

The largest Romanian electricity producer, state-owned Hidroelectrica has started the procedures for taking over the assets of Czech CEZ and Italian Enel in Romania. The company has asked for the shareholders' approval to hire consultants to help it with this process. The General Shareholders Meeting is scheduled for 12 December. The company is also looking to take over several assets of insolvent company UCM Resita, which will be used for maintenance and refurbishing operations. In 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. Testing the market interest is made exclusively for CEZ by the investment bank Societe Generale.

Last month, CEZ announced that over 30 potential buyers expressed interest in the purchase of the company's assets in Romania, adding that it will invite bids from selected candidates in December. The statement from the company said that after evaluation of the initial bids, binding offers are expected to be submitted in the second quarter of 2020, with the transaction expected to be completed in the first half of 2021. Among the companies who previously expressed interest in the purchase are electricity producer Hidroelectrica, electricity distributor and supplier Electrica, Swiss-based MET Group and Romanian Management Company for Ownership in Energy (SAPE), which manages state-owned minority stakes in now privatized energy companies.

Italian energy company Enel plans to sell minority stakes in its Romanian subsidiaries. Enel's Romanian assets in 2018 recorded revenues of around 1.2 billion euros and an operational profit of 230 million euros. The value of the assets subject to negotiations would be around one billion euros. This value is in line with the scenario of only minority stakes being put for sale. Enel came up with the idea of selling minority stakes in its Romanian companies after the investment fund Fondul Proprietatea put up for sale its minority stakes in Enel's subsidiaries, when interested investors expressed interest in acquiring larger, but not majority stakes. Thus, Enel would retain the majority stakes and keep managing the companies. Enel had previously considered in 2014 selling its Romanian assets, but gave up the idea in 2015 explaining that the assets are core assets under the revised business strategy.