



PCE Industry Report

Power & Energy



Middle Market M&A Summary

Power & Energy

3rd Quarter 2017

Key Highlights

- The average value of the top ten transactions was \$624.5 million.
 - The largest transaction was the acquisition of Buffalo Parent Gulf Coast Terminals, LLC by SemGroup Corporation for \$2.1 billion.
 - The smallest transaction was the acquisition of Valley Electric Association, Inc. by GridLiance Holdco, LP for \$200 million.
- The public company industry median TEV/EBIT multiple is 18.9x.
- The public company industry median TEV/EBITDA multiple is 12.2x.

Key Trends

- For the first time in the modern era, renewable energy has surpassed nuclear power as a percentage of U.S. energy generation. With the cost of renewable energy being reduced as more capacity comes online, solar is set to become the cheapest energy resource in the coming years.
- The U.S. Department of Energy released a report on the security of the U.S. Electric grid, making a case for rescuing the nation's coal industry from widespread shutdowns. The report backs campaign claims from President Trump to revive the nation's coal industry.
- For the first time, the U.S. has agreed to supply coal to Ukraine allowing them some independence from Russia. Xcoal Energy, a Pennsylvania-based company, agreed to supply 700,000 tons of coal to Ukraine, with the first shipment arriving this month.
- Hurricane Harvey **caused** a great deal of damage in Texas, knocking out 11% of U.S. refining capacity, a quarter of oil production from the U.S. Gulf of Mexico, and closed all ports along the Texas coast. In response to this, gasoline futures jumped to their highest level in the last two years.
- Amazon announced it would add over 1 million megawatt hours of clean energy to the grid annually at the christening of the latest Amazon wind farm in Texas.

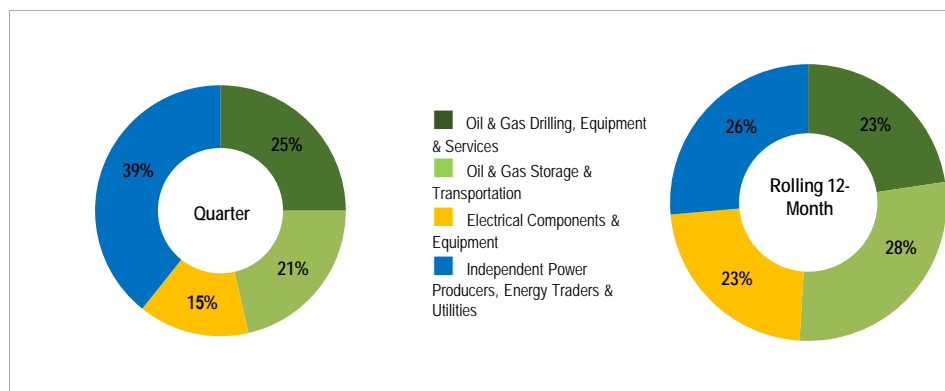
Source: IBIS World, S&P Capital IQ, and PCE Proprietary Data

Industry Trends During Quarter

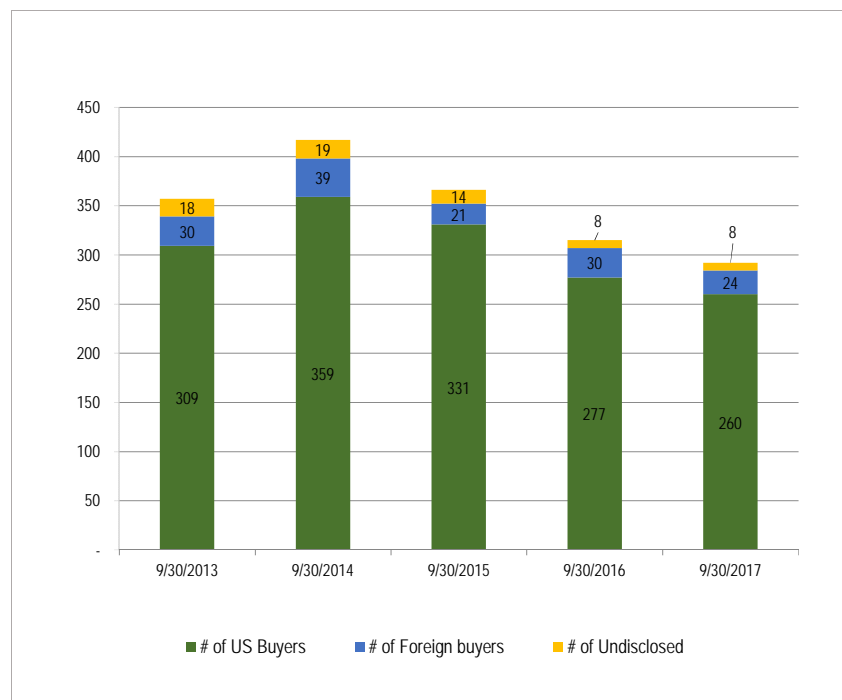
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Oil & Gas Drilling, Equipment & Services	➡	⬆	⬇
Oil & Gas Storage & Transportation	⬇	⬆	⬇
Electrical Components & Equipment	⬆	⬆	⬆
Independent Power Producers, Energy Traders & Utilities	⬇	⬇	⬆

* Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data

Transaction Volume as % of Industry



Rolling 12-Month Transaction Volume Trends by Buyer Origin



Source: S&P Capital IQ as of 10/13/2017 and PCE Proprietary Data

Largest Transactions Closed During Quarter by Transaction Value (\$ in millions)

