

Romania: Joint bid for CEZ assets submitted by Hidroelectrica, Electrica and SAPE

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Hidroelectrica, electricity distributor and supplier Electrica and State Energy Management Company (SAPE) will place a joint bid for the purchase of Romanian assets of Czech energy company CEZ, according to Romanian media. Hidroelectrica is reportedly interested in CEZ' wind farms, while Electrica is interested in the company's electricity distribution business.

Earlier 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. In late 2019, 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.