

ENERGY & POWER YEAR IN REVIEW

2022



PIPER | SANDLER

Oilfield Services & Equipment, Energy Technology and Energy & Power Infrastructure Highlights

Oilfield Services & Equipment

The 2022 macro environment accentuated the need for sustained energy investment, highlighted by continued steps towards industry consolidation, divesting non-core assets and focus on core business lines. Creativity in structuring and breadth of product line expertise were necessary to continue driving outsized returns for our clients.

— **Sanjiv Shah**, Global Co-Head of Energy & Power Investment Banking

Energy Technology

This year was marked by uncertainty, volatility, and inflation as energy security and affordability were brought into focus. As we look ahead to 2023, we are excited to partner with our clients who are developing and deploying the hardware, software, and process technologies needed to fulfill growing energy demand, achieve global climate goals, and support the development of cheap, abundant energy resources.

— **Anthony Thomas**, Director


Energy & Power Infrastructure

Investor appetite for Energy & Power infrastructure service and equipment businesses was strong in 2022 driven by long-term secular growth trends that support expanding, recurring activity for many businesses in the sector. We expect the market to remain active next year as the upgrade and maintenance of aging critical Energy & Power infrastructure continue to attract capital to the industry.

— **Will Nichols**, Director


Improved Capital Markets Activity

- Despite struggling IPO activity across all sectors, energy services equity markets reopened with the first IPO since mid-2018.
- Debt for energy services companies continued to be accessible for high-quality businesses.




\$150.0 Million Funded Senior Secured TL
\$100.0 Million DDTL

Sole Placement Agent
July 2022



Initial Public Offering

Active Bookrunner
May 2022



Private Placement of Floating Rate Convertible Senior Secured PIK Toggle Notes

March 2022

Financial Sponsor Appetite has Increased For Energy & Power Service Companies

- Financial sponsors have been more active than recent years in the Energy & Power services space, with a preference towards the buy and build strategy.
- Utility services companies garnered notable interest in 2022 due to strong market tailwinds leading to high transaction multiples.



has been acquired by



November 2022



a portfolio company of



has been acquired by



November 2022



a portfolio company of OFS ENERGY FUND

has been acquired by



a portfolio company of



February 2022

Large Pressure Pumping Players Continue to Drive Industry Consolidation

- Large public pressure pumping companies have continued to advance industry consolidation and vertical integration in an effort to drive profitability in the era of capital disciplined operators.
- Strategic buyers continue to realize cost savings and growth through economies of scale.



has been acquired by



November 2022



has sold its sand hauling, wellsite storage and last-mile logistics assets to



August 2022



has acquired



March 2022

Upstream Highlights



has divested Eagle Ford assets

September 2022



has divested Central Basin Platform assets to



August 2022



has divested its Eagle Ford assets to



June 2022



has divested Eagle Ford assets

February 2022

“2022 continued to be an extremely active year for U.S. upstream mergers, acquisitions, and divestitures. Transaction volumes were near the highest level for any year since 2014, totaling approximately \$90 bn of activity across 2021 and 2022 combined. Activity has been strong across most of the major basins. We have been particularly active in the Eagle Ford and across the Permian.”

Doug Reynolds, Managing Director

We strongly believe we are in the early stages of a multi-year investment cycle in upstream. The importance of oil and gas is increasingly evident, and public upstream company shares have been the best performing group in the equity market for 2021 and 2022. Capital is slowly returning to the sector as the new model focused on steady cash flow generation and strong investor returns is gaining attention. We expect broadly expanding company multiples and a greater focus on inventory quality and quantity in 2023. Increased buyer interest, strong funding capabilities, and new capital entering the space combined with a large opportunity set of assets available for sale supports another strong year of transaction activity in 2023.

A feature of 2022 has been basin diversification, with significant transactions in natural gas basins including the Western Eagle Ford and the Marcellus. However, commodity price volatility has been significant this year, and has been a big contributing factor in many marketed transactions failing to transact. We believe the backlog of launched yet uncompleted transactions plus new opportunities expected to come to market will result in an attractive opportunity set for buyers to pursue.

Several of our clients have been fundamentally transformed by transactions during this recent cycle, making this one of the most interesting periods in our industry in recent years. Sellers have been rewarded with record prices for assets, while buyers have been rewarded with highly accretive transactions, strengthening share prices, and sound business fundamentals. We believe the current market represents a significant opportunity for investors, with assets and companies trading at historically low multiples of cash flow, providing high returns to drilling, and the potential for above strip pricing outcomes across the board for the underlying commodities.

