Power transactions and trends

Global power and utilities transactions review

Q3 2013

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This EY report examines transactions and market trends in the global power and utilities sector in Q3 2013 and the outlook for utilities, investors and sector participants.

Contents

Data source and industry scope

The transactions and trends identified in this report have been informed by analysis and engagements undertaken by EY firms' transactions partners globally, and Mergermarket data.

"Power and utilities" covers electricity generation, networks and retail, gas networks and retail, and water wholesale, networks and retail organizations, and renewables.

The EY global power and utilities community comprises around 83 partners of EY member firms, and over 700 staff.

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Transactions rebound as utilities rebalance portfolios

The global power and utilities (P&U) transactions market rebounded slightly over Q3 2013, with deal volume reaching a two-year high, up 25% from Q2. Value dropped slightly from US$33b to US$31.7b over the quarter, with results dominated by nine transactions that each exceeded US$1b.

Our P&U partners at EY member firms globally are reporting three trends behind these results. First, utilities are actively rebalancing their portfolios in response to continued market uncertainty. The US$4.6b acquisition of the UK's Invensys Plc by French-based Schneider Electric, and the US$2b acquisition of Midland Cogeneration venture by GSIA, a consortium of pension funds in Japan and Canada, highlight a growing trend to explore opportunities upstream and downstream in the supply chain to gain competitive advantage, revenue security and yields which are incremental to, and leverage off, core business. Changing political, regulatory and commodity fundamentals will see utilities continue to re-evaluate traditional models, narrow their focus on core operations, and optimize asset portfolios through non-core divestments and acquisitions of supporting vertical and horizontal services.

Second, market reforms continue to drive transactional activity. Notable was Gazprom Energoholding's US$3.8b purchase of 89% of the Moscow Integrated Power Company OJSC, as part of the Moscow City Government's privatization program. In Japan, proposed deregulation and unbundling of the country's 10 vertically integrated utility companies will remain a focus for the next two to three years, while in Australia, sales of publicly owned generation, as well as increased private sector involvement in networks, are expected over a similar timeframe.

Third, emerging markets remain a focus. In July, President Obama's announcement to commit US$7b to sub-Saharan Africa's electricity network sparked strong interest from foreign investors – although a reported US$300b is needed if the region is to achieve universal access to electricity by 2030.

Matt Rennie

Global Transactions Power & Utilities Leader

Key findings, Q3 2013

- Momentum building amid global rebalancing: M&A reaches US$31.7b, in line with US$33b of Q2 and up 67% compared to Q3 2012; deal volume hits two-year high
- European divestments, privatization programs continue to drive global M&A: the region hosted five billion-dollar-plus transactions and contributed more than 50% to the total deal value
- Opportunistic power generation deals in the US on the back of a buy-versus-build value spread
- Privatization programs in Oceania and Eastern Europe gain momentum
- Financial investor M&A quadruples to reach US$6.5b compared to previous quarter, led by Australian and Japanese outbound billion-dollar-plus transactions
- Energy services deals gain momentum, as utilities look for new avenues for growth

EY

Building a better working world

Q3 2013 activity and outlook: global rebalancing drives M&A activity

Utilities and industry players explore opportunities along the entire supply chain

Transformation in Europe as utilities look for new avenues of growth

Amid political intervention, commodity price volatility, high-cost regulatory frameworks and lumpy access to capital, utilities are exploring opportunities to consolidate revenue along the breadth of the supply chain. As network utilities transform from asset-based to service-based organizations, their focus is on organizational design and deciding which core and non-core assets are needed to drive growth within this new service-based, "smart grid" paradigm. Divestments of non-core activities, including metering reading and ownership, meter data activities and non-core businesses, are increasingly common. These changes are spurred by continued pressure on margin and price, particularly in the wholesale and retail sectors, which are generally more exposed to volume and pricing risk.

Q3 2013 saw a number of European utilities acquire energy efficiency and energy services businesses. E.ON bought the UK's Matrix for almost US$136.5m, GDF Suez acquired Balfour Beatty Workplace for US$295m (its fourth such acquisition in the past year), and, in the largest deal of the quarter, Schneider Electric acquired Invensys Plc for US$4.6b.

The European wholesale market remains challenged, as illustrated by RWE's August announcement that it would remove around 3,100MW of installed capacity from the market in Germany and the Netherlands, and review a further 897MW.[1] At the same time, RWE is strengthening its energy management offerings in a bid to pursue growth. This is a common theme among European utilities, which are implementing new business and acquisition strategies to counter sluggish demand and low prices.

