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MARKET OUTLOOK · ENERGY & INFRASTRUCTURE

Q2 2026 Energy & Infrastructure M&A Outlook

Deal velocity, valuation benchmarks, and capital availability across power, renewables, and midstream assets in North America and the Middle East.

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Energy and infrastructure M&A enters Q2 2026 with a distinct two-speed character. Contracted, inflation-linked cash flows are clearing at firm valuations with competitive lender support, while merchant-exposed and development-stage assets face wider bid-ask spreads and longer processes. This outlook examines transaction activity across power, renewables, and midstream, with emphasis on sponsor-to-sponsor transfers, asset-level carve-outs, and cross-border capital deployment.

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Deal Velocity and Volume

Transaction count across North American energy and infrastructure held broadly flat against the prior quarter, but composition shifted meaningfully. Sponsor-to-sponsor transfers accounted for a growing share of closed deals as funds raised in the 2019 to 2021 vintages reached the back half of their hold periods and portfolio rotation became a liquidity necessity rather than an option.

- Sponsor-to-sponsor transfers led deal flow, driven by fund-life pressure and a still-selective IPO window.
- Asset-level carve-outs from utilities and integrated players continued as balance-sheet discipline outweighed empire preservation.
- Auction processes for contracted platforms drew deep first-round fields; merchant-exposed assets frequently converted to bilateral negotiations.
- Average time from launch to signing extended for development-stage assets, while operating contracted assets cleared on schedule.

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Valuation Benchmarks

Valuation dispersion is the defining feature of the current market. The spread between contracted and merchant-exposed assets has widened to levels not seen since the last rate cycle, and buyers are pricing revenue quality line by line rather than applying platform multiples.

- Contracted renewables platforms with investment-grade offtake continued to command premium multiples, supported by lender appetite for inflation-linked cash flows.
- Merchant-exposed generation traded at meaningful discounts, with structure, earnouts, and seller rollover bridging valuation gaps.
- Midstream assets with take-or-pay contracts and demonstrated volume durability priced firmly; gathering systems with basin concentration risk did not.
- Buyers increasingly separated platform value from development pipeline value, paying for the former and optioning the latter.

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Capital Availability

Debt capital remains available but selective. Lenders are competing hardest for contracted cash flows with inflation linkage, while holding structure and covenant discipline on everything else.

- Project finance and infrastructure debt markets remained open throughout the quarter, with spreads tightening modestly for top-tier contracted assets.
- Private credit continued to take share in mid-market energy transactions, offering speed and structural flexibility against bank processes.
- Hybrid and holdco structures re-emerged for sponsors seeking leverage on portfolios with mixed contract profiles.
- Development-stage capital remains the scarcest tranche, concentrated among strategics and

specialist funds.

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Cross-Border Dynamics

Middle East capital remains the most consequential cross-border force in the market, seeking North American and European platform entry points at scale. Sovereign-affiliated investors showed a clear preference for platform investments with existing management teams over asset-level acquisitions, and for partnership structures that retain sponsor alignment through the hold.

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Outlook for the Balance of 2026

We expect the two-speed market to persist through year-end. Contracted assets will continue to clear efficiently, sponsor rotation will sustain deal count, and the valuation gap on merchant exposure will close only as rate expectations settle. For sellers, preparation quality and revenue-contract documentation are the highest-return investments before launch. For buyers, the opportunity concentrates in complexity: carve-outs, mixed-contract portfolios, and situations where diligence capability substitutes for auction premium.

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Methodology

Findings draw on proprietary deal tracking, lender dialogue, and sponsor interviews conducted during Q1 2026. Figures are indicative and for general information only; they do not constitute investment advice or an offer of services.

NEXT STEP

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