

Infrastructure Deal Activity Sees a Sharp Decline in Q2

Fall in European deal activity sparks a slowdown in aggregate deal value

In Q2 2018, just 569 infrastructure deals were completed, worth a combined \$49bn. Although Preqin expects these figures to rise by up to 10% as more information becomes available, this nonetheless represents record low aggregate deal value for the industry. In fact, no quarter over the past five years has seen deal value drop below \$55bn, with Q1 2014 recording the previous low-point of \$57bn. Deal activity in Europe fell sharply, as total transaction value for the region fell from \$63bn in Q1 to just under \$18bn in Q2. Meanwhile, deal activity in North America and Asia remained relatively steady. Over half (54%) of the number of deals completed were for renewable energy assets, while energy assets and utilities assets each accounted for 11% of deals. Secondary stage deals continue to represent the largest proportion (64%) of deals, while greenfield assets made up 33% of deals and brownfield projects made up just 3% of deals.

For more information and analysis, see the full [Q2 2018 Infrastructure Deals](http://docs.preqin.com/reports/Preqin-Infrastructure-Deals-Q2-2018.pdf) here:

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Key Infrastructure Deals Facts:

- **In Q2 2018, 569 infrastructure deals were completed worth a combined \$49bn.** This is a sharp decrease from Q1, which saw 630 transactions announced for a total of \$99bn.
- **Europe-based deals saw a significant decrease in activity from Q1:** deal value in Q1 stood at \$63bn, but dropped to just under \$18bn in Q2.
- By contrast, **deal activity in North America and Asia remained steady.** In Q2 there were 200 deals completed in North America for \$14bn, while there were 86 Asia-based deals for \$12bn.
- By industry, **renewable energy made up over half (54%) of deals completed in Q2**, while energy and utilities each accounted for 11% of the number of deals.
- Deals of \$1bn or more accounted for 13% of transaction numbers in the first half of 2018, while **deals of less than \$100mn made up close to half (44%) of transactions completed – a three-year low.**
- **Sixty-four percent of deals completed in Q2 were secondary stage transactions**, while greenfield and brownfield assets accounted for 33% and 3% of the number of transactions respectively.
- **The largest infrastructure deal completed in Q2 was the acquisition of Techem for €4.6bn** by multiple investors.

Patrick Adefuye, Head of Real Assets Products:

“Infrastructure deal activity slumped in Q2, with the quarter seeing five-year lows for the number of deals completed and for total deal value. Europe was primarily responsible for the slowdown – activity in the region fell by 72%. Deal activity will have to significantly pick up in the second half of 2018 for the industry to come close to levels seen in previous years.

There are several possible reasons that might be influencing this slowdown. Significantly, asset valuations are high, and the largest proportion of investors believe them overvalued. While fundraising has been strong, we have seen dry powder rise to record highs, potentially indicating that fund managers are wary of deploying capital into overvalued assets. Ultimately, with the market remaining crowded and with capital still plentiful, fund managers will have to find ways to effectively deploy funds into available assets.”

Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.

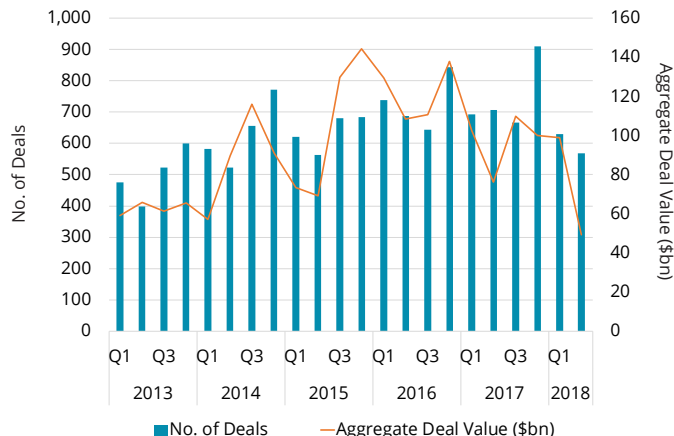
For more information, contact our dedicated press team at press@preqin.com or call (+44) 20 3207 0265.



