



Energy Quarterly Update

Q4 2022



DCF's Energy Practice

Deloitte Corporate Finance LLC (DCF) is a leading global middle-market M&A adviser. Our professionals have extensive knowledge in the energy sector which helps DCF to help clients enhance value.



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Firm Overview

#1

2022 Global M&A
 Advisor by deal
 volume ⁽¹⁾.

704

Completed deals
 in the last 12
 months.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- **One of the top global middle-market financial advisor** in 2022 according to Mergermarket⁽¹⁾.



Sector Focus

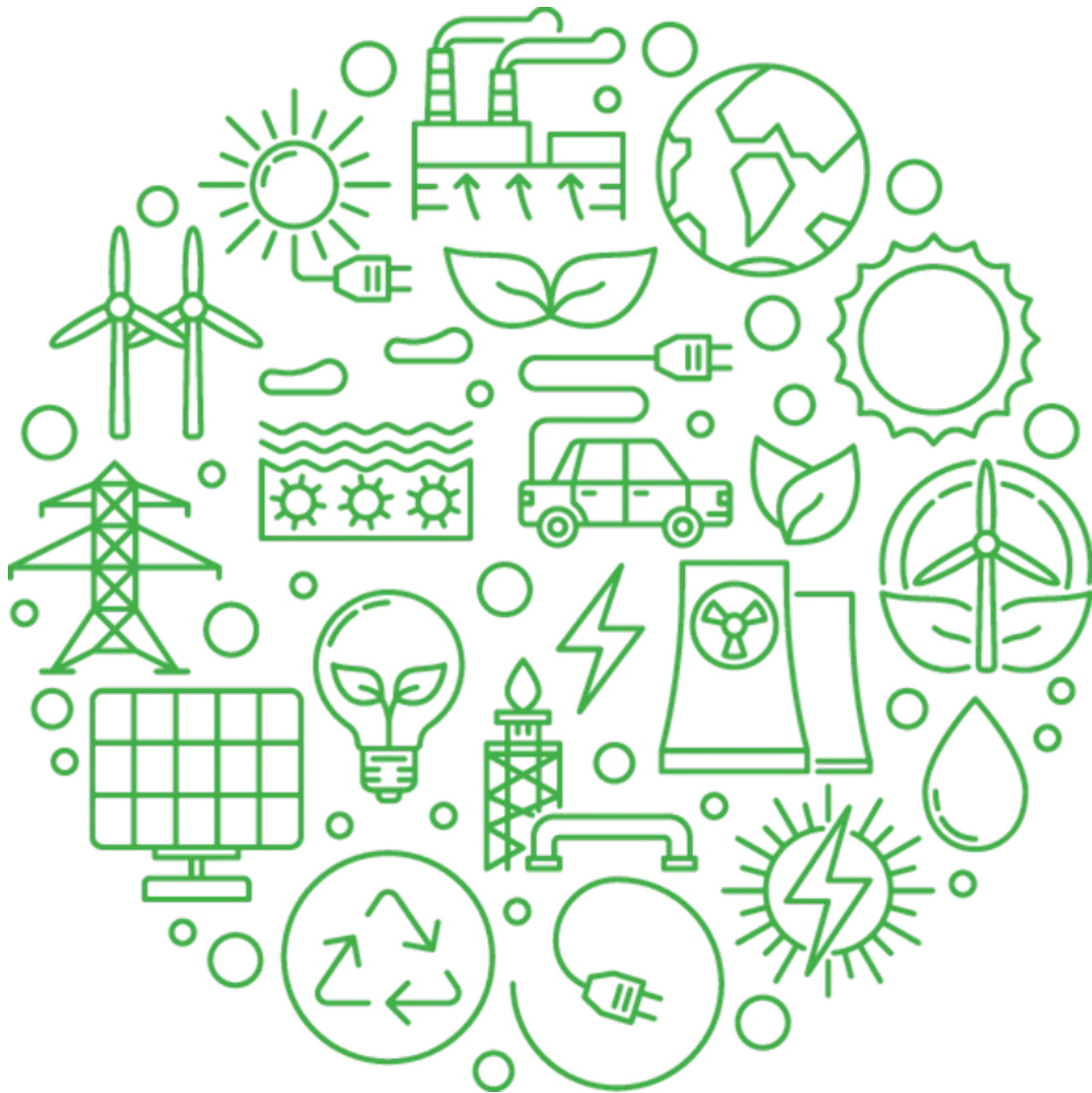
- Oil and Gas
- Renewable Energy
- Power and Utilities
- Nuclear Energy



