

Vuetel seeks to sell up to 40% to finance EUR 15m

Vuetel Italia Holding SpA, the private, Italian, wholesale international telecommunications services provider, is looking to sell a 30-40% stake to finance a planned acquisition valued at EUR 15m, founder and owner Giovanni Ottati said.

Vuetel sounded out intermediaries in Dubai and in the US, but is still in the process of selecting financial advisors to execute the fundraising, he said. It welcomes proposals from advisors and investors alike, he said, adding that it uses **BDO** as auditor.

Ideal partners include strategic players or private equity firms with a five- to seven-year exit plan, Ottati said.

Ottati has a 69.75% stake in the company, but would accept becoming a minority shareholder depending on the offer on the table, he said. Other shareholders include Daniele Ruvineti (15%), **Andrea 2004** Srl (10%), Massimo Bettosini (2.8%) and Alessandro Caldera (2%). The potential acquisition of an undisclosed target, which operates in the Mediterranean area, would dramatically accelerate the expansion of the company's service offering into data traffic, including IP transit, VPN IP MPLS, Ethernet link and leased lines.

Vuetel focuses on voice-based services – international transit and termination in TDM/VoIP – but it is planning to diversify and launch its own data services in September, even if the planned acquisition does not materialize, Ottati said.

The group has steadily grown its turnover over the years, jumping from revenues of EUR 0.7m in 2009, its first year of operations, to EUR 86.5m in 2014. Last year, net profits increased to EUR 297,471, up from EUR 27,663 in 2013, Ottati said. In 2015, it is expected to reach EBITDA of EUR 1.1m, he added.

According to its business plan, Vuetel aims to clock revenues of EUR 210m with EBITDA of EUR 7.45m and net profit of EUR 4m in 2019 without taking into account potential acquisitions, while increasing net assets from the current EUR 8m to EUR 18m. Voice services are expected to account for EUR 200m of the revenues, with data services making up the remaining EUR 10m.

Vuetel focuses its business particularly in Tunisia, Libya, Egypt, Algeria, Morocco, France, Greece, Turkey and the United Arab Emirates, Ottati said. Its main competitors include **Orange**, **British Telecom** and **Etisalat**, he added. The company has 60 employees.

Last year, the company clinched a commercial agreement with Indian mobile operator **Bharti**, which controls 16 mobile operators in Africa, and a technological partnership with Israel-based **Dialogic**, Ottati said.

Expansion in the US market is key to Vuetel's strategy, where it recently installed a telephone exchange in New York-based Telx Data Centre and applied to obtain an International 214 licence from the Federal Communications Commission (FCC), required for telecommunications service providers to or from the US. Vuetel is also betting on the increasing presence of US-based companies in Africa and the Mediterranean area, Ottati said. Ottati, aged 53, served as a manager at **Telecom Italia** for 20 years until 2008 and was chairman of Assafrica & Mediterraneo, an association of Italian companies with interests in Africa, from 2008 to 2011, he said.