

KANAN



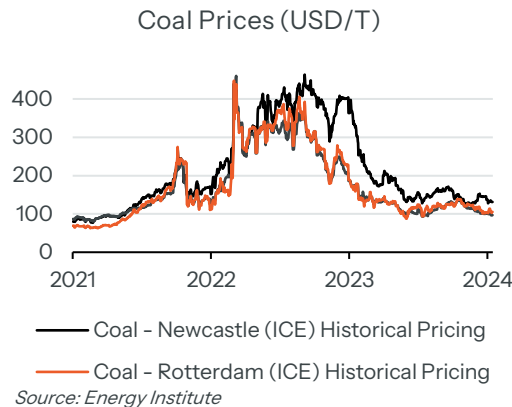
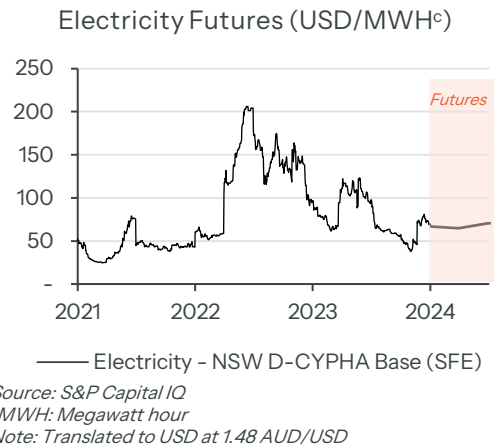
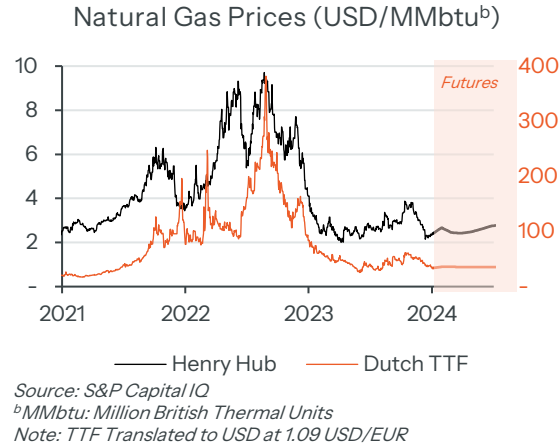
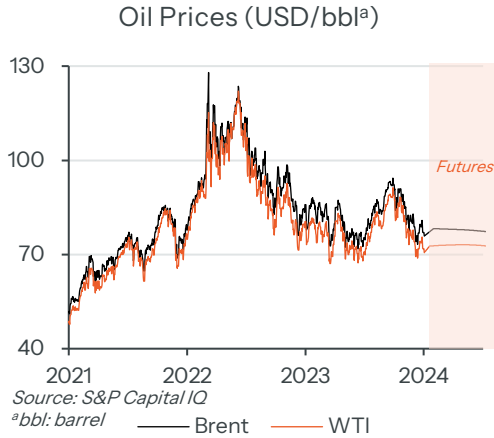
Mergers & Acquisitions

Energy & Renewables

Q4-2023

KPIs for the Energy Sector

Throughout 2023, several energy commodities saw an overall price drop, mainly owing to a wearying demand and a series of restrictive monetary policy decisions implemented by major central banks, globally

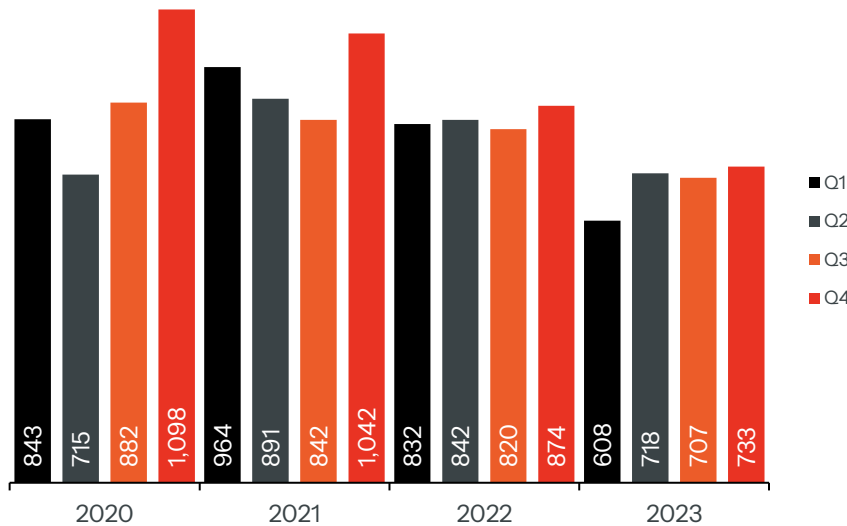


- Most energy commodities such as oil and gas have accumulated price losses near the end of 2023, primarily linked to the weakest global demand outlook since the Covid-19 pandemic in 2020. This came despite OPEC+ consistent attempts to boost oil and gas prices through production cuts with the latest being a voluntary cut of an additional 2.2 million bpd in November 2023.
- The energy outlook for 2024 will likely be influenced by the performance of the global economy in the following months. As well as monetary policy decisions from central banks internationally, given that rate cuts are expected to come about in most economies at some time throughout the year, which would foster a stronger demand.
- Around three-quarters of global greenhouse gas emissions come from fossil fuels combustion, it is expected that cleaner energy sources such as renewables and nuclear will have a boost in the upcoming years, due to the adherence of several nations to the Paris Agreements.
- During 2023, coal prices observed a decrease due to a record output from China and the European commitment to coal phaseout.

