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THE ANGOLAN PRIVATIZATIONS PROGRAM

The much expected 2019-2020 Privatization Program was enacted by way of the Presidential Decree 250/19, of 5 August 2019 (the “**PROPRIV**”), setting out the privatization objectives, companies and assets to be privatized, timeframe and procedures.

Objectives

Consistently with the 2018-2022 National Development Program, the PROPRIV seeks to reduce the influence of State-owned companies in the economy, increase and diversify the offer of services to the population and ensure self-sustainability of the PROPRIV in terms of the expected gains and liquidity of the National Treasury.

Entities and assets to be privatized

The companies to be privatized include State-owned companies and companies with the State’s direct or indirect holdings, with a majority or minority position, in the following sectors:

- mineral resources and petroleum
- telecommunications and IT
- financial sector (banking, insurance and capital markets companies)
- transportation
- companies in the Special Economic Zone
- tourism and
- industry (including agribusiness)

The companies and assets to be privatized were divided in four different baskets, based on their size, GDP contribution and attractiveness, or their ownership and relevant ministry:

1. National Reference Companies (the “**NRCs**”)
2. Sonangol’s subsidiaries and assets
3. companies in the Special Economic Zone and
4. other companies and asset

The NRCs include strategic Angolan companies, such as Unitel, Angola Telecom, Angola Cables, MS Telecom (telecommunications and IT), BAI, BCI and Banco Económico (banking), Ensa (insurance), Bodiva (capital markets), Sonangol and Endiama (mineral resources and petroleum), TAAG and Sonair (transport), Nova Cimangola, Secil Lobito, Biocom, Cuca and EKA (Industry) and Mota-Engil Angola (construction), among others. Given the importance of the NRCs, their privatization will be managed by the technical group of the National Implementation Commission of the PROPRIV.

Sonangol will mainly dispose of their non-core companies and assets, such as investments in tourism, real estate (including outside Angola), health, energy, industry, transport and education, and oil and gas joint venture companies, with local and international industry partners (e.g., Puma Energy, Sonatide Marine Services, Sonacergy, Kwanda, Technip Angola, OPS Production, Sonamet and Anglofex).

PROPRIV also includes the privatization of a significant number of companies and assets related to agribusiness, fisheries, transport, tourism and telecommunications which are neither considered the NRCs nor controlled by Sonangol. Such companies and assets are either owned by the State or being a part of a Special Economic Zone.

Privatization timeframe, procedures and coordination

The privatization procedures and timeframe for the companies to be privatized considered several criteria, notably the nature of the company or asset to be privatized, quality of the financial information, turnover and impact on GDP (size), financial results and cash flow (attractiveness), business volume and nature of the activity. The privatization of Sonangol's subsidiaries and assets is intended to last for four years, thus, being consistent with restructuring of the petroleum sector in the country.

The privatizations will be implemented through open and limited public tenders (the latter with the prior qualification of the bidders) and capital market offerings (initial public offerings ("IPOs") and auctioning of indivisible blocks of shares offered to pre-selected investors – "Stock Auction") or, as contemplated in the Privatizations Framework Law (Law 10/19, of 14 May 2019), a mix of all such foregoing procedures. IPOs may be followed by secondary public offerings to ensure the subsequent transfer of control to the private sector and flow of the privatization proceeds to the State along with the improvement of the economic and financial performance of the company under privatization. Companies with the IPO potential may initially have part of their shares being disposed through the Stock Auction with the transfer of the management to a strategic partner.

The use of public tenders is favoured in the first years of the program, with 161 NRCs of all 175 NRCs are to be privatize that way. 80 NRCs will go through public tenders in 2019 and 81 in 2020. Capital markets privatization, including IPOs and Stock Auctions, is left for a later stage, with 20 NRCs are to go through the IPOs, with only one IPO of ENSA (insurance company) in 2019. With respect to the Sonangol's subsidiaries and assets, 48 are to be privatized by way of public tenders and two by the way of the IPOs: Sonangol Cabo Verde in 2020 and Sonamet Industrial in 2021.

The National Implementation Commission of the PROPRIV is responsible for coordinating the privatization process, which will also be subject to coordination of the State Minister for the Economic Coordination and participation of other relevant ministers. The technical group, coordinated by the Secretary of State of the Finance and Treasury, will be appointed to provide necessary support, including interplaying between the ministries, companies to be privatize and negotiations commission appointed for each privatization under the Privatization Framework Law.