



PCE Industry Report

Power & Energy





Middle Market M&A Summary

2nd Quarter 2015

Power & Energy

Key Highlights

- The average value of the top ten transactions was \$10.7 billion.
 - The largest transaction was the acquisition of Williams Companies, Inc by Energy Transfer Equity, L.P. for \$81.8 billion.
 - The smallest transaction was the acquisition of 19.5% of Zydeco Pipeline Company, LLC by Shell Midstream Operating, LLC for \$448 million.
- The public company industry median TEV/EBIT multiple is 14.8x.
- The public company industry median TEV/EBITDA multiple is 10.7x.

Key Trends

- The Oil & Gas Drilling, Equipment, and Services and Electrical Components & Equipment subsectors' transaction volumes are trending positively. The Oil & Gas Storage and Transportation and Independent Power Producers, Energy Traders, and Utilities subsectors are trending negatively.
- The Oil & Gas Storage and Transportation subsector's transaction volume was the largest at 31% of the industry.
- Market reforms should encourage increased transaction activity in the industry. Deal volume recently hit four and five-year highs as a result of innovations in finance and technology. Utilities and financial investors should accelerate growth through M&A.
- Low oil prices and increased competition have threatened margins in the oil industry. Strong demand fuels higher margins. The oil storage and transportation industry should continue to grow due to steady production. Large energy companies have used improving margins to expand market share through infrastructure and renewable energy projects.

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

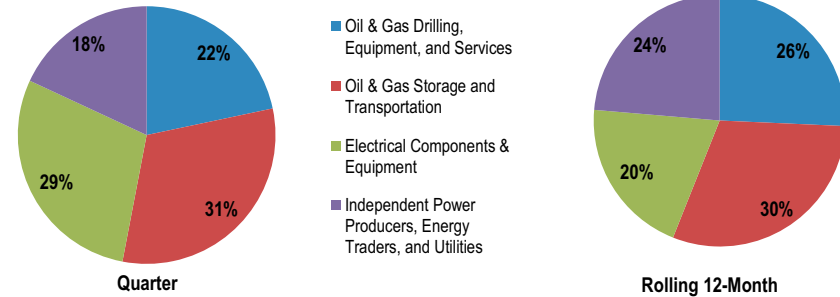
Power & Energy - For the Quarter Ended 06/30/15

Industry Trends During Quarter

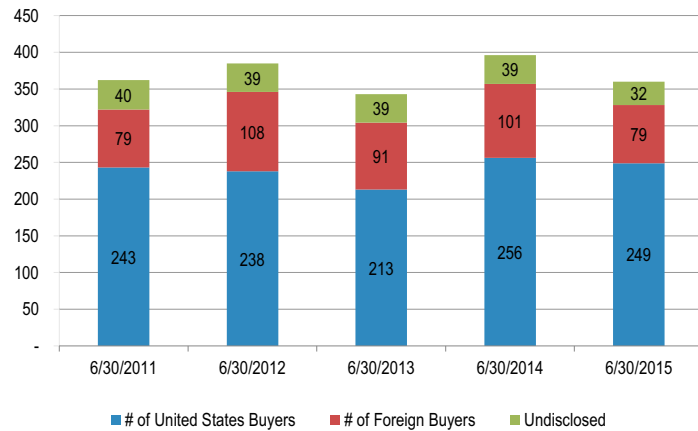
| Sector | Transaction Volume | TEV/ Revenue | TEV/EBITDA |
|--|--------------------|--------------|------------|
| Oil & Gas Drilling, Equipment, and Services | ↑ | ↑ | ↑ |
| Oil & Gas Storage and Transportation | ↓ | ↑ | ↑ |
| Electrical Components & Equipment | ↑ | ↓ | ↑ |
| Independent Power Producers,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



