



Energy Quarterly Update

Q3 2021



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 allows DCF to help clients enhance value.



Energy Leadership



Will Frame
Managing Director
Head of Industrials
Chicago, IL
wframe@deloitte.com



Keith Adams
Managing Director
Energy Sector Lead
Atlanta, GA
keadams@deloitte.com



Mate Banhegyi
Vice President
Charlotte, NC
mbanhegyi@deloitte.com



Firm Overview

#1

2020 Global M&A
Advisor by deals
completed ⁽¹⁾.

487

Completed deals
in the last 12
months.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, Deloitte has **2,400 Corporate Finance professionals** across 60 countries that serve as value-add partners to the North American team.
- **Top global middle-market financial advisor** in 2020 according to Mergermarket⁽¹⁾.



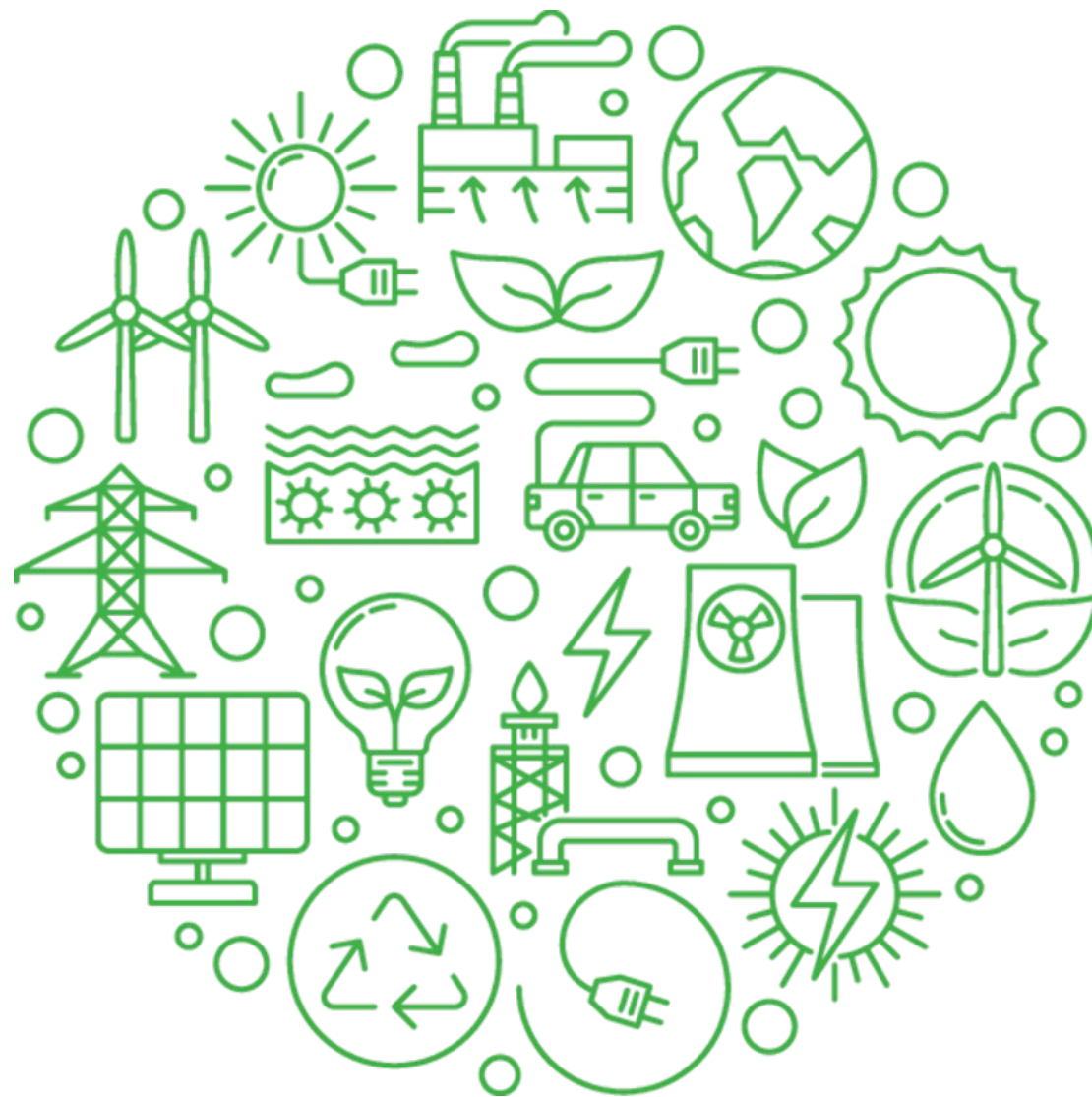
Sector Focus

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



Table of contents

Case study	4
Deloitte thought leadership	5
Notable recent M&A transactions	6
Oil and Gas	7
Renewable Energy	8
Power and Utilities	9
Nuclear Energy	10



Case study

TerraSmart, LLC

Deal Contacts

Eric Andreozzi, Keith Adams, Máté Bánhegyi



TERRAS^{SMART}.
has been acquired by



The undersigned acted as
exclusive financial advisor to
Ethos Risk Services, LLC



Client Overview

- Based in Fort Myers, FL, TerraSmart LLC (TerraSmart or the Company) is a vertically-integrated solar solutions provider that has transformed the solar installation landscape by turning tough, arduous soil locations into buildable sites for clean energy production using proprietary screw-based racking and foundations.
- The Company provides technologically-driven, turnkey designs and installation services to commercial & utility-scale clients across the United States, with a distinguished brand focused on commitment to quality and service.
