

Bulgaria: Increased profit in H1 2020 at CEZ Electro

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Compared to 3.2 million euros in the same period last year, Electricity supplier CEZ Electro, a subsidiary of Czech energy company CEZ recorded over two times higher non-consolidated net profit in the amount of 5.6 million euros in the first half of 2020.

The company's operating revenues rose to 179.5 million euros in H1 2020 from 141.8 million euros in the same period in 2019. Operating expenditures also rose to 173.3 million euros from last year's 138.3 million euros.

At the same time, the company's shareholders approved the proposal to skip dividend distribution for 2019 and retain its last year's profit in full. CEZ Electro did not distribute dividends for 2018 either. In February 2018, Czech energy company CEZ agreed to the sale of its Bulgarian assets, including CEZ Distribution Bulgaria, to local company Inercom for an undisclosed sum, but the media speculate that the amount is around 320 million euros. However, the Commission for Protection of Competition (CPC) prohibited the sale of CEZ' Bulgarian assets to Inercom because this sale agreement would lead to the establishment of a dominant position, that would affect the competition on the market. In April 2019, CEZ terminated the sale agreement with Inercom and started negotiating the sale with the largest public holding company in Bulgaria - Eurohold. In June, CEZ agreed to sell its Bulgarian assets to Eurohold for a sum of 335 million euros. In October same year, the CPC once again prohibited the sale of CEZ' Bulgarian assets.

However, last week, the Sofia Administrative Court cancelled the decision of the CPC and returned the case to the regulator in order to reassess the proposed deal in line with the new court-prescribed guidelines.