



ENERGY MANAGEMENT

QUARTERLY SECTOR REVIEW | 1Q 2020

HW Harris Williams

Select Energy Management M&A Transactions

Announced December 17, 2019



UL acquires HOMER Energy

Software and Technology

- UL, a global safety science leader, announced the acquisition of Boulder, Colorado-based HOMER Energy, the world leader in modeling and optimization software for microgrids
- The acquisition combines UL's experience and recognized thought leadership in solar, wind and battery technology with HOMER Energy's system design capabilities and distributed energy project database, enabling UL to expand services across the renewable energy value chain
- Following the acquisitions, HOMER Energy employees will join UL's existing Energy and Power Technologies division

Announced November 4, 2019



EDF buys energy storage, EV charging firm Pivot Power

Energy Storage

- EDF Group has announced the acquisition of U.K.-based Pivot Power, a provider of specialized battery storage and infrastructure for electric vehicle charging
- The acquisition of Pivot Power will allow EDF to boost its battery storage portfolio, as Pivot Power has an extensive portfolio of projects across more than 40 locations throughout the U.K.
- Additionally, this acquisition contributes to EDF's Electricity Storage plan to target 10 GW of additional storage by 2035, and its plan to become the leading electric mobility company by 2022 in the U.K., France, Italy and Belgium

Announced October 23, 2019



TRC acquires Distributed Energy Solutions Group of Lockheed Martin

Energy Management

- TRC, a leading technology-enabled provider of end-to-end engineering, consulting and construction management solutions, has expanded its utility services capabilities with the close of the acquisition of Lockheed Martin Distributed Energy Solutions
- LM-DES is based in Rockville, Maryland, and currently serves many of the nation's top electric and gas utilities. LM-DES develops energy efficiency, IT outsourcing, beneficial electrification and demand response/DERMS solutions
- With the acquisition of LM-DES, TRC adds just over 400 employees, increases its geographic presence across the U.S. and positions itself as one of the leading players in the Advanced Energy market

Announced December 20, 2019



LS Power acquires EV fast-charging specialist EVgo

EV Charging

- LS Power has added EVgo's electric vehicle public fast-charger business to its portfolio
- Sold to Vision Ridge Partner in 2016 by NRG, LS Power plans to put significant capital to work to move the grid in more flexible directions and plans to accelerate EVgo's growth and serve all EV drivers
- Following the acquisition, EVgo will remain an independent brand within LS Power's portfolio

Announced November 21, 2019



Johnson Controls acquires EasyIO Building and Energy Management System

Energy Management

- Johnson Controls announced it has closed an agreement to purchase the EasyIO Building and Energy Management System (BEMS) product line
- EasyIO provides innovative products for Building and Energy Management Systems (BEMS) that are used in infrastructure projects and are fit for all types and sizes of buildings
- The acquisition will create significant growth opportunities as Johnson Controls leverages the EasyIO products and teams in the Americas, Europe, Middle East and APAC building automation markets, as well as the global HVAC and refrigeration markets

