



Energy Management

QUARTERLY SECTOR UPDATE | Q3 2020

Select Energy Management M&A Transactions

Announced April 14, 2020



Pearce Services announces partnership with New Mountain Capital

- › Pearce Services, a provider of operations, maintenance, and engineering services for wireless and wireline telecommunications networks, has partnered with New Mountain Capital.

Announced April 14, 2020



Pearce Services acquires MaxGen Energy Services and World Wind & Solar

- › After announcing its partnership with New Mountain Capital, Pearce announced the simultaneous acquisition of MaxGen Energy Services ("MaxGen") and World Wind & Solar ("WWS"), leading independent providers of repair and maintenance services for utility-scale renewable wind and solar assets as well as electric vehicle charging station infrastructure.

Announced April 17, 2020



AEA acquires SitelogIQ

- › AEA has acquired SitelogIQ, an independent energy services and facility solutions provider to the municipal, education, health care, housing, retail, hospitality, and commercial and industrial end markets in the United States.
- › The company has expertise with HVAC, LED lighting, solar power, roofing, and windows. SitelogIQ is headquartered in Minneapolis and has more than 700 employees in 30 office locations.

Announced May 7, 2020



Boyne Capital has acquired Pilot Power Group

- › Boyne Capital has partnered with management to acquire Pilot Power Group, a provider of electric utility billing and data management services, energy portfolio management, and energy procurement strategies for community choice aggregation (CCA), commercial, and industrial customers in the western U.S.
- › Headquartered in San Diego, CA, Pilot Power offers clients custom-tailored services that can lower utility costs, reduce commodity price-related risks, and provide greater procurement flexibility than utility-based suppliers or traditional electricity retailers.

Announced May 15, 2020



Clairvest acquires Solar O&M Business of SunPower

- › Clairvest announced it has acquired the solar operations and maintenance ("O&M") business of SunPower Corporation (NASDAQ: SPWR). Upon closing, the business will be renamed NovaSource Power Services ("NovaSource").
- › The transaction is part of Clairvest's multiyear pursuit to create a market-leading solar O&M platform through a 'buy-and-build' strategy. Clairvest is supporting the current leadership team of SunPower's O&M division in a management buyout, with the management team becoming material shareholders going forward.

Public Market Observations¹

INTERNATIONAL ENERGY SERVICES

Key Public Comps



Enterprise Value /	2019 EBITDA	2020E EBITDA
6.9x		6.5x

Stock Price Performance



Market Observations

Heading into summer 2020, looming uncertainty about electricity demand makes flexibility more vital than ever in the United States. In particular, residential demand response faces more pressure than usual as many people continue to work from home over the next few months.

Since the economy's reopening will be gradual, grid operators need not be too concerned that system peak demand will make demand response events necessary. However, some residential-only distribution feeders may face increasing pressure as air conditioning load rise.

[Residential Demand Response to Play Key Role Managing US Load This Summer](#)

UTILITIES / IPPS

Key Public Comps



Enterprise Value /	2019 EBITDA	2020E EBITDA
12.1x		11.4x

Stock Price Performance



Market Observations

The DER mix is evolving quickly away from nonresidential load management, which made up two-thirds of all U.S. DER capacity in 2015 but will make up less than half by 2025.

Solar, electric vehicle infrastructure and residential load management potential now lead all other resources, accounting for more than 90 percent of DER capacity installed between 2016-2025.

[What the Coming Wave of Distributed Energy Resources Means for the US Grid](#)

ENERGY MGMT & BUILDING TECHNOLOGY

Key Public Comps



Enterprise Value /	2019 EBITDA	2020E EBITDA
14.5x		14.6x

Stock Price Performance



Market Observations

Sunrun is landing contract after contract to put solar-charged residential batteries to work serving grid needs. On June 25th, it picked Silicon Valley energy management software startup AutoGrid to help it optimize this growing fleet.

Sunrun, the country's leading solar installer, joins a roster of AutoGrid clients using its Flex software to manage distributed energy resources, ranging from smart thermostats for utility demand response programs to industrial cooling and heating systems and commercial microgrids.