- Deloitte Corporate Finance LLC (DCF) was engaged by TerraSmart to explore strategic alternatives and produce liquidity for shareholders, while also helping the Company identify a partner to help accelerate growth.

Acquiror Overview

- Gibraltar Industries, Inc. (Nasdaq: ROCK) is a leading manufacturer and provider of products and services for the renewable energy, conservation, residential, industrial, and infrastructure markets.

“The Deloitte Corporate Finance team was instrumental throughout every stage of the deal process and by our side the entire way. Their deal expertise, extensive experience working with entrepreneurial-based companies, and in-depth knowledge of the renewables sector led to a successful transaction and optimal outcome for our shareholders. We truly appreciate and value the guidance and dedication DCF provided in delivering top-notch execution, and we could not have picked a better advisor.”

Ryan Reid
Founder and President
TerraSmart LLC

DCF’s Role

- DCF added significant value by:
 - Running a highly competitive marketing process, leveraging its experience in renewable energy to contact primarily strategic acquirors and a select few financial sponsors with expressed interest in solar.
 - Developing detailed marketing materials to clearly highlight TerraSmart’s integrated turnkey solutions, innovative use of technology, and robust project pipeline.
 - Working alongside the Company’s management team to facilitate an effective diligence process while assisting in the negotiation of deal terms and structure.
 - Coordinating an organized confirmatory diligence process and advising on key transaction terms, including a complex net working capital framework.

Deloitte thought leadership

Deloitte thought leadership

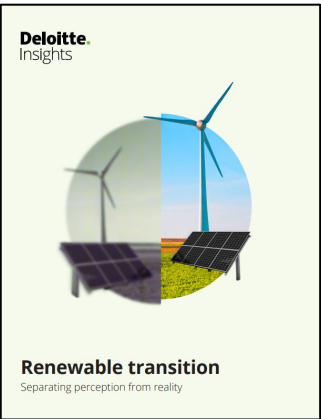
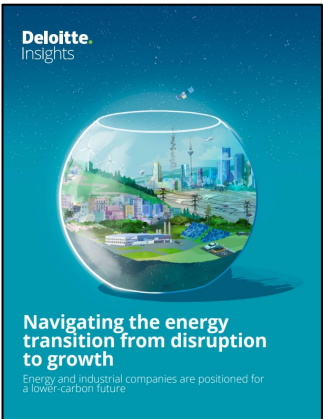
- Deloitte stays well-informed of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on energy industry drivers and trends enables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

