PRIVATIZATION IN SLOVENIA: A STEP FORWARD
Slovenian Sovereign Found - SSH

- SSH is central assets management institution in Slovenia
- SSH is managing 10,5 bn.€ of assets on behalf of Republic of Slovenia
- SSH is managing 668 mil.€ of their own assets
- Well-structured and competence-based asset manager
- Clear mandate and full responsibility
- Professionalism is a key requirement for SSH
  (no government officials in principle, no active politicians)
- Full compliance of OECD rules for managing SOE’s
FOCUS ON CREATION OF VALUE IN STATE-OWNED ENTERPRISES

The increase of profitability with regard to international benchmark

Recommendations and expectations of the SSH to improve operation

Active role at General Meetings of companies

Establishment of regulatory framework

Professional, accountable and “fit & proper” supervisory board members
# Assets Management Framework

**Asset Management Strategy**
- Definition and classification of assets into individual types of assets: strategic assets, important assets and portfolio assets. Definition of the development policies of RS. Individual strategic objectives.

**Annual Asset Management Plan**
- Detailed objectives of the SSH, the measures and guidelines for attaining these objectives, specifies cash flows expected.

**Criteria for measuring the effectiveness of companies**
- The criteria must consider the strategic objectives determined by the strategy and also define economic and financial objectives.

**Corporate Governance Code for SOEs**
- Principles and recommendations of good practice of CG. Principles, procedures and criteria - ensure the transparency and traceability.

**Asset Management Policy**
- Principles and recommendations of good practice of CG. Principles, procedures and criteria - ensure the transparency and traceability.
Republic of Slovenia and SSH portfolio

RS
10,589 mio €*

SDH
658 mio €*

55,000 employees

77 assets

38 assets

*Book value
Key objectives

Improve the performance of SOEs by 2020 (8% ROE)

Higher ambition (systematic, regular and transparent owner’s expectations)

Continuous improvement of corporate governance culture at the company’s level

Successful State Ownership Strategy adoption by sectors
Empowerment of SOE boards

- Human resources commission of SSH (consulting body of the Management Board) → accreditation, nomination and selection of candidates

- Open and transparent applicant process

- Standard criteria for selection of SB candidates

- Well-structured and competence-based nomination process

- Professional candidates
  (no government officials in principle, no active politicians)

- Clear mandate and full responsibility

- Guidelines for remuneration system for SB

- Self-evaluation of boards
Privatization programme & principles

- In June 2013 the Parliament gave an upfront approval to sell off State holdings in 15 companies.
- Asset management strategy is defining roadmap for further privatization in Slovenia for additional 49 companies.
- SDH leads sale procedures for holdings in companies which are state owned or owned by SDH.
Privatization & Principles methods

- **Transparent** sales procedures.

- **Non – discriminatory process**, with equal treatment of all the tenderers.

- **Competitive** bidding process.

- Our goal is that the sale procedures are **in line with international market practice**.

- **Financial and legal advisors** guide us through the process; due care of a good professional.

- Considering the **EU Guidelines of Privatization**
Privatization methods

- A public auction
- A public call for tenders
- Securities are offered to the public in accordance with the act governing the financial instruments market
- Transaction support with financial and legal advisors assistance
Privatization Process

**Preparation**
- Strategic plan review
- Market research and determination of the list of investors
- Selling strategy
- Prepare:
  - Non-Disclosure Agreement (NDA)
  - “Teaser”
  - Information Memorandum
  - Vendor Due Diligence (“VDD”) or “Fact Book”
  - Process letters

**Marketing**
- Pre-marketing for testing the investors’ interest
- Contact to investors with teaser
- Indication of interest
- Signing the NDA
- Sending the information memorandum
- Prepare:
  - Draft Special Purchase Agreement (SPA)
  - E-data room
  - Management Presentation
- Non-binding offers

**Implementation**
- Choose the investor for the phase II of sell process
- Management presentation, Q&A,
- Open the e-data room (VDD, Fact Book, SPA, legal & financial info, ..)
- Organization of conference calls between SDH, advisors & company
- Binding offers and comments on SPA

**Negotiation/Closing**
- Selecting the best offers and negotiations
- Disclosure of sensitive information
- Confirmatory due diligence
- Preparing the final SPA and other documents
- Signing the agreement
- Condition precedent & Closing
Key sectors

- Telecommunication
- Transportation
- Transportation infrastructure
- Banking

- Electrical equipment
- Industrials
- Food & beverage
- Health care
- Chemicals
Closed transactions
(2013 decision of the parliament)

BUYER
- Fraport AG Germany
- Mahle Germany
- Gores Laser Holdings
  The Gores Group, LLC.
- Ring International
  (Austria)

AERODROM LJUBLJANA
- Aerodrom Ljubljana

LETRIKA
- Letrika

FOTONA
- Fotona

HELIOS
- Helios TBLUS, d.o.o.

Podravka (Croatia)
List of companies
(2013 decision of the parliament)

START OF THE PROCESS
ADRIA

NON-BINDING OFFERS
Telekom Slovenije
CC
CINKARNA

FINAL PHASES
žito
Nova KBM
elan

PROCESS COMPLETED UNSECCESFULLY
paloma
since 1873

GR
SDH
ADRIA tehnika
PRIVATE transactions in Slovenia

**Closed**
- Mercator - retail chain
- Pivovarna Laško - brewery
- Radenska – mineral water and soft drinks
- Sava Tiers -
- Litostroj Power - turbine
- Rimske Terme - spas

**In preparation phase:**
- Cimos - automotive
- Trimo - ingeenering
- hotels an hotel chains