

Kinexia selling non-core assets, could make buys in energy efficiency – CEO **Proprietary Intelligence**

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 **Proprietary Intelligence**

**Kinexia** [BIT:KNX] aims to divest **SEI Energia**, seven biomass plants and a 30MW wind park by year-end, CEO and major shareholder Pietro Colucci said.

The Italian company, active in renewable energy and environmental services, reported EUR 175m revenues and EUR 49m in EBITDA for 2014.

The company is in the final stage of negotiations with a listed fund for the sale of four of the biomass plants, Colucci said. Agreements for the remaining three plants are expected to follow shortly, he added.

The search for buyers had started last year but market difficulties have slowed down the process, the CEO said, adding that the deal will help Kinexia to reduce its debt and, additionally, should generate EUR 4m to EUR 5m cash. In a June 2014 interview with *Mergermarket*, Colucci said the total value of the seven plants was approximately EUR 35m.

Talks with a local sector player are progressing and an NDA has been signed for the sale of SEI Energia, which specializes in district heating. The company, based in Torino, in Northwest Italy, has revenues of EUR 22m. Kinexia holds 67% of SEI Energia, with the remaining stake in the hands of different banks, said Colucci, adding that Kinexia's stake has a book value of EUR 24m.

Proceeds from the sale of SEI Energia and of the seven biomass plants is expected to help reduce Kinexia's debt of approximately EUR 60m, said the CEO.

Main body :

Meanwhile the company is in talks with two banks to secure EUR 40m in funding to finance construction of a 30MW wind park, Colucci said. The objective is to build the park, connect it to the grid and sell it by year-end, he explained, noting that Kinexia would also sell some small photovoltaic plants.

For large deals with a value above EUR 50m, Kinexia works with financial advisory firm Rothschild, while smaller ones are managed internally, said Colucci. The company is also assisted by different law firms, including Gianni, Orioni, Grippo Cappelli & Partners, and Chiomenti Studio Legale.

*Acquisitions and JVs*

Kinexia is also considering acquisitions to grow its subsidiary **Innovatec** [BIT:INC ], which specializes in energy efficiency & services, said Colucci. Companies with attractive technologies and/or distribution networks could be of interest, and Kinexia would look at mid-sized candidates located in Europe.

In November 2014, Kinexia acquired Italian waste handling business **Geotea**, through its subsidiary **Waste Italia**.

Joint ventures to enter emerging markets remain part of Kinexia's expansion strategy, Colucci said. Northern and Central Africa, the Middle East, the Far East and Eastern Europe are the targeted regions.

In 2014 Kinexia reported revenues of EUR 175m and EBITDA of EUR 65m.

According to the company's three-year business plan, Kinexia should reach in 2017 revenues of EUR 269m and EBITDA of EUR 83m. The Interest Cover Ratio (the ratio of interest expense to EBITDA) is expected at 3x.

In the period 2015-2017, the company plans to invest EUR 80m, including acquisitions. The amount will be financed with the company's own resources, Colucci said.

Kinexia is also considering a capital increase of EUR 30m to cover losses incurred in 2014. The company's market capitalization is EUR 75m.

by Laura Larghi