

Bulgarian Energy Holding signs €650mn bridge loan with international financial consortium

Wholly state-owned Bulgarian Energy Holding said that it has signed a bridge loan with a consortium including the London branch of Italy's Banca IMI S.p.A., the Luxembourg branch of Bank of China Limited, and J.P. Morgan Securities. The amount of the financing is €650mn, Capital Daily reported. The bridge loan will be refinanced at a following stage with a bond issue on international capital markets.

The bridge loan will be used to settle payables owed by BEH subsidiary National Electricity Company to two US-owned coal-fired power plants. NEK is Bulgaria's public electricity supplier. The payables, owed to AES Galabovo and Contour Global Maritsa East 3, were last reported to be worth a combined BGN1bn.

The approval by the Energy and Water Regulatory Commission of an agreement between BEH and NEK is forthcoming, BEH said on April 22. The holding also said that the bridge financing will be transferred in the next few days.

NEK's payables are settled, the two power plants will use part of the proceeds to cover about BGN400mn in payables owed to state-owned coal miner Maritsa East Mines, also a BEH subsidiary.

In April 2015, NEK renegotiated its long-term power purchase agreements with AES and Contour Global on terms that were expected to save it some BGN100mn annually. By repaying its debts, NEK will satisfy a condition for the deal to enter into force.

The deadline for raising the €650mn financing has been extended several times since mid-2015. A key problem was the reluctance of the Bulgarian state to provide a guarantee for the loan. A likely reason the fundraising finally succeeded could be NEK's improving financial performance, following legislative and regulatory measures to this end.

Energy minister Temenuzhka Petkova said previously that NEK reduced its loss to BGN220mn in 2015 from BGN586mn in 2014. In addition, the company is no longer accumulating a tariff deficit.

In the latest procedure, BEH picked the consortium on March 9. It competed with a tie-up led by Citibank

In 2013, BEH issued bonds worth €500mn and maturing in 2018. Fitch rates the holding at BB- with negative outlook.

source: intellinews.com