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Energy Quarterly
Update

Q2 2024



DCF's Energy Practice

Deloitte Corporate Finance LLC (DCF) is a leading global middle-market M&A adviser. Our professionals have extensive knowledge in the energy sector which enables DCF to help clients enhance value.



Energy Leadership



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Firm Overview

#2

2023 Global M&A
 Advisor by deal
 volume⁽¹⁾.

542

Completed deals
 in 2023⁽¹⁾.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, Deloitte has **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- **One of the top global middle-market financial advisor** in 2023 according to Mergermarket⁽¹⁾.



Sector Focus

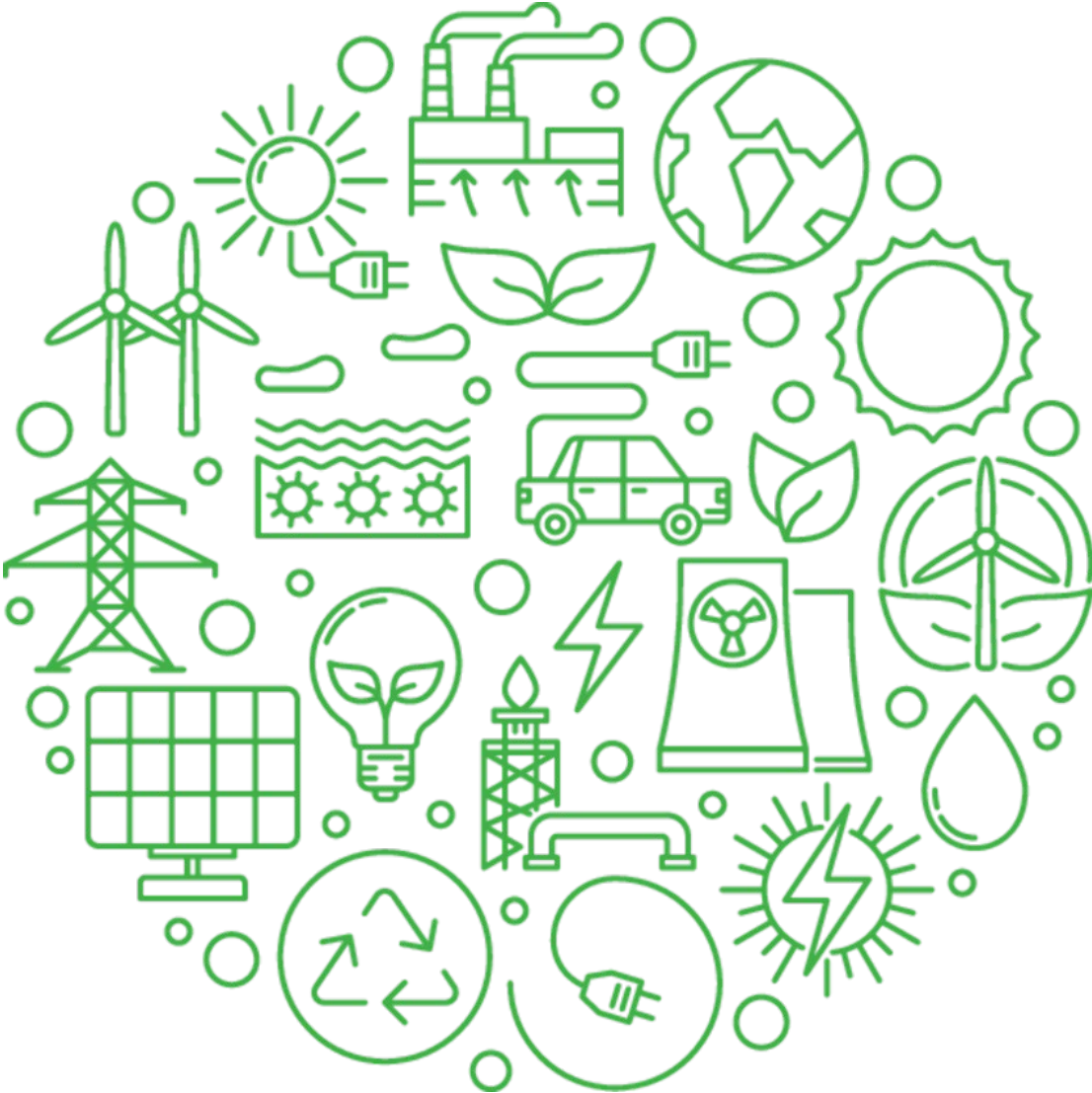
- Oil and Gas
- Renewable Energy
- Power and Utilities
- Nuclear Energy