Summary

During 2023, a total of 2766 transactions were observed in the Energy sector representing a decrease of 17.8% compared to 2022, nevertheless, deal value observed an important increase, up 13% compared to 2022 figures

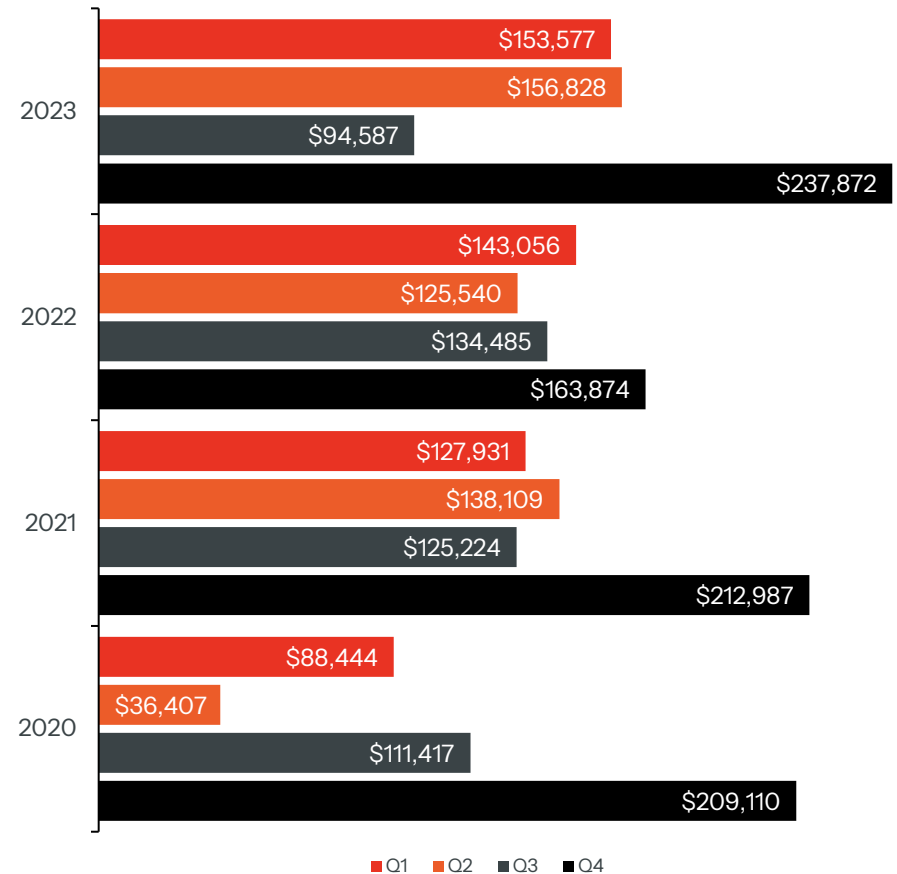
Deal Count per Quarter



Source: S&P Capital IQ

- The Energy sector experienced a decrease in overall deal count during the year, totaling 2,766 deals. Despite recording a lower deal count, deal value reached a record US\$ 643 Bn for the past 4 years.
- Once again, United States and Canada were the most active regions during the year, accounting for 58% of the total deal value, followed by Europe with 14%.
- We can expect more transactions for the upcoming year, as Central Banks decrease overall interest rates as inflation decreases and recession fears dissipate.

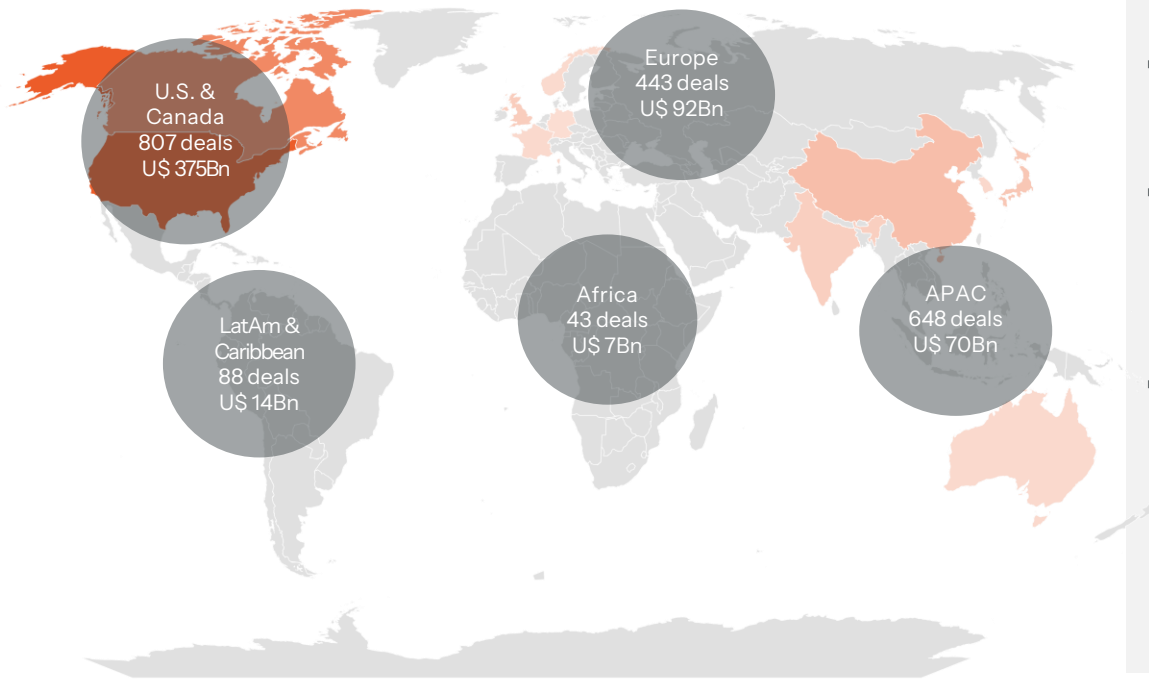
Deal Value per Quarter (US\$ M)



Source: S&P Capital IQ

Key Locations for Energy Transaction Activity

In 2023, the most active country on Energy deals was the United States, followed by Canada and the United Kingdom, from which the United States represented more than 80% of total deal value during the year