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

| Sector | Target | Buyer | Transaction Value |
|-------------------------------|---|---|-------------------|
| Oil & Gas Storage & Transport | Williams Companies, Inc. | Energy Transfer Equity, L.P. | \$81,793.1 |
| Oil & Gas Storage & Transport | Williams Partners L.P. | Williams Companies, Inc. | \$13,797.8 |
| Oil & Gas Storage & Transport | Crestwood Midstream Partners LP | Crestwood Equity Partners LP | \$6,125.5 |
| Electrical Components & Equip | GrafTech International Ltd. | Brookfield Asset Management Inc. | \$1,244.2 |
| Oil & Gas Storage & Transport | Niska Gas Storage Partners LLC | Brookfield Infrastructure Partners L.P. | \$939.9 |
| Oil & Gas Storage & Transport | EnLink Midstream Holdings, LP | EnLink Midstream Partners, LP | \$926.7 |
| Oil & Gas Storage & Transport | Bridger Logistics, LLC | Ferrellgas Partners LP | \$839.3 |
| Oil & Gas Storage & Transport | Utica East Ohio Midstream, LLC | Utica Gas Services, L.L.C. | \$575.0 |
| Oil & Gas Storage & Transport | Carolina Gas Transmission Corporation | Dominion Midstream Partners, LP | \$507.5 |
| Oil & Gas Storage & Transport | 19.5% of Zydeco Pipeline Company, LLC and 1.388% of Colonial Pipeline Company | Shell Midstream Operating LLC | \$448.0 |

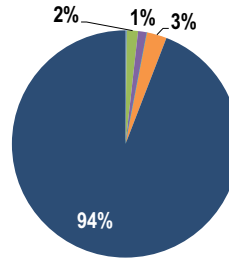
Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Oil & Gas Drilling, Equipment, and Services - For the Quarter Ended 06/30/15

Summary of Sector Transactions During Quarter (\$ in millions)

| | |
|--|------------|
| Number of Transactions in Sector | 18 |
| Number of Transactions with Disclosed Values | 8 |
| Transaction Value* | \$8,103.00 |
| Average Transaction Value* | \$1,012.87 |
| Median Transaction Value* | \$64.32 |

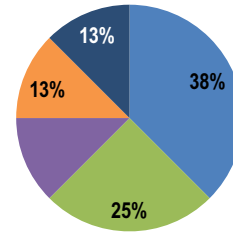
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% Transaction Value During Quarter

Transactions by Value & Volume

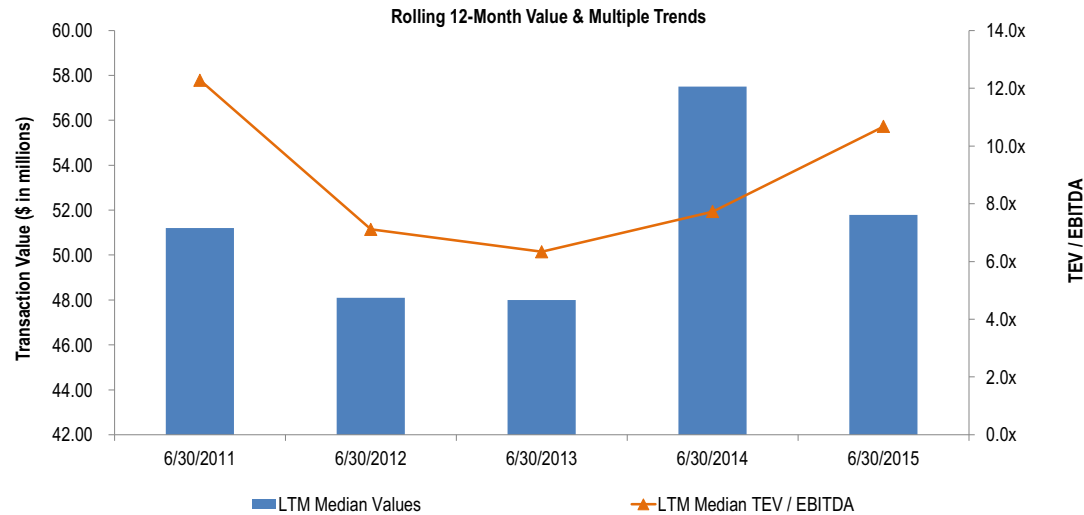
- Transactions <\$50MM
- Transactions \$50MM - \$100MM
- Transactions \$100MM - \$150MM
- Transactions \$150MM - \$200MM
- Transactions \$200MM - \$250MM
- Transactions > \$250MM



% Transaction Volume During Quarter

*Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends



* Values and multiples may be skewed given data includes reported information only. While ~ 30% - 40% of transactions disclose values, only ~ 3% - 5% disclose EBITDA multiples. As a result, data may be a poor indicator of overall market performance.

Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

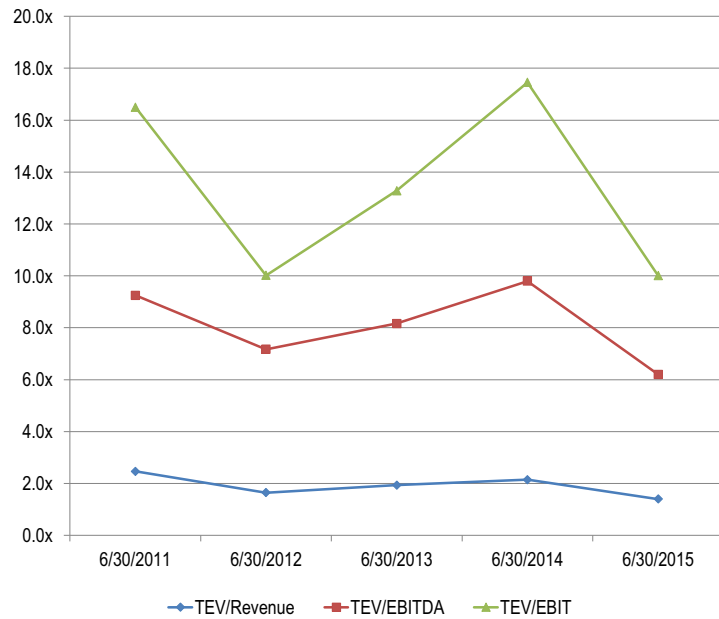
Oil & Gas Drilling, Equipment, and Services - For the Quarter Ended 06/30/15

Summary of Public Comparables as of Quarter End (\$ in millions)

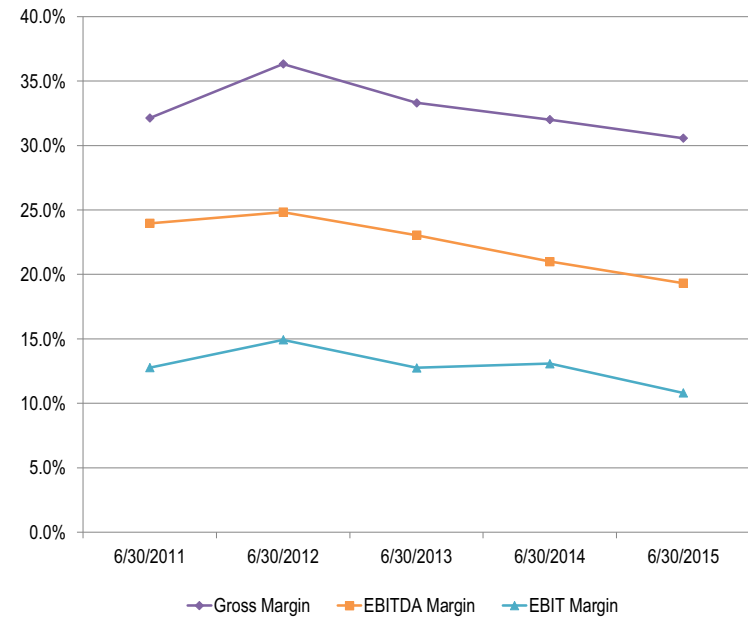
| | TEV | | | | LTM 6/30/2015 Trends | |
|---------|------------|---------|--------|-------|----------------------|---|
| | Market Cap | Revenue | EBITDA | EBIT | | |
| Average | \$2,339 | 1.9x | 8.7x | 18.5x | TEV/Revenue | ↑ |
| Median | \$475 | 1.4x | 6.2x | 10.0x | TEV/EBITDA | ↓ |
| | | | | | TEV/EBIT | ↓ |

| | Margins | | | LTM 6/30/2015 Trends | |
|---------|--------------|--------|-------|----------------------|---|
| | Gross Profit | EBITDA | EBIT | | |
| Average | 29.7% | 14.8% | 7.1% | Gross Margin | ↓ |
| Median | 30.6% | 19.3% | 10.8% | EBITDA Margin | ↓ |
| | | | | EBIT Margin | ↓ |

Valuation Trends



Margin Trends



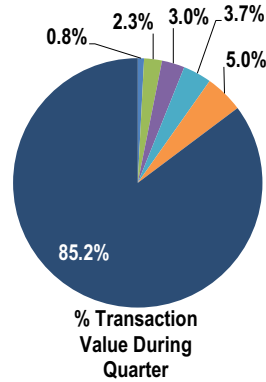
Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Oil & Gas Storage and Transportation - For the Quarter Ended 06/30/15

