

03/07/2013

RTR Rete Rinnovabile in talks to acquire PV portfolios in Italy – CEO mergermarket

- Expects to make one buy in the next few months
- Looking at acquisitions of wind and hydro portfolios
- Considering partnerships to develop early stage PV projects

RTR Rete Rinnovabile (RTR) is analysing the acquisition of several photovoltaic (PV) portfolios in Italy, Chief Executive Officer Paolo Lugiato said. Terra Firma-backed **RTR** aims to reach a total installed capacity of around 500MW in the medium term, from the current figure of 298MW, the CEO said.

Talks for one of the portfolios are at an advanced stage and the company expects to close at least one deal in the next few months, Lugiato said.

Acquisitions of operational PV portfolios are part of RTR's growth strategy, the CEO said. Italy remains the main geographical focus but opportunities abroad will also be considered, he added.

RTR looks at PV portfolios with installed capacity from 10MW. To date the company's smallest acquisition was the PV portfolio of 19MW from **Sorgenia** in August 2011.

The price of a PV plant depends on several elements, including solar irradiation, operating costs, Feed-in Tariffs and the cost of financing, Lugiato said. Therefore the indication of an average market price is meaningless, he explained.

RTR often receives offers from sellers of PV portfolios, Lugiato said. When asked about the company's potential interest in **Enel Green Power's** renewable energy assets, reported to be for sale, he said he preferred not to comment.

Partnerships with industrial and financial investors will be also considered to develop PV parks at earlier stages of development, Lugiato said. To date the company has not followed this route but could do so if it finds the right partners.

Acquisitions of operational wind and/or hydro plants are also considered to broaden RTR's activity, the CEO said. RTR had closely analysed the acquisition of wind portfolios in the past but no agreement was reached, he explained.

Acquisitions of companies with innovative technologies in the PV sector are a possibility that cannot be ruled out, but right now there are no concrete targets, Lugiato said.

RTR has an internal M&A team that cooperates closely with the Terra Firma team. The company works with external lawyers, accountancy firms and technical advisors such as Italian law firm Gianni Origoni Grippo Cappelli & Partners, KPMG and Moroni & Partners, the CEO said.

Acquisitions will be mainly financed with RTR's cash flow, Luigiato said. In case of large deals Terra Firma will be also involved in the financing, he added. He said RTR was acquired by Terra Firma as part of the Fund III which is mostly invested but still includes a limited amount available.

RTR forecasts revenues above EUR 150m in 2013. The 35-employee company owns and operates 117 PV plants. Terra Firma invested in RTR in 2011 and holds 100% of the company. Terra Firma has no plans for an exit in the short term, according to the CEO.

by Laura Larghi