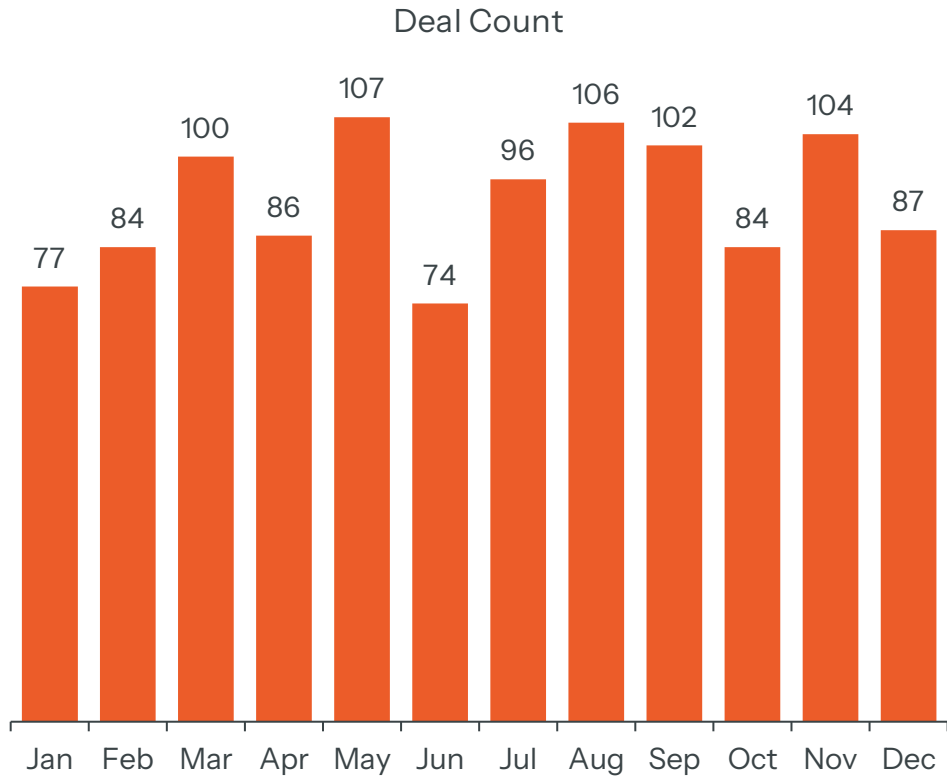


- United States was the most active country in the Energy sector throughout 2023, amounting a total of U\$353,423 M and representing more than 80% of total deal value around the world.
- China stands in 2nd place regarding deal value, recording a total of U\$28,582 M, highlighting the acquisition of a 10% stake in Rongsheng Petrochemical made by Aramco Overseas Company.
- During this year, the major international players played an important role on M&A activity:
 - ExxonMobil acquired Pioneer Natural Resources for U\$65,598.91 M.
 - Chevron also announced the acquisition of Hess Corporation for U\$62,434 M.
- The year was also marked by several buybacks from different companies, including:
 - Chevron;
 - Total;
 - Equinor;
 - Shell
 - Occidental Petroleum Corporation;
 - and Valero.

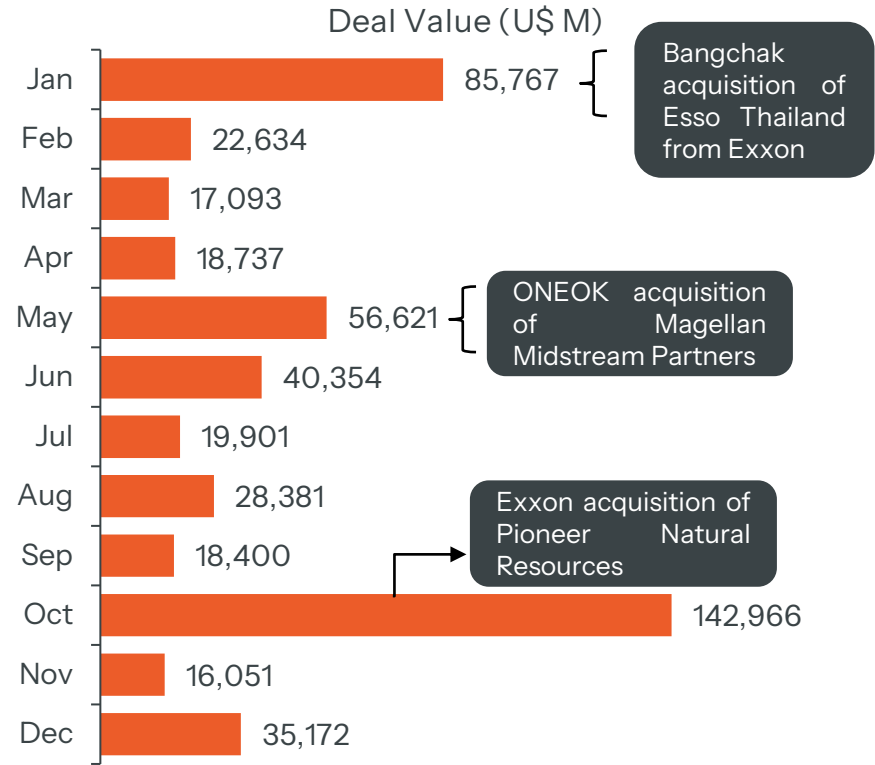
Source: S&P Capital IQ

Industry Focus: Oil & Gas Activity

Throughout 2023, a total of 1,107 transactions were observed within the oil and gas sector, representing a total transactional value of U\$ 502 Bn