Footnote(s): Refer to slide 12 for Appendix.
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Click on items above to jump to section



Case study

Cherry Street Energy, LLC

Deal Contacts

Eric Andreozzi, Keith Adams, Máté Bánhegyi, Jonathan Price



has completed a majority recapitalization with



The undersigned acted as the financial advisor to Cherry Street Energy, LLC



Deloitte Corporate Finance LLC

Client Overview

- Founded in 2015 in Atlanta Georgia, Cherry Street Holding Company, LLC (CSE or the Company) builds, owns, operates, and maintains renewable energy infrastructure in the built environment.
- CSE focuses on serving the renewable energy needs of municipalities, universities, schools, and hospitals as well as other large blue-chip commercial and industrial customers.
- CSE is the first and largest provider of non-utility renewable energy in Georgia.

Transaction Results

- Completed a majority recapitalization of the Company with EBSCO Capital, LLC (EBSCO).
- Cherry Street Energy is now positioned to focus on expanding its footprint with existing customers, developing new customers, and building the power company of the future.

DCF's Role

- CSE engaged Deloitte Corporate Finance LLC (DCF) to assist with efforts in finding a growth investor with an aligned vision on the market opportunity for growth in distributed energy.
- DCF added significant value by:
 - Assisting CSE with developing marketing materials and hosting a webinar to highlight CSE's operating projects and backlog, strong management team, and its case for growth based on its comprehensive service model.
 - Utilizing its extensive reach to network with the energy investment community in order to find a partner with a culture fit who met the key transaction objectives.
 - Managing an extensive due diligence process and assisting client with facilitating a complex transaction which supports CSE's stakeholders.

"The Deloitte Corporate Finance team was instrumental during every phase of the deal process and helped us navigate a number of market and business dynamics along the way. DCF's knowledge of the renewables landscape and the effort put in by each member of the team was critical to our success. Their focus on driving important items to reach a successful outcome was fundamental in Cherry Street gaining such a great new partner in EBSCO Capital."

—Michael Chanin
Founder and CEO
Cherry Street Energy

Prior engagement performance is no guarantee of future performance and may not be representative of the experience of other clients. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security.

Case study

SGC Power, LLC

Deal Contacts

Eric Andreozzi, Keith Adams, Máté Bánhegyi, Jonathan Price



has been acquired by



The undersigned acted as the financial advisor to SGC Power, LLC



Deloitte Corporate Finance LLC

Client Overview

- Founded in 2014 in Elkridge, MD, SGC Power, LLC (SGC or the Company), is a developer of community solar projects. The Company adds value by identifying, developing, and designing solar projects that produce long-term lease income for property owners while providing affordable clean energy to surrounding communities.
- SGC has a presence in Maryland, Pennsylvania, Virginia, Delaware, and Illinois, and has built reputation by educating local legislators and their neighborhoods about the benefits of community solar.

Transaction Results

- SGC now operates as a business unit under the Pivot Energy brand, leveraging Pivot’s successful history of community solar projects to enter new markets and increase value to their property owners.
- SGC’s shareholders achieved their liquidity objectives while positioning the Company for accelerated growth with the help of Pivot’s industry insights and experience.

DCF’s Role

- The Company engaged Deloitte Corporate Finance LLC (DCF) to find a partner with industry and operational experience that would facilitate rapid growth while providing liquidity to shareholders.
- DCF added significant value by:
 - Assisting the client with developing detailed marketing materials to highlight the Company’s portfolio and pipeline projects within a growing market for community solar.
 - Running a highly competitive marketing process, yielding interest from both financial sponsors and strategics, and assisting the Company’s shareholders with selecting a partner with a culture fit who met the key transaction objectives of the sellers.
 - Managing an extensive due diligence process, structuring a complex transaction which includes an earnout, and negotiating a seller-friendly deal structure at an attractive valuation.