[Sunrun Taps AutoGrid to Optimize Grid Services for Its Growing Fleets of Home Batteries](#)

FACILITY SERVICES

Key Public Comps



Enterprise Value /	2019 EBITDA	2020E EBITDA
12.0x		11.6x

Stock Price Performance



Market Observations

Amazon is launching a \$2 billion internal venture-capital fund focused on technology investments to reduce the impact of climate change, the latest sustainability initiative from the technology giant.

The new fund, which will be called The Climate Pledge Fund, will invest in companies across a number of industries, including transportation, energy generation, battery storage, manufacturing and food and agriculture, according to the company. The aim is to help Amazon and other companies reach a goal of "net zero" carbon emissions by 2040.

[Amazon to Launch \\$2 Billion Venture Capital Fund to Invest in Clean Energy](#)

PROFESSIONAL SERVICES

Key Public Comps



Enterprise Value /	2019 EBITDA	2020E EBITDA
15.8x		14.1x

Stock Price Performance



Market Observations

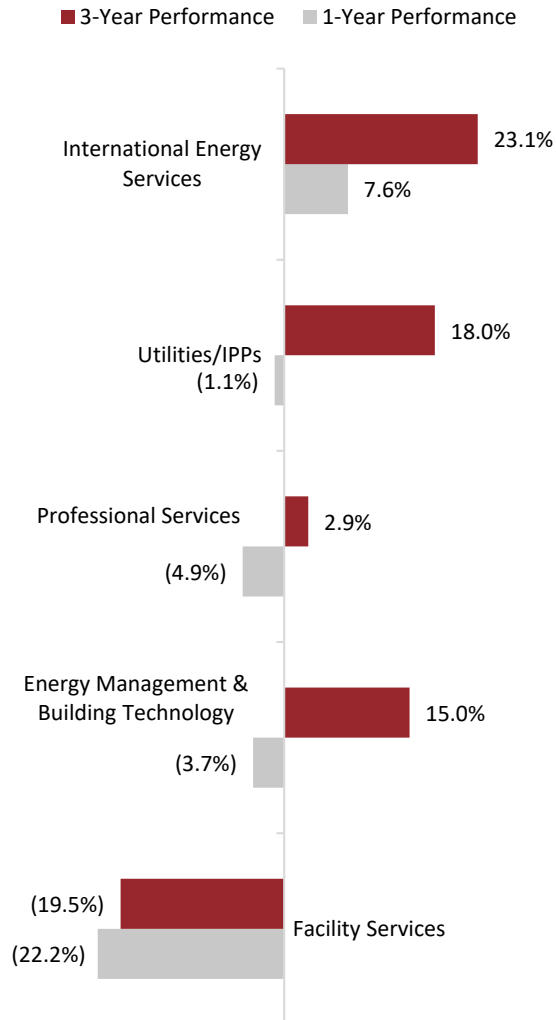
As cities start to reopen their economies and people return to work, installing green building technologies in shopping centers, offices, factories and other shared spaces can help to limit the spread of the coronavirus within them and stand them in good stead against future disease outbreaks.

When commercial real estate services firm CBRE surveyed 264 tenants on their industries' response to the Covid-19 crisis, nearly half said that it will lead to a stronger preference for buildings with wellness and environmental features.

