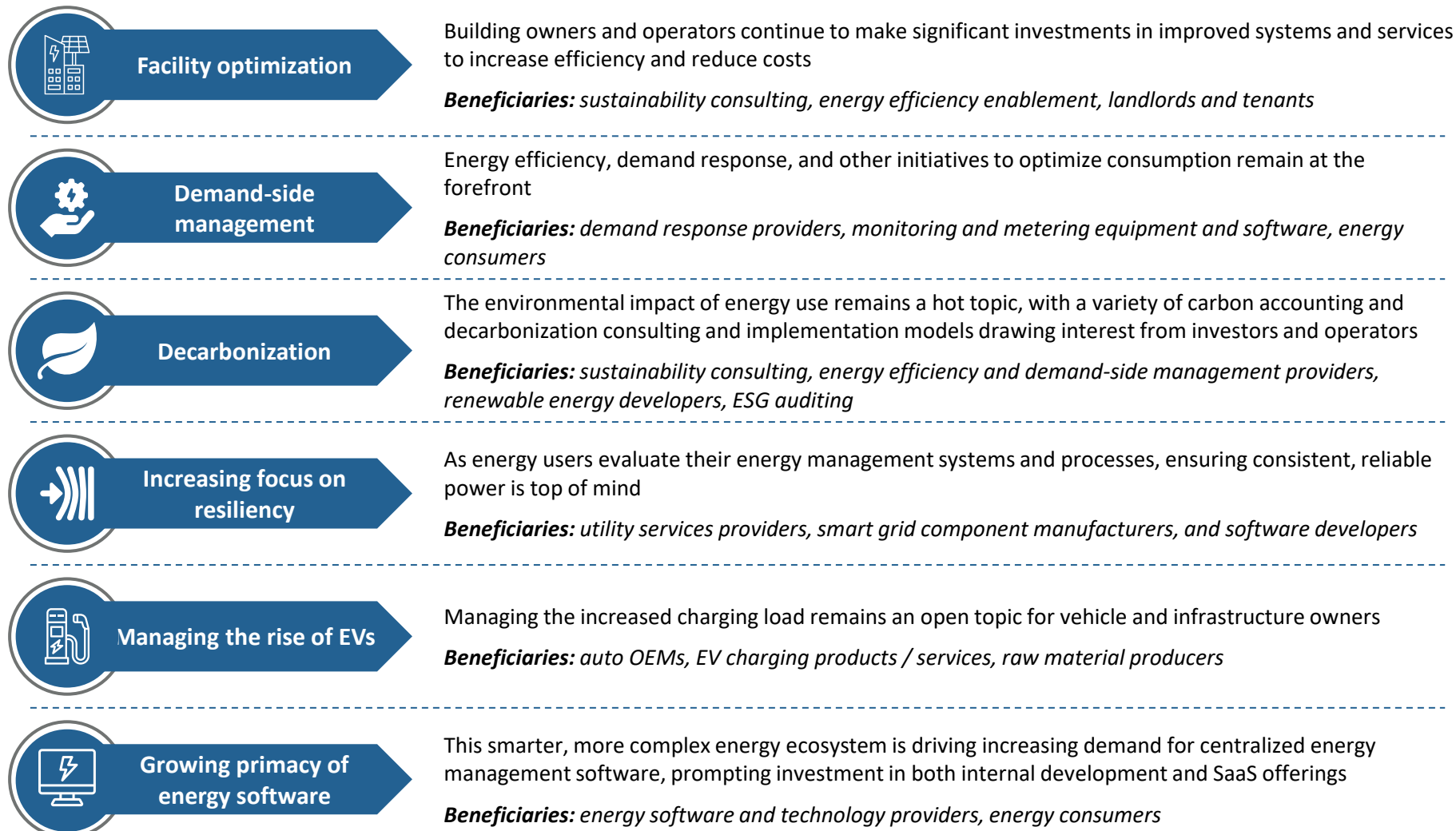


# Energy Management

SECTOR BRIEF | Q3 2023

# Key Trends in the Energy Management Sector

Rapid innovation, supported by a continuing influx of capital, is driving constant change in key areas across the energy transition



