



Renewables M&A in Western Europe Q1 2023

A quarterly snapshot of key M&A happenings in the Renewables sector within Western Europe



Renewables
market trends



Top M&A
deals



Key policy
changes



Deloitte in the
transition



Outlook

Despite the downturn caused by rising interest rates and inflation, record-high investments in solar PV and offshore wind were made in 2022. In Q1 2023 however, transaction volumes within Western Europe have seen a sharp drop, reflecting the market slowdown.

In Q1 we see large steps made in the development of a green hydrogen economy, both from an EU regulatory perspective and from an investment perspective. In the Netherlands, developments are also taking place with energy storage technologies and grid infrastructure to enhance flexibility of electricity supply and reduce grid congestion. This trend is expected to grow given the large pipeline of battery storage projects to be connected to the grid in coming years.

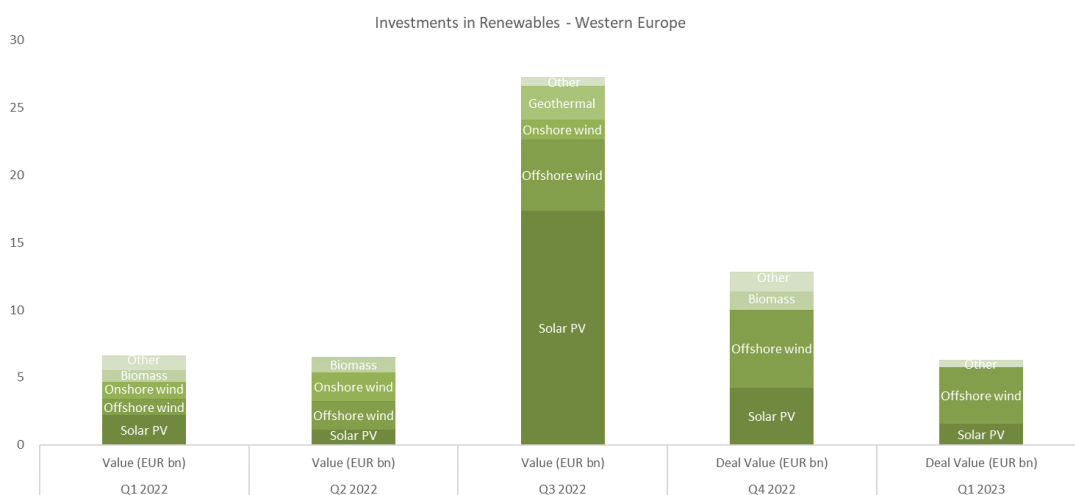
For queries regarding this update do not hesitate to contact one of our team members.

Deloitte Financial Advisory | Future of Energy team

Renewables market trends

Flow of Funds

Investments in renewables¹ reached a high in Q3 2022 of c. €27bn. Of this amount, €13bn pertains to funds committed by the Dutch government into the Sustainable Energy Production subsidy programme [\[source link\]](#). Solar PV and offshore wind investments dominate the West European market in recent quarters, with other noticeable investments in onshore wind, biomass and geothermal assets. The drop in Q1 2023 reflects the higher interest rates and economic slowdown.



Source: Infralogic, Deloitte analysis

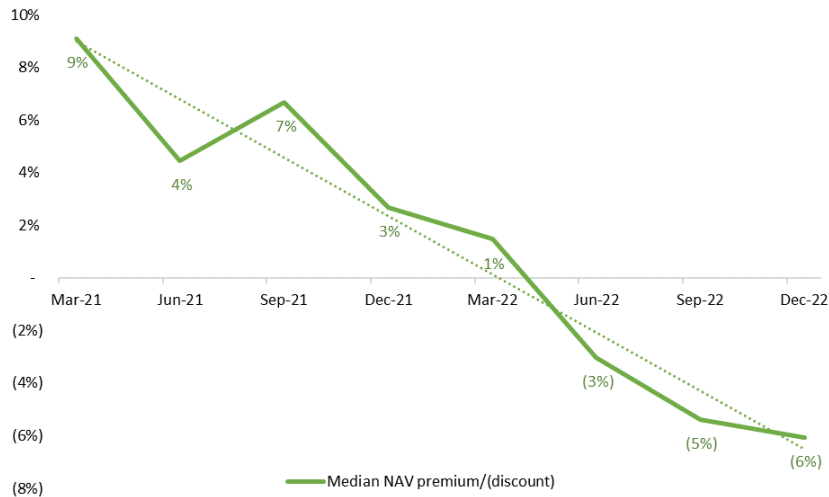
1) Investments in renewables comprise all closed deals as per Infralogic, including M&A, greenfield investments and debt financing

NAV premiums of listed EU renewable funds

In recent years we observed that listed shares of selected² EU Renewable Funds were trading at a premium to their NAVs, reflecting strong market sentiment towards renewables. However in 2022 we observe a steady decrease in the NAV premiums to the point where the shares are now trading at a discount to their NAV. This could indicate potential under-pricing or a change in market sentiment. A contributing factor is likely to be the increase in interest rates and required rates of

return, which may not yet fully reflect in the formal NAV valuations. Although the NAV premiums previously noted are a characteristic specific to the renewables sector, the decline in share prices is consistent with other capital-intensive sectors such as real estate.

