



 Harris Williams

Energy Management

QUARTERLY SECTOR UPDATE | Q1 2021

Select Energy Management M&A Transactions

December 16, 2020

EV
Infrastructure



White Deer Energy announced the acquisition of Renewable Energy Infrastructure Group's electric vehicle infrastructure design-build business

- › EV Infrastructure is a leading provider of electric vehicle infrastructure engineering and construction services, primarily to commercial fleet operators. Founded in 2012, the Company is focused on the engineering and construction of level 2 and level 3 high-power, fast-charging stations, which typically serve utility, commercial and municipal applications.

November 9, 2020



Blackstone

Therma to be acquired by Blackstone Energy Partners from Gemspring Capital

- › Gemspring Capital announced that private equity funds managed by Blackstone Energy Partners have entered into a definitive agreement to acquire one of Gemspring's portfolio companies, Therma Holdings, LLC. Therma is a leading specialty mechanical, electrical and controls services company focused on designing, building, and servicing complex systems in mission-critical facilities.

November 3, 2020



Bow River Capital completes sale of Veregy to Court Square Capital

- › Veregy, a technology-forward, leading independent energy services company ("ESCO") that offers energy efficiency solutions and smart building technologies, has partnered with Court Square Capital. With over 500 employees operating across the country, including more than 50 professional engineers, Veregy has the technical expertise to address customers' most complex challenges. Veregy has optimized thousands of buildings and generated billions of dollars in real savings for its clients. Harris Williams served as the exclusive advisor to Veregy.

November 2, 2020



Service Logic announces acquisition by Leonard Green & Partners from Warburg Pincus

- › Service Logic, the largest independent provider of aftermarket maintenance, repair and replacement services for commercial HVAC equipment, announced that it has been acquired by Leonard Green & Partners from Warburg Pincus. Headquartered in Charlotte, North Carolina, Service Logic operates leading HVAC service businesses out of 76 branches across the United States. Harris Williams served as the exclusive advisor to Service Logic.

October 5, 2020



Generac Accelerates its energy technology capabilities with acquisition of Enbala Power Networks

- › Generac Holdings Inc. announced the signing of an agreement to acquire Enbala Power Networks Inc., a leading distributed energy resources technology company. The deal solidifies Generac's position as a market leader in Smart Grid 2.0 technologies and opens opportunities for the company as a grid services provider. Denver-based Enbala is one of the leading providers of distributed energy optimization and control software needed to ensure the operational stability of the world's power grids.

Public Market Observations¹

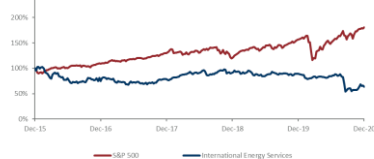
INTERNATIONAL ENERGY SERVICES

Key Public Comps



Enterprise Value /	2019 EBITDA	2020E EBITDA
6.9x		8.1x

Stock Price Performance



Market Observations

EDP Renewables and ENGIE have combined their existing and planned offshore wind efforts to form a new company, Ocean Winds (OW), which is one of the largest “pure” offshore wind development enterprises in the world. After launching OW in Europe, EDP Renewables and ENGIE are now unveiling the U.S. arm of this new company: OW North America.

[Renewable Energy Giants EDP and ENGIE launch major Offshore Wind player in the US](#)

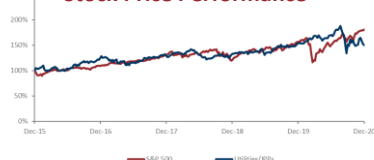
UTILITIES / IPPS

Key Public Comps



Enterprise Value /	2019 EBITDA	2020E EBITDA
12.1x		12.2x

Stock Price Performance



Market Observations

NRG Energy Inc. has completed the issuance of \$900 million in senior secured first lien notes in a landmark issuance, with NRG pioneering the first Sustainability-Linked Bond (SLB) in North America, and the first issued by any energy company outside of Europe. In concert with the Direct Energy acquisition, the SLB will support the Company’s efforts to pursue growth, achieve its climate transition strategy, and bring increasing value to its stakeholders.