# Our Recent Content

## Market Observations

### Economic Outlook

- While the Fed has stated it remains committed to bringing down inflation, it risks hiking rates into a softening economic backdrop
- Ukraine / Russia conflict is creating heightened geopolitical risk

### Buyer Sentiment

- Sponsors are reviewing new opportunities, but the bar is high, and they are increasingly cautious about aggressively pursuing platforms in the current environment
- There is a greater emphasis on small deals and tuck-ins
- Uncertainty in the debt market is acting as a driving force for lower deal activity
- Strategics have been disciplined, but have continued to be aggressive for strategic assets

### Debt Markets

- Debt markets have cooled with a heightened focus on quality and substantial increases to pricing as the rate environment continues to rise
- Given the challenging conditions in the broadly syndicated loan market, direct lenders continue to be active participants in financings

### M&A Valuations

- The valuations for high-quality platforms have been less impacted, although leverage multiples are down from this time last year, driving larger equity checks from buyers and compressing the ability to underwrite high valuations

## Our Latest Market Insights

(Click image for link to report)



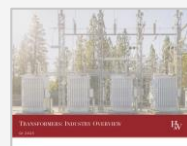
### Renewable Energy Operations & Maintenance

- Overview of renewable energy O&M
- Exploring key trends and sector innovation
- Sizing the O&M opportunity
- Key considerations for investors



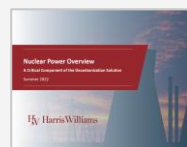
### EV Charging and Fueling Infrastructure

- EV and fueling infrastructure today
- Challenges to overcome for EV adoption
- Understanding the EV value chain
- Key considerations for investors



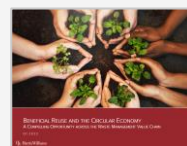
### Transformers

- Opportunities in the transformer industry
- Transformers market dynamics
- Key demand drivers in the market
- Key considerations for investors



### Nuclear Infrastructure

- Current state of the nuclear market
- Nuclear's role in a carbon-free future
- Closer look at small modular reactors
- Key considerations for investors



### Circular Economy

- Overview of the circular economy
- Understanding the circular economy value chain
- Landscape of subsectors within the market
- Key considerations for investors



For access to the latest insights and perspectives from Harris Williams, visit <https://www.harriswilliams.com/our-insights>.

# What We're Reading

## Energy Efficiency in a High Renewable Energy Future

American Council for an Energy-Efficient Economy / [Read here](#)

The growth of clean, low-cost renewable energy resources like wind and solar are transforming the U.S. electric grid. This report investigates the crucial role that energy efficiency will play in decarbonizing the electricity system and paving the way for a high renewable energy future.

Within the five grid regions studied (California, Texas, Pacific Northwest, Southeast, Midwest), it is estimated that by 2050 energy efficiency avoids electric grid costs that would otherwise be passed on to customers by \$10–\$19 billion annually.

***Energy efficiency remains critical to decarbonization, with sizable potential cost savings from demand-side measures***

## Why AI Is the Next Big Bet for Climate Tech

Wall Street Journal / [Read here](#)

With the rise of ChatGPT and other artificial-intelligence chatbots, AI is everywhere, from your doctor's office to your brokerage account. It's also poised to shake up another hot sector of the economy: clean energy.

Among those tracking this closely is Amy Francetic, co-founder of Buoyant Ventures, an \$81 million venture capital fund founded in 2020 focused on digital applications, including AI, for climate technology. The Journal recently caught up with Francetic to ask her about what she sees for AI's future in climate tech.

***Artificial intelligence will play a significant role in future energy and climate technology, from monitoring software to microgrids***

## Increase Efficiency, Reduce Loss in the Power Grid

EE Times / [Read here](#)

Optimizing power grids to increase efficiency, reliability and security while lowering the cost of producing power is a complex problem that poses different challenges.

There are current solutions that, thanks to technological innovation, effectiveness and feasibility, can be adopted today to increase efficiency and reduce losses in power grids. Energy efficiency not only makes it possible to reduce the impact that the production and transmission of energy has on the environment, but also reduce energy cost for users.

***As energy demand becomes stronger and increasingly complex increasing efficiency is key, from generation to grid management to consumption***

## Full Industrial Electrification Could More than Double US Power Demand. Here's How Renewables Can Meet It

Utility Dive / [Read here](#)

Accelerating industrial electrification requires policymakers to ensure increased electricity demand is supplied with new least-cost clean generation in rural areas with high-quality renewables.

