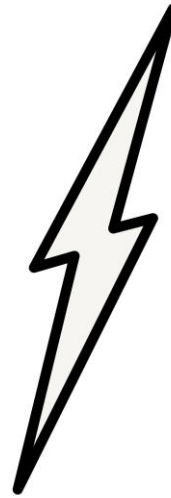


Energy

Industry Overview

*Private
Equity
Society*



Green Finance - History

1980s – The **UN's 1987 Brundtland Report** set guiding principles for sustainable development



1990s – The **1997 Kyoto Protocol** and **Global Reporting Initiative (GRI)** set early targets and standards for reducing emissions and sustainable reporting



2000s – Introduction of **ESG**. UN's 2006 **Principles for Responsible Investment (PRI)** urges institutional investors to incorporate ESG factors. Emergence of clean/green funds by firms *like Carlyle, KKR, and TPG*

CARLYLE **KKR** **TPG**

2010s – The **Paris Agreement** (2015) limits global warming below 2°C. **TCFD** (2015) and **SFDR** (2019) further standardise ESG reporting in investment decision making



2020s – **European Green Deal** (2020) demands EU to become climate neutral by 2050. **US Inflation Reduction Act** (2022) uses tax credits and grants to incentivise green investments. Boom in sustainable PE funds.

Green private equity grew with shifting societal attitudes and regulations. Key regulatory events and improved reporting standards continue to drive demand toward sustainable financing– an ideal match for PE's long-term investment approach.

