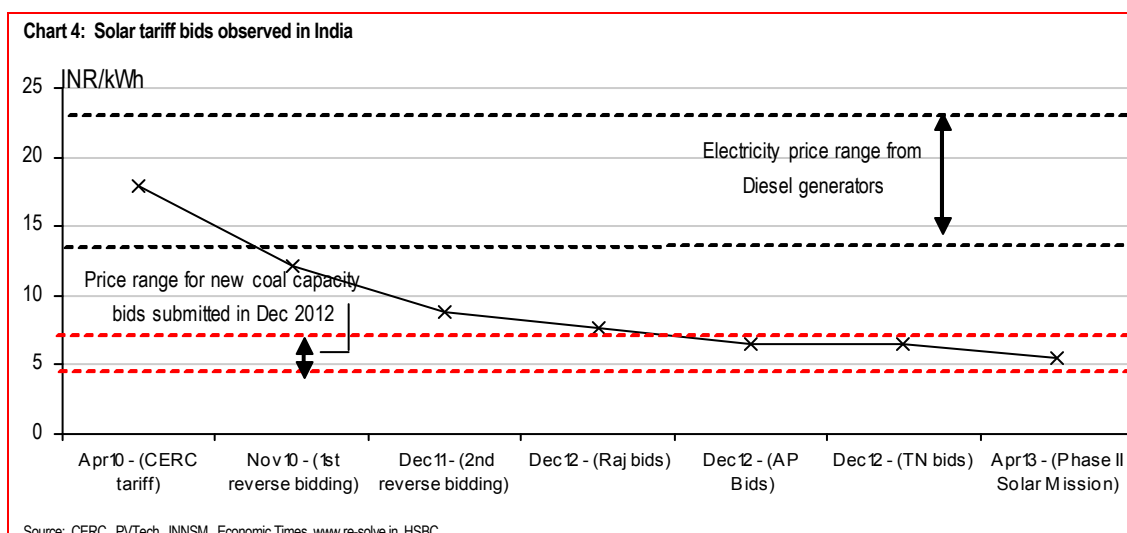
### Updating installation forecasts

In 2012, India installed around one GW of solar capacity. In December 2012, the Ministry of New and Renewable Energy (MNRE) released a draft policy document for Phase II of the National Solar Mission (NSM). In order to provide some respite to lenders, the GoI is suggesting new supporting mechanisms such as Viability Gap Funding (VGF) and a change in the bundling scheme for utility scale projects. Over 2013-2016, the GoI is targeting c10GW of solar installations, which include 3.6GW capacity under the Central Government (GoI) Programme and another 5.4GW from the state programmes. Of the 3.6GW capacity, 1.65GW of grid-connected projects are scheduled to be allocated this year and the remaining 1.95GW are planned to be allocated next year. Considering the delay in projection allotment under Phase II, we modify our forecasts. A comparison of our old and new forecasts is provided in table 6.

**Table 6: Comparison of our new and old solar installation forecasts (MW)**

	2013e	2014e	2015e
New forecast	1,000	1,800	2,200
Old forecast	1,000	1,500	2,000

Source: HSBC estimates



## Key challenges

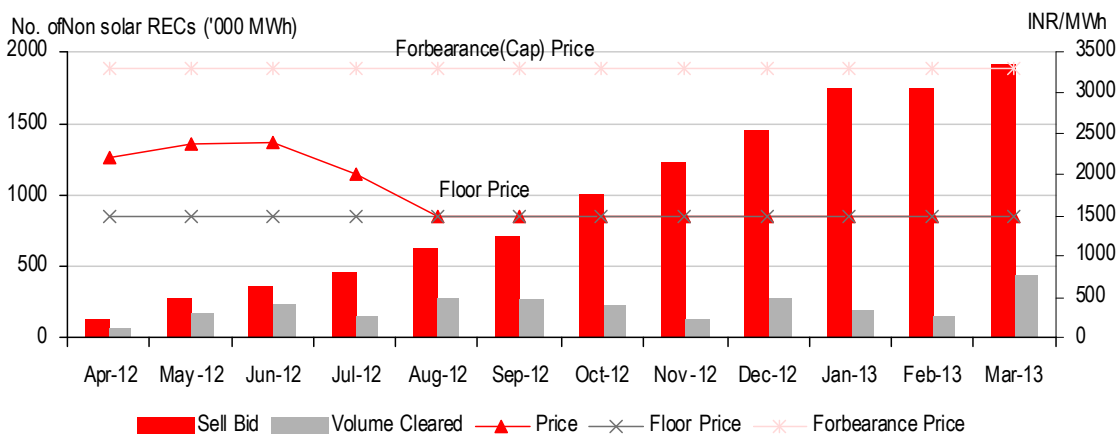
We highlight some of the key challenges, which once resolved, would we believe boost investments in the sector.

- ▶ **GBI notification:** The GBI has been approved in the Central Government Budget; however, notification is pending providing the details of the GBI scheme such as value; subsidy cap per MW; term period and the maximum capacity for which the benefit is available; clarification on the depreciation rate and other conditions. Developers are unlikely to be comfortable unless these details are available, which could delay their investment decision.
- ▶ **Renewable Portfolio Obligations (RPO) enforcement:** Renewable Portfolio Obligations enforcement across various states remains weak. A total of 2.57m Renewable Energy Certificates (RECs) were traded in the previous financial year (April 2012-March 2013) at a weighted average price of cINR1690/mwh. The REC closing inventory on 31 March 2013 was 1.77m, which is c70% of the RECs traded last year, clearly implying significant oversupply. This has adversely affected REC prices, which have continued to trade at floor price since August 2012. This has hit investor confidence (refer to Chart 5).