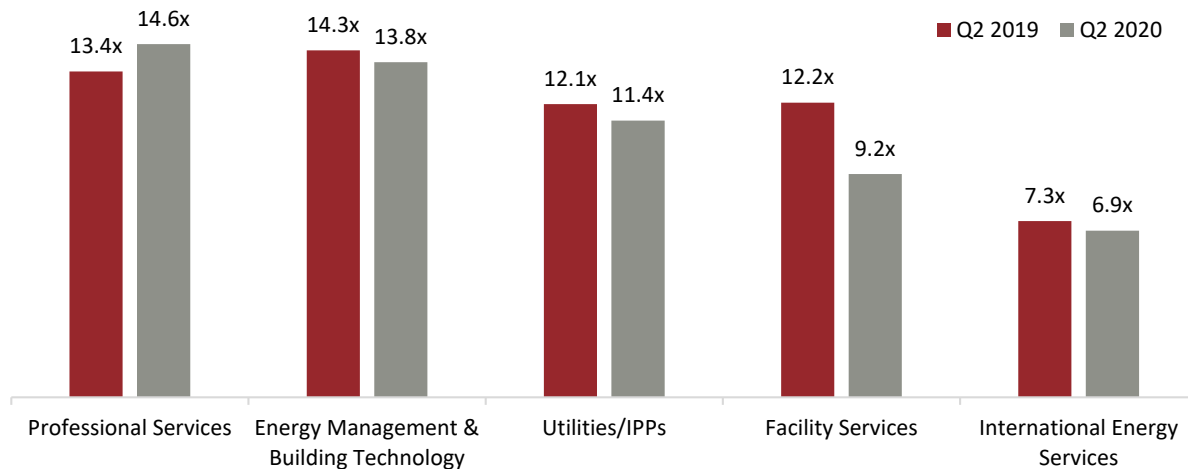
[How Green Buildings Are Adapting to the Post-Covid Era](#)

Public Valuation Multiples by Sector¹

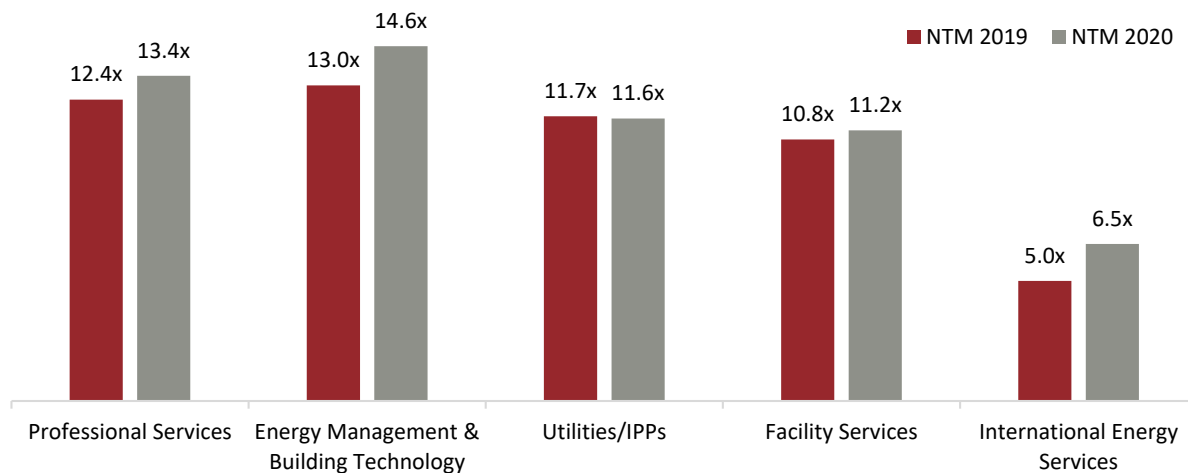
Stock Performance (1- & 3-Year)



EBITDA Multiple Comparison Q2 2019 vs. Q2 2020



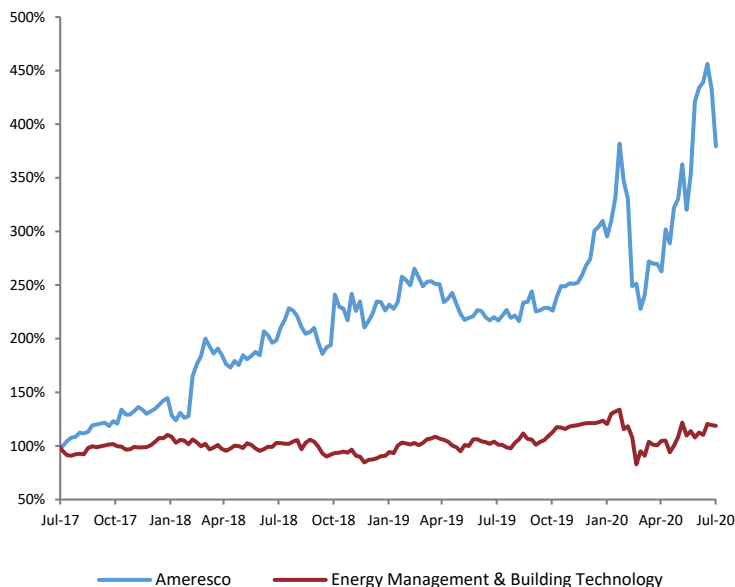
EBITDA Multiple Comparison NTM Q2 2019 vs. NTM Q2 2020