Switching industrial processes to run on clean electricity — electrification — could increase annual electricity demand by 6,000 to 10,000 terawatt-hours. That's more than our total national demand (4,300 TWh) and more than switching all cars to electric vehicles (2,000 TWhs). So how can we meet climate goals without breaking the grid?

***Decarbonizing commercial & industrial energy consumption means dramatically increasing power demand – doing so requires a thoughtful approach***

## Ushering in the Next Generation of Climate Technology

BCG / [Read here](#)

Despite the many attractive opportunities for investing in clean tech, global investments continue to fall short. As a result, many of today's companies lack the technologies they need to decarbonize their operations and value chains.

To reduce emissions and avoid the worst impacts of climate change, we need to spend \$3.5 trillion every year on climate technologies. Starting now. Public and philanthropic funding alone cannot fill this giant gap. But public and philanthropic funding combined with market-shaping mechanisms designed to accelerate the development and scaling of climate technologies can.

***Market shaping is likely a key step in driving investment in and adoption of emerging climate technologies***

# Select Energy Management M&A Transactions

June 20, 2023



## IKON EFS Acquired by SitelogIQ

- › SitelogIQ announced 6/20/2023 that it has completed the acquisition of IKON | EFS, a national provider of energy and facility solutions
- › The acquisition of IKON will enable SitelogIQ to significantly deepen its EV charging capabilities and extend its reach into new vertical markets. SitelogIQ designs and delivers building improvement programs that integrate lighting, EV charging, HVAC, controls, on-site solar, battery storage, and water efficiency for commercial and industrial real estate owners

May 4, 2023



## Greenstone Acquired by Cority (Thoma Bravo)

- › Software provider Cority, announced 5/4/2023 the acquisition of Greenstone, a UK-headquartered software company with a suite of sustainability solutions for enterprises and asset managers
- › Founded in 2006 as a carbon accounting software business, Greenstone has evolved to offer comprehensive SaaS-based solutions to enable a full range of sustainability and ESG reporting across the entire value chain, including suppliers and investments

May 2, 2023



## CoolIT Systems to be Acquired by KKR

- › KKR and CoolIT Systems, a leading provider of scalable and energy efficient liquid cooling solutions for the world's most demanding computing environments, announced 5/2/2023 the signing of a definitive agreement under which KKR will acquire CoolIT
- › Founded in 2001, CoolIT designs, engineers and manufactures advanced liquid cooling solutions for the data center and desktop markets. CoolIT's patented Split-Flow Direct Liquid Cooling technology is designed to improve equipment reliability and lifespan, decrease operating cost, lower energy demand and carbon emissions, reduce water consumption and allow for higher server density

April 26, 2023



## International Energy Conservation Systems Acquired by M.C. Dean

- › M.C. Dean announced 4/26/2023 the acquisition of International Energy Conservation Systems, Inc., an Atlanta-based provider of building automation systems
- › "IEC is a respected leader in building automation and energy management systems, including expertise in HVAC and lighting controls," said Bill Dean, M.C. Dean chief executive officer. "They will enhance our solution expertise and project delivery for some of our highest-profile controls systems engineering and facilities engineering operations and maintenance customers"

