

Energy Management

SECTOR UPDATE | Q4 2022

Select Energy Management M&A Transactions

August 23, 2022



PriorityPower

Priority Power (Ara Partners, Oaktree) acquires Affordable Gas & Electric

- › Priority Power Management, Inc., a leader in energy optimization and infrastructure offering smart energy solutions and streamlined transitions to carbon neutrality, today announced that it successfully completed its acquisition of the energy procurement, consulting, and solar development business of Affordable Gas & Electric Company, LLC.

July 19, 2022



LEGENCE

Legence (Blackstone Energy) acquires Black Bear Energy

- › Legence, a San Jose, California-based Energy Transition Accelerator™ and leader in building efficiency, has announced the acquisition of Black Bear Energy, a Boulder, Colorado-based renewable energy firm offering technology-enabled clean energy procurement. Black Bear's addition to Legence's rapidly growing portfolio expands the firm's renewable energy procurement services and further strengthens its capabilities for decarbonization.

July 14, 2022



E Source

E Source (Align Capital) acquires DEFG

- › E Source, the data authority for the utility industry, announced today that it has acquired Distributed Energy Financial Group (DEFG). DEFG is a utility customer research and advisory firm with expertise in low income, equity, and customer experience. DEFG's five collaborative groups serve over 50 of the largest utilities in the U.S. and Canada, giving the leaders of these companies access to insights that help them better serve their customers and meet organizational goals.

July 11, 2022

centrica



CPower to Acquire Centrica's U.S. Demand Response Business

- › Today, leading national energy solutions provider CPower Energy Management announced it has entered into a definitive agreement to acquire the U.S. demand response division of Centrica Business Solutions, LLC. Centrica is an integrated energy solutions company that is a leading provider of commercial and industrial load management with customers in PJM, ISO-NE, NYISO, and ERCOT.

