

## Montenegro: EPCG purchased 9.9 % of its shares from A2A

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Montenegrin power utility EPCG bought 9.946 % of its shares from Italian company A2A worth some 51.65 million euros at the Montenegro Stock Exchange. Thus, the Montenegrin state and the company itself own 81 % of the shares.

According to the media, Austrian Erste Bank participated in this transaction as a mediator on behalf of the Italian company, while Hipotekarna Banka participated on EPCG's behalf. The transaction represents a part of the put option, according to which A2A has the right to sell its shares to Montenegrin state for a predetermined price. The total arrangement is worth 230.6 million euros. Of that amount, EPCG will pay 121.6 million euros for almost 29 million shares, while the state will pay 109 million euros for 26 million shares. Next year, A2A will sell all of its shares in EPCG through two additional transactions.

In May, Montenegrin Ministry of Energy said that the Government has paid the first tranche of 68.9 million euros to A2A and thus bought 17,252,885 shares of power utility EPCG, increasing its stake in the company from 51.07 % to 70.16 %.

The statement from the Ministry said that 16 May was the deadline for the payment of the first tranche of the amount agreed after A2A chose the put option, adding that the state has brought its ownership stake in the company to the level prior to partial privatization in 2009. According to the agreement with A2A, Montenegrin state will have to pay 39.9 million euros for 8,826,438 shares in EPCG by May 2019. The remaining shares, through two tranches in July 2018 and July 2019, will be acquired by EPCG itself, through the mechanism of acquiring its own shares. The total amount for which the state will buy A2A's shares in EPCG is discounted from 250 million to 230.6 million euros, at the discount rate that corresponds to the parameters of the state's indebtedness with the corresponding maturity.

Last July, Italian company A2A has offered its stake in power utility EPCG to the Montenegrin Government for 250 million euros. A2A submitted the put option notice in which it informs the Government that it intends to sell its entire stake in EPCG for 250 million euros. The amount is to be paid in seven annual installments starting at 1 May 2018. Press release from the Government said that by activating this option, the process of A2A's withdrawal from the EPCG ownership has officially started, adding that A2A has no right anymore to block decisions presented by the state.