



HOULIHAN LOKEY

# POWER AND UTILITIES MARKET SNAPSHOT

Quarter Ending March 31, 2020



# Introduction

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Power and Utilities Market Snapshot for the quarter ending March 31, 2020.

We have included relevant news, recent M&A transaction announcements, and other industry insights to help you stay ahead in this evolving industry. We hope you find this quarterly update to be informative and that it serves as a valuable resource to you in staying abreast of the market. If there is additional content you would find useful for future updates, please don't hesitate to call or email us with your suggestions. We look forward to staying in touch with you.

Regards,  
Houlihan Lokey's Power & Utilities Group

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## Our Power & Utilities Group Service Offerings:

- Mergers and Acquisitions
- Capital Markets
- Board Advisory Services
- Financial Restructuring
- Portfolio Valuation and Fund Opinions
- Corporate Valuation Advisory Services
- Transaction Advisory Services
- Dispute Resolution Services
- Transaction Opinions



Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

### Corporate Finance

2019 M&A Advisory Rankings All U.S. Transactions		
Advisor	Deals	
1 Houlihan Lokey	184	
2 Goldman Sachs & Co	167	
3 JP Morgan	141	
4 Morgan Stanley	122	
5 Evercore Partners	112	

Source: Refinitiv (formerly known as Thomson Reuters)

No. 1 U.S. M&A Advisor

Top 10 Global M&A Advisor

Leading Capital Markets Advisor

### Financial Restructuring

2019 Global Distressed Debt & Bankruptcy Restructuring Rankings		
Advisor	Deals	
1 Houlihan Lokey	76	
2 PJT Partners Inc	43	
3 Moelis & Co	36	
4 Lazard	29	
5 AlixPartners	19	

Source: Refinitiv (formerly known as Thomson Reuters)

No. 1 Global Restructuring Advisor

1,000+ Transactions Completed  
Valued at More Than \$2.5 Trillion  
Collectively

### Financial and Valuation Advisory

2000 to 2019 Global M&A Fairness Advisory Rankings		
Advisor	Deals	
1 Houlihan Lokey	1,057	
2 JP Morgan	929	
3 Duff & Phelps	734	
4 Morgan Stanley	621	
5 Bank of America Merrill Lynch	612	

Refinitiv (formerly known as Thomson Reuters). Announced or completed transactions.

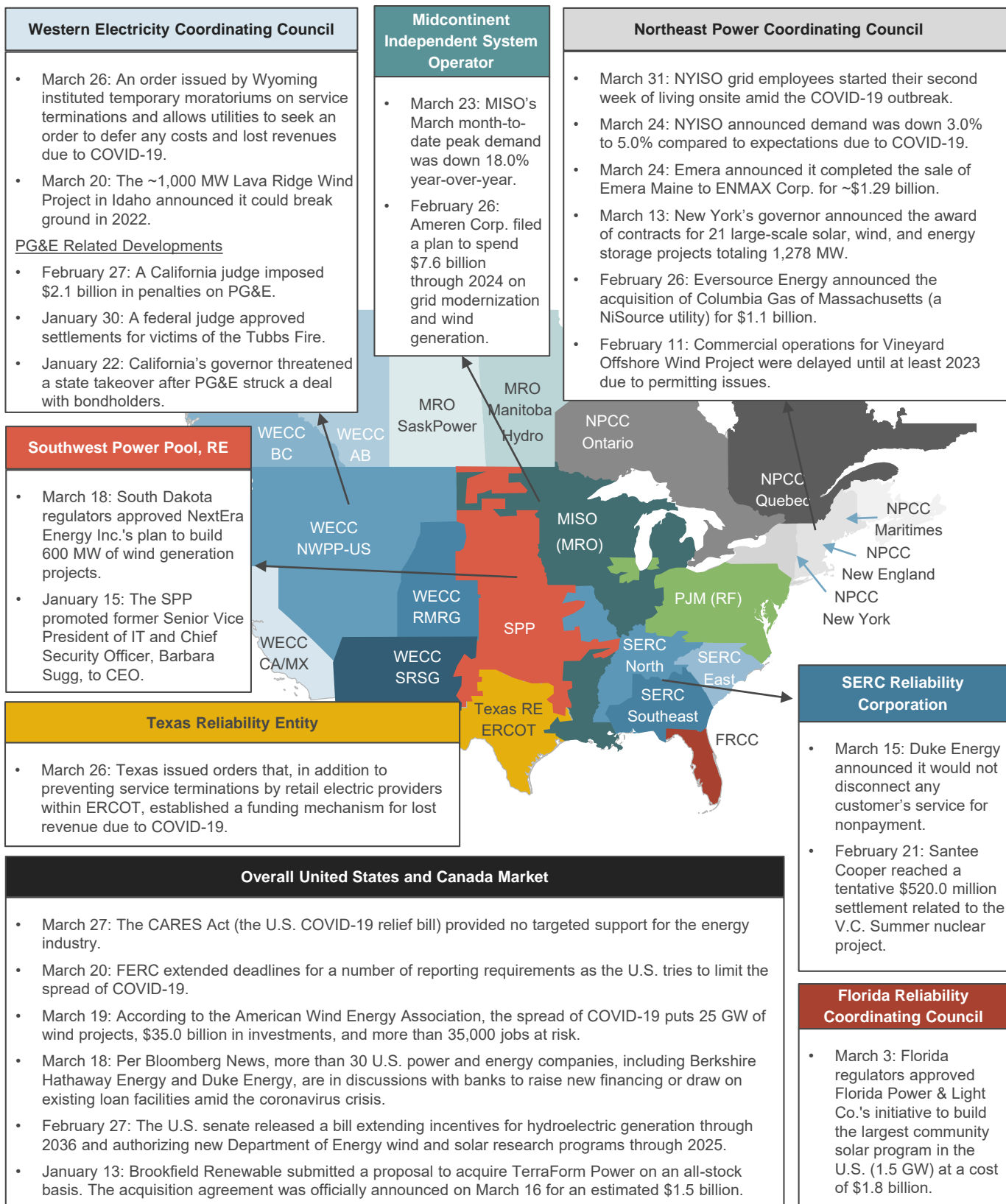
No. 1 Global M&A Fairness Opinion  
Advisor Over the Past 20 Years