The rise of independent advisors continues as banks remain conservative and have broadly reduced staffing of advisory functions. In challenging times for our industry, upstream clients value great ideas and focused execution. We focus on providing well-informed, honest assessments to our clients based on data heavy and analysis intensive support for our valuations, financial models, and market expectations. As a result, we have been able to achieve a higher than industry success rate and attractive price outcomes for our clients. At Piper Sandler, we are a people and knowledge intensive business. Our team is experienced, dedicated, and focused on providing the highest quality transaction advice to our clients, and we aren't afraid to grind out the necessary hard work to ensure success.


Midstream Highlights

The Piper Sandler Midstream & Downstream team successfully executed six transactions during 2022 as market conditions remained positive. After spending 2021 strengthening their balance sheets and returning capital to investors, midstream and downstream businesses displayed increasing focus on acquisition opportunities in 2022, and M&A volume rebounded accordingly. Successful transactions generally included one or more of the following criteria:


- ✓ Focus on natural gas gathering & processing systems
- ✓ Meaningful downstream synergies
- ✓ Immediately accretive to acquirers
- ✓ Growth regions with ongoing rig activity
- ✓ ESG focus

The outlook for 2023 midstream and downstream transaction activity remains positive. Sustained, elevated activity levels across the U.S. should continue to drive improved midstream and downstream business performance, increasing overall balance sheet capacity to consummate acquisitions on the buy-side. Additionally, midstream consolidation should continue to be a prominent theme across both the private and public midstream landscape as asset optimization and downstream synergies remain focus areas for strategic operators.

Select 2022 Midstream Transactions



has been acquired by




August 2022




has sold Texas Gulf Coast pipelines to



March 2022



has been acquired by



March 2022

“We completed six transactions this year, primarily focused on gas gathering & processing businesses in the Haynesville and Eagle Ford regions. Midstream M&A activity has returned to pre-COVID levels. As the North American energy macro outlook remains strong, we look forward to continuing our advisory momentum across the midstream sector in 2023.”

Billy O’Neil, Managing Director

Renewables and Clean Energy Highlights











2022 was a year with its share of ups and downs in the renewables and clean energy sector. With the passage of the Inflation Reduction Act (“IRA”) in August, the business climate of the sector took a positive turn from the existing challenges it was facing related to supply chain disruption, inflation, high commodity prices, potential tariffs on module import, interconnection delays and rising interest rates. Although these challenges remain and have slowed down renewable growth, the IRA provides significant tailwinds with strong support for a diverse range of technologies, including wind, solar, battery storage, hydrogen, electric vehicle, renewable natural gas and carbon capture. The bill provides additional options for tax credit monetization through tax credit transferability for all technologies and a direct pay provision for select technologies and investors.

“Piper Sandler has closed fourteen renewable and clean energy transactions in 2022. Our deep expertise throughout the renewables and clean energy value chain has been instrumental in successfully executing mandates in a challenging environment. Demand for energy transition opportunities remains strong and we look forward to continue supporting our clients in 2023”

— **Spencer Rippstein**, Global Co-Head of Energy & Power Investment Banking

Supporting Clients in Some of the Fastest Growing Clean Energy Sub-Sectors

Selected 2022 U.S. Transaction Experience

Solar Equipment	Hydrogen	Battery Raw Materials	Battery Storage	EV Components	Smart Grid	GHG Mitigation
 <p>Follow-On Offering</p> <p>December 2022</p>	 <p>has been acquired by</p>  <p>January 2022</p>	 <p>Private Placement of Common Stock</p> <p>Sole Financial Advisor</p> <p>February 2022</p>	 <p>completed a capital raise for construction of battery storage projects from</p>  <p>August 2022</p>	 <p>Follow-On Offering</p> <p>Bookrunner</p> <p>December 2022</p>	 <p>has sold a majority equity stake to</p>  <p>August 2022</p>	 <p>Series A Preferred Stock</p> <p>Sole Financial Advisor</p> <p>December 2022</p>

Key Renewables and Clean Energy Themes Expected In 2023

Increased M&A activity driven by ambitious development targets of the majors

Energy transition while assuring energy security

Development of a competitive U.S. manufacturing ecosystem

Tax credit transferability easing financing of renewable projects

Strong growth in battery storage and EV infrastructure development

Uptick in U.S. hydrogen project development

International Activity Highlights

2022 began in similar vein to 2021 for the international Energy & Power team: ESG and energy transition themes captured the attention of the investor community and appetite for dealmaking in the mid-market oil and gas services space was sparse among sponsors and strategics.