July 11, 2022

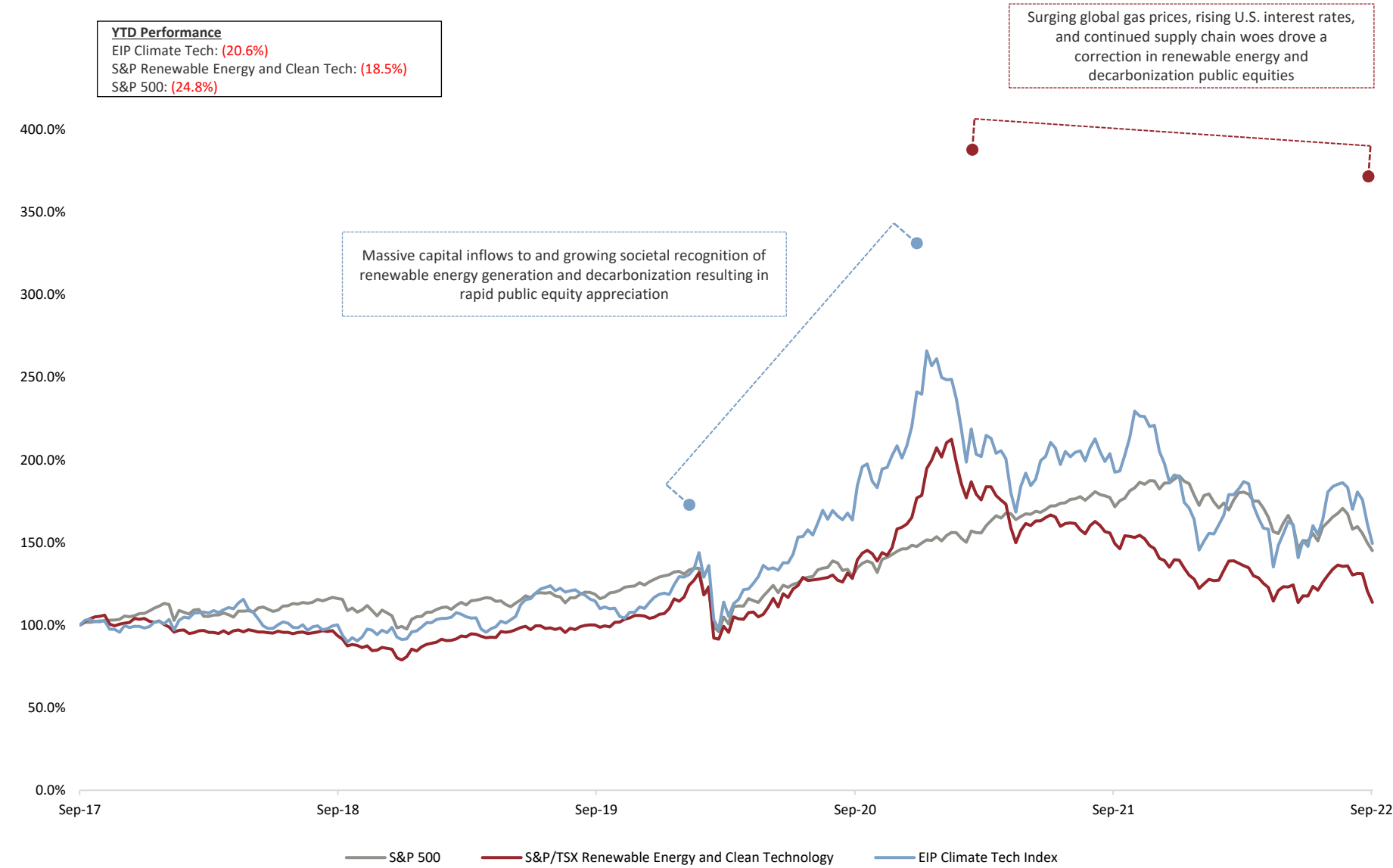
BUDDERFLY



Partners Group buys majority stake in Budderfly from Edison Partners

- › Partners Group (SIX: PGHN), a Swiss asset management company and private equity firm, has acquired a majority stake in Budderfly, a Shelton, Connecticut-based energy management tech business, from Edison Partners, a private equity firm. With more than 2,750 customer sites across 49 states, Budderfly leads the digital transformation of the energy conservation sector.

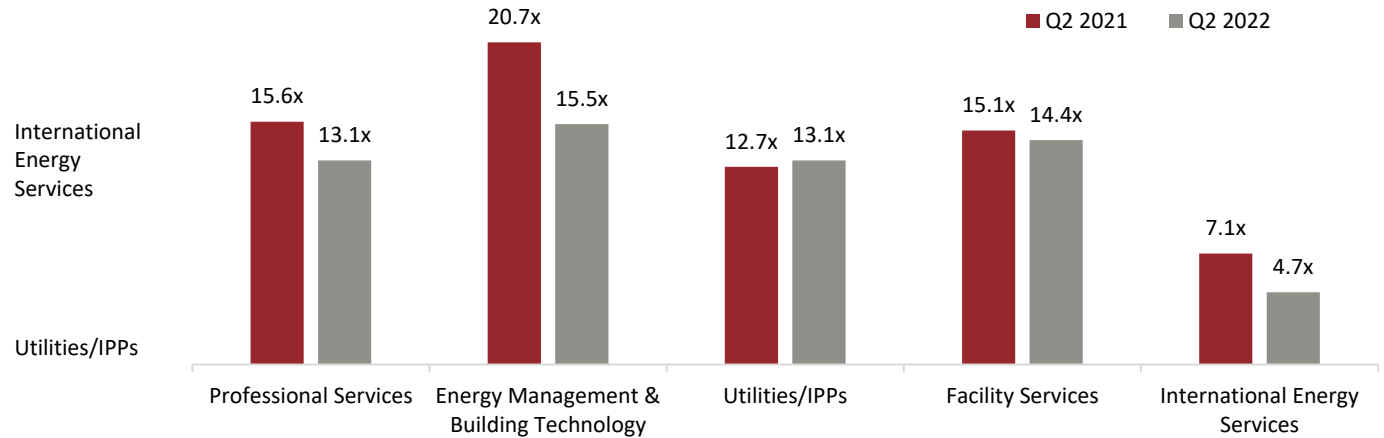
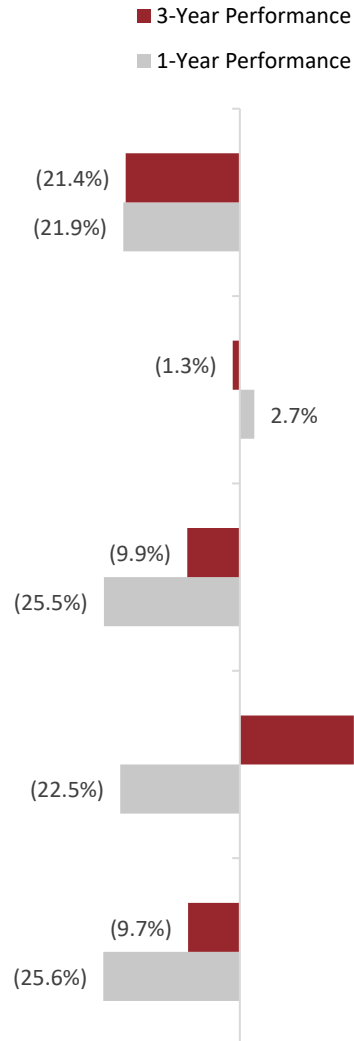
Public Valuation Indices¹



