

# TRADING 4.0

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How McGill StLaurent reach a 18M EBITDA by 2020?

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## Which business unit could drive the growth?

- Commodities that drive future growth
- Market predictability
- Disruptive technologies

## Using of disruptive technologies for Energy trading

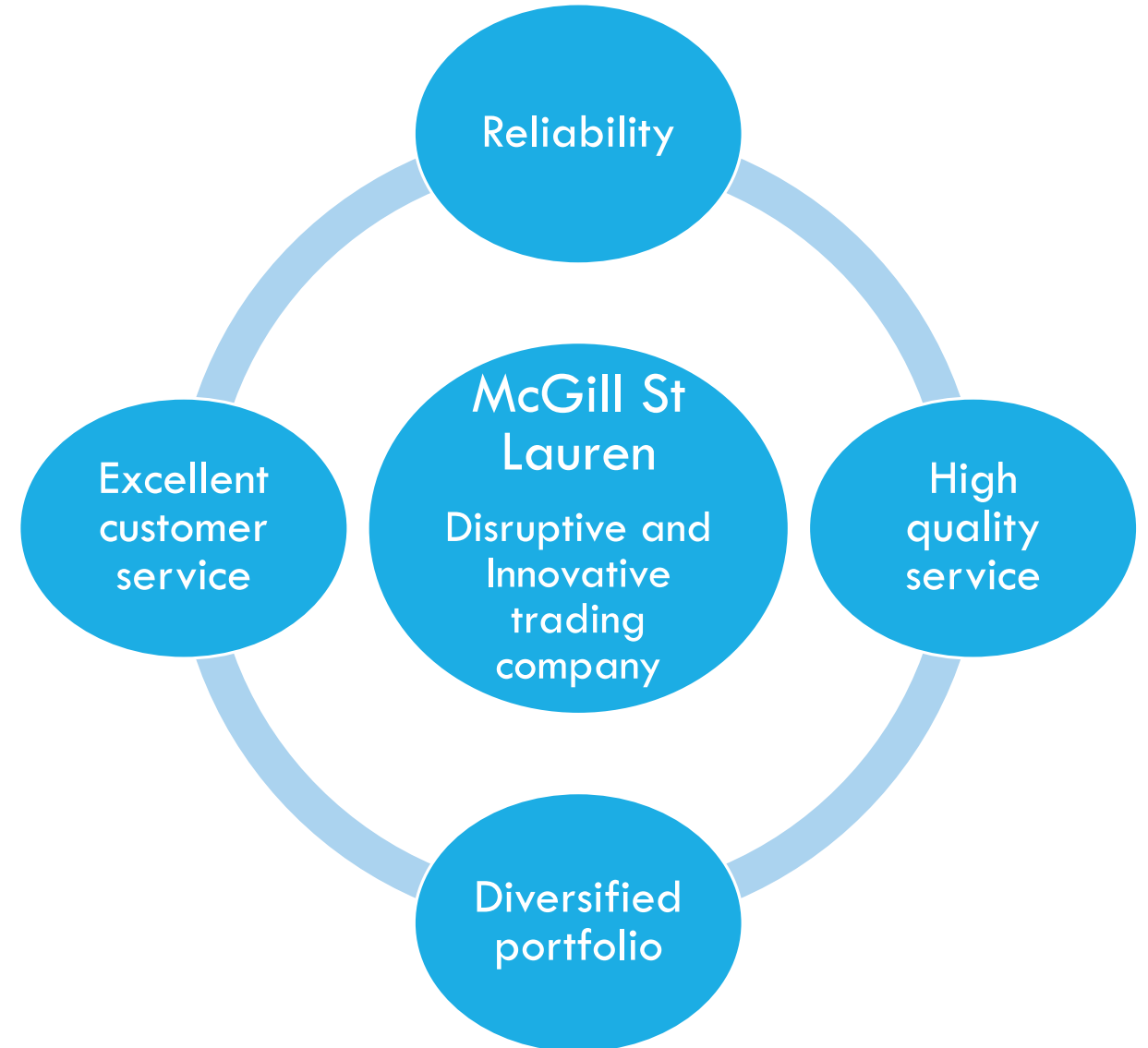
- Predictability Tools
- Decision Trading Models