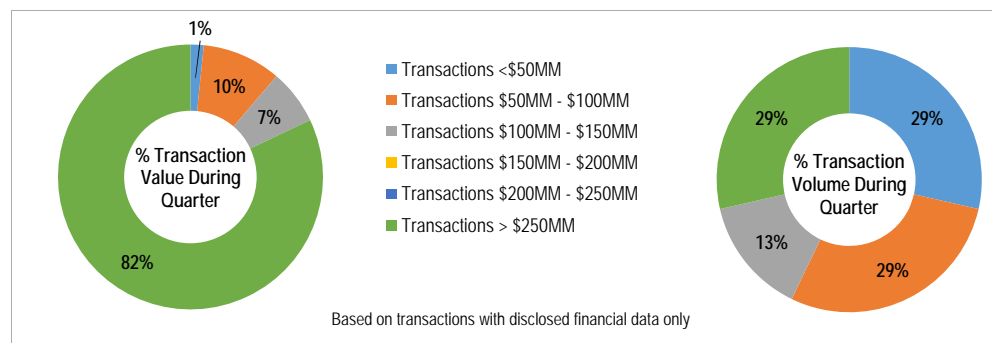
Sector	Target	Buyer	Transaction Value
Oil & Gas Storage & Transportation	Buffalo Parent Gulf Coast Terminals LLC	SemGroup Corporation	\$2,129.6
Oil & Gas Storage & Transportation	Four Subsidiaries of Marathon Petroleum Corp.	MPLX LP	\$1,050.0
Oil & Gas Drilling, Equipment & Services	Stewart & Stevenson, LLC	Kirby Corporation	\$754.4
Oil & Gas Drilling, Equipment & Services	Stronghold Ltd. and Stronghold Specialty, Ltd.	Quanta Services, Inc.	\$548.2
Independent Power Producers, Energy Traders & Utilities	Armstrong Power, LLC and Troy Energy, LLC	Spruce Generation, LLC	\$479.0
Independent Power Producers, Energy Traders & Utilities	Odessa-Ector Power Partners, L.P.	La Frontera Holdings, LLC	\$355.0
Independent Power Producers, Energy Traders & Utilities	Delta Natural Gas Company, Inc.	PNG Companies LLC	\$268.8
Oil & Gas Storage & Transportation	RockPile Energy Services, LLC	Keane Group, Inc.	\$258.3
Independent Power Producers, Energy Traders & Utilities	Gas Natural Inc.	First Reserve Corporation; BlackRock Real Assets	\$202.0
Independent Power Producers, Energy Traders & Utilities	Valley Electric Association, Inc., High Voltage Transmission System	GridLiance Holdco, LP	\$200.0



Summary of Sector Transactions During Quarter (\$ in millions)

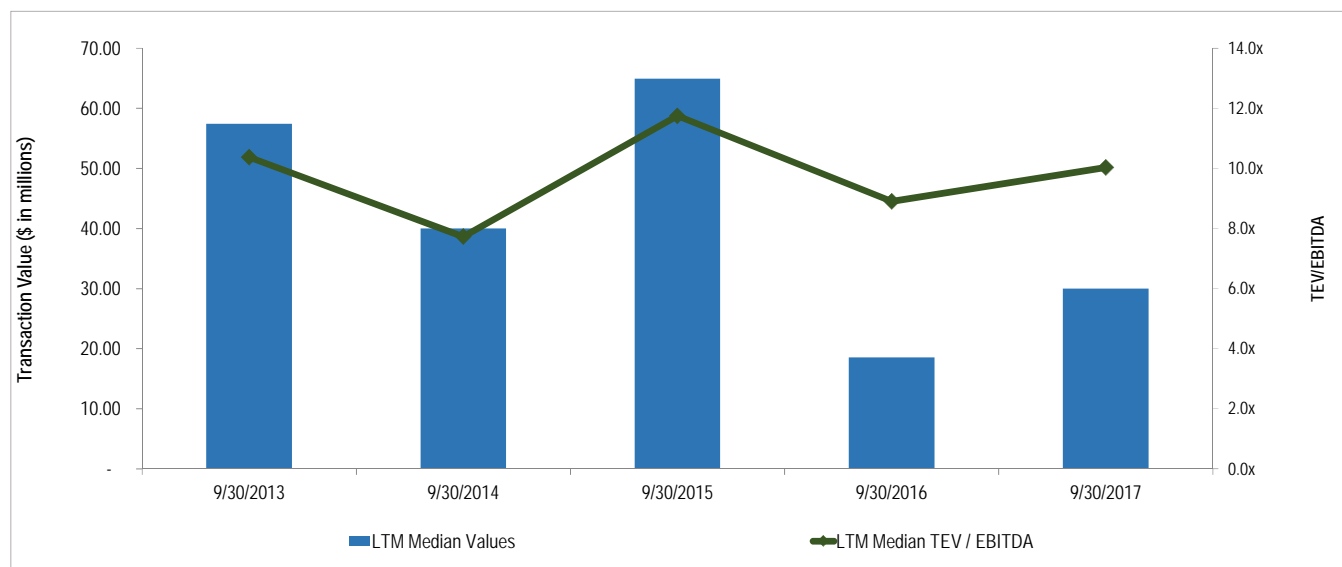
Transaction Volume	19
Number of Transactions with Disclosed Values	7
Transaction Value*	\$1,586.92
Average Transaction Value*	\$226.70
Median Transaction Value*	\$93.34
*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.	