Table of contents

Case study	4
Deloitte thought leadership	6
Notable recent M&A transactions	7
Oil and gas	8
Renewable energy	9
Power and utilities	10
Nuclear energy	11

Click on items above to jump to section



Case Study

Cherry Street Energy, LLC

Deal Contacts

Eric Andreozzi, Keith Adams, Máté Bánhegyi, Jonathan Price

has completed a majority recapitalization with

The undersigned acted as the financial advisor to Cherry Street Energy, LLC

Deloitte
Deloitte Corporate Finance LLC

Client Overview

- Founded in 2015 in Atlanta Georgia, Cherry Street Holding Company, LLC (CSE or the Company) builds, owns, operates, and maintains a renewable energy infrastructure in the built environment.
- CSE focuses on serving the renewable energy needs of municipalities, universities, schools, and hospitals as well as other large blue-chip commercial and industrial customers.
- CSE is the first and largest provider of non-utility renewable energy in Georgia.

Transaction Results

- Completed a majority recapitalization of the Company with EBSCO Capital, LLC (EBSCO).
- Cherry Street Energy is now positioned to focus on expanding its footprint with existing customers, developing new customers, and building the power company of the future.

“The Deloitte Corporate Finance team was instrumental during every phase of the deal process and helped us navigate a number of market and business dynamics along the way. DCF’s knowledge of the renewables landscape and the effort put in by each member of the team was critical to our success. Their focus on driving important items to reach a successful outcome was fundamental in Cherry Street gaining such a great new partner in EBSCO Capital.”

—Michael Chanin
Founder and CEO
Cherry Street Energy

DCF’s Role

- The Company engaged Deloitte Corporate Finance LLC (DCF) to assist with efforts in finding a growth investor with an aligned vision on the market opportunity for growth in distributed energy.
- DCF added significant value by:
 - Assisting the Company with developing marketing materials and hosting a webinar to highlight the Company’s operating projects and backlog, strong management team and its case for growth based on the its unique business model.
 - Utilizing its extensive reach to network with the energy investment community in order to find a partner with a culture fit who met the key transaction objectives.
 - Managing an extensive due diligence process and assisting client with facilitating a complex transaction which supports Company Stakeholders.

Deloitte thought leadership

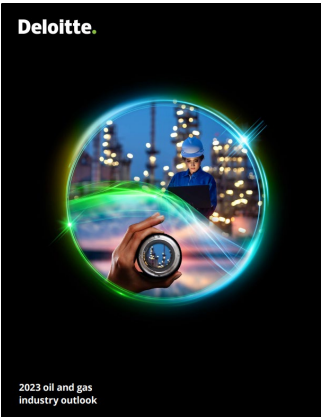
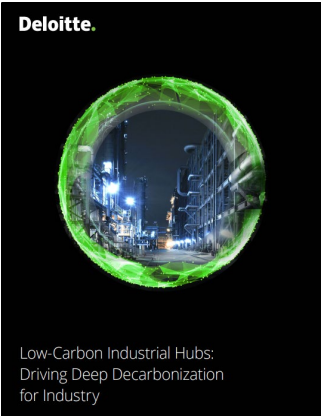
- Deloitte stays well-informed of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on energy industry drivers and trends enables Deloitte to demonstrate eminence in the business services market by redefining the lens through which industry leaders operate.

Extensive knowledge network

DCF leverages its expansive cross-business knowledge network, extensive consulting reports, and in-depth industry research to drive results and provide differentiated insights for our clients.



Recent insights



Notable recent M&A transactions⁽¹⁾

Oil and Gas 	Marathon Oil Corporation to acquire the Eagle Ford assets of Ensign Natural Resources <ul style="list-style-type: none"> Marathon Oil Corporation announced it has entered into a definitive purchase agreement to acquire the Eagle Ford assets of Ensign Natural Resources for total cash consideration of \$3,000 MM. The 130,000 net acres span across the condensate, wet gas, and dry gas phase windows of the Eagle Ford. Marathon completed the acquisition on December 27, 2022. 	Announced Date: November 2022 EV: \$3,000.0 MM Rev: N/A EV/Rev: N/A EV/EBITDA: N/A
Renewables 	Con Edison Clean Energy Businesses to be acquired by RWE Renewables Americas <ul style="list-style-type: none"> RWE Renewables Americas signed a purchase agreement with Con Edison to acquire all shares in Con Edison Clean Energy Businesses. Once completed, this will likely make RWE the number 4 renewable energy company and the second largest solar operator in the United States. 	Announced Date: October 2022 EV: \$6,800.0 MM Rev: N/A EV/Rev: N/A EV/EBITDA: 12.3x
Power and Utilities 	Origin Energy backs buyout offer from Brookfield consortium <ul style="list-style-type: none"> Origin Energy, Australia's no.2 power producer and energy retailer, backed a buyout offer from a consortium led by Canada's Brookfield Asset Management. The takeover would rank as one of the biggest private equity-backed buyouts of an Australian company and would be the largest deal in the country this year. 	Announced Date: November 2022 EV: \$11,450.9 MM Revenue: 9,614.2 MM EV/Rev: 1.2x EV/EBITDA: 25.0x
Nuclear 	Cameco and Brookfield Renewable to acquire Westinghouse Electric Company <ul style="list-style-type: none"> Cameco and Brookfield Renewable are forming a strategic partnership to acquire Westinghouse Electric Company, one of the world's largest nuclear services businesses. The acquisition is expected to align Cameco's uranium production and fuel services capabilities with Westinghouse's downstream capabilities to potentially offer utilities a highly competitive nuclear fuel solution. 	Announced Date: October 2022 EV: \$7,875.0 Rev: \$3,286.0 MM EV/Rev: 2.4x EV/EBITDA: 11.4x



