

Energy Management

SECTOR UPDATE | Q2 2023

Select Energy Management M&A Transactions

April 3, 2023



Ancala Partners Acquires Majority of Noventa Energy Partners

- › Infrastructure investor Ancala Partners has acquired a majority interest in global renewable energy firm Noventa Energy Partners
- › Noventa, which has a pipeline of projects across Canada, the UK and the US, provides a full suite of services to decarbonize the heating and cooling of buildings
- › The funding will help Noventa to pursue its international growth plans and ramp up the delivery of a pipeline of wastewater energy projects

March 6, 2023



TPG Rise Climate Invests \$150M in Palmetto

- › Palmetto, a leading technology-enabled clean energy platform, announced 3/6/2023 it has raised \$150 million to continue spurring the adoption of clean energy and access to residential solar across the United States
- › Palmetto manages the end-to-end residential solar process with a fully enabled operating platform that handles sales, design, engineering, permitting and fulfillment. The company is uniquely positioned to help its partners reduce soft costs, which oftentimes represent over 50% of each residential solar project, using automated workflows, predictive algorithms, and local intelligence data

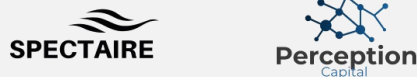
January 23, 2023



Legence Acquires Three Western U.S. Firms

- › Legence, a Blackstone company, announced 1/3/2023 three key acquisitions in the Western United States to provide deep and localized expertise in decarbonizing the built environment
- › The acquisitions include Shadpour Consulting Engineers Inc., a California-based MEP engineering firm focused on mission-critical customers, Trinity Process Solutions Inc., a design-build mechanical contracting firm in Los Angeles that specializes in high-purity process piping, and KLOK Group, a full-service MEP engineering solutions provider in Colorado

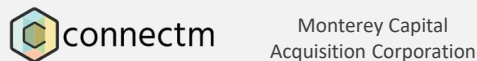
January 17, 2023



Perception Capital Corp. II to Combine with Spectaire Inc.

- › Spectaire Inc., innovative emissions monitoring provider, to go public via business combination with Perception Capital Corp. II
- › The proposed business combination is expected to allow Spectaire to better fulfill growing demand for monitoring and measurement technology needed to meet emissions reduction commitments. Customers are able to save money and generate carbon credits by relying on Spectaire's accurate, real-time data, rather than online estimating tools, which can overstate emissions by up to 60%

