

DealReader

Solar Energy

Q3 2016



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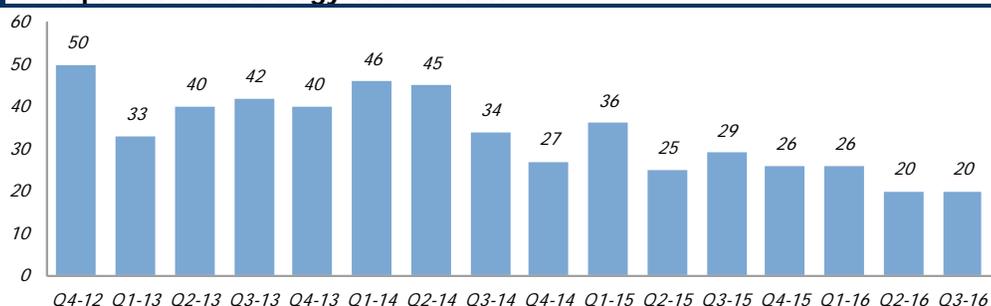
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Announcements

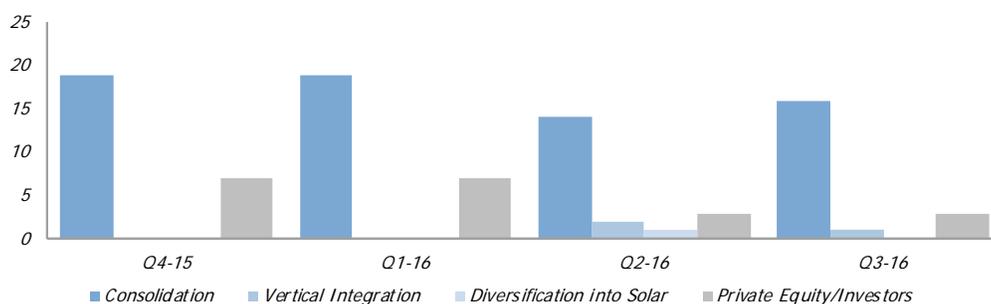
- Hudson Clean Energy Partners and Sky Solar Holdings have acquired 23 operating solar facilities in California and Massachusetts (July-16)
- Southern Power and First Solar have acquired a 74 MW solar facility in North Carolina (July-16)
- Dividend Solar has acquired Figtree Company (September-16)
- Cubico Sustainable Investments has acquired a 50 MW solar facility from British Solar Renewables (September-16)

Q3 2016 Deal Volume Comparison

Completed Solar Energy Transactions



Quarterly Comparison – M&A by Category



There were 20 completed solar energy transactions in Q3 2016, which represents the same number of transactions recorded in Q2 2016. On a comparative basis, this represents a decrease from the 29 transactions reported in Q3 2015.

Within the solar energy transactions, consolidation represented 80% of M&A activity, or 16 deals in Q3 2016. The next largest category was investment by private equity/investors with three transactions, or 15% of the deals in Q3 2016. There was one transaction categorized as vertical integration this quarter. There were no transactions categorized as diversification into the solar industry.

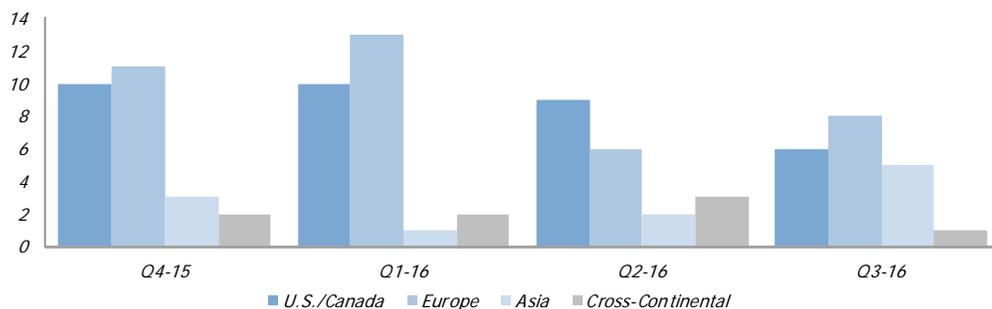
In Q3 2016, 40% or 8 of the 20 total transactions occurred in Europe. This represents a 10% increase in M&A activity in this geography from Q2 2016. The U.S. and Canada recorded six transactions, or 30% of the Q3 2016 total. Asia recorded five transactions, or 25% of the total in Q3 2016,

while cross-continental deals accounted for one transaction, or 5% of the Q3 2016 total. South America did not record a solar energy transaction this quarter.