Oil and gas

Sector trends⁽¹⁾

- US crude oil output rose during the fourth quarter, as weekly production volumes increased to 12.1MM barrels per day through the week ending December 30, 2022.
- The US is poised to regain the crown as world's top liquefied natural gas (LNG) exporter. In 2022, US exports of LNG rose 8% to 10.6 bcfd, just shy of Australia's 10.7 bcfd and ahead of Qatar, which shipped 10.5 bcfd.
- OPEC+ decided to hold production steady at their December 4th meeting. This followed a decision back in October to cut production by 2MM barrels per day from its August 2022 required production levels, starting November 2022.

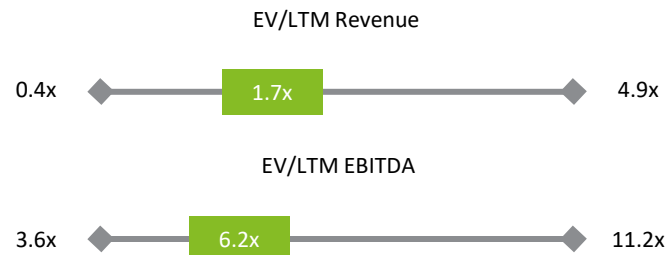
Select public comparables⁽³⁾

Company name	Enterprise value (MM)
Exxon Mobil Corp	\$476,211.8
Chevron Corp	356,225.8
ConocoPhillips	153,575.4
Marathon Petroleum Corp	78,779.4
Phillips 66	69,462.6
Valero Energy Corp	58,317.5
Hess Corp	50,820.1
Devon Energy Corp	45,912.1
Halliburton Company	42,732.6
DCP Midstream, LP	13,649.7
Southwestern Energy Company	11,484.7
Transocean, Ltd	9,539.8

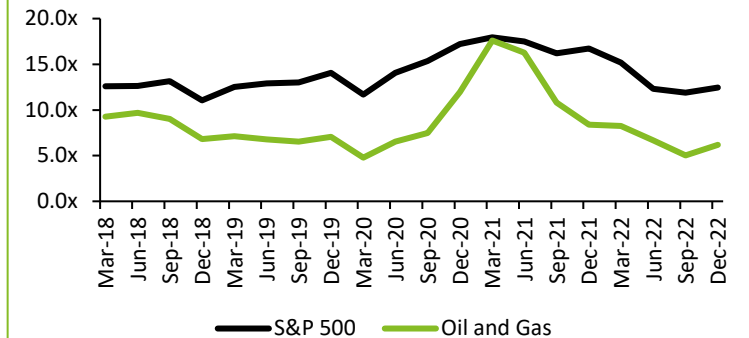
Select recent M&A activity⁽²⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Dec-22	Ensign Natural Resources	Marathon Oil	\$3,000.0	N/A
Nov-22	Cactus II Pipeline, LLC	Enbridge Inc.; Plains All American Pipeline, LP	1,765.3	N/A
Nov-22	FireBird Energy, LLC	Diamondback E&P, LLC	1,617.7	N/A
Pending	MountainWest Pipeline, LLC	Williams Partners Operating, LLC	1,500.0	N/A

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾



Renewable energy

Sector trends⁽¹⁾

- The US grid included roughly 74 GW of solar photovoltaic capacity at the end of 2022, which is about three times the installed capacity at the end of 2017. Solar capacity is expected to add another 63 GW by the end of 2024, a growth of 84% in a two-year span.
- Wind power grew by more than 60% since 2017 to about 143 GW of capacity. By 2024, wind is projected to increase by 12 more GW.
- The US Department of Agriculture announced it will invest nearly \$600MM in clean energy projects for farms and rural communities. The Biden administration said funding clean energy projects in rural communities is key for not leaving such areas behind as the US tries to transition to a greener economy.