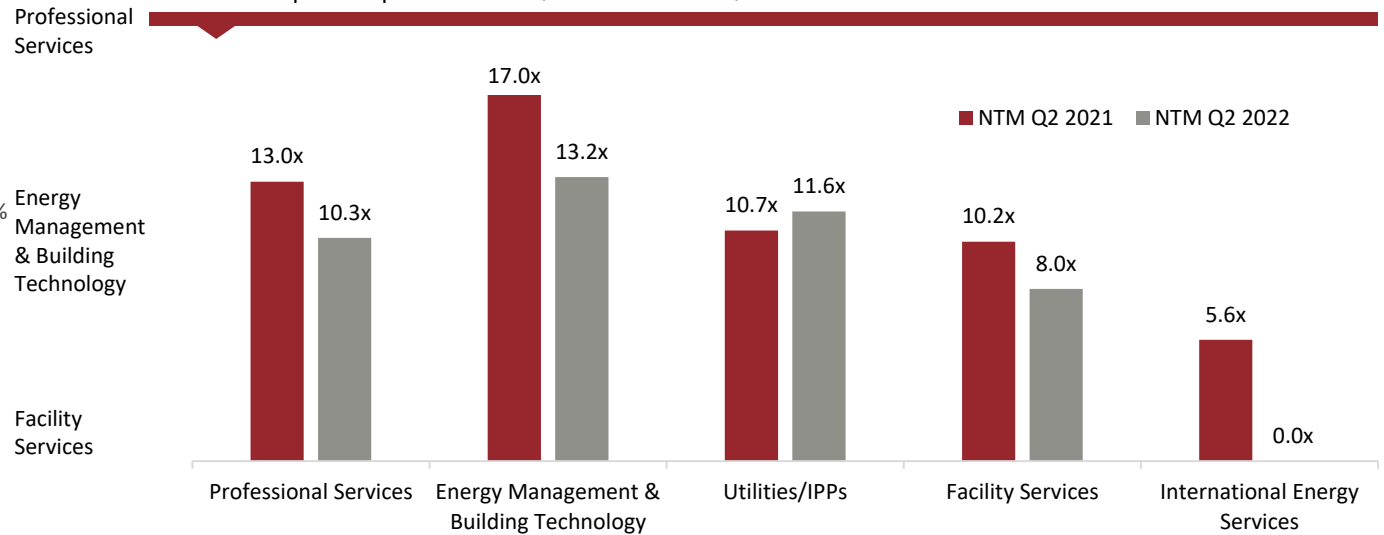
Public Valuation Multiples by Sector¹

Stock Performance (1- and 3-Year)

EBITDA Multiple Comparison LTM Q2 2021 vs. LTM Q2 2022



EBITDA Multiple Comparison NTM Q2 2021 vs. NTM Q2 2022



What We're Reading

To Decarbonize Industry, DOE Road Map Focuses on Efficiency, Electrification and Low-Carbon Fuels

Utility Dive / Read [here](#)

The U.S. Department of Energy on Wednesday published an industrial decarbonization road map, laying out a comprehensive strategy to reduce emissions associated with five sectors. Alongside the new road map, DOE announced a \$104 million funding opportunity for industrial decarbonization technologies.

The strategy leans on energy efficiency, the electrification of industrial processes, use of low-carbon fuels and CCUS, which DOE said will focus on “permanent geologic storage as well as developing processes to use captured CO2 to manufacture new materials.”

Demand Response Management, a Critical Component of the Future Smart Grid

Smart Energy International / Read [here](#)

Demand response management (DRM) is a crucial component of actual/upcoming smart grids, playing an active role in reducing peak demand and power fluctuation.

