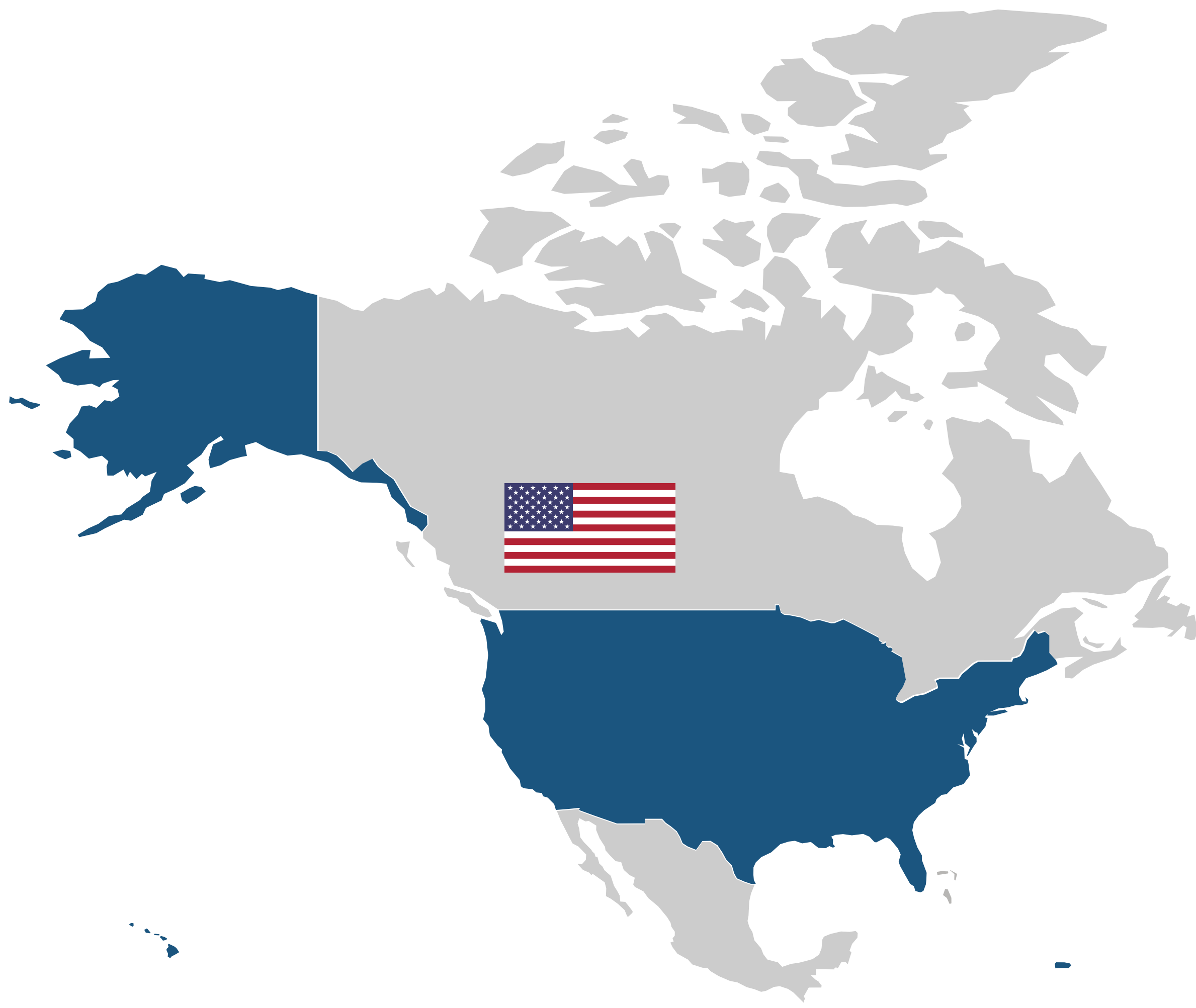


# Energy Transition and