

Romania: CEZ might freeze the sale of its assets in Romania

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CEZ Romania, a subsidiary of Czech energy company CEZ could freeze the sale of its assets in Romania if it does not get the desired price, said Ondrej Safar Country Manager of CEZ Romania.

At the end of June, CEZ received the binding offers and is currently in the process of evaluating them. Safar said he could not give details about their number. Asked when the sale process is expected to be completed, he said that it depends on how the negotiation process will take place and who is the potential buyer. He stressed that CEZ is not under pressure to sell at any price and even if the process fails to achieve desired price, the company will not change its strategy regarding the withdrawal from the Romanian market and will surely relaunch the sale at a later date.

India Power Corporation, state-owned Hungarian Electricity Works (MVM), German utilities group E.ON and the German financial services group Allianz, along with state-controlled consortium Hidroelectrica-Electrica-SAPE, have reportedly submitted binding bids for the purchase of CEZ' Romanian assets.

in June, CEZ has estimated the aggregated equity of its Romanian subsidiaries at 1.07 billion euros and it is expecting to get a minimum bid of 1 billion euros for those assets. Earnings before interest, taxes, depreciation and amortization (EBITDA) generated by the companies subject to sale is around 124 million euros, while the aggregated net profits are significantly lower, namely around 37.6 million euros. The two wind farms (with installed capacity of 347.5 MW and 252.5 MW) account for nearly two-thirds of the total value of the CEZ assets in Romania: 654 million euros of combined equity. They also generate half of the aggregated EBITDA or 58 million euros. The stake in electricity distribution company CEZ Oltenia, which produces 50.8 million euros of EBITDA, is valued at 385 million euros. The three smaller CEZ companies in Romania are CEZ Vanzare (electricity supplier, valued at 18.6 million euros), TMK Hydroenergy Power (operates 22 MW in small hydropower plants, valued at 9.5 million euros) and the holding company, valued at 8.25 million euros. Last September, CEZ launched a market test for the sale of its assets in Romania. CEZ aims to sell all of its seven companies, in line with the new strategy previously approved by the parent company. CEZ included seven Romanian companies in the market testing (Oltenia Energy Distribution, Ovidiu Development, Tomis Team, MW Team Invest, CEZ Sale, TMK Hydroenergy Power and CEZ Romania). Potential investors can express their interest for the entire group of companies mentioned, as well as individually for any of the companies.

