

New Sale of 66% of the Greek Gas Transmission System Operator, DESFA, will be launched

The Hellenic Republic Asset Development Fund (HRADF), the organisation responsible for the privatisation of Greek State companies, decided on 16 March 2017 to re-launch anew an international tender for the privatisation of DESFA, the Greek independent gas transmission system operator (TSO).

We remind you that the privatisation of DESFA was one of the first initiated by HRADF in 2011 and, following a tender process, it was awarded to the Azeri gas company, SOCAR. Thereafter problems arose, starting with the issue that the acquisition by SOCAR (i.e. a non-EU company) of the controlling stake in a TSO required the approval of the EU Commission under the Third Energy Package. The project was stalled for some years until a solution was found under which an EU bidder would acquire 17% of the SOCAR awarded stake of 66%, bringing SOCAR's participation to 49%, and Snam was allegedly involved in this deal. However following this, a Minister of the Syriza-led Government issued a decision which resulted in a decrease of the expected revenue of DESFA and after a series of negotiations SOCAR withdrew from the process.

The sale of 66% will comprise 35% owned by HELPE and 31% owned by HRADF. The Greek press mentions that several interested parties have allegedly made their interest already known. One of them is a JV consisting of the Spanish company Enagás, the Belgian company Flyxus and two funds (SFPI and Marguerite, the latter comprising EIB, KfW as well as Spanish, Italian and French sponsor banks). Other interested parties are rumoured to include Transgaz and GRTgas.

The new tender is expected to be based on a new financial evaluation of DESFA. Financial advisors to HRADF are expected to be appointed shortly. The tender is scheduled to be closed early 2018.

For further information, please contact:

Marina Kolia

Head of Energy group

T (+30) 210 69 67 070

E m.kolia@zeya.com

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280, Kifissias Ave.
152 32 Halandri
Athens, Greece

newsletters@zeya.com
Tel.: (+30) 210 69 67 000
Fax: (+30) 210 69 94 640

www.zeya.com

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