Extensive knowledge network





DCF can leverage 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 	Cabot Oil & Gas Corporation has agreed to merge with Cimarex Energy Co.^(a) <ul style="list-style-type: none"> Cimarex Energy Company is a listed US-based oil and gas exploration, development, and production company. The combined entities will create a diversified energy company focused on new end markets and provide investors with various operational and cost savings. 	Close Date: September 2021 EV: \$9,041.1 MM Rev: \$1,558.8 MM EV/Rev: 5.8x EV/EBITDA: N/A
Renewables 	Quanta Services acquires Blattner Energy Inc.^(b) <ul style="list-style-type: none"> Blattner offers front-end engineering, procurement, project management, and construction services to developers of wind, solar, and energy storage products in North America. The pairing of the two companies is expected to generate cost and revenue synergies, as well as new product offerings. 	Announced Date: September 2021 EV: \$3,000.0 MM Rev: \$2,307.7 MM EV/Rev: 1.3x EV/EBITDA: 10.3x
Power and Utilities 	Public Service Enterprise Group has entered into an agreement to sell its fossil generating portfolio to ArcLight Energy Partners^(c) <ul style="list-style-type: none"> Public Service Enterprise Group operates natural gas, coal, and oil-fired electric generating units. The sale of PSEG Fossil was a part of PSEG's Strategic Alternatives process announced in July 2020 and comprises of 13 electric generation units in New Jersey, Connecticut, Maryland and New York. 	Announced Date: August 2021 EV: \$1,920.0 MM Revenue: N/A EV/Rev: N/A EV/EBITDA: N/A
Nuclear 	Exelon has acquired 49.99% stake in Constellation Energy Nuclear Group LLC^(d) <ul style="list-style-type: none"> Post acquisition, Exelon Generation would become the full 100% owner of Constellation's zero-carbon nuclear energy facilities, which consist of the single-unit R.E. Ginna Nuclear Power Plant (576 megawatts), the dual-unit Nine Mile Point Nuclear Station (1,907 megawatts), and the dual-unit Calvert Cliffs Nuclear Power Plant (1,756 megawatts). 	Announced Date: August 2021 EV: \$885.0 MM Rev: N/A EV/Rev: N/A EV/EBITDA: N/A



Oil and gas

Sector trends⁽⁴⁾

- Natural gas continues to see significant price growth, with a September monthly gain of 34% and an increase of +134.9% YTD. Additionally, WTI crude gained 14.1% in September and +55% YTD for its highest monthly close since 2014.
- A consortium of factors on both the supply and demand side are driving energy prices higher in Q3. The summer driving season saw record-high gasoline demand in the US and supplies were also negatively impacted by hurricanes along the gulf coast.

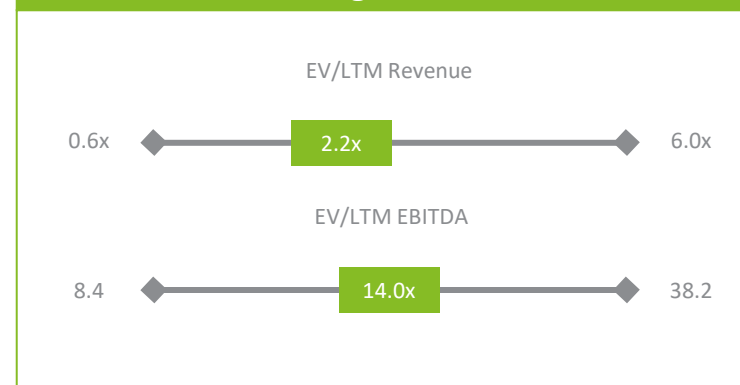
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Chevron Corporation	\$248,065.4
ConocoPhillips	109,110.6
Devon Energy Corporation	33,004.4
DCP Midstream, LP	13,363.2
Exxon Mobil Corporation	328,983.7
Halliburton Company	31,086.9
Hess Corporation	34,994.4
Marathon Petroleum Corporation	62,704.6
Phillips 66	52,257.2
Southwestern Energy Company	8,102.4
Transocean Ltd.	9,089.0
Valero Energy Corporation	44,102.4