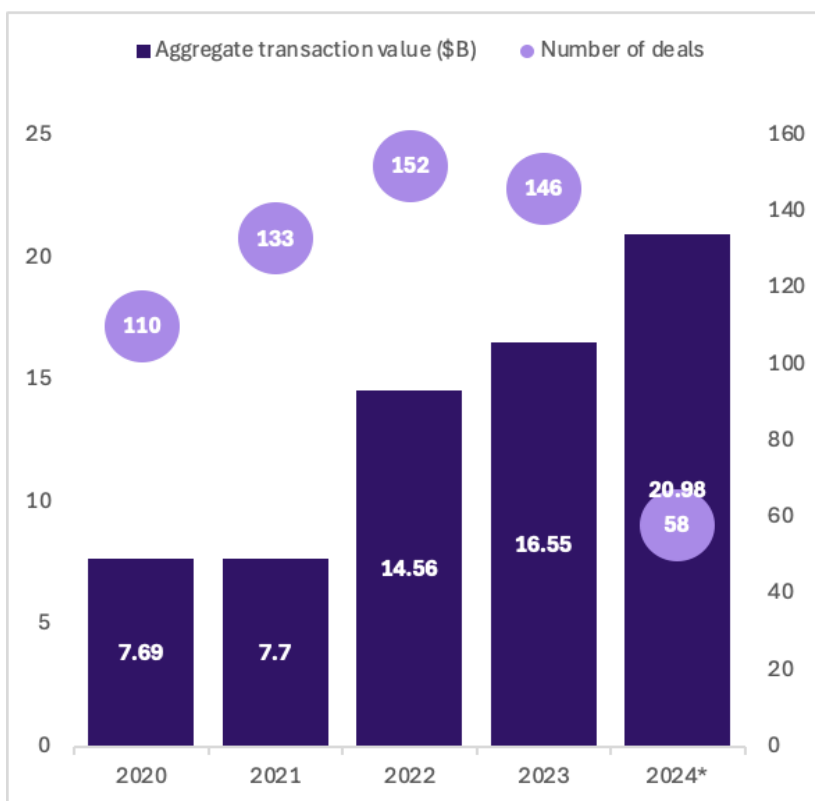


Market Trends

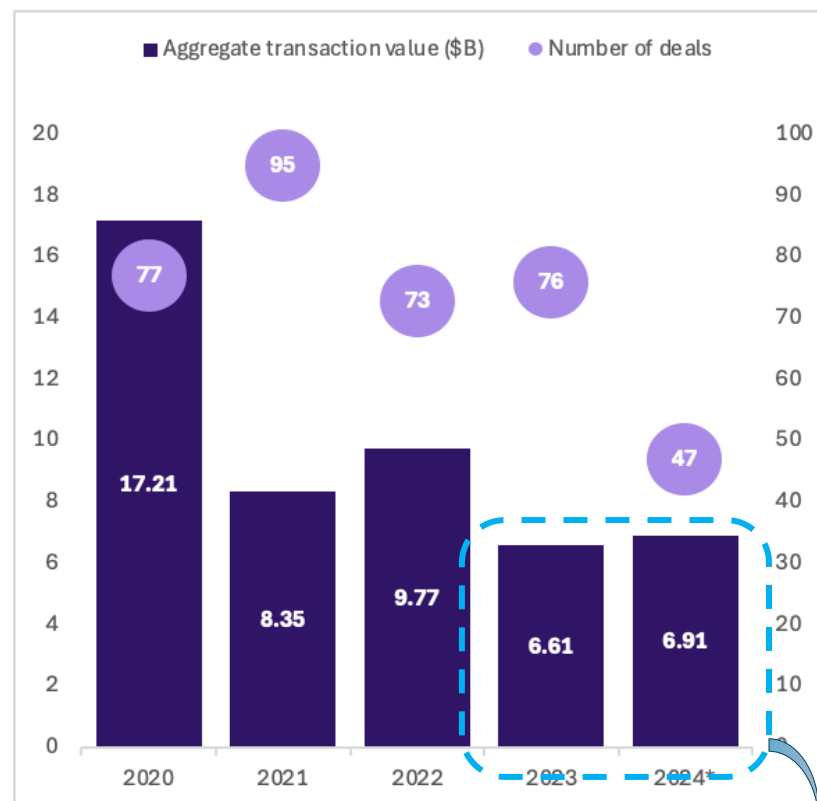
Private equity is experiencing a **surge in acquiring renewable energy developers**, increasingly favouring equity-based **take-private** deals for leveraged buyouts due to high interest rates and **rising electricity demand**. In 2023, PE investments in renewables reached **over \$15 billion**, with **fundraising reaching 25x that of fossil fuels**.



Renewables



Oil and Gas



- **High energy needs of Generative AI** regained PE's attention in the oil and gas industry.
- AI data centres are forecast to use **8% of global power by 2030**, compared to 3% in 2022.
- PE-backed deals in oil and gas are on track to reach the **highest annual value** for the sector since 2020.

Shifting societal values

Increased investor awareness

Policy shifts and regulatory changes

Value creation from ESG integration

Risks and Uncertainties

Political Risks

- Concerns about **Trump** repealing **Inflation Reduction Act (IRA)** subsidies cast doubt on the future of renewables, since many firms have high reinvestment needs and R&D costs.
- Uncertainty around exits due to **lower public valuations** may discourage private equity investment in clean energy– a concern enhanced by current liquidity pressures in the sector.
- Uncertainty over Trump’s policies impacts **wind** and **solar** companies globally, since the US– particularly due to the recent **AI-driven energy demand surge**– remains a key market.



Clean Energy Stocks Performance - US Presidential Election

Donald Trump’s election is likely to **slow, but not halt**, the growth of clean energy. Popular job-creating policies like the **IRA** are likely to endure despite Trump’s criticisms. Overall, while short-term volatility and delayed investment is likely, the **long-term outlook** for green private equity remains **positive**.