# Who you are, what you stand for and where you want to go

Focused on providing and efficient service

Driven by disruptive innovation

You want worldwide presence and to make a difference in the market

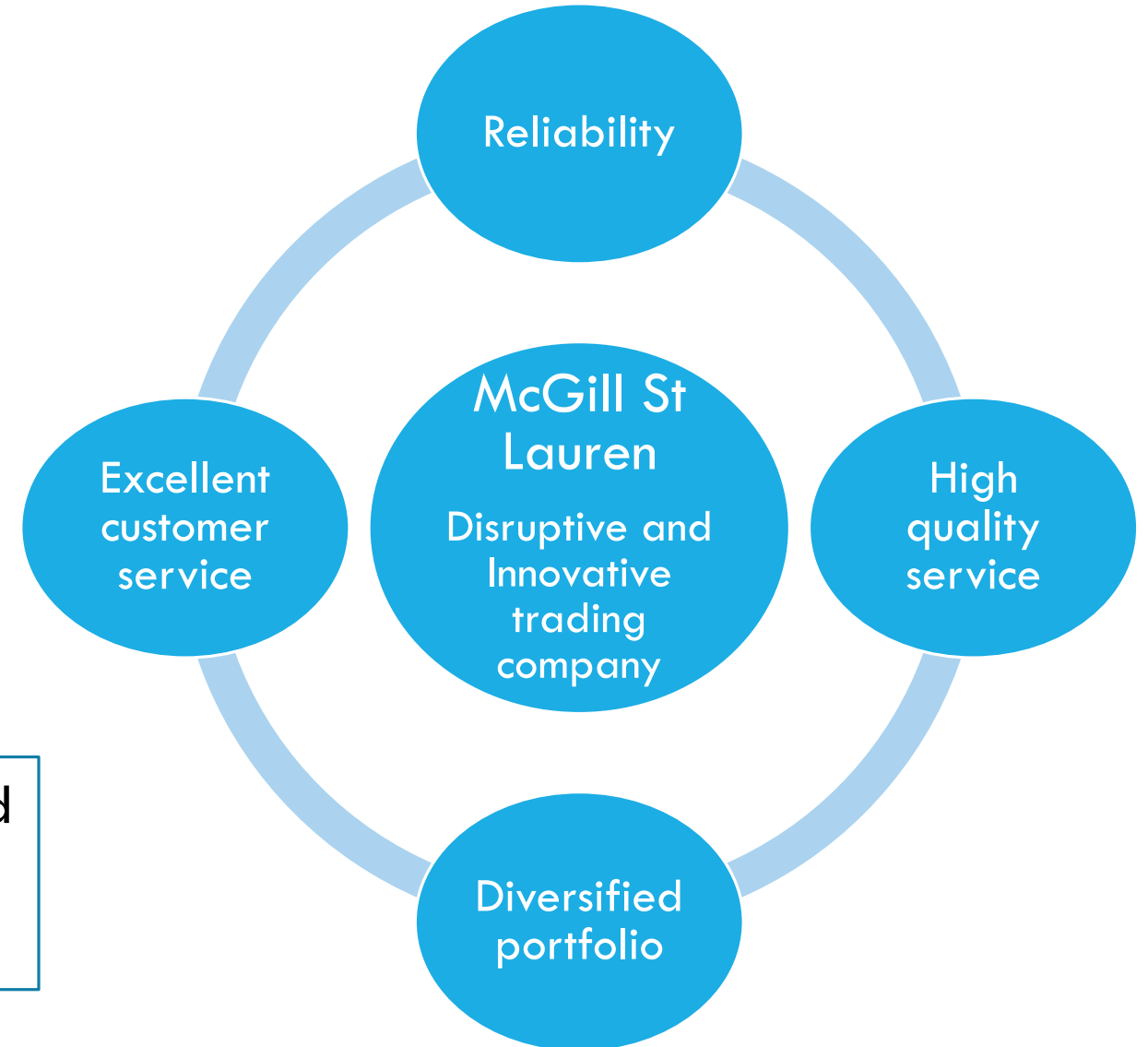


# Who you are, what you stand for and where you want to go

Focused on providing and efficient service

Driven by disruptive innovation

You want worldwide presence and to make a difference in the market



Disruptive innovation is at your core and should be your main focus to make a difference