Summary of Sector Transactions During Quarter (\$ in millions)

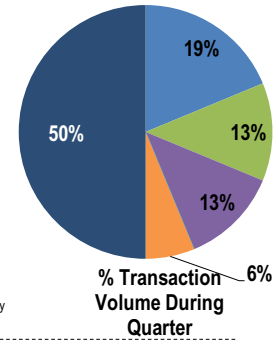
| | |
|--|------------|
| Number of Transactions in Sector | 26 |
| Number of Transactions with Disclosed Values | 16 |
| Transaction Value* | \$4,876.95 |
| Average Transaction Value* | \$304.81 |
| Median Transaction Value* | \$249.00 |

*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.



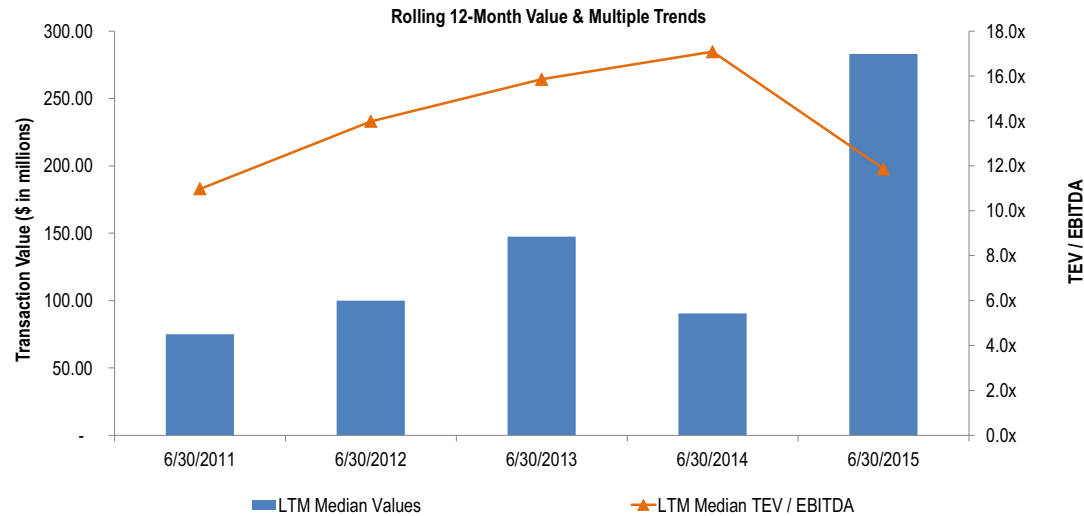
Transactions by Value & Volume

- Transactions <\$50MM
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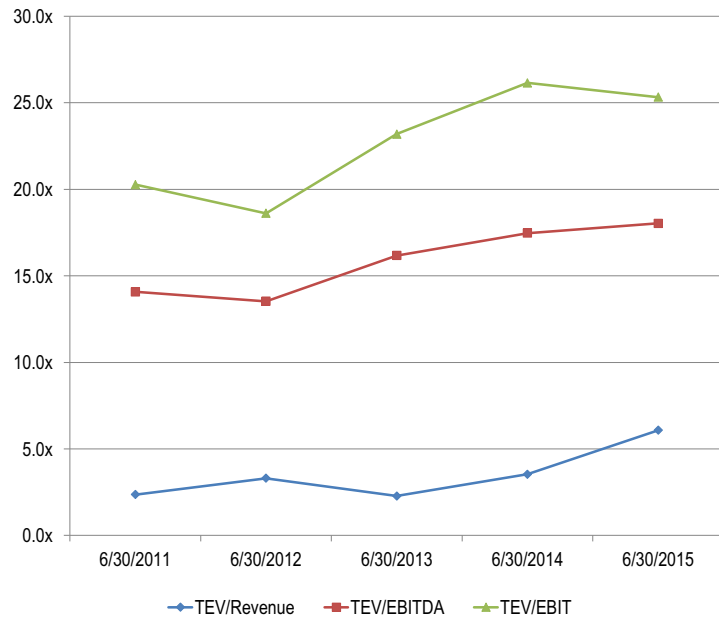
Oil & Gas Storage and Transportation - For the Quarter Ended 06/30/15

Summary of Public Comparables as of Quarter End (\$ in millions)

