

What's driving utility industry consolidation?

Panellists



Joseph E. Fontana
Global Utilities Transaction
Advisory Services Leader
Ernst & Young, USA



Robert Seiter
Director Transaction Advisory Services
Ernst & Young, Germany



Dr. Rainer Nitsche
Managing Director
ESMT Competition Analysis, Germany

- Forces driving the mergers boom
- Barriers to further consolidation: US and Europe
- The future: M&A trends in utilities
- Questions

What's driving utility consolidation?

Forces driving the mergers boom

- Mature industry, limited opportunities for organic growth
- Changing regulatory landscape
- Need to improve investment returns/control costs
- Need stable cashflow to finance capital-intensive investments
- Two ways to grow: stick to what you know/branch into new areas
- US utilities: domestic M&A focus
- Europe: success outside home territory

What's driving utility consolidation?

Barriers to further consolidation: US/ Europe

- Regulatory
 - **International:** “national champions” vs “global champions”; importance of market definition
 - **Horizontal:** dominance and coordinated effects; interconnection
 - **Vertical:** foreclosure vs efficiencies; impact of EC energy unbundling proposals
 - **Conglomerate:** where to draw the line?
- Other
 - Financial constraints
 - Business case

What's driving utility consolidation?

The future: M&A trends in utilities

- Is the industry going global?
- More diversification into renewable and clean energy?
- Multi-utility and multi-energy?

What's driving utility industry consolidation?

Panellists



Joseph E. Fontana
Global Utilities Transaction
Advisory Services Leader
Ernst & Young, USA



Robert Seiter
Director Transaction Advisory Services
Ernst & Young, Germany



Dr. Rainer Nitsche
Managing Director
ESMT Competition Analysis, Germany

- Forces driving the mergers boom
- Barriers to further consolidation: US and Europe
- The future: M&A trends in utilities
- Questions