# What services you provide and how is their markets

	<b>Gross Margin</b>	<b>Entry barriers</b>	<b>Market landscape</b>
<b>CWP</b> Architectural	25-35%	Low	Quick changing market

# What services you provide and how is their markets

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<b>CWP Energy</b>	Volatile prices (\$2-\$100 mwh)	High (Regulation)	Dominated by financial institutions and private equity
<b>GSL</b>	3-5%	Low	High competition

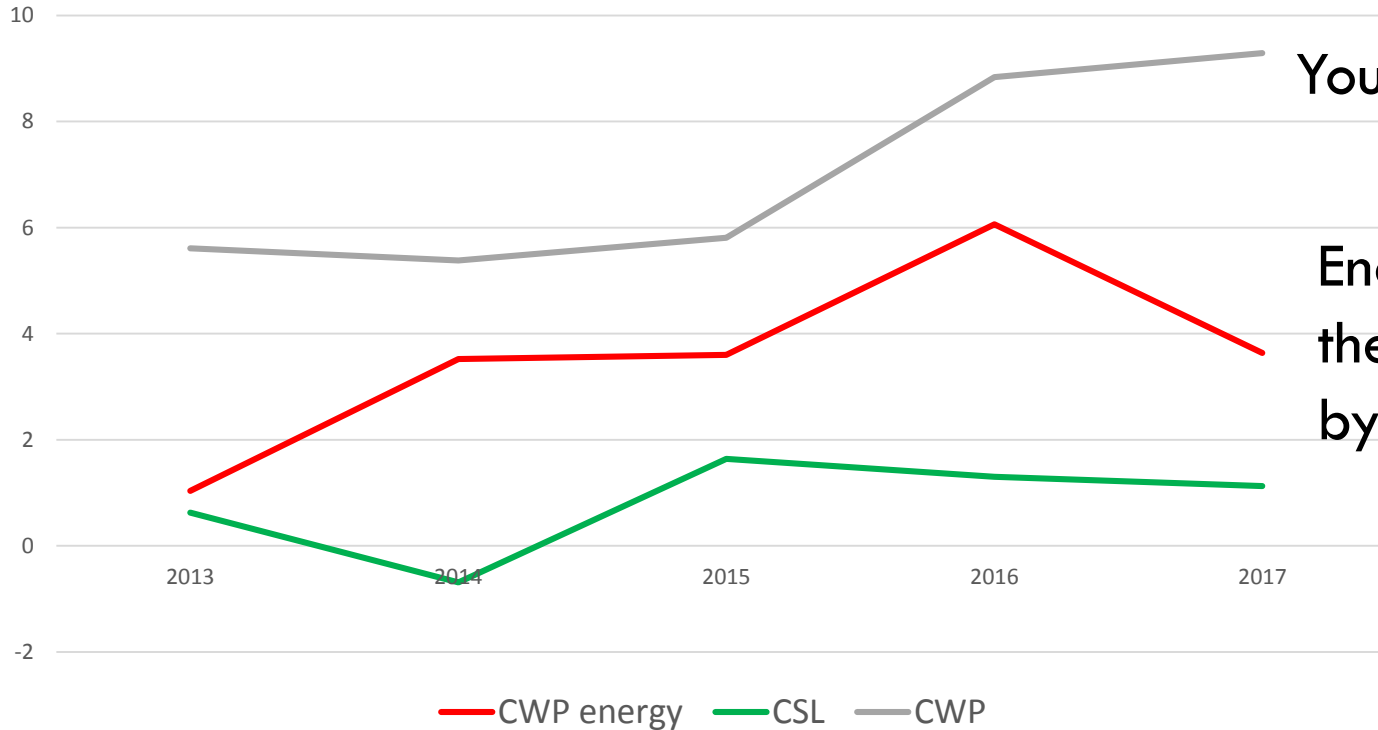
88% EBIT

10% EBIT  
Growth driver

2% EBIT  
Bear market

# How is your business performing

Growth profit (\$millions)