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Deloitte thought leadership

Deloitte thought leadership

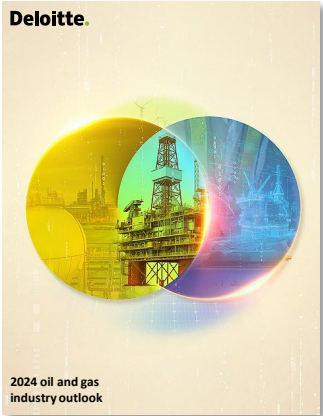
- Deloitte stays well-informed of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on energy industry drivers and trends helps enable Deloitte to demonstrate eminence in the business services market by redefining the lens through which industry leaders operate.

Extensive knowledge network

DCF can leverage its expansive cross-business knowledge network, extensive consulting reports, and in-depth industry research to help drive results and provide differentiated insights for our clients.



Recent insights



Notable recent M&A transactions⁽¹⁾

<p>Oil and Gas</p>	<p>ConocoPhillips to acquire Marathon Oil Corporation (“Marathon Oil”)</p> <ul style="list-style-type: none"> • ConocoPhillips has agreed to acquire 100% of Marathon Oil in an all-stock deal. • Both ConocoPhillips and Marathon Oil are leading oil exploration and production companies. • The purchase of Marathon Oil, a U.S. competitor, strengthens ConocoPhillips’ domestic position by expanding supply inventory. • ConocoPhillips anticipates the acquisition to be immediately accretive, with operating cost and capital efficiencies estimated to reach \$500.0MM within a year of closing. 	<p>Announced Date: May 2024 EV: \$23,115.3MM Rev: \$6,604.4MM EV/Rev: 3.5x EV/EBITDA: 5.5x</p>
<p>Renewables</p>	<p>Basalt Infrastructure Partners to acquire AEP OnSite Partners (“OnSite”)</p> <ul style="list-style-type: none"> • Basalt Infrastructure Partners is set to acquire 100% of OnSite for approximately \$315.0MM in an all-cash transaction. • OnSite is a distributed resources business which owns, operates, and maintains behind-the-meter assets and distributed energy resources and sells the output to commercial and industrial customers. Their portfolio consists of more than 300MWs of projects at almost 100 sites across the U.S. • Basalt Infrastructure Partners is a dedicated middle-market infrastructure investor with over \$7.0B of assets under management. 	<p>Announced Date: May 2024 EV: \$315.0MM Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p>
<p>Power and Utilities</p>	<p>Canada Pension Plan Investment Board (“CPP Investments”) and Global Infrastructure Partners to acquire ALLETE</p> <ul style="list-style-type: none"> • CPP Investments and Global Infrastructure Partners have agreed to acquire 100% of ALLETE, a Minnesota-based utilities and energy provider, in an all-cash deal. • The transaction is expected to enable ALLETE to execute their capital-intensive “Sustainability-in-Action” strategy focused on providing customers with clean energy. • CPP Investments and Global Infrastructure Partners have deep infrastructure and energy sector expertise, resources, and reach. 	<p>Announced Date: May 2024 EV: \$6,264.9MM Rev: \$1,740.3MM EV/Rev: 3.6x EV/EBITDA: 13.2x</p>
<p>Nuclear</p>	<p>Curtiss-Wright to acquire Ultra Energy</p> <ul style="list-style-type: none"> • Curtiss-Wright is set to acquire Ultra Energy for \$200.0MM in an all-cash deal. • Ultra Energy is a designer and manufacturer of reactor protection systems, neutron monitoring systems, radiation monitoring systems, and temperature and pressure sensors that facilitate safe and reliable operation of commercial nuclear power generation plants. • The deal augments a segment of Curtiss-Wright’s global portfolio of companies which focuses on nuclear facility modernization. 	<p>Announced Date: June 2024 EV: \$200.0MM Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p>

Footnote(s): Refer to slide 12 for Appendix.

