

Decreased Investments In The Nuclear Energy Market In Q4 2009

GlobalData's "**Nuclear Energy Annual Deals Analysis 2010**" report is an essential source of data and trend analysis on the mergers and acquisitions (M&A) and financings in the nuclear energy market. The report provides detailed information on M&As, equity/debt offerings, private equity (PE), venture financing and partnership transactions registered in the uranium mining and processing, equipment and services, and power generation markets in 2009. The report provides detailed comparative data on the number of deals and their value in the last four quarters subdivided by deal types, segments, and geographies. Additionally, the report provides information on the top private equity, venture capital (VC), and advisory firms in the nuclear energy industry.

The data presented in this report are derived from GlobalData's proprietary in-house Nuclear Energy eTrack deals database and primary and secondary research.

Investments In The Nuclear Energy Industry Declined Marginally In 2009

Global investments in the nuclear energy industry witnessed a decrease of 5%, reporting \$145.7 billion in 2009 compared to \$152.9 billion in 2008. The difficulty in raising finance, start-up expenses, coupled with the global economic downturn led to an overall investment decline in 2009. However, the number of deals increased from 724 deals in 2008 to 822 deals in 2009.

GlobalData expects that the nuclear energy market will mark its strong presence in the immediate future because the WNA energy index, which provides information on global nuclear energy industry prospects, registered positive signs in Q4 2009, which will certainly boost the investments. Further, many new reactors projects are in progress in the US, the UK and other established nuclear countries. However, in the coming three to five years, Asia will likely to dominate new reactor construction, led by China and India, because around 18 reactors were under construction by the end of 2009 in China; and to follow, India also signed a nuclear cooperation agreement with more countries and awarded reactor contracts to four foreign vendors in 2009. Investment in Asia's nuclear energy market increased in 2009 reporting \$17.4 billion, compared to \$12.1 billion in 2008.

The nuclear energy market has witnessed a good run from 2006 to 2008, prior to the global economic crises, reporting 566 deals worth \$44.3 billion in 2006 to 724 deals worth \$153.7 billion in 2008. The year 2009 ended with some positive news for the industry, as one of the potential countries in the nuclear energy market, the United Arab Emirates, awarded a contract for four nuclear reactors to Korea Electric Power of Korea, and further, the Canadian Government signed a civil nuclear cooperation agreement with India.

Decreased In Mergers & Acquisitions Investments In The Nuclear Energy Market

M&As, including mergers, acquisitions, and private equity transactions, reported a decrease of 96% in deal value from \$56 billion in 2008 to \$2.1 billion in 2009. The large difference can primarily be attributed to a few big ticket deals in 2008: Électricité de France's (EDF) acquisition of British Energy for \$25 billion and a 50% stake in Constellation Energy for \$4.5 billion; Gas Natural's acquisition of a 35% stake in Union Fenosa for \$18 billion; and Centrica's acquisition of a 20% stake in British Energy for \$4.5 billion from EDF. Further, the number of M&A deals also decreased from 65 deals in 2008 to 51 deals in 2009.

Furthermore, asset purchase transactions witnessed a marginal decrease in the number of deals and deal value, reporting 55 deals worth over \$1 billion in 2008 compared to 54 deals worth \$748 million in 2009.

According to Uma Bhanu Kondury, an analyst at GlobalData, "*Fall in energy demand due to lower industrial activity caused by economic recession and lower oil prices are the key reasons behind the decline in the nuclear energy investments in 2008.*"

Increased Financing Through Debt Offerings

Debt offerings, including secondary offerings and private placements, witnessed an increase in the number of deals and deal value, reporting 492 deals worth \$121.5 billion in 2009, compared to 415 deals worth \$77.5 billion in 2008. Public debt offerings reported an increase by 54% in the deal value from \$61 billion in 2008 to \$94 billion in 2009; and private debt placements increased by 67%, reporting \$27.3 billion in 2009, compared to \$16.4 billion in 2008.

Furthermore, global equity offerings, including initial public offerings, secondary offerings, and private investment in public equities (PIPE), witnessed an increase in the number of deals and the deal value,

reporting 190 deals worth \$21.3 billion in 2009 compared 137 deals worth \$18.4 billion in 2008. PIPE topped the table of equity capital raising with 157 deals worth \$12.5 billion in 2009.

Nuclear Energy Investments Increased in Asia Pacific, While Europe Market Witnessed Steady Investments in 2009

Nuclear energy investments in the Asia Pacific market increased by 52%, reporting \$17.4 billion in 2009, compared to \$11.4 billion in 2008, due to increasing investments in the growing emerging large economies like China and India. Further, the European nuclear energy market witnessed a steady level of investments, reporting \$84.2 billion in 2009, compared to \$83.9 billion in 2008; and the North America market witnessed a decrease in investments, reporting \$42.7 billion in 2009, compared to \$58.7 billion in 2008. The credit availability, the wait and watch approach of investors and the slower recovery from the financial crisis affected the investments in the European and North America regions in 2009.

According to Uma Bhanu Kondury, an analyst at GlobalData, *"The ambitious targets of countries such as China and India to boost the contribution of nuclear power in their respective energy mix are the primary reasons for the increased level of investment activities in the Asia-Pacific region."*

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Our highly qualified team of Analysts, Researchers, and Solution Consultants use proprietary data sources and various tools and techniques to gather, analyze and represent the latest and the most reliable information essential for businesses to sustain a competitive edge.

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