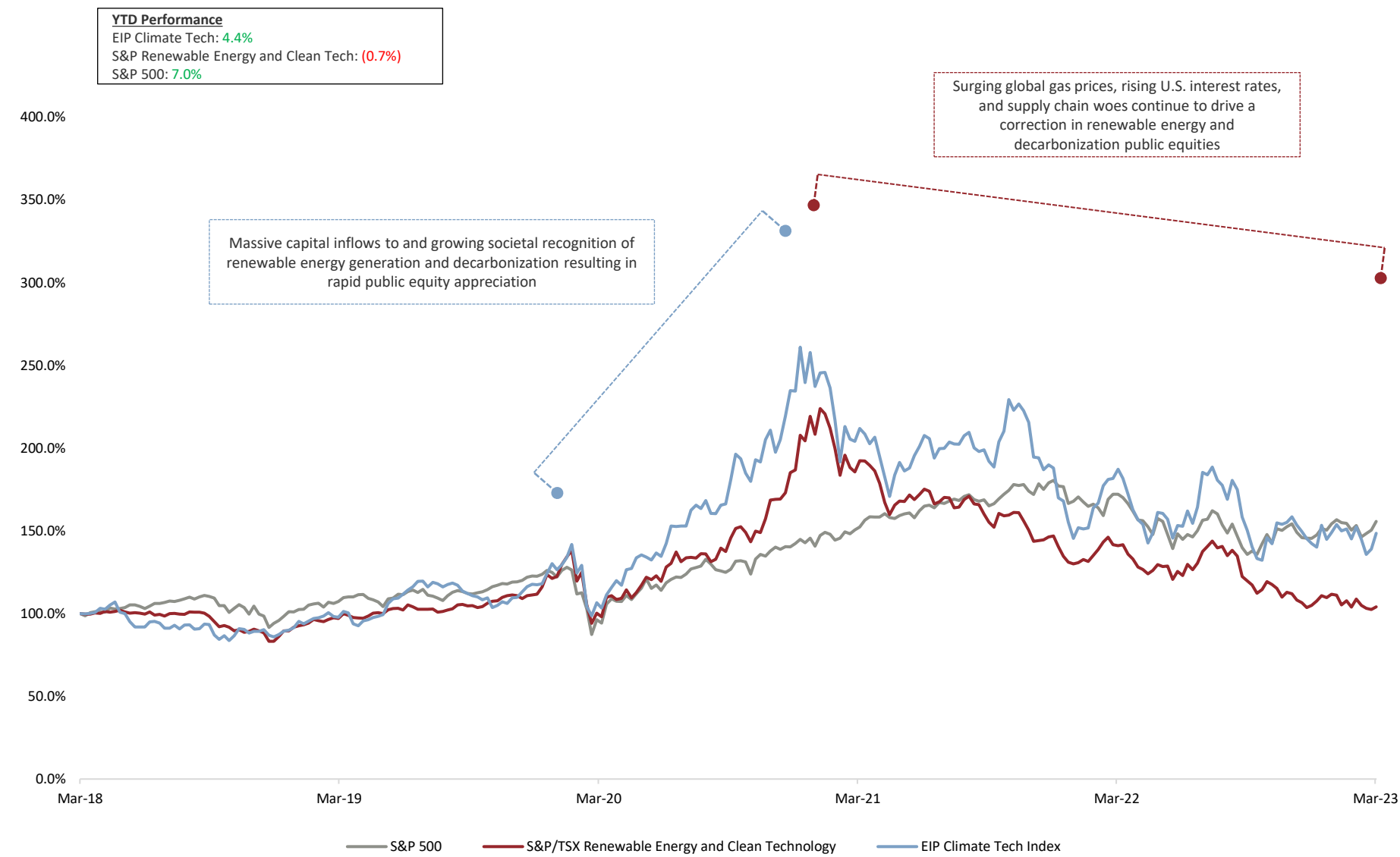
January 3, 2023



Monterey Capital Acquisition Corporation to Combine with ConnectM

- › Monterey Capital Acquisition Corporation (Nasdaq:MCAC), a blank check company, and ConnectM, a vertically integrated clean energy technology and solutions provider for buildings and all-electric OEMs, announced 1/3/2023 the signing of a definitive merger agreement
- › ConnectM has a current base of 22,000+ customers and 12 OEMs between its two platforms (Aurai and Yantra). Aurai is an integrated platform for electrification, decarbonization and energy efficiency and Yantra is an EV, micro-mobility, and fleet management platform

