



HOULIHAN LOKEY

POWER AND UTILITIES MARKET SNAPSHOT

Quarter Ending June 30, 2020



Introduction

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Power and Utilities Market Snapshot for the quarter ending June 30, 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.

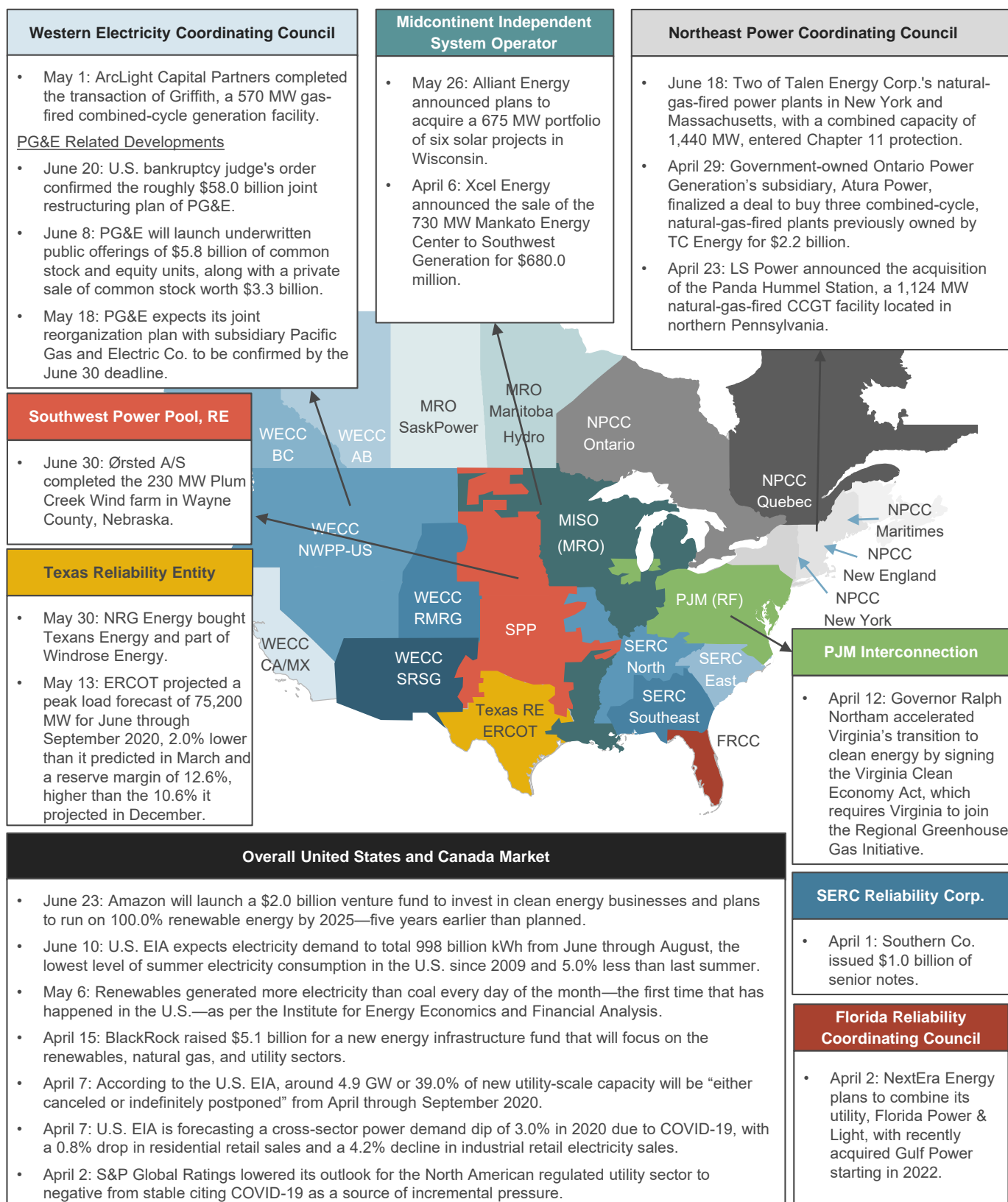
No. 1 Global M&A Fairness Opinion
Advisor Over the Past 20 Years

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</p> <p>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</p> <p>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>has confirmed a Chapter 11 Plan of Reorganization</p> <p>Secured Creditor Advisor</p>	<p>has been acquired by a wholly-owned subsidiary of</p> <p>Hanwha Chemical</p> <p>Sellside Advisor & Fairness Opinion</p>	<p>GLOBAL ENERGY PARTNERS subsidiary</p> <p>Hamilton Holdings II, LLC</p> <p>has completed an out-of-court restructuring and capitalization</p> <p>Creditor Advisor</p>