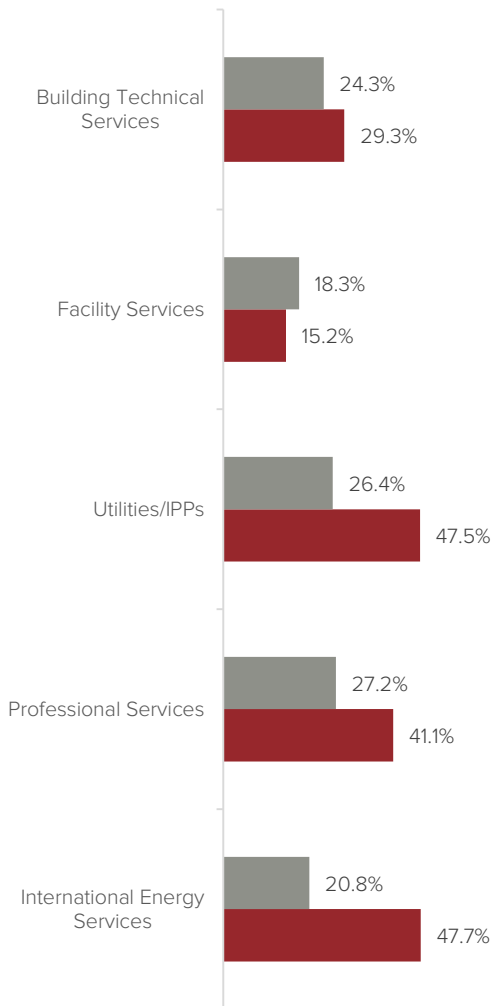
Public Market Observations¹

INTERNATIONAL ENERGY SERVICES	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>5.9x 7.6x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — International Energy Services</p>	<p>Transaction Spotlight</p> <p>December 5, 2019</p>	<p>Market Observations</p> <p>EDF has acquired the British energy storage and EV infrastructure developer, Pivot Power, following the French state-owned energy firm's declaration last year that it would invest \$10 billion in energy storage by 2035.</p> <p>With access to a 2-gigawatt pipeline of projects, this deal could allow EDF and Pivot to boost deployment against a backdrop of stagnant growth in the U.K.</p> <p>EDF's Energy Storage Ambitions</p>
UTILITIES / IPPS	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>10.9x 13.0x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — Utilities/IPPS</p>	<p>Transaction Spotlight</p> <p>No notable transactions</p>	<p>Market Observations</p> <p>On Dec. 30, PJM Interconnection published its 2020 annual long-term load forecast, concluding that summer and winter loads would each grow 0.6% annually over the next decade.</p> <p>This is the first report in which PJM has included data on the anticipated load impacts of electric vehicles (EVs). The forecast predicts that plug-in vehicle loads will rise from 200 MW in 2020 to an estimated 1,500 MW by 2035.</p> <p>Electric Vehicles Could Boost Load 1.5 GW by 2035</p>
BUILDING TECHNOLOGY	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>10.4x 14.0x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — Building Technical Services</p>	<p>Transaction Spotlight</p> <p>November 21, 2019</p> <p>Building and Energy Management Products</p>	<p>Market Observations</p> <p>While overall emissions have declined because of power-sector decarbonization, emissions from vehicles and buildings are harder to reduce.</p> <p>Even with aggressive electric vehicle and building electrification mandates, these two sectors are hard to decarbonize due to slow capital stock turnover—the process whereby old equipment, such as vehicles and appliances, is replaced with new equipment.</p> <p>The Challenge with 100% Clean Energy Targets</p>
FACILITY SERVICES	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>10.5x 11.1x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — Facility Services</p>	<p>Transaction Spotlight</p> <p>October 25, 2019</p>	<p>Market Observations</p> <p>The future belongs to structures with sensor networks that can monitor electricity and water usage in real time, track sustainability performance and interact with other parts of the smart city.</p> <p>Acting as the bases for smart cities, grids manage distribution of electricity to buildings and can learn building occupants' energy needs. With buildings accounting for 70% of energy consumption, grids provide a near-term solution for reducing carbon footprints.</p> <p>Forming The Foundation Of Smart Cities</p>
PROFESSIONAL SERVICES	<p>Key Public Comps</p> <p>Enterprise Value / 2018 EBITDA 2019E EBITDA</p> <p>11.3x 14.9x</p>	<p>Stock Price Performance</p> <p>— S&P 500 — Professional Services</p>	<p>Transaction Spotlight</p> <p>October 23, 2019</p> <p>Distributed Energy Solutions</p>	<p>Market Observations</p> <p>Highlighted by the divestiture of its Distributed Energy Solutions group, Lockheed Martin has shifted to focus its energy line on products and technology for the Defense Department and others.</p> <p>Recently, Lockheed's chief executive described the company's changes over the past few years, highlighted by the divestiture of its IT segment to Leidos three years ago and the near-concurrent acquisition of helicopter maker, Sikorsky.</p> <p>Lockheed Sharpens Platform Focus</p>