Sector trends⁽¹⁾

- At the end of Q2 2024, U.S. crude oil production rose to 13.2MM bbl/day, up 0.3MM bbl/day from Q1 2024. The U.S. Energy Information Administration (EIA) predicts a return to moderate inventory levels in 2025 after the expiration of voluntary OPEC+ supply cuts in Q4 2024. The U.S. is expected to end the summer with inventories above its 5-year high.
- In the EIA's July 2024 Short Term Energy Outlook report, US natural gas prices in Q2 2024 averaged \$2.09/MMBtu, \$0.01 higher than June's Q2 2024 forecast.
- The Mountain Valley Pipeline, which provides additional takeaway capacity for natural gas production in the Appalachian Basin, began operations in June 2024, adding up to 2 billion cubic feet per day at full capacity.

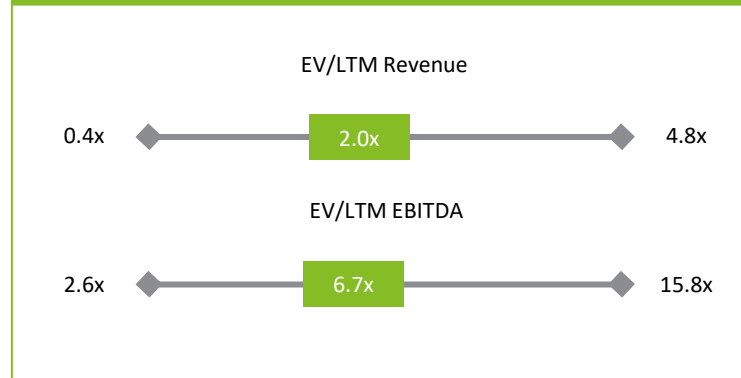
Select public comparables⁽³⁾

Company name	Enterprise value (MM)
Exxon Mobil Corporation	\$468,765.7
Chevron Corporation	304,864.8
ConocoPhillips	146,127.3
Marathon Petroleum Corporation	88,928.3
Phillips 66	79,500.3
Valero Energy Corporation	60,007.0
Hess Corporation	54,170.0
Halliburton Company	36,847.5
Devon Energy Corporation	35,521.1
Transocean, Ltd	11,667.8
Southwestern Energy Company	11,533.4

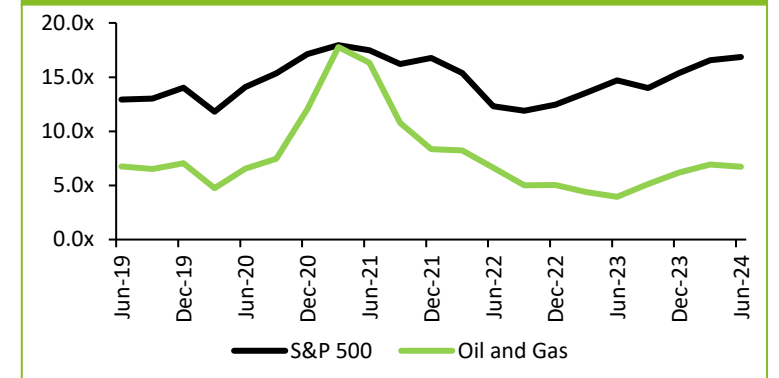
Select recent M&A activity⁽²⁾

Announced Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
May-24	Marathon Oil	ConocoPhillips	\$23,115.3	5.5x
Apr-24	ChampionX Corp	Schlumberger, Ltd	8,309.6	11.1x
May-24	WTG Mainstream	Energy Transfer LP	3,234.5	N/A
Jun-24	Diamond Offshore Drilling Inc	Noble Corp PLC	2,307.7	12.0x
May-24	SilverBow Resources Inc	Crescent Energy Co	2,256.4	3.3x
Jun-24	Ameredev Stateline II, LLC	Matador Resources Company	1,905.0	N/A

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾



Footnote(s): Refer to slide 12 for Appendix.

