

Gazprom, Sintez, SOCAR Bidding for Greek Firm

By [The Moscow Times](#)

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Russian energy companies Gazprom and Sintez and Azerbaijan's state-owned SOCAR are the main bidders for Greek gas company Depa, three people familiar with the situation said Monday.

Greece hopes to sell all of the company by the first quarter of 2013, the sources said.

The deal could help the nearly bankrupt country raise up to 1 billion euros (\$1.28 billion). Greece holds 65 percent of Depa, and the remainder is owned by Hellenic Petroleum.

Of the sales of state assets under way in Greece, Depa's is one of the most advanced, alongside gambling company OPAP and prime real estate projects.

If completed early next year, the sales could put Athens on the way toward chipping away at a debt load expected to peak at 190 percent of gross domestic product in 2016.

The country widely missed a target of 3 billion euros this year. The government is now aiming to earn 300 million euros in 2012 and 11 billion euros by 2016.

Gazprom, Sintez and SOCAR emerged as the most dominant energy players in the tender, which has not attracted major Western European bidders.

Italy's Eni, France's Edison and Spain's Gas Natural and Enagas stayed away, most likely put off by Greece's risky economic outlook, two of the sources said.

The pursuit of Depa by Gazprom and Sintez also underscores the interest Russian energy companies have in finding ways to extend themselves into EU states, in large part because of past disputes with Ukraine, its major conduit to the EU.

However, a deal with Gazprom could face antitrust hurdles. Brussels is already investigating the company, which is 50 percent owned by the Kremlin, for alleged price fixing due to its dominant position as a gas supplier to Europe.

In general, a sale to a Russian company would run up against EU efforts to diversify gas supplies away from Russia by bankrolling new import corridors from the Caspian Sea via Azerbaijan and Turkey.

Europe's so-called Third Energy Package restricts Gazprom's control over its European pipeline assets.

Depa has gas-trading activities. One of its subsidiaries, EPA, supplies and distributes gas, and another subsidiary, DEFSA, handles transmission.

The Greek gas company reported earnings before interest, taxes, amortization and depreciation of 60 million euros, and EPA posted a combined EBITDA of 110 million euros in 2011, the sources said.

Sector multiples for these assets would typically be about seven to eight times EBITDA, but the risk of a possible Greek default means the government would have to accept lower valuations of about five to six times, said two of the sources, who are advising potential buyers on the deal.

DEFSA has a regulated asset base worth about 900 million euros but will also be sold at a discount due to the country's risk, all the sources said.

UBS is the Greek government's lead adviser on the deal, along with Rothschild and Greece's Alpha Bank.

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