Lenders who were beginning to finance projects using the REC mechanism are now likely to do a U turn and stop funding projects taking the REC route, unless any action is taken to rectify the problem.

- ▶ **Grid infrastructure:** Renewable projects are relatively small and their location is driven by the resource potential (wind/solar/hydro). Hence, the government needs to boost the grid and other infrastructure for exploiting the resource potential across the country and strengthen the existing grid infrastructure to support increased intake of renewable electricity. Failing to do this will lead to grid stability concerns as being observed in the state of Tamil Nadu. The grid issues are limiting further wind capacity addition, where a wind resource is available.
- ▶ **Poor health of distribution companies:** The state utilities are in poor financial health, with payables in excess of cINR1.2trn as of 31 March 2012, from the seven major states. The key reason for this has been the widening gap between the average retail tariff and average cost of supply, as most of the states have not increased tariffs owing to political pressures. However, post the measures undertaken by the GoI, many states have increased retail tariffs in FY2012-13 (April 2012-March2013). Around

Chart 5: Oversupply in the REC market adversely affected REC trading price over the past three quarters



Source: Indian Energy Exchange, Power Exchange India Limited, Reconnect



18 states have already filed tariff petitions for FY2013-14 (April 2013- March 2014). Of these, nine states have already passed the tariff hike order (refer to [India Power, Stocks re-rating possible as sector reforms](#), 22 April 2013). We note that this problem is common for both the conventional and renewable energy generators.

- ▶ Dispute on domestic content requirement:  
Clean energy now features in a growing array of disputes around the world. The GoI also wants to promote domestic manufacturing and supply of solar systems. It has therefore introduced some domestic content requirements for the Phase I projects under the National Solar Mission (NSM). Though no decision has been taken to introduce a similar requirement for Phase II of the NSM, the US still raised the issue at the World Trade Organisation (WTO) meeting in February 2013. The US view point is that the provision of domestic content requirement violates the free trade agreement norms. Delay in a decision on the matter could delay project installations under the programme, in our view.

# Beneficiaries

- ▶ Among our global wind coverage, Suzlon and Gamesa have relatively strong exposure to the India market
- ▶ Estimated expansion plan of key wind developers covers over 70% of our wind installation forecasts for 2013-15
- ▶ We list some of the key equity transactions since early 2012

## Suzlon losing market share

In 2012, Suzlon had 34% market share in India, followed by Wind World India (25%), Regen (15%) and Gamesa (10%) respectively. However, we note that Suzlon's market share has been eaten away by other wind OEMs over the last few years. Since 2007, its share has fallen 18% (52% in 2009 to 34% in 2012) (refer to charts 6 and 7). However, Gamesa's market share has increased to 10% from nil.

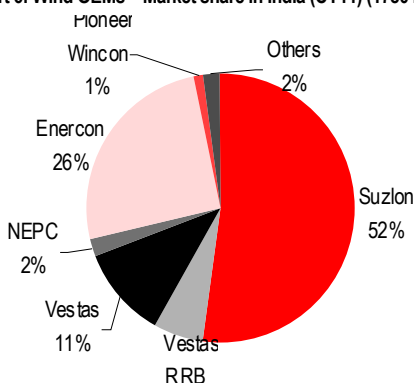
## Suzlon (UW(V), TP INR9)

### Investments thesis

Suzlon recently announced that it will issue new shares to lenders and promoters for equity infusion.

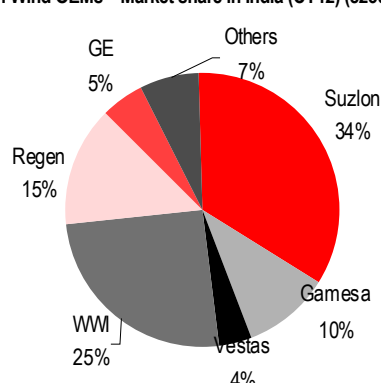
The number of shares issued will increase to c2.91bn by September 2014 (currently c1.78bn). We estimate that BVPS will be c INR9 as of 31 March 2013 (vs. INR29 on 31 March 2012), thereby implying a 2/3<sup>rd</sup> value loss in one year. Suzlon defaulted on its October 2012 FCCB repayments, which further resulted in a cross-default on its other FCCBs. Suzlon is negotiating a restructuring package with cUSD407m FCCB holders. In our view, further equity dilution and increase is a possibility. For further details on the stock refer to our company note [Suzlon - UW \(V\): Beware the dilution effect](#), 12 March, 2013.

Chart 6: Wind OEMs – Market share in India (CY11) (1780 MW)



Source: Make Consulting

Chart 7: Wind OEMs – Market share in India (CY12) (c2300MW)



Source: Make Consulting

## Valuation

We value the stock on one-year forward PB multiple. Given the recent volatility, we value the stock using a long-term (last four years) average PB multiple of 1x; we value the stock at INR9, implying no change to our target price.