Our clients are also reviewing the geographical spread of their operations as they find that core geographies are no longer their dominant profit centers. For Enel — Italy's largest power company and Europe's second-biggest utility by installed capacity — the percentage of earnings from Italy and Spain, compared with that from operations in emerging markets, is forecast to be about 50% by 2017.[2] Elsewhere, Japanese, Chinese and South American outbound investment is up significantly as utilities seek stable cash flows, access to technology and energy supply security. Indeed, in the nine months up to 2013, Japanese firms invested US$4.9b in cross-border deals. Notable transactions included Marubeni Corporation's US$1.2b deal to acquire a 50% stake in Netherlands-based power generator National Power International Holdings B.V. from GDF Suez, and the acquisition, by a consortium including Japan's Pension Fund Association and Mitsubishi, of a US$2b stake in one of the largest gas-fired cogeneration plants in the US.

Despite the obvious attractiveness of higher-growth emerging markets, they are not without risk. The current situation in Brazil reflects that utilities may be stepping into a much more challenging market than they realize as the drivers of growth in China, India, Brazil and other emerging markets moderate quickly.

As transformation continues, we anticipate that companies will continue to reassess operations and actively invest and divest in the search for revenue and market share certainty.

Continued opportunistic generation acquisitions in the US

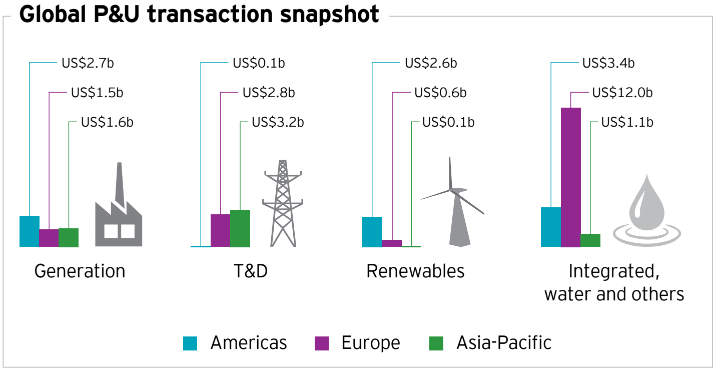
While the US market remains challenged, interest in good assets is still strong. Despite a slight recovery in natural gas prices, and the retirement of some coal-fired plants, wholesale supply and demand dynamics continue to drive low forward power price curves across most markets. Utilities are reviewing operations and assets, and considering divestments of market-exposed generation assets in favor of rate-regulated assets and operations. However, financial buyers are undeterred by conservative valuations: the Carlyle Group, with its power affiliate Cogentrix, acquired the 823MW Red Oak natural gas power plant in New Jersey,[3] as well as five power plants in California. Since acquiring Cogentrix in late 2012, Carlyle has invested some US$1.2b in power assets.[4]

China and Australia drive Asia-Pacific transactional activity

In Asia-Pacific, transactional activity cooled in Q3, with China and Australia together contributing 70% of the region's US$5.9b deal value. In China, gas distribution assets were the key targets of several transactions worth in excess of US$1b. Prominent deals included Shanghai Lian Hua Fibre Corporation's acquisition of Shanxi Natural Gas Co Ltd for US$1.2b and Beijing Enterprises Holdings' US$1.1b acquisition of a 22% stake in China Gas Holdings. Five water and waste treatment sector deals worth US$822m were driven by the desire of larger players to enhance market share through the acquisition of smaller, specialized companies.

In Australia, the New South Wales Government began the process of selling off Macquarie Generation, as asset expected to attract a wide field of domestic and international bidders.

Global P&U transaction snapshot



Source: EY analysis based on Mergermarket data

1 "RWE takes plants offline as renewable boom bites," *The Reuters*, 14 August 2013, http://in.reuters.com/article/2013/08/14/rwe-results-idUSL6N0GF0B920130814
2 "Enel CEO Battles European Slump With Growth in Latin America," *Bloomberg*, 21 March 2013, http://www.bloomberg.com/news/2013-03-21/enel-ceo-battles-european-slump-with-growth-in-latin-america.html

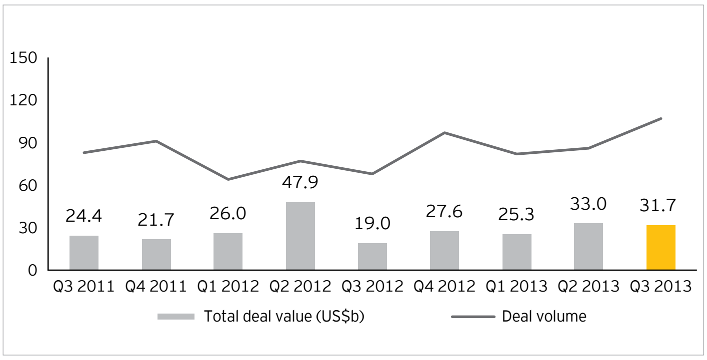
3 "Carlyle to acquire 823-MW NJ gas plant after closing purchase of 5 Calif. Plants," 9 September 2013, SNL Financial.
4 "The Carlyle group to acquire six power plants in California, New Jersey," *Marketwatch*, 9 September 2013.