1,000+ Annual Valuation  
Engagements

### Selected Transactions

<p>has confirmed a Chapter 11 Plan of Reorganization</p> <p>Creditor Advisor</p>	<p>has confirmed a pre-packaged Chapter 11 plan of reorganization of its IPH GenCo subsidiary</p> <p>Creditor Advisor</p>	<p>has confirmed a Chapter 11 Plan of Reorganization</p> <p>Creditor Advisor</p>	<p>has completed a term loan financing at its wind power subsidiary Invenergy Wind Power LLC</p> <p>Financial Opinion</p>	<p>has been acquired by Danielson Holding Corporation pursuant to a Chapter 11 Plan of Reorganization</p> <p>Creditor Advisor</p>
<p>REMA Subsidiary has confirmed a "pre-arranged" Chapter 11 Plan of Reorganization</p> <p>Secured Noteholder Advisor</p>	<p>has confirmed a Chapter 11 Plan of Reorganization</p> <p>Creditors Committee Advisor</p>	<p>Reorganization</p> <p>Secured Creditor Advisor</p>	<p>has been acquired by a wholly-owned subsidiary of Hanwha Chemical</p> <p>Sellside Advisor &amp; Fairness Opinion</p>	<p>Entergy New Orleans has confirmed its Chapter 11 Plan of Reorganization</p> <p>Secured Noteholder Advisor</p>

