



## Reprivatisation of EGF

### SUMMARY

The Portuguese Government approved the tender specifications for the reprivatisation of Empresa Geral de Fomento, S.A. (EGF), the waste management unit of the State-owned water and waste group Águas de Portugal (AdP). According to the approved specifications, bidders must satisfy certain technical, management, suitability and financial requirements.

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EGF is the sub-holding of AdP group responsible for the management, maintenance and exploitation of the collection, treatment and recycling systems of municipal solid waste. EGF holds, together with municipalities, 11 concessionaire companies and covers 60% of the Portuguese population (6.4 million people).

The tender specifications for the reprivatisation of EGF, approved by the Council of Ministers Resolution no. 30/2014, of 8 April 2014, set out the sale of 95% of the share capital of EGF, the remaining 5% being reserved to the acquisition by EGF's employees.

The reprivatisation will be opened to national and international investors, which may bid individually or in consortia, provided that the following requirements are met:

- Technical and management capacity in the sector (when in consortia, at least one member must fulfil this requirement);
- Suitability (in consortia, all members must fulfil this requirement); and
- Financial capacity, including (i) turnover higher than €157 million in at least one of the last three years, (ii) shareholders' equity on 31 December 2012 higher than €106 million and (iii) assets under management higher than €300 million on 31 December 2012 (in consortia, this requirement may be fulfilled by one or all the members).

Bidders must make offer to acquire 95% of the EGF capital and ensure the acquisition by EGF of the shareholdings in the concessionaire companies held by the municipalities that exercise the put option granted under the specifications, as well as the EGF shares that are not acquired by EGF's employees.

The tender procedure will have three phases:

- Presentation of non-binding offers;
- Presentation of binding offers; and
- Selection of the winning offer, which may be preceded by a negotiation phase.

The criteria for the selection of the offers to the second phase will be (i) the fulfilment of the requirements, (ii) the quality of the strategic project and (iii) the price offered for the shares.

In the second phase, the binding offers will be evaluated taking into account (i) the binding price offered for the EGF shares, (ii) the total price including for the shareholdings to be sold by municipalities to EGF under the put option above mentioned, (iii) the fulfilment of the environmental requirements and (iv) the absence of legal, labour and economic-financial constraints.

Following the selection of the winning offer, the bidder(s) must enter into a share sale agreement and pay the purchase price in full on the signing date.

*This information is provided for general purposes only and does not constitute professional advice.*