Table 1: Global P&U deal activity by segment, Q2 2013-Q3 2013

	Deal volume		Deal value (US$b)	
	Q3 2013	Q2 2013	Q3 2013	Q2 2013
Global P&U M&A activity by segment				
Total	**107** ▲	**86**	**$31.7** ▼	**$32.9**
Generation	15 ▲	10	$5.8 ▲	$2.3
T&D	19 ▲	17	$6.1 ▼	$6.5
Renewables	41 ▲	37	$3.3 ▼	$3.6
Integrated, water and others	32 ▲	22	$16.5 ▼	$20.5

Source: EY analysis based on Mergermarket data

Figure 1: Global P&U deal value and volume, Q3 2011-Q3 2013



Source: EY analysis based on Mergermarket data

Table 2: Top five global P&U deals in Q3 2013

Announcement date	Target	Target country/ territory	Bidder	Bidder country/ territory	Enterprise value (US$ m)	Transactional rationale	Segment
31 Jul	Invensys Plc	UK	Schneider Electric SA	France	4,599	Expand energy management solutions, achieve cost and revenue synergies	Energy services (other)
13 Aug	Moscow Integrated Power Company OJSC (89.98% stake)	Russia	Gazprom Energoholding	Russia	3,786	Part of Moscow City Government's privatization program; continued diversification for Gazprom	Integrated
5 Jul	Rede Energia (controlling stake)	Brazil	Energisa SA	Brazil	2,077	Distressed assets sale by Rede Group as a result of regulatory uncertainty	Integrated
2 Jul	Midland Cogeneration Venture	US	GSIA: a consortium of pension funds	Japan; Canada	2,000	Pension fund diversifying asset portfolio	Generation
24 Sep	OOO SeverEnergia (19.6% Stake)	Russia	ITERA Oil and Gas Company LLC	Russia	1,800	Part of Enel's divestment plan; enables Rosneft to expand presence in Russian gas industry	Gas production (generation)

Source: EY analysis based on Mergermarket data

Transaction outlook

- Three key themes will dominate medium-term transactions: the continued trend to rebalance portfolios in the search for revenue certainty and market share outside core operations; market reform initiatives, including unbundling and rebundling of vertically integrated elements of the supply chain; and the continued drive for electrification in emerging markets. While 2012 saw several utilities integrating upstream, for example through acquisitions of coal mines and gas production assets to consolidate fuel supply, we see downstream integration as a key focus going forward.
- Africa offers large transactional opportunities, particularly in Nigeria's reform processes and sub-Saharan infrastructure investment, which will drive rapid foreign investment into the continent.
- Japan's unbundling of its 10 vertically owned utilities is forecasted to attract strong interest.
- The US will continue to see opportunistic generation transactions, with merchant assets changing hands between utilities and financial investment houses. Expect to see large utilities, such as Exelon, seeking growth through portfolio diversification and the acquisition of companies in the energy marketing, metering, distributed generation and energy efficiency segments.
- Europe will continue to be a major contributor to global M&A activity through a number of large divestments expected to hit the market in 2014. EDF is reportedly in talks with banks to sell a partial stake in its electricity transport unit, RTE, while Hamburg, Germany's second-biggest city, plans to spend US$2.7b buying back energy grids from Vattenfall and E.ON. A rising trend of German re-municipalization will spur M&A in Q4 2013/Q1 2014.
- Expect strong activity in India where regulatory uncertainty and fuel-supply issues have brought 35,000MW–50,000MW of distressed wholesale assets to the market.