Public Markets Are Placing Value on the Energy Transition¹

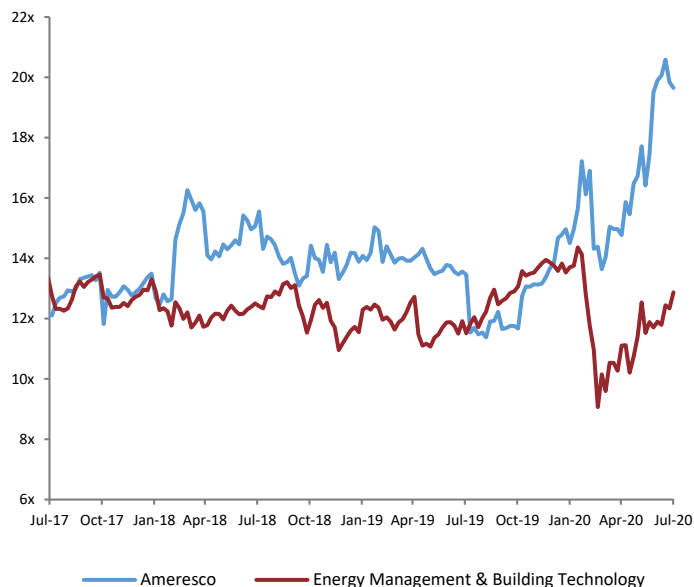
Historical Stock Price Performance¹

(Indexed to July 2017)



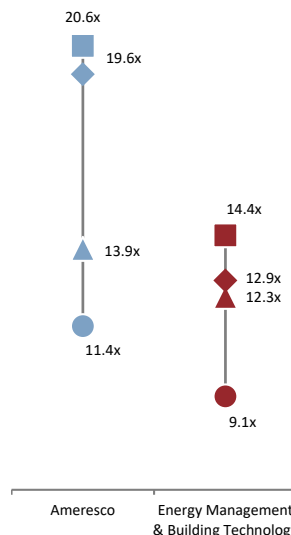
Historical Trading Multiples¹

(EV / LTM EBITDA)



