



Energy Quarterly Update

Q4 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.



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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, 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.
- **Top global middle-market financial advisor** in 2020 according to Mergermarket⁽¹⁾.



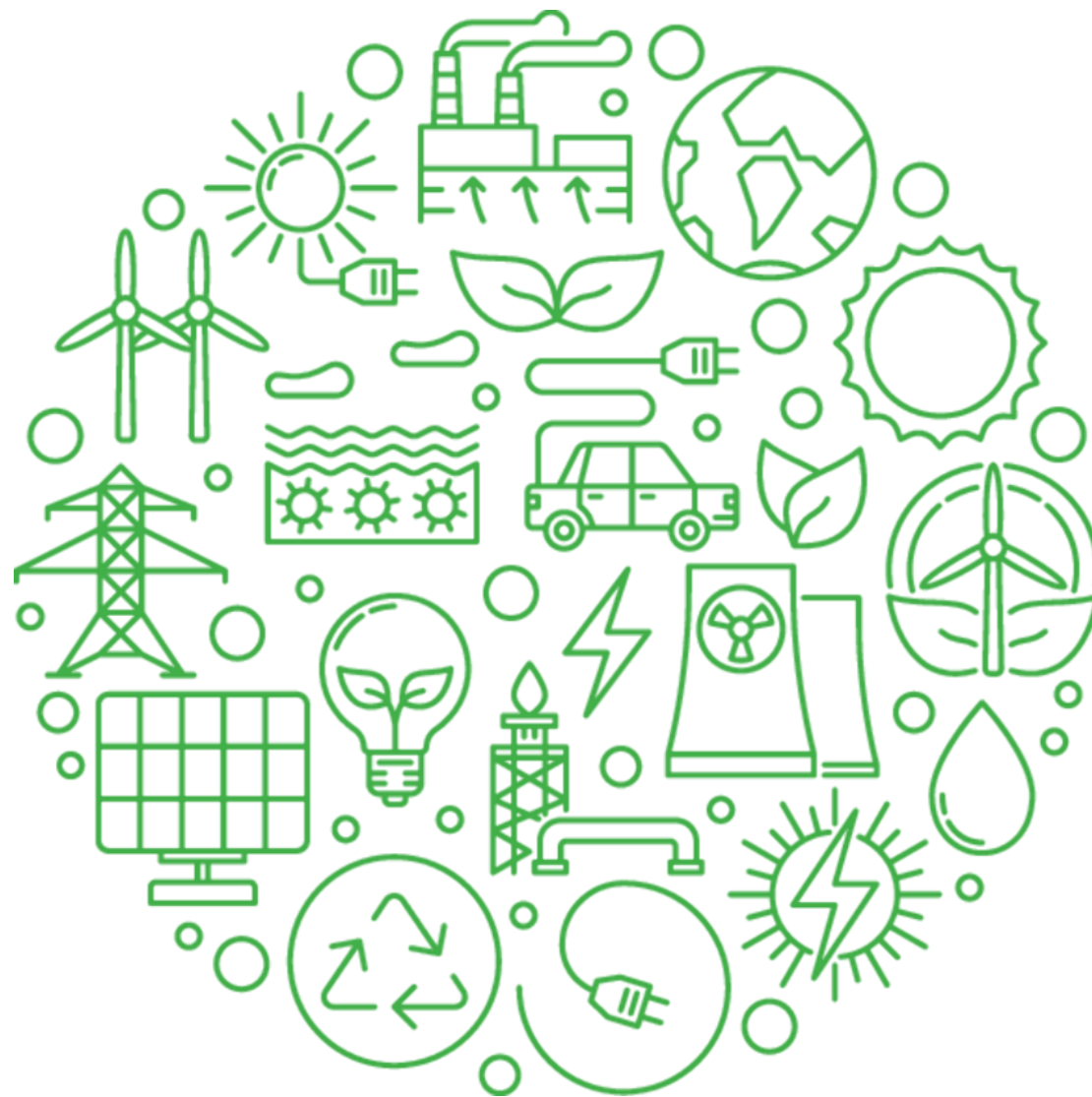
Sector Focus

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



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Case study

TerraSmart, LLC

Deal Contacts

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TERRASMART.
has been acquired by



