

Elektroprivreda Srbije should become a joint-stock company this year

Citizens could finally get shares of Elektroprivreda Srbije in 2020. It has long been expected and announced, while the Government of Serbia, in its latest letter of intent addressed to the International Monetary Fund, even promised to change the legal status of this public company this year. Becoming a joint-stock company, *inter alia*, means that 15 per cent of the shares will be distributed to citizens who are entitled to them without compensation. The first step on this journey will be to tender for property appraisal. In the meantime, the Corporate Governance Reform Action Plan is being implemented, with the support of consultants from the European Bank for Reconstruction and Development.

- In 2020, we will change the legal status of EPS into a joint stock company, in accordance with the ongoing process of corporate restructuring and financial consolidation with the aim of improving the sustainability of the company and ensuring its professional management - the letter of intent says. - We have adopted a number of government decisions to establish ownership rights in all assets and EPS assets. We will launch a tender to evaluate the assets and the company's assets.

Stock exchange expert Nenad Gujanicic explains that the corporatization of big companies is quite important, as it leads to more efficient control of business operations and achieving better results.

- This is especially pronounced for companies operating under state control, because in their case the influence of political parties in management is quite high, which causes damage to the company itself and ultimately to the taxpayers - Gujanicic, the chief broker of Momentum Securities, said. - The transition to the form of a joint stock company does not have to change anything if the form is changed purely for the sake of it. Telekom Srbija has long been a joint-stock company, but it has neither been listed on the stock market, nor can minority shareholders holding almost 30 per cent of ownership be able to exercise any influence. The goal of company transformation into a joint stock company is indirect control of the business by the shareholders, in which the unavoidable step is trading these shares on the stock exchange.

Our interviewee points out that potential company listing and business control would contribute to much better business results. In doing so, EPS could keep pace with the necessary investments and, in the long run, make a significant contribution to the state budget through dividend payments.

Privatization

Listing of a company on a stock exchange determines its market value, which depends on the supply and demand for the shares. Being listed on the stock market does not necessarily mean that EPS will be privatized.

- A large number of world companies are listed on the stock exchange, with the state having a controlling or dominant share - Gujanicic explains. - Such is the case with Deutsche Telecom or the French EDF. Corporatization does not have to mean that any shareholder, whether dominant or majority, must sell the shares he or she owns.

Weighing the price

Whether the kilowatt price in Serbia is realistic and sufficient, remains to be verified in the first half of the year. This company must invest in expanding its generation capacities and meeting environmental standards.

- By June 2020, we will complete the assessment of electricity tariffs to fully ensure cost recovery, including the cost of increasing reliance on renewable energy sources - the letter of intent says.