Trading Metrics

■ 3-Year Max. ● 3-Year Min.
▲ 3-Year Median ◆ Current



Representative Comps

Energy Management
& Building Technology

AMERESCO
Green • Clean • Sustainable

EAT•N
Powering Business Worldwide

Honeywell

Itron

**Johnson
Controls**

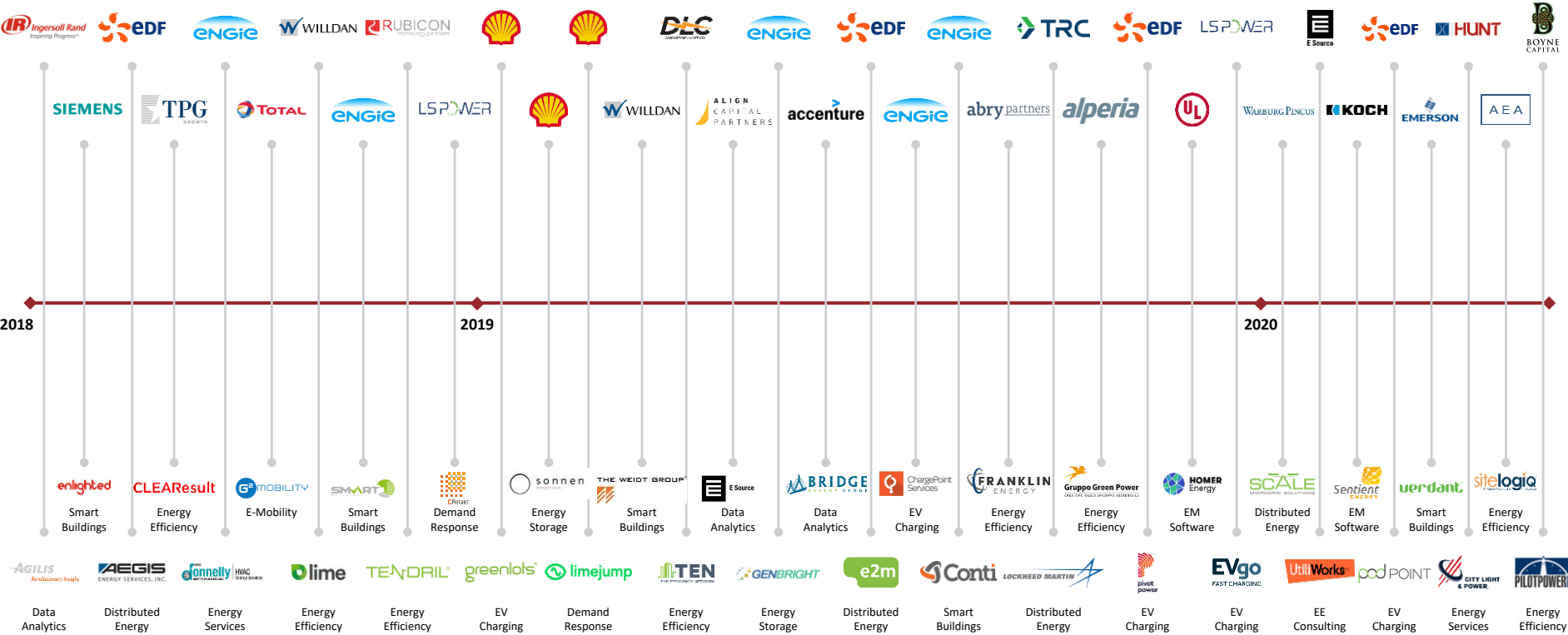
**Schneider
Electric**

TRANE
TECHNOLOGIES

WILLDAN

Continued Momentum in Energy Management Investment Activity

Acquirers



Targets

What We're Reading

GOLDMAN SEES \$16 TRILLION OPENING AS RENEWABLES PASS OIL AND GAS

Bloomberg

Spending on renewable power is set to overtake oil and gas drilling for the first time next year as clean energy affords a \$16 trillion investment opportunity through 2030. Clean energy could drive \$1-\$2 trillion a year in infrastructure investment and create 15-20 million jobs globally. Meanwhile the high cost of capital for fossil fuel developments is leading to underinvestment, which could lead to higher oil and gas prices that in turn spur a faster energy transition.

Read the full article [here](#).

BATTERY ENERGY STORAGE IS GETTING CHEAPER, BUT HOW MUCH DEPLOYMENT IS TOO MUCH?

Utility Dive

When asked how to best plan for battery storage in a future power mix, utilities, resource planning consultants, and researchers had the same answer: It depends. The key variables are the system's current and projected renewables and storage penetrations. But drilling into the complexities of planning for the right amount of battery storage in a least-cost future resource mix dominated by renewables revealed critical insights about how to properly value storage for the reliability it provides.

Planners have made substantial progress in capturing the complex value of battery storage for reliability. Ways to value shorter duration storage in planning are actively being improved, but long-duration storage methods are only developing.

Read the full article [here](#).

NAVIGATING THE ENERGY TRANSITION FROM DISRUPTION TO GROWTH

Deloitte

Despite immediate financial pressures, Deloitte's research suggests that energy and industrial companies will likely continue to prioritize moving to cleaner energy sources in the longer term.

The energy transition is the transition from hydrocarbon dependence across the economy toward greater reliance on cleaner energy sources. Considerable progress has already been made in the transition to a low-carbon energy future due to economic factors, societal pressure, and new technologies. This report examines progress to date in the energy transition, the decisions management teams in the energy and industrial sectors are facing, and how the current economic downturn and potential low-energy-price environment could affect the transition's future trajectory.

Read the full article [here](#).