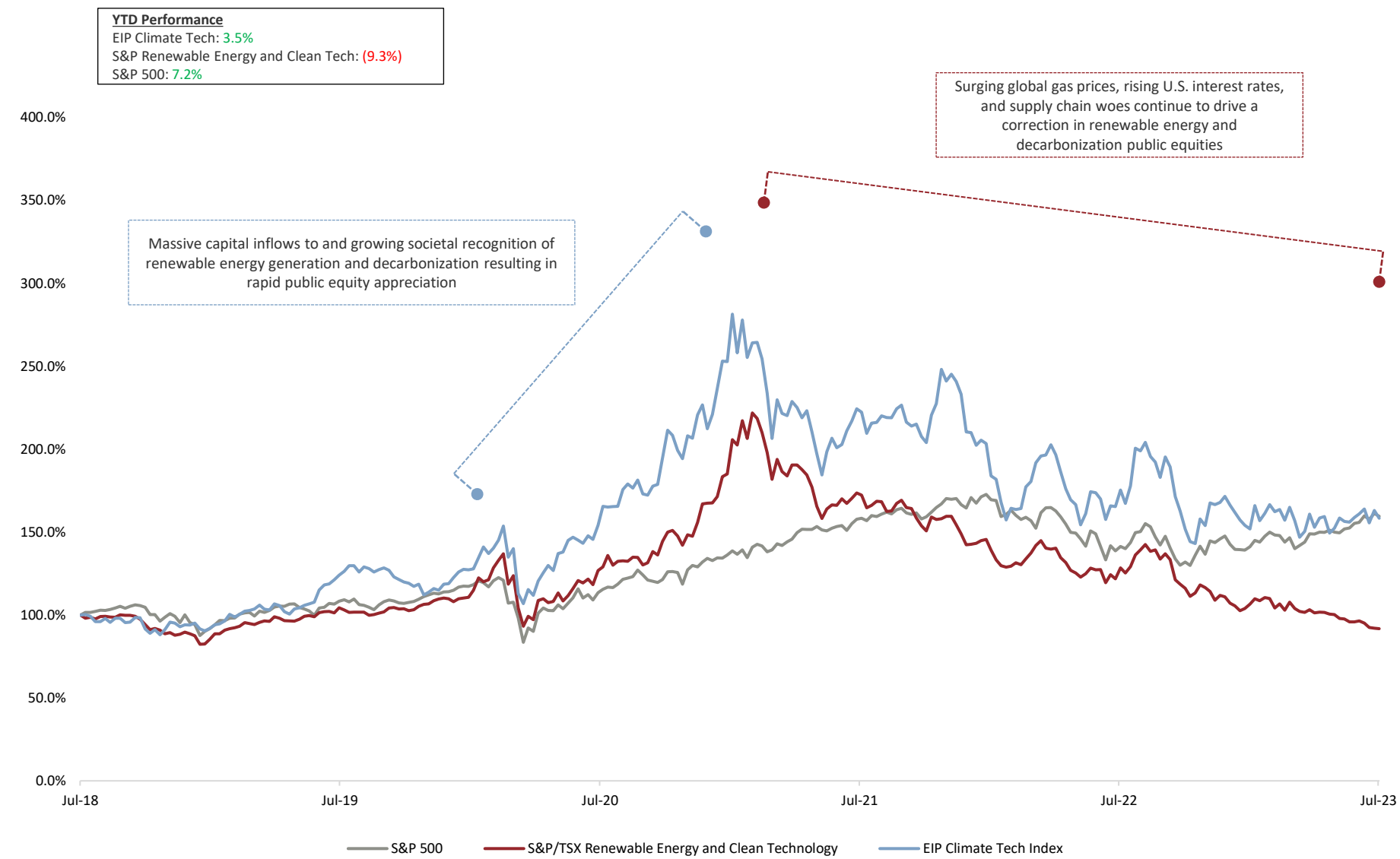
April 25, 2023



## RPower Secures Investment from I Squared Capital

- › I Squared Capital, through its ISQ Global Infrastructure Fund III, announced 4/25/2023 it has completed a growth capital investment in RPower, LLC, a distributed energy resource platform
- › Founded in 2021, RPower focuses on behind-the-meter microgrid resiliency solutions that provide commercial and industrial customers, and other critical community infrastructure customers, with power during grid outages