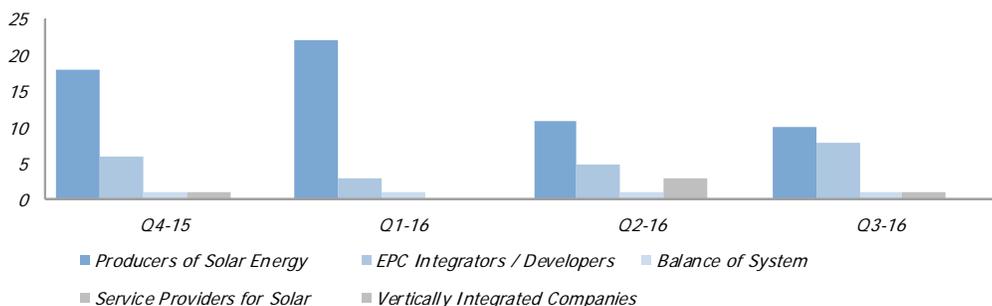
In addition, there were 10 acquisitions of producers of solar energy (this category includes acquisitions of solar projects), or 50% of the total. There were 8 acquisitions of EPC integrators/developers, or 40% of the total transaction volume. Acquisitions of companies categorized as service providers for solar accounted for one transaction, or 5% of the Q3 2016 total. Acquisitions of solar companies categorized as balance of system providers also accounted for one transaction (5% of the total) in Q3 2016. There were no acquisitions of vertically integrated solar companies.

Consolidation for producers of solar power continued to be the primary source of deal activity, in addition to continued volume from the private equity/investors category.

Quarterly Comparison – M&A by Geography



Quarterly Comparison – M&A by Sector of Target Company



An Analysis of Global Solar Energy Trends

Solar market growth remained strong in 2015, continuing the positive growth trajectory established over the past few years. The market increased as solar is continuing to become a larger source of power generation, surpassing 225 GW of cumulative installed capacity globally in 2015.

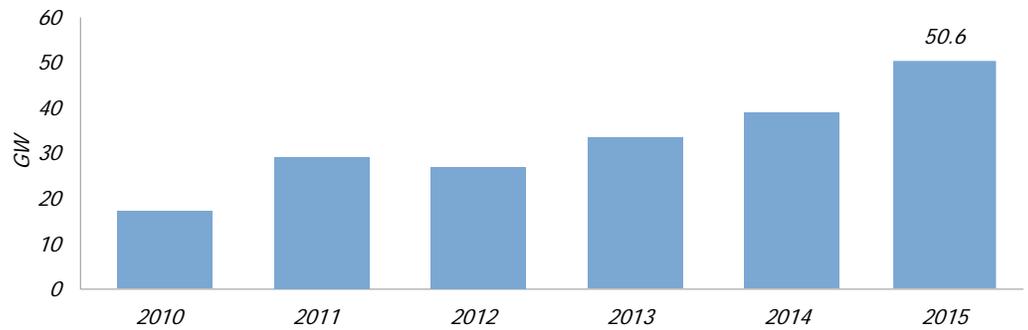
In 2016, the market has continued to grow and could see a major increase in solar installation numbers globally. Moving forward, growth in demand is expected to be driven by price decreases for the balance of solar systems and the development of previously untapped markets. This trend is demonstrated in the Global Annual Installed Capacity Forecast chart on the following page, where after a potential slowdown in 2017, the solar industry is expected to return to steady expansion for the long-term.

Europe has traditionally dominated the solar market, but the rest of the world continues to catch up at a rapid pace. Growth in Europe is expected to remain robust, with total installed capacity reaching as high as 170 GW in 2020, a ~75% increase compared to today's market. Outside of Europe, the market is

