

Engie Buys Solairedirect for \$222 Million in Renewables Push

by Tara Patel and Stefan Nicola
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Engie is buying French solar park developer Solairedirect SA for about 200 million euros (\$222 million) as part of plans to double renewable-power capacity in Europe over the next decade and expand in high-growth countries such as India and Chile.

The tie-up also includes a capital increase of 130 million euros for Solairedirect, Engie Chief Executive Officer Gerard Mestrallet told reporters Wednesday. The move follows Solairedirect's failed attempt earlier this year for an initial public offering on Euronext. Courbevoie, France-based Engie, formerly called GDF Suez, is the operator of Europe's biggest natural-gas network.

Solairedirect has developed 486 megawatts of capacity across 57 solar parks, according to a joint presentation by the companies. They have a combined total of about 5,000 megawatts of capacity in the pipeline and will do more together than they could separately, Mestrallet said.

The acquisition is driven by Engie's shift to renewables from developing natural gas and nuclear energy sources in Europe, and Solairedirect's goals for larger-scale development, the companies said. India and Chile are two countries on which both will focus.

"Solar is an energy of the future," Engie Deputy CEO Isabelle Kocher told reporters. "It is the energy with the biggest potential for development. It's no longer a subsidized niche."

Solairedirect was projecting expansion in Latin America, Africa, the U.S., the Middle East, southeast Asia and France.

Solar Competitiveness

"Solar is becoming totally competitive," Mestrallet said. With solar-project tenders in the range of \$60 a megawatt-hour to \$90 a megawatt-hour, the industry is competitive with other sources of energy including new nuclear projects, he said.

Solar is ready to develop on “an industrial large scale,” Solairedirect CEO Thierry Lepercq said. “There is a considerable acceleration of development in India.”

Engie is acquiring 95 percent of Solairedirect and all voting rights, with existing management retaining a 5 percent stake, Kocher said.

Engie plans to double renewable output capacity in Europe to 16,000 megawatts by 2025. It has been hurt by lower demand for gas-fired power in Europe and nuclear outages in Belgium. The company is expanding in Latin America, Asia and Middle East markets to counter sluggish growth in energy demand at home.