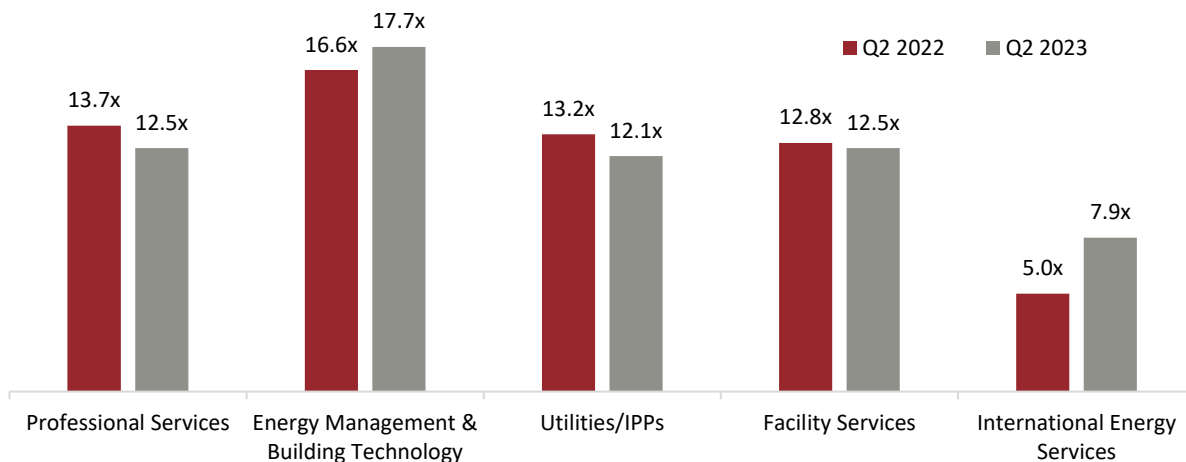
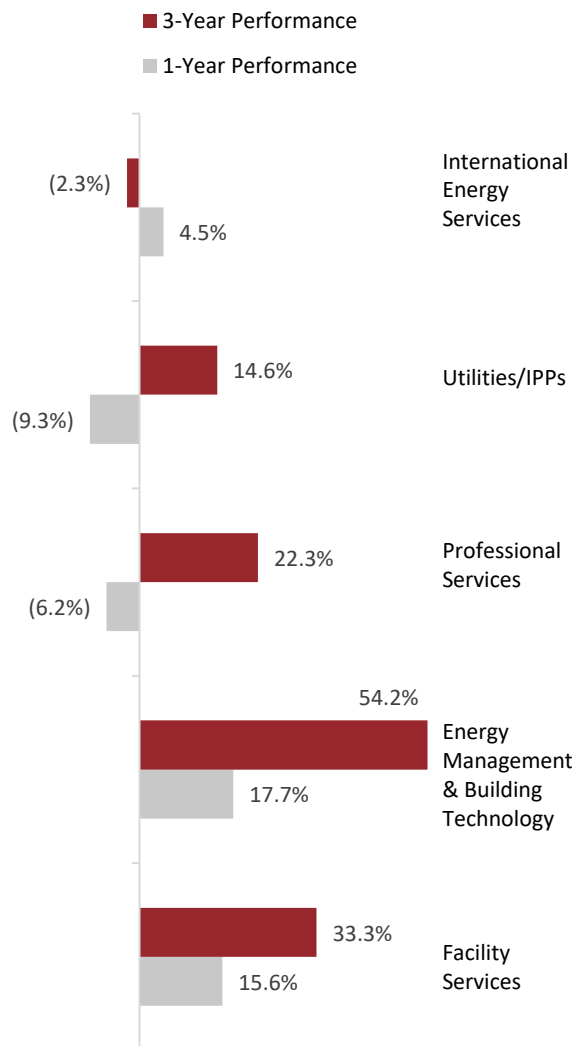
# Public Valuation Indices<sup>1</sup>



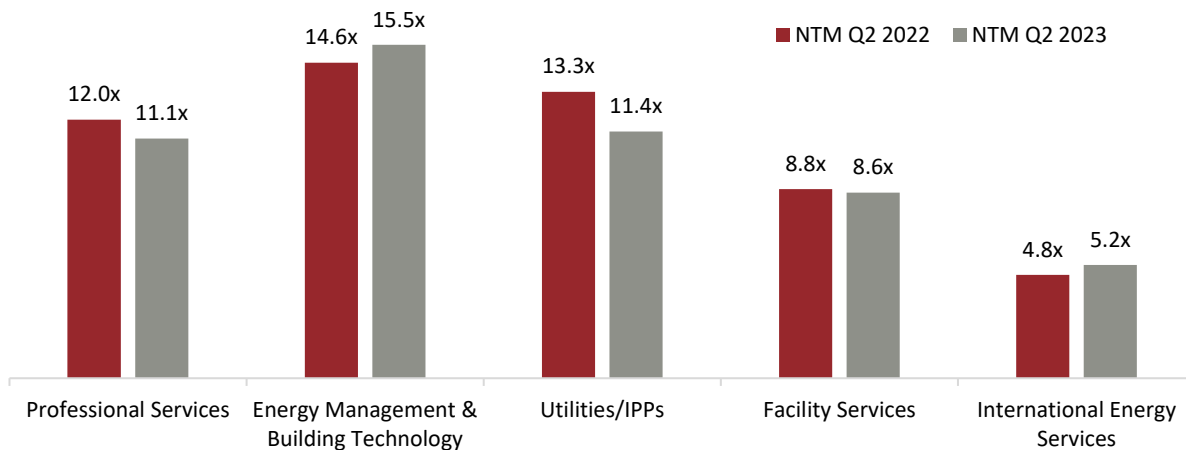
# Public Valuation Multiples by Sector<sup>1</sup>