Transactions by Value & Volume



Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 10/13/2017 and PCE Proprietary Data



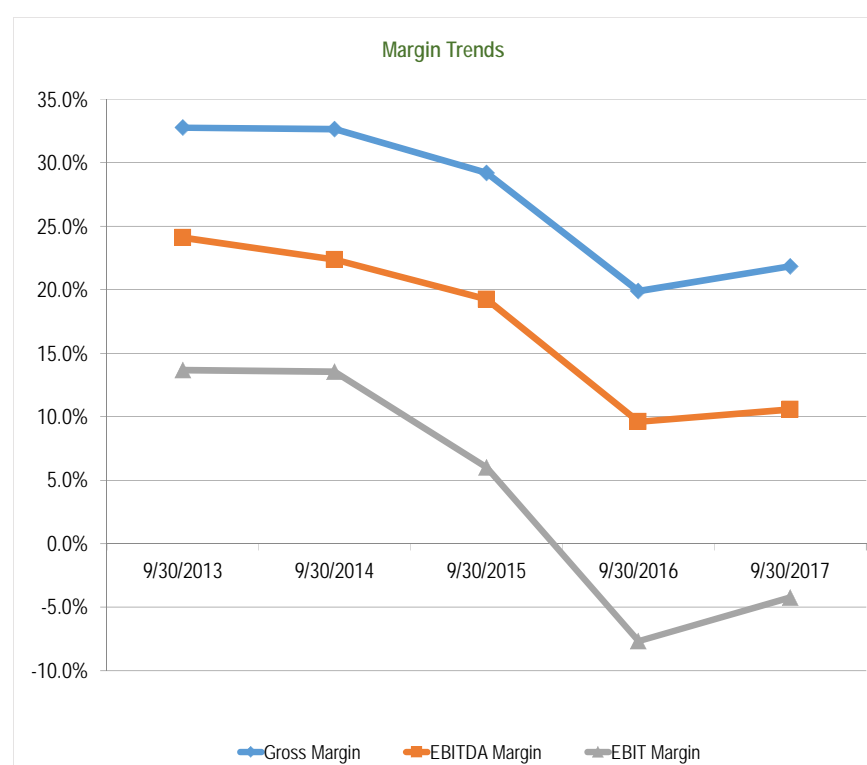
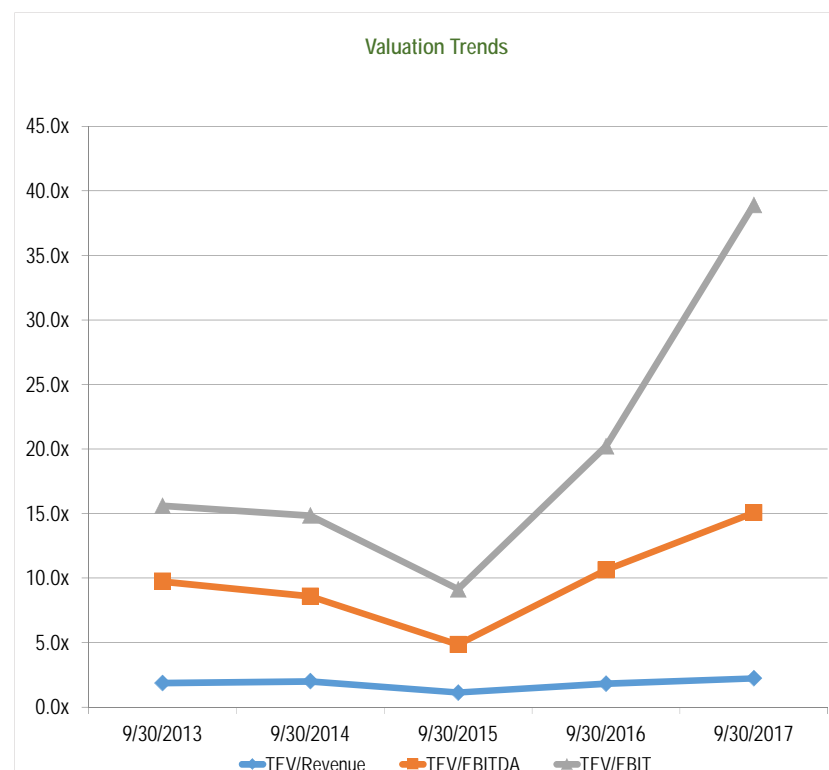
Oil & Gas Drilling, Equipment & Services

3rd Quarter 2017

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 09/30/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$3,207	2.5x	19.9x	59.2x	TEV/Revenue	↑
Median	\$601	2.2x	15.1x	38.9x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 09/30/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	22.0%	8.1%	-11.7%	Gross Margin	↑
Median	21.8%	10.6%	-4.2%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 10/13/2017 and PCE Proprietary Data



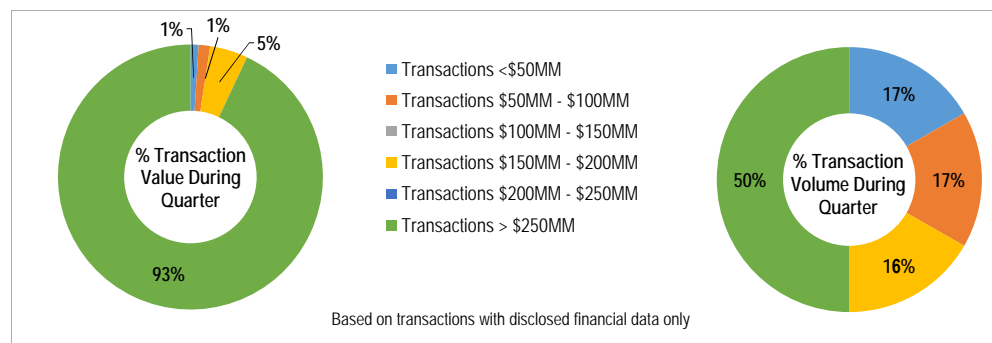
Oil & Gas Storage & Transportation

3rd Quarter 2017

Summary of Sector Transactions During Quarter (\$ in millions)

