

19 November 2008



IdaTech plc

("IdaTech" or "the Company")

Strategy Update

IdaTech plc ("IdaTech" or the "Company") (AIM: IDA), the advanced fuel cell products company headquartered in Bend, Oregon, USA, today announces an update outlining changes to its business strategy as a result of the contract to supply up to 30,000 5kW hydrogen fuel cell systems over the next four years to the ACME Group ("ACME", a leading provider of comprehensive passive infrastructure systems to wireless telecom companies throughout India).

The contract with ACME was announced on 10 October 2008 and includes the following key terms:

- An initial commitment for 10,000 fuel cell systems. The first 310 units for delivery in 2009 with the deployment of a further 9,690 systems commencing in early 2010
- The potential for additional orders up to 20,000 units for deployment between 2011 and 2013
- The formation of a joint venture with ACME to establish a low cost manufacturing facility in India

The Board of IdaTech believes that the ACME contract provides validation of the Company's key competitive advantages which include its proprietary multi-fuel reforming and systems integration capabilities. IdaTech's ability to reform a variety of commonly available fuels to produce hydrogen on site and as needed, enables IdaTech's products to overcome the so called hydrogen barrier (the difficulties in supplying and managing pure hydrogen) which has previously been one of the key factors which has deterred the mass adoption of fuel cells.

The first 310 systems to be delivered under the ACME contract will use hydrogen as a fuel, the remaining 9,690 systems in relation to the initial commitment under the contract will use natural gas as a fuel.

While IdaTech will develop its new natural gas fuel cell capability for the ACME contract, IdaTech will continue to sell its core ElectraGen™ back-up power product family, which typically uses a methanol-water mix as a fuel, to its key telecommunications customers. IdaTech will also continue to sell and develop iGen™, which is currently in a number of field trials in a variety of applications.

Management expects the ACME contract to have a positive impact on the business, accelerating adoption as well as technical, cost and margin improvements, with the result that IdaTech's fuel cell systems should become competitive on an initial cost basis with heavy duty diesel generators and batteries.

Technical development

As previously announced, there have been a number of significant advancements in IdaTech's proprietary multi-fuel reforming, purification, integration and control technologies. These are expected to allow IdaTech to produce more robust and significantly more cost effective integrated fuel cell systems by 2010. The first of these products to be launched will be the natural gas fuelled system for deployment in early 2010 under the ACME contract. This will use a liquid cooled stack, currently under development by Ballard Power Systems Inc.

Following the launch of the natural gas systems, IdaTech will focus on applying its new technical and commercial advancements to its existing ElectraGen™ and iGen™ HydroPlus™ (methanol-water mix) fueled systems.

Product focus and commercial strategy

ElectraGen™

The ElectraGen™ family of 3kW and 5kW products is suitable for critical backup power applications, where backup power is required to cover for temporary grid loss. The key market for this product continues to be base station backup power in the telecommunications sector. The ElectraGen™ XT_i is designed for long or short duration backup times and uses a convenient liquid fuel such as a methanol-water mix. This, and the fact that the system occupies only approximately 10% of the floor area needed by a comparable system fuelled by bottled compressed hydrogen, has proved to be very attractive to IdaTech's customers.

As well as fulfilling the ACME contract, IdaTech will continue to seek to secure further vendor qualification status in addition to the nine telecommunications companies which have already accepted or certified the ElectraGen™ to date. IdaTech will continue to distribute its products through its global channel partner network as well as directly to the end user telecommunication companies. The Company's focus will be on those customers and geographies, such as North America, Latin America and South Africa, where IdaTech can demonstrate a currently compelling value proposition. As well as seeding the market with a number of telecommunication companies this year, the Company has sold 32 ElectraGen™ systems to a single customer in Latin America for commercial field deployment. These systems are providing power in remote and difficult locations, some of which have never had backup capability before.

iGen™

The iGen™ Industrial is a compact certified 250W integrated fuel cell and reformer solution for charging batteries in industrial applications. It is designed to work with battery packs and renewable energy systems such as solar and wind power in challenging environments.

The iGen™ Industrial product is currently under trial in a number of applications such as traffic signaling and portable traffic signage. Once these trials are completed IdaTech expects iGen™ sales to increase and the Company will continue to drive the larger scale commercialisation of the product.

In order to gain maximum advantage and focus on the ACME contract, and subject to resource availability, IdaTech will redirect its existing resources away from development of the iGen™ Consumer which will now not be launched for the foreseeable future.

Third Party Developments and Materials Handling

During the development phase of the ACME contract in 2009, management intends to pursue third party development efforts very selectively. Currently, the Company is not planning to accept any new third party development projects. As resources become available from the ACME project, third party contracts, which align with the product development strategy of the business, will be considered.

Development of a product suitable for the materials handling market (forklift trucks) will be suspended for the foreseeable future as the Company directs its resources to fulfilling the supply agreement with ACME and the ongoing commercialisation of both ElectraGen™ and iGen™ systems, which the Company believes to be the most viable short term opportunities for cash generation.

Auxiliary Power Unit ("APU") and Diesel Emissions

IdaTech continues to believe that there is an opportunity to deploy the Company's technology in relation to the APU and diesel emissions reductions markets in the longer term. As this is a longer term development of the Company, the fulfillment of the ACME supply agreement is not expected to impact this development.

Manufacturing

The initial 310 systems deliverable under the ACME contract will be built at IdaTech's manufacturing facility in Tijuana, Mexico.

IdaTech and ACME also intend to establish a manufacturing facility in India through a joint venture to produce the systems to be delivered under the supply agreement. The production facility will be established in the second half of 2009 and will be fully operational by the end of that year. This joint venture will benefit from proximity to the customer and the competitive supply chain that India offers as well as a flexible and skilled work force.

IdaTech will use its experience gained in establishing its production facility in Tijuana Mexico to set up this Indian facility of which IdaTech will be the majority owner. This facility will be based on a similar model to that used in Tijuana, which was successfully completed on schedule and budget in 2007 at a low capital cost. The Indian facility's capacity is likely to be 3-4 times larger than that of Tijuana giving the ability to produce approximately 10,000 units per annum. IdaTech anticipates using this production facility as an additional platform for IdaTech's low cost manufacturing of fuel cell systems. IdaTech will continue to produce systems at its Mexican facility.

Future funding

Management expects overall cash usage to increase in 2009 and 2010 from its previous expectations, given the investment required in relation to the ACME contract. Investec, IdaTech's majority shareholder has indicated its current intention to provide financial support for the Company. IdaTech may seek to raise additional equity funds in due course.

Outlook

As previously announced on 30 September 2008, IdaTech now expects to sell approximately 80 ElectraGen™ systems and 10 iGen™ systems in 2008. During 2009, IdaTech expects to sell 310 hydrogen systems under the ACME contract, with additional 150-200 systems from organic sales growth, which will continue adoption and establish the base for large scale growth. Full deployment of systems for ACME is expected to commence in early 2010 and is expected to take place at a rate of approximately 10,000 systems per annum.

Given the large volume of systems involved in the ACME contract and the low cost of production expected in India, the agreed costings for the units are substantially below those currently achieved by IdaTech.

Assuming successful execution of the ACME contract, the Board expects that revenue and overall performance for IdaTech in 2011 and beyond to be ahead of its expectations prior to announcement of the ACME contract.

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