



Utility Transmission & Distribution

INDUSTRY MARKET UPDATE



ACQUISITIONS
DIVESTITURES
FINANCINGS
RESTRUCTURINGS

Key Statistics

70%+

of the US electricity grid is over 25 years old, making it vulnerable to disruptions ⁽¹⁾

\$260-350B

expected investment to upgrade and build transmission infrastructure between 2023 and 2030 ⁽²⁾

\$500B

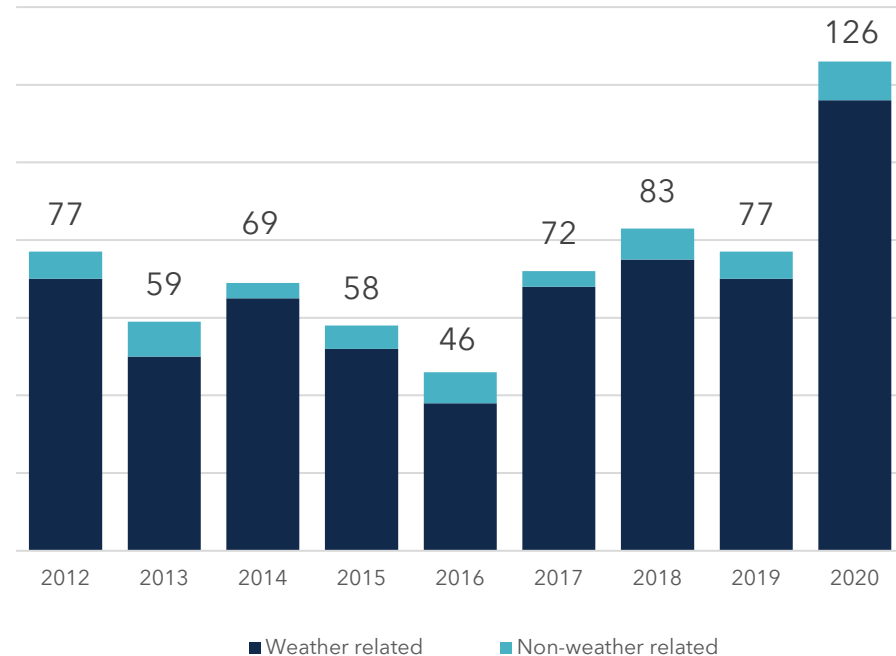
investment is required for U.S. electric utilities to build in resilience to extreme weather impacts by 2050 ⁽³⁾

Industry Overview

Electrical Transmission and Distribution (T&D) networks in the U.S. require significant improvement to enhance reliability and accommodate an increasingly complex energy ecosystem. Climate goals will be more difficult and expensive if the U.S. modernizes its electric grid and updates regulatory processes governing such network assets.

Power Outages in the United States

Number of Power Outages that have affected 50,000+ clients



(1) POWERGRID International; (2) Deloitte; (3) Wilson Quarterly

Key Trends

Growth in the T&D industry will be driven by several factors that indicate a prolonged period of increasing capital expenditures.



» Utilities are deploying grid-enhancing technologies and smart grid frameworks for network management to reduce and complement transmission infrastructure development. One example is the smart meter rollout that reached ~124 million units in 2022 ⁽⁴⁾, roughly twice the units in 2014.



» An evolving energy transmission ecosystem, which includes clean energy sources, entails a massive change in the existing bulk power transmission network. Modernizing existing assets is a priority.



» Increasing U.S. electric vehicle (EV) penetration, projected at over 50% of all sales by 2030⁽⁵⁾, creates network reliability and stability issues. Significant upgrades and reinforcements are needed for sub-transmission and distribution network systems to support the number of charging stations required.



» The U.S. has sustained over 370 weather and climate disasters since 1980, where damages exceeded \$1B.⁽⁶⁾ With power grid improvement investment, or grid hardening, repair costs, and downtime can be drastically reduced, as demonstrated in Florida after Hurricane Ian, which bordered Category 5. 4M lost power in the state. Within two weeks, only 100,000 (.025%) were still without power.⁽⁷⁾