Replacements Driving the U.S. Transformer Market

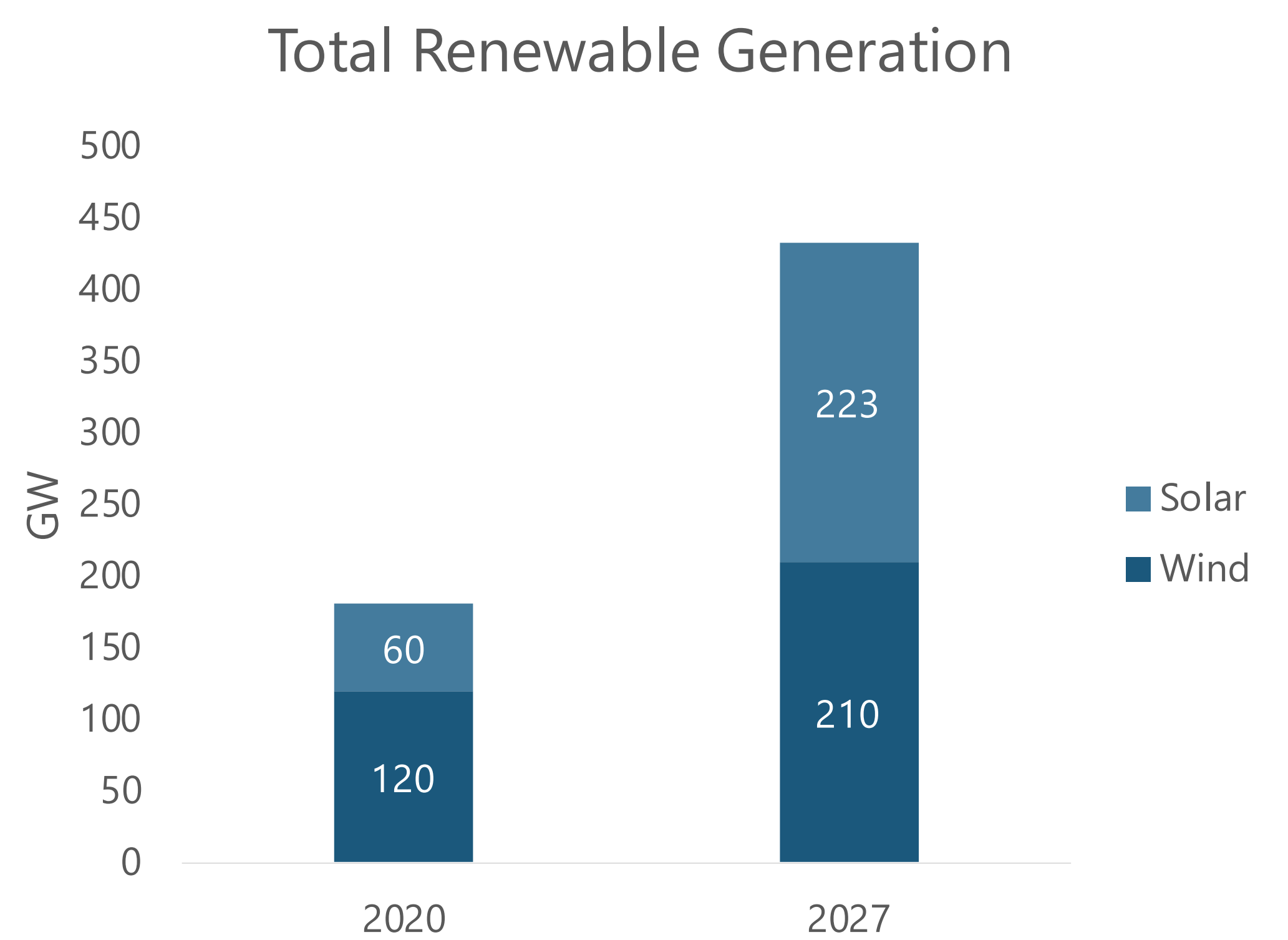