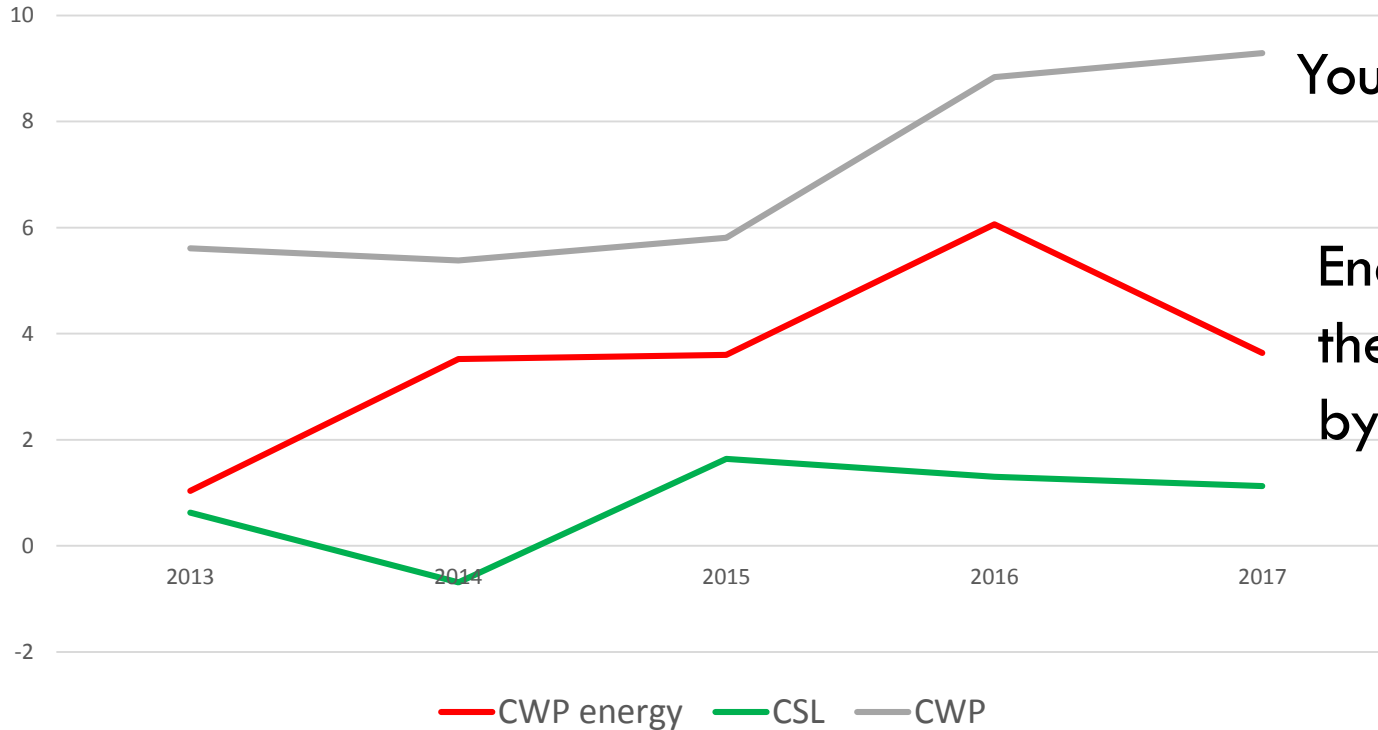


Your mature market is growing

Energy market is down due to the process complexity caused by high disruption

# How is your business performing

Growth profit (\$millions)



Your mature market is growing

Energy market is down due to the process complexity caused by high disruption

New disruptive tools are needed to face this challenges

# How is the energy market

Traditional market where big players depend on very complex operation logistics

You are a smaller company that has less complexity

Volatile market due to intensive fluctuations in price

Growing by 2 digits YoY world wide

# How is the energy market

Traditional market where big players depend on very complex operation logistics

You are a smaller company that has less complexity

Volatile market due to intensive fluctuations in price

Growing by 2 digits YoY world wide

You are already present in the market, you have advantages and opportunities in the market.

