



# PRIVATIZATION IN SLOVENIA: A STEP FORWARD



**SDH**

**SLOVENSKI DRŽAVNI HOLDING, d. d.**

# Slovenian Sovereign Fund - 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

# OECD

Establishment of regulatory framework



Professional, accountable and *"fit & proper"* supervisory board members



# Assets Management Framework

Adopted by

PARLIAMENT

## 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.

GOVERNMENT

## 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.

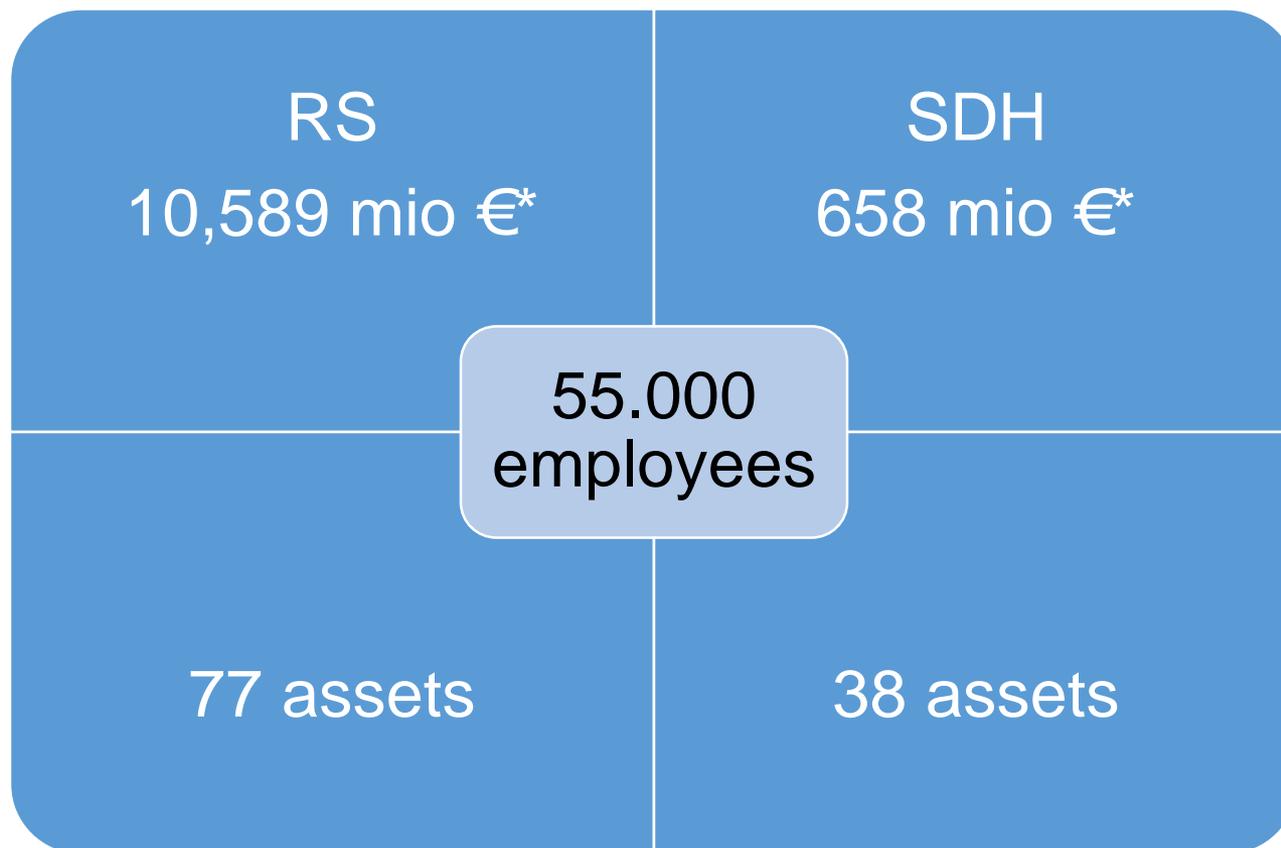
SUPERVISORY BOARD

## Corporate Governance Code for SOEs

## 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



\*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 Dilligence (“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

