

Binding bids for the purchase of Romanian assets of Czech energy company CEZ were reportedly submitted by: 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.

The Romanian media, estimate that the electricity distribution business of CEZ Romania, eyed by Electrica, is valued at approximately 500 million euros, two wind farms, in which Hidroelectrica is interested, at about 400-500 million euros, while the electricity supply business is valued at about 50 million euros.

Last week, Romanian Government, as a majority stakeholder in electricity producer Hidroelectrica, gave the company an approval to submit a binding offer for the purchase of Romanian assets of Czech energy company CEZ. Subsequently, Hidroelectrica submitted the binding bid as part of a consortium consisting of electricity supplier and distributor Electrica and State Energy Management Company (SAPE), which are also controlled by the state. The given approval also allows the company to obtain a loan in order to finance the purchase. Through the Ministry of Energy, the Government holds 80 % stake in Hidroelectrica. However, the Manager of Romania's largest private investment fund Fondul Proprietatea (FP) Franklin Templeton said earlier that the fund is against Hidroelectrica's (in which it holds 20 % stake) involvement in the purchase of Romanian assets of Czech energy company CEZ. According to reports, hydro-based electricity producer is interested in the two wind farms. He outlined several reasons for Hidroelectrica not to get involved in the deal. The arguments include the lower profitability of CEZ assets, the regulatory risks faced by Hidroelectrica by getting involved in new sectors, the takeover calendar interfering with the planned initial public offering (IPO) and that the deal is against the principles of liberalization.

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.