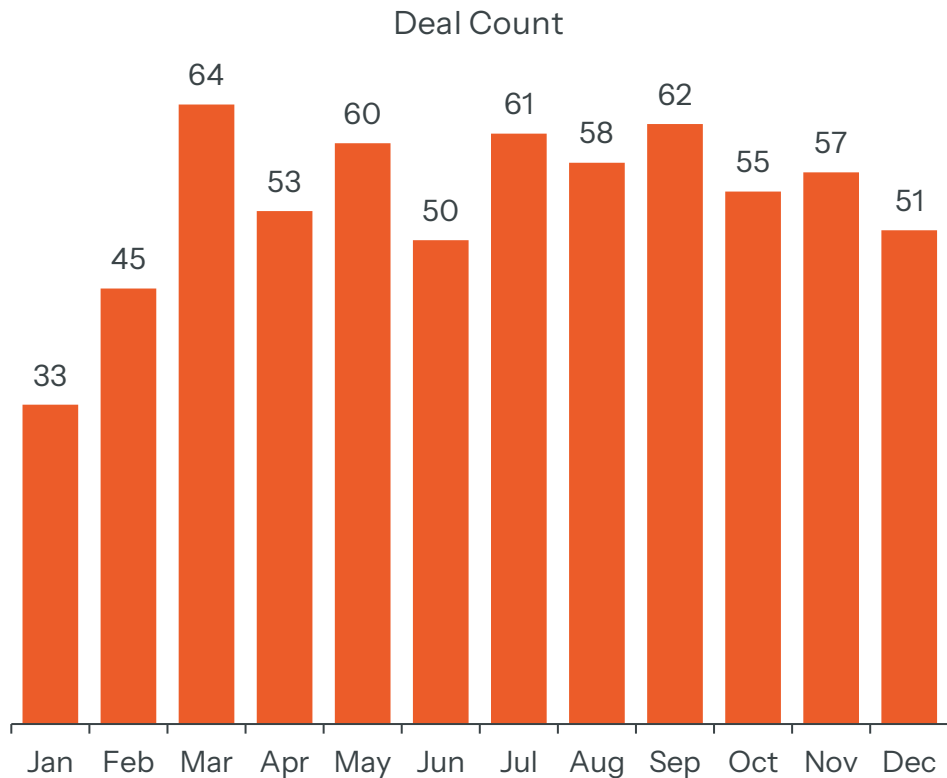
Source: S&P Capital IQ



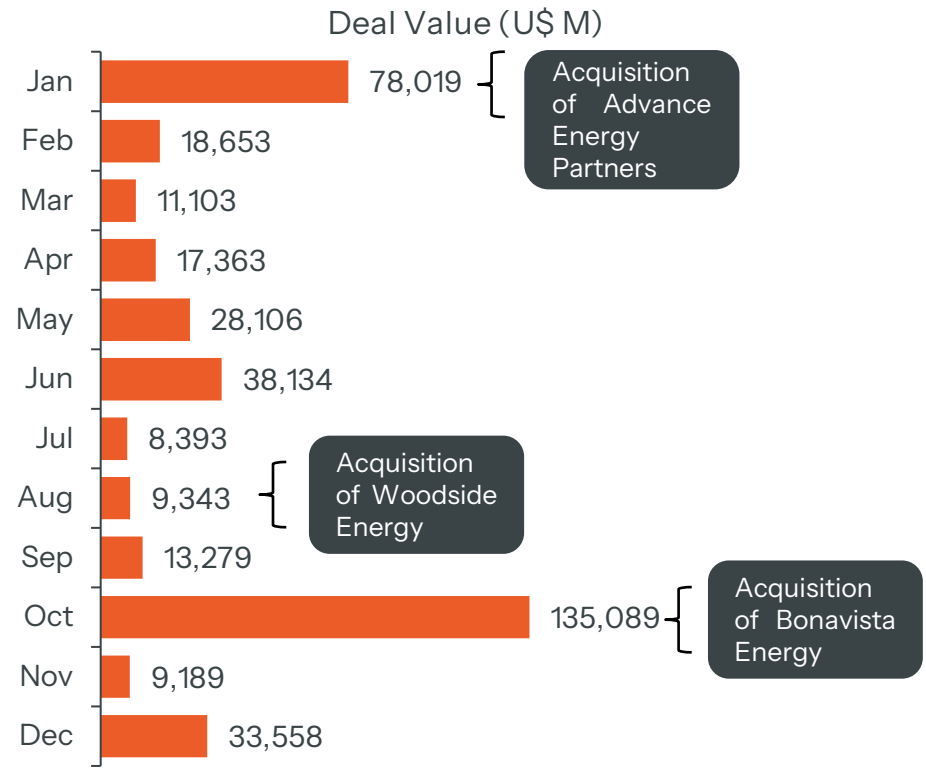
Source: S&P Capital IQ

Sub-Industry Focus: Oil & Gas Activity (Upstream)

Throughout 2023, a total of 649 transactions were observed within the upstream subsector, representing a total transactional value of U\$ 400 Bn and 80% of all oil and gas deal activity



Source: S&P Capital IQ

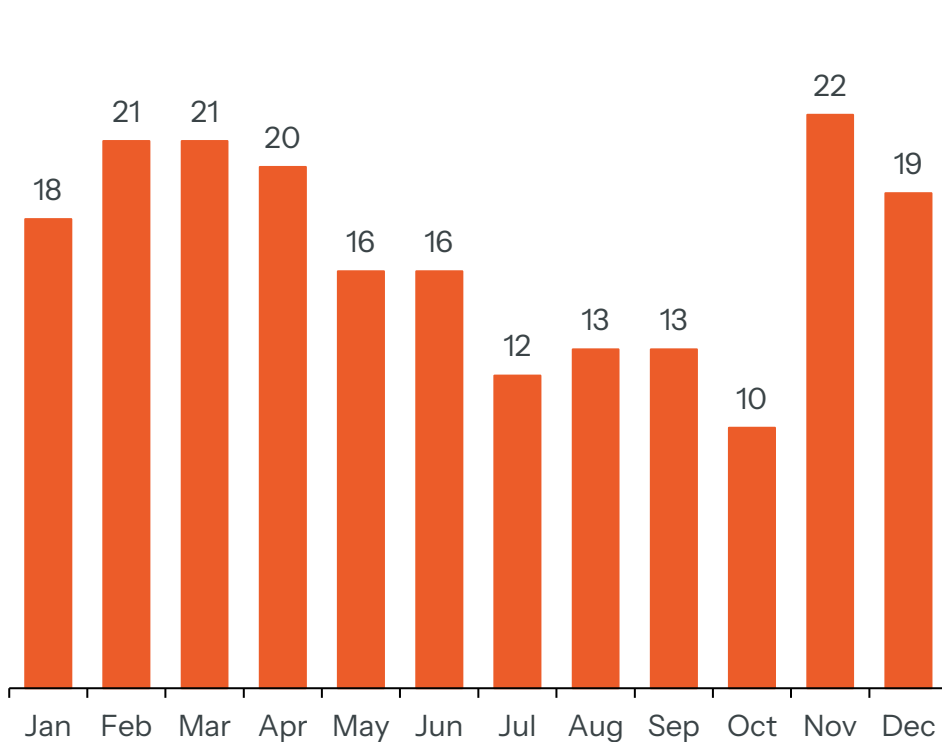


Source: S&P Capital IQ

Sub-Industry Focus: Oil & Gas Activity (Downstream)

