# Clearview

CLEARWATER INTERNATIONAL

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## Electric Vehicle Charging Points and Wallboxes

A fragmented market with strong growth prospects, offering significant M&A potential for all market participants.

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# Market developments

## E-mobility perspective

The market for electric vehicle charging points and wallboxes is naturally driven by the rising demand for e-mobility solutions. As a result of the tightening regulatory environment, especially across the EU, combined with growing concerns over environmental pollution, the electrical vehicle ("EV") market is experiencing rapid growth. This is expected to increase in the upcoming years.

In order to achieve the climate goals set by the European Union until 2030, a rapid change in the type of transportation is required in all European countries. In Germany, the Government has set ambitious target numbers of EVs, aiming for one million EVs by 2020 and six million EVs by 2030 (see chart 1). Hence, the share of EVs sold is expected to rise from 3% in 2020 to above 30% by 2030.

Major electric car manufacturers, such as BMW, Volkswagen and Tesla, are investing heavily to develop more affordable EVs to further drive the growth and acceptance in the market. However, Germany is currently largely behind its targets with less than 250,000 EVs on the road in 2019, partly as result of limited investment incentives for consumers but mostly as result of limited access to charging points across the country.

## Charging points: highly fragmented market

A dense charging infrastructure is a prerequisite for the sustainable success of e-mobility in Germany. In order to reach the targeted one million EVs by 2020, a dynamic development of the charging infrastructure is required. Currently, only approximately 60% of required charging points are installed (see chart 2). In particular, a limited availability of public charging points puts further pressure on private wallboxes to be the backbone of the charging infrastructure and e-mobility.

The need for a significant improvement of the infrastructure is supported by constant innovations and a strong increase in the efficiency of charging points combined with decreasing prices.

This dynamic market environment and the need for a resilient charging infrastructure offers companies from various end-markets the opportunity to widen business models and revenue streams, e.g. through product innovations or bundling of existing and new services.

Automotive players, especially Tesla and Volkswagen are among the most active market players, developing special offers including EV / wallbox bundle packages or granting a lifetime free access to public superchargers.

Energy suppliers are actively building infrastructures and are bundling (own) wallboxes with their energy contracts. In this context, French EDF Group recently acquired POD Point to become the leading energy company for electric mobility in UK.

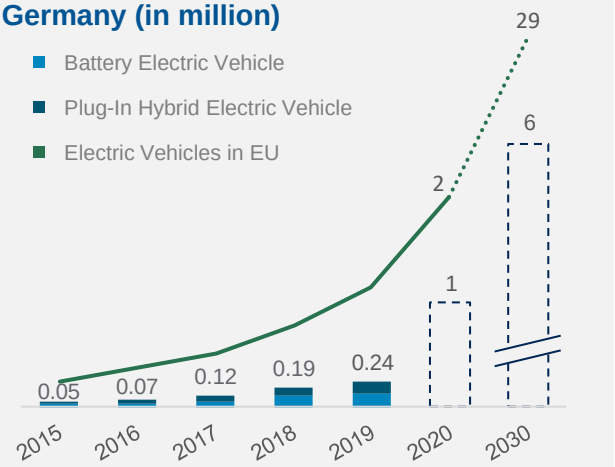
Naturally, OEMs such as Schneider Electric and Webasto are developing universal private chargers. In addition, new players in e-mobility markets, such as Heidelberger Druckmaschinen, are expanding their product portfolio with existing know-how.

Smart home solutions providers, such as sonnen group, which was acquired by Shell, offers an intelligent energy storage system and expands its solution towards EV charging.

## COVID-19 impact

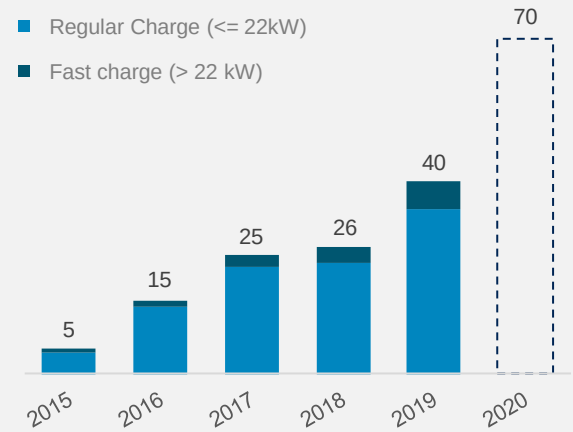
It is expected that the COVID-19 impact will further delay the German EV targets as OEMs and suppliers have reduced / halted production of vehicles as well as components. Despite the crisis, Tesla remains confident to finalise its plant close to Berlin with production starting in Summer 2021.

### Chart 1: Number of Electric Vehicles in Germany (in million)




Source: European Alternative Fuels Observatory, CWI Research

### Chart 2: Number of Charging Points in Germany (in thousands)




Source: European Alternative Fuels Observatory, CWI Research

# M&A activity

## Consolidation drivers

Currently, there are only a limited number of sizeable players in the market providing integrated charging solutions – this offers highly attractive market consolidation opportunities.

According to a recent market study[1], strategic investors, with an existing product / service portfolio in the EV market, and European utilities were responsible for over 80% of the EV infrastructure related M&A activity in the last decade. These acquisitions allowed the companies to enter and strengthen their position in the growing EV charging market.