Renewable energy

Sector trends⁽¹⁾

- In May 2024, the Federal Energy Regulatory Commission (FERC) approved new regulations intended to expand the U.S. power grid by streamlining how power lines are located and connected to renewable sources of energy. The changes aim to reduce the significant backlog of utility-scale renewable projects waiting for available transmission capacity.
- Renewables accounted for 90.0% of new energy connected to the U.S. grid through the start of June 2024, according to the FERC. Solar remained the leading source of new connections, responsible for 73.9% of new capacity over the same period.
- In April 2024, renewable electrical generation surpassed 30% of the total electricity generated in the U.S. for the first time ever, rising over 2% from the prior year.

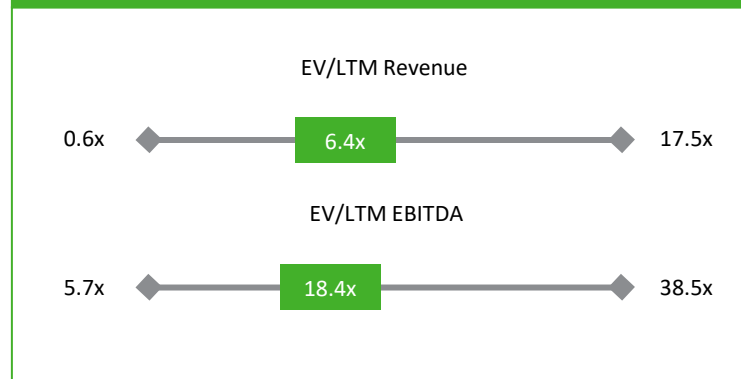
Select recent M&A activity⁽²⁾

Announced Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
May-24	AEP Onsite Partners, LLC	Basalt Infrastructure Partners, LLC	\$315.0	N/A
Jun-24	Ojjo Inc	Nextracker Inc	119.0	N/A
May-24	Nexus Renewables	Apricus Generation Inc	N/A	N/A
Jun-24	PNE USA Inc	Lotus Infrastructure Partners	N/A	N/A

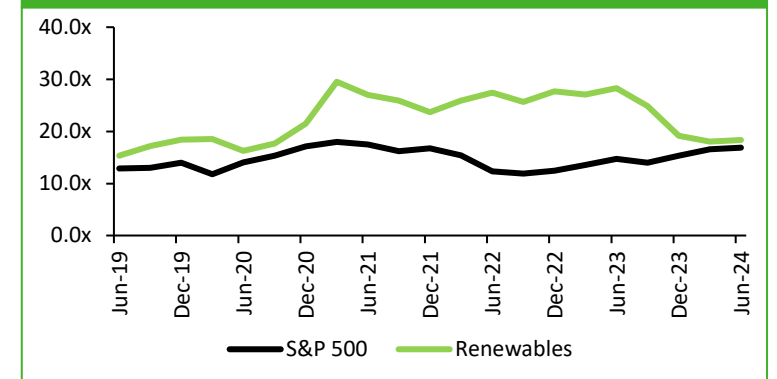
Select public comparables⁽³⁾

Company Name	Enterprise value (MM)
Brookfield Renewable Partners, LP	\$81,185.3
First Solar Inc	22,825.0
NextEra Energy Partners, LP	19,052.4
Sunrun Inc	15,286.9
Enphase Energy Inc	13,257.0
Sunnova Energy International Inc	8,957.3
Ormat Technologies Inc	6,664.7
Canadian Solar Inc	4,340.0
Array Technologies Inc	2,333.8
Fluence Energy Inc	1,982.6
Shoals Technologies Group Inc	1,216.9
SunPower Corporation	935.5

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾



Footnote(s): Refer to slide 12 for Appendix.

Power and utilities



Sector trends⁽¹⁾

- Net electricity generation in the U.S. increased 3.4% in April 2024 compared to April 2023. Average retail revenue per kWh grew 1.2% over the same period. Year-over-year revenue per kWh in the commercial, residential, and industrial end-use sectors grew 3.7%, 4.8%, and 4.3%, respectively.
- Mild weather and increased hydroelectric production in some regions resulted in wholesale electricity prices near yearly lows in April 2024. Trading hubs in California, the Southwest, and the Midwest all set new 12-month lows.
- The Biden administration launched the Federal-State Modern Grid Deployment Initiative in May 2024 to promote the use of new technologies in grid expansion projects with the goal of tackling aging infrastructure challenges and meeting future energy demands.

