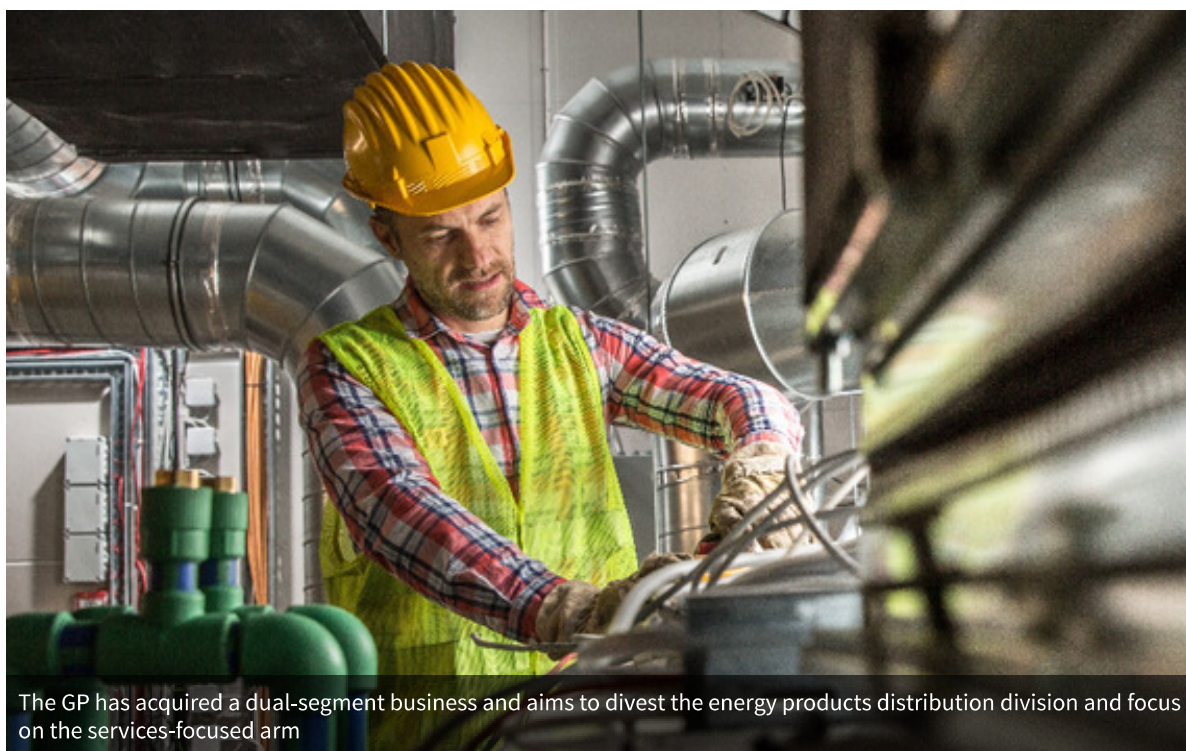


Deal in Focus: Ambienta carves out Restiani from Total Erg



The GP has acquired a dual-segment business and aims to divest the energy products distribution division and focus on the services-focused arm

Amedeo Gorla

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Italian buyout house Ambienta has outbid its competitors in the auction for Total Erg's non-core asset Restiani. Amedeo Gorla reports on a difficult carve-out in the energy production market segment

The dissolution of Total Erg, the joint venture between energy groups Erg and Total, triggered the sale of the firm's core assets, 2,600 petrol stations, alongside several non-core segments. Rothschild and HSBC have been appointed to run the ongoing process for the assets as well as other parallel processes for the non-core businesses.

In the auction for energy products distributor and heating services business Restiani, Ambienta prevailed over an international strategic investor backed by a

private equity fund, *unquote*" understands. The deal valued the business at €60m EV, according to a source familiar with the situation, and saw the GP acquire an 80% holding in the business, while the founding Restiani family retained the remaining stake. The fund manager drew down capital from its €323m second vehicle, which is now 65% deployed, according to *unquote*" data.

"The challenging part for us was to carve out just the asset we were interested in," says Mauro Roversi, chief investment officer at Ambienta. "To be quicker and more effective, we delivered an all-equity transaction that will also allow us to rely on credit in the second phase of the investment, when we will focus on M&A activity," explains Roversi.

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Currently, the company focuses on energy products delivery and heating services but the GP is mainly interested in the service-dedicated segment, says Roversi. The company's services include energy audits, engineering and the installation of heating systems and smart meters, as well as maintenance and efficiency services.

As a whole, Restiani generated €173m in revenues in 2016 and has 150 employees equally split across the two divisions. However, the two businesses are understood to have different profitability profiles: the service-dedicated part generates a 15% EBITDA margin, while the energy products business has EBITDA close to the average values of the commodities market, *unquote*" understands. Furthermore, the company's service branch is understood to have a lower leverage level, equating to a 0.5x EBITDA multiple.

Split path

Following an initial phase of investment, the GP expects to separate the two branches and eventually exit the energy products distribution business within the next 18 months. It has already identified a potential buyer to that end, *unquote*" understands. This will allow Ambienta to concentrate on the service part of the business, which better suits the GP's sustainability-driven value-creation strategies.

"We aim to increase efficiency and sustainability, reducing the dependency on traditional oil fuels," explains Roversi. Increasing regulatory pressure surrounding energy efficiency is expected to impact the market at both a European and Italian level. In November 2016, The European Commission published a package of measures called *Clean Energy for all Europeans*, which aims to boost the use of renewable energy and improve the efficiency performance of buildings, factories and transport. It is targeting a 30% reduction in energy consumption by 2030 compared to 2015. Additionally, Italy issued the National Energy Strategy measure in May 2017, which contains consumption reduction targets focusing on the residential and transportation sectors.

Besides taking advantage of tighter regulation, the GP is aiming to enhance the company's commercial segment and expand its client-base across the north Italian market. At the time of publication, Restiani had a portfolio of 1,800 medium and large residential buildings in north-west Italy, which equates to a 2-3% market share of the €1.5bn wider market, *unquote*" understands.

Furthermore, the GP will boost the company's M&A activity during the second phase of investment. The market segment currently features six large players with an aggregate market share of 30%, while medium players retain a 10% market share and smaller local players represent the majority with 60%.

People

Ambienta – Mauro Roversi (*partner, chief investment officer*); Laura Della Chiara (*investment manager*).

Restiani – Ezio Restiani (*CEO*).

Advisers

Equity – **Canova Finanziaria** (*corporate finance*); **Bain & Company** (*commercial due diligence*); **EY** (*financial due diligence, tax*); **REEAS** (*ESG due diligence*); **Gatti Pavesi Bianchi** (*legal*).

Company – **Studio Zaio** (*tax*); **Studio Ferrari** (*legal*).