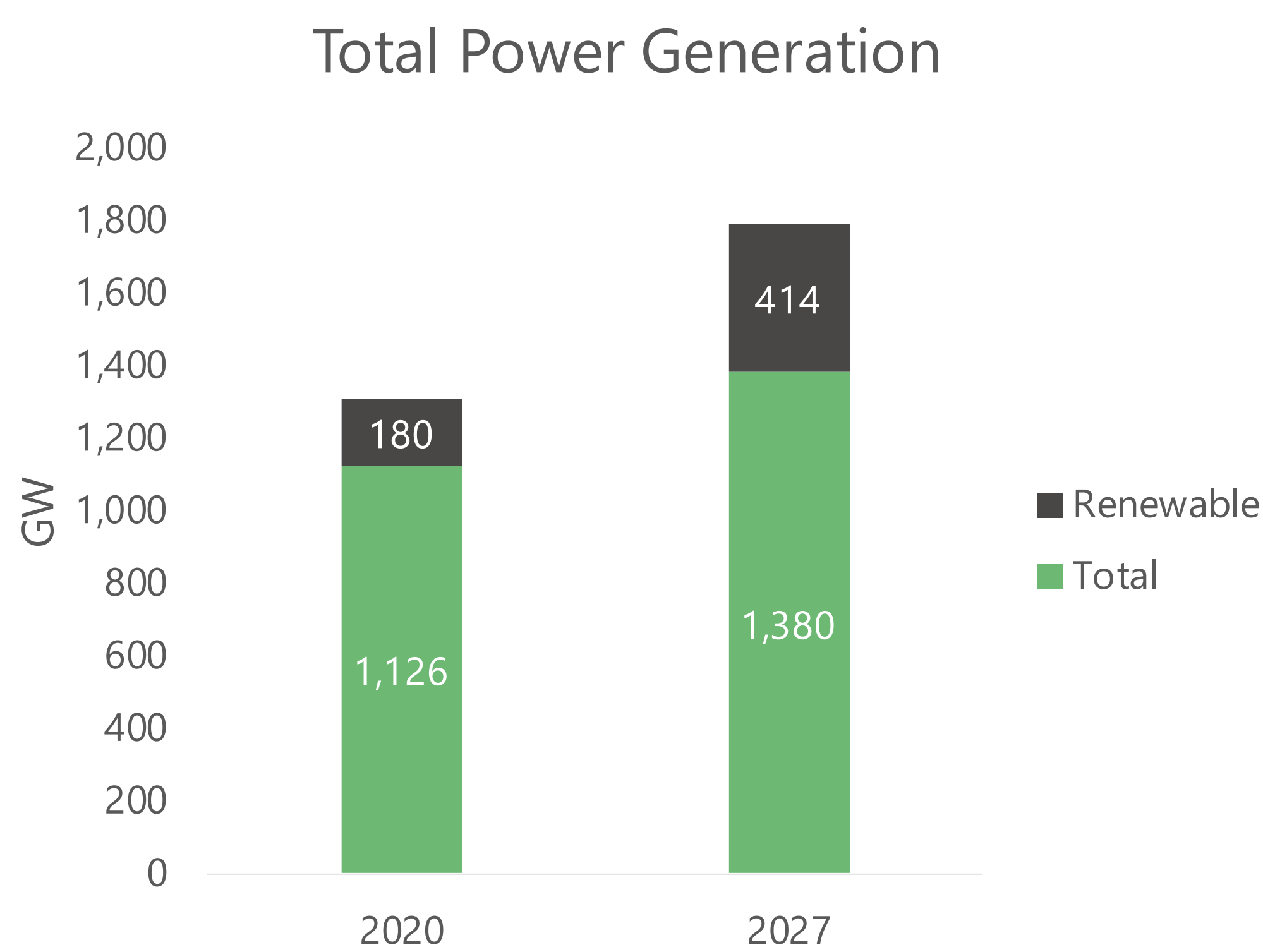
## Introduction