Select Recent M&A Transactions

Date Closed	Target	Acquirer	Business Description
05/15/2020	NovaSource Power Services	Clairvest	Market leader in terms of quality of service and capability and oversees some of the most high-profile solar projects in the United States.
05/07/2020	Pilot Power	Boyne Capital	Provides electric utility billing and data management services, energy portfolio management, and energy procurement strategies for commercial, industrial, and community clients participating in the deregulated energy environment.
04/17/2020	SitelogIQ	AEA Investors	Full-service facility planning, design, and management company dedicated to creating efficient work environments and multi-unit living spaces.
03/27/2020	Sentient Energy	Koch Industries	U.S.-based provider of intelligent line sensors and grid analytics software.
03/26/2020	Reach Construction	CUI Global	U.S.-based solar construction company.
03/17/2020	City Light & Power	Hunt Companies	U.S.-based owner and operator of electrical distribution systems for the U.S. military.
03/11/2020	Verdant	Emerson	Canada-based provider of energy-saving thermostats, utilizing thermal sensing technologies and analytics to reduce consumption.
02/22/2020	TROVE	Align Capital Partners	U.S.-based provider of predictive analytics solutions for the utility industry.
02/15/2020	Pod Point	EDF	France-based provider of EV charging services.
02/06/2020	UtiliWorks Consulting	Align Capital Partners	U.S.-based advisory firm that partners with water, electric, and gas utilities and municipalities in the areas of advanced metering infrastructure, smart energy, and smart water.
02/03/2020	Power Distribution	Eaton	U.S.-based supplier of mission-critical power distribution, static switching, and power monitoring equipment and services for data centers and industrial and commercial customers.
01/30/2020	Rope Partner	Magnesium Capital	U.S.-based provider of wind turbine blade repair, maintenance, and performance-enhancing services.
01/30/2020	Milholland Electric	Solar Integrated Roofing	U.S.-based solar energy contractor.
01/27/2020	Scale Microgrid Solutions	Warburg Pincus (Equity Commitment)	U.S.-based provider of distributed energy storage solutions.

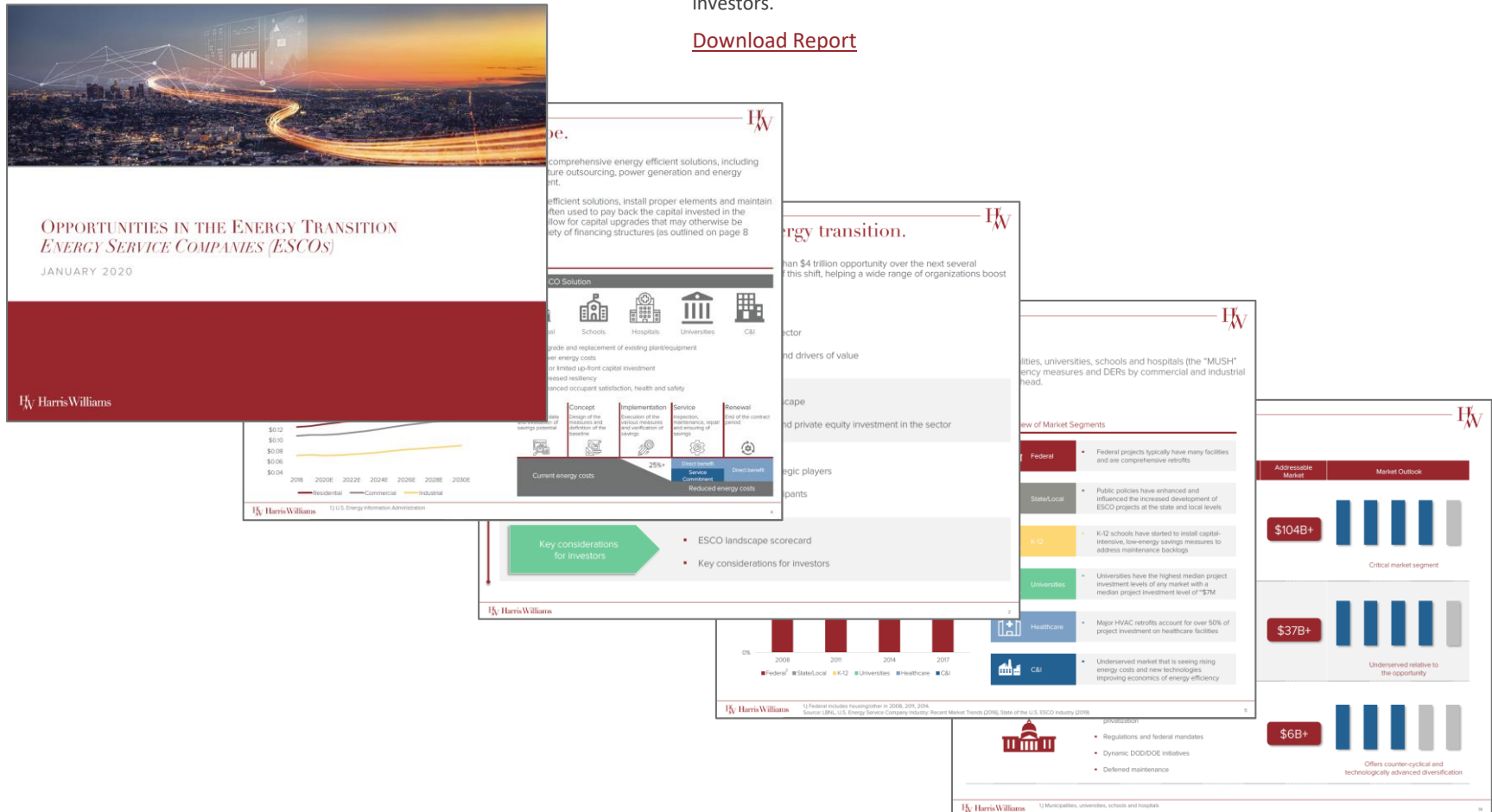
Recent Publication: Opportunities in the Energy Transition