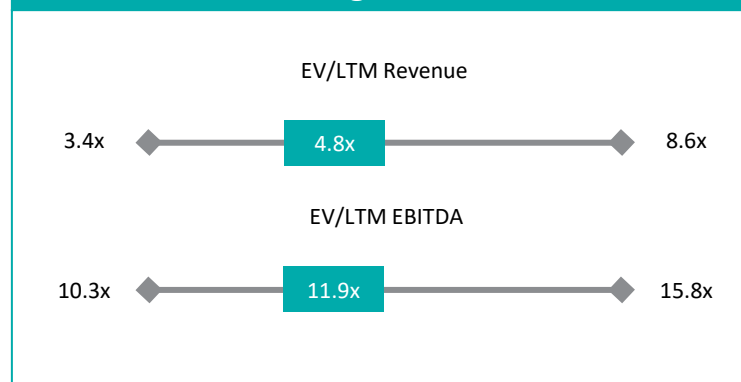
Select public comparables⁽³⁾

Company name	Enterprise value (MM)
NextEra Energy Inc	\$234,524.5
Duke Energy Corporation	162,267.4
The Southern Company	153,262.1
PG&E Corporation	95,474.6
American Electric Power Company Inc	90,032.3
Sempra	85,990.2
Dominion Energy Inc	84,557.3
Exelon Corporation	79,261.9
Xcel Energy Inc	57,823.7
Consolidated Edison Inc	55,779.5
Entergy Corporation	50,289.0
Eversource Energy	48,159.7
DTE Energy Company	44,578.1
WEC Energy Group Inc	43,644.4
CenterPoint Energy Inc	38,320.7
Ameren Corporation	36,190.9
Avangrid Inc	27,799.5
Black Hills Corporation	8,117.0

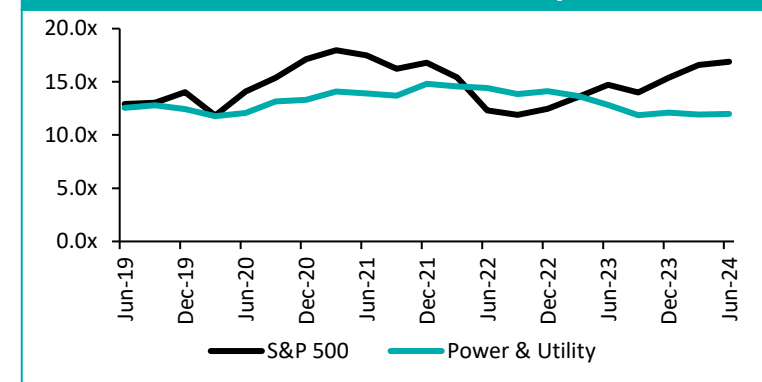
Select recent M&A activity⁽²⁾

Announced Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
May-24	ALLETE Inc	Canadian Pension Plan Investment Board, Global Infrastructure Partners	\$6,264.9	13.2x
Apr-24	Pioneer Transmission, LLC	John Laing, Ltd	N/A	N/A

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾



Footnote(s): Refer to slide 12 for Appendix.

Nuclear energy

Sector trends⁽¹⁾

- Monthly nuclear utility generation grew 3.7% year-over-year in April, totaling an annualized 57,300GWh.
- Plant Vogtle Unit 4 in Georgia entered commercial operation in April 2024, completing Plant Vogtle which became the largest generator of clean energy in the U.S. The new unit can provide electricity to power 500,000 homes and businesses.
- To support nuclear energy production amidst its ban on Russian enriched uranium, the U.S. government announced in June 2024 that it would begin bidding to buy \$2.7 billion worth of domestic enriched uranium. Prior to the ban, which began in May 2024, Russia provided approximately 24.0% of fuel used by U.S. nuclear reactors.
- The U.S. Senate passed the ADVANCE Act in June 2024 which decreases regulatory costs and the time needed to successfully license a nuclear reactor. It also provides rewards to companies which build next-generation nuclear reactors.