Other Risks

Sustainability Misreporting and Reputational Risks

Technological Shortcomings

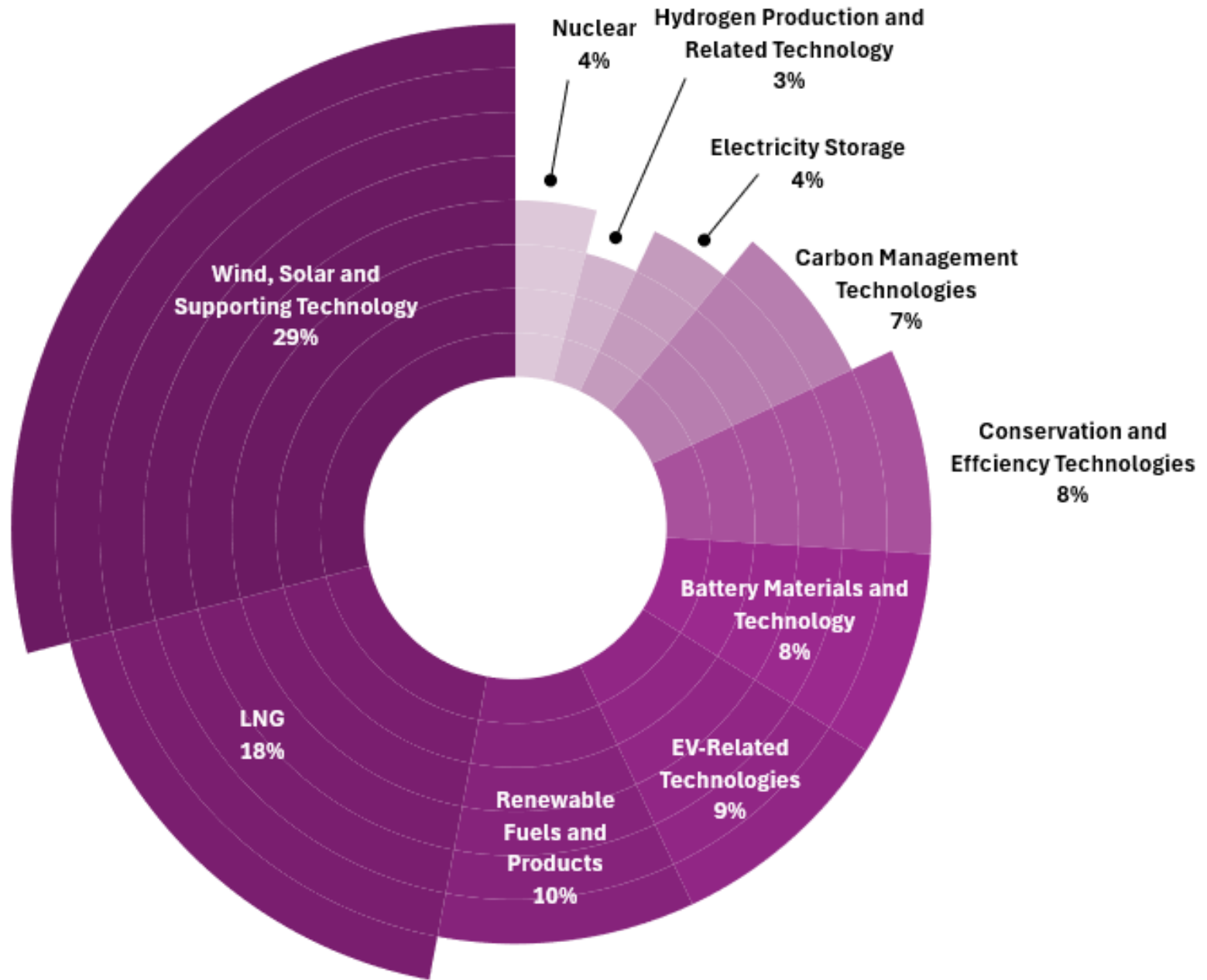
Supply Chain Disruptions

Capital and Financing Constraints

Geopolitical Concerns and International Collaboration

Public Perception and Social Responsibility

Market Segments



Sources: Weavers

Notable Deals 2024

Acquirer

Brookfield
Renewable Energy Partners

TEMASEK

Brookfield Renewable
+ Temasek



Date
announced:
30 May
2024

Target

NEOEN

Neoen

\$6.6 Billion

Total Transaction Value

27%

Premium

*Renewable energy
generation and storage*

Industry

Acquirer

ECP

Energy Capital
Partners



Date
announced:
28 May
2024

Target

Atlantica
Sustainable Infrastructure

Atlantica
Sustainable
Infrastructures

\$2.56 Billion

Total Transaction Value

19%

Premium

Sustainable infrastructure

Industry

Acquirer

Blackstone

Blackstone Inc.



Date
announced:
4 September
2024

Target

AIRTRUNK

AirTrunk

\$16.14 Billion

Total Transaction Value

21x

Run-Rate EBITDA

Sustainable Data Centres

Industry

Key Players



AUM \$100 Billion



AUM \$19 Billion



AUM \$77 Billion

Portfolio Companies



Renewable energy developer and operator in Latin America



Infrastructure operator focused on renewable energy and water



French renewable energy developer, operator, and financier



Clean power developer and operator with 350+ projects



Renewable generation and storage, focused on solar energy



Renewable energy operator owning over 2.2 GW of assets



Early-stage 2.4 GW offshore wind energy project



Electricity producer from natural gas and geothermal resources



Global sustainable energy developer with over 2.8 GW built