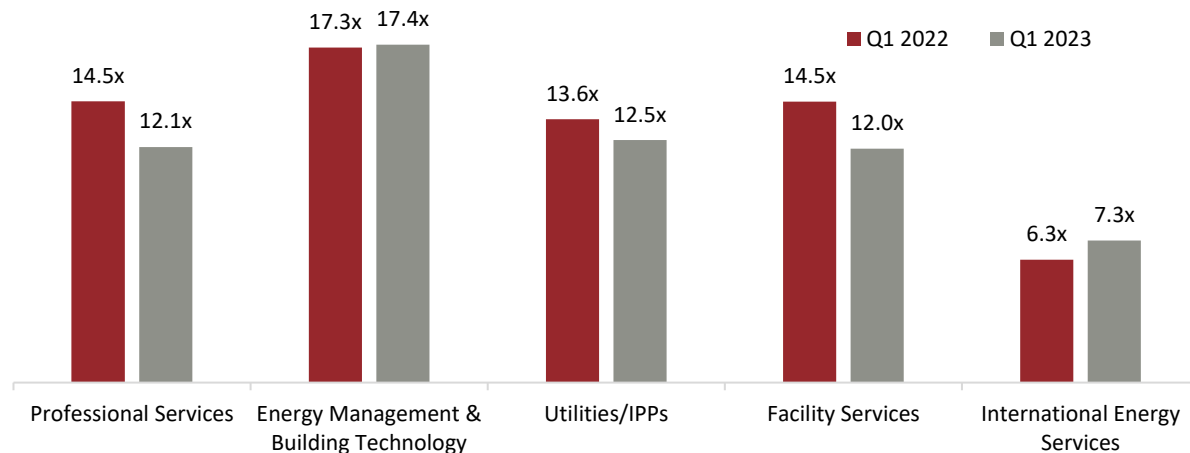
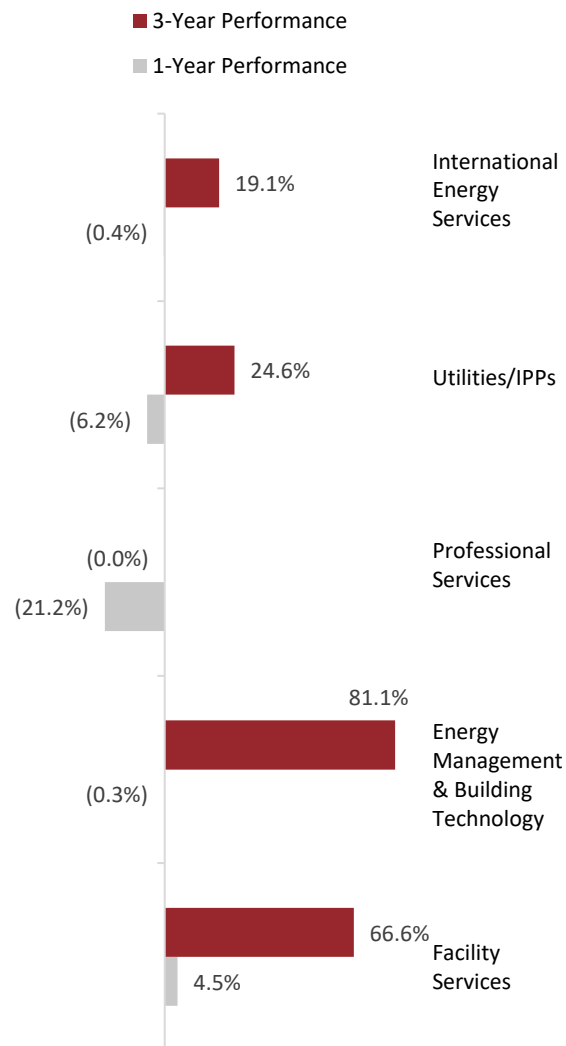
Public Valuation Indices¹



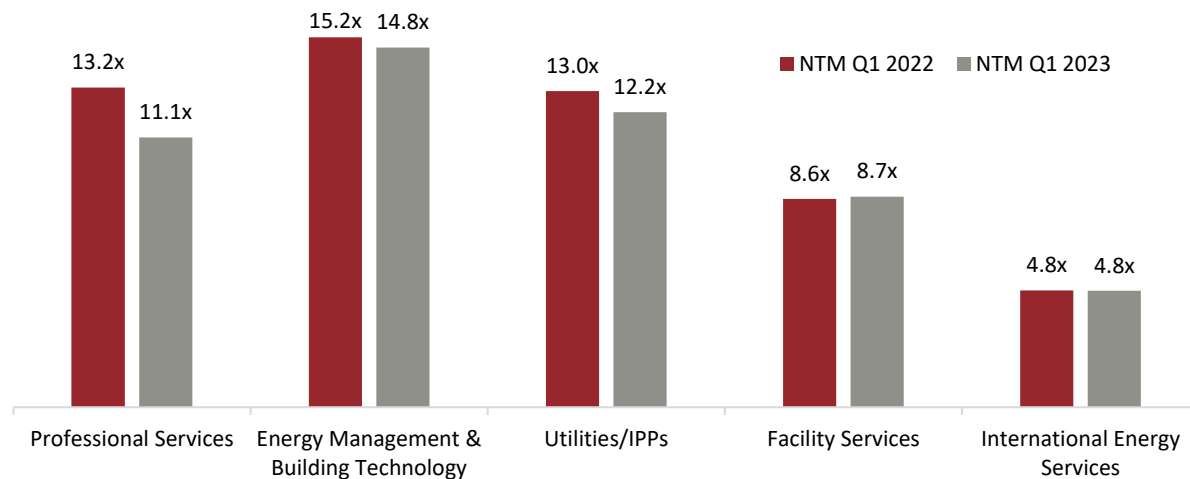
Public Valuation Multiples by Sector¹

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



What We're Reading

Climate Funding Gets Squeezed by Volatile Markets

Wall Street Journal / Read [here](#)

The interest-rate increases and market volatility that hit risky investments last year have finally caught up with green startups.