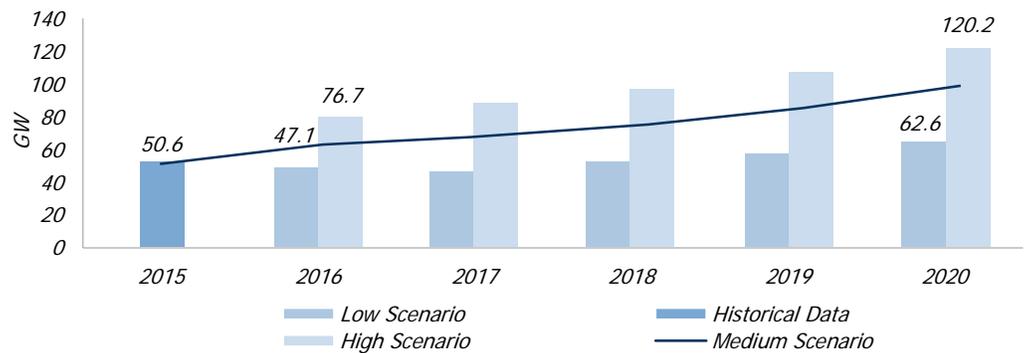
well-balanced. China, Japan and the United States are leaders with great potential for future growth. By the end of 2015, China had 43.4 GW of cumulative installed PV capacity due to strong political support and feed-in tariff based policies. Japan and the United States also continue to benefit from favorable government support, with 34.3 GW and 25.9 GW of cumulative installed PV capacity, respectively, by the end of 2015. These geographies were followed by developing countries that are expected to represent strong geographies for solar growth in the future.

Currently, the split between rooftop and utility-scale solar installations is slightly weighted toward the utility-scale segment. Going forward, utility-scale plants are forecasted to exhibit faster growth globally. In certain markets, such as the U.S., rooftop projects are expected to experience faster growth as solar leasing programs and other financing structures provide more availability to residential and small commercial projects.

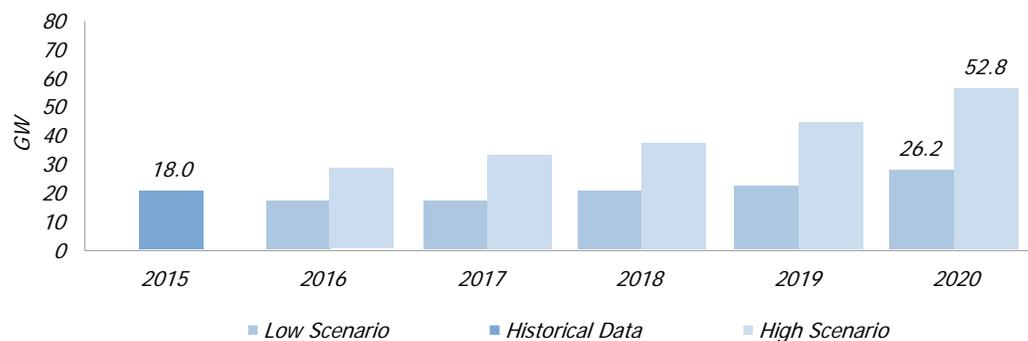
Global Annual Installed Capacity, Historical



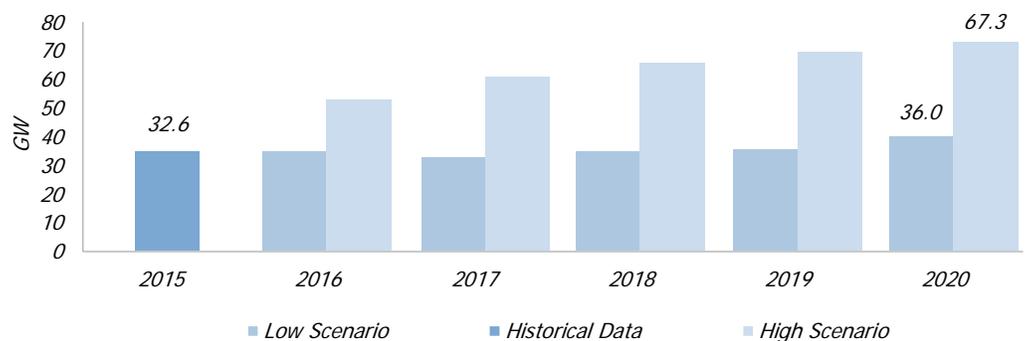
Global Annual Installed Capacity, Forecast



Global Annual Installed Capacity, Rooftop Solar Market



Global Annual Installed Capacity, Utility-scale Solar Market



Source: SolarPower Europe Global Market Outlook, 2016-2020

Global Industry Groups

Aerospace & Defense
Automotive & Truck
Building &
Infrastructure
Business Services
Chemicals
Consumer
Distribution
Electronics
Energy & Power
Financial Institutions
Food & Beverage
Healthcare
Industrials
Packaging
Technology & Media

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