Q2 2018 INFRASTRUCTURE DEALS

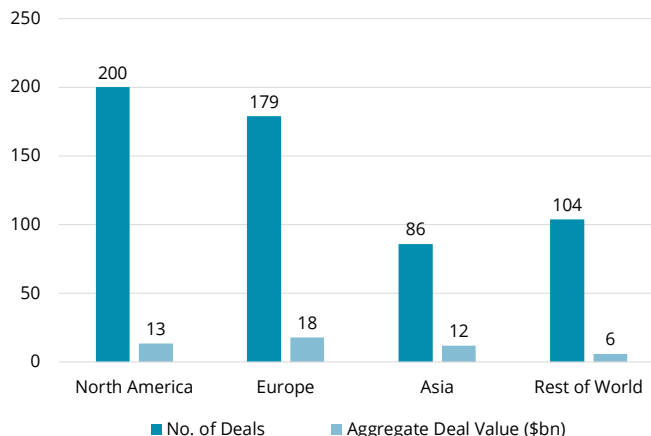
3 JULY 2018

Fig. 1: Global Quarterly Infrastructure Deals, Q1 2013 - Q2 2018



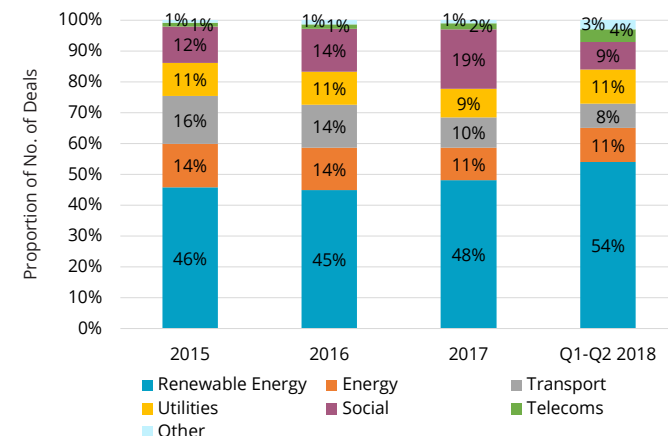
Source: Preqin

Fig. 2: Infrastructure Deals in Q2 2018 by Region



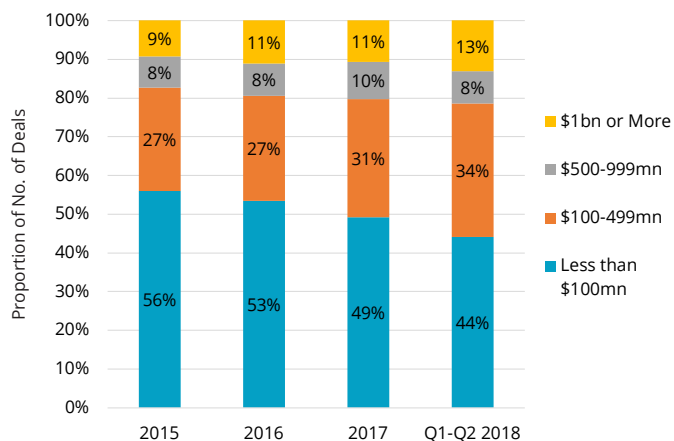
Source: Preqin

Fig. 3: Infrastructure Deals by Primary Industry, 2015 - H1 2018



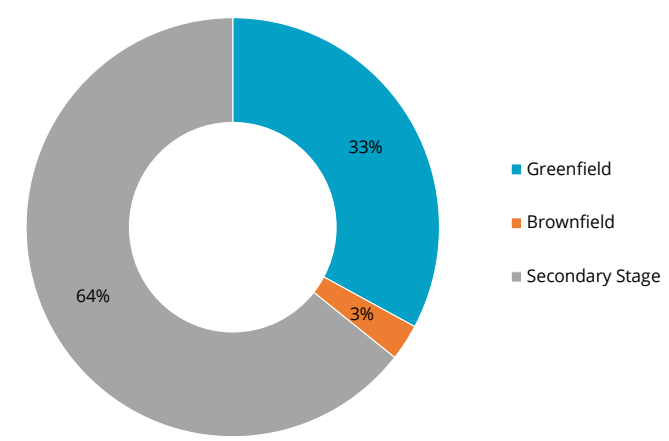
Source: Preqin

Fig. 4: Infrastructure Deals by Value Band, 2015 - H1 2018



Source: Preqin

Fig. 5: Infrastructure Deals in Q2 2018 by Project Stage



Source: Preqin

KEY FACTS



569

infrastructure deals were announced globally in Q2 2018, down from 630 in Q1.



64%

of deals completed in Q2 were for secondary-stage assets.



€4.6bn

Value of the largest deal announced in Q2, the acquisition of Techem.

Q2 2018 INFRASTRUCTURE DEALS

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Fig. 6: Largest Infrastructure Deals Completed Globally in Q2 2018

Asset	Location	Primary Industry	Investor(s)	Deal Size (mn)	Stake (%)	Deal Date
Techem	Germany	Power Distribution	CDPQ, Ontario Teachers' Pension Plan, Partners Group	4,600 EUR	100	May-18
ADT Caps	South Korea	Logistics	Macquarie Infrastructure and Real Assets (MIRA), SK Group	2,976,000 KRW	100	May-18
Cory Environmental Holdings	UK	Domestic Waste Management	Dalmore Capital, Fiera Infrastructure, Semperian PPP Investment Partners, Swiss Life Asset Managers	1,500 GBP	100	Jun-18
Brazos Midstream Delaware Basin Subsidiaries	US	Natural Resources	Morgan Stanley Infrastructure Partners	1,750 USD	100	May-18
Dynegy	US	Energy	Vistra Energy	1,700 USD	100	Apr-18
Eletropaulo	Brazil	Power Distribution	Enel	5,550 BRL	73	Jun-18
CityFibre	UK	Internet	Antin Infrastructure Partners, GS Infrastructure Investment Group	538 GBP	-	Apr-18
Queen Alia International Airport	Jordan	Airports	ASMA Capital Partners, Groupe ADP, Meridiam	615 USD	86	Apr-18
Clyde Wind Farm	UK	Wind Power	Greater Manchester Pension Fund, Greencoat Capital, London Pensions Fund Authority	202 GBP	15	May-18
Kallista Wind Farm	France	Wind Power	Boralex	223 EUR	100	Apr-18

Source: Preqin

LOOKING FOR MORE DATA AND ANALYSIS?

Preqin provides information, data and research on the infrastructure industry across fund performance, fundraising, fund managers, investors, deals, fund terms and more.

If you have more detailed requests for private equity data or any questions, please contact us:

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