Quickly however as commodity prices rose to levels unseen for almost a decade (in part fuelled by the war in Ukraine) and the impact was felt by a discontented consumer population, the market began to change. Investors: first strategic and gradually financial, have started to see opportunity in the sector.

Governments in Europe must quickly solve the “S” and “A” of the energy trilemma – Security and Affordability as well as Transition to avoid significant unrest this winter.

Traditional oil and gas majors are in focus as they answer our short-term energy needs and have used an elevated platform to remind the global population of the length, complexity and nature of the energy transition.

Public markets have awoken to the long-term importance of fossil fuels and are backing the sector. The international private equity community has been slower to react but are showing more interest in processes than they have done for years. The sale of Motive Offshore to H2 Equity Partners demonstrates an understanding that legacy oil and gas players will deliver the transition.

Select 2022 International Transactions

Offshore Wind Focus




has acquired



June 2022

Energy Transition Focus



has secured investment from



July 2022

Oil & Gas Focus



has acquired



March 2022



has divested its Modified and Synthetic Acids and Industrial business to



December 2022

“Energy is everybody’s top priority. The world needs all the solutions it can get. It is not Oil & Gas OR Solar OR Wind OR Nuclear OR Hydrogen. It is Oil & Gas AND Solar AND Wind AND Nuclear AND Hydrogen”

Dr. Sultan Ahmed Al Jaber
CEO of ADNOC
(ADIPEC – Nov-22)

The Middle East has never needed reminding of the importance of fossil fuels and it was arguably the strongest regional M&A market in 2022 as local strategics like TAQA bullishly deployed capital to bring capability in-house in time for the upcycle.

The international team further strengthened its credentials within the offshore wind space, including working on two successful buy-side acquisitions for Venterra as it builds an industry-leading offshore wind services business.

Overall, the international Energy & Power team closed 13 deals in the year and confidently enters 2023 with a stellar pipeline and enhanced dealmaking environment.

Key Int’l Energy M&A Themes Expected In 2023

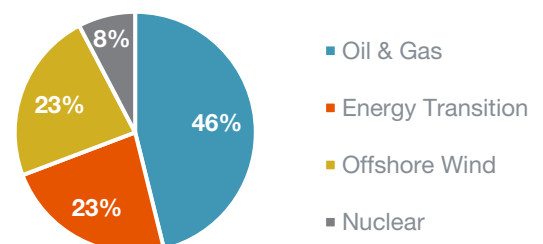
Uptick In Pureplay OFS & Energy Transition M&A Activity

Offshore Wind Will Remain An Attractive M&A Market

Middle East Deal Flow Will Remain Buoyant

Strategics Play A Larger Role In Dealmaking

Deal Split By Sector⁽¹⁾



1) Includes sell-side, buy-side and finance raising mandates. “Energy Transition” denotes transactions where legacy O&G companies have made significant progress in transitioning to renewables sectors

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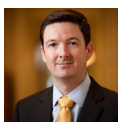
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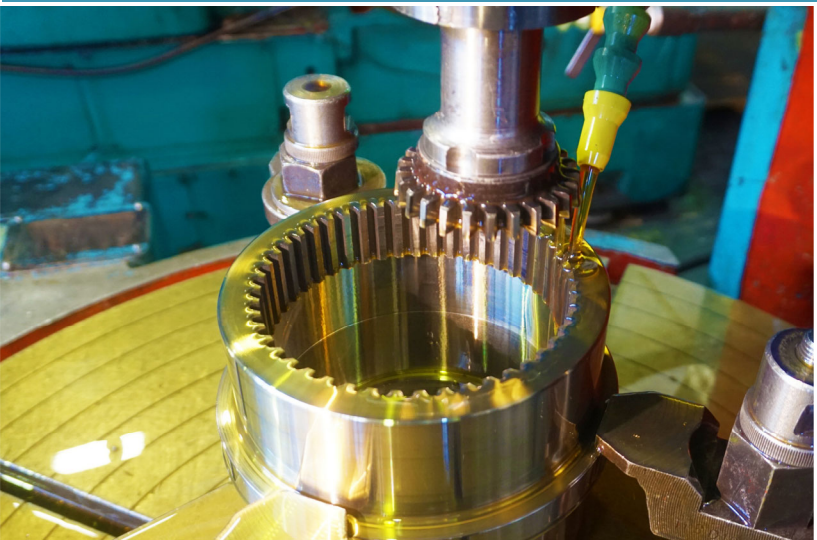