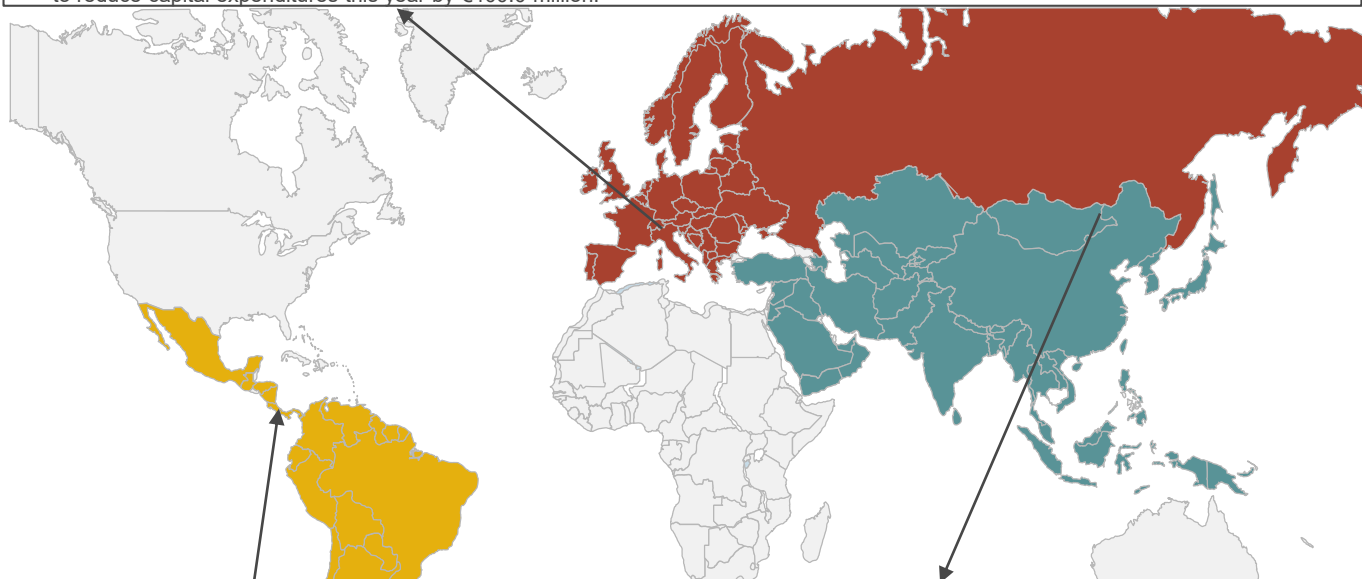
United States and Canada Update



International Update

Europe

- June 26: EDF Energy's planned U.K. Sizewell C nuclear plant will cost £20.0 billion. The plant is expected to be completed in 2025.
- June 25: Germany committed €4.4 billion towards compensation for the closure of coal plants as part of the country's continued effort to eliminate coal by 2038.
- June 16: National Grid PLC secured \$743.0 million via green loan to finance a direct-current electricity cable between the U.K. and Denmark.
- May 12: E.ON plans to spend an additional €500.0 million on infrastructure investments, adding to the €13.0 billion the utility giant plans to allocate towards expanding its electricity networks over the next three years.
- May 11: Ireland's Electricity Supply Board is partnering with Harmony Solar Ireland Ltd. to complete a 1,000 MW solar pipeline throughout the country.
- April 9: European Utilities collectively raised €7.0 billion in debt as a sign of the industry's resilience towards the economic repercussions of COVID-19.
- April 2: In response to lower demand due to COVID-19, Engie and Centrica have suspended their annual dividend. Centrica has decided to reduce capital expenditures this year by €400.0 million.



Latin America

- June 24: Sempra Energy completed the sale of its Peruvian assets, including a majority stake in Peru's largest electricity utility, to China Yangtze Power for a total of \$3.6 billion. Sempra also said it plans to sell its Chilean assets as well.
- April 20: The board of AES Tiete rejected a \$1.5 billion takeover by rival Eneva.