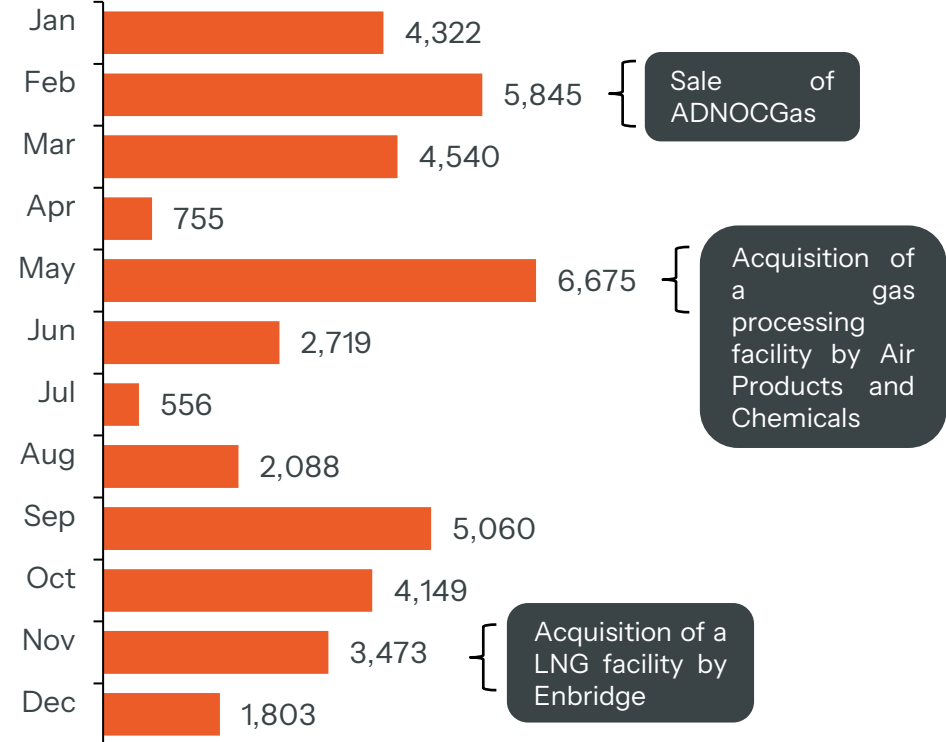
Throughout 2023, a total of 649 transactions were observed within the upstream subsector, representing a total transactional value of U\$ 400 Bn and 80% of all oil and gas deal activity

Deal Count



Source: S&P Capital IQ

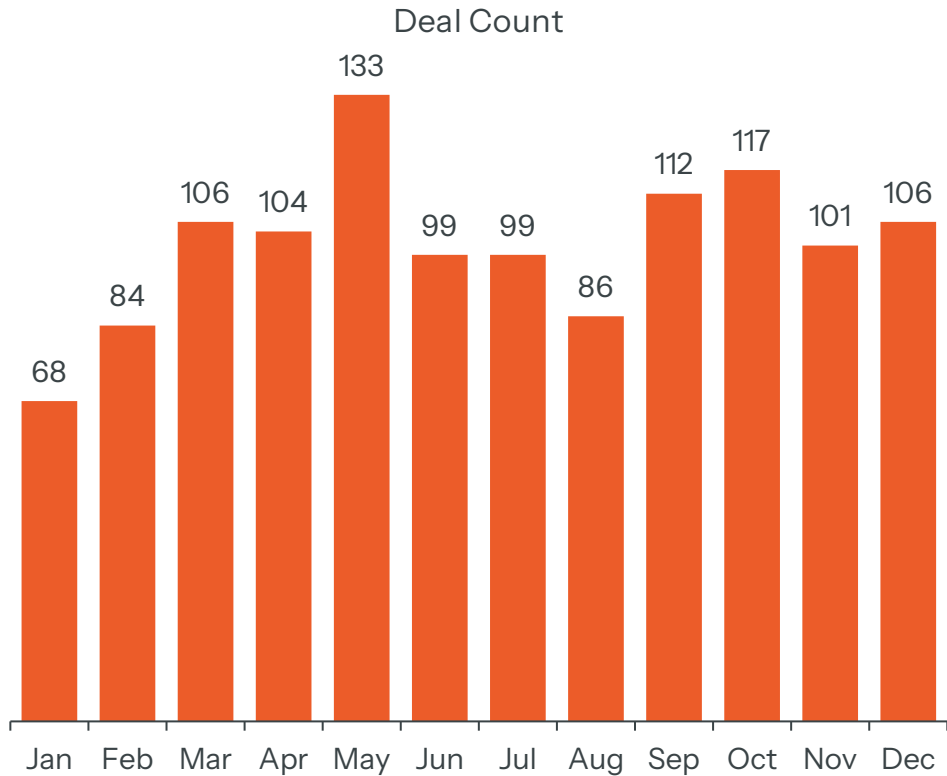
Deal Value (U\$ M)