The sector, which includes everything from renewable energy to speculative climate technology, had steadily drawn in cash through last year during a record-breaking streak of fundraising. In the first quarter, funding for these companies has fallen almost as much as total venture-equity funding. Clean-energy startups have privately raised about \$8 billion in equity in the first quarter, a drop of nearly 40% from a year earlier and the lowest figure since 2020, PitchBook data show.

World Hurling Toward Critical Global Warming Benchmark, but IPCC Report Highlights Clean Energy Potential

Utility Dive / Read [here](#)

The world is likely to breach a critical global warming benchmark — temperatures rising 1.5 degrees Celsius above preindustrial levels — sometime after 2030, according to a report released by the United Nations' Intergovernmental Panel on Climate Change (IPCC).

For the electric sector, the IPCC report identifies demand-side management technologies as a key to eliminating greenhouse gas emissions. Widespread electrification of energy end uses will drive global electricity demand 60% higher, relative to a 2050 baseline. But demand-side management could cut the baseline by up to 73% according to the report.

Why No One Saw the Success of Demand Response Coming

Forbes / Read [here](#)

Guessing the future is a tricky business. When one looks back at the futurologists of the 1950s, and their predictions of car transportation, one can't help being struck by how far from reality some of them were. Delve into some predictions made by grid experts as recently as 2020 for the year 2050 and you will find some equally off-base predictions.

Fast forward three years to the present day, and we see what is a quiet revolution happening under our noses. It's too early to get the data from various energy companies, but initial information suggests that demand response has been a runaway success.

The Utility Dive Outlook on 2023

Utility Dive / Read [here](#)

The Inflation Reduction Act and its multitude of tax credits and other incentives is expected to provide a major boost to the clean energy sector. Increasingly ambitious government and corporate decarbonization goals are also helping to drive renewable and energy storage deployments.

The stories in Utility Dive's 2023 outlook series provide a high-level view of some of the critical issues and trends expected to drive the power sector in the year ahead.

Toward a More Orderly US Energy Transition: Six Key Action Areas

McKinsey / Read [here](#)

The US drive to decarbonize is at an inflection point. Critical actions could accelerate the transition while enhancing energy affordability and supporting inclusive economic growth.

McKinsey has identified six action areas that we believe are critical to enabling a more orderly net-zero transition. Such a transition includes near-term emissions reductions that would rapidly put the United States on a 1.5° pathway while remaining cognizant of affordability, reliability, resiliency, and security.

Select Recent M&A Transactions

Date Closed	Acquirer	Target	Business Description
4/3/23	Ancala Partners	Noventa Energy Partners	Canada-based provider of services to decarbonize the heating and cooling of buildings
3/6/23	TPG Rise	Palmetto	US-based clean energy software and technology platform
2/17/23	Antin Infrastructure Partners	PearlX	US-based owner and operator of fully integrated smart grid infrastructure systems
2/6/23	Ara Partners	Wattstor	UK-based provider of automated carbon reduction and electricity cost-saving technology systems
2/1/23	The Riverside Company	EnAppSys	UK-based data and analytics provider to the European energy market
1/25/23	Talan	Gemserv	UK-based provider of professional services to the energy market with expertise in the energy and digital transitions
1/23/23	Legence	Shadpour Consulting Engineers Trinity Process Solutions KLOK Group	Legence acquired Shadpour Consulting Engineers, a San Diego-based MEP engineering firm; Trinity Process Solutions, a Los Angeles-based design-build mechanical contracting firm; and KLOK Group, a Golden, Colorado-based full-service MEP engineering solutions provider.
1/17/23	Perception Capital	Spectaire	US-based provider of solutions for customers to monitor, track and meet emissions targets
1/3/23	Monterey Capital Acquisition Corporation	ConnectM	US-based vertically integrated clean energy technology and solutions provider for buildings