[NRG Energy Becomes First North American Company to Issue Sustainability-Linked Bond](#)

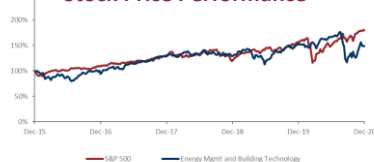
ENERGY MGMT & BUILDING TECHNOLOGY

Key Public Comps



Enterprise Value /	2019 EBITDA	2020E EBITDA
14.5x		20.7x

Stock Price Performance



Market Observations

Schneider Electric, the leader in the digital transformation of energy management and automation, is pleased to announce that it has successfully completed the strategic minority investment in Planon Beheer B.V., a leading software provider in Building & Workplace management. Schneider Electric owns 25% of Planon. Schneider Electric and Planon will jointly collaborate on innovation to deliver a suite of software and services to digitize the building life cycle for both existing and new buildings.

[Schneider Electric Completes its Investment in Planon Beheer B.V. to Digitally Transform Buildings into the Healthy and Sustainable Workplaces of the Future](#)

FACILITY SERVICES

Key Public Comps



Enterprise Value /	2019 EBITDA	2020E EBITDA
12.0x		21.3x

Stock Price Performance



Market Observations

As building energy codes become more stringent and interest in decarbonization increases, a growing number of energy efficiency programs are focusing on encouraging and assisting buildings that are zero-energy and zero-energy-ready. At least 20 such programs for new construction and major renovation have emerged in the United States and British Columbia, many of them recently, according to ACEEE.

[Zero-Energy Buildings Are Focus of Growing Number of Energy Efficiency Programs](#)

PROFESSIONAL SERVICES

Key Public Comps



Enterprise Value /	2019 EBITDA	2020E EBITDA
15.8x		15.4x

Stock Price Performance



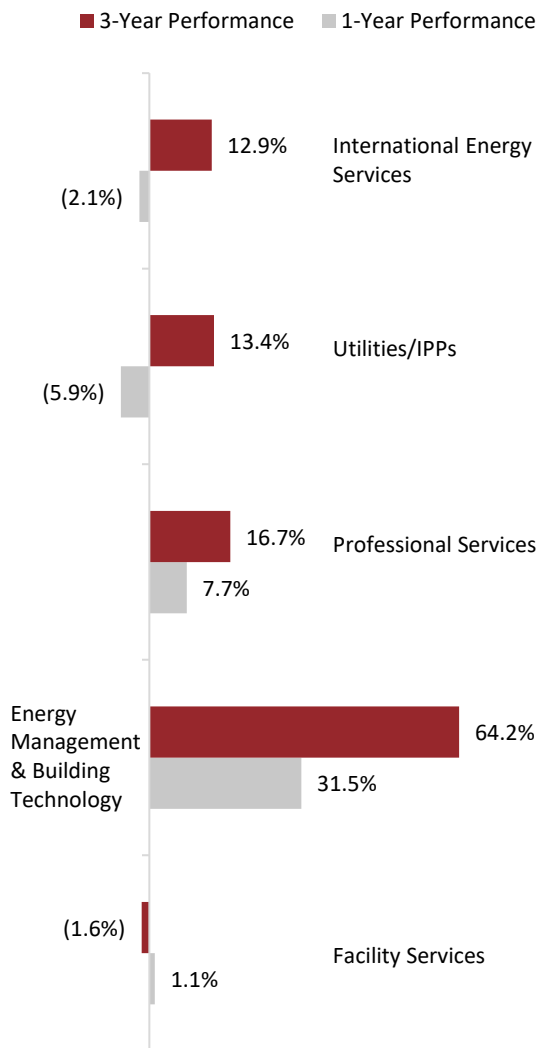
Market Observations

Tech-industry job loss has been minimal this year, and conditions point to resiliency for tech hubs such as Silicon Valley, Washington, D.C., and Vancouver. “Few industries, if any, escape a pandemic unscathed, and tech isn’t an exception,” said Todd Husak, Managing Director leading CBRE’s Tech & Media Practice. “However, the tech industry and the office markets where they have a significant presence are proving resilient this year. Much of the industry has established its value by providing the tech products and services needed to ensure business productivity and continuity.”