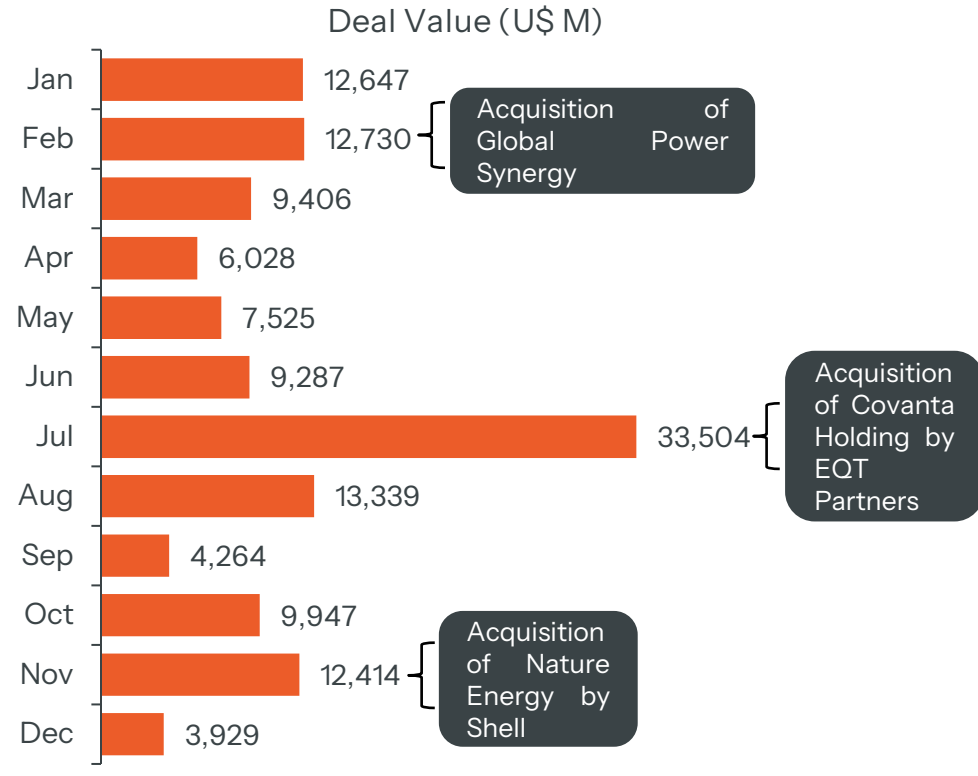
Source: S&P Capital IQ

Industry Focus: Renewables

Throughout 2023, a total of 1,215 transactions were observed within the upstream subsector, representing a total transactional value of U\$ 135 Bn



Source: S&P Capital IQ

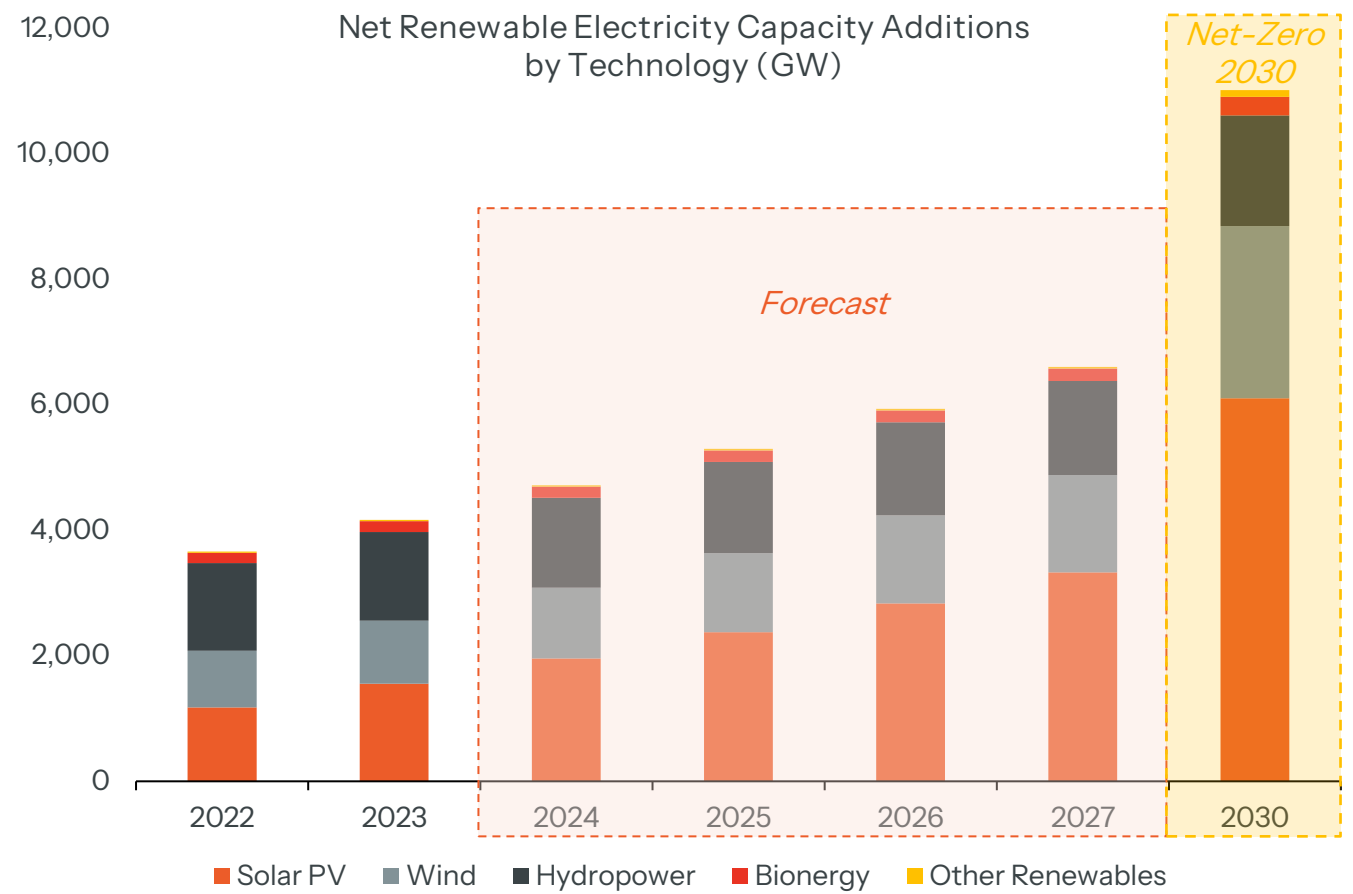


Source: S&P Capital IQ

Industry Focus: Renewables

Renewables are rapidly growing and 2023 set a record year for renewable energy projects, throughout the value chain, including solar, wind, hydropower and other sources, with a total global capacity addition of 500 GW

