

PE Hub

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PUBLISHED: 2 October, 2024

PE DEALS

Partners Group says Gateway Fleets is 'a winning business model in a high-conviction sector'

The US market for services to support the charging of EV fleets is expected to be worth \$15bn by 2030.

Earlier this week, Partners Group, headquartered in Zug, Switzerland, announced a majority investment in Gateway Fleets, a San Francisco-based provider of electrification services for logistics fleet operators in the US. The deal comes at a time when many stakeholders are doubling down on increasing electric vehicles to reduce the carbon footprint caused by internal combustion engines.

The EV fleet migration market is benefiting from multiple thematic tailwinds driving transformational change, including technological advancement reducing EV costs, increased corporate emphasis on decarbonization goals and strong e-commerce growth, read a press statement announcing the deal. The statement added that the US market for services to support the charging of EV fleets is expected to be worth \$15 billion by 2030.

PE Hub caught up with Andre Burba, a managing director on Partners Group's Infrastructure Americas team, to learn more about opportunities that the firm identified with this deal. Below are excerpts:

How did this deal come together? Was Gateway Fleets for sale?

We were introduced to the Gateway management team as they were seeking a financial partner to fund their

capital program. After spending five years exploring the commercial fleet electrification space through our thematic research, we were attracted to Gateway's business plan and impressed by the quality of its management team. Over the last year, we have worked together with the Gateway team to collaboratively refine their strategy.

How does this deal represent your investment thesis?

We firmly believe that certain segments of the commercial vehicle fleet universe will migrate to electric vehicles in the coming years. To date, the transition has faced several challenges, from vehicle availability to reliability of charging infrastructure. As EVs in certain applications are already at or below cost parity with internal combustion engines, we needed to find an investment target that mitigated many adoption challenges. We believe that Gateway's business model does that and therefore fits with our investment thesis in this space.

What opportunities did you identify with this deal?

As a firm, we invest thematically. Fleet electrification represents a high-conviction theme for us. Secondly, we always ask ourselves: what is a winning business model in each sector? In Gateway, we found a winning business model in a

high-conviction sector, with the company maintaining a tangible contract pipeline with anchor customers and following a repeatable development model with a visible opportunity to scale.

What are your growth strategies for Gateway Fleets?

Our value creation plan for Gateway is focused primarily on organic growth to ultimately position Gateway as a leading provider of electrification services for small and medium fleets across the US. We believe there is a tremendous opportunity to apply the company's business model in certain geographic areas characterized by high density, a high degree of commercial activity and other factors and so will initially focus on certain core markets that fit these criteria, before moving on to establish a national footprint. While there may be M&A opportunities along the way, our core focus at the moment is growing the platform organically.

Do you have anything else similar to Gateway in your portfolio?

At Partners Group, we have deep experience using a repeatable playbook to build successful infrastructure platforms in areas of high-thematic conviction. We have invested in portfolio companies similar to Gateway in a number of sectors from renewable power to transportation and logistics to energy efficiency. Perhaps



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the best example is our energy efficiency platform Budderfly, which shares a number of similarities with Gateway due to its energy efficiency-as-a-service business model. Our successful track record of platform building as well as our entrepreneurial governance model will enable us to implement the lessons from prior investments at Gateway to realize its full potential.

Editor's note: For more on Budderfly, see PE Hub's coverage of its latest add-on [here](#).