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Clean Energy market update

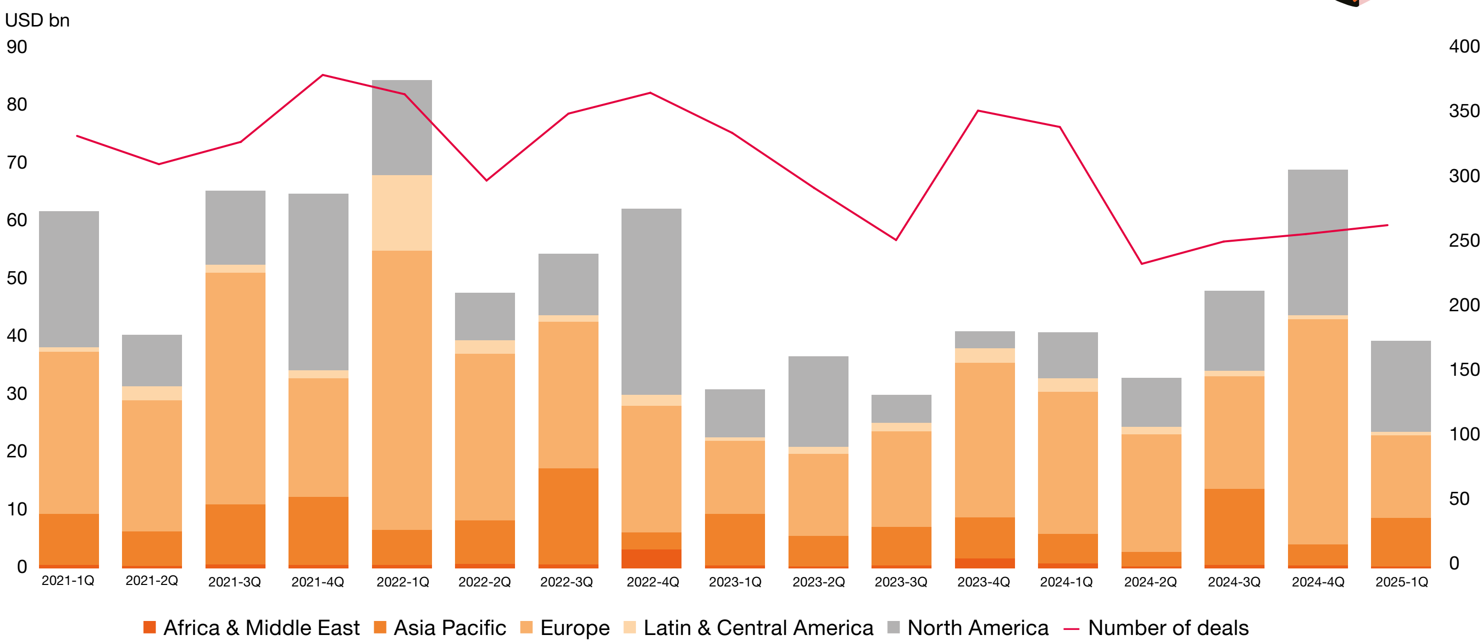
Q1 2025

Clean energy M&A activity reached approximately USD38bn globally in Q1 2025. While this represents a moderate decline from the typical year-end M&A rally.

Key Insights:

- Europe led in total deal value, reinforcing its position as the most active clean energy M&A region.
- North America contributed significantly to global volume, although deal sizes were more moderate.
- Asia Pacific maintained steady momentum, while Latin America and Africa & the Middle East showed modest but stable participation.
- Despite economic uncertainty, deal activity is rebounding from the trough in mid-2024, with a steady rise in transaction count signaling renewed investor engagement. The market continues to adjust to macroeconomic headwinds, but the underlying long-term demand for clean energy assets remains strong. The Q1 data suggests a shift toward more strategic, value-driven deals as investors prioritise quality over quantity.