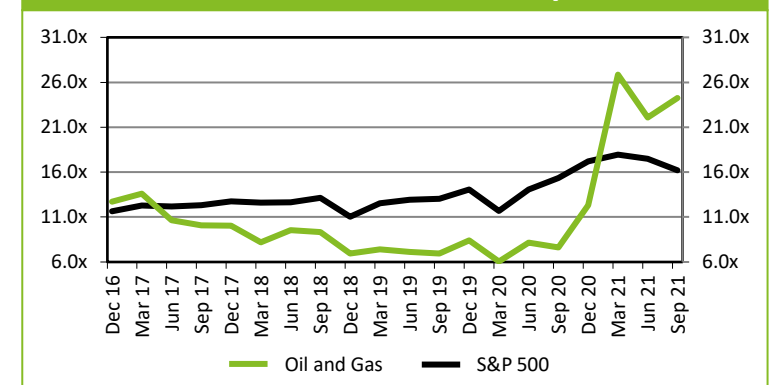
Select recent M&A activity ⁽¹⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Overseas Shipholding Group	Saltchuk Resources, Inc.	\$840.4	6.5x
Pending	Vine Energy Inc.	Chesapeake Energy Corporation	\$2,320.5	10.4x
Pending	Oil and Gas Properties in Delaware Basin of Texas	Lime Rock Resources Inc.	\$508.3	N/A
September 2021	Cabot Oil & Gas Corporation	Cimarex Energy Co.	\$9,041.1	N/A
July 2021	Oil Search Limited	Santos Ltd.	\$9,169.4	37.7x

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



Renewable energy

Sector trends⁽⁴⁾

- In Q3 2021, the Biden Administration announced a 30-gigawatt wind farm plan along the entire Eastern US Coastline creating enough electricity for 10 million homes by 2030.
- In September 2021, the Solar Energy Industries Association adjusted its solar goal from 20% to 30% of total US electricity generation by 2030.
- In September 2021, US Department of Energy secretary Jennifer Granholm announced a new National Community Solar Partnership (NCSP) target to have community solar projects provide 26GW of power and create \$1 billion in electricity bill savings by 2025.

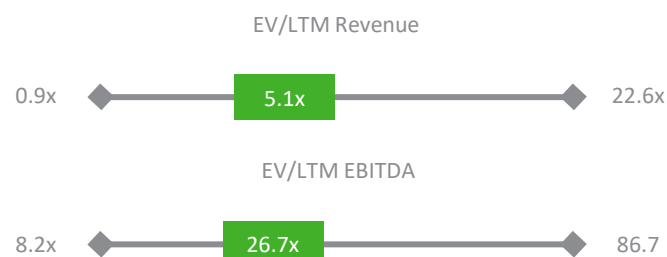
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Array Technologies, Inc.	\$2,956.1
Avangrid, Inc.	26,397.7
Ballard Power Systems Inc.	3,509.1
Brookfield Renewable Partners L.P.	50,145.3
Canadian Solar Inc.	3,864.2
Enphase Energy, Inc.	23,947.2
First Solar, Inc.	9,843.7
Ormat Technologies, Inc.	5,333.2
ReneSola Ltd.	342.4
Renewable Energy Group, Inc.	2,184.5
Shoals Technologies Group, Inc.	3,078.4
SunPower Corporation	4,834.2
Sunrun Inc.	16,883.8

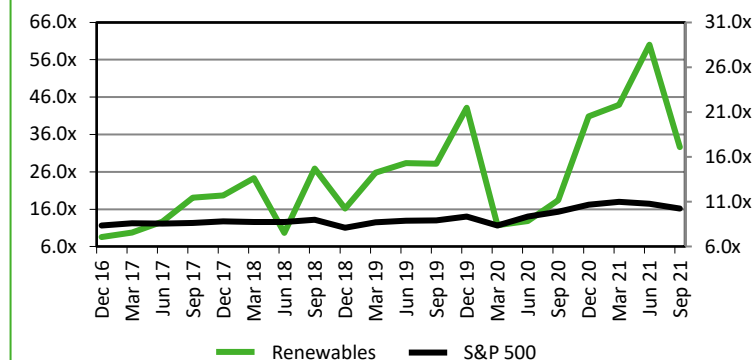
Select recent M&A activity ⁽¹⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Quanta Services	Blattner Energy Inc.	\$3,000.0	10.3x
Pending	Tianjin Beiqing Electric Smart Energy	SEC Electric Machinery Co.	\$1,895.1	4.8x
Pending	Azure Power Global Limited	OMERS Infrastructure Management	\$219.3	22.0x
Pending	Covanta Holding Corporation	EQT Partners AB	\$5,289.9	18.1x
Pending	Octopus Energy Limited	Origin Energy Limited and Generation Investment Management	\$655.0	N/A
Pending	Good Energy Group	Ecotricity Group Limited	\$121.6	16.4x