Energy Service Companies (ESCOs)

The ongoing shift toward more sustainable energy represents a more than \$4 trillion opportunity over the next several decades. Energy service companies (ESCOs) are on the leading edge of this shift, helping a wide range of organizations boost efficiency and cut energy costs.

In this new report, Harris Williams provides an overview of the ESCO segment, including the current market landscape, its ongoing evolution, and key considerations for strategic buyers and financial investors.

[Download Report](#)



Harris Williams Energy Management Overview

HW Energy Management Sector Focus Areas

- › ESCOs
- › Utility Program Management
- › Building Optimization
- › Energy Management Systems
- › LED and Smart Lighting Systems
- › Energy Storage
- › Electric Submeters
- › Demand Response / Smart Grid
- › Billing & Workforce Management
- › Distribution Automation
- › Microgrids / Asset Management
- › EV charging



















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Select Recent HW Energy Management Transactions

 has been acquired by 	Leading provider of demand-side management ("DSM") solutions to utility clients	 has been acquired by 	Provider of demand response capabilities, energy efficiency projects, and distributed generation assets to identify, optimize, and monetize across distributed energy assets	 has been acquired by 	Provider of integrated software, data and analytics solutions to the global energy market, including financial services, capital markets, and trading and risk professionals	 has been acquired by 	Develops and markets transportation analysis software for improving traffic flow	 has been acquired by 	Provider of integrated cloud-based demand response, energy efficiency, and customer engagement solutions for utility customers
 has been acquired by 	Leading implementer and administrator of energy efficiency programs	 has been acquired by 	Leading independent ESCO serving the federal, MUSH, and commercial and industrial end markets	 has received a minority investment from 	Leading cloud-based provider of energy services management software and behavioral energy efficiency solutions	 has been acquired by 	Leading provider of energy efficiency and renewable energy services in the southwestern U.S.	 has been acquired by 	Leading designer of smart submeter systems and integrated energy intelligence software

Our Firm

Harris Williams has a broad range of industry expertise, which creates powerful opportunities. Our clients benefit from our deep-sector experience, integrated industry intelligence and collaboration across the firm, and commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com/industries.

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Specialty Distribution

Transportation & Logistics

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Consistent Recognition for Quality



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