

Privatization in the waste sector *Empresa Geral do Fomento, S.A. (EGF)*

The Portuguese Government has approved the privatization process of *Empresa Geral do Fomento S.A. (EGF)*, the sub-holding of the Group *Águas de Portugal (AdP)* for the waste sector, by Decree-Law no. 45/2014, of 20 March.

EGF is a State-owned company which is responsible for the collection, transport, treatment and recovery of municipal solid waste, within a framework of environmental and economic sustainability.

EGF carries out its activities through 11 concessionary companies in which it holds the majority of the share capital. In 2012, these companies managed and processed 3.2 million tons of waste (amounting to circa 65% of the national production) and served 6.4 million people (60% of the Portuguese population) in 174 out of the 278 municipalities in mainland Portugal. In 2012, EGF's revenues amounted to circa EUR 150 million.

Although the final conditions of the privatization process still require additional regulation to be approved and published by the Portuguese Council of Ministers, the general aspects of the process have already been approved by the above mentioned Decree-Law.

We set out below the general regime of EGF's privatization process:

- The privatization process of EGF will occur by means of sale of shares representing up to 100% of the share capital of the company.

- The sale of shares will take place by means of a Public Tender and a Public offering addressed exclusively to EGF employees to be executed under the applicable Portuguese legislation.
- The Public Tender, to be conducted by *Parpública, Participações Públicas, SGPS, S.A.* in cooperation with AdP, will consist of an initial presentation of non-binding offers by national or foreigner investors which hold the required technical, management and financial capacities, subsequently followed by the presentation of binding offers by the selected bidders and, if deemed necessary, a negotiation stage prior to the selection of the successful bidder.
- The Public Offering for EGF employees will comprise shares representing up to 5% of the share capital of EFG and may take place simultaneously or following the Public Tender.

The Council of Ministers shall establish the terms of the Public Tender and the final conditions of the Public Offering for EGF employees, as well as the Contract Specifications (*caderno de encargos*) concerning the tender procedure.

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