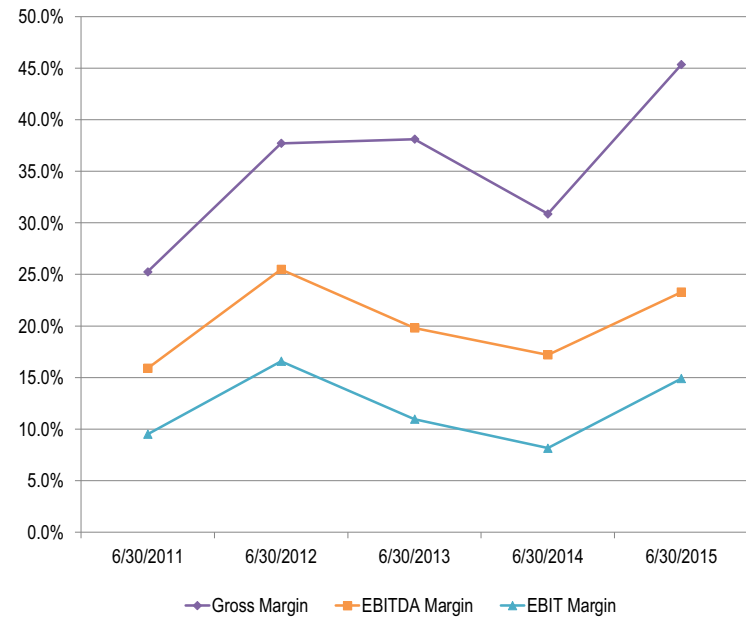
| | TEV | | | | LTM 6/30/2015 Trends | |
|---------|------------|---------|--------|-------|----------------------|---|
| | Market Cap | Revenue | EBITDA | EBIT | | |
| Average | \$7,074 | 14.1x | 20.5x | 37.6x | TEV/Revenue | ↑ |
| Median | \$3,110 | 6.1x | 18.0x | 25.3x | TEV/EBITDA | ↑ |
| | | | | | TEV/EBIT | ↓ |

| | Margins | | | LTM 6/30/2015 Trends | |
|---------|--------------|--------|-------|----------------------|---|
| | Gross Profit | EBITDA | EBIT | | |
| Average | 43.5% | 27.2% | 18.8% | Gross Margin | ↑ |
| Median | 45.4% | 23.3% | 14.9% | EBITDA Margin | ↑ |
| | | | | EBIT Margin | ↑ |

Valuation Trends



Margin Trends



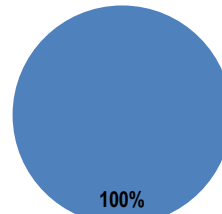
Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Electrical Components & Equipment - For the Quarter Ended 06/30/15

Summary of Sector Transactions During Quarter (\$ in millions)

| | |
|--|---------|
| Number of Transactions in Sector | 24 |
| Number of Transactions with Disclosed Values | 4 |
| Transaction Value* | \$18.20 |
| Average Transaction Value* | \$4.55 |
| Median Transaction Value* | \$4.10 |

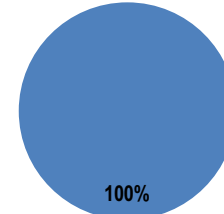
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% Transaction Value During Quarter

