



Restiani to grow through M&A in Italy, PE partner says

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This is an overview of Restiani's growth strategy following private equity firm Ambienta's acquisition of a majority stake in the company last week. Ambienta's Managing Partner Mauro Roversi talks about the deal and gives an overview of the market in which Restiani operates, including the main players and drivers, as well as a snapshot of the fund. For a full overview of Ambienta's profile, please click [here](#).

Roversi's full list of deals and relationships can be found on [Profiler App - Mauro Roversi](#). Download the app [here](#) to check profiles of M&A individuals before meeting them.

Restiani will grow through acquisitions in Italy, Roversi said. Ambienta bought 80% stake in the Italian heating management services and energy products provider, with the remainder retained by the Restiani family and management.

Restiani only serves the residential market in the Northwest of the country, particularly Torino, Cuneo, Alessandria, Genova and Pavia, and is focused on buildings with 10-15 apartments, Roversi said. It is not present in Northeast or central Italy, and so it will grow in these regions through acquisitions. Potential targets would be companies that are strong in areas where Restiani is not yet present, can bring new clients, or have a different product offering, especially in the renewable, co-generator, tri-generator, photovoltaic, lighting and smart-metering sectors. Alternatively, the company could look at expanding its end-market to the commercial and large-retail sectors. Restiani could do any of these things organically in areas where it is already present, and via acquisitions where it is not. Another pillar of its growth is digitalisation and Big Data management. At present, the company has aggregate data from around 250,000 installed metering systems, which it could look at increasing to 1m. Restiani has 32,000 clients.

The management

The company has identified a new chief executive officer, who will start in September. The new CEO is an engineer and comes from the electrical sector rather than the heating sector where Restiani operates and has experience in the utility sector. Restiani will also hire a chief financial officer, Roversi said, adding that all the other relevant posts are covered.

The market

According to Ambienta's internal research, 70% of the market - which grows by 3% annually - is made up of players generating revenues between EUR 5m and EUR 20m. The heating systems market is divided between independent (95% of the total) and centralised (5%). There were around 820,000 installed systems by the end of 2016. Restiani's potential market is represented by 70,000 systems, or 1.1m families, in the North West of the country. The market has a value of around EUR 1.5bn, and Restiani has 2%-3% market share.

Another six players, **A2A Calore & Servizi**, **Carto Termo**, **Siram**, **Europam**, **Iren Gestioni Energetiche** and **Olicar**, have a combined market share of 30%. Around 25 players with revenues between EUR 1.5m-EUR 18m represent some 10% of the market, with the remaining 60% made up of smaller players. Restiani has 32,000 clients or 1,800 condos and around 480 condo administrators.

Financing

The deal was financed using equity, Roversi said, adding that this was done to expedite the process. It could consider taking out debt to finance any further acquisitions.

Some financials

Restiani reported EUR 173m revenues in 2016, when its heating division, Restiani Calore, generated revenues around EUR 50m and EUR 10m EBITDA. It expects 2017 revenues of EUR 54m with EBITDA of EUR 11m. Restiani Petroliferi, its off-market oil products distributor, generates revenues of EUR 120m and EBITDA of EUR 1.5m and will be managed separately.

The exit

Ambienti aims to grow Restiani Calore to EUR 100m revenues during its tenure, Roversi said. At that size, the company could appeal to a strategic investor in either the utility sector or the facilities-management sector. In particular, the margins in the utility sector are decreasing, while Restiani's profitability is higher and it can guarantee 10-year contracts with the buildings it serves. A financial investor could also be a possibility as, after Ambienta's ownership, the new buyer could continue to grow Restiani in Italy and add new clients and products. The new buyer could also create a pan-European group that includes Restiani and a leading counterpart in other regions, but in general its business model is not very exportable.

The deal and the advisers

The deal was brought to Ambianta by **Canova Finanziaria** ([Roberto Giacobone](#)) as part of a disposal of Italian energy company **Erg** [BIT:ERG] and French conglomerate **Total**'s [EPA:FP] joint division **Totalerg**, for which **Rothschild** and **HSBC** were mandated. Ambianta used **Bain** for business and market, **EY** for accounting and tax, **REEAS** for ESG and environmental, and **Gatti Pavesi Bianchi** ([Andrea Giardino](#)) for legal matters. The Restiani family was supported by **Studio Zaio** and by **Studio Ferrari** for legal matters.

The Fund

Including this acquisition, Ambianta has invested some 65% of its EUR 325m Fund Ambianta II. Once another investment brings it to the 75% threshold, Ambianta could start raising new funds, potentially before the end of the year or at the beginning of next year. The new fund will be worth around EUR 400m or more and could focus on new regions including the Nordics and France, where Ambianta could increase its own presence, including by hiring new people.

To see full profiles, including deals and relationships for each individual involved in this deal, download the [Profiler app](#), available exclusively to Mergermarket subscribers.

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