Stock Performance (1- and 3-Year)

EBITDA Multiple Comparison LTM Q1 2022 vs. LTM Q1 2023



EBITDA Multiple Comparison NTM Q1 2022 vs. NTM Q1 2023



# Additional Recent M&A Transactions

Date Closed	Acquirer	Target	Business Description
6/22/2023	Bernhard Capital	Optimum	U.S.-based provider of proprietary software solutions to optimize the energy consumption of HVAC systems to deliver significant electricity and water savings while reducing carbon emissions
6/20/2023	SitelogIQ	IKON	U.S.-based national provider of energy and facility solutions
5/23/2023	Antin Infrastructure Partners	PearlX Infrastructure	Antin commits \$100M to support the expansion of PearlX Infrastructure's distributed generation strategy in the U.S.
5/22/2023	Energy Systems Group	Vectren Energy Services	CenterPoint Energy's wholly-owned subsidiary specializing in providing energy efficiency and sustainable solutions
5/16/2023	NGP; Aventurine Partners	Noveon Magnetics	U.S.-based manufacturer of high-performance neodymium sustainable rare earth magnets, a key element of efforts to decarbonize with electric vehicles and wind turbines
5/4/2023	Cority	Greenstone	UK-based software company with a suite of sustainability solutions for enterprises and asset managers
5/2/2023	KKR	CoolIT Systems	U.S.-based manufacturer of cooling systems for data centers to reduce the emissions footprint of the digital economy
4/27/2023	Project Heating Solutions	AMCO	UK-based renewable heating and electrical distributor
4/26/2023	M.C. Dean	International Energy Conservation Systems	U.S.-based provider of building automation systems
4/25/2023	I Squared Capital	RPower	U.S.-based distributed energy resource platform developing behind-the-meter, turnkey microgrid projects to provide "Resiliency as a Service"
4/21/2023	Cap10 Partners	Sureserve Group	UK-based smart meter supplier

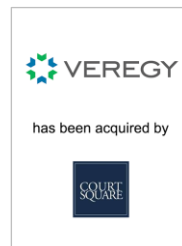
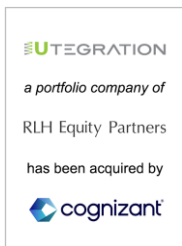