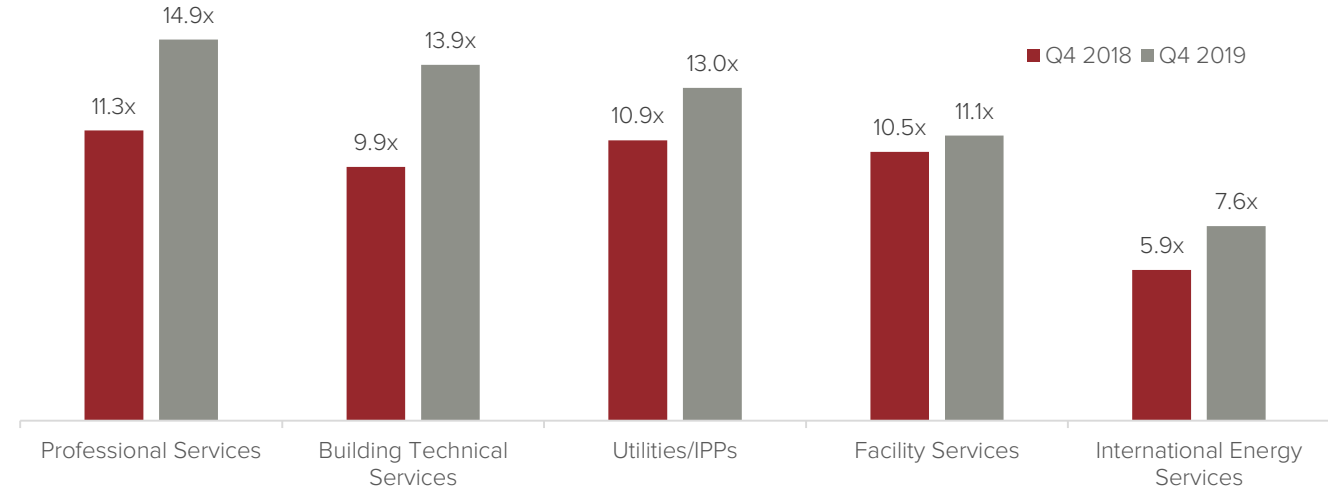
Public Valuation Multiples by Sector¹

Stock Performance (1- & 3-Year)

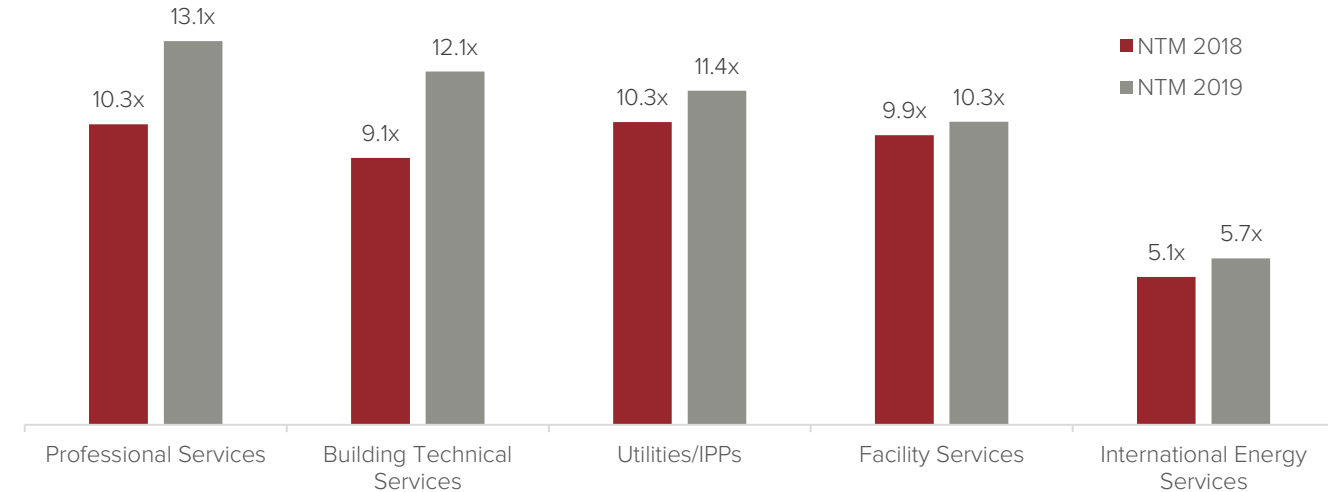
■ 1-Year Performance ■ 3-Year Performance



EBITDA Multiple Comparison Q4 2018 vs. Q4 2019



EBITDA Multiple Comparison NTM Q4 2018 vs. NTM Q4 2019



What We're Reading

2019 State Energy Efficiency Scorecard

The State Energy Efficiency Scorecard ranks states on their policy and program efforts. It assesses performance, documents best practices, and recognizes leadership. The report captures the latest policy developments and state efforts to save energy, and highlights opportunities and policy tools available to governors, state legislators, and regulators.

First place goes to Massachusetts, which leads the State Scorecard for the ninth year in a row. Thanks to a strong policy framework established under its Green Communities Act a decade ago, the state continues to achieve among the highest levels of utility savings in the nation. Rounding out the top 10 are California, at #2. and Rhode Island and Vermont, tied at #3, followed by New York, Connecticut, Maryland, Minnesota, Oregon, and Washington.

[ACEEE](#)

Plugging In: Colleges Seek Partners to Help Reach Energy Goals

As more large energy customers set goals for lower emissions, some institutions are tapping the private sector for technical expertise and financial support to advance sustainability.

To manage energy usage more efficiently, colleges are partnering with energy efficiency specialists. More colleges are taking this approach as they stare down financial pressures from reduced state support and calls to moderate tuition increases. Other drivers include the need for help following through on commitments to reduce their carbon footprints and making often-overdue improvements to campus infrastructure.