Clean Energy M&A Deal Value by Region (2021 1Q-2025 1Q)



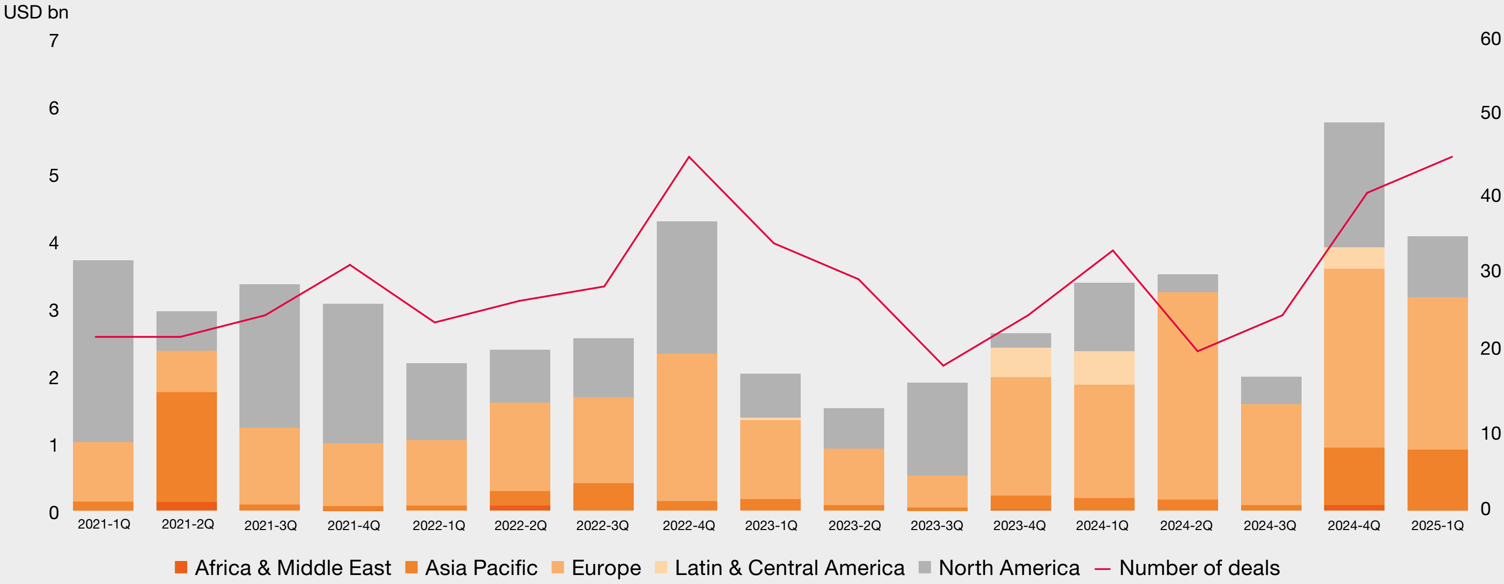
Spot Light: BESS-Transactions

In Q1 2025, global M&A activity in the Battery Energy Storage Systems (BESS) sector reached nearly USD4bn, marking a slight decline from the record-breaking Q4 2024, but still significantly above most prior quarters. Deal volume remained strong, with over 45 transactions, indicating sustained investor confidence in the BESS segment.

- Europe continued its dominant role, contributing the largest share of deal value for BESS assets, followed by North America.
- While Asia Pacific also saw a pickup in activity, Africa & the Middle East and Latin America remained relatively small contributors.
- Compared to other clean energy asset classes, BESS stood out for its strong momentum - with Q1 activity remaining more resilient than in broader clean energy M&A, which saw a more pronounced drop in total value post-Q4 2024 highs.