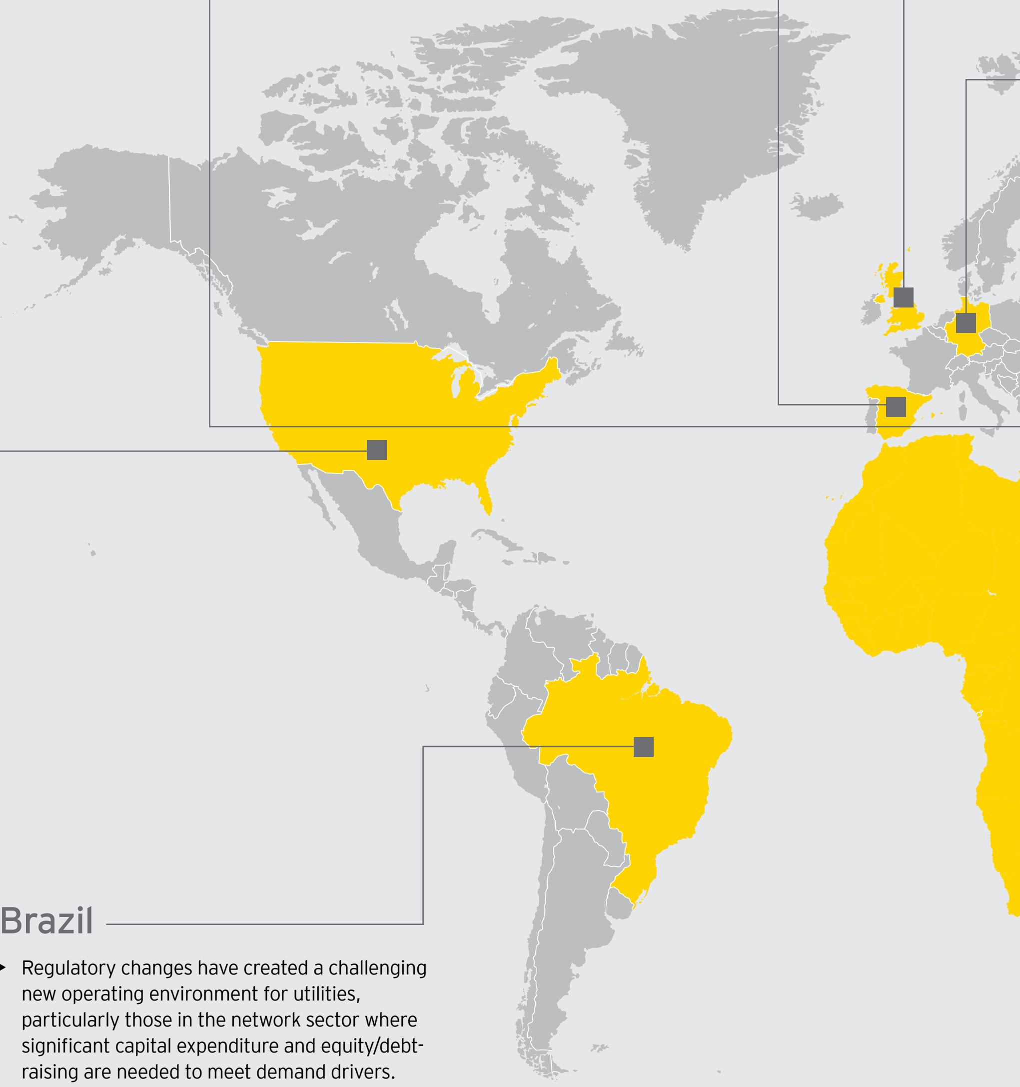
Global snapshot

Turkey

- After successfully privatizing its electricity grids, Turkey now plans to do the same with generation assets, expecting to generate about US$13b from their sale. The revenue will help Turkey meets its pledge to invest US$50b in the domestic energy sector within the next 10 years.[8]
- Reducing dependency on energy imports is a priority for Government, which plans to curtail imports of natural gas. Local energy exploration and production activity have been boosted by the initiation of hydraulic fracturing operations to extract shale gas from wells in the Thracian and southeastern regions, where 4.6 trillion cubic meters of reserves have been detected.
We see this as an attractive opportunity for foreign players keen to strengthen upstream operations, enter the Turkish energy market and work jointly with domestic companies in exploring shale assets.

Spain

- The Government has announced new energy sector reforms aimed at reducing a growing tariff deficit, curtailing renewable subsidies and capping the profitability of renewable energy producers. The reforms will cap the annual profits of renewable power companies, including Acciona and Abengoa, at 7.5% a year and cap distributors' earnings at 6.5% a year. These changes – expected to cost utilities around US$3.7b – are likely to trigger transactions as developers move out of core markets and into emerging nations in search of growth.



United States

- Despite strong performance during the current low interest rate environment, utility earnings and cash flows will face pressure as interest rates rise, regulators push to cut equity returns and unregulated businesses struggle with low demand and wholesale prices.
- Utilities continue to review operations and assets, and consider divestments of some generation assets. Forward price forecasts may be low, but expect interest from financial investors.

Brazil

- Regulatory changes have created a challenging new operating environment for utilities, particularly those in the network sector where significant capital expenditure and equity/debt-raising are needed to meet demand drivers. Expect more assets facing distress and perhaps some transactional activity.
- In a US$2.1b transaction, Energisa SA acquired a controlling stake in Grupo Rede Energia, which filed for bankruptcy protection in November 2012. Eletrobras, which announced a net loss of US$3.4b, is also reported to be contemplating divestitures.
- Transactional activity in the wind sector continues to be strong. Cemig, Brazil's second-biggest utility, acquired a US$615m stake in the renewable energy developer Renova Energia, while other utilities, including CPFL Energia and Tractebel Energia (subsidiary of GdF Suez) are reportedly eyeing further wind opportunities. Wind farms offer valuable system reinforcement during the dry season, when hydro dams run low.