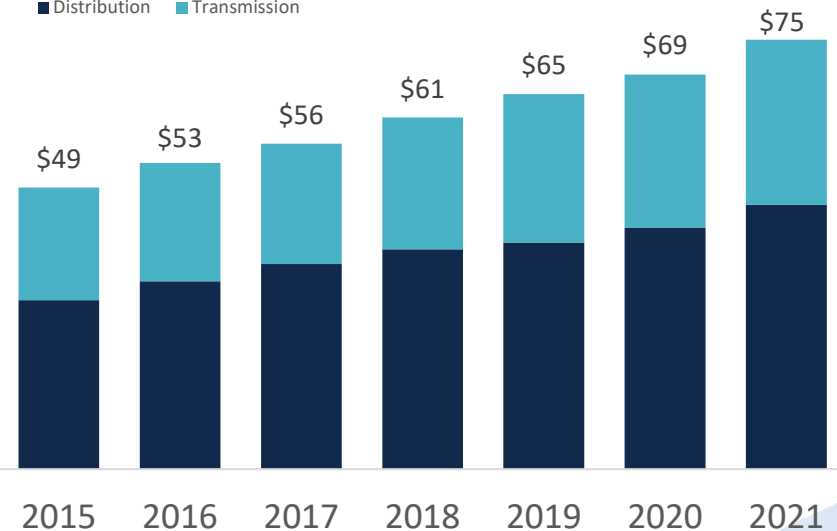


» The U.S. Department of Energy estimates the domestic electricity transmission network requires a 60% expansion by 2030. To support this effort, the federal government announced the \$13B ⁽⁸⁾ Bipartisan Infrastructure Law for grid modernization, with an additional \$2.3B allocated to fund grid resilience investments for states and municipalities to mitigate impacts of extreme weather events.

(4) Utility Dive; (5) CNBC; (6) National Centers for Environmental Information - National Oceanic and Atmospheric Administration; (5) National Environmental Satellite, Data, and Information Service (Department of Commerce); (7) Grid Strategies Report on Transmission Congestion Costs in the U.S. - July 2023; (8) (3) The US Department of Energy

Functional Capex (\$Billions)