For the purposes of our analysis, the selected peers consist of YieldCo's investing in operational solar, wind and/or energy storage assets, with a high portion of contracted cash flows.

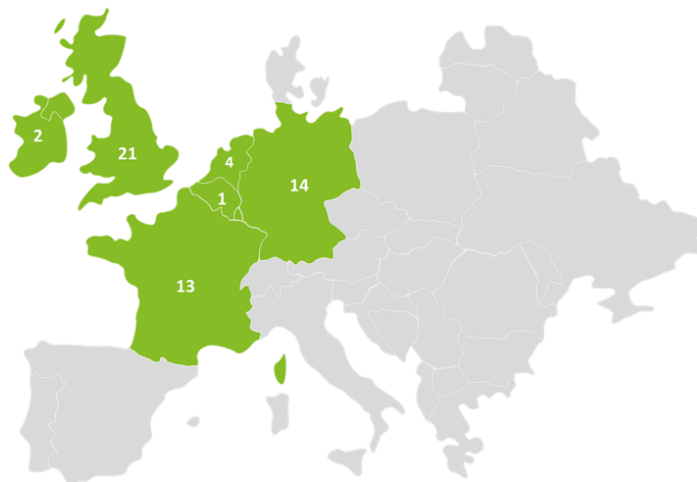


Source: Company Annual Reports, S&P Capital IQ, Deloitte analysis
 2) Selected peers for analysis: Greencoat UK Wind PLC, Aquila European Renewables Plc, Octopus Renewables Infrastructure Trust plc, The Renewables Infrastructure Group Limited, Foresight Solar Fund Limited, NextEnergy Solar Fund Limited, JLEN Environmental Assets Group Limited, GCP Infrastructure Investments Limited, Downing Renewables & Infrastructure Trust PLC, Bluefield Solar Income Fund Limited, Gresham House Energy Storage Fund plc, Gore Street Energy Storage Fund PLC

M&A in Western Europe | Q1 2023

Volume of Deals by Country











Within Western Europe the bulk of renewable deals occurred in the UK followed by Germany and France. It is noted however that the largest disclosed deal in Q1 2023 occurred in Belgium, being the acquisition of offshore wind company Parkwind by a leading Japanese power generator. Please note we have only included deals with disclosed information at the time of our analysis.



Source: InfraLoaic, Deloitte analysis

Top 5 Deals by Value

The largest deals³ all pertain to wind and solar PV, with the highest implied EV / MW capacity multiple being 2.50x for an Irish solar developer with capacity of 400 MW. In the Netherlands, PowerField raised large capital to develop integrated solar PV systems with capacity of 500 MW.

Deal description	Subsector	Country	Deal Type	Deal Value (EUR m)	Capacity (MW)
JERA Co Inc, a Japanese power generator, acquires 100% of Belgian offshore wind company, Parkwind			M&A	1,550.0	771
Dutch solar developer, PowerField , raises €500m in equity (20%) and debt (80%) to develop 500 MW of integrated solar parks, EV charging stations and batteries			Capital raise	500.0	500
Plenium Partners (Spain-based renewables asset manager) acquires 247 MW portfolio of solar PV assets from UK developer, Lightsource bp			M&A	356.7	247
Irish developer, Amarenco Solar , obtains €300m equity from UK investor, Arjun Infrastructure Partners, for a 30% stake			M&A	300.0	400
German renewables developer, Encavis AG , issues green bond for future growth projects of ~500 MW			Bond issue	210.0	500

3) In this analysis we have included deals pertaining to M&A, greenfield investments and new financing. Refinancing deals have been excluded.











Emerging Tech deals

In the Netherlands, we see growing investments in energy storage technologies to enhance grid flexibility, stabilise energy supply and alleviate congestion. Local grid operators together note 34 GW of battery storage projects in the pipeline, signalling growth still to come [\[source link\]](#).

Deal description	Subsector	Country	Deal Type	Deal Value (EUR m)
Corre Energy , listed Dutch developer of hydrogen-based energy storage, raises €8.9m equity for growth plans			Public offering	8.90
Equans plans to sell its UK and Dutch EV charging business as infrastructure investors flock to the fast-growing sector		 	M&A	undisclosed
Dutch companies Alfen and SemperPower launch Project Pollux , development of a 30 MW battery storage system in Vlissingen, NL			Greenfield	undisclosed
US-based energy trader, CCI, acquires majority stake in Rotterdam-based S4 Energy , who aims to build >300 MW long-duration storage in three years			M&A	undisclosed

Green Hydrogen developments

We notice a number of deals and large projects relating to the development of the EU green H₂ economy. Of particular interest is the large-scale offshore green H₂ project being launched by the Dutch government in the North Sea, with planned capacity of 500 MW.