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾





Power and utilities

Sector trends⁽⁴⁾

- In late September, the US Energy Information Administration forecasted propane expenditures to rise by 54%, heating oil by 43%, natural gas by 30%, and electricity by 6% compared with winter 2020 primarily because of higher expected fuel costs as well as more consumption of energy due to a projected colder winter. Additionally, in the September 2021 forecast, they stated that energy-related CO2 emissions will increase about 8% from the 2020 levels as economic activity increases, which should lead to rising energy use for Q3 2021 and through Q4 2021.

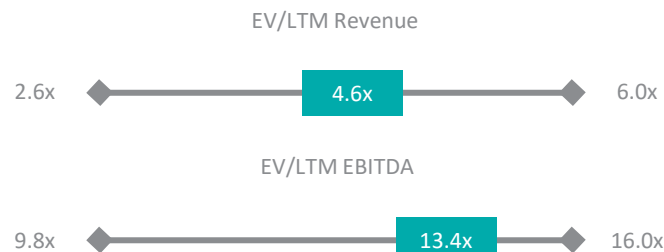
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Ameren Corporation	\$34,221.9
ALLETE, Inc.	5,750.9
American Electric Power Company	78,289.6
Avangrid, Inc.	26,397.7
Black Hills Corporation	8,520.2
CenterPoint Energy, Inc.	32,325.8
Consolidated Edison, Inc.	50,002.0
Dominion Energy, Inc.	100,434.7
DTE Energy Company	41,881.5
Duke Energy Corporation	146,814.1
Entergy Corporation	45,382.2
Eversource Energy	48,461.0
Exelon Corporation	90,531.1
PG&E Corporation	65,847.0
Sempra	67,356.8
The Southern Company	123,296.7
WEC Energy Group, Inc.	42,804.9
Xcel Energy Inc.	59,022.1

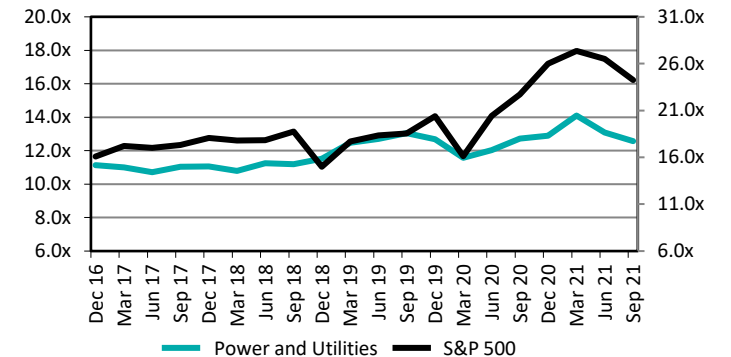
Select recent M&A activity ⁽¹⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Public Service Enterprise Group	ArcLight Energy Partners	\$1,920.0	N/A
Pending	Ausnet Services Ltd.	Brookfield Asset Management	\$13,061.4	15.6x
August 2021	Interconexión Eléctrica SA	Ministry of Finance and Public Credit	\$9,379.3	6.7x
July 2021	Redes Energéticas Nacionais	Ponte Gadea S.L.	\$224.5	8.8x

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



Nuclear energy

Sector trends ⁽⁴⁾

- Nuclear technology contracts activity in Q3 2021 saw 28 contracts announced, marking a rise of 27% over the last four-quarter average of 22, according to GlobalData's power industry contracts database.
- Announced in September 2021, for the first time since the Fukushima Daiichi accident a decade ago, the International Atomic Energy Agency (IAEA) has revised up its projections of the long-term potential growth of nuclear power capacity for electricity generation during the coming decades boosting nuclear focused companies in Q3 2021.
- Also announced in September 2021, IAEA revised their "high case forecast" for nuclear energy generation capacity which is now expected double to 792 gigawatts (net electrical) by 2050. The original estimate last year from IAEA (announced in Q3 of 2020) was 715GW(e). This revision was made as a result of increased demand through Q3 2021.