GIBRALTAR
INDUSTRIES

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 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

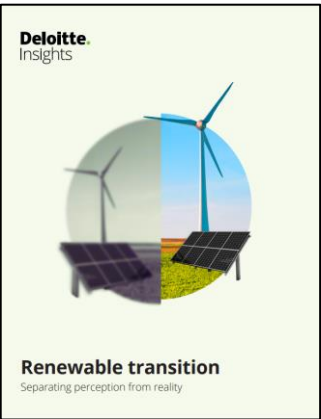
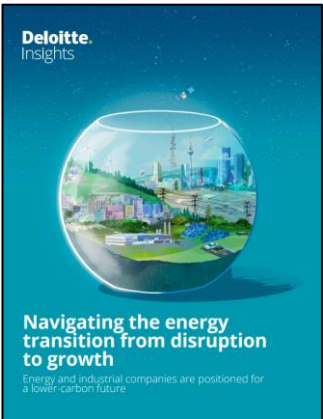
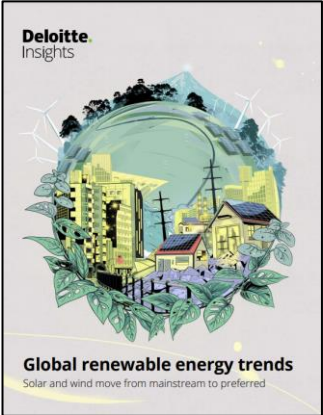
- Deloitte stays well-informed of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on energy industry drivers and trends enables 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 	ConocoPhillips purchased the Permian business of Royal Dutch Shell. ^(a) <ul style="list-style-type: none"> The transaction involved Shell selling 225,000 net acres and producing properties in Texas, along with 175,000 barrels equivalent per day. It also included more than 600 miles of crude gas and water pipelines and infrastructure. ConocoPhillips expects to expand cash from operations and drive higher returns on capital as a result. 	Close Date: December 2021 EV: \$9,500.0 MM Rev: \$1,558.8 MM EV/Rev: N/A EV/EBITDA: N/A
Renewables 	Falck Renewables SpA acquired by The Infrastructure Investments Fund. ^(b) <ul style="list-style-type: none"> Falck Renewables is a renewable energy platform with about 1.3 GW of installed capacity in the UK, Italy, the US, Spain, France, Norway and Sweden, across wind, solar, waste-to-energy and biomass technologies. The new ownership is expected to accelerate Falck Renewables' growth and strengthen its position in the renewable energy sector. The company will continue to be led by its current management team. 	Announced Date: October 2021 EV: \$3,936.0 MM Rev: \$492 MM EV/Rev: 8.0x EV/EBITDA: 18.7x
Power and Utilities 	American Electric Power ("AEP") To Sell Its Kentucky Operations ^(c) <ul style="list-style-type: none"> The transaction will include Kentucky Power and AEP Kentucky Transco, to Liberty for \$2.846 billion in enterprise value. AEP expects the sale to have an immaterial, one-time impact to after-tax book earnings. The transaction will likely be \$0.01-\$0.02 accretive to 2022 ongoing earnings. 	Announced Date: October 2021 EV: \$2,846.0 MM Revenue: N/A EV/Rev: N/A EV/EBITDA: N/A
Nuclear 	NuScale Power signs merger agreement with Spring Valley Acquisition ^(d) <ul style="list-style-type: none"> Owned by US-based engineering and construction firm Fluor, NuScale offers advanced nuclear power via the NuScale Power Module (NPM), which can generate 77 megawatts electric (MWe) of electricity. The deal is expected to provide NuScale with \$413 MM in gross proceeds. 	Announced Date: December 2021 EV: \$1,875.0 MM Rev: N/A EV/Rev: N/A EV/EBITDA: N/A

Oil and gas

Sector trends⁽¹⁾

Global oil demand continues to outpace supply. Oil prices continued to surge in Q4 and the U.S. oil rig count at the end of Q4 2021 increased to 586 (was at 348 same time last year) .