# What are the future trends of the energy market

## Increase in demand for energy dependable technologies

- Electric and driverless cars

## Growing demand of home automation

- Big software players are using big data collection to know personalized consumers needs

## SMART grids

- Companies are developing solutions to predict energy consumption

## AI is changing the way that business is being made

- Tools that guarantee disruption in markets

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Investing in your energy sector would allow you to align with your personal needs and the market trends.



# What are the future trends of the energy market

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- Innovative company
- Already present in the energy sector
- First steps into Ai solutions

W

- Not experienced in Ai technologies

O

- Growing in the energy dependent technologies
- New technologies growth (Ai, automation, etc)

T

- High entry barrier of the energy market
- Big players

# Alternatives

Alternatives			
CWP Energy			
Canadian Wood Products			
Grain St Laurent			

# Alternatives

Alternatives	Growth Future Opportunities	Competitive Advantages	Total
CWP Energy	+++	++	5
Canadian Wood Products	++	+	3
Grain St Laurent	+	++	3

Problem Statement

Analysis

Recommendation

Financial Impact

Implementation & Risks

# Alternatives

Alternatives	Advantages	Disadvantages
Operate into other commodities (Lithium, Cobalt, Copper) market trading	<ul style="list-style-type: none"><li>- Market opportunities with Electrical car</li><li>- High demand</li></ul>	<ul style="list-style-type: none"><li>- Know-how</li><li>- Low margin gains with low competitive advantage</li></ul>
Bring disruptive technologies for trading (AI, Deep Learning)	<ul style="list-style-type: none"><li>- Competitive advantage on predictability of Energy Market and trading</li></ul>	<ul style="list-style-type: none"><li>- Management risk</li></ul>
Acquisition of other companies	<ul style="list-style-type: none"><li>- Increasing of know-how</li></ul>	<ul style="list-style-type: none"><li>- Cost of Investment</li></ul>

# Alternatives

Alternatives	Ease of Implem.	Future Growth	Investment Costs	Total
Operate into other commodities (Lithium, Cobalt, Copper) market trading				
Bring disruptive technologies for trading (AI, Deep learning)				
Acquisition of other companies				

# Alternatives

Alternatives	Ease of Implem.	Future Growth	Investment Costs	Total
Operate into other commodities (Lithium, Cobalt, Copper) market trading	2	4	3	9
Bring disruptive technologies for trading (AI, Deep learning)	3	5	3	11
Acquisition of other companies	4	3	1	8

1 - Low

5 - High

# Recommendation

Using of disruptive technologies to enhance trading decisions:

- Predictability of Production

  - Acquisition of proprietary SmartGrid software from INESC Tec for wind, solar production with predictability of 96hr

- Predictability of Consumption

  - Partnership with Nest for data access to understand consumption profile of consumer