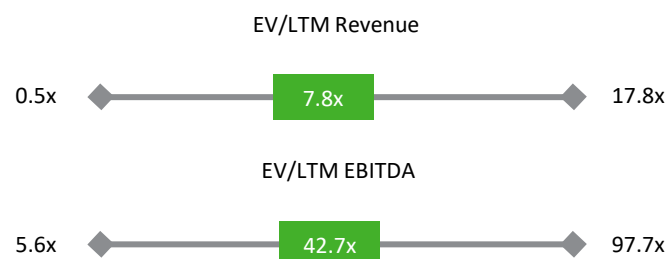
Select public comparables⁽³⁾

Company name	Enterprise value (MM)
Brookfield Renewable Partners	\$65,621.1
Enphase Energy, Inc.	35,906.4
NextEra Energy Partners, LP	19,828.3
First Solar, Inc.	14,354.5
Sunrun Inc.	14,234.1
Ormat Technologies, Inc.	6,886.8
Array Technologies, Inc.	3,920.7
Canadian Solar Inc.	3,858.0
Shoals Technologies Group, Inc.	3,623.0
SunPower Corp	3,163.9
Ballard Power Systems Inc.	640.5
ReneSola Ltd	264.2

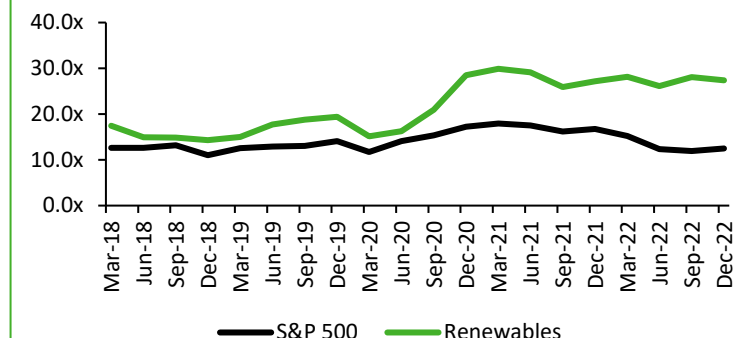
Select recent M&A activity⁽²⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Con Edison Clean Energy Businesses Inc	RWE Renewables Americas, LLC	\$6,800.0	12.3x
Dec-22	Archaea Energy Inc	BP Products North America Inc	4,848.1	23.4x
Oct-22	Atlas Renewable Energy, LLC	Global Infrastructure Management, LLC	2,000.0	N/A
Pending	Great River Hydro, LLC	HQI U.S. Holding, LLC	2,000.0	N/A

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾





Power and utilities

Sector trends⁽¹⁾

- Total average revenues per kilowatt-hour (kWh) rose by 11.8% from last November, to 12.46 cents/kWh in November 2022. The Industrial end-use sector rose the most from last November, up 12.6%, followed by the Residential sector, up 11.2%, then the Commercial sector, up 10.7%, and lastly the Transportation sector, up 10.1%.
- Wholesale daily electricity prices varied widely throughout November, from the lower end of each hubs' 12-month range early in the month, to considerably higher prices later in the month as colder temperatures arrived. For instance, in New England, prices jumped from \$37/MWh on November 10 to \$161/MWh on November 21. In New York City, prices ranged from a monthly low of \$38/MWh on November 7 to a high of \$120/MWh on November 21.

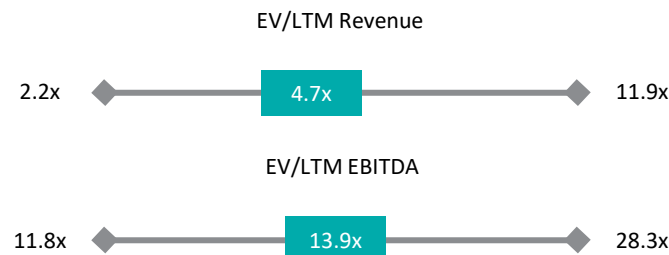
Select public comparables⁽³⁾

Company name	Enterprise value (MM)
NextEra Energy, Inc.	\$236,560.9
Duke Energy Corp	156,375.8
The Southern Company	137,100.7
Dominion Energy, Inc.	97,131.4
PG&E Corp	89,693.0
American Electric Power Co.	86,685.2
Exelon Corp	81,176.5
Sempra	78,033.1
Xcel Energy Inc.	63,573.6
Consolidated Edison, Inc.	60,020.0
Eversource Energy	51,169.6
Entergy Corp	49,812.4
WEC Energy Group, Inc.	46,124.6
DTE Energy Company	42,693.5
Ameren Corp	38,062.8
CenterPoint Energy, Inc.	34,674.8
Avangrid, Inc.	26,290.1
Black Hills Corp	9,295.4
ALLETE, Inc.	6,292.0