In November 2021, energy markets fell based on pandemic fears. Brent crude oil, a major benchmark for oil prices, fell by 16.4%, and WTI Crude Oil fell by 20.8%.

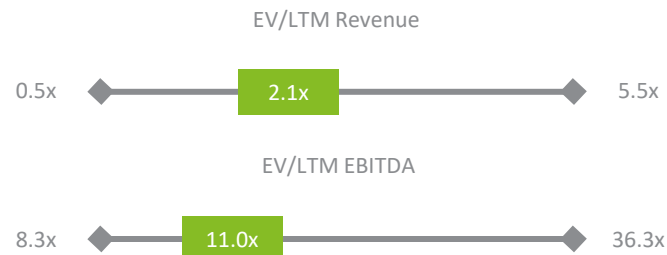
Select public comparables⁽³⁾

Company Name	Enterprise Value (MM)
Exxon Mobil Corporation	\$368,270.10
Chevron Corporation	280,673.00
ConocoPhillips	122,858.70
Marathon Petroleum Corporation	68,373.40
Phillips 66	53,928.70
Valero Energy Corporation	46,276.00
Devon Energy Corporation	37,882.90
Hess Corporation	35,519.50
Halliburton Company	33,084.40
DCP Midstream, LP	12,486.10
Southwestern Energy Company	9,459.40
Transocean Ltd.	8,687.30

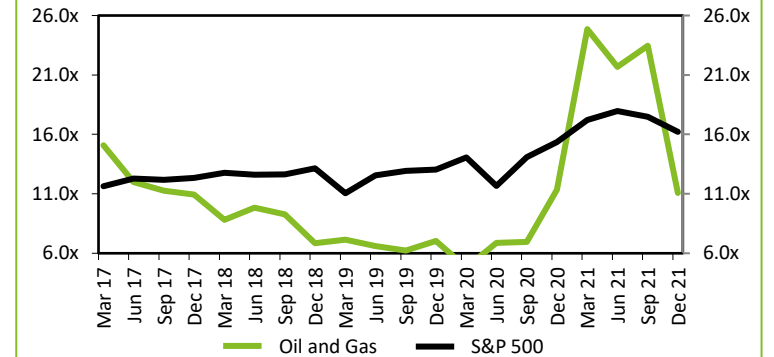
Select recent M&A activity⁽²⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Permian Business of Royal Dutch Shell	ConocoPhillips	\$9,500.0	N/A
Pending	Southwest Gas Corporation	Icahn Enterprises	\$7,500.7	10.3x
Pending	Oasis Midstream Partners	Crestwood Equity Partners	\$1,846.3	15.5x
Pending	Goodrich Petroleum Corporation	Paloma Resources	\$506.2	102.8x

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾





Renewable energy

Sector trends⁽¹⁾

- The infrastructure Investment and Jobs Act, passed in Q4 of 2021, provides numerous incentives for players in the renewable energy sector. The bill includes \$65 billion in clean energy investments.
- The Biden administration approved the expansion of solar power on additional US lands, approving two new projects in California capable of powering about 132,000 homes.
- Solar technology contracted activity in Q4 2021 as it saw 463 contracts announced, marking a drop of 11% over the last four-quarter average of 518.

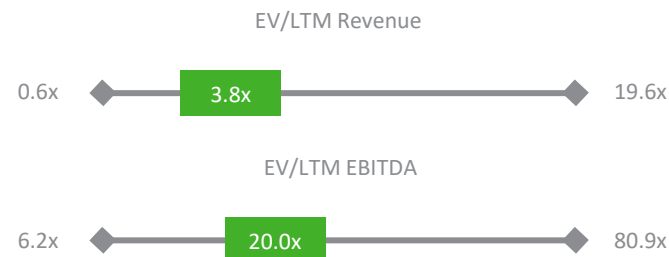
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Brookfield Renewable Partners L.P.	\$48,122.40
Avangrid, Inc.	25,675.20
Enphase Energy, Inc.	17,805.40
First Solar, Inc.	7,196.10
Ormat Technologies, Inc.	6,159.00
Canadian Solar Inc.	3,354.80
SunPower Corporation	3,274.90
Array Technologies, Inc.	2,160.20
Shoals Technologies Group, Inc.	2,051.30
Ballard Power Systems Inc.	1,889.20
Renewable Energy Group, Inc.	1,743.50
ReneSola Ltd.	244.2

