

AEG Affiliated Energy Group Retained by Midwestern/ Northeastern Retail Electric and Gas Supplier, to Engineer Strategic Business Combinations

<http://finance.yahoo.com/news/aeg-affiliated-energy-group-retained-151800530.html>

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HOUSTON--(BUSINESS WIRE)--

The M&A Team of AEG Affiliated Energy Group announced today that it has been retained by a “mid-sized” retail electricity and natural gas provider (Energy Service Company or ESCO) seeking a well-capitalized purchaser of its business and certain related assets or counterparty to a strategic business combination. The REP has a residential customer equivalent (RCE) count between 100,000 to 200,000.

“In the present economic environment, we continue to experience strong demand for REPs and customer portfolios from a number of different-sized purchasers,” said AEG’s Chad Price, Executive Vice President of AEG’s Commercial Energy Division. “Such purchasers range from newly funded entities with strong management teams and investors seeking favorable returns on invested capital to mid-size ESCOs with existing operations looking to ramp up growth via acquisitions to reach critical economies of scale and strengthen earnings, to large established global utilities with strong liquidity positions seeking increases in market share.”



AEG’s team is especially enthusiastic about the proprietary systems of this new client, developed in-house, with such systems including dynamic, real-time, automated pricing engines for some important categories of residential and commercial customers.

“This deal, which is not a distress deal, presents an efficient opportunity to enter or expand into the Midwest and Northeast retail electric and natural gas space through a supplier with an attractive commercial and residential electricity and gas customer portfolio,” said Price. “Our client’s creditworthy portfolio of both residential and commercial electric and gas customers has limited bad debt exposure due to concentration in purchase of receivables markets, with historical bad debt in non-POR markets less than one percent. This Midwest/Northeast supplier has an established foothold and brand recognition in the markets it serves, with significant positive EBITDA in addition to several instances of ‘low hanging fruit’ from a synergy perspective. Additionally, the client’s customers were acquired organically through conservative marketing methods, with the customer portfolio providing great cross sale opportunities.”

AEG's team has already consummated at least five mergers and acquisition deals and/or debt financing deals specifically involving retail energy providers over roughly the past 24 months, with the parties to such transactions headquartered across three continents.

"We don't believe any other investment banking team has closed anywhere close to this amount of M&A deals in this retail energy space over the same period, with AEG's M&A activity over the next six months further increasing in pace," said Price. "AEG's team also expects to close two additional M&A deals specifically involving retail energy providers by year's end or by the end of Q1 2014."

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