Infrastructure Deals Slowdown Continues in Q2 2017

Deal volume and total value both fall further following slow start to the year

The global infrastructure deals market saw 277 deals announced in Q2, worth a combined $51bn. Preqin expects these figures to rise by around 5% as further information becomes available, but nonetheless this represents a significant slowdown in activity in 2017 so far. Every quarter from Q3 2015 to Q4 2016 saw total deal values exceed $100bn, but neither quarter of 2017 has approached this level of activity, with Q1 recording 373 deals for $90bn, and Q2 failing to meet that level. In fact, the second quarter of 2017 has seen the fewest infrastructure deals since Q3 2009 – at this pace, 2017 may see only half the overall activity compared to 2016's record-breaking level.

For more information and analysis, see the full *Q2 2017 Infrastructure Deals* factsheet here:
https://www.preqin.com/docs/reports/Infrastructure-Deals-Q2-2017.pdf

Key Q2 2017 Infrastructure Deals Facts:

- Q2 2017 saw **277 infrastructure deals announced globally, worth a total of $51bn**.
- This is lower in both deal volume and value compared to Q1, which saw 373 deals worth $90bn recorded. That quarter was itself a slowdown from the high levels of activity seen through 2016.
- **North America recorded 78 deals worth an aggregate $19bn**, the highest value of any region. Europe saw the most deals announced (146), but these were worth a combined $11bn.
- Renewable energy assets drove dealmaking activity, accounting for 59% of deal volume in H1 2017. Other energy investments represent 13% of H1 2017 deal volume, up from 7% in 2016.
- **Almost one in five deals (19%) in H1 2017 were worth $1bn or more**, up from 14% of deals in 2016 which were of this size.
- This has pushed the **average size of infrastructure deals in 2017 YTD to $519mn**, a significant increase from the $344mn average deal size seen in 2016.
- Secondary stage assets account for 79% of deals announced in Q2, while brownfield projects represent just 3%.
- The largest deal recorded in the quarter was the **CAD 9.7bn acquisition of Canadian pipeline operator Veresen** by the Pembina Pipeline Corporation.

Tom Carr, Head of Real Assets Products:

"The infrastructure deals market has slowed markedly in the first half of 2017. 2016 saw record levels of activity throughout the year, but this momentum does not seem to have been sustained, and deal volume is now around half what we saw in the same quarter last year. This will be of some concern to fund managers, and they will be looking to regain some momentum in the latter part of the year.

However, there are indications that deal flow may bounce back in H2. The closure of several mega infrastructure funds has injected a large amount of capital into the dealmaking market, which fund managers will be looking to deploy quickly. In addition, concerted efforts by both the US and Chinese governments to generate new private infrastructure investment are likely to provide more opportunities for attractive projects."

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 2017 INFRASTRUCTURE DEALS

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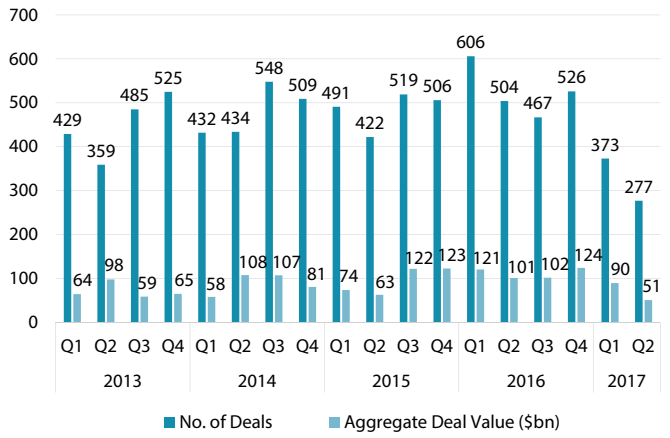
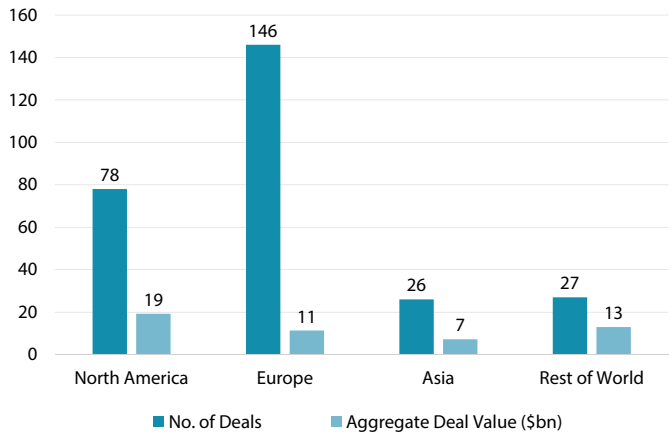
Fig. 1: Global Quarterly Infrastructure Deals, Q1 2013 - Q2 2017