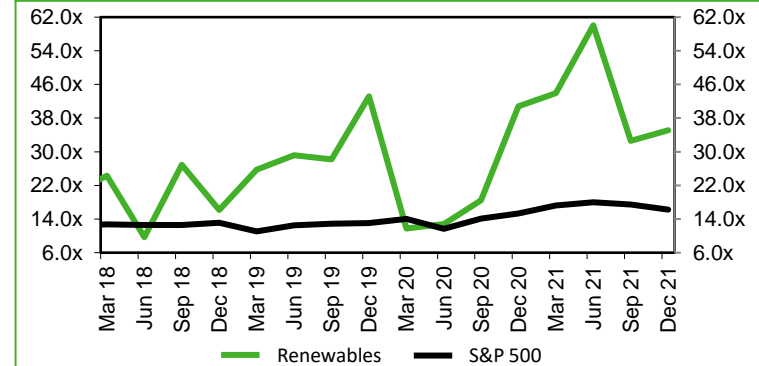
Select recent M&A activity⁽²⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Falck Renewables	The Infrastructure Fund	\$3,936.0	18.7x
Pending	Clearway Energy's Thermal Business	KKR	\$1,900.0	N/A
Pending	Ningxia Jiase Renewables Corporation Limited	GLP China Holdings Limited	\$214.4	7.1x
Pending	Blue Raven Solar	Sun Power Corporation	\$165.0	12.1x
Pending	EDF Energies Nouvelles SA	First State Wind Energy Investments S.A.	N/A	N/A

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾





Power and utilities

Sector trends⁽¹⁾

- During the final quarter of 2021, 46 of the 54 US investor-owned utilities had committed to reduce carbon emissions, and nearly three out of the four customer accounts were served by an entity with a 100% carbon reduction target.
- Electricity consumption and prices rose during Q4 2021 and the Energy Information Administration expects this increase will continue throughout 2021.

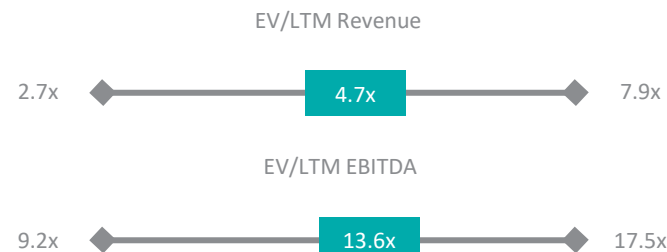
Select public comparables⁽²⁾

Company Name	Enterprise Value (MM)
Duke Energy Corporation	\$148,036.80
The Southern Company	129,752.40
Dominion Energy, Inc.	108,102.10
Exelon Corporation	94,417.20
American Electric Power Company	82,048.60
Sempra	70,020.40
PG&E Corporation	69,213.10
Xcel Energy Inc.	60,824.60
Consolidated Edison, Inc.	53,586.50
Eversource Energy	49,360.90
Entergy Corporation	47,056.00
WEC Energy Group, Inc.	45,148.70
DTE Energy Company	40,647.60
Ameren Corporation	35,752.60
CenterPoint Energy, Inc.	33,045.50
Avangrid, Inc.	25,675.20
Black Hills Corporation	8,840.30
ALLETE, Inc.	5,872.50

