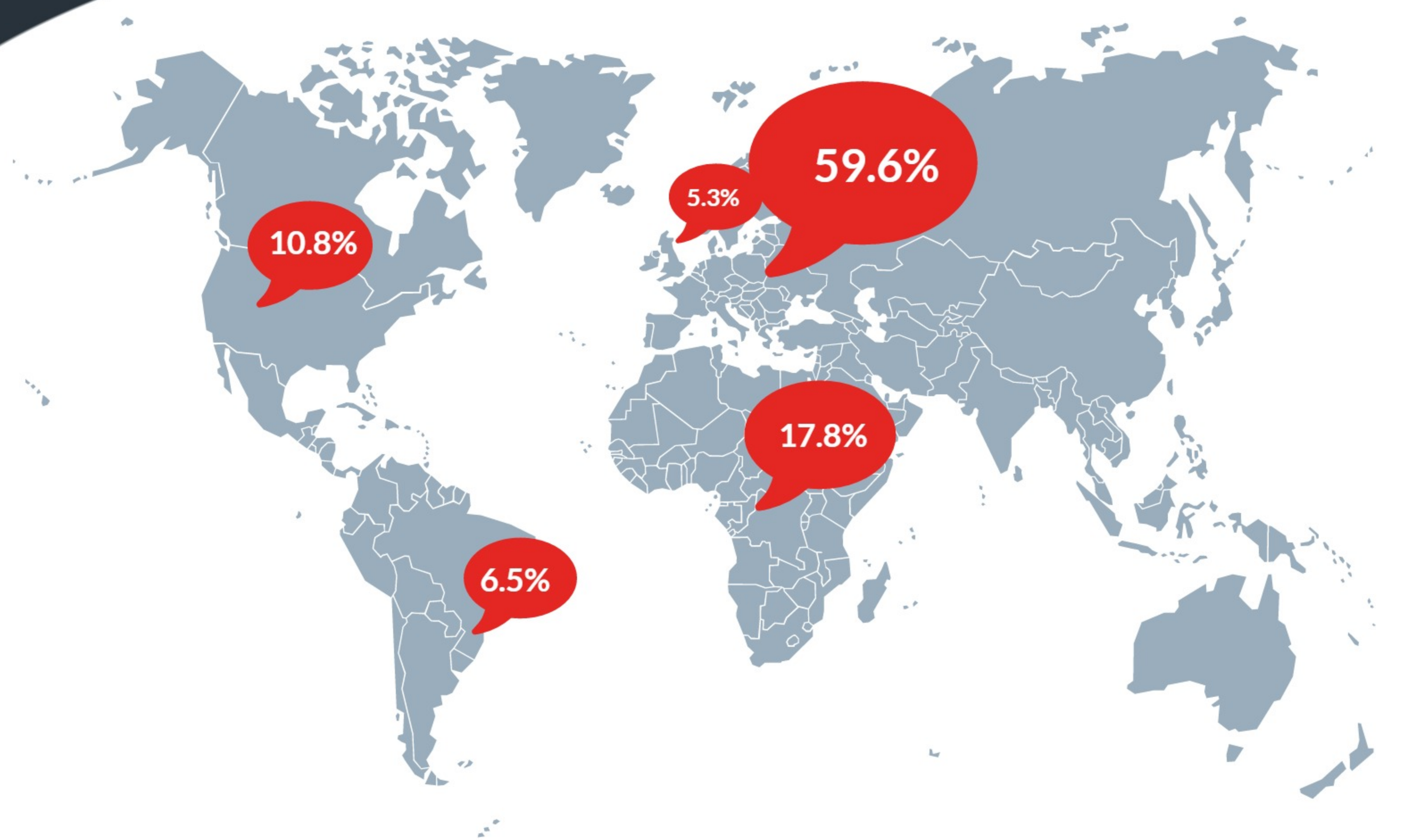


Energy One The Target

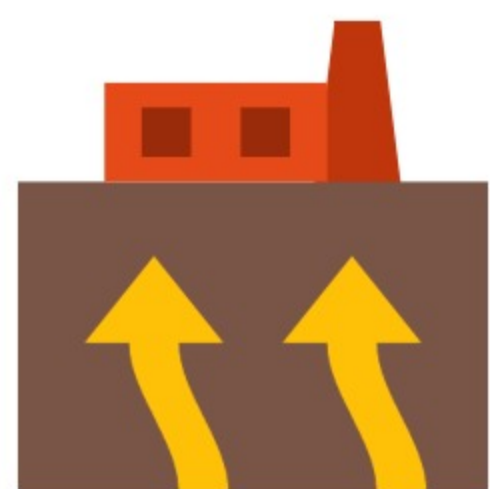
Energy One is a global utility service provider

Company
description



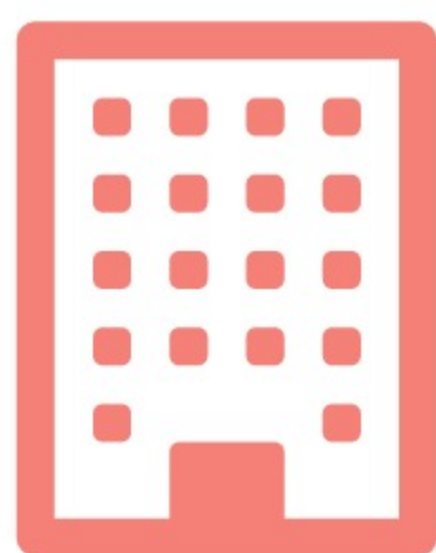
Some Important Points

- Low growth of sales
- Mature market
- Strong competition in the retail segment
- Overcapacity issues in the generation market in Europe
- Some of the generation plants require modernisation
- Stable operating margins
- Economies of scale needed



5,200

MW Generation
Capacity



30

Operational
sites



450,000
Retail Customers



\$1.5bn
Revenues

14

Companies
interested



14,000 Employees



Cash vs. Stock

Consideration

CASH

STOCK

Advantages:

Does not dilute ownership

Aligns the interests of new and old ownership

Crystal value for seller

No need of financing

Disadvantages:

If cost of debt is high, could be heavy

Dilutes ownership

No upside from future performance

Subject to valuation





Financial Buyers

VS

Corporate Buyers

Focus on cash flows, and capital gains



FOCUS

Unlock synergies

3-5 years



HORIZON

Long-term

Full Acquisition



TYPE OF DEAL

Full Acquisition, Merger, Joint Venture

High



LEVERAGE

Medium

Following the company through Board representatives



INVOLVEMENT

Integration of the Management of the two companies

Multiples
Cash flows
Cost of capital



VALUATION FOCUS

Synergies
Growth
Long term view

M&A Test

Based on the information on the previous page, answer the following

In which stage of the company lifecycle is the company under consideration?



This is a mature company with low growth of revenues and stable margins.

The one pager indicates that 14 companies are interested in Energy One's business. What type of M&A process is being used in order to sell the company?

Auction.



Find five real companies that can be included in Power One's peer list.

National Grid
EnBW
Vattenfall
Centrica
Iberdrola



What type of synergies could be expected from this deal?

Dealing with overcapacity, economies of scale, administration efficiencies, Combining generation and retail distribution, etc.



Who are the likely buyers of the Target firm? Corporate or Financial buyers?

Corporate buyers.



At the end of the sales process a 5% negotiation difference separates the buyer and the seller. Provide an example of a mechanism that can be used in order to bridge the difference.

For example: An earn-out mechanism based on MWh generated from the company's production plants.



DEAL COMPLETION