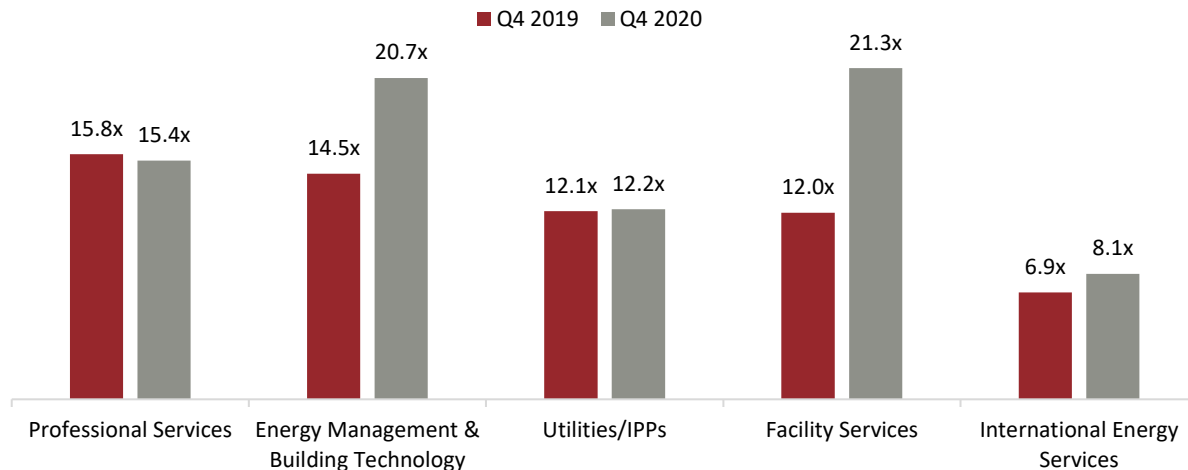
[Tech Industry Remains Biggest Force In Office-Leasing Activity Despite Pandemic-Induced Slowdown](#)

Public Valuation Multiples by Sector¹

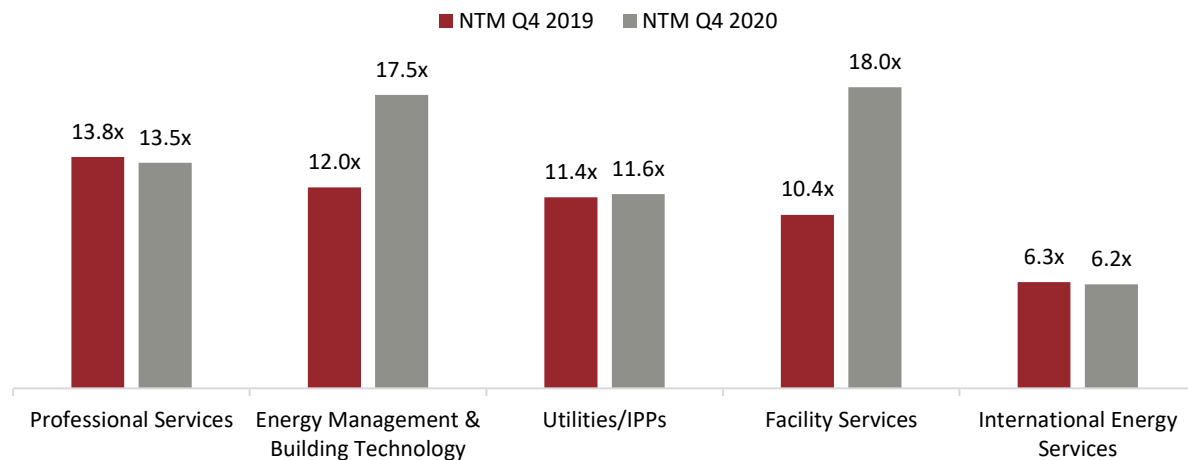
Stock Performance (1- & 3-Year)



EBITDA Multiple Comparison Q4 2019 vs. Q4 2020



EBITDA Multiple Comparison NTM Q4 2019 vs. NTM Q4 2020



Public Markets Are Placing Value on the Energy Transition¹

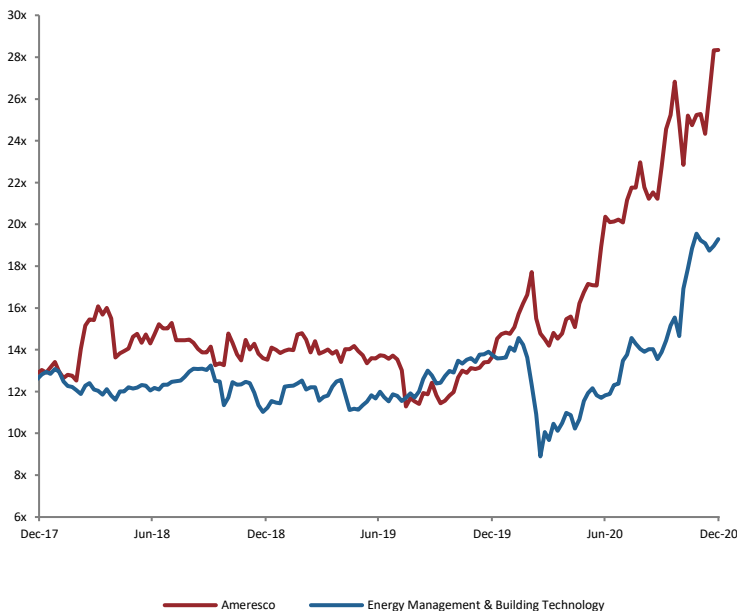
Historical Stock Price Performance¹

(Indexed to December 2017)