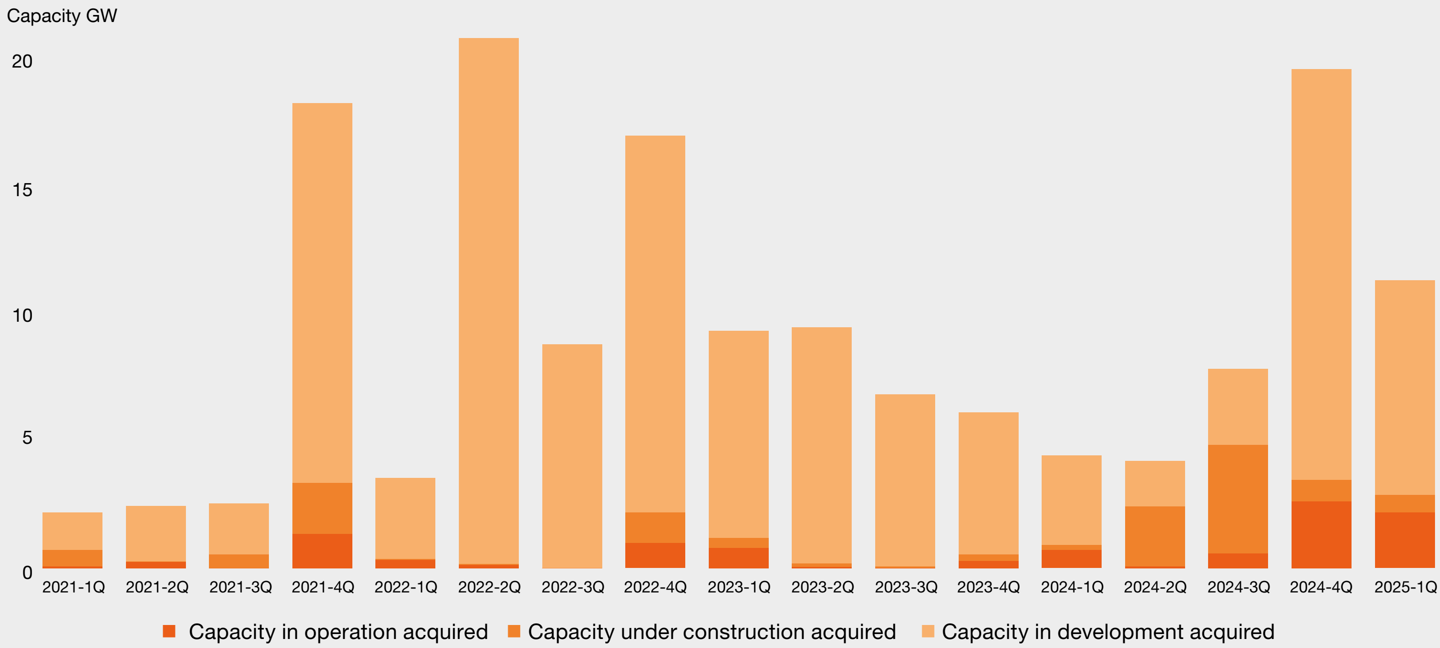
BESS continues to gain strategic importance in energy transition portfolios, driven by grid flexibility needs, regulatory tailwinds, and decarbonisation commitments. Investors appear to view BESS not just as a niche play, but as a core enabler of renewables—with valuations and deal counts increasingly reflecting that role.

BESS M&A Deal Value by Region (2021 1Q-2025 1Q)



Over 12 GW of BESS capacity was acquired in Q1 2025, with the majority still concentrated in early-stage development assets. However, there was a noticeable uptick in acquisitions of under-construction and operational projects - signaling a growing appetite for more immediate, revenue-generating assets.
This trend is partly structural: as the global fleet of operating BESS projects expands, the pool of mature assets naturally increases, leading to a gradual rise in secondary market activity and M&A involving in-operation systems.

