

PE RO: GSM documents reveal DEO transaction structure and up to EUR 750m financing package | NEUTRAL

* PE RO: Premier Energy published the GSM documentation related to the acquisition of Felix Distribution Holdings (parent company of Distribuție Energie Oltenia - DEO) and Evryo Power from entities managed by Macquarie Asset Management. According to the documents, the transaction implies an equity consideration of EUR 295m, plus a 7.0% annual ticking fee starting from the 31 December 2025 lockbox date, as well as the assumption of current net debt amounting to RON 2.02b (equivalent of EUR 386m). This takes the implied enterprise value of the transaction to around EUR 681m before the additional ticking fee.

* The GSM materials also include shareholder approval requests for financing arrangements of up to EUR 750m, including bridge-to-bond facilities, syndicated loans and potential bond issuances with maturities of up to eight years. The financing package could be used for the acquisition itself, refinancing interim debt, transaction-related costs and general corporate purposes linked to the transaction.

* **Our view:** In our opinion, the most important new information from the GSM documents is the revealed transaction structure rather than the headline EV itself. While the market was previously guided towards an enterprise value of around EUR 700m, the newly disclosed details show that more than half of the transaction value is represented by assumed net debt rather than equity consideration. Based on DEO's standalone financial statements, the company reported a net debt position of only around EUR 19m at end-2024. As such, the disclosed net debt of EUR 386m represents a sharp increase over a relatively short period of time. In our view, this could reflect debt raised for investment projects, refinancing operations, working capital needs and/or debt raised at holding-company level ahead of the transaction closing. At the same time, part of the indebtedness could also stem from Evryo Power and not solely from DEO itself. Overall, the announcement largely confirms management's previously communicated bridge-to-bond financing strategy and represents another key step towards closing the transformational DEO acquisition| NEUTRAL