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Piper Sandler Ranked #1 Investment Bank in 2022 by U.S. Energy Deal Count <\$500 million



The Mergermarket logo, featuring a stylized white 'M' icon on a teal background. Below the icon, the text 'Mergermarket' is written in a large, white, sans-serif font, and 'An Acuris company' is written in a smaller, white, sans-serif font below it.



2022 Transaction Summary



At-The-Market Offering

Sole Agent
Active ATM

KLX Energy Services

(NASDAQ: KLXE), a provider of diversified oilfield services, has an active at-the-market offering.



has agreed to acquire



Announced

ProFrac Holding Corp

(NASDAQ: ACDC) has agreed to acquire Performance Proppants, an in-basin sand provider in the Haynesville shale.

Fluid

has divested its Modified and Synthetic Acids and Industrial business to



December 2022

Fluid Energy Group Ltd.,

a developer of proprietary, sustainable, and high-performance chemical technologies, divested its Modified and Synthetic Acids and Industrial businesses to Dorf Ketal Chemicals.



has been acquired by



December 2022

Hiretech Limited, a company providing rental equipment and services to the offshore renewables, decommissioning and conventional energy markets has been acquired by Ashtead Technology Plc.



Series A Preferred Stock

Sole Financial Advisor
December 2022

LongPath Technologies, a provider of patented continuous emissions detection and quantification technology, has raised Series A funding.



ABL Revolver

Sole Debt Placement Agent
December 2022

BJ Energy Solutions, LLC, a provider of pressure pumping and oilfield services in North America, has completed a \$100 million debt capital raise in the form of an ABL Revolver.



has been acquired by



December 2022

Monarch Silica, a silica sand producer, has sold its sand mining operations to ProFrac Holding Corp (NASDAQ: ACDC).

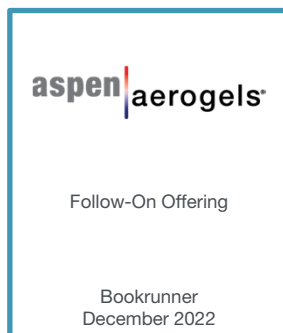


Follow-On Offering

December 2022

Shoals Technologies Group, Inc. (NASDAQ: SHLS), a provider of electrical balance of systems solutions for solar, storage and electric vehicle charging infrastructure, has completed a follow-on offering.

2022 Transaction Summary (cont'd)



Aspen Aerogels, Inc. (NYSE: ASPN), a producer of aerogel materials used primarily in the energy infrastructure, building materials and electric vehicle markets, has completed a follow-on offering.



Aspen Aerogels, Inc. (NYSE: ASPN), a producer of aerogel materials used primarily in the energy infrastructure, building materials and electric vehicle markets, has completed an at-the-market offering.



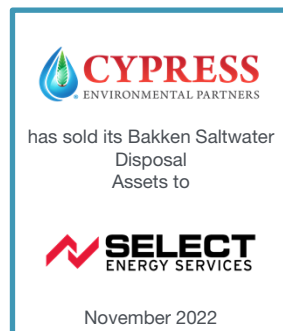
REV Energy Services, a provider of pressure pumping services, has been acquired by ProFrac Holding Corp (NASDAQ: ACDC).



Aegion Energy Services, a provider of maintenance, turnaround and construction services at refineries, petrochemical and other industrial facilities on the west coast, has been acquired by Brock, a portfolio company of American Industrial Partners.



Sawafi Al-Jazeera Oilfield Products and Services Co. Ltd., a leading provider of drilling enhancement, artificial lift and well characterization products and services to the Saudi Arabian oil and gas industry, has invested in Vulcan Completion Products.



Cypress Environmental Services, LLC, a provider of essential environmental services to the energy and municipal water industries, has sold its Bakken Saltwater disposal assets to Select Energy Services (NYSE: WTTR).