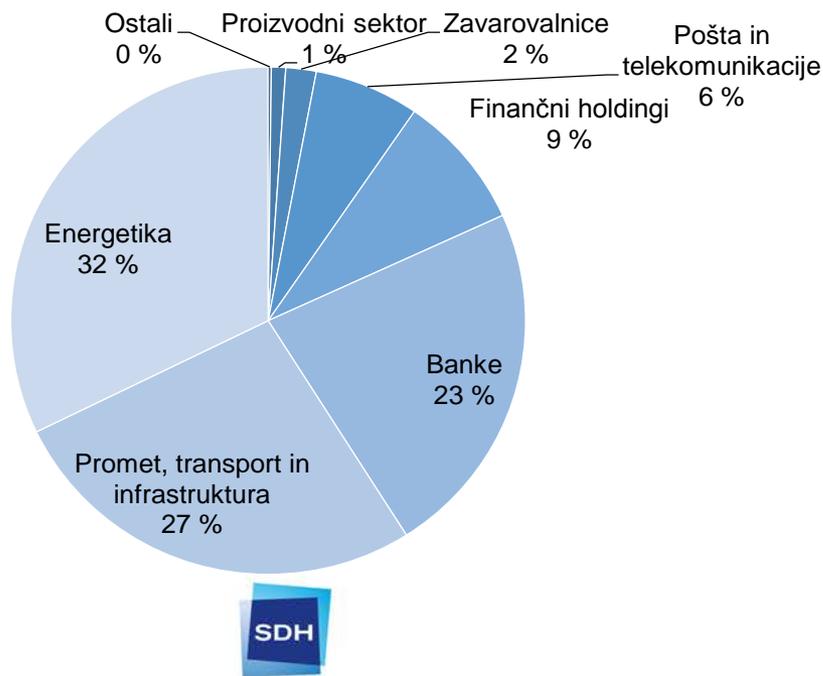
- Choose the investor for the phase II of sell process
- Management presentation, Q&A,
- Open the e-data room (VDD, Fact Book, SPA, legal & financial info, ..)
- Organization of conference calls between SDH, advisors & company
- Binding offers and comments on SPA

## Negotiation Closing

- Selecting the best offers and negotiations
- Disclosure of sensitive information
- Confirmatory due diligence
- Praparing 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)



**AERODROM  
LJUBLJANA**

Fraport AG Germany



**LETRIKA**

Mahle Germany



**FOTONA**

Gores Laser Holdings  
The Gores Group, LLC.



**HELIOS**

Ring International  
(Austria)

**BUYER**



Podravka (Croatia)



# List of companies

(2013 decision of the parliament)

## START OF THE PROCESS

**ADRIA**

A STAR ALLIANCE MEMBER

**UNIOR**

**paloma**<sup>®</sup>  
since 1873

## PROCESS COMPLETED UNSECCESFULLY



## NON-BINDING OFFERS

Telekom**Slovenije**

**CC** **CINKARNA**

## FINAL PHASES

**žito**<sup>®</sup>  
G R O U P

**Nova KBM**  
READY FOR TOMORROW

**elan**

**ADRIA** tehnika



# PRIVATE transactions in Slovenia

## Closed

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

## In preparation phase:

- Cimos - automotive
- Trimо - ingeenering
- hotels an hotel chains

# Disclaimer

***NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN***

This document has been prepared for information purposes only. It does not constitute an offer or invitation to purchase any shares in any Company and it is not intended to form the basis of any investment decision or any decision to purchase all or part of any Company. It may be used only for the purpose referred to above and may not be photocopied, reproduced or distributed to any other person.

Recipients are solely responsible for making their own independent assessment, investigation and analysis of the business, operations, financial condition, prospects, creditworthiness, status and affairs of any Company and the merits and risks involved in their eventual investment in shares of any of the Companies.

The information contained in this document constitutes publicly available information. It does not purport to be comprehensive and has not been, and will not be, independently verified for accuracy and completeness by SDH. By supplying this document, SDH does not undertake any obligation to provide Recipients with access to any additional information or to update this document or any additional information or to correct any inaccuracies in any such information which may become apparent. Accordingly, neither SDH nor their respective affiliates, directors, officers, employees, accept any responsibility, or make any representation or warranty as to the truth, accuracy or completeness of the information contained herein, and they shall not be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on this document or any information contained herein or omitted herefrom.

Certain statements contained in this document are forward-looking. These statements provide current expectations of future events based on certain assumptions. Forward-looking statements are typically identified by words or phrases such as “anticipate”, “assume”, “believe”, “continue”, “estimate”, “foresee”, “intend”, “may increase” and “may fluctuate” and similar expressions, or by future or conditional verbs such as “will”, “should”, “would” and “could”. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance, achievements or prospects to differ materially from any future results, performance, achievements or prospects expressed or implied by such statements. Readers are cautioned not to place any undue reliance on forward-looking statements. SDH assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

This document does not constitute investment advice or an offer or solicitation for the purchase or sale of any financial instrument in any jurisdiction, nor should it be relied upon as the basis for taking any investment decision. In particular, this document is only being distributed in the United Kingdom on the basis that each person in the United Kingdom to whom it is issued is reasonably believed to be such a person as is described in Article 19 (Investment professionals) or Article 49 (High net worth companies, unincorporated associations etc.) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or is a person to whom this document may otherwise be lawfully distributed. Persons who do not fall within such descriptions may not act upon the information contained in it. In relation to the United States, the securities referenced in this document have not been and will not be registered under the Securities Act of 1933, as amended, (“Securities Act”) or with any state securities commission or regulatory authority in the United States. Neither this document nor the securities have been recommended by any United States federal or state securities commission or regulatory authority, and none of the foregoing authorities have confirmed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence. The securities referenced in this document may not be offered or sold within the United States or to U.S persons without prior registration under the Securities Act and applicable state law or unless an exemption from registration is available. The distribution of this document in certain other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions and are recommended to seek their own independent professional advice in respect of their potential interest for investment in shares of any of the Companies. Recipients represent and warrant that they are able to receive this document without contravention of any legal restrictions.

**By accepting this document you agree to be bound by the foregoing limitations.**

