



On the Cutting Edge in the Distributed Energy Resource Sector – Shell Acquires a Majority Stake in GI Energy

Deal Highlights

- Royal Dutch Shell’s affiliate, Shell New Energies, made a strategic investment in GI Energy and acquired a majority interest; their 6th investment in distributed energy resources since the beginning of 2017.
- IMAP Falls River Group (FRG) acted as exclusive financial advisor to GI Energy, a leading provider of on-site energy solutions in North America.
- Shell’s New Energies business was created in 2016 to explore commercial models supporting the world’s energy transition.
- GI Energy’s relationship with Shell means the company can combine its development strengths with Shell’s appetite for long-term asset ownership, their balance sheet and ability to solve commodity pricing challenges.
- IMAP FRG generated tremendous interest in the opportunity globally, with over 30 potential partners signing confidentiality agreements. Multiple indications of interest were received and IMAP FRG closed the transaction within six months.



Market Outlook

- With advancements in technology and cost improvements, the distributed energy model will be increasingly embraced in the US and globally. The GI Energy deal validated this trend, seeing strong and wide interest from multi-billion-dollar infrastructure funds and technology/internet companies, to equipment manufacturers and utilities.
- The US is at the start and epicenter of a major energy evolution and there is a “wall of money” looking to invest in onsite renewable energy solution developers and providers.

Industry Valuation Summary

- Approaches to considering valuation depend on the specific buyer. Some may focus on financial multiples, while an infrastructure fund, for example, would consider the synergies available with access and ability to capture significant cash flows from financing projects.
- The standard approach, in considering valuation for on-site distributed energy technology companies, would be to apply a multiple to the company’s annual EBITDA. The multiple applicable to the industry would be in the range of 7.0x to 10.0x NTM EBITDA.
- IMAP FRG delivered an outstanding result for GI Energy from both a strategic and financial perspective.



IMAP Approach

- GI Energy engaged IMAP FRG to lead a transaction process that would maximize value and at the same time, identify a new partner with the resources and expertise to further its leadership position in the distributed energy resources sector.
- IMAP’s Global Energy Group collaborated on evaluating the deal and identifying potential buyers, providing IMAP FRG with global intelligence on renewable energy market trends, recent M&A activity, relationships with active acquirers and insight on approach to valuation.
- IMAP partners identified over 80 potential targets and advised on the initial pitch, with IMAP Canada and IMAP Germany providing additional support during the transaction. Potential buyers were approached in North America, Europe and Asia.
- FRG drew upon over 100 years of combined M&A experience in the global energy sector, including renewables.

Client Comment

Tom Chadwick, CEO, GI Energy:

“IMAP FRG ran a very efficient and seamless process which ultimately produced a strategic partner that was an ideal fit for our vision. Of note was the speed in getting the job done, unbelievably fast.”

IMAP Transaction Leader



Rob Van Genderen
Managing Director
IMAP FRG
rob.vangenderen@imap.com



Kerry Dustin
Chairman
IMAP FRG
kerry.dustin@imap.com

IMAP has closed 25 transactions in the Energy & Utilities sector since 2015

ENERGY & UTILITIES	ENERGY & UTILITIES	ENERGY & UTILITIES	ENERGY & UTILITIES
Acquired Majority Control of Business Operations	Acquired 100% of Assets	Acquired Equity Stake	Merged with
IMAP ADVISED ON SALE OF COMPANY	IMAP ADVISED ON SALE OF COMPANY	IMAP ADVISED ON INVESTMENT	IMAP ADVISED ON MERGER

IMAP is an International Mergers and Acquisitions Partnership with more than 350 M&A advisors and a presence in 39 countries. IMAP has closed over 2,100 transactions valued at \$90 billion in the last 10 years and is consistently ranked among the world’s top ten M&A advisors for mid-market transactions (Thomson Reuters). IMAP advises primarily mid-sized companies and their shareholders on sales and acquisitions on a global scale, providing clients with entrepreneurial, unbiased advice and successfully helping them achieve their objectives.