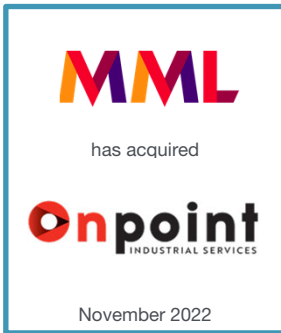


U.S. Well Services, Inc. (NASDAQ: USWS), a provider of electric pressure pumping services, has been acquired by ProFrac (NASDAQ: ACDC).



KVP Holdings, LLC, a provider of outsourced electrical maintenance and construction services for utilities and energy customers, has been acquired by Warren Equity Partners.

2022 Transaction Summary (cont'd)



MML Capital has acquired OnPoint, a provider of safety, logistics and planning services to support maintenance activities in the refining and petrochemical industries.



Westbrook Energy Group, a manufacturer of pressure control connection products for energy and industrial applications, has been acquired by SCF partners.



Laredo Energy, a private exploration and production company, has divested Eagle Ford assets.



Lake Superior Consulting, a professional services firm, specializing in pipeline engineering and integrity management services to major pipeline operators, has completed a management buyout.



Align Midstream Partners II, LLC, a midstream company that owns gathering, processing and treating assets across the Haynesville and Cotton Valley formations, has been acquired by Momentum Midstream.



SMT Energy, a distributed generation and utility-scale renewable energy developer, completed a capital raise for construction of battery storage projects from SUSI Partners.



Stronghold Energy, an upstream oil and gas company backed by Warburg Pincus, has sold working interest and royalty assets in the Central Basin Platform of the Permian Basin to Ring Energy, Inc. (NYSE: REI).



Atom Power, a developer of integrated and optimized electric vehicle charging solutions, has sold a majority equity stake to SK Group.

2022 Transaction Summary (cont'd)



has sold its sand hauling, wellsite storage and last-mile logistics assets to



August 2022

CIG Logistics, has sold its sand hauling, wellsite storage and last-mile logistics assets to NexTier Oilfield Solutions (NYSE: NEX).



has sold its Coiled Tubing division to



August 2022

NexTier Oilfield Solutions (NYSE: NEX), has sold its coiled tubing assets to Gladiator Energy, LLC, a subsidiary of Edge Oilfield Services, LLC.



has merged with



a portfolio company of
One Equity Partners

August 2022

Purity Oilfield Services, LLC, a provider of diversified wellsite services, has merged with OMNI Environmental Solutions, Inc, a provider of environmental solutions to the oil and gas industry.



has secured investment from



July 2022

Motive Offshore Group, a business that rents, certifies, inspects and sells winches and other back-deck equipment used in offshore energy infrastructure, has secured an investment from H2 Equity Partners.



has acquired



July 2022

Venterra Group Plc, an offshore wind energy services business, has acquired Inspire Environmental, a marine environmental consultancy company.



has sold its RiskSpectrum business to



July 2022

Lloyd's Register, a global professional services company specializing in engineering and technology for the maritime industry, has sold its RiskSpectrum business to Total Specific Solutions.



has sold its Subsurface business to



July 2022

Lloyd's Register, a global professional services company specializing in engineering and technology for the maritime industry, has sold its Subsurface software business to Total Specific Solutions.

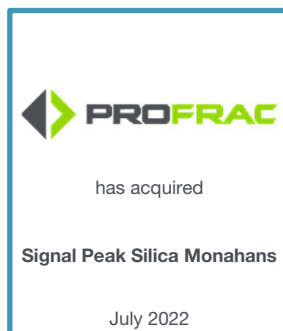


\$150.0 Million Funded Senior Secured TL
\$100.0 Million DDTL

Sole Placement Agent
July 2022

ProFrac Holding Corp (NASDAQ: ACDC), a vertically integrated and innovation-driven energy services company, completed a \$150 million debt capital raise to upsize its existing senior secured term loan. ProFrac also retains the option to issue an additional \$100 million.

2022 Transaction Summary (cont'd)



ProFrac Holding Corp (NASDAQ: ACDC), a vertically integrated and innovation-driven energy services company, has acquired Signal Peak Silica Monahans, a reseller and manufacturer of high-quality local proppant.



Sundance Energy, Inc., a private exploration and production company, has divested its Eagle Ford assets to SilverBow Resources, Inc. (NYSE: SBOW).