5 "Corporate investment points to stronger Japan growth," *The Wall Street Journal Online*, 2 September 2013.
6 "Power struggle," *The Economist*, 21 September 2013.
7 "UPDATE 3-RWE takes plants offline as renewable boom bites," *Reuters online*, 14 August 2013.
8 "'Turkey will invest 100 billion liras in energy in next decade', energy minister," *Anodolu Agency*, 17 June 2013.
9 "EDF to Build New Nuclear Power Plant in U.K.," *The Wall Street Journal Online*, 21 October.

United Kingdom

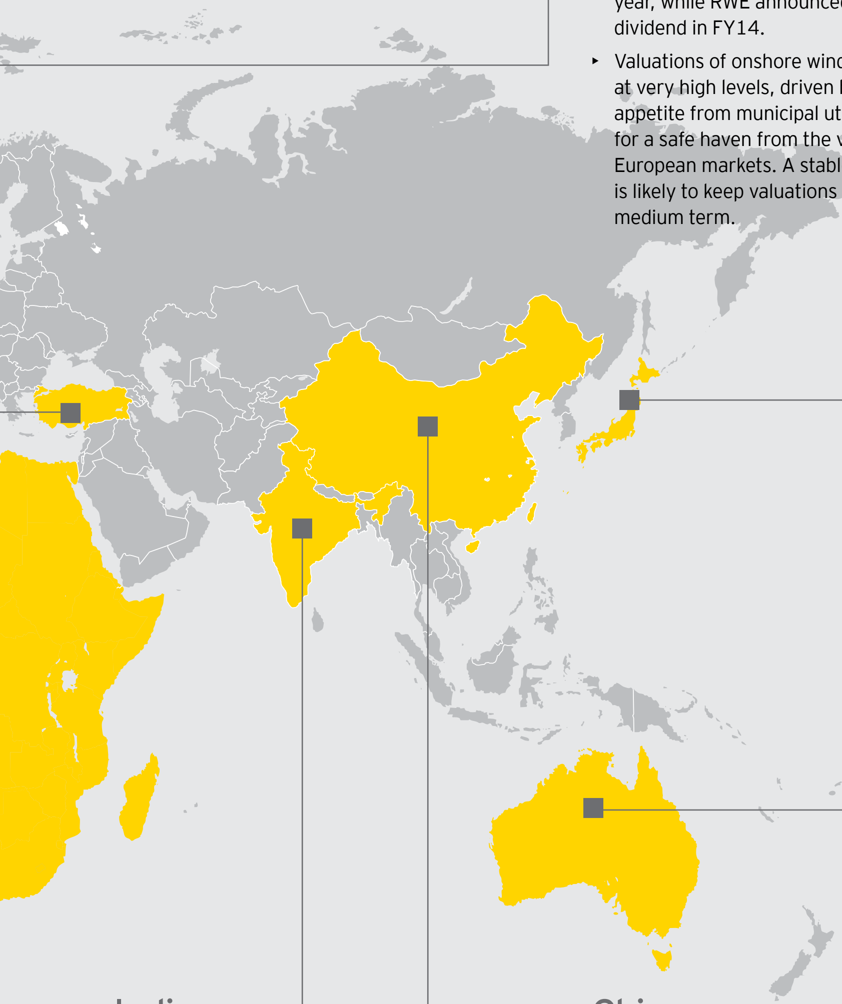
- Centrica continued its North America expansion by acquiring Hess's Energy Marketing business for US$731m. The deal is part of Centrica's plan to double profitability in North America within five years and integrate across the gas value chain.
- EDF announced an agreement with the U.K. government to build a new nuclear power plant, the first in the country in almost 30 years, for a total cost of £16 billion ($25.88 billion). Key to the deal was agreement on the strike price £89.5 per megawatt an hour, or MWh. The contract for the strike price will be in place for 35 years. Under the strike price mechanism, the U.K. government will pay the difference if the market price falls below the strike price.[9]

Germany

- Ongoing energy sector transformation continues to undermine conventional power generation, highlighted by RWE's announcement to take a total of 3,100MW of generation capacity offline in Germany and the Netherlands and dispose of 1,200MW of German coal-fired power plant capacity. Meanwhile, E.ON cut about 6,500MW of capacity and is likely to close or mothball more than the 11,000MW it had previously put under review.[7] As declining wholesale power prices (down by about a fifth in the year to date) impact utilities' profitability, E.ON's underlying net income fell 42% in the first half of 2013 compared to the same period last year, while RWE announced it would halve its dividend in FY14.
- Valuations of onshore wind projects remain at very high levels, driven by an increased appetite from municipal utilities and investors for a safe haven from the volatility of other European markets. A stable policy regime is likely to keep valuations high in the medium term.