[Utility Dive](#)

The Net-Zero Challenge: Global Climate Action at a Crossroads

In 2015, government representatives from 197 countries met in Paris and agreed to limit a global temperature rise by the end of the century to well below 2°C and to pursue efforts to limit the temperature increase even further, to 1.5°C. Government commitments so far are far from sufficient. Only 67 countries—among them none of the top five emitters—have committed to the goal of achieving net-zero carbon dioxide emissions. Corporations have begun to recognize that voluntarily bringing down the emissions footprints of their business models can enhance long-term value. Yet, only a third of the approximately 7,000 companies that report to the Carbon Disclosure Project fully disclose their emissions. Investors have an even larger incentive to ensure that companies assess climate-related risks and opportunities, but the focus on short-term performance continues to prevent progress for many of them.

The world is at a crossroads. Without a meaningful reduction in emissions within the next five years, the ability to act will increasingly be lost, resulting in irreversible damage.

[World Economic Forum](#)

Select Recent M&A Transactions

Date	Target	Target Description	Acquirer
Dec-20	EVgo Services	U.S. based public fast charging network for electric vehicles.	LS Power
Dec-17	HOMER Energy	U.S. based provider of training, advisory and analytic services, and community tools to industry, government, and researchers.	UL
Dec-11	Quality Building Controls	U.S. based provider of building automation systems and related repair and maintenance services.	Albireo Energy
Dec-05	Renvico	European developer, builder, and manager of renewable energy production.	ENGIE
Nov-27	Energy Wave	Italy based provider of energy supply contracting solutions provider for large residential buildings with centralized heating systems.	Antas
Nov-21	Building Energy Management System (EasyIO)	Global provider of innovative products for Building and Energy Management Systems (BEMS) used in infrastructure projects.	Johnson Controls, Inc.
Nov-13	Horizon Services	U.S. based premier home services provider of energy-efficient heating, AC, plumbing and electricity.	New Mountain
Nov-05	EOLFI	France based developer of renewable energy.	Shell
Nov-04	Pivot Power	U.K. based provider of battery storage and infrastructure for electric vehicle charging.	EDF
Oct-30	Energy and Environmental Economics, Inc. (E3)	U.S. based data-driven energy analysis and strategy consulting firm that works with utilities, regulators, policy makers, developers, and investors.	Willdan Group
Oct-25	Working Buildings	U.S. based provider of commissioning, related engineering, support programming, and operational services for complex facilities.	Trinity Consultants
Oct-23	Distributed Energy Solutions (Lockheed Martin)	U.S. based provider of energy efficiency, IT outsourcing, beneficial electrification and demand response/DERMS solutions.	TRC Companies
Oct-08	Hudson Energy (Green Star Energy)	U.K. based provider of energy solutions.	Shell
Oct-08	CodeGreen Solutions	U.S. based provider of energy management and sustainability services for the commercial real estate industry.	Victor Capital

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- Founded in 1991
- 370+ professionals across eight offices globally
- 170+ closed transactions in the last 24 months
- 10 dedicated industry groups



ENERGY, POWER & INFRASTRUCTURE (“EPI”) GROUP

- 15+ closed transactions in the last 24 months

Vertical Focus Areas

- Energy Management
- Renewables and Distributed Energy
- Industrial and Infrastructure Services
- Outsourced Utility Services
- Oilfield Services
- Engineering and Construction
- Environmental Services
- TIC & Integrity Services

Energy Management

- 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 HW TRANSACTIONS

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

Select HW EPI Transactions

 acquired by 	 is being acquired by 	 acquired by 	 acquired by 	 RELIABILITY SERVICES acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 ENVIRONMENTAL SOLUTIONS acquired by
 acquired by 	 acquired by 	 merged with 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 A Goodwin Brother Company acquired by 	 acquired by 	 acquired by 	 acquired by
 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by
 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 PRECISION HEAT AND CONTROL acquired by 	 Commercial Construction Services, LLC acquired by 	 acquired by 	 acquired by 	 acquired by
 acquired by 	 acquired by 	 INTEGRATED POWER SERVICES acquired by 	 acquired by 	 acquired by 	 acquired by 	 COMMERCIAL INDUSTRIAL SPECIALTY CONTRACTING acquired by 	 acquired by 	 acquired by 	 acquired by 	 POWER TO PROTECT acquired by
 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by Eight Equipment Group	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by
 acquired by 	 acquired by 	 PRECISION HEAT AND CONTROL acquired by 	 acquired by 	 acquired by 	 Energy Monitoring Products acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by

Our Firm

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Sources

1. CapIQ

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