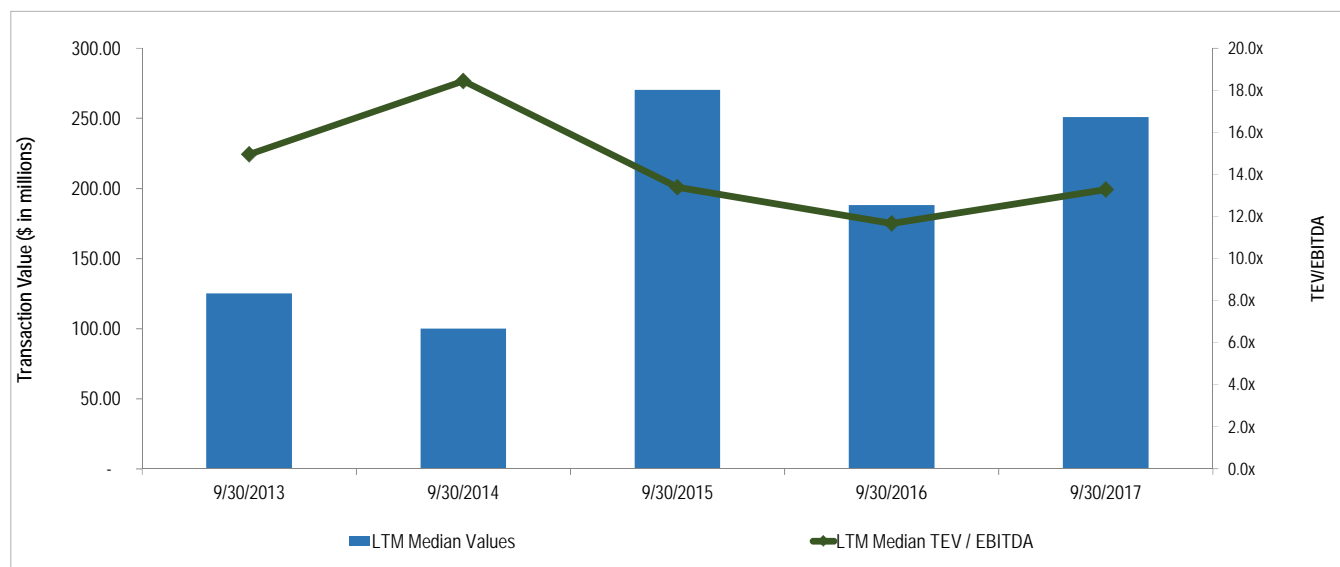
Transaction Volume	13
Number of Transactions with Disclosed Values	6
Transaction Value*	\$3,698.12
Average Transaction Value*	\$616.35
Median Transaction Value*	\$215.25
*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.	

Transactions by Value & Volume



Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 10/13/2017 and PCE Proprietary Data



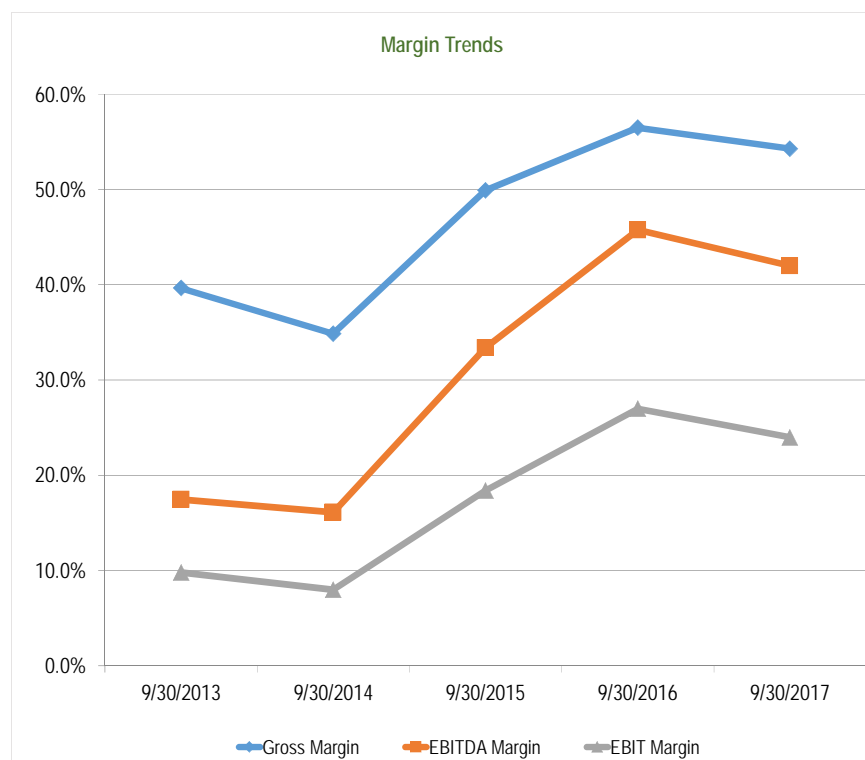
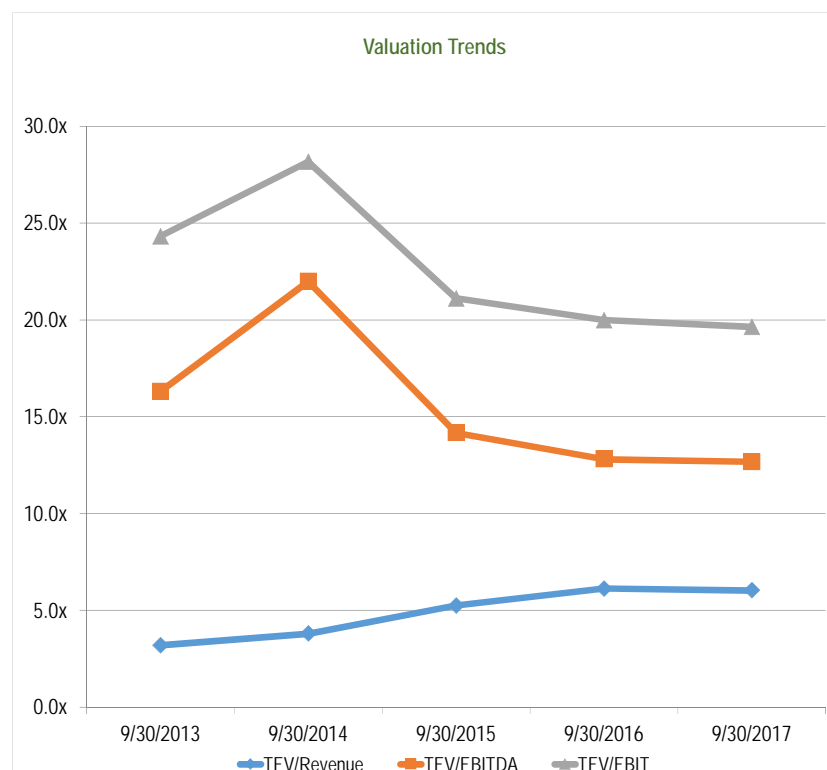
Oil & Gas Storage & Transportation