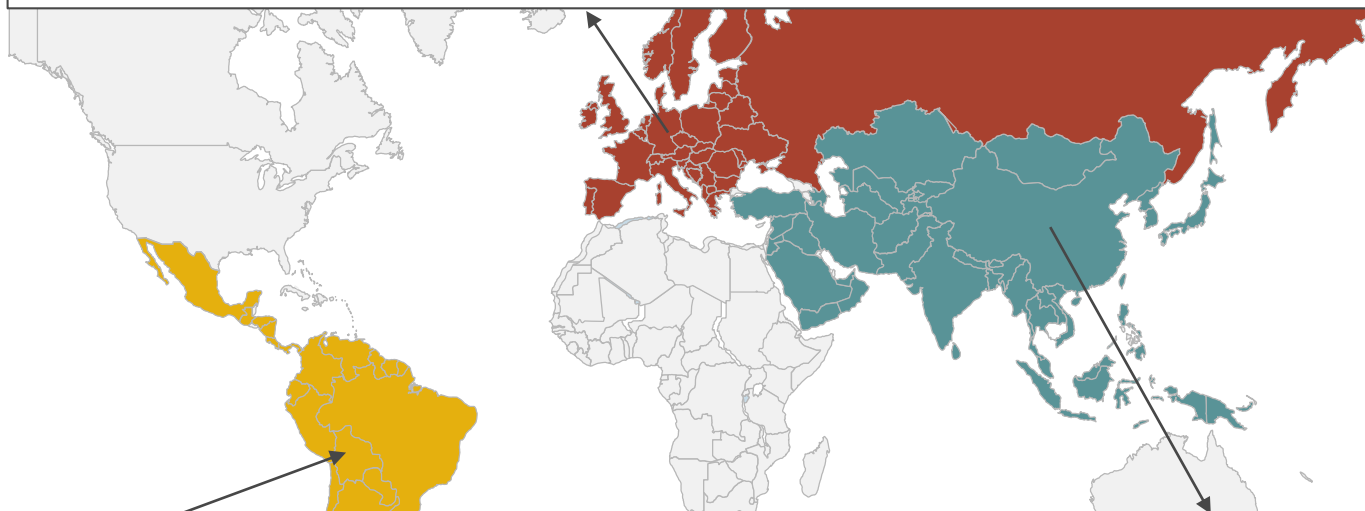
# United States and Canada Update



# International Update

## Europe

- March 27: Renewables projects such as Statkraft AS's wind farm in Scotland and many of The Renewables Infrastructure Group Ltd.'s projects in France announced delays due to COVID-19's spread across Europe.
- March 25: S&P Global Ratings estimated European utilities are likely to cut 2020 capital expenditures up to 15.0%.
- March 18: Data from the European Network of Transmission System Operators for Electricity showed consumption of electricity falling across Europe due to COVID-19 lockdowns.
- March 12: Total S.A. announced that it is building a 25 MW battery storage project in France at a cost of €15.0 million. The lithium-ion energy storage system will be used to provide fast reserve services to support the stability of the French power grid.
- March 9: Iberdrola took full ownership of a 496 MW offshore wind farm in France expected to begin operations in 2023.
- March 3: EnBW was close to selling stake in EVN for €870.0 million.
- March 2: Eni S.p.A. unveiled plans to transition from an integrated oil major into a natural gas and renewables company by 2050.
- February 14: Polish utilities Energa S.A. and Enea S.A. suspended financing of a 1 GW coal plant.
- January 14: The EU laid out a 10-year investment plan of €1.0 trillion for the Green Deal, an economy-wide strategy to reach net-zero emissions that includes a \$100 billion vehicle targeting regions with the most difficult road to decarbonization; subsequently, on January 16, Germany laid out a €40.0 billion coal exit plan.



### Latin America

- March 9: Canadian Solar Inc. signed a 15-year power contract to supply the output of a 103 MW solar project in Mexico to Techgen S.A. de C.V. and its affiliates.
- February 18: The Mexican government is blocking the growth of its private energy sector by denying permits to build and operate, with many projects being put on hold.
- January 23: Engie won a competitive tender to build a €750.0 million electric power line in Brazil.

### Overall Global Market

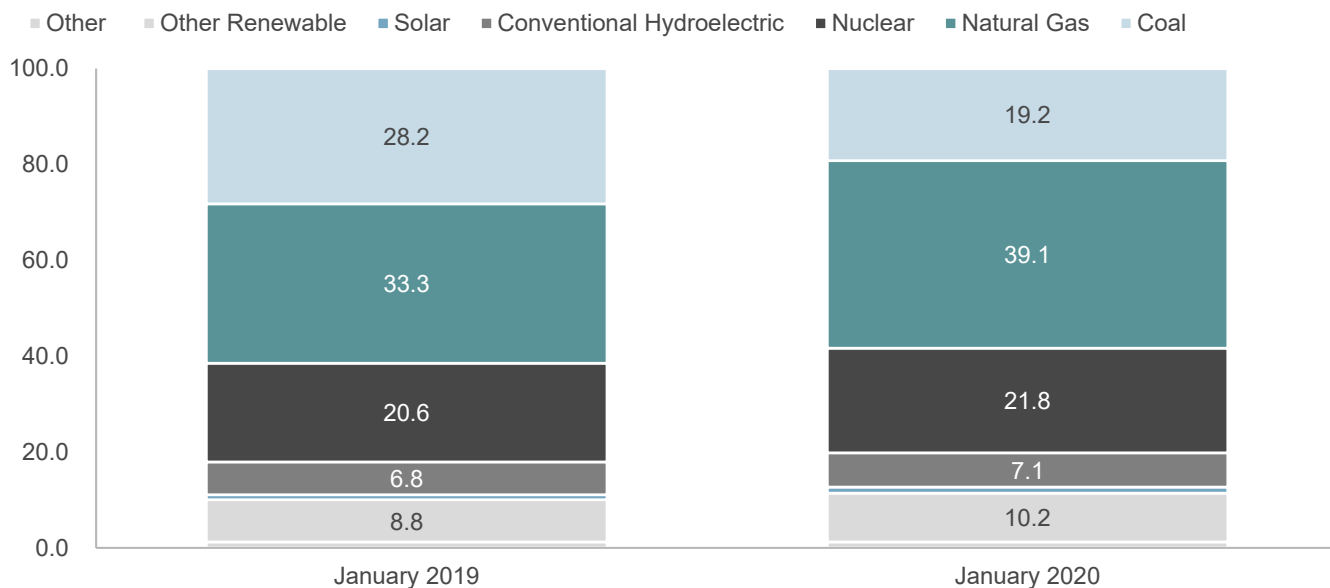
- March 27: According to Rystad Energy, COVID-19 is expected to wipe out 2020 renewable project growth and decrease new capacity by a further 10% in 2021.
- March 26: Leaders from the Group of 20 (G20) pledged a united front against the COVID-19 pandemic and to take all necessary actions to end the global health crisis, including additional fiscal measures to offset the economic fallout. The G20 leaders said they are injecting more than \$5.0 trillion into the global economy.
- March 17: As utilities react to COVID-19, analysts expected companies to voluntarily restrain capital expenditures.
- February 4: Siemens announced acquisition of Iberdrola's stake in Siemens Gamesa for €1.1 billion.
- January 30: Orsted pledged to reduce its emissions by 98% compared with 2006 levels and become carbon neutral by 2025.