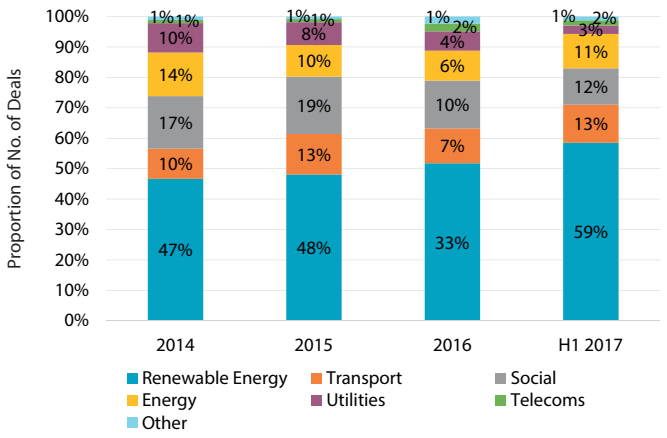
Source: Preqin Infrastructure Online

Fig. 2: Infrastructure Deals in Q2 2017 by Region



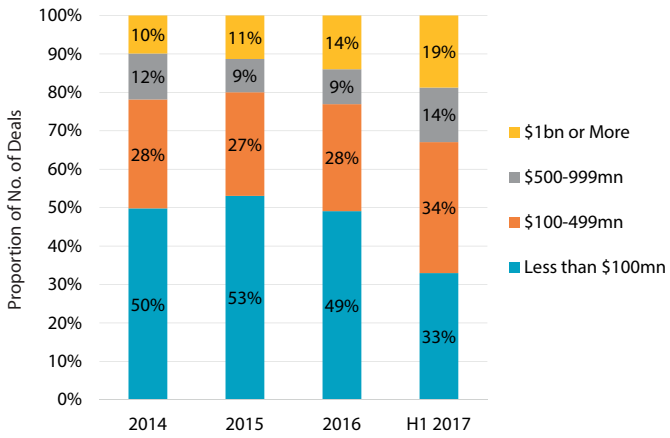
Source: Preqin Infrastructure Online

Fig. 3: Infrastructure Deals by Primary Industry, 2014 - H1 2017



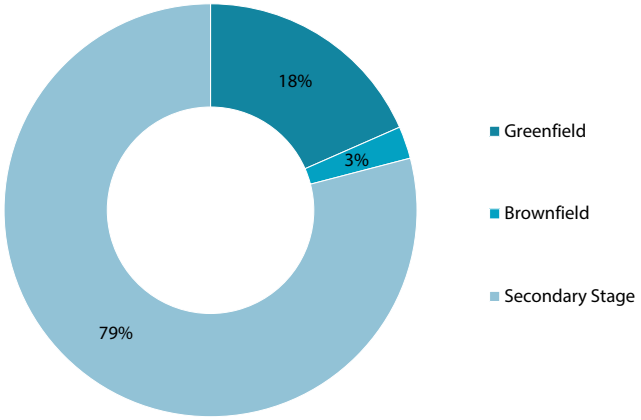
Source: Preqin Infrastructure Online

Fig. 4: Infrastructure Deals by Value Band, 2014 - H1 2017



Source: Preqin Infrastructure Online

Fig. 5: Infrastructure Deals in Q2 2017 by Project Stage



Source: Preqin Infrastructure Online

277
No. of infrastructure deals announced globally in Q2 2017, down from 504 for the same quarter the year before.

59%
of infrastructure deals in H1 2017 were for renewable energy assets, the highest proportion ever recorded.

CAD 9.7bn
Size of the largest infrastructure deal announced in Q2 2017, for Canadian pipeline operator Veresen.

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Fig. 6: 10 Largest Infrastructure Deals Announced Globally in Q2 2017

Asset	Location	Primary Industry	Investor(s)	Deal Size (mn)	Stake (%)	Deal Date
Veresen	Canada	Natural Resources Pipelines	Pembina Pipeline Corporation	9,700 CAD	100	May-17
Taiwan Strait Wind Assets	Taiwan	Wind Power	Copenhagen Infrastructure Partners	5,970 USD	100	May-17
Endeavour Energy	Australia	Power Utilities	AMP Capital Investors, British Columbia Investment Management Corporation, Macquarie Infrastructure and Real Assets (MIRA), Qatar Investment Authority	7,620 AUD	50	May-17
DUET Group	Australia	Natural Resources Pipelines	CK Infrastructure Holdings	7,400 AUD	100	Apr-17
Q-Park N.V.	Netherlands	Parking Lots	KKR	2,950 EUR	100	May-17
San Juan Basin Assets	US	Natural Resources	Hilcorp	3,000 USD	100	Apr-17
Houston Fuel Oil Terminal Company	US	Natural Resources Storage Facility	SemGroup, L.P.	2,100 USD	100	Jun-17
LM Wind Power Assets	Denmark	Wind Power	GE Energy	1,500 USD	100	May-17
Navigator Energy Services, LLC	US	Natural Resources Pipelines	NuStar Energy	1,475 USD	100	Apr-17
Marcellus Shale Field	US	Natural Resources	HG Energy	1,230 USD	100	May-17

Source: Preqin Infrastructure Online

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 infrastructure data or any questions, please contact us:

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