- Global renewable capacity additions soared by 50% to nearly 510 gigawatts (GW), the fastest growth rate in the past 2 decades.
- The unprecedented growth was driven by expanding policy support, geopolitical tensions endangering energy security, and the continuous improvement in competitiveness against fossil fuel alternatives.
- China's additions were outstanding (66%), commissioning as much solar PV as the entire world did in 2022.
- Other European countries and the U.S. also expanded their wind capacity, as a result of supply chain challenges delaying projects from 2022 to 2023.
- For 2024, Solar PV additions are expected to increase in all major markets, thanks to declining module prices, new policies pushing for large-scale deployment, and a greater uptake of distributed solar systems.



Source: EIA

Renewables: Top-5 Projects of 2023

2023 was a ground-breaking year for renewable projects and capacity additions, as the production of clean affordable energy, becomes central to the long-term goals of major players

Dogger Bank Wind Farm



Morgan, Mona and Morven Offshore Wind Farm



Yellow Pine Solar Project



Fernando Pessoa Solar Farm



Nordseecluster Project



The world's largest offshore wind energy project in construction, expected to be completed by 2026. The Project will generate 3.6 GW¹ with an investment of US\$11.5Bn



Expected to be full operational by 2030, the Project will have a combined energy capacity of 5.9GW, enough to power 6 million households in the UK.



Ready to begin operations in 2025, the Project will spread across 3,000 acres of land, with a capacity to produce 500MW of clean energy to power 100,000 homes, with a total investment of US\$400 M



The Project comprises a photovoltaic plant scheduled to start operations in 2025, with a capacity to produce 1.2GW, capable to meet the annual consumption demand of 430,000 households.

















By combining four wind farm sites in the eastern part of the German North Sea, the Project aims to generate up to 1.6GW of clean electricity, powering 1,600,000 homes in Germany



¹GW: Gigawatts

Highlighted Deals of 2023

2023 was an active year for major players, highlighting acquisitions from ExxonMobil and Chevron which will enhance their production capacity and integrate their value chain

Target			Buyer		Seller	Deal & Financials			
Name	Description	Sector	Name	Country	Name	Size (U\$M)	% Acquired	EV/EBITDA	EV/Sales
 PIONEER NATURAL RESOURCES	Exxon Mobil agreed to acquire Pioneer Natural Resources on 10/10/23	E&P ²	 ExxonMobil	US	 PIONEER NATURAL RESOURCES	65,599	100%	6.01	3.01
 HESS	Chevron Corporation entered into an agreement to acquire Hess on 10/22/23	Integrated O&G	 Chevron	US	 HESS	62,434	100%	9.25	5.13
 MAGELLAN MIDSTREAM PARTNERS, L.P.	ONEOK entered into a merger agreement to acquire Magellan Midstream Partners on 5/14/23	Midstream	 ONEOK	US	 EIP	18,946	100%	11.62	5.30
 CrownRock	Occidental Petroleum entered into an agreement to acquire CrownRock on 12/11/23	E&P	 OXY	US	 LIME ROCK PARTNERS	12,000	100%	-	-
E&P assets (Wintershall Dea)	On 12/19/23, Harbour Energy agreed to acquire upstream assets and exploration rights	E&P	 Harbour Energy	UK	 wintershall dea	10,100	-	-	-
 PDC ENERGY	Chevron entered into an agreement to acquire PDC Energy on 5/21/23	Integrated O&G	 Chevron	US	 PDC ENERGY	7,742	100%	2.18	2.01
 Crestwood	Energy Transfer entered into an agreement to acquire Crestwood Equity Partners on 8/16/23	Integrated O&G	 ENERGY TRANSFER	US	 SS&C ALPS ADVISORS	7,283	100%	8.18	1.40
 Dominion Energy	Enbridge entered into an agreement to acquire Dominion Energy Questar on 9/5/23	Integrated O&G	 ENBRIDGE	US	 Dominion Energy	6,570	100%	9.25	5.11
 Denbury	On 7/13/23, Exxon Mobil agreed to acquire Denbury	E&P	 ExxonMobil	US	 Denbury	4,956	100%	6.14	3.24
 EARTHSTONE Energy, Inc.	Permian Resources issued a Lol ¹ to acquire Earthstone Energy on 6/5/23	E&P	 PERMIAN RESOURCES	US	 STATE STREET	4,536	100%	3.20	2.19

¹Lol: Letter of Intent

²E&P: Exploration and Production (Upstream)

Source: S&P Capital IQ; select deals

Highlighted Project Investments of 2023

Throughout 2023, a total of 49 investments and M&A transactions regarding energy projects were observed, representing a total project investment of U\$ 10 Bn of disclosed deals