# Public Market Observations<sup>1</sup>

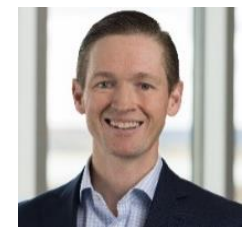
Company	Market Capitalization	Stock Price Current	Enterprise Value	Multiples Summary			
				Enterprise Value / Revenue		Enterprise Value / EBITDA	
				2022	2023E	2022	2023E
Energy Management & Building Technology							
Ameresco, Inc.	\$ 2,423,122	\$ 46.49	\$ 3,868,512	2.1x	2.6x	18.5x	18.3x
Carrier Global Corporation	41,182,563	49.33	47,525,564	2.3x	2.1x	14.6x	13.2x
Eaton Corporation plc	79,106,156	198.46	87,880,156	4.2x	3.9x	20.8x	19.0x
Honeywell International Inc.	135,255,495	203.26	148,729,495	4.2x	4.0x	16.6x	15.8x
Itron, Inc.	3,189,135	70.21	3,509,371	2.0x	1.7x	44.7x	26.6x
Johnson Controls International plc	45,900,012	66.90	56,933,012	2.2x	2.1x	15.0x	13.7x
Schneider Electric S.E.	96,075,637	171.84	100,727,273	2.7x	2.5x	13.8x	12.4x
Trane Technologies plc	43,145,128	189.19	47,300,528	3.0x	2.7x	17.7x	15.7x
Willdan Group, Inc.	257,372	19.08	358,006	0.8x	0.6x	15.3x	9.2x
Median	\$ 43,145,128	\$ 70.21	\$ 47,525,564	2.3x	2.5x	16.6x	15.7x
Facility Services							
ABM Industries Incorporated	\$ 2,750,352	\$ 41.58	\$ 4,195,052	0.5x	0.5x	8.4x	7.8x
FirstService Corporation	6,812,432	152.78	10,649,416	2.9x	2.5x	30.6x	26.1x
ISS A/S	3,741,048	20.25	37,704,778	3.4x	3.2x	54.7x	48.1x
Sodexo S.A.	15,355,909	105.19	17,935,016	0.8x	0.7x	10.3x	8.9x
Median	\$ 5,276,740	\$ 73.39	\$ 14,292,216	1.8x	1.6x	20.5x	17.5x
International Energy Services							
Enel SpA	67,830,280	6.68	148,729,631	1.5x	1.2x	7.0x	6.6x
Engie SA	40,011,902	16.53	61,359,870	0.8x	0.6x	4.1x	4.0x
E.ON SE	32,315,297	12.38	63,271,340	0.7x	0.5x	7.3x	7.2x
Veolia Environnement SA	21,929,205	31.23	40,354,548	0.9x	0.8x	6.0x	5.7x
Median	\$ 36,163,600	\$ 14.45	\$ 62,315,605	0.9x	0.7x	6.5x	6.1x
Professional Services							
Bureau Veritas SA	\$ 11,597,642	\$ 25.64	\$ 12,018,967	2.0x	1.9x	9.7x	9.3x
CBRE Group, Inc.	24,840,933	81.87	29,296,975	1.0x	0.9x	10.4x	11.5x
ICF International, Inc.	2,261,145	120.35	3,075,013	1.7x	1.6x	16.2x	14.4x
Jones Lang LaSalle Incorporated	7,464,702	156.28	11,422,602	0.5x	0.5x	9.0x	11.0x
Leidos Holdings, Inc.	12,076,206	88.04	17,328,206	1.2x	1.2x	11.8x	11.3x
Median	\$ 11,597,642	\$ 88.04	\$ 12,018,967	1.2x	1.2x	10.4x	11.3x
Utilities / IPPS							
Consolidated Edison, Inc.	\$ 31,892,095	\$ 92.03	\$ 53,410,095	3.7x	3.5x	10.6x	10.4x
Duke Energy Corporation	69,181,405	89.77	150,349,405	5.5x	5.3x	12.7x	11.8x
Edison International	26,372,211	68.86	64,062,211	4.0x	3.6x	11.0x	9.9x
National Grid plc	47,215,947	12.82	78,325,150	3.1x	2.8x	9.7x	9.1x
NextEra Energy, Inc.	145,787,551	72.05	224,236,551	10.4x	8.8x	18.8x	16.4x
NRG Energy, Inc.	8,776,458	38.12	21,617,458	0.8x	1.7x	11.6x	7.0x
Median	\$ 39,554,021	\$ 70.46	\$ 71,193,680	3.9x	3.6x	11.3x	10.2x
Total Median	\$ 24,840,933	\$ 69.54	\$ 43,827,538	2.0x	2.0x	12.2x	11.4x

Our Energy, Power & Infrastructure Group and Technology Group collaborate to advise companies leading the energy transition worldwide.

Learn more about our experience in the space.



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# HW Harris Williams / GLOBAL INVESTMENT BANK

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## Proven Expertise

## Core Values That Drive Success

Aerospace, Defense & Government Services

Business Services

Consumer

Energy, Power & Infrastructure

Healthcare & Life Sciences

Industrials

Technology

Transportation & Logistics

MERGERS & ACQUISITIONS

PRIVATE CAPITAL SOLUTIONS

PRIMARY FUND PLACEMENT



75%

Revenue from repeat clients

87%

Managing Directors promoted from within

30+

Year history

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