Electric power providers, whose capabilities and potential effects are being increased by grid modernization initiatives, are beginning to perceive DRM as an increasingly important resource option.

Electric Utilities Should Look to the Telecom Industry to Learn How to Stay Ahead of Market Changes

Smart Energy International / Read [here](#)

Recent social and business transformations are accelerating changes to electricity consumption patterns while driving up overall demand.

This ever-changing usage pattern leaves electric utilities with increasingly complex prediction and management demands, combined with the added challenge of renewable energy sources such as solar and wind that are required to keep up with the decarbonization efforts taking place worldwide. The effect of these changes is a rapidly evolving grid that utilities need to plan for and adapt to.

McKinsey Quarterly | Transition to Net Zero

McKinsey / Read [here](#)

Unlocking value from the expansion of renewable- and low-emissions power generation may depend on managing volatility and dispatchable capacity, as well as the rising costs of electricity.

Investors will likely want to focus on building not only next-generation facilities but also transmission and distribution networks and storage capacity that improves grid reliability and flexibility. For example, companies that develop technologies to enable grid expansion, grid integration, and flexibility solutions could see increased demand for their products.

An Inflection Point for the Energy Transition

BCG / Read [here](#)

In short, we are at an energy inflection point. Business and government must develop new strategies to ensure that the pursuit of critical energy goals remains on track.

Reducing the consumption of energy through more efficient use is often referred to as the “first fuel,” because this approach can reduce use the most and be implemented relatively quickly. It also has positive cost and climate implications. To that end, the IEA has put out a 10-point plan to reduce oil demand by 2.7 mmb/d within four months, largely by changing consumers’ behavior.

Select Recent M&A Transactions

Date Closed	Acquirer	Target	Business Description
9/28/2022	Renodis	The Eric Ryan Corporation	U.S.-based utility and telecommunications management solutions
9/8/2022	Nayax	Roseman Engineering	Israel-based company active in fueling systems, fuel station management, vehicle fleet, and electric vehicle charging management systems
8/23/2022	Priority Power Management	Affordable Gas & Electric	Mount Vernon, Illinois-based energy management solutions provider
8/4/2022	Carlyle; GIC	Eneus Energy	U.K.-based green ammonia project development company
8/4/2022	Xpansiv	Evolution Markets	New York-based brokerage firm in global carbon, renewable, and energy markets
8/4/2022	KKR	Albioma	KKR [NYSE:KKR], a New York City-based leveraged buyout firm, will reopen a tender offer for Albioma [EPA:ABIO], a French energy production unit maker
7/28/2022	Agreena	Hummingbird Technologies	U.K.-based provider of advanced remote sensing analytics for the agri-food sector
7/19/2022	Legence	Black Bear Energy	U.S.-based renewable energy firm specializing in procurement services
7/19/2022	HOP Energy	Rycor HVAC	U.S.-based reseller of Mitsubishi mini-split heat pump systems
7/19/2022	Anthesis	Padd Energy	Specialist energy engineering consultancy helping create power and energy from renewable and sustainable sources
7/19/2022	Legence (Blackstone Energy)	Black Bear Energy	U.S.-based renewable energy firm specializing in procurement services
7/14/2022	E Source (Align Capital Partners)	Distributed Energy Financial Group (DEFG)	U.S.-based utility customer research and advisory firm with expertise in low income, equity, and customer experience
7/11/2022	CPower (LS Power)	Centrica's demand response unit	U.S.-based demand response unit of Centrica
7/11/2022	Partners Group	Budderfly	U.S.-based energy management tech business providing a holistic, outsourced solution for energy management and infrastructure upgrades for underserved C&I businesses
7/7/2022	ECP	Metrus Energy	U.S.-based company that develops and finances energy efficiency retrofit and building upgrade projects