■ Distribution ■ Transmission



U.S. Investor-Owned Electric Utility Distribution and Transmission Capex



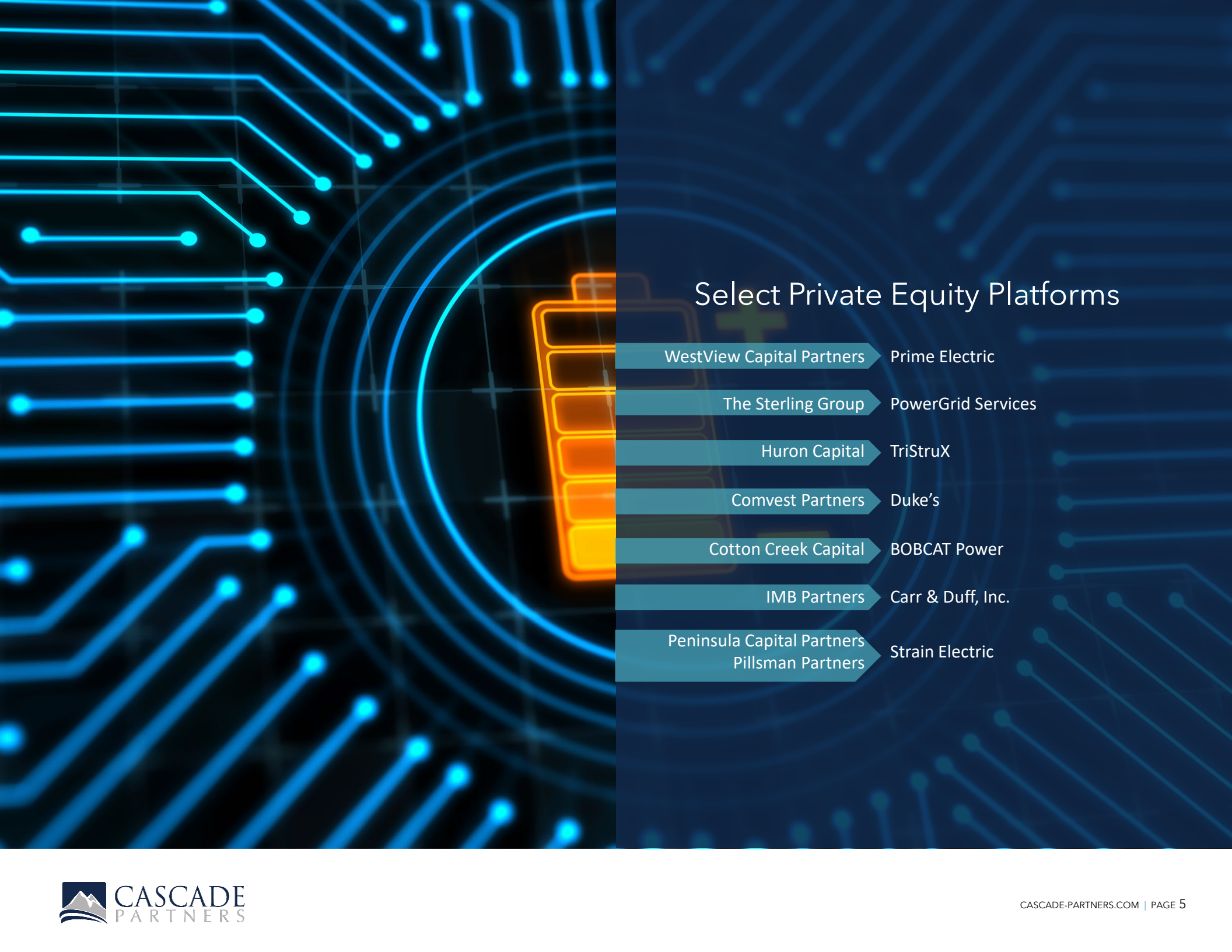
Increased Investor Interest

Key factors determining the rationale in recent M&A transactions include the following:

- » The acceleration of development and deployment of complex energy management systems is highlighting the need for partnerships that combine complementary services to meet growing demands
- » New investment focus areas such as electric vehicle charging infrastructure, distributed generation, and energy forecasting are presenting opportunities for competitive differentiation
- » T&D capacity expansion encompassing engineering, procurement, and construction capabilities is driving T&D acquisitions for companies seeking to build a more comprehensive suite of services

Recent transactions indicate that established players are eager to grow revenue and add capabilities. Electrification will continue to drive interest in contractors and service providers with proven capabilities in energy infrastructure projects.

Select Private Equity Platforms



WestView Capital Partners	Prime Electric
The Sterling Group	PowerGrid Services
Huron Capital	TriStruX
Comvest Partners	Duke's
Cotton Creek Capital	BOBCAT Power
IMB Partners	Carr & Duff, Inc.
Peninsula Capital Partners Pillsman Partners	Strain Electric

Recent M&A Activity

DATE	ACQUIRER	TARGET
Feb, 2022	Thayer Power & Communication	Heartland Solutions Corp.
Dec, 2021	Charge Enterprises	BW Electrical Services
Dec, 2021	MasTec	Alvah Contractors
Aug, 2021	QualTek, USA	Concurrent Group
June, 2021	Axium Infrastructure	Upper Peninsula Power
Aug, 2021	Southwest Gas Holdings	Riggs Distler & Company
Apr, 2021	Arcline	North American Substation Services
Mar, 2021	NextEra Energy	GridLiance
Jan, 2021	Bernhard Capital	B&B Electrical & Utility Contractors
Jan, 2021	MasTec	INTREN
Jan, 2021	Alectra Utilities	Holland Power Services
Dec, 2020	First Reserve	The Goldfield Corporation
Aug, 2020	BHI Energy	Coastal Electrical Construction
Aug, 2020	Quanta Services	Lee Electrical Services
Apr, 2020	Enmax	Versant Power

Select Transactions

Financing & Buy-Side Advisor

NLG NORLEE GROUP

has acquired

COLWILL ENGINEERING

Learn more about the transaction here.

Sell-Side Advisor

UIS UNDERGROUND INFRASTRUCTURE SERVICES

has been acquired by

DUKE'S ROOTED IN INNOVATION

a portfolio company of

COMVEST PARTNERS

Learn more about the transaction here.

Sell-Side Advisor

PIPETEK INFRASTRUCTURE SERVICES

has been acquired by

DUKE'S ROOTED IN INNOVATION

a portfolio company of

COMVEST PARTNERS

Learn more about the transaction here.

Financing

PPS PACIFIC POWER & SYSTEMS

has completed a minority recapitalization and acquisition financing with

WHITEWOLF CAPITAL LLC

Learn more about the transaction in the case study here.

Financing

PPS PACIFIC POWER & SYSTEMS

has secured follow-on financing for accelerated growth from

WHITEWOLF CAPITAL LLC

Learn more about the transaction in the case study here.

About Cascade Partners

Cascade Partners is a boutique investment banking firm focused on middle-market businesses in industrials, healthcare, business services and manufacturing. Manufacturing and related business services are passions and specialties at Cascade Partners.

With more than 250 years of combined experience, we work with business owners and shareholders to achieve their objectives and explain the impact and opportunity of their options. Our experience extends beyond just being transaction advisors, too. We have been operators, served on boards and made personal investments in services firms. From buy-side and sell-side advisory services to securing growth financing, restructurings or recapitalizing your business, our expertise and insight goes deeper than the economic factors of a deal.

We recognize and respect the long-term impacts of a transaction on our clients' company, employees, family, wealth and personal lives and are committed not only to creating long-term value for companies but to creating transformative solutions for people.

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