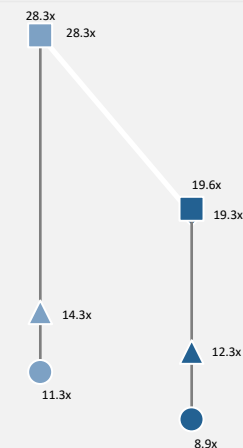
Historical Trading Multiples¹

(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

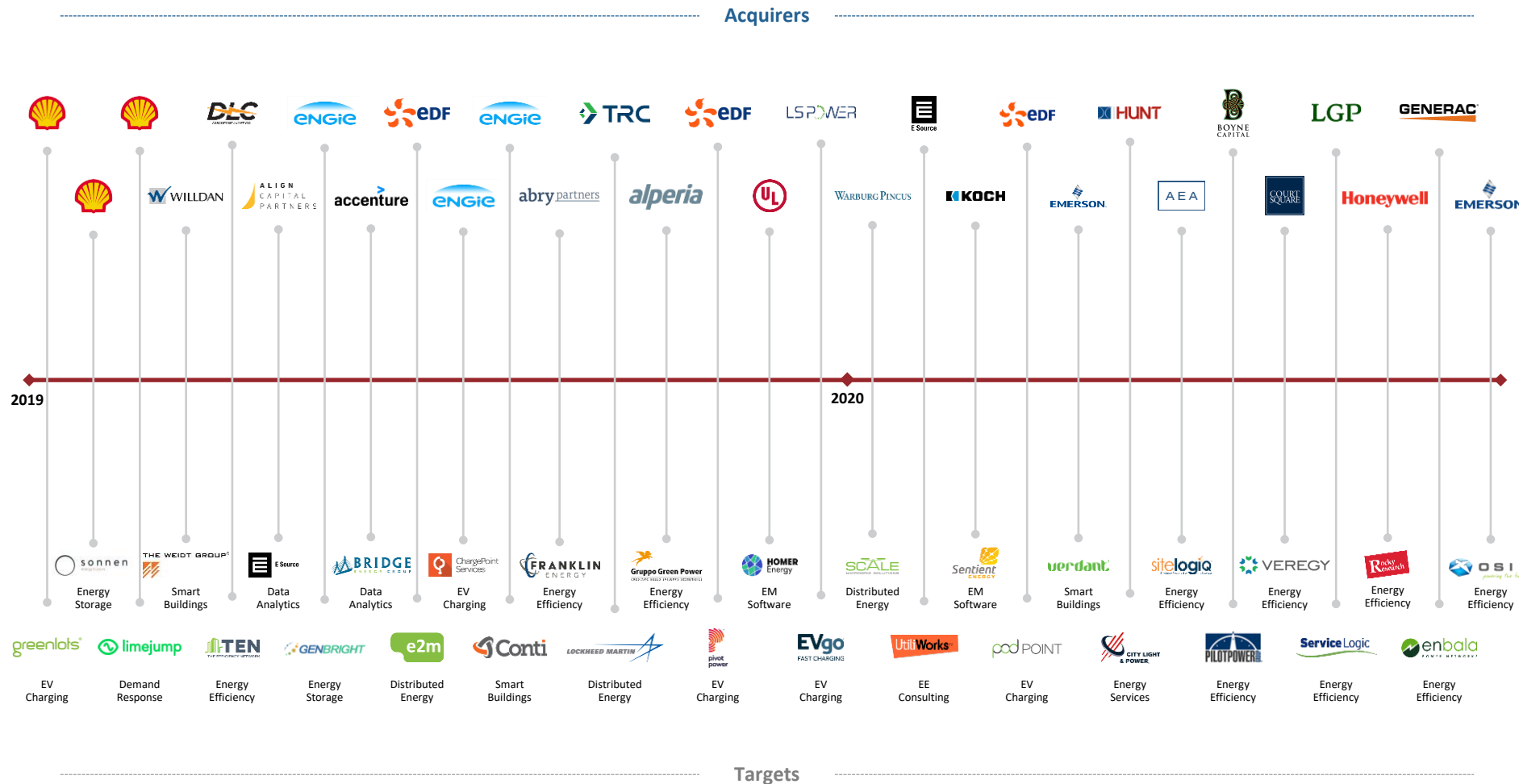
**Johnson
Controls**

**Schneider
Electric**

**TRANE
TECHNOLOGIES**

WILLDAN

Continued Momentum in Energy Management Investment Activity



What We're Reading

U.S. RENEWABLE ENERGY INSTALLATIONS BREAK RECORDS DESPITE PANDEMIC

OilPrice

Despite market uncertainty and construction delays in the pandemic, U.S. renewable power capacity installations surged to a record in 2020. Both the solar and wind power markets saw record capacity additions in 2020, while electricity generation from those renewable energy sources experienced double-digit increases amid a decline in the overall U.S. power generation market due to reduced consumption in the pandemic.

Read the full article [here](#).

THESE 11 EV START-UPS ARE CHASING TESLA. THEY CAN'T ALL WIN.

WSJ

The race is on to become the next Tesla Inc. Tens of billions are riding on the outcome. Investors from Wall Street to the Motor City are betting that a field of electric-car start-ups can emulate the rise of Elon Musk, who sits at the wheel of a company that is on track to sell 500,000 battery-powered vehicles this year, and turn its first-ever annual profit. It won't be a smooth journey, either, for investors — which include the world's largest money manager and the second-largest U.S. private-equity firm — or these industry upstarts, which face numerous obstacles. Most haven't yet successfully built or sold a car. Those that have, have struggled to do so profitably. Some are still hiring a workforce or fighting accusations of fraud. One recently posted a loss of \$1.6 billion.

Read the full article [here](#).

WHAT IS HAPPENING WITH SOLAR ENERGY?

Forbes

Anyone who follows developments in the energy sector will know that solar energy is no longer just the future, but the present as well. According to the International Energy Agency's World Energy Outlook 2020, photovoltaic solar energy is already the cheapest source of electricity in history. Solar and wind are the present and future, not so much for environmental issues, but for economics: the British government admits that solar and wind energy have proved between 30% and 50% cheaper than initially estimated, adding that renewable energies were able, during the first quarter of 2020, to cover no less than 47% of the country's total electricity demand.

Read the full article [here](#).

CONGRESS PASSES SPENDING BILL WITH SOLAR, WIND TAX CREDIT EXTENSIONS AND ENERGY R&D PACKAGE

Greentech Media

The U.S. Congress on Monday passed a massive spending bill that includes \$35 billion in energy research and development programs, a two-year extension of the Investment Tax Credit for solar power, a one-year extension of the Production Tax Credit for wind power projects, and an extension through 2025 for offshore wind tax credits — a significant last-minute boost for clean energy industries.