Japan

- While Japan's corporate investments climbed 2.9% in Q2 compared to Q1,[5] the closure of the country's last nuclear reactor increased concerns over rising dependency on energy imports. The Government has said that imports of oil, gas and coal to fire conventional power stations will cost Japan an extra ¥9.2 trillion (US$93b) by the end of 2013.[6]
- Japan is contemplating several models for its planned unbundling of generation and network assets and liberalization of the retail electricity market. Restructuring the energy sector will require careful planning and execution, especially as Japan looks set to augment its renewable generation capacity. A robust regulatory framework will be needed to manage the operations of a larger number of different entities in the market.



India

- Attractive valuations and distressed assets have renewed foreign investor interest in India. Abu Dhabi Water & Electric Authority (ADWEA) has emerged as the frontrunner to acquire two mega-operating hydropower projects in Himachal Pradesh from the Jaypee Group, for US$2b, while France-based GDF Suez is in the advanced stages of buying a 900MW coastal power plant owned by Meenakshi Energy. Singapore-based Sembcorp, backed by sovereign investor Temasek Holdings, is also reported to be in talks to buy a majority stake in NCC Power Projects, for US$250m. These deals could mark the return of foreign investors to the Indian power sector after nearly a decade.

China

- China's plans to more than quadruple its solar power-generating capacity (to 35GW) by 2015 brought optimism to the renewable energy industry, particularly domestic solar panel manufacturers currently challenged with oversupply and lower panel prices. Plans to cut coal-based power generation from a current level of 68% to below 65% by 2017, and a reduced tariff for coal power plants, are shifting investors' focus to renewable energy.
- Access to technology remains a key M&A driver. New guidance from the NDRC energy bureau should have a positive impact on the development of distributed power generation, especially solar.

Australia

- The privatization of generation assets in the state of New South Wales gained traction, with Origin Energy acquiring state-owned generator Eraring Energy for US$609m. The deal will also see the state pay Origin US$275m to cancel a 17-year coal supply agreement, terminating the group's obligation to develop a coal mine at Cobbora. The quarter also witnessed the sale of two power stations by state-owned Delta Electricity, for US$160m. Expect similar announcements over the coming months regarding the remaining Delta Electricity and Macquarie Generation assets. The sale of Macquarie Generation is expected to fetch offers of at least A$1b. It has already attracted several first-round bids, including from AGL Energy, China's Shenhua Group and Brisbane-based ERM Power.

Spotlight: Africa set for high growth

Investment activity picks up as asset privatization gives way to a long-term infrastructure buildout

Growing energy demand, regulatory and social reforms and the need for infrastructure investment have seen Africa become one of the world's top energy investment destinations. Infrastructure spending hit US$700b in 2012, with the power sector accounting for 25%, or US$176b, of this investment.[10]

These rising levels of investment come as business perceptions of Africa evolve from "difficult" to "promising" and more foreign players begin to seek opportunities to partner with governments and local communities. Our recent Africa Attractiveness Survey report, Africa 2013: *getting down to business*, revealed that those respondents already doing business on the continent cite "improving transport, power and logistics infrastructure" as the single biggest factor for dealing with and enhancing the ease of doing business.

Renewable energy development in sub-Sahara is a key target, with both private and foreign players attracted by long-term growth prospects in wind, solar and geothermal. Kenya and Morocco received the second-largest clean energy investments in sub-Saharan Africa — US$2.9b between them — with South Africa securing US$5.7b of investment in 2012.[11] Other countries, including Ghana, are using incentives and assurances of grid connection to attract investors.

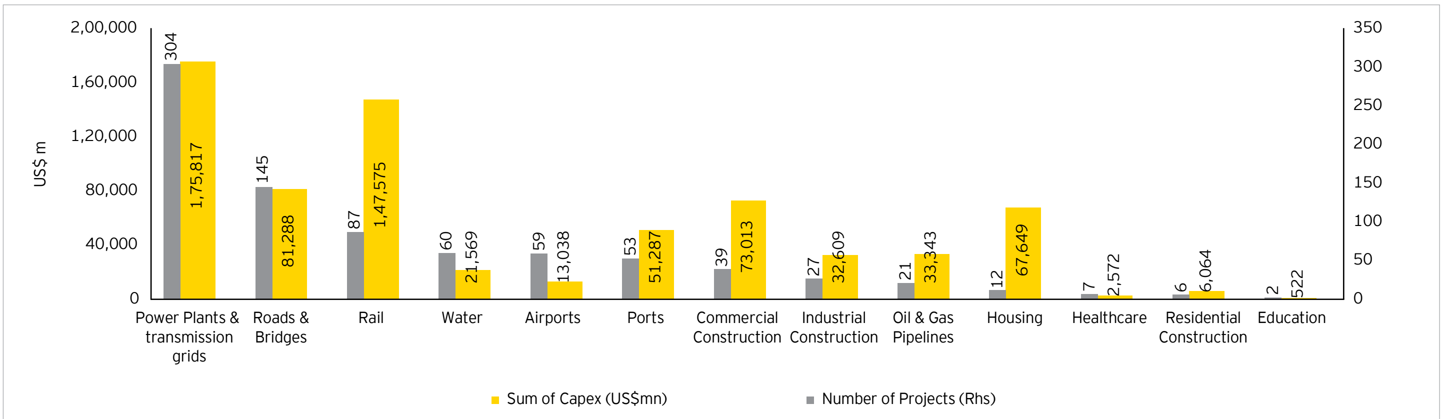
As more African countries try to attract inbound utility investment, the value of partnerships is clear. This was highlighted during Nigeria's recent US$2.5b privatization process where local players — in consortia with foreign players, including Siemens, Manila Electric, Symbian Power and KEPCO — emerged as winners of most projects.[12] As the country moves to privatize 10 gas-fired power plants, expect to see more involvement from foreign investors on the lookout for M&A opportunities.