- The U.S. distribution transformer market accounts for 18% of the global distribution transformer market.
- The market is expected to grow with a CAGR of 4.1%.
- This growth will be driven by the replacement of aging infrastructure and the energy transition, underway globally and in the region.
- Biden's Infrastructure Bill has allocated an investment of USD 65b in the clean energy transmission grid and infrastructure supporting the energy transition

## Comparison of Historical and Forecast Years

Contribution from renewables in 2020 was 16% and it is expected to grow to more than 30% by 2027

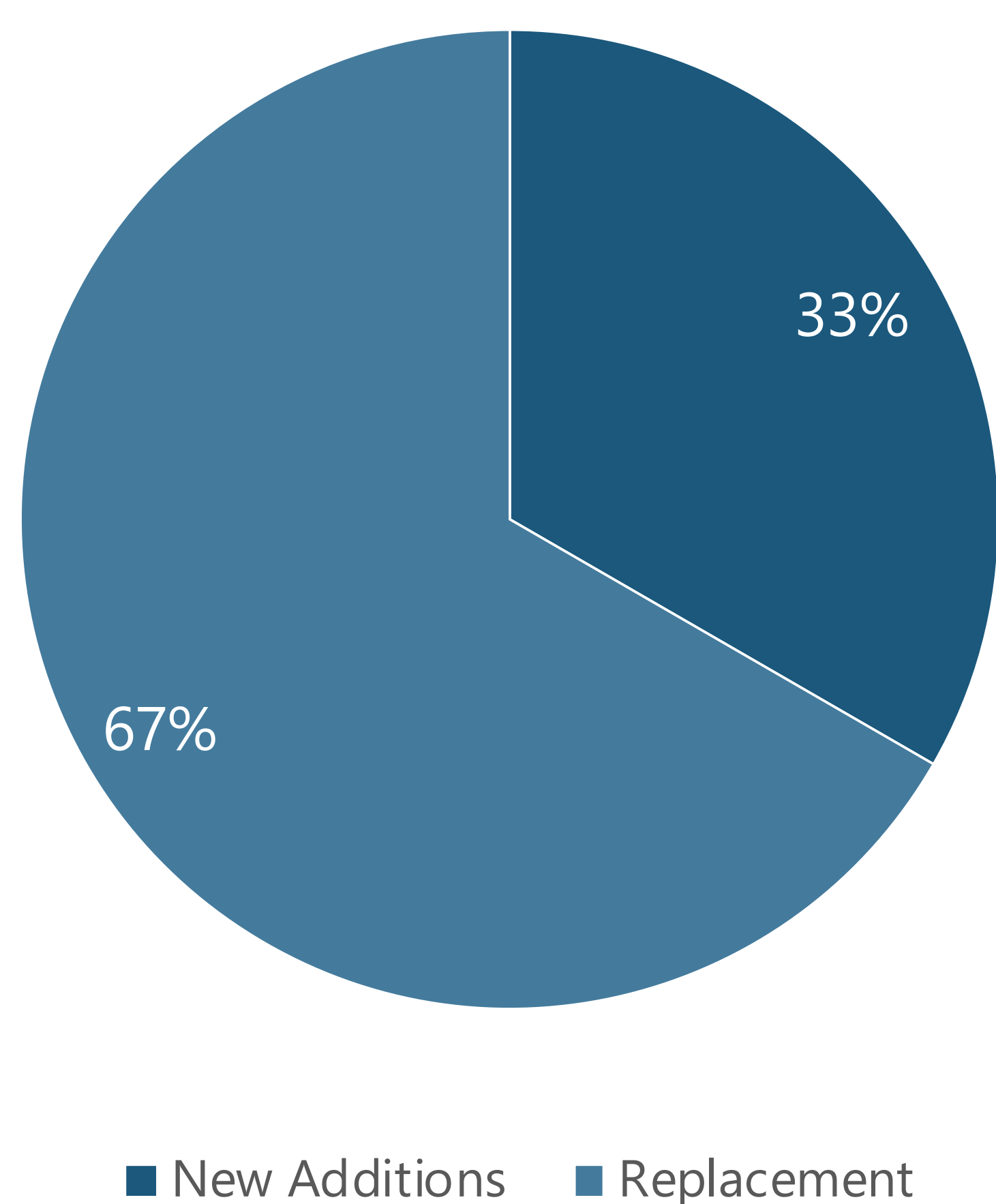


- Plans of adding renewable energy might expand further as the U.S., in a joint declaration with China at the COP26 summit, pledged to achieve the 1.5 °C temperature goal set out in the 2015 Paris Agreement.
- This growth in generation will require the T&D grid to expand and modernize accordingly, in order to absorb the additional GWs and to account for the variable nature of renewables.

## Growth in the Distribution Transformer Market

Renewables will call for the upgradation of the grid, driving the transformer market in turn.

## Transformer Annual Market



- According to the U.S. Department of Energy's latest figures, ~70% of U.S. transformers are older than 25 years.
- Despite the penetration of EVs and renewables, the transformer market in the U.S. will be driven by the replacement and refurbishment of old transformers that are about to reach their end of life.