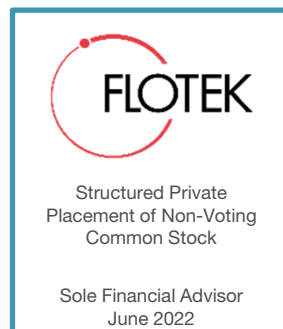
Venterra Group Plc, an offshore wind energy services business, has acquired Balltec, a global provider of high integrity connectors for subsea and marine engineering in the renewable energy sector.



OYO Corporation, a geoscience provider to the infrastructure and natural resource sector, has agreed to sell its subsidiary, NCS Subsea to Ocean Floor Geophysics Inc., a subsidiary company of PGS ASA.



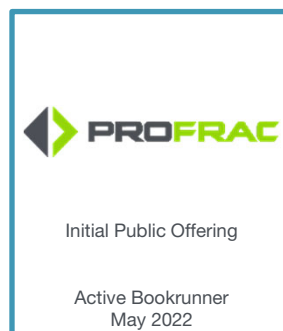
Cypress Environmental Partners, LLC, an inspection, integrity and environmental services business, has sold 100% of their senior secured debt to Argonaut Private Equity.



Flotek Industries, Inc. (NYSE: FTK), a technology-driven, specialty green chemistry solutions company, has completed a structured private placement of Non-Voting Common Stock.



U.S. Well Services, Inc. (NASDAQ: USWS), a provider of electric pressure pumping services, has completed an at-the-market offering.

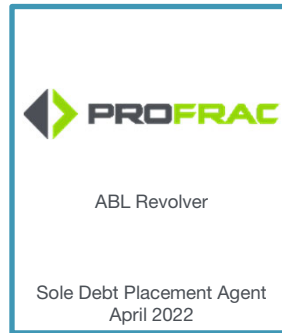


ProFrac Holding Corp (NASDAQ: ACDC), a vertically integrated and innovation-driven energy services company, has completed an initial public offering of 16,000,000 shares of its Class A common stock

2022 Transaction Summary (cont'd)



Sentinel Capital Partners, a middle market private equity firm, has acquired SPL, a provider of testing, inspection and certification services for energy and environmental markets.



ProFrac Holding Corp (NASDAQ: ACDC), a vertically integrated and innovation-driven energy services company, has completed a \$100 million debt capital raise to upsize its existing ABL revolver.



TAQA, a Saudi Arabian oilfield services company, has acquired Tendeka, a provider of completions systems and services to the upstream oil and gas industry.



Ladish Valves, a provider of specialty valves, pneumatic actuators and gears used in various chemical and energy end markets, has been acquired by LPW Group, a portfolio company of Wynnchurch Capital.



Independence Contract Drilling, Inc. (NYSE: ICD), a provider of land drilling services, has completed a private placement of \$157.5 million aggregate principal amount of Floating Rate Convertible Senior Secured PIK Notes.



Southcross Energy, a natural gas pipeline company, has sold Texas Gulf Coast pipelines to Max Energy.

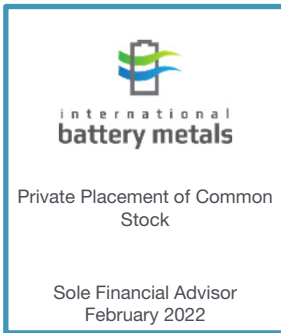


Southcross Energy, a natural gas pipeline company, has been acquired by Targa Resources (NYSE: TRGP).



ProFrac Holding Corp (NASDAQ: ACDC), has acquired FTS International (NYSE: FTSI), a provider of pressure pumping services.

2022 Transaction Summary (cont'd)



International Battery Metals Ltd. (OTCMKTS: IBATF), an advanced direct lithium extraction technology company, has completed a private placement of \$10 million of common stock.



VanZandt Controls, LLC, a provider of automated valves, flow measurement and instrumentation, has been acquired by Eagle Automation, a portfolio company of Featheringill Capital.



Flotek Industries, Inc. (NYSE: FTK), a technology-driven, specialty green chemistry solutions company, has completed a placement of convertible preferred equity.



Recoil Resources, a private exploration and production company, has divested Eagle Ford assets.



Joule Processing, LLC, an engineering, process equipment, services and process optimization company, has been acquired by Plug Power, Inc.



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