**Valuation based on DCF approach:** On our current forecasts using two DCF methodologies, the HSBC four-stage ROIC-based DCF and a 'classic' FCF-based DCF, using an unchanged WACC of 12% (beta of 1.4, EMRP of 7.5% and gross cost of debt of 11.0) yield values of INR11.7 and INR10.23 per share. The average of the two DCF values is INR11.

Under our research model, for stocks with a volatility indicator, the Neutral band is 10 ppts above and below the hurdle rate for India stocks of 11%. Or 12-month target price of INR9 implies potential return of c-37%, which is below the Neutral band: thus, we maintain our Underweight (V) rating on the stock.

Potential return equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated.

## Risks

**Upside Risks:** Improvement in operations at a faster rate than expectations; sufficient cash inflows from operations and asset sales; higher-than-expected ASP and profitability; higher than expected synergies with REpower.

## Gamesa (N(V), TP EUR3.15)

### Investments thesis

Gamesa's Q1 results delivered robust support to the recent strong share price performance: a return to profitability, underlining the effectiveness of restructuring; an improving orderbook, easing the risk of a volume shortfall (74% sales coverage in 2013); and reiteration of 2013 guidance (3-5% EBIT margin on 1.8-2GW of turbine sales and positive

FCF). For further details on the stock refer to our company note [Gamesa - N\(V\): Q1 signals good progress, 30 April 2013](#) (published prior to this report).

## Valuation

We value Gamesa on our RoE-implied price/book multiple based on a 2015e RoE of 6.9%. A CoE of 10% (RFR 3%, ERP 6%, beta 1.2) gives us a target forward book multiple of 0.69x, which yields a price per share of EUR3.15.

Under our research model, for stocks with a volatility indicator, the Neutral band is 10ppts above and below the hurdle rate for eurozone stocks of 9%. Our target price of EUR3.15 yields a c4% potential return. We therefore maintain our Neutral (V) rating on Gamesa.

Potential return equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated.

## Risks

**Upside risks:** We believe, these include better-than-expected pricing and execution, any successful M&A bid at a premium to the current price and supportive policy announcements.

**Downside risks:** These include a slowdown of orders, in particular in Latin America; higher-than-expected restructuring costs and higher-than-anticipated development costs for new turbines.

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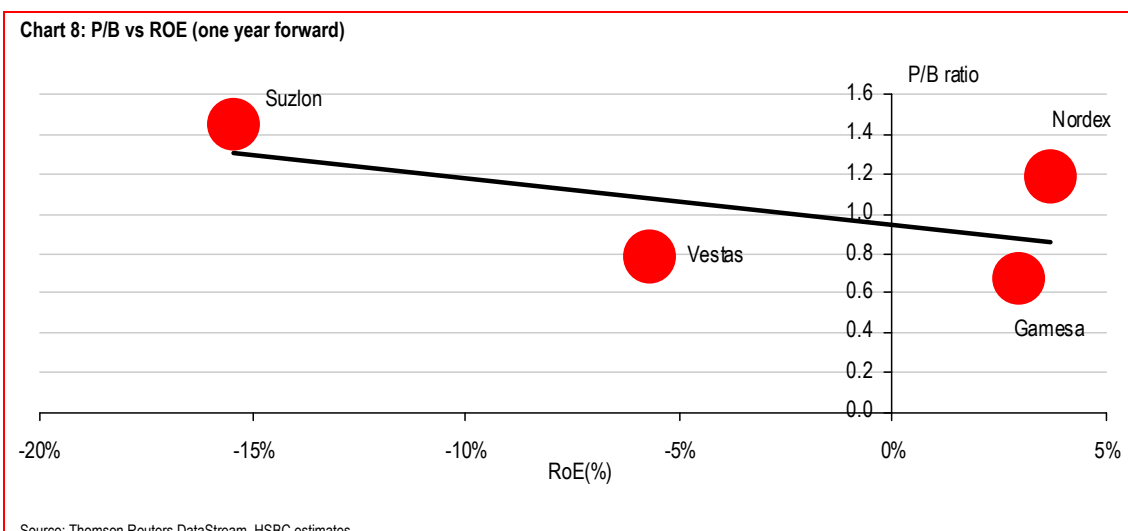
Table 8: Relative valuation - Global wind turbine manufacturers

Company	Bloomberg	Rating	Current price	Target price	EV/EBITDA			PE		
					2012	2013e	2014e	2012	2013e	2014e
Suzlon	SUEL IN	UW(V)	INR14.30	INR9.0	n.m.	7.1	5.2	n.m.	n.m.	13.3
Nordex	NDX1 GR	UW(V)	EUR5.57	EUR2.8	n.m.	6.5	5.9	n.m.	34.7	24.0
Gamesa	GAM SM	N(V)	EUR3.02	EUR3.15	n.m.	5.0	4.4	n.m.	25.8	13.8
Vestas	VWS DC	UW(V)	DKK48.92	DKK42.0	n.m.	6.5	3.5	n.m.	n.m.	11.9
<b>Sector average</b>						<b>6.3</b>	<b>4.7</b>		<b>30.2</b>	<b>15.7</b>

Note: Price as of close of 29 April 2013. Data for Suzlon are for FY13, FY14 and FY15 respectively. Suzlon data are for the period April-March (2013e data are for April 2013-March 2014), whereas for other companies data are CY ; Source: HSBC estimates, Bloomberg

## Suzlon's premium to the peer group seems unjustified

Suzlon is trading at a premium to its global peers on CY2013e EV/EBITDA multiple. It trades at an EV/EBITDA multiple of 7.1x against a sector average of 6.3x in CY2013 (refer to table 8). We also plot a one-year forward ROE vs PB chart for the four covered stocks (refer to chart 8). We believe Suzlon's premium to the peer group is unjustified given its debt default and balance sheet issues.