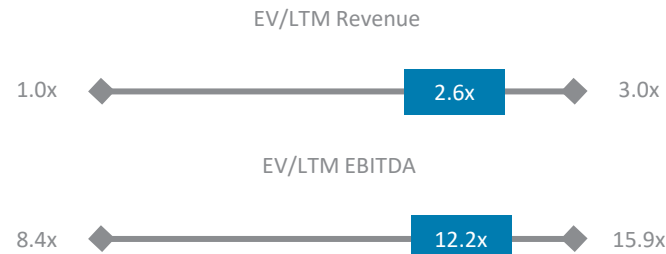
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
BWX Technologies, Inc.	\$6,372.4
Curtiss-Wright Corporation	6,392.4
Huntington Ingalls Industries, Inc.	9,838.2

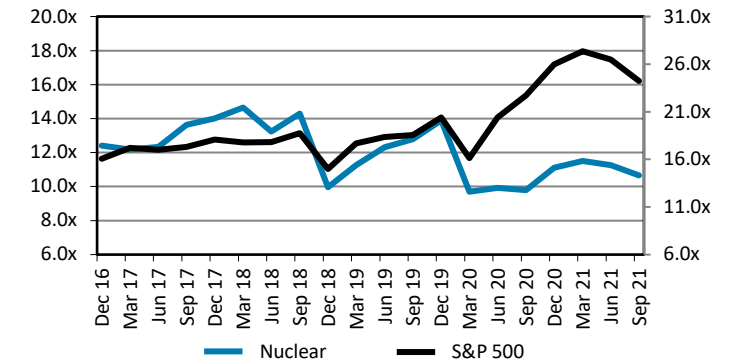
Select recent M&A activity ⁽¹⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Constellation Energy Nuclear Group	Exelon	\$1,770.4	N/A
Pending	Tecnatom, S.A.	Westinghouse Electric Company LLC	N/A	N/A
Pending	Orano SA	Government of France	\$660.2	N/A
Pending	China Guangdong Nuclear Power	Zhejiang Provincial New Energy Investment Group Co.	\$373.9	N/A

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



Appendix

Sources Cited

Page 2:

1. [Mergermarket](#). Accessed October 17, 2021. Data as of January 19, 2021.

Page 6:

1. Relevant transactions announced in Q3, 2021..
 - a. [Mergermarket](#). Accessed October 17, 2021. Data as of October 17, 2021.
 - b. [Mergermarket](#). Accessed October 17, 2021. Data as of October 17, 2021.
 - c. [Mergermarket](#). Accessed October 17, 2021. Data as of October 17, 2021.
 - d. [Mergermarket](#). Accessed October 17, 2021. Data as of October 17, 2021.

Page 7:

1. Relevant transactions announced in Q3, 2021..
 - a. [S&P Capital IQ](#). Accessed October 17, 2021. Data as of October 17, 2021..
2. Select public comparables set in Q3, 2021..
 - a. [S&P Capital IQ](#). Accessed October 17, 2021. Data as of October 17, 2021.
3. Expanded public comparables set in Q3, 2021..
 - a. [S&P Capital IQ](#). Accessed October 17, 2021. Data as of October 17, 2021.
4. Sector Trends..
 - a. [Nasdaq](#). Accessed October 17, 2021. Data as of October 17, 2021.
 - b. [EIA](#). Accessed October 17, 2021. Data as of October 17, 2021.

