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COMP/M.5913 - CEZ / EPH / MIBRAG GROUP

SECTION 1.2

Description of the concentration

1. The proposed concentration (the “**Transaction**”) concerns the acquisition of joint indirect control by ČEZ, a. s. (“**ČEZ**”) and Energetický a průmyslový holding, a. s. (“**EPH**”) over JTSD Braunkohlebergbau GmbH, a limited liability company registered in Germany (“**JTSD**”), and its wholly owned subsidiary Mitteldeutsche Braunkohlengesellschaft mbH (“**Mibrag**”, JTSD, Mibrag and other companies controlled, whether directly or indirectly by Mibrag jointly referred to as “**Mibrag Group**”).
2. The Transaction will be effected on the basis of a share purchase agreement entered into by HC Fin3 N.V., a joint stock company registered in Netherlands, a wholly-owned subsidiary of EPH, as purchaser, and JANNARYS LIMITED, a limited liability company registered in Cyprus, as seller, pursuant to which HC Fin3 N.V. shall acquire from JANNARYS LIMITED shares representing 100% of the registered capital of LIGNITE INVESTMENTS 1 LIMITED, a special purpose investment vehicle which is not active in any product market itself; however it holds 50% of the capital stock of JTSD, which further owns 100% of the registered capital of Mibrag.
3. The remaining 50% ownership interest in JTSD is held by Severočeské doly a.s. (“**SD**”), a joint stock company registered in the Czech Republic, a wholly-owned subsidiary of ČEZ.
4. Through Mibrag, JTSD operates two opencast lignite coal pits in the central German brown-coal basin near Leipzig, three combined heat and power plants and a coal dust processing factory. ČEZ is primarily engaged in the generation, distribution and sale of electricity, as well as in coal mining, in the Czech Republic. EPH mainly focuses on electricity and heat production, heat distribution, electricity, heat and gas sale to final customers and trading in electricity.