## Financials & valuation: Suzlon Energy Ltd

Underweight (V)

### Financial statements

Year to	03/2012a	03/2013e	03/2014e	03/2015e
<b>Profit &amp; loss summary (INRm)</b>				
Revenue	210,824	191,852	273,471	295,041
EBITDA	18,212	-9,933	22,948	28,853
Depreciation & amortisation	-6,612	-7,411	-7,372	-7,496
Operating profit/EBIT	11,600	-17,344	15,576	21,358
Net interest	-16,547	-19,787	-18,133	-15,969
PBT	-1,332	-35,595	-1,517	6,429
HSBC PBT	-3,690	-35,581	-1,517	6,429
Taxation	-3,308	-3,069	-1,702	-3,351
Net profit	-4,367	-38,664	-3,219	3,077
HSBC net profit	-6,640	-38,650	-3,219	3,077

### Cash flow summary (INRm)

Year to	03/2012a	03/2013e	03/2014e	03/2015e
Cash flow from operations	-5,886	-40,407	-4,853	14,725
Capex	-8,947	-4,579	-4,401	-4,404
Cash flow from investment	-7,260	-2,379	5,599	-4,404
Dividends	-44	0	0	0
Change in net debt	22,585	39,308	-2,448	-14,963
FCF equity	-22,789	-36,706	-23,405	7,130

### Balance sheet summary (INRm)

Year to	03/2012a	03/2013e	03/2014e	03/2015e
Intangible fixed assets	2,243	2,243	2,243	2,243
Tangible fixed assets	126,021	120,989	108,018	104,926
Current assets	184,733	165,592	192,615	194,160
Cash & others	26,325	20,000	20,000	20,000
Total assets	326,300	302,127	316,179	314,631
Operating liabilities	101,863	89,709	94,614	98,160
Gross debt	140,340	173,323	170,875	155,912
Net debt	114,015	153,323	150,875	135,912
Shareholders funds	51,868	15,904	25,735	33,702
Invested capital	184,809	179,115	188,262	183,169

### Ratio, growth and per share analysis

Year to	03/2012a	03/2013e	03/2014e	03/2015e
<b>Y-o-y % change</b>				
Revenue	17.9	-9.0	42.5	7.9
EBITDA	131.5	-154.5		25.7
Operating profit	797.6	-249.5		37.1
PBT				
HSBC EPS				
<b>Ratios (%)</b>				
Revenue/IC (x)	1.2	1.1	1.5	1.6
ROIC	4.9	-11.2	7.6	9.7
ROE	-11.3	-114.1	-15.5	10.4
ROA	17.1	-5.5	11.4	3.4
EBITDA margin	8.6	-5.2	8.4	9.8
Operating profit margin	5.5	-9.0	5.7	7.2
EBITDA/net interest (x)	1.1		1.3	1.8
Net debt/equity	216.4	916.4	568.0	393.6
Net debt/EBITDA (x)	6.3	-15.4	6.6	4.7
CF from operations/net debt				10.8

### Per share data (INR)

Year to	03/2012a	03/2013e	03/2014e	03/2015e
EPS Rep (fully diluted)	-2.46	-21.75	-1.33	1.07
HSBC EPS (fully diluted)	-3.74	-21.75	-1.33	1.07
DPS	0.00	0.00	0.00	0.00
Book value	29.18	8.95	9.80	11.58

### Key forecast drivers

Year to	03/2012a	03/2013e	03/2014e	03/2015e
Suzlon shipments (MW)	1,583	280	1,560	1,650
Repower shipments (MW)	1,510	1,983	2,182	2,400
Suzlon - Blended ASP* (Euro/W)	1	1	1	1
Repower - Blended ASP* (Euro/W)	1	1	1	1
Suzlon order backlog (MW)	2,056	2,186	2,313	2,449
Repower order backlog (MW)	3,675	2,225	2,337	2,257

### Valuation data

Year to	03/2012a	03/2013e	03/2014e	03/2015e
EV/sales	0.6	0.9	0.6	0.5
EV/EBITDA	7.0		7.1	5.2
EV/IC	0.7	0.9	0.9	0.8
PE*				13.3
P/Book value	0.5	1.6	1.5	1.2
FCF yield (%)	-177.3	-285.6	-182.1	55.5
Dividend yield (%)	0.0	0.0	0.0	0.0

Note: \* = Based on HSBC EPS (fully diluted)

### Issuer information

Share price (INR)	14.30	Target price (INR)	9.00
Reuters (Equity)	SUZL.NS	Bloomberg (Equity)	SUEL IN
Market cap (USDm)	467	Market cap (INRm)	25,327
Free float (%)	43	Enterprise value (INRm)	166,176
Country	India	Sector	Electrical Equipment
Analyst	Charanjit Singh	Contact	91 80 3001 3776