3rd Quarter 2017

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 09/30/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$6,869	11.5x	13.8x	28.3x	TEV/Revenue	↓
Median	\$3,121	6.0x	12.7x	19.6x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 09/30/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	49.7%	38.7%	27.8%	Gross Margin	↓
Median	54.3%	42.0%	24.0%	EBITDA Margin	↓
				EBIT Margin	↓



Source: S&P Capital IQ as of 10/13/2017 and PCE Proprietary Data

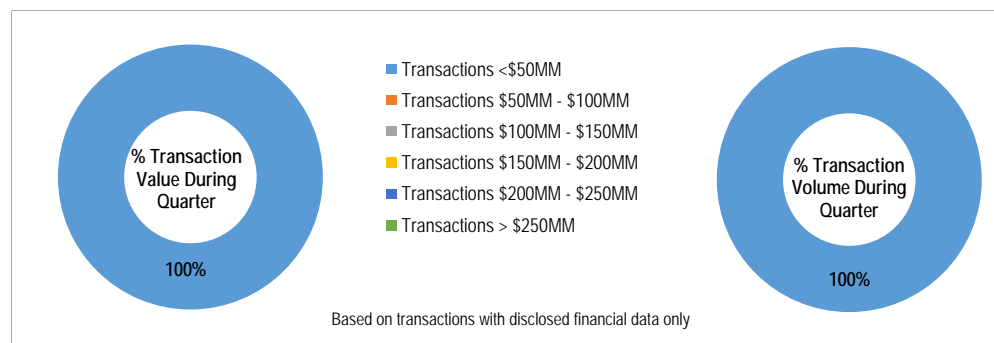
Electrical Components & Equipment

3rd Quarter 2017

Summary of Sector Transactions During Quarter (\$ in millions)

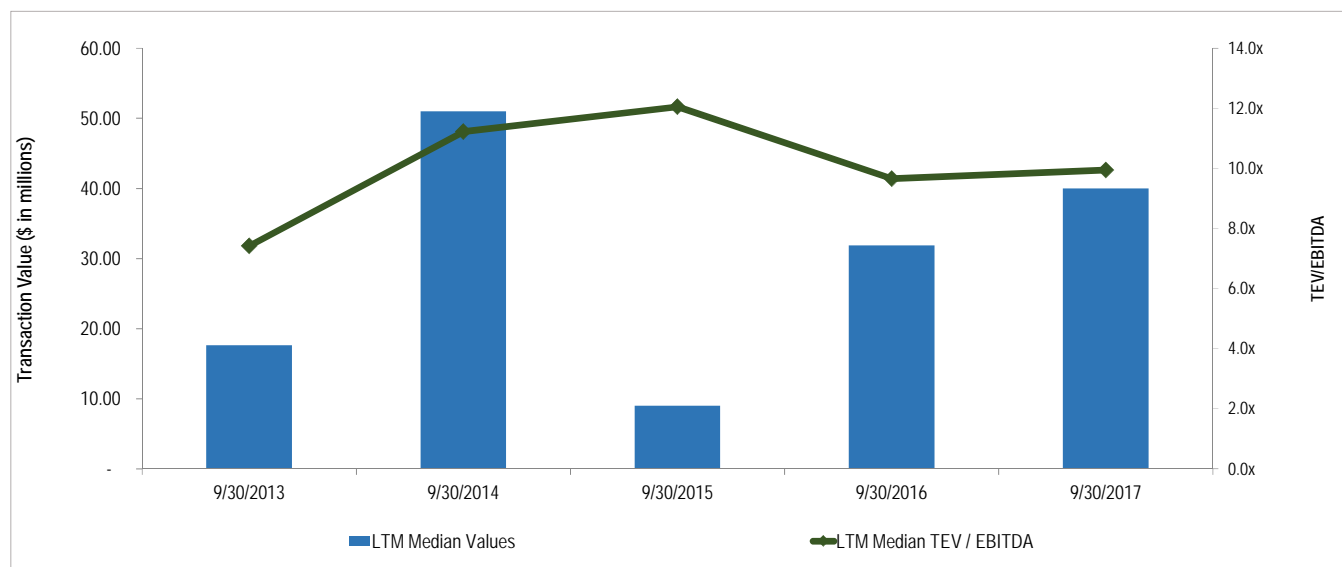
Transaction Volume	15
Number of Transactions with Disclosed Values	4
Transaction Value*	\$98.31
Average Transaction Value*	\$24.58
Median Transaction Value*	\$24.58
*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.	