Public Market Observations¹

Company		Market Capitalization	Stock Price Current	Enterprise Value	Multiples Summary					
					Enterprise Value / Revenue		Enterprise Value / EBITDA			
					2021	2022E	2021	2022E		
Energy Management & Building Technology										
Ameresco, Inc.	\$	3,445,917	\$	66.48	\$	4,925,159	4.1x	2.6x	32.7x	23.8x
Carrier Global Corporation		29,926,708		35.56		36,262,708	1.8x	1.8x	11.5x	11.4x
Eaton Corporation plc		53,117,288		133.36		62,618,288	3.2x	3.0x	17.2x	15.0x
Honeywell International Inc.		112,486,407		166.97		124,558,406	3.6x	3.5x	14.3x	14.0x
Itron, Inc.		1,900,789		42.11		2,216,730	1.1x	1.2x	15.8x	24.4x
Johnson Controls International plc		33,903,243		49.22		44,329,243	1.8x	1.7x	12.3x	11.6x
Schneider Electric S.E.		63,655,110		114.67		77,720,845	2.7x	2.4x	14.2x	12.0x
Trane Technologies plc		33,554,991		144.81		37,317,091	2.6x	2.4x	15.7x	14.1x
Willdan Group, Inc.		196,708		14.81		320,732	0.9x	0.7x	12.4x	13.1x
Median	\$	33,554,991	\$	66.48	\$	37,317,091	2.6x	2.4x	14.3x	14.0x
Facility Services										
ABM Industries Incorporated	\$	2,528,973	\$	38.23	\$	3,794,373	0.6x	0.5x	8.6x	7.6x
FirstService Corporation		5,293,082		119.76		8,422,770	2.6x	2.3x	25.7x	24.3x
ISS A/S		2,864,827		15.51		34,851,413	3.8x	3.5x	76.7x	56.1x
Sodexo S.A.		11,062,173		75.66		15,340,714	0.9x	0.7x	13.5x	9.8x
Median	\$	4,078,954	\$	56.95	\$	11,881,742	1.8x	1.5x	19.6x	17.1x
International Energy Services										
Electricité de France S.A.	\$	43,555,686	\$	11.66	\$	56,131,193	0.8x	0.7x	3.2x	NM
Enel SpA		42,079,994		4.14		96,599,360	1.3x	1.1x	5.2x	5.1x
ENGIE SA		28,129,124		11.61		61,031,442	1.0x	1.0x	5.7x	4.9x
E.ON SE		16,627,300		7.74		54,385,531	0.9x	0.7x	7.1x	7.2x
Veolia Environnement S.A.		13,293,330		19.33		38,569,003	1.4x	1.0x	9.4x	6.4x
Median	\$	28,129,124	\$	11.61	\$	56,131,193	1.0x	1.0x	5.7x	5.7x
Professional Services										
Bureau Veritas SA	\$	10,189,851	\$	22.53	\$	12,115,159	2.5x	2.2x	12.1x	11.0x
CBRE Group, Inc.		21,219,924		67.51		25,067,069	0.9x	0.8x	9.0x	8.1x
ICF International, Inc.		2,048,863		109.02		2,702,926	1.7x	1.5x	17.1x	14.1x
Jones Lang LaSalle Incorporated		7,238,921		151.07		10,567,721	1.0x	1.0x	7.7x	7.2x
Leidos Holdings, Inc.		11,943,210		87.47		17,450,210	1.3x	1.2x	11.5x	11.9x
Median	\$	10,189,851	\$	87.47	\$	12,115,159	1.3x	1.2x	11.5x	11.0x
Utilities / IPPS										
Consolidated Edison, Inc.	\$	30,408,960	\$	85.76	\$	55,739,960	4.2x	3.9x	11.6x	11.0x
Duke Energy Corporation		71,622,490		93.02		145,961,491	5.7x	5.4x	12.8x	12.3x
Edison International		21,581,422		56.58		56,391,422	3.9x	3.6x	11.3x	9.7x
National Grid plc		37,969,985		10.37		77,293,239	4.6x	3.4x	12.6x	11.2x
NextEra Energy, Inc.		154,058,336		78.41		222,948,336	12.4x	10.7x	22.5x	19.2x
NRG Energy, Inc.		8,999,081		38.27		16,734,081	0.8x	0.6x	7.1x	8.3x
Median	\$	34,189,472	\$	67.50	\$	66,842,331	4.4x	3.7x	12.1x	11.1x
Total Median	\$	18,923,612	\$	56.58	\$	37,317,091	1.8x	1.7x	12.3x	11.5x

Harris Williams Energy Management Overview

Harris Williams 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 and Workforce Management
- › Distribution Automation
- › Microgrids / Asset Management
- › EV Charging

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Select Recent Harris Williams Energy Management Transactions



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