### Price relative



Source: HSBC

Note: price at close of 29 Apr 2013

## Financials & valuation: Gamesa Corp Tecnologica S

Neutral (V)

### Financial statements

Year to	12/2012a	12/2013e	12/2014e	12/2015e
<b>Profit &amp; loss summary (EURm)</b>				
Revenue	2,665	2,650	2,819	2,974
EBITDA	-88	239	289	324
Depreciation & amortisation	-416	-152	-164	-176
Operating profit/EBIT	-504	87	125	148
Net interest	-60	-48	-53	-48
PBT	-589	38	71	99
HSBC PBT	-301	38	71	99
Taxation	88	-8	-14	-20
Net profit	-502	30	57	79
HSBC net profit	-213	30	57	79

### Cash flow summary (EURm)

Year to	12/2012a	12/2013e	12/2014e	12/2015e
Cash flow from operations	845	314	259	401
Capex	-233	-156	-167	-177
Cash flow from investment	-237	-157	-167	-177
Dividends	-3	0	0	0
Change in net debt	-223	2	77	-51
FCF equity	158	157	28	156

### Balance sheet summary (EURm)

Year to	12/2012a	12/2013e	12/2014e	12/2015e
Intangible fixed assets	551	604	655	705
Tangible fixed assets	401	446	494	545
Current assets	3,561	3,127	3,187	3,289
Cash & others	915	915	915	915
Total assets	5,114	4,778	4,938	5,140
Operating liabilities	2,241	1,887	1,917	2,086
Gross debt	1,432	1,434	1,511	1,461
Net debt	517	519	596	545
Shareholders funds	1,021	1,051	1,108	1,187
Invested capital	1,356	1,373	1,505	1,538

### Ratio, growth and per share analysis

Year to	12/2012a	12/2013e	12/2014e	12/2015e
<b>Y-o-y % change</b>				
Revenue	-12.0	-0.6	6.4	5.5
EBITDA	-124.1		21.0	12.3
Operating profit	-483.2		43.1	18.8
PBT	-1460.9		86.5	39.3
HSBC EPS	-932.9		86.9	39.4

### Ratios (%)

Year to	12/2012a	12/2013e	12/2014e	12/2015e
Revenue/IC (x)	1.4	1.9	2.0	2.0
ROIC	-22.8	5.1	6.9	7.8
ROE	-15.7	2.9	5.2	6.9
ROA	-8.2	1.8	2.3	2.7
EBITDA margin	-3.3	9.0	10.2	10.9
Operating profit margin	-18.9	3.3	4.4	5.0
EBITDA/net interest (x)		5.0	5.5	6.7
Net debt/equity	50.2	49.0	53.4	45.6
Net debt/EBITDA (x)	-5.9	2.2	2.1	1.7
CF from operations/net debt	163.5	60.6	43.4	73.6

### Per share data (EUR)

Year to	12/2012a	12/2013e	12/2014e	12/2015e
EPS Rep (fully diluted)	-1.93	0.12	0.22	0.31
HSBC EPS (fully diluted)	-0.82	0.12	0.22	0.31
DPS	0.00	0.00	0.00	0.00
Book value	4.13	4.25	4.48	4.80

### Valuation data

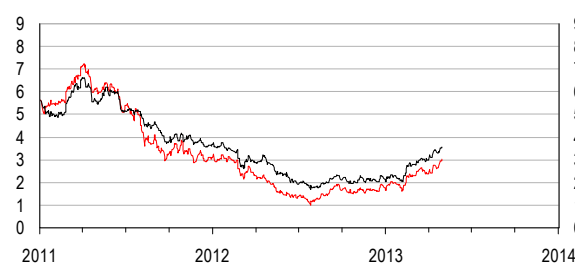
Year to	12/2012a	12/2013e	12/2014e	12/2015e
EV/sales	0.4	0.4	0.4	0.4
EV/EBITDA		5.0	4.4	3.7
EV/IC	0.9	0.9	0.8	0.8
PE*		25.8	13.8	9.9
P/Book value	0.7	0.7	0.7	0.6
FCF yield (%)	23.8	23.6	4.3	23.4
Dividend yield (%)	0.0	0.0	0.0	0.0

Note: \* = Based on HSBC EPS (fully diluted)

### Issuer information

Share price (EUR)	3.02	Target price (EUR)	3.15
Reuters (Equity)	GAM.MC	Bloomberg (Equity)	GAM SM
Market cap (USDm)	1,006	Market cap (EURm)	768
Free float (%)	68	Enterprise value (EURm)	1183
Country	Spain	Sector	Electrical Equipment
Analyst	Sean McLoughlin	Contact	+44 20 7991 3464

### Price relative



Source: HSBC

Note: price at close of 29 Apr 2013

Stated accounts as of 31 Dec 2014 are IFRS compliant

## Key developers: estimating capacity expansion

Historically, a significant proportion of installations in the Indian renewables market have been by non-utilities/non developers. However, the past three to four years have seen the emergence of various renewable developers. We estimate the proposed wind and solar capacity additions over 2013-15 by using the announced plans/indicative targets of some key developers whose data we could gather (refer to tables 9 and 10). In cases where we believe that expansion plans are aggressive and have downside risk – primarily given likely issues around project implementation and financing – we have applied a discount to company targets. In cases where companies have only announced short- to medium-term targets, we have extrapolated the targets to 2015.