Transactions by Value & Volume



Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 10/13/2017 and PCE Proprietary Data



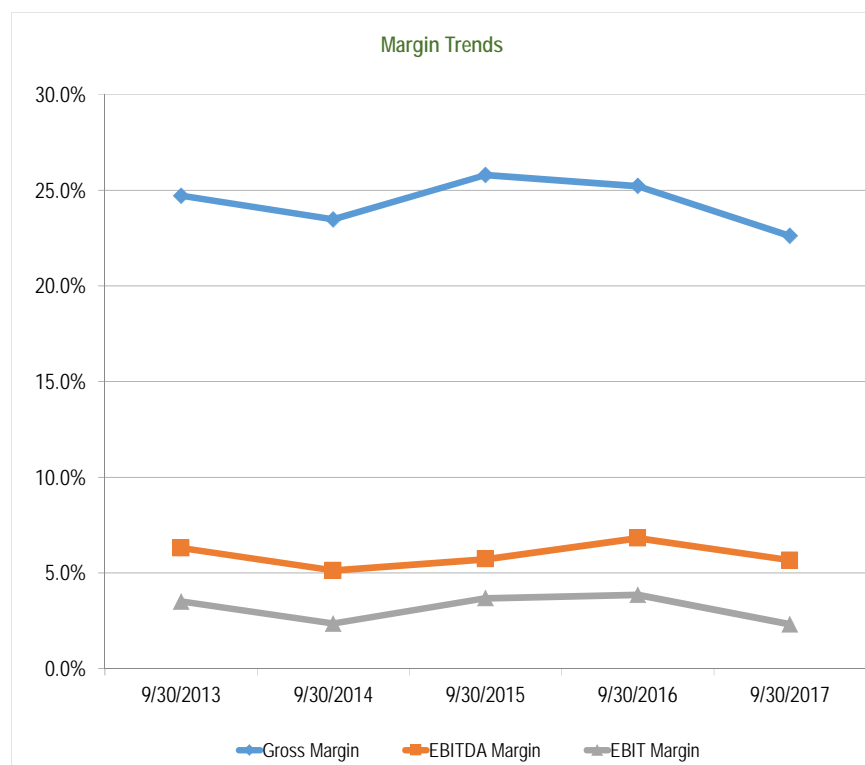
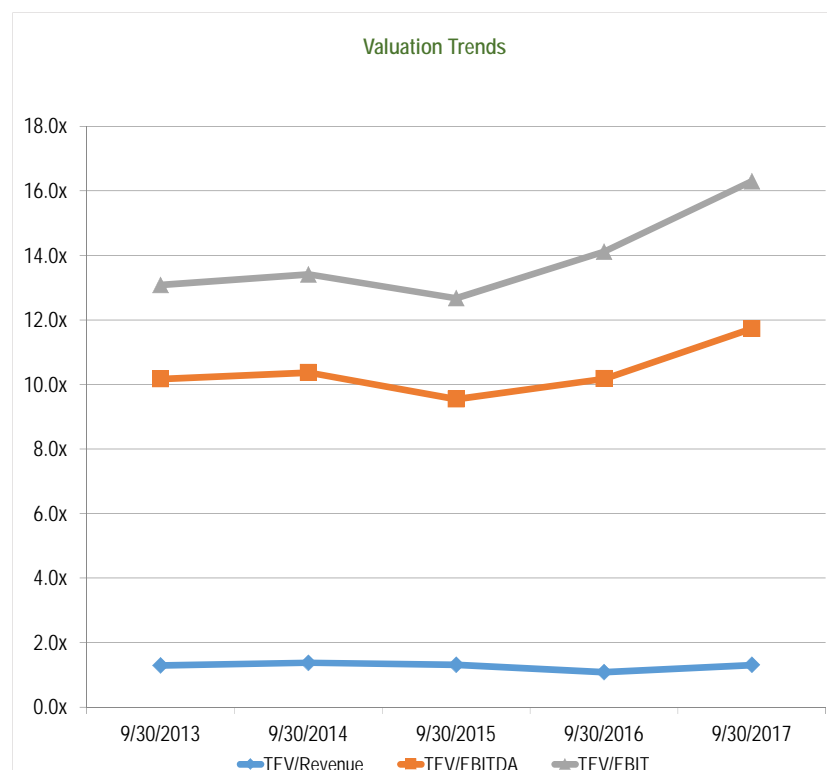
Electrical Components & Equipment

