For the first time in the history of the company, the Electric Power Company of Montenegro (EPCG) plans to distribute €25 million profits to its shareholders.
The Shareholders' Meeting, the decision is to be taken at, is scheduled for June 30th. The agenda includes decisions on covering accumulated losses and reducing the EPCG's capital in order to cover the accumulated losses and paying dividends to shareholders.
According to the daily Pobjeda, the company's Board of Directors suggested that the shareholders decide on reduction of capital due to unrealistic keeping records on the assets value. It refers to assessment of the land value, which is currently considerably cheaper than it was at the time of the construction boom.
The value of assets, according to the records of the Board of Directors, is by €160 million lower than the real one. Another part of the capital reduction refers to decreasing the value of the shares.
Price of the EPCG's share, which nominally amounts to €7.65, will now fall to €7.1. At the end of December, total assets of the company were €1.19 billion worth, which was 3.9% more than in the comparative period. Accumulated losses amounted to €240.87 million.
The Board of Directors proposed reduction of equity to the Government, which is to decide on that at the Meeting of Shareholders. Shareholders of the Italian A2A shall take the same decision. City administration of Milan and Brescia are among the major A2A shareholders.
The Daily Pobjeda unofficially reported that the Government has not decided yet whether it will take its 57%, i.e. €19 million, of the €35 million profit the EPCG generated last year, or the company will use it for new investments.
The Government can allocate that money in the budget, or invest it in the Thermal Power Plant (TE) second block construction through a new 80% state-owned SPV company.
It is almost certain that shareholders of the A2A will not invest their part of the dividend, i.e. €16 million, in the construction of the second block. In 2009, the A2A invested €430 million in 43.7% EPCG stake and it has not collected dividend since then. Instead, the company lost 2% of the stake because it tried to compensate €44 million of electricity debt of the Aluminum Plant (KAP) with the State by not paying tax in that amount.
As this did not happen, both of the owners have suffered consequences of capital reduction, and the EPCG never charged any of the money from the bankrupt KAP. Therefore, the company is not willing to participate in financing the construction of the second block and suggests that the Government finds a third partner for the project.
Since the A2A refused to participate in the construction of the second block, a three-month agreement on management in the EPCG was signed and it expires at the end of this month. Intensive negotiations on a new agreement are ongoing. The Government owns 57.02% of

the EPCG’s stake, whereas 41.75% belongs to the A2A.
Source; CDM