Transactions by Value & Volume

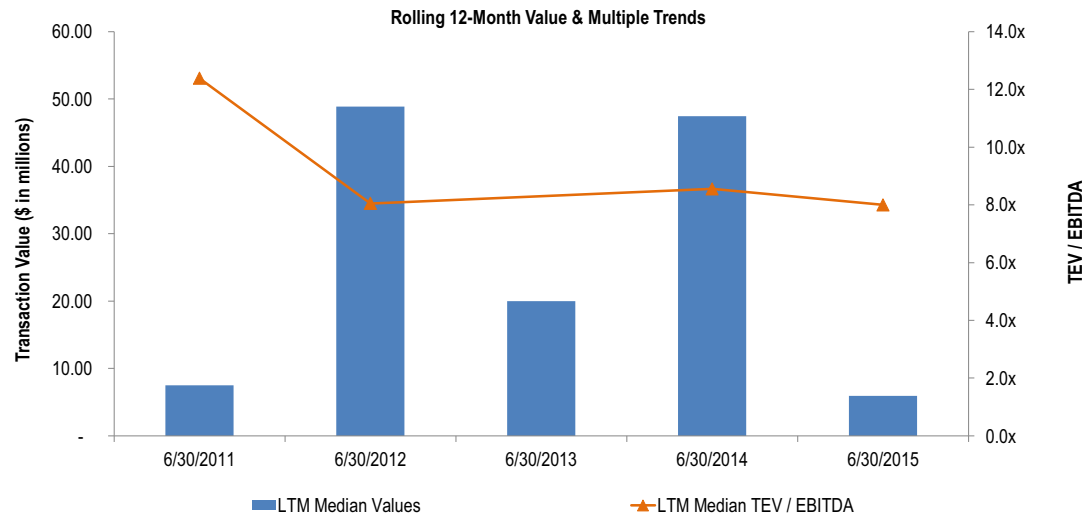
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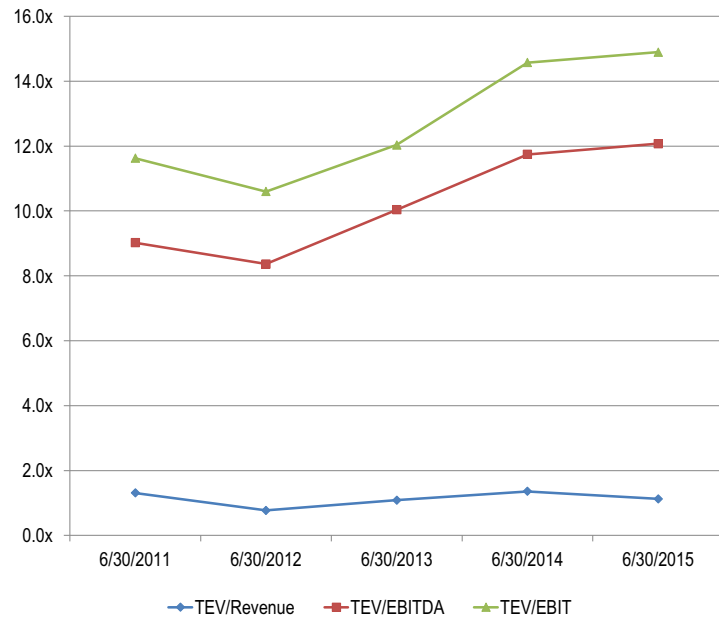
Electrical Components & Equipment - For the Quarter Ended 06/30/15

Summary of Public Comparables as of Quarter End (\$ in millions)

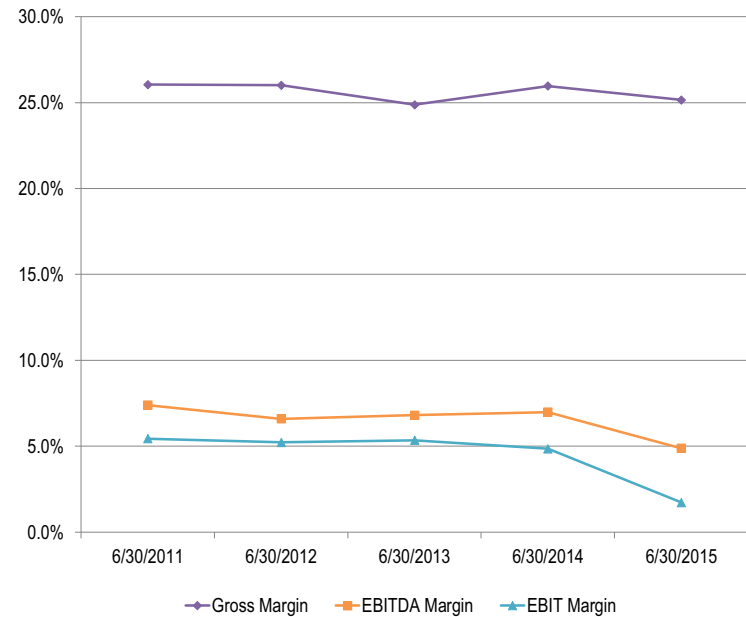
| | TEV | | | | LTM 6/30/2015 Trends | |
|---------|------------|---------|--------|-------|----------------------|---|
| | Market Cap | Revenue | EBITDA | EBIT | | |
| Average | \$2,218 | 2.6x | 15.5x | 22.2x | TEV/Revenue | ↓ |
| Median | \$213 | 1.1x | 12.1x | 14.9x | TEV/EBITDA | ↑ |
| | | | | | TEV/EBIT | ↑ |

| | Margins | | | LTM 6/30/2015 Trends | |
|---------|--------------|--------|--------|----------------------|---|
| | Gross Profit | EBITDA | EBIT | | |
| Average | 22.5% | -13.2% | -12.3% | Gross Margin | ↓ |
| Median | 25.2% | 4.9% | 1.7% | EBITDA Margin | ↑ |
| | | | | EBIT Margin | ↑ |

