

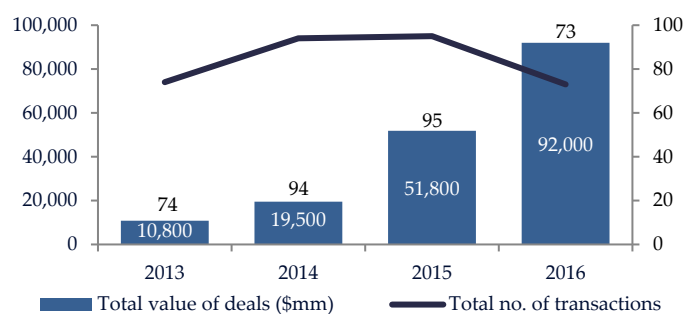
M&A in the Utilities Industry – Key Trends

- In 2016, M&A activity in the Utilities industry shifted towards lower number of transactions and deal value increasing approximately 90% from 2015.
- In 2016, the total deal value in the US and Canada accounted for 32% of the global deal value.
- The total number of global M&A transactions in the Utilities industry were 1,300 in 2014, 1,300 in 2015, and 1,100 in 2016, indicating a decrease of 17% from 2015 to 2016. Deals in the US and Canada accounted for 7% of the global transactions from 2014 to 2016.
- In 2016, valuation multiples for the US and Canada (median TEV/Revenue of 6.1x versus global median of 2.6x and median TEV/EBITDA of 10.4x versus 9.5x) were higher than the global multiples, reflecting better confidence amongst buyers for targets in this region.
- 57% disclosed deals in terms of transaction value.

Activity Summary, Last 5 Years

	2012	2013	2014	2015	2016
Total no. of transactions	110	70	90	100	70
Total value of deals (\$mm)	121,100	10,800	19,500	51,800	92,000
Average deal size (\$mm)	2,100	280	350	940	2,200
Median deal size (\$mm)	122	28	44	108	339
Median Rev Multiple	2.4x	3.2x	2.7x	2.9x	6.1x
Median EBITDA Multiple	9.6x	22.9x	12.9x	11.8x	10.4x
Mid-market deals, % of total	76%	87%	85%	78%	55%

Source: Capital IQ

Activity Summary Chart, Last 4 Years

10 Notable Utilities Transactions in 2016

Closed date	Target/Issuer	Buyers/Investors	Transaction value (\$mm)	Implied EV/Revenue	Implied EV/EBITDA
March 23	Pepco Holdings, Inc.	Exelon Energy Delivery Company, LLC	12,600	2.6x	10.3x
July 01	Southern Company Gas	The Southern Company (NYSE:SO)	12,000	2.7x	9.8x
October 14	ITC Holdings Corp.	Fortis Inc. (TSX:FTS)	11,500	11.0x	16.4x
July 01	TECO Energy, Inc.	Emera Incorporated (TSX:EMA)	11,400	3.8x	11.6x
November 21	SolarCity Corporation	Tesla Motors, Inc. (NasdaqGS:TSLA)	7,100	12.9x	n/a
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
December 06	Talen Energy Corporation	C/R Energy Jade, LLC; Raven Power Holdings LLC; Sapphire Power Holdings LLC	5,500	1.3x	4.6x
April 13	Cleco Corporate Holdings LLC	British Columbia Investment Management Corporation; Macquarie Infrastructure Partners Inc.; John Hancock Financial	4,700	3.8x	10.4x
September 01	Southern Natural Gas Company, L.L.C.	The Southern Company (NYSE:SO)	2,700	7.3x	10.3x

Source: Capital IQ