

Privatisation of energy companies

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Introduction

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Pursuant to the commitments undertaken by the Greek state after the first memorandum of understanding between the Hellenic Republic, the member states of the European Union, the Monetary Fund and the European Central Bank was signed in 2010 (Law 3845/2010, *Official Government Gazette A' 65/06.05.2010*), the privatisation of energy companies in Greece has significantly progressed over the past few months. The Hellenic Republic Asset Development Fund (HRADF) – the legal entity entrusted with implementing the privatisation programme of the Hellenic Republic – has undertaken a number of relevant projects, including the privatisation of:

- the Hellenic Petroleum SA (HELPE);
- the Public Gas Corporation SA (DEPA); and
- the Hellenic Gas Transmission System Operator SA (DESFA).

Privatisation of HELPE

HELPE is one of the leading energy groups in Southeastern Europe. The main shareholders of the company are Paneuropean Oil and Industrial Holdings SA with a 45.47% stake in the share capital of HELPE and the HRADF with a 35.48% stake, while institutional and private parties hold the remaining 19.05% free float.

On 3 April 2018 the HRADF and Paneuropean Oil signed a memorandum of understanding for the joint sale of a majority participation (at least 50.01%, comprising 61,127,037 shares held by the HRADF – 20% – and 91,996,191 shares held by Paneuropean Oil and Industrial Holdings SA – 30.1%) of HELPE.

Following this agreement, the HRADF launched a public tender on 18 April 2018. The first phase of the tender was completed on 30 May 2018, when the following five major holdings declared their interest:

- Alrai Group Holdings Limited;
- a consortium composed of Carbon Asset Management DWC-LLC and Alshaheen Group SA;
- Gupta Family Group Alliance;
- Glencore Energy UK LTD; and
- Vitol Holding BV.

The HRADF's advisers evaluated the aforementioned expressions of interest and submitted their recommendation regarding the qualifying candidates for the next phase of the tender to the fund's board of directors. Following the submission of the recommendations, HELPE's board of directors decided on 18 July 2018 that Glencore Energy UK LTD and Vitol Holding BV were qualified investors, entitled to proceed to the second phase of the tender procedure.

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Privatisation of DEPA

DEPA is a group of companies with strong presence in the energy sector, actively engaged in the wholesale market as well as in the trade, supply and distribution of gas. The HRADF holds a 65% stake in DEPA and HELPE holds the remaining 35%. DEPA also holds 100% of DESFA.

The privatisation of DEPA began in 2012, when the HRADF launched a public tender for the sale of the total shareholders' stake in DEPA either on a bundled or an unbundled basis, save for a 34% stake in DESFA that would be retained by the Hellenic Republic. Despite its successful onset, the project was not completed and the Ministry for Environment and Energy announced its termination on 30 November 2016. To date, the HRADF has yet to announce a new tender for the privatisation of DEPA. However, relevant actions are expected to be taken within a reasonable timeframe (following the successful conclusion of the privatisation of DESFA).

Privatisation of DESFA

The privatisation of DESFA is also a matter of utmost importance for the HRADF. DESFA was established in 2007 (as a result of the unbundling of DEPA) as a 100% subsidiary of DEPA in the context of the liberalisation of the gas market. DESFA owns, operates, manages and exploits the National Natural Gas System.

DESFA's privatisation began on 26 June 2017, when the HRADF launched a tender for the acquisition of a 66% stake in the company (31% held by the HRADF and 35% held by HELPE). The remaining 34% of DESFA's shares will be transferred to the Hellenic Republic. On 16 February 2018 two binding offers were submitted by the following consortia:

- Snam SpA, Enagas Internacional SLU and Fluxys SA; and
- Regasificadora del Noroeste SA, Renagosa Asset Investments SLU, SNTGN Transgaz SA and EBRD.

The final offers were submitted on 16 April 2018, whereas on 19 April 2018 the boards of directors of HELPE and the HRADF unanimously accepted the improved financial offer of the Snam SpA, Enagás Internacional SLU and Fluxys SA consortium. HELPE further held an extraordinary general meeting of shareholders on 14 May 2018, which also approved the transaction.

After the Court of Audit's approval was granted, the sale agreement was officially signed on 20 July 2018 between HELPE, the HRADF and SENFGULA Energy Infrastructure Holdings SA, which was set up by the preferred investor consortium comprising the aforementioned companies. The final bidding offer was €535 million. The transaction is expected to be completed by the end of 2018.

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