Read the full article [here](#).

Select Recent M&A Transactions

Date Closed	Target	Acquirer	Business Description
12/21/2020	Lightning eMotors	GigCapital3	Leading provider of complete electrification solutions for commercial fleets.
12/21/2020	Obton Group	FSN Capital VI	Specialized alternative investment provider developing, structuring, and managing solar PV projects.
12/18/2020	indie Semiconductor	Thunder Bridge II	Leading provider of next-generation semiconductor and software solutions for the Autotech market.
12/15/2020	Sustainable Energy Solutions	Chart Industries	SES's Cryogenic Carbon Capture™ ("CCC") technology eliminates most emissions from fossil fuels while enabling better use of intermittent renewables through grid-scale energy storage.
12/15/2020	Stem, Inc.	Star Peak Energy Transition	Global leader in AI-driven clean energy storage systems.
12/10/2020	EVBox	TPG Pace Beneficial Finance Corp.	Manufacturer of electric vehicle charging stations and charging management software.
12/10/2020	i1 Energy	Sundt Construction	Niche engineering & construction company specializing in renewable energy projects.
12/8/2020	eIQ Mobility	NextEra Energy Resources	Leading software provider of mobility planning solutions, based in Oakland, CA.
11/13/2020	EV Infrastructure	White Deer Energy	Leading provider of EV infrastructure engineering and construction services, primarily to commercial fleet operators.
11/9/2020	Therma Holdings LLC	Blackstone Energy Partners	Leading specialty mechanical, electrical and controls services company focused on designing, building, and servicing complex systems in mission-critical facilities
11/6/2020	Texas Power Consultants	Priority Power	TPC offers energy advisory and consulting services to electric retail customers in East Texas and beyond.
11/3/2020	Veregy	Court Square Capital	Energy services company (ESCO) that designs, engineers and implements eco-friendly building and system optimizations that minimize upfront costs and produce meaningful energy and operational savings.
11/2/2020	Service Logic	Leonard Green & Partners	Leading independent commercial HVAC services provider in the United States.
10/9/2020	Open Systems International	Emerson	An operations technology software provider helping customers in the global power industry, as well as other end markets, transform and digitize operations to more seamlessly incorporate renewable energy sources and improve energy efficiency.
10/8/2020	Aztec Solar	Sigora Solar	Provides residential and commercial solar energy solutions.
10/7/2020	Rocky Research	Honeywell	A specialist in thermal, energy and power management solutions.
10/5/2020	Enbala Power Networks	Generac	North Vancouver, British Columbia-based distributed energy resources technology company.