3rd Quarter 2017

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 09/30/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$2,603	5.2x	17.8x	19.8x	TEV/Revenue	↑
Median	\$213	1.3x	11.7x	16.3x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 09/30/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	19.2%	-7.2%	-11.9%	Gross Margin	↓
Median	22.6%	5.7%	2.3%	EBITDA Margin	↓
				EBIT Margin	↓



Source: S&P Capital IQ as of 10/13/2017 and PCE Proprietary Data

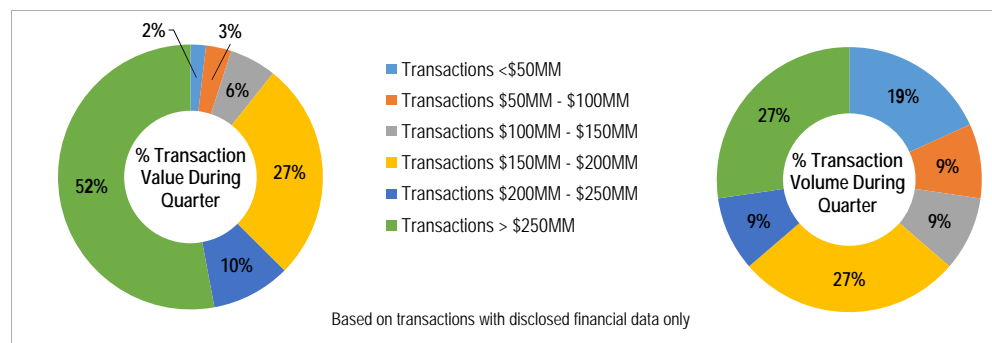
Independent Power Producers, Energy Traders, & Utilities

3rd Quarter 2017

Summary of Sector Transactions During Quarter (\$ in millions)

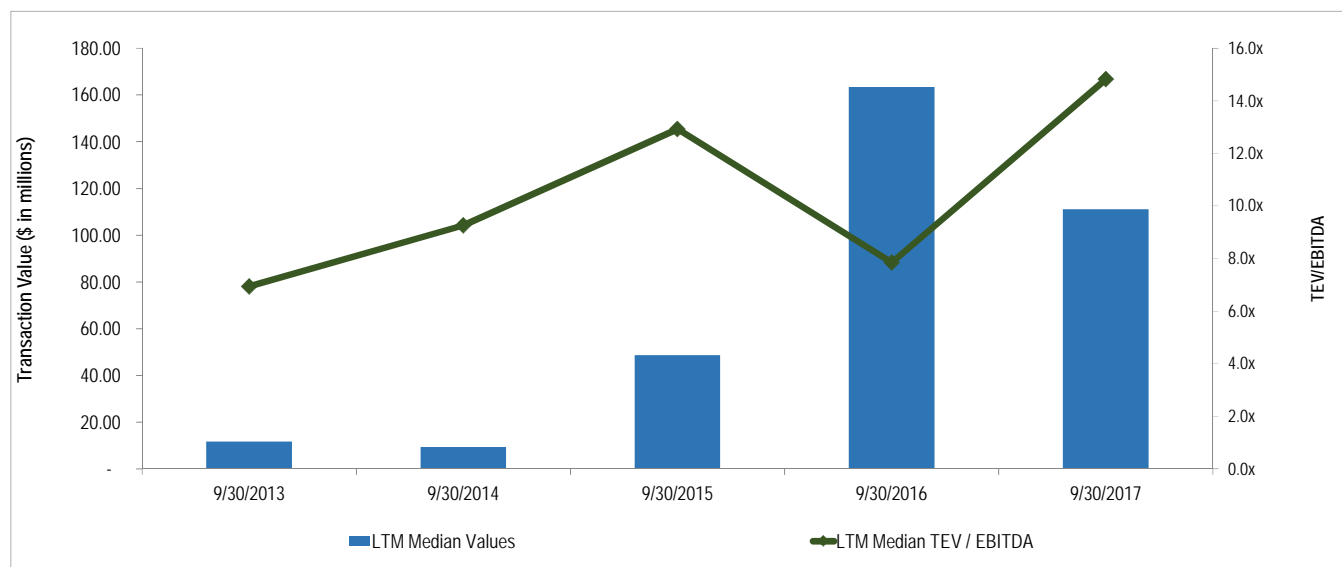
Transaction Volume	18
Number of Transactions with Disclosed Values	11
Transaction Value*	\$2,085.85
Average Transaction Value*	\$189.62
Median Transaction Value*	\$185.00
*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.	

Transactions by Value & Volume



Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 10/13/2017 and PCE Proprietary Data



