

M&A in the Energy Industry – Key Trends

Year	Total no. of transactions	Total value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
2013	290	95,100	2.4x	7.1x
2014	360	154,500	3.1x	9.0x
2015	290	123,100	3.0x	8.2x
2016	210	107,400	2.7x	9.9x

Source: Capital IQ

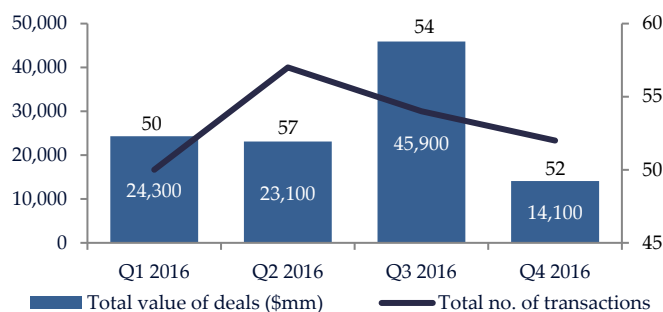
M&A in the Energy Industry – 2016 Overview

- In 2016, M&A activity in the Energy industry shifted towards lower number of transactions and total value, reflecting a decrease in the median deal size from \$84 million in 2015 to \$58 million in 2016.
- In 2016, the total deal value in US and Canada accounted for 34% of the global deal value.
- The total number of global M&A transactions in the Energy industry were 2,100 in 2014, 1,600 in 2015, and 1,300 in 2016, indicating a decrease of 17% from 2015 to 2016. Deals in the US and Canada accounted for 18% in 2014, 19%, in 2015, and 16% in 2016 of the global transactions.
- In 2016, valuation multiples for US and Canada (median TEV/Revenue of 2.7x versus global median of 2.0x and median TEV/EBITDA of 9.9x versus 9.3x) were higher than global multiples, reflecting better confidence amongst buyers for targets in this region.
- 52% disclosed deals in terms of transaction value.
- The energy sector, given Trump's presidential victory, could lead M&A transactions in 2017. (Source: Forbes)

Activity Summary, Last 5 Quarters

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Total no. of transactions	67	50	57	54	52
Total value of deals (\$mm)	26,600	24,300	23,100	45,900	14,100
Average deal size (\$mm)	810	840	820	1,350	710
Median deal size (\$mm)	92	93	44	54	88
Median Revenue Multiple	3.5x	2.3x	2.8x	2.7x	6.7x
Median EBITDA Multiple	8.1x	9.2x	8.9x	9.7x	14.6x
Mid-market deals, % of total	79%	69%	71%	68%	65%

Source: Capital IQ

Activity Summary Chart, Last 4 Quarters

Deal Breakdown by Type of Buyer in 2016

Type of Buyer	No. of deals	Disclosed deals	Total value (\$mm)	Avg. transaction value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
Strategic Buyer	180	99	106,300	590	2.3x	9.8x
Financial Buyer	21	10	1,100	53	3.4x	21.2x
Both	0	0	0	0	0	0
Not available	12	2	7	0.56	n/a	n/a

Source: Capital IQ

Middle Market Deals in 2016

Deal breakdown by size (\$mm)	No. of deals	Total value (\$mm)	Avg. transaction value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
\$0 - \$50	52	800	16	4.0x	9.8x
\$50 - \$250	24	3,100	129	2.2x	7.7x
\$250 - \$500	9	2,900	325	1.8x	9.2x

Source: Capital IQ

10 Notable Energy Transactions in 2016

Closed date	Target/Issuer	Buyers/Investors	Transaction value (\$mm)	Implied EV/Revenue	Implied EV/EBITDA
April 01	Cameron International Corporation	Schlumberger Limited (NYSE:SLB)	16,600	1.5x	8.9x
July 01	Columbia Pipeline Group, Inc.	Transcanada Pipeline USA Ltd.	14,000	9.8x	20.6x
February 17	Targa Resources Partners LP	Targa Resources Corp. (NYSE:TRGP)	13,600	2.0x	13.0x
July 01	Southern Company Gas	The Southern Company (NYSE:SO)	12,000	2.7x	9.8x

September 16	Range Resources - Louisiana, Inc.	Range Resources Corporation (NYSE:RRC)	6,900	10.0x	9.0x
October 03	Piedmont Natural Gas Co. Inc.	Duke Energy Corporation (NYSE:DUK)	6,600	4.8x	14.8x
September 16	Dominion Questar Corporation	Dominion Resources, Inc. (NYSE:D)	6,100	5.4x	9.7x
February 22	Suncor Energy Ventures Holding Corporation	Suncor Energy Inc. (TSX:SU)	4,400	2.6x	11.4x
September 01	Southern Natural Gas Company, L.L.C.	The Southern Company (NYSE:SO)	2,700	7.3x	10.3x
January 07	Felix Energy, LLC	Devon Energy Corporation (NYSE:DVN)	1,900	n/a	n/a

Source: Capital IQ