Page 8:

1. Relevant transactions announced in Q3, 2021..
 - a. [S&P Capital IQ](#). Accessed October 17, 2021. Data as of October 17, 2021.
2. Select public comparables set in Q3, 2021..
 - a. [S&P Capital IQ](#). Accessed October 17, 2021. Data as of October 17, 2021.
3. Expanded public comparables set in Q3, 2021..
 - a. [S&P Capital IQ](#). Accessed October 17, 2021. Data as of October 17, 2021.
4. Sector Trends..
 - a. [NY Times](#). Accessed October 17, 2021. Data as of October 17, 2021.
 - b. [AP News](#). Accessed October 17, 2021. Data as of October 17, 2021.
 - c. [PV Tech](#). Accessed October 17, 2021. Data as of October 17, 2021.

Page 9:

1. Relevant transactions announced in Q3, 2021..
 - a. [S&P Capital IQ](#). Accessed October 17, 2021. Data as of October 17, 2021.
2. Select public comparables set in Q3, 2021..
 - a. [S&P Capital IQ](#). Accessed October 17, 2021. Data as of October 17, 2021.
3. Expanded public comparables set in Q3, 2021..
 - a. [S&P Capital IQ](#). Accessed October 17, 2021. Data as of October 17, 2021.
4. Sector Trends..
 - a. [EIA](#). Accessed October 17, 2021. Data as of October 17, 2021.

Page 10:

1. Relevant transactions announced in Q3, 2021..
 - a. [S&P Capital IQ](#). Accessed October 17, 2021. Data as of October 17, 2021.
2. Select public comparables set in Q3, 2021..
 - a. [S&P Capital IQ](#). Accessed October 17, 2021. Data as of October 17, 2021.
3. Expanded public comparables set in Q3, 2021..
 - a. [S&P Capital IQ](#). Accessed October 17, 2021. Data as of October 17, 2021.
4. Sector Trends..
 - a. [Power Technology](#). Accessed October 17, 2021. Data as of October 17, 2021
 - b. [International Atomic Energy Agency](#). Accessed October 17, 2021. Data as of September 16, 2021
 - c. [IEA](#). Accessed October 17, 2021. Data as of October 17, 2021



This newsletter is a periodic compilation of certain completed and announced merger and acquisition activity. Information contained in this newsletter should not be construed as a recommendation to sell or a recommendation to buy any security. Any reference to or omission of any reference to any company in this newsletter shall not be construed as a recommendation to sell, buy or take any other action with respect to any security of any such company. We are not soliciting any action with respect to any security or company based on this newsletter. This newsletter is published solely for the general information of clients and friends of Deloitte Corporate Finance LLC. It does not take into account the particular investment objectives, financial situation, or needs of individual recipients. Certain transactions, including those involving early-stage companies, give rise to substantial risk and are not suitable for all investors. This newsletter is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Prediction of future events is inherently subject to both known risks, uncertainties and other factors that may cause actual results to vary materially. We are under no obligation to update the information contained in this newsletter. We and our affiliates and related entities, partners, principals, directors, and employees, including persons involved in the preparation or issuance of this newsletter, may from time to time have “long” and “short” positions in, and buy or sell, the securities, or derivatives (including options) thereof, of companies mentioned herein. The companies mentioned in this newsletter may be: (i) investment banking clients of Deloitte Corporate Finance LLC; or (ii) clients of Deloitte Financial Advisory Services LLP and its related entities. The decision to include any company for mention or discussion in this newsletter is wholly unrelated to any audit or other services that Deloitte Corporate Finance LLC may provide or to any audit services or any services that any of its affiliates or related entities may provide to such company. No part of this newsletter may be copied or duplicated in any form by any means or redistributed without the prior written consent of Deloitte Corporate Finance LLC.

About Deloitte Corporate Finance

Deloitte Corporate Finance LLC (DCF), a broker-dealer registered with the U.S. Securities and Exchange Commission (SEC) and member of the [Financial Industry Regulatory Authority \(FINRA\)](#) and the [Securities Investor Protection Corporation \(SIPC\)](#), is an indirect wholly-owned subsidiary of Deloitte Financial Advisory Services LLP and affiliate of Deloitte Transactions and Business Analytics LLP. Investment banking or other services that would require registration as a broker-dealer with the SEC and membership in FINRA would be provided exclusively by DCF. For more information, visit www.investmentbanking.deloitte.com. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (DTTL), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as Deloitte Global) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.