Brazilian solar fintech Solfácil raises $4 million led by Valor Capital Group

The company will invest the funds raised in technology, commercial expansion, and new financial products. Distributed solar market size was $1.2 billion in 2019.

Reducing electricity bills once and for all, with no upfront investment and in a sustainable manner. This was the value proposition that led Valor Capital Group to invest in Solfácil, Brazil’s first solar fintech. The $4 million investment was followed by the angel investors who have supported the company since 2018.

The venture capital fund, which has already invested in Brazilian unicorns like Stone, Gympass and Loft, now directs its resources to support Solfácil in democratizing access to distributed solar in the developing world. With high electricity prices, abundant sun and cheap labor, Brazil is set to have one of the most decentralized grids worldwide, according to Bloomberg Energy Finance. Distributed solar is growing fast in Brazil - 236% in 2019 vs 2018, and 90% in the first semester of 2020, despite the Covid effect.

According to official data from Aneel, Brazilian Electricity Regulator, and average market prices, in 2019 the distributed solar market size was $1.2 billion in solar systems installations. Solfácil introduced the longest loan in the market, of up to 120 months, with competitive interest rates.

In Brazil, a solar system’s return is 10 times higher than that of comparable low risk fixed income investments. In addition, more than 90% of people want to produce their own energy. However, only 8% of the population saves money, which limits their ability to invest in this kind of system. Solfácil solves this problem with a loan that does not require upfront investment, that provides immediate savings since the payment is lower than savings and that allows the consumer to have free electricity for more than 20 years once the loan is paid in full.

"The acquisition of a solar system allows consumers to produce most of the energy they need. It’s a non-brainer, consumers save money and benefit the environment", says the founder and CEO of Solfácil, Fabio Carrara, who works with distributed solar for more than 5 years now. "We differentiate ourselves with a complete digital experience, the ability to partner with the best solar installers, to validate the project, to verify the installation, and to monitor the system’s performance through a proprietary IoT", he adds.

To accelerate the adoption of cleaner energy, Solfácil will invest the funds raised technology, commercial expansion and new financial products. The goal is to boost the growth of the fintech in a promising sector in Brazil. Only 0.3% of households have access to distributed solar. In Australia, penetration is above 20%, in the USA, it is 3%, according to data from PV Magazine. In the beginning of 2020, the fintech issued a $24 million debenture to fund its loans.
In addition, it intends to originate more than $60 million over the next 12 months. Going forward, all those debentures will be green. Some of the most important credit funds in Brazil, with assets under management of more than $4 billion, have been purchasing debentures from Solfácil. The fintech’s loan portfolio is performing well, with low delinquency and no losses, despite the Covid.

"We are thrilled to support Solfácil and its sustainable growth in Brazil, one of the most attractive markets in the world for solar energy and fintechs. Given the teams' experience in the sector and its resilient business model, it is an opportunity to bring energy cost down for both consumers and corporations. In Brazil, where the sun shines all year round, Solfacil has a fertile market to build a large transformative business", says Scott Sobel, founding partner at Valor Capital Group.

ABOUT SOLFÁCIL

Solfácil is the first solar financing tech platform in Brazil. Its goal is to democratize solar energy for every Brazilian through an innovative loan that do not require upfront investments and provide immediate savings to consumers. Founded in 2018 by Fabio Carrara, an entrepreneur with more than 5 years of experience in distributed solar in Brazil, its technology orchestrates investors, solar installers, and consumers efficiently, creating the best offer available in the market. With national presence, the fintech partners with installers and help them with technology in the sales, engineering, and installation of systems to consumers.

ABOUT VALOR CAPITAL GROUP

Founded in 2011, Valor Capital Group is the pioneer cross-border venture fund focused on Brazil and United States opportunities, with offices in New York, Silicon Valley, and São Paulo. The firm partners with visionary entrepreneurs building transformative businesses from startup to scale-up. Valor is committed to the success of their portfolio companies by providing capital, operational support and connectivity to global markets. The firm operates in two investment strategies: Growth Equity and Venture Capital.