Deal Snapshot: Veregy

Harris Williams advises Veregy on its [sale](#) to Court Square Capital Partners



a portfolio company of



has been acquired by



COMPANY OVERVIEW

Veregy is an engineering and energy services company (ESCO) that creates pathways to eco-friendly building and systems optimizations, generating significant immediate and future energy savings. With more than 450 employees operating across the country, Veregy offers energy efficiency upgrades, performance contracting, commissioning, controls, engineering services, solar generation, and battery storage to clients in both the public and private sectors. Harris Williams recently advised Veregy, a portfolio company of Bow River Capital Partners, on its sale to Court Square Capital Partners.

Here, Luke Semple and Drew Spitzer, both managing directors in the Energy, Power & Infrastructure Group, share their thoughts on the ESCO space, what made Veregy such an attractive acquisition, and what other investors interested in this space should consider.

A photograph of Luke Semple, a man with short brown hair, wearing a light blue button-down shirt, sitting in a dark office chair and looking slightly to the right.The Harris Williams logo, consisting of the letters "H" and "W" in a stylized, overlapping font.

“ESCOs have emerged as key players in the implementation of not only energy efficiency initiatives, but also on-site renewables, storage, and other distributed energy infrastructure.”

Luke Semple, Managing Director

[CLICK HERE](#) ➔

What made Veregy especially attractive?

Luke Semple: Veregy is a great example of platform-building in the ESCO space. The company was built through a series of acquisitions, and it has become very successful in leveraging best-in-class capabilities of each of the component businesses, and extending these capabilities across regions and the company’s customer base. That has driven exceptional revenue growth, profitability, and free cash flow. Even with all of this growth, the company still has a great opportunity for geographic and capability expansion through M&A.

Drew Spitzer: The comprehensive solution mix Veregy offers is a differentiator. It provides a full suite of energy solutions across the building lifecycle — from facility services, engineering solutions, and distributed and renewable energy solutions, to smart building and systems integration and energy-efficient solutions. Veregy’s energy efficiency solutions are especially attractive to the many schools and municipal operations across the country, which are often housed in aging facilities, but lack the budgets for capital improvements. Veregy can bring in the expertise and technologies to help these customers squeeze the most out of this outdated infrastructure without the cost associated with replacing existing equipment. Another thing that sets Veregy apart is its proprietary integrated building and energy management software system, which enables customers to further optimize their energy savings on an ongoing basis via real-time monitoring and controls. That’s something none of Veregy’s local or regional competitors can offer.

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

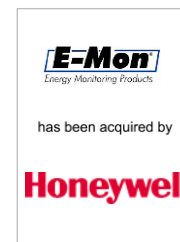
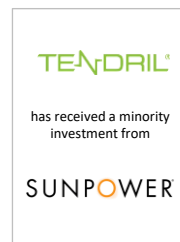
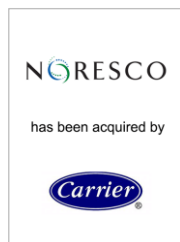
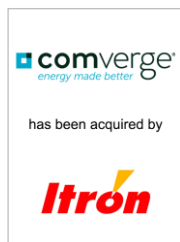
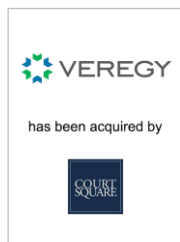
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Select Recent HW Energy Management Transactions



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Business Services

Energy, Power & Infrastructure

Specialty Distribution

Transportation & Logistics

Building Products & Materials

Consumer

Healthcare & Life Sciences

Industrials

Technology

Consistent Recognition for Quality



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