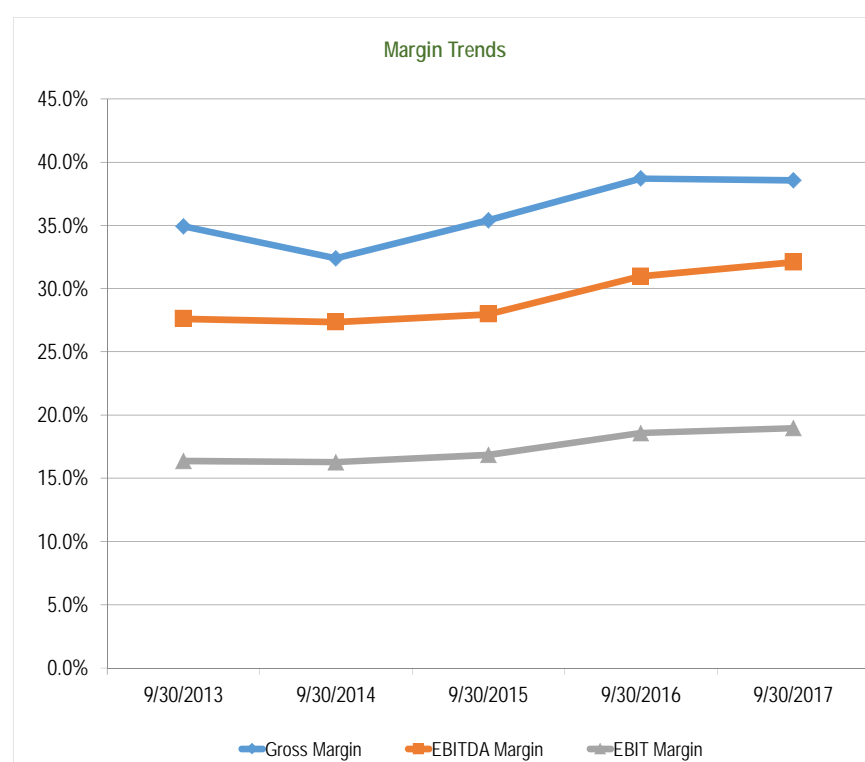
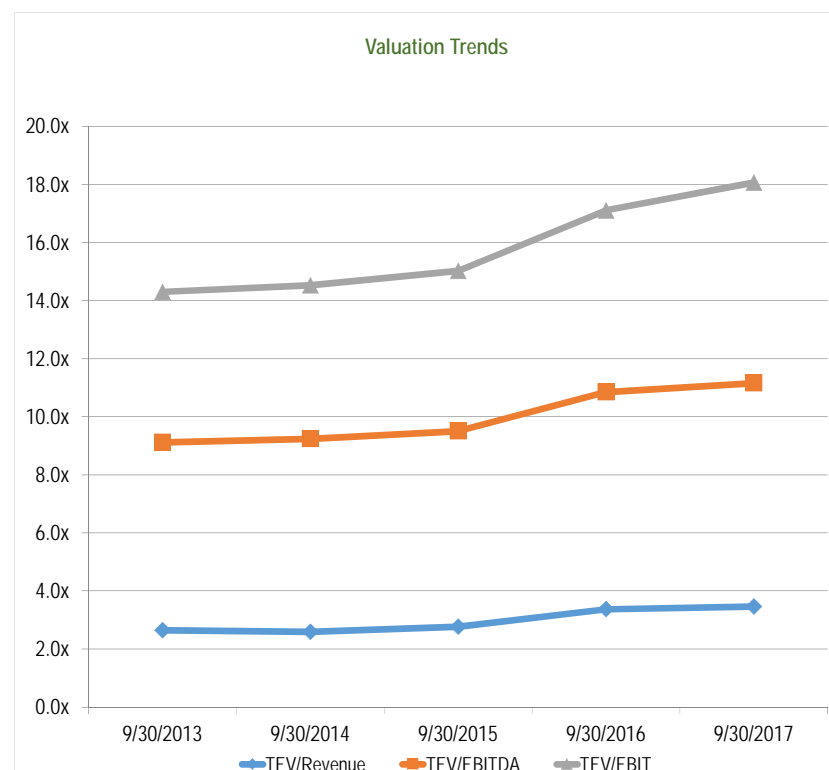
Independent Power Producers, Energy Traders, & Utilities

3rd Quarter 2017

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 09/30/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$10,473	6.4x	11.8x	19.9x	TEV/Revenue	↑
Median	\$4,493	3.5x	11.2x	18.1x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 09/30/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	42.3%	25.7%	16.1%	Gross Margin	↓
Median	38.6%	32.1%	19.0%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 10/13/2017 and PCE Proprietary Data

About PCE

When you're navigating the critical and sometimes challenging phases of the business life cycle, nothing is more important than getting the right advice at the right time. At PCE, that's our specialty. Providing clients with the insightful strategies, creative solutions, and expert guidance they need to address the challenges they face today and achieve the goals they set for tomorrow.

PCE, a leading financial services firm for mid-market companies, offers a full range of services:

- M&A (mergers & acquisitions)
- Growth Capital – Equity & Debt
- Business Valuation
- ESOP (Employee Stock Ownership Plans)
- Financial & Management Consulting
- MBO (management buy outs)
- Bankruptcy
- Restructuring
- Fairness and Solvency Opinion
- Management Consulting
- Succession Planning
- Strategic Analysis
- Litigation Support

Experienced in all market sectors, PCE has established several specialty practice areas:

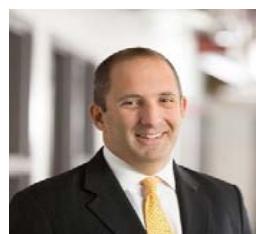
- Aerospace & Defense
- Banking, Finance & Insurance
- Building Products & Construction
- Business Services
- Consumer & Food
- Diversified Industrials
- Healthcare
- IT & Telecom
- Power & Energy
- Transportation & Logistics

PCE Investment Bankers, Inc - member FINRA & SIPC; PCE Valuations, LLC; PCE Advisory, LLC

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PCE Locations

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New York

Data Assumptions

This report represents transaction activity as mergers & acquisitions, consolidations, restructurings and spin-offs. Targets are defined as U.S. Based companies with either foreign or U.S. based buyers. Transaction information provided is based on closed dates only.

Glossary

EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation, Amortization
LTM - Last Twelve Months
TEV - Total Enterprise Value