- Artificial Intelligence & Deep Learning

  - Usage of chatbot for decision auxiliary

  - Develop a software for collection of datasets for trading

  - Develop of traders decision model with faculty of applied mathematics

  - Partnership with university on the development of virtual traders

## **Financial Investment Assumptions to be made:**

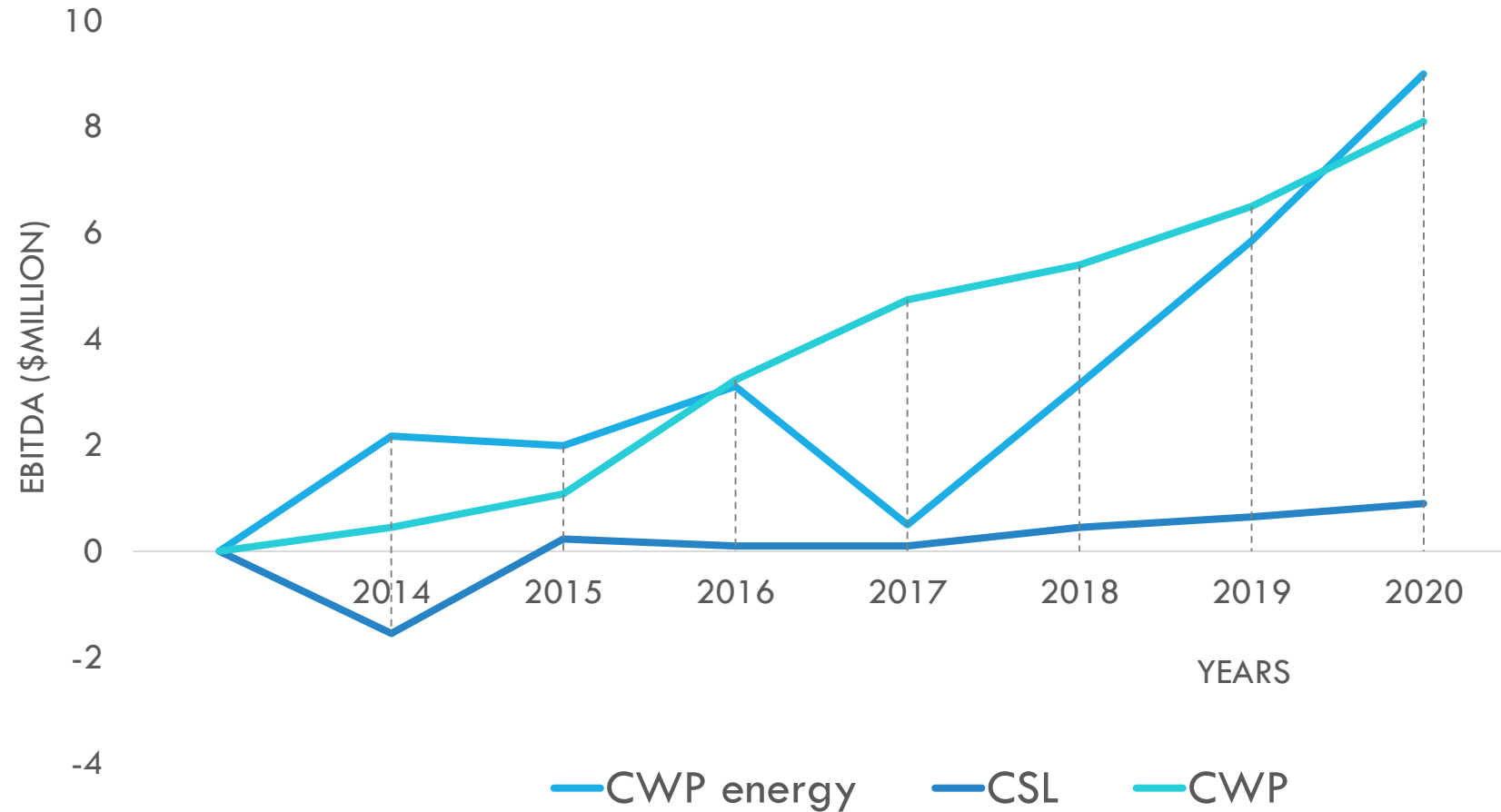
Investment on the acquisition of Software – 200k\$

Development of decision trading model – 50k\$

Virtual traders platform & Chatbot – 1.25M\$



# Financial Impact



# Time Planning

## Activities

### *Usage of disruptive technology*

- Negotiation with INESCTec
- Acquisition of SMARTgrid software from INESCTec
- Develop of traders decision model with Faculty of Applied Mathematics
- Partnership with Nest
- Software for collection of datasets for trading
- Partnership with university on the development of virtual traders platform
- Revision Risk Management Policy

2018				2019				2020			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		■									
			■								
	■						■	■			
					■	■					
			■	■				■	■	■	■
			■	■				■	■	■	■

# Risks

#	Risk	Mitigation Action
1	Risk Management	Train AI model with previous market databases
2	Development of virtual traders platform	Continue of improving decision trading model with new datasets