Target			Buyer		Seller	Deal	
Name	Description	Sector	Name	Country	Name	Size (U\$M)	% Acquired
Surmont Oilsands Project	As of 10/4/23, Surmont Oilsands Project was acquired by ConocoPhillips, it extracts and processes bitumen. It is based in Alberta, Canada	E&P ¹	ConocoPhillips	US	TotalEnergies	3,007	50%
Sakhalin-2 Energy Project	PAO NOVATEK agreed to acquire stake in Sakhalin-2 energy project from Shell on April 12, 2023. Russian Government has approved the sale	E&P	NOVATEK	Russia		1,156	27.5%
Scarborough Gas Project	LJ Scarborough entered into an agreement to acquire a stake in Scarborough Gas Project on 8/8/23; Woodside will own 90% and remain as operator	E&P	LJ Scarborough	Australia	Woodside Energy	880	10%
Abadi Gas Project	PT Pertamina Hulu Energi entered into an agreement to acquire a stake in Abadi gas project Indonesia on 7/25/23	E&P	PERTAMINA HULU ENERGI	Indonesia		650	35%
Pipestone Assets	AltaGas agreed to acquire Pipestone Assets from Tidewater Midstream and Infrastructure on 8/30/23	Midstream	AltaGas	Canada	TIDEWATER Midstream and Infrastructure Ltd.	483	100%
Mascot Project in Midland Basin	U.S. Energy Development Corp. acquired a stake in Mascot Project in Midland Basin from Midland-Petro D.C. Partners	E&P	U.S. ENERGY [®] Development Corporation	US	MIDLAND-PETRO D.C. PARTNERS, LLC	225	25%
North West Shelf Oil Project	Jadestone Energy plc agreed to acquire an additional stake in the North West Shelf Oil Project from Japan Australia LNG (MIMI) on 11/14/23	E&P	Jadestone Energy	Singapore	Japan Australia LNG (MIMI)	111	16.67%
Alta Mesa Project	Boss Energy entered into an agreement to acquire interests in Alta Mesa project of enCore on 12/6/23	Coal and Consumable Fuels	BOSS ENERGY	Australia	enCore energy <small>A member of Core Energy Company</small>	60	30%
EP 428, 129, 391, 431 and 436 assets	Buru Energy agreed to acquire interests in EP 428, 129, 391, 431 and 436 from Origin Energy West on 2/13/23	E&P	BuruEnergy	Australia	origin	24	50%
Tenas Coking Coal Project	Bathurst agreed to acquire the Telkwa Metallurgical Coal Complex, in British Columbia on 9/5/23	Coal and Consumable Fuels	BATHURST RESOURCES LIMITED	New Zealand	TELKWA COAL LIMITED	10	100%

¹E&P: Exploration and Production (Upstream)

Source: S&P Capital IQ; select deals

Deal of the Year: Oil & Gas

ExxonMobil announced a U\$ 64.5 Bn deal to acquire E&P company Pioneer Natural Resources, when closed, the deal would generate a combined production capacity of 1.3 million barrels of oil equivalent daily in the Permian

Buyer:

ExxonMobil

Target:

PIONEER
NATURAL RESOURCES

ExxonMobil announces merger with
Pioneer Natural Resources



- On October 11th, 2023, Exxon Mobil Corporation announced a joint agreement had been established with Pioneer Natural Resources to acquire the Dallas-based, large independent oil and gas exploration and production company.
- The transaction is to materialize as an all-stock deal, with an implied total enterprise value of approximately U\$ 64.5 billion, with the assumption of net debt.
- The transaction combines more than 850,000 net acres in the Midland Basin with ExxonMobil's 470,000 acres in the Delaware and Midland Basins. After the deal, the companies would have an estimated 16 billion barrels of oil equivalent resource in the Permian. Its production is expected to increase to approximately 1.3 million barrels of oil equivalent per day.
- This transaction further solidifies ExxonMobil's portfolio of unconventional oil and gas in the Permian Basin. Moreover, this deal is a clear example of what recent market trends support, regarding the growing activity of the sector in the Permian Basin. A zone where various companies are actively attempting to expand their presence in.

Deal of the Year: Renewables

Brookfield announced the acquisition of Duke, which will solidify its position as one of the largest renewable energy businesses in the U.S. with almost 9,000MW of combined operating pipeline capacity across the U.S.

Buyer:

Brookfield
Renewable

Target:



Brookfield Renewable Partners acquires Duke Energy Renewables



- Brookfield Renewable Partners and Brookfield Renewable Corporation announced the acquisition of Duke Energy Renewables from Duke Energy Corporation for a total of U\$2.8 Bn, including assumption of project debt and non-controlling tax equity.
- The sale portfolio includes 3,400MW of utility-scale renewables including, 1813MW wind, 1,613MW solar and 18MW battery storage, net of JV partners ownership.
- With this acquisition Brookfield adds to its pipeline of renewable projects, solidifying its position as one of the largest renewable energy businesses in the U.S. with almost 90,000MW of operating and development assets.

Deal of the Year: Mexico

Argentem Creek acquired Altos Hornos de México after a hard and complicated financial restructuring process since the company entered bankruptcy

Buyer:



Target:



ALTOS HORNOS DE MEXICO

Argentem Creek Partners acquired Altos Hornos de México



- Argentem Creek Partners announced the acquisition of 55% of Mexican steel-producer Altos Hornos de México, from Grupo Acerero del Norte.
- The acquisition contemplated a new capital injection of U\$200 M, the resign of the current board members, new board appointments, and the complete operations takeover by Argentem Creek.
- With this acquisition Argentem Creek will amount more than U\$850 M worth of investments in emerging markets, adding to its growing portfolio of operating assets.

How Can We Help

About Us

Kanan provides a comprehensive approach and offers an extensive array of corporate finance, investment banking, and restructuring solutions tailored to meet the needs of investors, companies, and lenders across all company life stages.

Buy-Side Advisory

We provide expert guidance to clients seeking business/asset acquisitions or investments by identifying suitable opportunities, market analysis, and conducting due diligence, structuring deals, to ensure the transaction. Assisting clients in making informed decisions, optimizing their investment strategies, and achieving their growth objectives.

Sell-Side Advisory

We assist in maximizing value from divestiture transactions, leveraging our market expertise and strategic insights, to guide our clients through every step of the selling process. Our services encompass valuation analysis, target identification, buyer outreach, negotiation support, and deal structuring. We tailor our approach to each client's unique goals, ensuring outcome execution.

Private Debt and Capital

We offer comprehensive Private Debt and Capital Services tailored to meet the unique financing needs of every business in all sectors. Our team leverages deep industry insights and strong relationships with debt and equity providers, connecting our clients to guarantee personalized financing strategies, and private capital sources to fuel growth initiatives.

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