

DATA: 30-10-2013

SITO: <http://www.mergermarket.com>

Electrade looks to raise EUR 80m through minority stake sale, co-CEO says

30 October, 2013

Electrade, a private Italian power and gas trading company, is looking to raise up to EUR 80m, co-CEO Marco Tumolo said. The company will invest the money in building hydroelectric plants across Chile, Peru, Colombia, Brazil, South Africa, and China over the next 10 years. Electrade is reviewing several options to accommodate an external investor, ranging from selling stakes in individual project-based subsidiaries to the sale of a minority stake in the company. The ideal partner would be an investor for 10 years, Tumolo said.

Chairman and founder Eraldo Ambrosi owns 40% of the company with co-CEO Valerio Francesco Guglielmini holding 5%. **Fabel SpA** (15%), **Fiduciaria Vicentina Srl** (30%) and **Tuenergie Srl** (10%) are the other key owners of the company, according to the Italian Chamber of Commerce.

The company plans to hire a financial adviser next year. It is looking to diversify from energy trading, which accounted for 75% of its EUR 500m turnover in 2012, into power generation. This has lower profit margins in the short term but it has interesting returns on investment over longer periods, Tumolo said.

The first stage of the plan – which is being currently implemented through self-financing – consists of building seven run-of-river (ROR) hydroelectric plants in the Chilean regions Maule and Bio Bio. These will have a combined 22 MW of estimated power and 100 GWh of estimated energy production, Tumolo said.

Last March, Electrade began the construction of La Montaña 1, a Maule-based hydroelectric plant with estimated power production of 4 MW and energy production of 20 GWh. It is expected to open in 4Q14, Tumolo said.

La Montaña 1 is wholly owned by Santiago-based **Hidroelectrica Puma**, which is controlled by Electrade through its Italian subsidiary **Talca Energia**. Electrade used PwC as accountant and an undisclosed local law firm to set up Hidroelectrica Puma, Tumolo said.

Between 2014 and 2016, Electrade will build six other plants in Chile – Trilaleo 1, Trilaleo 2, Trilaleo 3, Danicalqui 1, Danicalqui 2 and Pal Pal, for a total investment of EUR 60m. Existing shareholders and an external investor would finance the projects with EUR 20m of equity, Tumolo said.

The remaining EUR 40m would be financed through debt – which includes bank loans and a mini-bonds issue. Mini-bonds are a new tool created last year by the Italian government to give small and medium enterprises (SMEs) an alternative source of financing as bank lending dries up, Tumolo said.

Electrade is also looking to build dozens of hydroelectric plants in Peru, Colombia, Brazil, South Africa, and China. The company has developed expertise on the Brazilian and Chinese markets, where it already operates as a buyer of Clean Development Mechanism (CDM) projects from strategic partners and project developers.

CDMs allow emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, each equivalent to one tonne of CO₂. These CERs can be traded and sold, and are used by industrialized countries to meet part of their emission reduction targets under the Kyoto Protocol.

Italian strategy and company overview

Electrade is also considering buying stakes in Italian project-based companies for the construction of wind energy with estimated power of 5MW and hydroelectric plants with estimated power of 1MW. Each project would need a total investment of between EUR 5m and EUR 10m, Tumolo said.

The company is in talks to buy a 25% stake in an undisclosed company for the construction of a biogas plant near Milan. The plant requires an overall EUR 8m investment, Tumolo said. In 2010, Electrade acquired a 25% stake in energy service company **Consul System**, an energy service company based in Ascoli Piceno, Italy.

Established in 2006, Electrade generated revenues of EUR 500.2m and profits of EUR 11.4m in 2012, compared to revenues of EUR 342.8m and profits of EUR 24.7m a year before, according to the Italian Chamber of Commerce.

In 2013, Electrade expects to increase its revenues to EUR 550m through organic growth. This year, the company started trading natural gas in Italy, which created an additional EUR 35m in revenues, Tumolo said.

The Italian market accounts for 45% of the company's sale volumes but generates 55% of its turnover as it has higher energy prices, Tumolo said.

Electrade has 20 employees and net assets of EUR 39m. It uses PwC as accountant and sold 6.1 TWh of electricity in 2012, Tumolo said. Earlier this month, the company joined Elite, a three-phase programme organised by the Italian Stock Exchange to help SMEs prepare for a listing or a stake sale to financial investors.

Marco Tumolo (36) joined Electrade in 2007. He previously worked for **Dynameeting** and **Rezia Energia Italia**, part of **Repower** group.

by Riccardo Ghia in London

The screenshot shows the Electrade website interface. At the top, there are logos for MERGERMARKET and EY, along with a banner for mobile intelligence. The navigation bar includes links for Home, What we do, How we can help you, News, Events & Publications, About us, and Get in touch. The main content area features a 'Latest News & Press Releases' section with a 'Subscribe' button and a link to 'Or inquire about a trial'. Below this, there are several news items listed, including 'Italy's PE Buoyant Experienced 37.5% Increase Above the Same Period Last Year', 'Examined at the Bocconi Students' Alternative Investment Symposium', 'Storyfishers Report Launch Press Release', 'International insurers regain USA appetite', 'Italian ECR and Corporate M&A are leading the way', 'League Tables for Global Q1-Q3 2013 PR Advisors and M&A Trend Report', 'Regional League Tables and M&A Trend Reports Q3 2013', 'League Tables for Global Q1-Q3 2013 Legal Advisors and M&A Trend Report', 'League Tables for Global Q1-Q3 2013 Financial Advisors and M&A Trend Report', 'Danish M&A Outlook Press Release', and 'Ireland Investment Forum Press Release'. The main article, 'Electrade looks to raise EUR 80m through minority stake sale, co-CEO says', is dated 30 October, 2013. The article text states: 'Electrade, a private Italian power and gas trading company, is looking to raise up to EUR 80m, co-CEO Marco Tumolo said. The company will invest the money in building hydroelectric plants across Chile, Peru, Colombia, Brazil, South Africa, and China over the next 10 years. Electrade is reviewing several options to accommodate an external investor, ranging from selling stakes in individual project-based subsidiaries to the sale of a minority stake in the company. The ideal partner would be an investor for 10 years, Tumolo said. Chairman and founder Eraldo Ambrosi owns 40% of the company with co-CEO Valerio Francesco Guglielmini holding 5%, Fabel SpA (15%), Fiduciarla Vicentina Srl (30%) and Tuenergie Srl (10%) are the other key owners of the company, according to the Italian Chamber of Commerce. The company plans to hire a financial adviser next year. It is looking to diversify from energy'.

Electrade S.p.A.