Companies such as GE, Power China Corporation and South Korean High Quality and Marketing Company have also announced long-term greenfield investment plans for Nigeria, with Power China Corporation's US$20b memorandum of understanding the biggest to date. The deal will see the company develop gas and coal-fueled capacity and facilitate resources to build 10,000km of super-grid. The long-term viability of these projects is yet to be seen, as at least one-third of Africa's power projects are still in the conceptual stages and half of all capital is also locked in the planning stages. But companies with strong capex management programs and thorough due diligence should do well.

The importance of partnerships is also reflected in China's dominance of African inbound foreign direct investment. China is one of Africa's largest trade partners and Africa is China's major import source and its second-largest market for overseas construction project contracts. Now other economies, including the US, Japan and India, are working to get a foothold into the resource-rich continent and take a share of the US$300b of investment needed in the sub-Saharan region through 2030. Japan recently pledged US$2b for direct loans, underwriting debt and equity stakes in projects covering crude oil, natural gas, coal and minerals over the next five years.[13] The US has committed more than US$7b of investment in Africa over the same period.

Africa will need an additional 250GW of generation capacity by 2030.[14] The opportunities for investors are significant, but success will be contingent upon strong relationships across government, businesses and communities; robust long-term planning; identifying projects with long-term stable cash flows; and finding the right local partners. Project financing is still at a nascent stage in Africa and it may take time to evolve. For on-the-ground insights in Africa, please contact Brunhilde Barnard, Africa TAS Leader, Brunhilde.Barnard@za.ey.com.

Figure 2: Africa's infrastructure projects up to February 2013
Number of projects and capital invested by different sector activity (Ranked by most projects)



Source: EY attractiveness survey: Africa 2013

10 "*Africa 2013*: getting down to business, EY, 2013.
11 *Global Trends in Renewable Energy Investment*, Bloomberg New Energy Finance, 2013. Accessed 27 September 2013.
12 "Nigerian power facilities turn private," *Financial Times*, 30 September 2013; "Korean firm to inject $30b into Nigerian power sector," The Nation, 1 June 2013.
13 "Japan set to invest in African resources," *The Wall Street Journal Online*, 19 May 2013.
14 "*Prospects for the African power sector: scenarios and strategies for Africa project*," International Renewable Energy Agency, 2012; *Fact Sheet: Power Africa*, The White House, 30 June 2013.

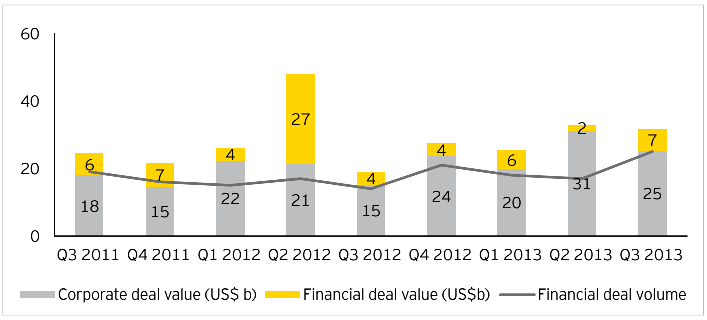
Transaction volume and value

Diverse set of buyers and capital reflect industry transformation

As utilities review operations and divest assets, we are seeing more diversity in ownership bases and capital funding sources entering the market. Infrastructure and pension funds have fast emerged as the new class of buyers for utilities assets, driven by current valuations and a desire to secure relatively stable cash flows. In Q3 2013, financial investor deal value rose to US$6.5b, up from US$1.8b in Q2. Notable deals included Australian-based Hastings Funds Management's acquisition of UK-based natural gas distribution company Phoenix Natural Gas for US$1.1b and the US$727m acquisition of (offshore electricity transmission asset) London Array Limited by a UK-based consortium of Barclays Infrastructure Funds and Mitsubishi. Renewable assets, particularly wind, emerged as an attractive target segment in terms of volume (10 deals), driven by regulatory mandates and attractive returns.