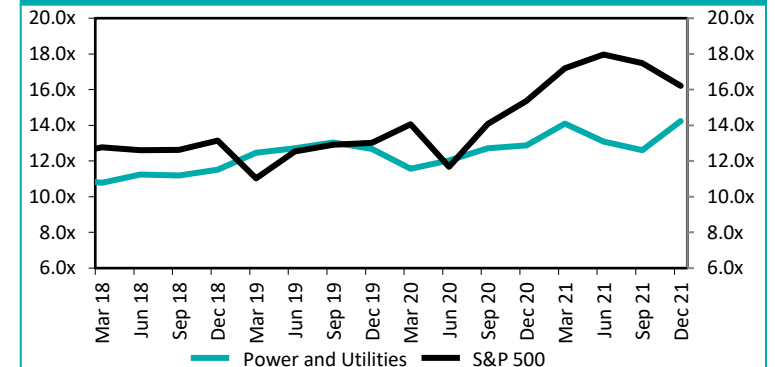
Select recent M&A activity⁽³⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
12/01/2021	Energy Transfer Partners	Enable Midstream	\$6,858.3	7.7x
Pending	Generac Holdings Inc.	Ecobee Inc.	\$770.0	N/A
Pending	Sahacogen Public Company	Ratch Group Public	\$221.5	10.9x
Pending	Focus Energia Holding Participacoes	Eneva	\$168.7	9.3x

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾



Nuclear energy

Sector trends⁽¹⁾

- Nuclear technology contracted activity in Q4 2021 as it saw 23 contracts announced, marking a drop of 8% over the last four-quarter average of 25.
- Nuclear power held the fifth position in terms of number of contracts completed during Q4 2021 with a 2.5% share of total power contracts.
- Europe held the top position with 11 nuclear contracts and a share of 47.8% during Q4 2021, followed by North America with six contracts and a 26.1% share, and Asia-Pacific with four contracts and a 17.4% share.

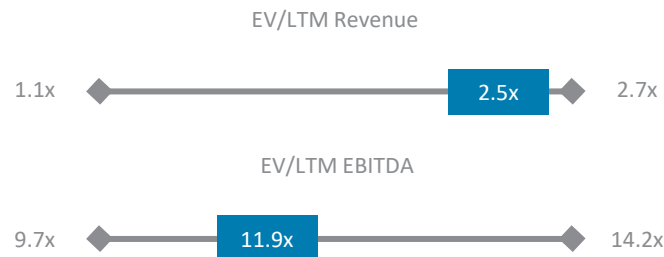
Select public comparables⁽³⁾

Company Name	Enterprise Value (MM)
Huntington Ingalls Industries, Inc.	\$10,723.00
Curtiss-Wright Corporation	6,353.50
BWX Technologies, Inc.	5,715.40

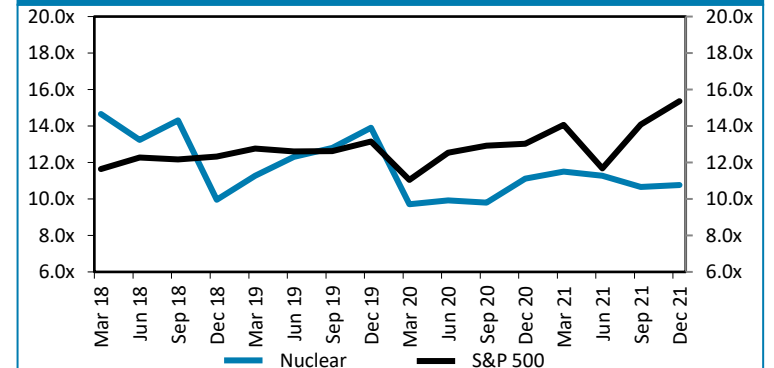
Select recent M&A activity⁽²⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	NuScale Power	Spring Valley Acquisition Corporation	\$1,875.0	N/A
Pending	Rolls Royce SMR	Qatar Investment Authority	\$112.3	N/A
Pending	Société de Transports Spéciaux Industriels	Orano SA	N/A	N/A
Pending	Paragon Energy Solutions	Windjammer Capital Investors	N/A	N/A

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾



Appendix

Sources Cited

Page 2:

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1. Relevant transactions announced in Q4, 2022..
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 - b. [Mergermarket](#). Accessed January 17, 2022. Data as of January 17, 2022.
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1. Sector Trends.
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