## Wind: 20 developers can contribute over 70% of our installation forecasts

Our analysis implies that over 2013-15, c6.6 GW of new wind capacity is likely to be installed by the top 20 developers (refer table 9). This accounts for over 70% of our installation forecasts over 2013-15.

## Solar: 20 developers could contribute c50% of our installation forecast

Unlike wind, the current size of solar developers is relatively small and the current installations are spread across a higher number of developers. Our analysis implies that, over 2013-15, c2.4GW of new solar capacity will be installed by around 20 developers listed in the table 10. This accounts for c50% of our installation forecasts over 2013-15.

Table 9: Estimated wind installations over 2013-2015 for 20 key developers (MW)

Company	Estimated capacity as at 31.03.2013	Est. installation target	Est. target Year	Estimated new capacity over 2013-15
CLP Power India.	482	725	2013	545
Continuum Energy	43	500	NA	350
Fersa Energias Renovables SA	82	100*	2013	70
Green Infra	270	2500	2015	300
Greenko Group	66	1015	NA	352
ILL&FS Renewables	170	330	NA	160
Inox Renewables	230	3000	2017	600
KSK Energy Ventures	71	NA	NA	100
Leap Energy	100	300	2013	200
Mytrah Energy	310	5000	2017-2018	1150
NSL Power	150	750	NA	339
NuPower	68	1000	NA	150
Orient Green Power	342	450	NA	150
Panama Wind Energy	15	400	NA	200
Reliance Power	94	400	2014	300
RENew Power	25	1000	2015	475
Tata Power	397	580	NA	270
Techno Electric & Engineering	207	1250	2020	450
TVS Motors	27	200	2014	173
Welspun Energy	220	1000	2014	300
Total incremental capacity				6635
Average incremental capacity per annum				2211

Note: \* denotes HSBC estimates

Source: Company data, The Hindu Business Line, Times of India, www.energynext.in, Economic Times, Bloomberg, Livemint, The Hindu, Dealcurry, ICRA, Business Standard, HSBC estimates

Table 10: Estimated solar installations over 2013-2015 for 20 key developers (MW)

Company	Estimated capacity as at 31.03.2013	Est. installation target	Est. target Year	Estimated new capacity over 2013-15
Adani Power	40	160	NA	120
Aditya Birla	0	100	2014	200
Alex group of companies	30	100-150	NA	70
Astonfield	24	50*	NA	50
Azure Power	55	100	2014	95
Essel Energy	0	NA	NA	50
Green Infra	35	250	2015	75
Kiran Energy Solar Power	80	300*	2015	220
Lanco Solar	95	395	NA	100
Mahindra Solar One	5	100	2014	95
Moser Baer Group	90	1000	2015	300
NTPC	10	301	2014	110
PLG Power Ltd	70	NA	NA	20
Reliance Power	40	140	2013	300
SunBorne Energy	20	1000	2017-2019	105
Sun Edison	50	NA	NA	50
Sunkon Energy	10	NA	NA	20
Suryachakra Power	0	20*	2015	20
Tata Power Ltd.	30	NA	NA	100
Welspun Energy	80	750	NA	260
Total incremental capacity				2360
Average incremental capacity per annum				787

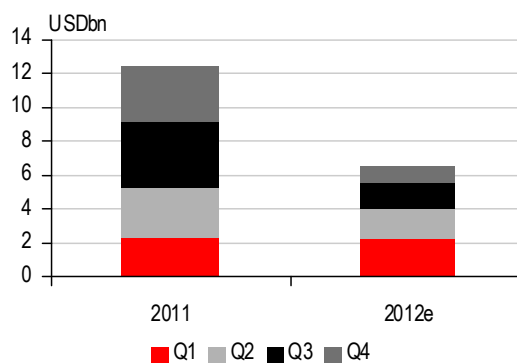
Note: \* denotes HSBC estimates

Source: Company data, The Hindu Business Line, Business Wire India, The Hindu, Times of India, Bloomberg, Business Standard, www.energynext.in, Reuters, Gujarat Energy Development Agency, Economic Times, PR Newswire India, HSBC estimates

## Equity transactions: expecting pick up

Clean energy investments in 2012 declined c50% y-o-y to cUSD6.5bn reflecting the effect of expiry of incentives for wind, fewer project approvals for solar and a decline in capital costs of solar per MW (refer to Chart 9). We noticed no significant new equity raises in the primary listed markets and lower venture capital and private equity investments, which declined c65% to USD123m in 2012. We list the top private equity and venture capital deals for wind and solar technologies in tables 11 and 12 from 2012 to date.