Deal description	Subsector	Country	Deal Type	Deal Value (EUR m)
German green hydrogen producer and storage provider, APEX Energy , is 100% acquired by listed Swiss electronics manufacturer			M&A	120.0
French P/E investor Eiffel acquires 30% of Verso Energy , a local developer of green hydrogen electrolyzers, power plants and integrated storage systems			M&A	50.0
UK green hydrogen pioneer GeoPura is acquired by an investor group led by VC firm GM Ventures			M&A	40.8
UK infrastructure fund JLEN acquires 33% of Foresight Hydrogen HoldCo , the German green hydrogen plant operator			M&A	5.7
Dutch government designates area in North Sea close to Groningen for development of world's largest offshore green hydrogen project (500 MW)			Greenfield	undisclosed

Key policy changes affecting the energy transition

[EU Commission proposes Net-Zero Industry Act with plans for a Hydrogen Bank](#) *March 17, 2023*

The Act sets out targets for technologies deemed necessary to decarbonize the bloc's economy, a move aimed at reducing the EU's reliance on external countries like China. A major target in the release is to domestically produce at least 40% of the EU's demand for clean tech by 2030. The EU Hydrogen Bank aims to establish a full hydrogen value chain, with funding mechanisms for creating a domestic market and international imports into the EU.

[EU members agree on major roll out of electric and hydrogen charging points](#) *March 28, 2023*

The European Parliament and member states agreed to roll out fast EV charging stations at least every 60km on key roads by 2026, and hydrogen filling stations every 200km on main roads by 2031. A lack of charging infrastructure is seen as one of the main factors holding back the transition to electric or hydrogen powered vehicles, with drivers citing a lack of range as an issue.

[City of Amsterdam releases new subsidy schemes to reduce energy costs](#) *March 20, 2023*

New subsidies introduced by the Amsterdam municipality incentivise households to become more energy efficient. Focus is given to low-income households to combat energy poverty.

[Price of carbon hits new record of EUR 100/ton](#) *February 21, 2023*

The price of offsets on the EU's carbon market hit 100 euros per ton for the first time in history, a milestone reflecting the increased costs that factories and power plants must pay for their carbon emissions. The rising carbon tax will incentivise companies to critically assess their value chain and accelerate the decarbonisation of major sectors.

Deloitte's role in the transition

As a *Future of Energy* partner, Deloitte is committed to staying ahead of the transition curve. Drawing on our expertise and unique insights, we guide our clients on their journey to decarbonisation.



Decarbonisation solutions

From recent consultations with over 700 CxOs and senior executives across the industry, we have a deep understanding of the dilemmas faced by companies and we have developed decarbonisation strategies that are technically and economically feasible for each sector.

Further insight on: [Future of Energy and decarbonisation](#)



Green H₂ economy

From our involvement in Europe's largest green hydrogen projects, we are at the forefront of the green H₂ economy. In these projects we use our multi-disciplinary approach to fulfil various objectives such as comprehensive feasibility study, technoeconomic modelling, business strategy and stakeholder engagement. Our landmark projects include:

NorthH – The largest green H₂ project in Europe; Deloitte is assisting with a feasibility study of large-scale production, storage and transport of green H₂ [\[link\]](#)



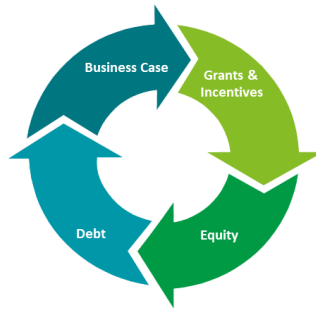
– Location-based analysis of H₂ demand including feasibility, energy flows, market structure, ability to pay, comparison with alternatives and macro factors [\[link\]](#)

Further insight on: [The EU hydrogen economy](#)



Funding analysis & optimisation

Leveraging our global network, relationships with investors and experience in financing projects of various size and complexity, we support clients using a holistic funding approach. This approach aims to achieve the optimal capital structure between equity, debt and non-dilutive solutions (i.e. grants and incentives). As part of our offering, we have a dedicated Project Finance team that specialises in undertaking major energy and infrastructure projects in the field of sustainability, from inception to financial close.



Outlook

By 2050, we envision the Netherlands transitioning to a clean and green energy system with affordable offshore wind electricity, green hydrogen produced from the North Sea and circular use of carbon. Being climate-neutral by 2050 is technically and economically feasible, but we must act now with long-term vision so as to avoid duplicate investments.

For more on Deloitte's vision for the future of energy in the Netherlands, please follow the link: [Future of Energy](#)



Jeroen van der Wal
Partner | Renewables Leader
jvanderwal@deloitte.nl



Matthijs Wouterse
Director | Valuations
mwouterse@deloitte.nl



Michiel Engelaar
Director | Project / Green Finance
mengelaar@deloitte.nl



Joren Verkade
Snr. Manager | Modelling
jverkade@deloitte.nl

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