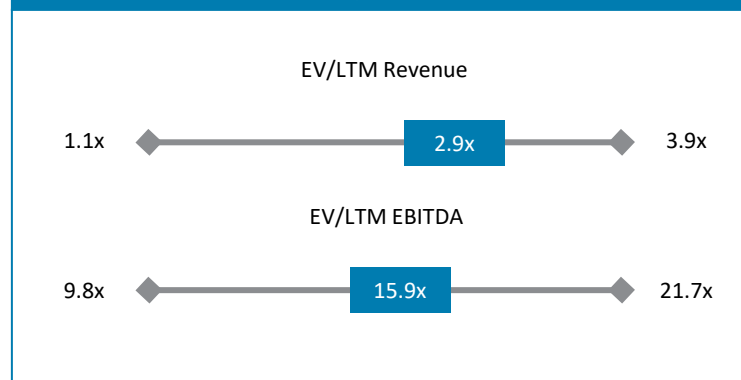
Select public comparables⁽³⁾

Company name	Enterprise value (MM)
Huntington Ingalls Industries Inc	\$12,358.6
Curtiss-Wright Corporation	11,202.2
BWX Technologies Inc	9,866.4

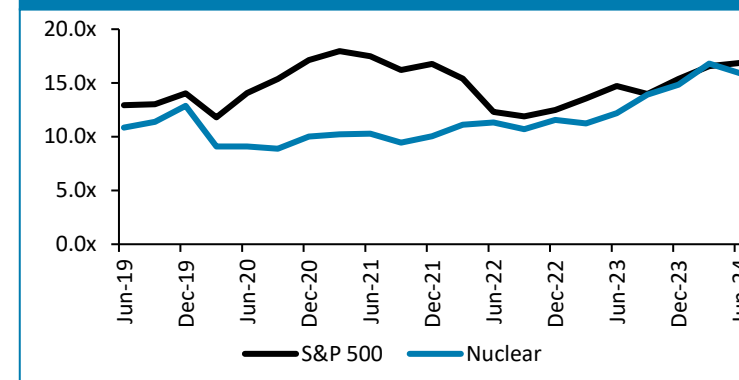
Select recent M&A activity⁽²⁾

Announced Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Jun-24	Ultra Energy	Curtiss-Wright	\$200.0	N/A

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾



Footnote(s): Refer to slide 12 for Appendix.

Sources Cited

Page 2:

1. "Global & Regional M&A Rankings 2023", Mergermarket, January 2024.

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1. Relevant transactions announced in Q2 2024.
 - a. "ConocoPhillips to acquire Marathon Oil Corporation in all-stock transaction; provides shareholder distribution update", ConocoPhillips, May 2024.
 - b. "AEP signs agreement to sell distributed resources business to Basalt", American Electric Power, May 2024.
 - c. "ALLETE enters agreement to be acquired by a partnership led by Canada Pension Plan Investment Board and Global Infrastructure Partners to advance 'Sustainability-in-Action' Strategy", CPP Investments, May 2024.
 - d. "Curtiss-Wright to acquire Ultra Energy", Curtiss-Wright, June 2024.

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2. Relevant transactions announced in Q2, 2024.
 - a. "Deals Screening", Mergermarket, July 2024.
 - b. "Transactions Screening", S&P Capital IQ, July 2024.
3. Select public comparables set in Q2, 2024.
 - a. "Company Screening", S&P Capital IQ, July 2024.
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 - a. "US energy panel approves rule to expand transmission of renewable power", Associated Press, May 2024.
 - b. "Solar power is largest source of new US energy capacity for ninth straight month", Solar Power World, July 2024.
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3. Select public comparables set in Q2, 2024.
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 - b. "Vogle Unit 4 enters commercial operation", PR Newswire, April 2024.
 - c. "US to start buying up to \$2.7 billion in domestic nuclear reactor fuel", Reuters, June 2024.
 - d. "U.S. Senate passes bill to support advanced nuclear energy deployment", Reuters, June 2024.
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 - a. "Curtiss-Wright to acquire Ultra Energy", Curtiss-Wright, June 2024.
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 - a. "Company Screening", S&P Capital IQ, July 2024.
4. Expanded public comparables set in Q2, 2024.
 - a. "Company Screening", S&P Capital IQ, July 2024.



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