Chart 9: Clean energy investments in India decline c50% in 2012 vis-à-vis 2011



Source: Bloomberg New Energy Finance



Table 11: Key equity transactions in wind companies since early 2012

Quarter	Company / Developer	Investor	Amount	Type of financing
Q1 2012	Green Infra	Tata Communications to buy 5.76% stake in Green Infra	NA	Equity investment
	RegenPower Tech	IDFC PE and MCap Fund Advisors invest in ReGen Powertech	USD 20mn (INR 1bn)	Equity investment
Q2 2012	Inox Renewables	International Finance Corporation (IFC) investment in Inox Renewables	USD 40mn (INR 2bn)	Equity investment
	Continuum Wind Energy	Morgan Stanley Infrastructure Partners bought a 51% stake (we believe it is a milestone linked investment)	USD 240mn (INR 12bn).	Equity investment
	Welspun Energy	Welspun Energy was in talks with renewable energy funds to sell a small stake. No updates post this.	USD 150mn to USD 200mn(INR 7.5bn to INR 12.5bn)	Equity investment
Q4 2012	Global Wind Power	China Ming Yang Wind Power Group acquired 55% stake in Global Wind Power	NA	Equity investment
Q1 2013	Suzlon	Morgan Stanley bought 6.2% stake in Suzlon.	USD 45mn (INR 2.2 bn)	Equity investment
	Leap Green Energy	JP Morgan Asset Management invested in Leap Green Energy	USD 18.2mn (INR 1bn)	Equity investment
	Bharat Light and Power	Draper Fisher Jurvetson, UTI Venture Funds Management and Ventureast. Invested in Bharat Light & Power	USD 18.6m (INR 989m)	Equity investment
	Greenko	GIC Singapore invested in Greenko Group with the initial investment equivalent to a minimum of 19.5% of Greenko on a fully diluted basis	USD 150 mn(INR 8250mn)	Equity investment
Q2 2013	Green Infra	IDFC PE invested in Green Infra	USD 18mn (INR 900mn)	Equity investment
	Orient Green Power	Shriram group to pump in about USD 60m (INR 3bn) in OGPL. Already infused USD 30mn (INR 1.5bn)	USD 60mn (INR 3bn)	Equity investment
	Green Infra	Piramal Enterprises is investing in Green Infra in a structured deal with debt and equity components	cUSD 100mn (INR 5bn)	Equity and debt funding
	Mytrah Energy	Mytrah Energy is planning to list on the Singapore Exchange Securities Trading Ltd. (SEST)	NA	Equity investment

Source: Company data, IFC, BNEF Bloomberg ,The Hindu Business India, Economic Times, Livemint, Dealcurry

Table 12: Key equity transactions in solar companies since early 2012

Quarter	Company / Developer	Project details	Amount	Type of financing
Q2 2012	Sunborne Energy	Raised funds through VC funding as a part of its plan to raise USD 20mn(INR 1bn) equity funding.	USD 5mn (INR 284mn)	Equity investment
Q3 2012	Flareum Technologies	Zephyr Peacock fund invested in Gadhia Solar Energy Systems	USD 1m (INR 50mn)	Equity investment
Q3 2012	Solar Industries	Oman India Joint Investment Fund acquired 4.28% stake in Solar Industries.	USD 13mn (INR 650 mn)	Equity investment
Q1 2013	HHV Solar Technologies	Swelect Energy Systems acquired a 49% stake in HHV Solar Technologies	USD 4.1m (INR 220m)	Equity investment

Source: Company data, VC Circle, BNEF, Dealcurry

# Disclosure appendix

## Analyst Certification

The following analyst(s), economist(s), and/or strategist(s) who is(are) primarily responsible for this report, certifies(y) that the opinion(s) on the subject security(ies) or issuer(s) and/or any other views or forecasts expressed herein accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Charanjit Singh, Jenny Cosgrove, Nick Robins and Sean McLoughlin

## Important disclosures

### **Equities: Stock ratings and basis for financial analysis**

HSBC believes that investors utilise various disciplines and investment horizons when making investment decisions, which depend largely on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations. Given these differences, HSBC has two principal aims in its equity research: 1) to identify long-term investment opportunities based on particular themes or ideas that may affect the future earnings or cash flows of companies on a 12 month time horizon; and 2) from time to time to identify short-term investment opportunities that are derived from fundamental, quantitative, technical or event-driven techniques on a 0-3 month time horizon and which may differ from our long-term investment rating. HSBC has assigned ratings for its long-term investment opportunities as described below.

This report addresses only the long-term investment opportunities of the companies referred to in the report. As and when HSBC publishes a short-term trading idea the stocks to which these relate are identified on the website at [www.hsbcnet.com/research](http://www.hsbcnet.com/research). Details of these short-term investment opportunities can be found under the Reports section of this website.

HSBC believes an investor's decision to buy or sell a stock should depend on individual circumstances such as the investor's existing holdings and other considerations. Different securities firms use a variety of ratings terms as well as different rating systems to describe their recommendations. Investors should carefully read the definitions of the ratings used in each research report. In addition, because research reports contain more complete information concerning the analysts' views, investors should carefully read the entire research report and should not infer its contents from the rating. In any case, ratings should not be used or relied on in isolation as investment advice.

## Rating definitions for long-term investment opportunities

### **Stock ratings**

HSBC assigns ratings to its stocks in this sector on the following basis:

For each stock we set a required rate of return calculated from the cost of equity for that stock's domestic or, as appropriate, regional market established by our strategy team. The price target for a stock represents the value the analyst expects the stock to reach over our performance horizon. The performance horizon is 12 months. For a stock to be classified as Overweight, the potential return, which equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated, must exceed the required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile\*). For a stock to be classified as Underweight, the stock must be expected to underperform its required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile\*). Stocks between these bands are classified as Neutral.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation of coverage, change of volatility status or change in price target). Notwithstanding this, and although ratings are subject to ongoing management review, expected returns will be permitted to move outside the bands as a result of normal share price fluctuations without necessarily triggering a rating change.