A number of US-based private equity (PE) firms and investment houses, such as JP Morgan, Tenaska Capital Management and Carlyle Group, were active in acquiring domestic gas-based generation and renewable assets. In addition, several PE firms such as Energy Capital Partners and First Reserve Corporation took positions in energy management and services firms. An external and internal management team backed by First Reserve Corporation acquired US-based Utility Services Associates in a buy-in management buy-out transaction worth US$300m, while Energy Capital Partners acquired TTR Substations, the US-based full-service electrical substation contractor. These transactions highlight the current trend for utilities to rebalance within the supply chain.

Figure 3: Financial vs. corporate buyer deal activity



Source: EY analysis based on Mergermarket data

Segment analysis

Energy services emerge as a key focus area

Generation: Deal value US$5.8b, up from US$2.3b in Q2

Deal value more than doubled to reach US$5.8b. Activity was up across all regions, driven by divestment in Europe, merchant gas-based portfolio optimization in the US and asset sales in Australia. Europe saw the largest increase (US$1.5b in Q3 versus US$0.01b in Q2) as investors expect sector reforms to boost profitability of generation assets.

Transmission and distribution: Deal value US$6.1b, down from US$6.5b in Q2

Deal value continued to fall, settling at US$6.1b, as Europe's large-value asset disposals dry up. Prominent deals included Greece's US$782m privatization of gas pipeline operator DESFA and the US$1.1b disposal of UK-based Phoenix Natural Gas Ltd by Terra Firma Capital Partners. However, it was Chinese gas deals that dominated Q3, with Asia-Pacific deals reaching $US3.2b and surpassing Europe for the first time in three years.

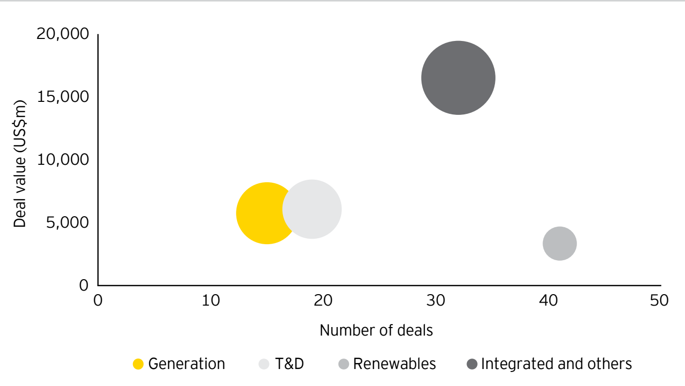
Renewables: Deal value US$3.3b, down from US$3.6b in Q2

Deal value slid marginally to US$3.3b, with the fall largely due to declining activity in Europe amid continued uncertainty around renewables. In the Americas, deal value doubled while volume tripled, driven predominantly by wind and hydro. Despite a significant decline in Asia-Pacific value (US$0.1b versus US$1.2b in Q2), an increasing focus on diversifying generation mix in countries such as India, Japan and China should enhance the long-term attractiveness of renewable assets in the region.

Integrated, energy services, water and others: Deal value US$16.5b, down from US$20.5b in Q2

While deal value fell, we saw several billion-dollar transactions, driven by divestments by Enel and Veolia, diversification by Gazprom and restructuring in Brazil. Energy management and services emerged as a key area of focus as utilities move to support core offerings with these value-added services. Water and waste management deals are up (US$2b in Q3 versus US$1.7b in Q2), led by Veolia's 24.95% stake divestment in Germany-based Berlinwasser Holding to the German state of Berlin.

Figure 4: Q3 2013 deals snapshot by segment



*Size of the bubble indicates average deal value

Source: EY analysis based on Mergermarket data

EY Transactions Power & Utilities contacts

The EY global power and utilities community comprises around 700 senior client-facing advisers at EY firms around the world. Please phone your local EY Power & Utilities leader if we can assist you.

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Doing the right deal in power and utilities

Doing the right deal right can make a power and utility business more competitive and profitable. Clients turn to EY firms' Transaction Advisory Services professionals for advice and support through the life cycle of a transaction, from early stage to execution and post-deal activities. Whether the transaction involves acquisitions, alliances, joint ventures, sales, divestitures or securitizations, we help clients do the right deal at the right price. We help to determine the true value of an asset, set up the business and tax structure, optimize their position in the regulated revenue and pricing environments and execute the deal. We combine proven practices and consistent methodologies with fresh thinking, giving the advice our clients need to make informed decisions, potentially reduce risks and achieve successful outcomes.

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