Asia

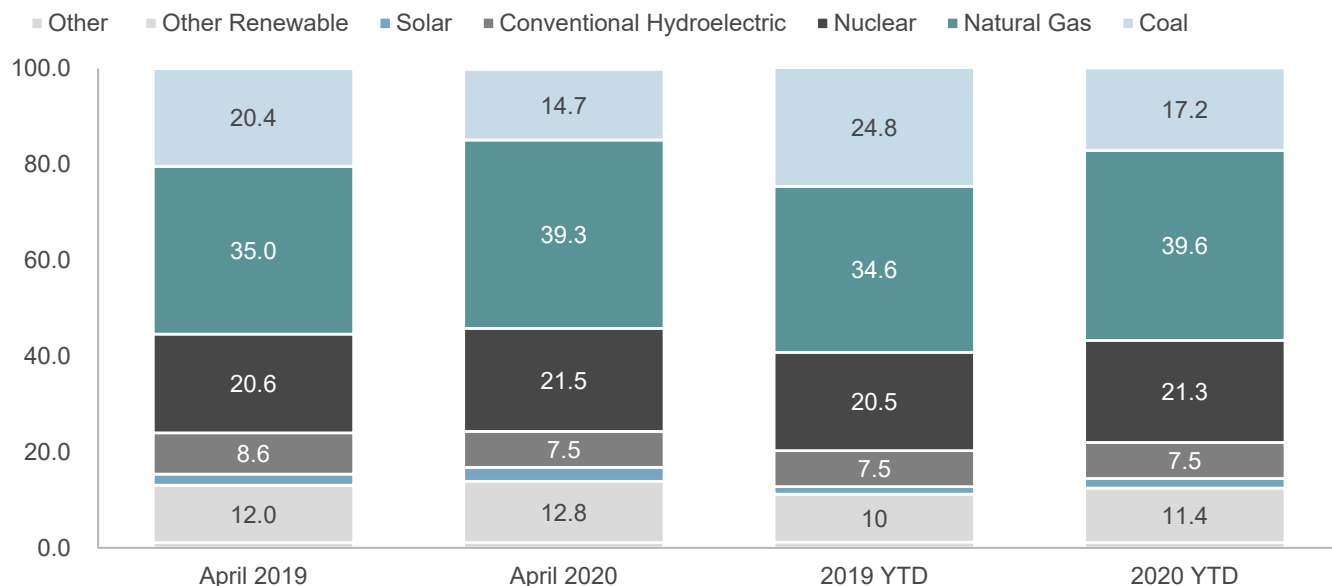
- June 29: Nippon Telegraph and Telephone Corp. announced it is investing ¥1.0 trillion by 2030 to expand its renewable energy business.
- May 31: Major solar manufacturers in China have had to cut prices several times due to reductions in demand caused by COVID-19. Wafer and cell costs have dropped by at least 20%.
- April 6: China Three Gorges Renewables Group plans to raise \$3.5 billion in their IPO in order to fund seven offshore wind farms. It expects to operate 6 GW of offshore wind power by the end of the year.

Overall Global Market

- June 26: Iberdrola SA has engaged in at least seven acquisitions in renewable power since February, showing a sign of strength as quarterly M&A activity in the renewable energy sector remains at a five-year low, according to S&P Global Market Intelligence.
- May 20: The growth forecast for global renewable capacity in 2020 has been lowered by 20.0% from previous forecasts that had predicted a record year for renewables, per the IEA.
- April 30: The IEA announced that it expects global power demand to fall by 5.0% this year—the largest decline in the industry since the 1930s. In countries with full lockdowns, power demand has seen a near 20.0% decline.

U.S. Generation

U.S. Generation Fuel Mix (%)



U.S. Generation by Fuel Type (Million MWh)

	April 2020	YoY Change	YoY % Change	2020 YTD	YoY Change	YoY % Change
Coal	40.6	(19.4)	(32.4%)	212.4	(107.2)	(33.5%)
Natural Gas	108.1	5.1	(5.0%)	490.7	44.4	10.0%
Nuclear	59.2	(1.4)	(2.3%)	263.3	(0.8)	(0.3%)
Other	3.1	(0.2)	(6.1%)	14.0	(1.3)	(8.3%)
Conventional Hydroelectric	20.8	(4.7)	(18.5%)	92.4	(4.7)	(4.8%)
Solar	8.0	1.2	17.2%	24.5	4.3	21.3%
Other Renewable	35.4	0.0	0.0%	140.9	12.4	8.8%
Hydroelectric Pumped Storage	(0.3)			(1.3)		
Total Generation	275.2	(19.5)	(6.6%)	1,238.2	(52.8)	(4.1%)
Total Renewable Generation	64.2	(3.6)	(5.3%)	257.8	12.0	4.9%
Total Nonrenewable Generation	211.0	(15.9)	(7.0%)	980.4	(64.8)	(6.6%)

As of June 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	Dedicated Industry Groups	Financial Sponsors
Mergers and Acquisitions	Business Services	Active Dialogue
Capital Markets	Consumer, Food, and Retail	With a Diverse Group of More Than 1,000 Sponsors
Financial Restructuring	Data and Analytics	Private Equity Firms
Financial and Valuation Advisory	Energy	Hedge Funds
Private Funds Advisory	Financial Institutions	Capital Alliances
	Healthcare	
	Industrials	
	Real Estate, Lodging, and Leisure	
	Technology, Media, and Telecom	

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