### Asia

- March 30: Siemens Gamesa Renewable Energy S.A. temporarily closed its manufacturing facilities in India due to the country's 21-day lockdown.
- March 28: GCL System Co. plans to invest \$2.5 billion to construct a solar production facility with 60 GW of annual capacity.
- March 9: Saudi Arabia-headquartered ACWA Power signed three agreements worth up to \$2.5 billion to develop a 1.5 GW gas turbine power plant in Uzbekistan.

# U.S. Generation

## U.S. Generation Fuel Mix (%)



## U.S. Generation by Fuel Type (million MWh)

	January 2020	YoY Change	YoY % Change
Coal	65.2	(35.8)	(35.5%)
Natural Gas	133.0	13.7	11.5%
Nuclear	74.2	0.5	0.7%
Other	3.9	(0.6)	(13.1%)
Conventional Hydroelectric	24.3	0.1	0.3%
Solar	4.6	0.9	24.6%
Other Renewable	34.6	2.9	9.2%
Hydroelectric Pumped Storage	(0.4)		
<b>Total Generation</b>	<b>339.8</b>	<b>(18.3)</b>	<b>(5.4%)</b>
<b>Total Renewable Generation</b>	<b>63.5</b>	<b>3.9</b>	<b>6.6%</b>
<b>Total Nonrenewable Generation</b>	<b>276.3</b>	<b>(22.2)</b>	<b>(8.0%)</b>

As of March 24, 2020.

"Other renewable" includes wood, black liquor, other wood waste, biogenic municipal solid waste, landfill gas, sludge waste, agriculture byproducts, other biomass, geothermal, and wind.

"Other" includes petroleum liquids, petroleum coke, blast furnace gas, manufactured and waste gases derived from fossil fuels, nonbiogenic municipal waste, batteries, hydrogen, purchased steam, sulfur, tire-derived fuel, and other miscellaneous energy sources.

Sources: U.S. Energy Information Administration; SNL Energy.

# About Houlihan Lokey

Houlihan Lokey (NYSE:HLI) is a global investment bank with expertise in [mergers and acquisitions](#), [capital markets](#), [financial restructuring](#), and [valuation](#). The firm serves corporations, institutions, and governments worldwide with offices in the United States, Europe, the Middle East, and the Asia-Pacific region. Independent advice and intellectual rigor are hallmarks of the firm's commitment to client success across its advisory services. Houlihan Lokey is the No. 1 M&A advisor for the past five consecutive years in the U.S., the No. 1 global restructuring advisor for the past six consecutive years, and the No. 1 global M&A fairness opinion advisor over the past 20 years, all based on number of transactions and according to data provided by Refinitiv (formerly Thomson Reuters).

## Locations



## Industry Expertise

### Product Expertise

- Mergers and Acquisitions
- Capital Markets
- Financial Restructuring
- Financial and Valuation Advisory
- Private Funds Advisory

### Dedicated Industry Groups

- Business Services
- Consumer, Food, and Retail
- Data and Analytics
- Energy
- Financial Institutions
- Healthcare
- Industrials
- Real Estate, Lodging, and Leisure
- Technology, Media, and Telecom

### Financial Sponsors

- Active Dialogue With a Diverse Group of More Than 1,000 Sponsors
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- Hedge Funds
- Capital Alliances

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