Public Market Observations¹

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.	\$ 2,556,898	\$ 49.22	\$ 3,706,540	2.0x	2.5x	19.6x	17.4x	
Carrier Global Corporation	38,199,031	45.75	41,452,458	2.0x	1.9x	14.4x	11.7x	
Eaton Corporation plc	68,281,163	171.34	71,876,305	3.5x	3.2x	18.1x	15.4x	
Honeywell International Inc.	127,694,965	191.12	137,621,808	3.9x	3.7x	16.6x	14.7x	
Itron, Inc.	2,517,671	55.45	2,725,386	1.5x	1.4x	32.2x	27.1x	
Johnson Controls International plc	41,381,594	60.22	49,018,569	1.9x	1.8x	15.5x	11.9x	
Schneider Electric S.E.	92,886,722	166.97	92,342,333	2.5x	2.4x	13.2x	11.6x	
Trane Technologies plc	42,145,169	183.98	43,156,650	2.7x	2.5x	16.2x	14.5x	
Willdan Group, Inc.	209,108	15.62	306,819	0.7x	0.6x	29.4x	9.0x	
Median	\$ 41,381,594	\$ 60.22	\$ 43,156,650	2.0x	2.4x	16.6x	14.5x	
Facility Services								
ABM Industries Incorporated	\$ 2,970,803	\$ 44.94	\$ 4,295,795	0.5x	0.5x	10.0x	8.1x	
FirstService Corporation	6,269,671	140.75	9,730,333	2.6x	2.3x	29.2x	24.5x	
ISS A/S	3,760,866	20.36	38,203,549	3.4x	3.3x	83.6x	48.6x	
Sodexo S.A.	14,284,142	97.85	18,410,916	NA	0.7x	NA	9.3x	
Median	\$ 5,015,268	\$ 71.39	\$ 14,070,625	2.6x	1.5x	29.2x	16.9x	
International Energy Services								
Electricité de France S.A.	\$ 50,168,872	\$ 12.91	\$ 60,699,342	0.4x	0.6x	NM	3.5x	
Enel SpA	62,113,352	6.11	151,226,565	1.0x	1.2x	9.1x	6.8x	
Engie SA	38,331,245	15.83	61,292,089	0.6x	0.7x	6.7x	4.5x	
E.ON SE	32,615,569	12.49	61,751,596	0.5x	0.6x	21.1x	7.4x	
Veolia Environnement SA	21,665,351	30.86	40,452,145	0.9x	0.9x	7.5x	5.7x	
Median	\$ 38,331,245	\$ 12.91	\$ 61,292,089	0.6x	0.7x	8.3x	5.7x	
Professional Services								
Bureau Veritas SA	\$ 13,014,244	\$ 28.76	\$ 13,363,955	2.2x	2.1x	11.2x	10.1x	
CBRE Group, Inc.	22,023,489	72.81	24,215,258	0.8x	0.8x	11.6x	9.2x	
ICF International, Inc.	2,054,918	109.70	2,808,809	1.6x	1.4x	16.8x	13.2x	
Jones Lang LaSalle Incorporated	6,925,605	145.49	9,340,639	0.4x	0.4x	7.1x	7.9x	
Leidos Holdings, Inc.	12,630,015	92.06	17,712,559	1.2x	1.2x	12.1x	11.4x	
Median	\$ 12,630,015	\$ 92.06	\$ 13,363,955	1.2x	1.2x	11.6x	10.1x	
Utilities / IPPS								
Consolidated Edison, Inc.	\$ 33,967,157	\$ 95.67	\$ 58,312,485	3.7x	3.9x	11.6x	11.8x	
Duke Energy Corporation	74,344,433	96.47	156,476,869	5.5x	5.7x	12.6x	12.3x	
Edison International	27,009,674	70.59	63,709,661	3.7x	3.7x	11.6x	9.7x	
National Grid plc	49,884,282	13.57	87,597,129	NA	3.6x	NA	10.2x	
NextEra Energy, Inc.	155,962,444	77.08	232,438,674	11.1x	9.5x	27.2x	17.1x	
NRG Energy, Inc.	7,964,534	34.29	15,864,407	0.5x	0.9x	5.1x	5.5x	
Median	\$ 41,925,719	\$ 73.84	\$ 75,653,395	3.7x	3.8x	11.6x	11.0x	
Total Median	\$ 24,516,582	\$ 60.22	\$ 41,452,458	1.9x	1.8x	13.8x	11.4x	

Harris Williams / ENERGY MANAGEMENT

Sector Coverage Areas

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

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