

Inside Information

CEZ signed a privatization contract for Albanian distribution company OSSH

Tirana, Albania, March 11, 2009—The government of Albania and CEZ Group signed a contract for the sale of 76 percent of the shares of the Electricity Distribution Company of Albania (OSSH).

CEZ was selected as the winning bidder by the tendering commission already in October 2008. The decision was then confirmed by the Albanian Government after further consultations. IFC, a member of the World Bank Group, advised the Albanian government on structuring the transaction and executing an open, transparent and competitive bidding process. The value of the contract for the majority stake in OSSH is €102 million. Following negotiations ended in today's signing of the contract. The transaction is expected to be completed in next few months.

Mr. Genc Ruli, Albania's Minister of Economy, Trade, and Energy, said after the signing, 'The bidding process was conducted according to international best practice and we are very satisfied with our cooperation with IFC. The selection of CEZ will significantly improve the supply of electricity in Albania, which will lead to increased customer satisfaction.'

'For CEZ it is another step in consolidation of our position in the region of Southeastern Europe. From a long-term point of view analysts expect that the electricity consumption in Albania will grow by 5 % each year; a faster rate in the region is experienced only in Turkey where the CEZ Group operates as well', said Martin Roman, Chairman of the Board and CEO of CEZ, in a comment on the signing of the transaction,

'CEZ Group has long-term and deep experience with distribution companies restructuring in the Czech Republic, Bulgaria and Romania. We are happy to offer this know-how for the benefit of the Albanian electricity distribution sector', added Vladimir Schmalz, CEZ's Director of Mergers and Acquisition during the signing ceremony.

The privatized distribution company attends to nearly a million of customers and its annual gross electricity supply amounts to 5.3 TWh.

Albania has been lately affected by a devastating deficiency of electricity, in particular due to the absence of investment in power development in last decades. The annual volume of imported electricity varies according to the availability of hydroelectric power plants in the country; in 2007, Albania imported approximately 40 % of its annual consumption.

In Albania, the electricity consumption per capita is less than one third of consumption in the Czech Republic (2 MWh versus 6.3 MWh per capita). In comparison with Austria, the Albanian electricity consumption per capita is even less than one fourth of the Austrian consumption. Analysts expect that the electricity consumption in Albania will grow by 5 % each year; a faster rate in the region is experienced only in Turkey. In other European countries, the electricity consumption mostly grows "only" by 2 – 3 % a year.