Valuation Trends



Margin Trends



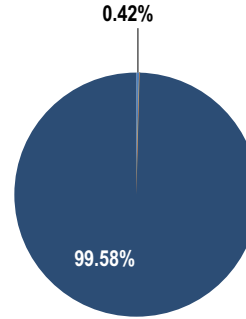
Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Independent Power Producers, Energy Traders, and Utilities - For the Quarter Ended 06/30/15

Summary of Sector Transactions During Quarter (\$ in millions)

| | |
|--|-------------|
| Number of Transactions in Sector | 15 |
| Number of Transactions with Disclosed Values | 12 |
| Transaction Value* | \$17,221.33 |
| Average Transaction Value* | \$1,435.11 |
| Median Transaction Value* | \$342.50 |

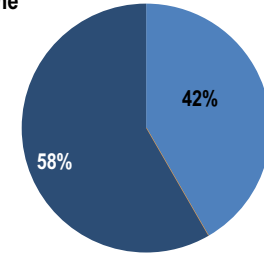
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% Transaction Value During Quarter

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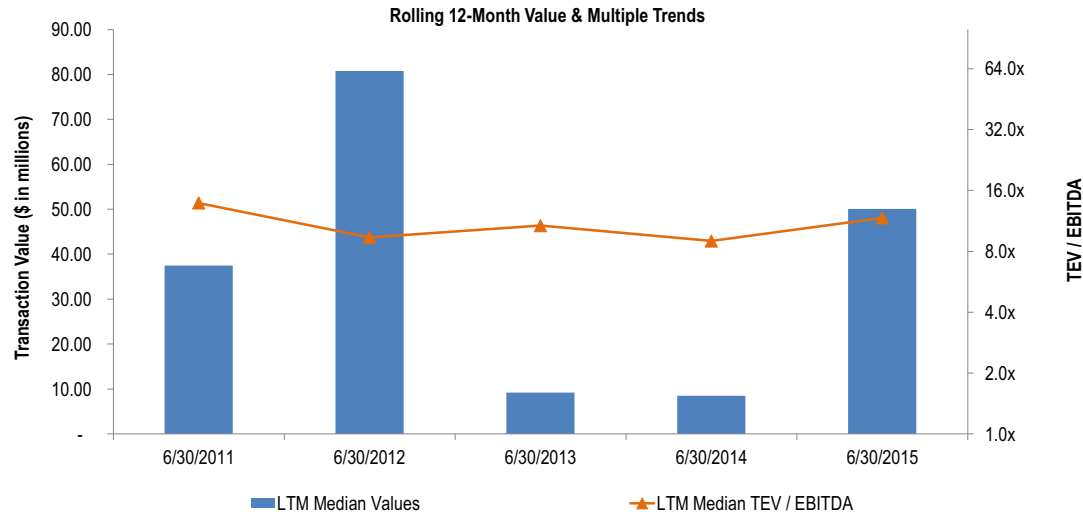
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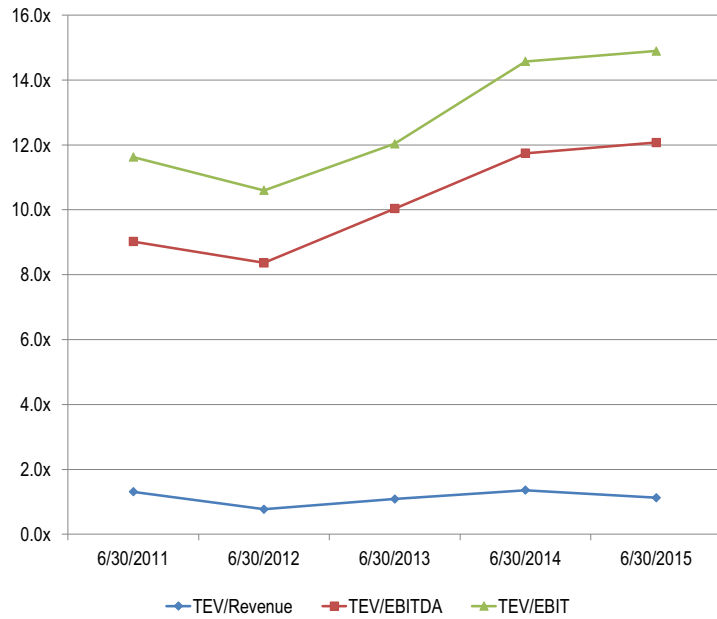
Independent Power Producers, Energy Traders, and Utilities - For the Quarter Ended 06/30/15