BESS Effective Capacity Acquired (2021 1Q-2025 1Q)



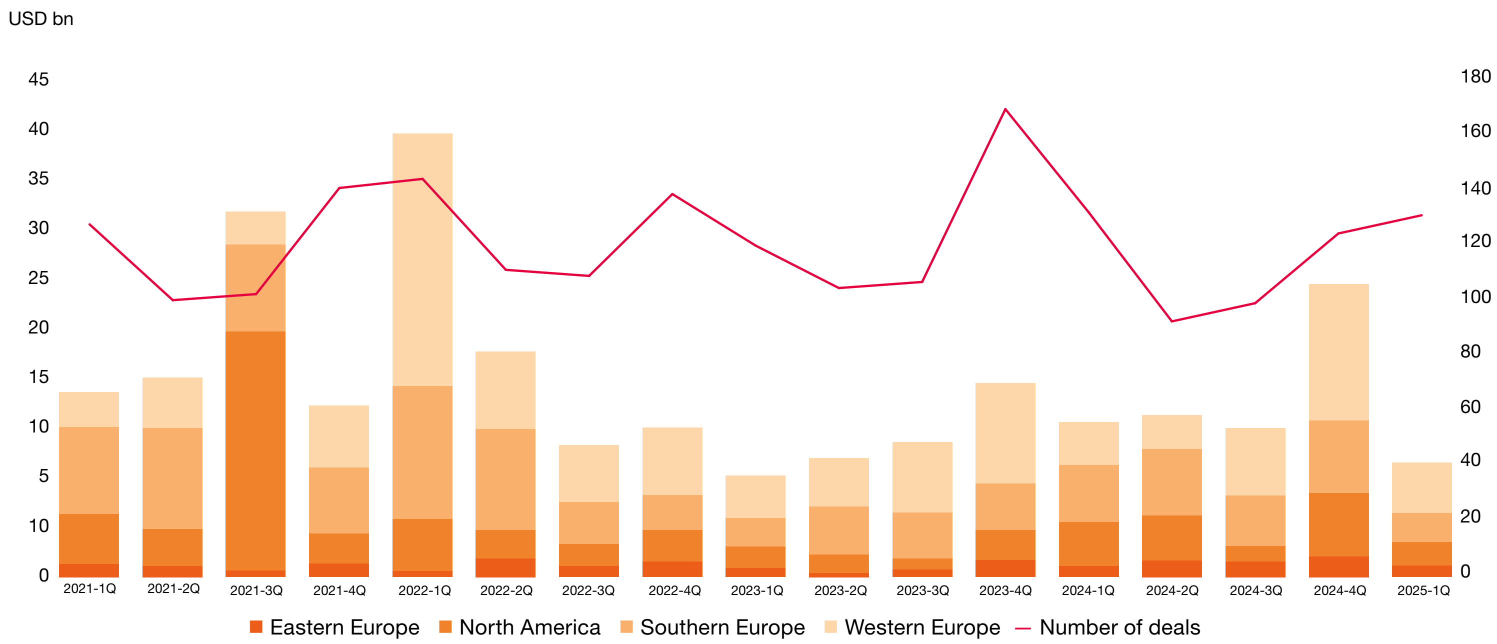
Spot Light European Clean Energy Transaction Market

M&A activity in Europe's clean energy sector slowed in Q1 2025, with total deal value falling to around USD12bn—a notable decline from both Q1 2024 and the exceptionally strong Q4 2024. This deceleration follows a pattern of seasonal softening, but is also shaped by continued macroeconomic uncertainty.

- Western Europe remained the dominant sub-region, accounting for the largest share of deal value.
- Southern and Northern Europe saw steady activity, while Eastern Europe maintained a marginal but consistent presence.

The Q1 data suggests a cautious but resilient market as stakeholders adapt to shifting regulatory frameworks and rising capital costs. The sector continues to attract capital, especially in segments aligned with energy transition goals.

Renewable Energy Effective Capacity Acquired In Europe (2021 1Q-2025 1Q)



Source: Clean Energy Pipeline