

Serbia: EMS TSO Co acquisition of CGES Montenegro TSO Co shares for 14MEUR

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Serbian TSO company EMS acquired the shareholder place in neighboring Montenegro TSO Co CGES with stock market shares purchase in value of almost 14MEUR.

Elektromreža Srbije bought 10.01 percent of the shares of the Montenegrin Transmission System CGES at the very moment when its price was highest in the past three years. Had they waited for ten more days, when the shares dropped in price as expected, EMS would have spent 1.300.000 million euro less, showed the economic analysis of this business transaction.

Right before New Year, on December 29, 2015, EMS paid 0.95 euro for the share of Montenegrin company or 13.9 million euro in total and on January 12, this year the price was 0.86 euro so this transaction would have cost 12.6 million euro said Aleksandar Glumac, MA in Economics in his analysis. Since March 2012 the shares of CGES never exceeded 0.85 euro and the price went up to 0.95 euro on the exact day that EMS did the purchase and kept that price for the next 13 days until the end of holidays when the stock market did not work.

The drop in income

Glumac says for Kurir that no one can explain why EMS headed by Nikola Petrović did not wait until February when the business results of CGES would have been known, especially since the result for the first nine months of 2015 published in October showed that the income was reduced by 21.6 percent and the profits was 67.4 percent smaller than in 2014.

-It was clear then that this company will have bad results in 2015, which can reduce the price of shares. That is why serious investors wait for the final balance which was supposed to be announced in February. Even without that information the analysis of trade in share in the past few years tells us that the optimum price is in the range from 0.60 to 0.80 euro - Glumac, who is also a member of "It is enough" movement, explains.

He said that 13.9 million euro that was spent on the purchase of shares will return through dividends in 30 years, if the CGES tempo of payment from past years continues.

Planned purchase

It is not logical to wait for dividends that long, since you have no management rights with such a small number of shares. It only makes sense if it is a step before buying the majority share, but companies like these are almost everywhere in the majority ownership of the state. EMS is an example - says Glumac This state company took a loan to make this purchase and put all citizens of Serbia in debt and Branislav Đurđević executive director in

EMS said earlier that they have been considering this transaction since March 2014 and that the goal was to get extra money for Serbia from the dividends and from the project of interconnecting Montenegro with Italy, transmits [Serbia-energy.eu](http://serbia-energy.eu)