\*A stock will be classified as volatile if its historical volatility has exceeded 40%, if the stock has been listed for less than 12 months (unless it is in an industry or sector where volatility is low) or if the analyst expects significant volatility. However, stocks which we do not consider volatile may in fact also behave in such a way. Historical volatility is defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility has to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

## Rating distribution for long-term investment opportunities

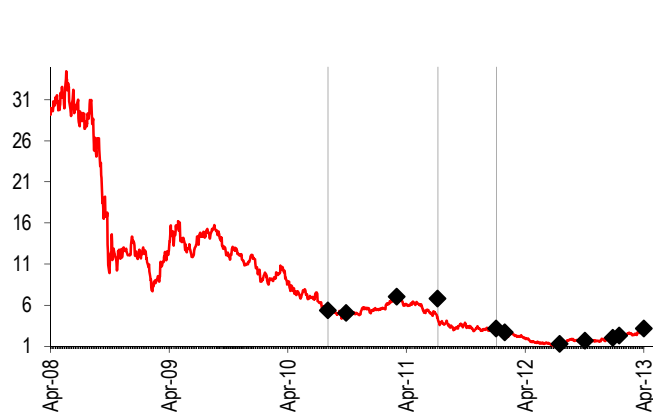
As of 30 April 2013, the distribution of all ratings published is as follows:

<b>Overweight (Buy)</b>	44%	(35% of these provided with Investment Banking Services)
<b>Neutral (Hold)</b>	38%	(35% of these provided with Investment Banking Services)
<b>Underweight (Sell)</b>	18%	(28% of these provided with Investment Banking Services)

## Share price and rating changes for long-term investment opportunities

Gamesa Corp Tecnologica S (GAM.MC) Share Price performance EUR Vs

HSBC rating history



Source: HSBC

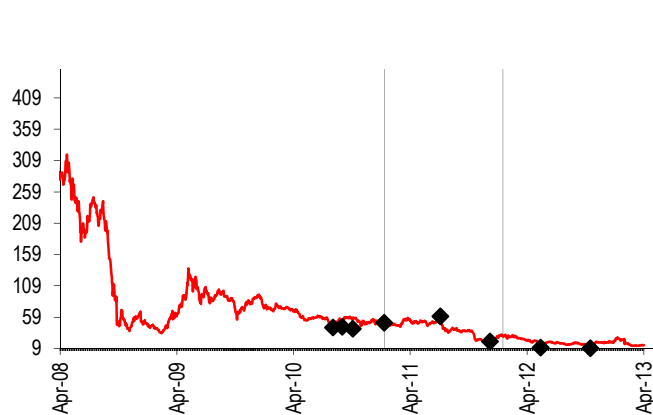
### Recommendation & price target history

From	To	Date
Overweight (V)	Neutral (V)	31 August 2010
Neutral (V)	Overweight (V)	04 August 2011
Overweight (V)	Neutral (V)	31 January 2012
Target Price	Value	Date
Price 1	5.34	31 August 2010
Price 2	5.05	27 October 2010
Price 3	7.04	31 March 2011
Price 4	6.79	04 August 2011
Price 5	3.15	31 January 2012
Price 6	2.67	27 February 2012
Price 7	1.30	14 August 2012
Price 8	1.65	31 October 2012
Price 9	2.00	24 January 2013
Price 10	2.30	13 February 2013
Price 11	3.15	30 April 2013

Source: HSBC

Suzlon Energy Ltd (SUZL.NS) Share Price performance INR Vs HSBC rating

history



Source: HSBC

### Recommendation & price target history

From	To	Date
Underweight (V)	Neutral (V)	07 February 2011
Neutral (V)	Underweight (V)	13 February 2012
Target Price	Value	Date
Price 1	42.00	31 August 2010
Price 2	43.00	29 September 2010
Price 3	40.00	01 November 2010
Price 4	50.00	07 February 2011
Price 5	60.00	02 August 2011
Price 6	20.00	04 January 2012
Price 7	10.00	11 June 2012
Price 8	9.00	13 November 2012

Source: HSBC

## HSBC & Analyst disclosures

### Disclosure checklist

Company	Ticker	Recent price	Price Date	Disclosure
GAMESA CORP TECNOLOGICA S	GAM.MC	3.02	29-Apr-2013	5, 7

Source: HSBC

- 1 HSBC\* has managed or co-managed a public offering of securities for this company within the past 12 months.
- 2 HSBC expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
- 3 At the time of publication of this report, HSBC Securities (USA) Inc. is a Market Maker in securities issued by this company.
- 4 As of 31 March 2013 HSBC beneficially owned 1% or more of a class of common equity securities of this company.
- 5 As of 31 March 2013, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of investment banking services.
- 6 As of 31 March 2013, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-investment banking securities-related services.
- 7 As of 31 March 2013, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-securities services.
- 8 A covering analyst/s has received compensation from this company in the past 12 months.
- 9 A covering analyst/s or a member of his/her household has a financial interest in the securities of this company, as detailed below.
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