Summary of Public Comparables as of Quarter End (\$ in millions)

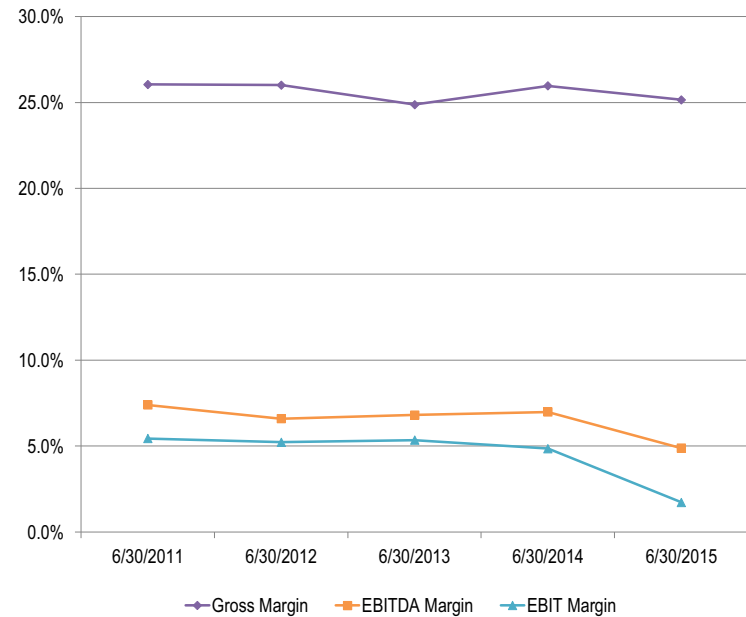
| | TEV | | | | LTM 6/30/2015 Trends | |
|---------|------------|---------|--------|-------|----------------------|---|
| | Market Cap | Revenue | EBITDA | EBIT | | |
| Average | \$7,391 | 3.4x | 9.9x | 17.6x | TEV/Revenue | ↓ |
| Median | \$3,271 | 2.7x | 9.3x | 14.7x | TEV/EBITDA | ↑ |
| | | | | | TEV/EBIT | ↑ |

| | Margins | | | LTM 6/30/2015 Trends | |
|---------|--------------|--------|-------|----------------------|---|
| | Gross Profit | EBITDA | EBIT | | |
| Average | 37.0% | 27.5% | 16.5% | Gross Margin | ↓ |
| Median | 34.1% | 27.9% | 16.9% | EBITDA Margin | ↓ |
| | | | | EBIT Margin | ↓ |

Valuation Trends



Margin Trends



Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Data Assumptions

At PCE, we consider 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 announced dates.



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Glossary

EBIT - Earnings Before Interest and Taxes

EBITDA - Earnings Before Interest, Taxes, Depreciation, Amortization

LTM - Last Twelve Months

TEV - Total Enterprise Value

About PCE

Eighteen years ago, PCE was formed to provide professional investment banking, business valuation and advisory services to middle market companies. We determined from our experience as business owners that there was a need that was not being professionally fulfilled.

We understand the importance of creating a relationship and the value of trust when providing our services. PCE's professionals are successful business owner, entrepreneurs, lenders, former Federal Reserve board members, CPA's, CFA's, national & international valuation experts, international analysts and investors. PCE offers senior level attention, sound advice, skilled execution and personalized attention you can trust.

Our mission is to be the premier investment bank serving middle market companies. PCE is committed to providing individualized strategies throughout your business life-cycle, focused on maximizing shareholder value.

PCE Investment Bankers, Inc. – member FINRA and SIPC; PCE Valuations, LLC; PCE Advisory, LLC