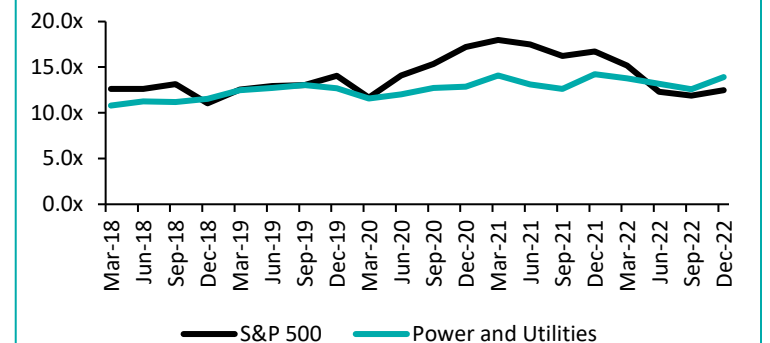
Select recent M&A activity⁽²⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Origin Energy, Ltd	Brookfield Corporation; MidOcean Energy, LLC	\$11,450.9	25.0x
Nov-22	Scottish Hydro Electric Transmission	Ontario Teachers' Pension Plan Board	9,781.3	16.8x
Pending	Energy Power Partners Fund I LP (Portfolio of landfill gas-to-electric facilities)	NextEra Energy Resources, LLC	1,137.0	N/A
Pending	WTG Fuels Inc	GPM Southeast, LLC	140.4	N/A

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾





Nuclear energy

Sector trends⁽¹⁾

- The US Department of Energy's National Nuclear Security Administration (NNSA) announced the achievement of fusion ignition at Lawrence Livermore National Laboratory (LLNL). A team at LLNL's National Ignition Facility conducted the first controlled fusion experiment in history to reach scientific energy breakeven, meaning it produced more energy from fusion than the laser energy used to drive it. This first-of-its-kind feat will provide insights into the prospects of clean fusion energy.
- The global nuclear industry released a joint statement emphasizing that the energy transition is not possible without maintaining and expanding the role of nuclear power. The statement calls for several initiatives including accelerated investments in nuclear new build, additional support for nuclear R&D and education, and further acknowledgment of the environmental, social, and economic benefits of nuclear power.

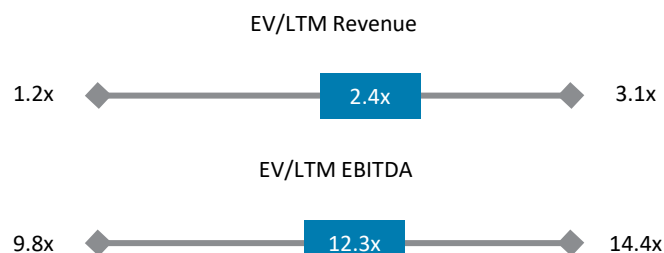
Select public comparables⁽³⁾

Company name	Enterprise value (MM)
Huntington Ingalls Industries, Inc.	\$12,293.9
Curtiss-Wright Corp	7,752.7
BWX Technologies, Inc.	6,583.9

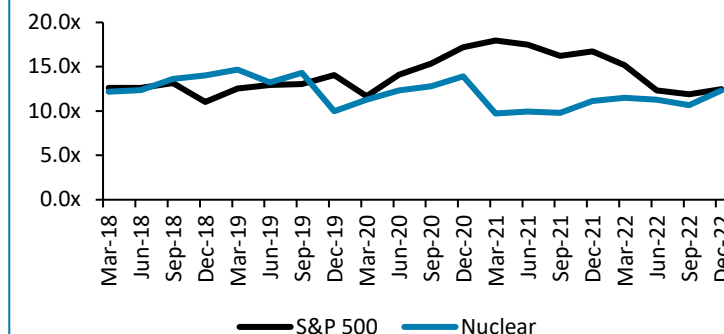
Select recent M&A activity⁽²⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Westinghouse Electric Company, LLC	Cameco Corporation; Brookfield Renewable Partners, LP	\$4,500.0	11.4x
Dec-22	SK E&S Co	KKR & Co	571.8	N/A

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾



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