



PCE Industry Report

Power & Energy



Middle Market M&A Summary

Power & Energy

4th Quarter 2017

Key Highlights

- The average value of the top ten transactions was \$1.25 billion.
- The largest transaction was the acquisition of 25% equity interest in Dakota Access, LLC; 25% equity interest in Energy Transfer Crude Oil Company; and 100% of Merey Sweeny by Phillips 66 Partners LP \$2.36 billion.
- The smallest transaction was the acquisition of Valero Partners Port Arthur, LLC and Parkway Pipeline, LLC by Valero Energy Partners LP for \$508 million.
- The public company industry median TEV/EBIT multiple is 18.6x.
- The public company industry median TEV/EBITDA multiple is 13.2x.

Key Trends

- The growing variety of generation options make it easier for providers to deal with extreme temperatures. Record levels of energy derived from both renewables and natural gas gave providers more options to supply energy to customers.
- Despite increases in production, oil prices trended steadily up in Q4 2017. Strong economic data and concerns about Iran's political climate are credited with bolstering prices to their highest levels in 2 ½ years.
- Several large power plants have announced plans to close, including JEA's St. Johns River Power Park, Luminant Generation Co. LLC's Sandow Power Plant, and WEC Energy Group's Pleasant Prairie Power Plant. These add to the growing list of coal-reliant generation stations set to shut down.
- A rapid increase in demand for natural gas has been caused by the decline of nation's coal-fired power plants. The low price of the commodity has caused an investment boom in new manufacturing capacity for products that use natural gas as a feed stock.¹

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

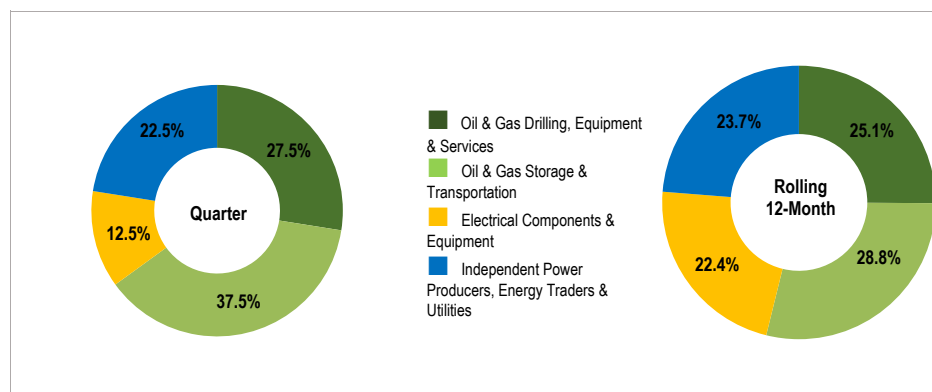
¹ "The State of the US Oil & Gas Industry is Strong As 2017 Comes to a Close", Forbes, David Blackmon, December 27, 2017.

Industry Trends During Quarter

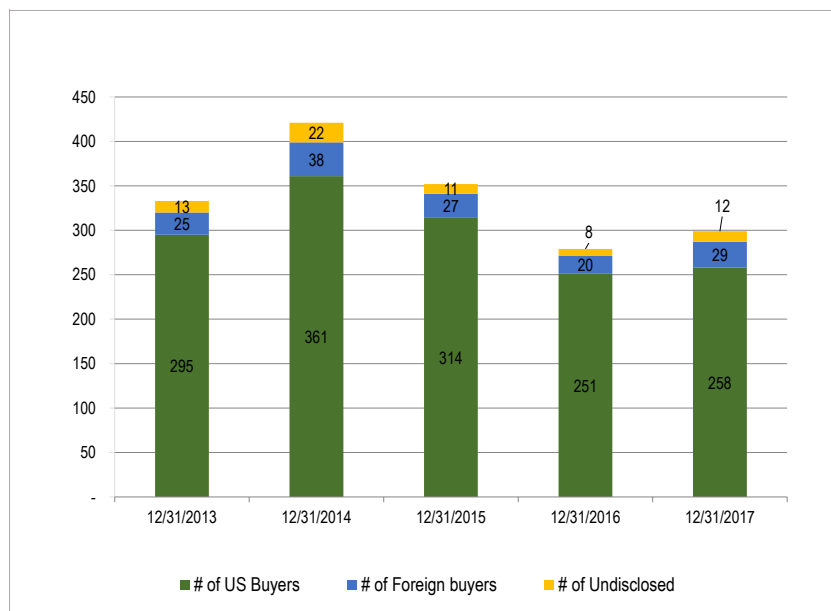
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Oil & Gas Drilling, Equipment & Services	↑	↓	↓
Oil & Gas Storage & Transportation	↑	↓	↓
Electrical Components & Equipment	↑	↓	↑
Independent Power Producers, Energy Traders & Utilities	↓	↑	↑

* 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 1/24/2018 and PCE Proprietary Data

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

Sector	Target	Buyer	Transaction Value
Oil & Gas Storage & Transportation	25% Each in Dakota Access, LLC and Energy Transfer Crude Oil Company, LLC and 100% in Meroy Sweeny	Phillips 66 Partners LP	\$2,363.7
Oil & Gas Drilling, Equipment & Services	Atwood Oceanics, Inc.	Ensco plc	\$2,194.9
Oil & Gas Storage & Transportation	Western Refining Logistics, LP	Andeavor Logistics LP	\$1,853.3
Oil & Gas Drilling, Equipment & Services	Medallion Gathering & Processing, LLC	Global Infrastructure Partners	\$1,825.0
Electrical Components & Equipment	ASCO Power Technologies, L.P.	Schneider Electric S.E.	\$1,250.0
Oil & Gas Storage & Transportation	Stakes in BP Two Pipeline, BP River Rouge, BP D-B Pipeline, Mars Oil and Mardi Gras Pipeline	BP Midstream Partners LP	\$723.5
Oil & Gas Storage & Transportation	Arc Logistics Partners LP	Zenith Energy U.S. Logistics Holdings, LLC	\$659.4
Oil & Gas Storage & Transportation	Glass Mountain Pipeline LLC	BlackRock, Inc. Navigator Energy Services, LLC	\$600.0
Oil & Gas Drilling, Equipment & Services	Rockwater Energy Solutions, Inc.	Select Energy Services, Inc.	\$515.8
Oil & Gas Storage & Transportation	Valero Partners Port Arthur, LLC And Parkway Pipeline LLC	Valero Energy Partners LP	\$508.0

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:

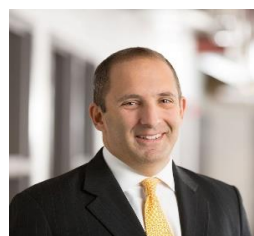
- Aerospace & Defense
- Banking, Finance & Insurance
- Building Products & Construction
- Business Services
- Consumer & Food
- Diversified Industrials
- Healthcare
- IT & Telecom
- Power & Energy
- Transportation & Logistics

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

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PCE Locations

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Atlanta
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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