Oil & Gas players, such as BP and Shell, represent the third largest investing category, underlining their strategy to expand their presence in the power and transport electrification sector. Private equity investors show only limited activity.

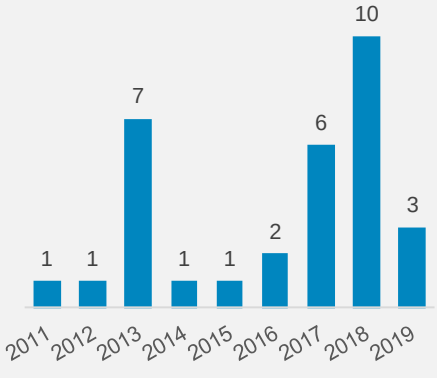
In total, 32 EV infrastructure related acquisitions were recorded globally since 2011, with activity peaks in 2013, 2017 and 2018.

During the same period, 61 EV charging infrastructure companies raised a cumulative total volume of $1.7bn venture capital and private equity firms were the most active investors in those rounds. The majority of the investments were provided to charging unit manufacturers, network operators and vertically integrated vendors.

## Selected market transactions

| Date | Target | Country | Buyer | Country |
|---|---|---|---|---|
| Feb-20 | POD Point Limited | UK | EDF S.A.<br>Legal & General Capital | FR<br>UK |
| Oct-19 | Compleo Charging Solutions GmbH | DE | Fontus Invest GmbH | DE |
| Aug-19 | E-Wald GmbH | DE | Statkraft AS | NO |
| Jul-19 | chargeIT mobility GmbH | DE | Eneco emobility B.V. | NL |
| Jul-19 | Engenie Ltd | UK | Cube Infrastructure Managers S.A. | LU |
| May-19 | Be Power Srl (51% Stake) | IT | Zouk Capital LLP | UK |
| Dec-18 | evpass SA (33% Stake) | CH | AEW Energie AG | CH |
| Jul-18 | EVTronic | FR | EVBox B.V. | NL |
| Jun-18 | ChargeMaster Plc | UK | BP Plc | UK |
| May-18 | Allego B.V. | NL | Meridiam SAS | FR |

### M&A Deals (2011-2019)




### Top 5 fundraisers in the last decade

| Company | Country | Funds (USDm) |
|---|---|---|
| chargepoint | | 475 |
| VOLTA | | 151 |
| ATHER | | 91 |
| FASTNED | | 53 |
| SemaConnect | | 26 |

## Recent Clearwater International transactions – innovative energy solutions

| | | | | |
|---|---|---|---|---|
| BayWa r.e. GlenDimplex sold beegy to MVV Energie AG | HeidelbergCapital sold MOBILE CITY to easyPARK | MAGENWIRTH TECHNOLOGIES sold bebro eSYSTEMS to KATEK | alphaEOS sold to Werner Sobeck Group | NEW' invested in fresh energy |
| Sell-side<br>Undisclosed | Sell-side<br>Undisclosed | Sell-side<br>Undisclosed | Sell-side<br>Undisclosed | Buy-side<br>Undisclosed |

*Note 1: Corporate activity in the EV infrastructure market: VC investment and M&A activity from 2010 to H1 2019 – Wood Mackenzie, 2019*

# Case study

## Clearwater International advises MAGENWIRTH Technologies GmbH on the sale of bebro electronic GmbH and eSystems MTG GmbH to KATEK SE

Clearwater International has advised MAGENWIRTH Technologies GmbH (MAGENWIRTH), a German family holding, on the sale of bebro electronic GmbH (bebro) and eSystems MTG GmbH (eSystems) to KATEK SE (KATEK), a portfolio company of the technology-oriented investment holding PRIMEPULSE SE.

For almost 50 years, bebro has been offering services in the area of electronic and mechatronic assemblies, devices and systems, covering the complete value chain of an EMS service provider. The spectrum ranges from development and prototyping, to the production of medium batch sizes and after-sales services. eSystems develops electric mobility solutions and systems for renowned automobile manufacturers worldwide, such as intelligent charging solutions for electric vehicles as part of Smart Home and Smart Grid. Together, bebro and eSystems generate a turnover of approximately EUR 90m and employ 550 staff.

KATEK is one of the leading electronics service providers (EDMS) in Germany, generating a turnover of more than EUR 350m, with 2,300 employees across locations in Germany and Eastern Europe.

> **With its long-standing and extensive expertise in the EMS sector, Clearwater International was able to find a new base for bebro and eSystems on its growth path.**
>
> Ralph Berndt, CEO, MAGENWIRTH Technologies

## Key Contacts EV Charging


**Benjamin Bubrowski**
Managing Director
Head of Business Services DACH
Tel: +49 69 58302 77 27
Email: benjamin.bubrowski@cwicf.com

**Maximilian Hammers**
Associate Director
Tel: +49 69 58302 77 38
Email: maximilian.hammers@cwicf.com


## Automotive Sector


**Tobias Schätzmüller**
Managing Partner
International Head of Automotive
Tel: +49 69 58302 77 26
Email: tobias.schaetzmueller@cwicf.com


## Industrials Sector


**Markus Otto**
Managing Partner
Head of Industrials & Chemicals DACH
Tel: +49 69 58302 77 24
Email: markus.otto@cwicf.com