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## Endesa/Gas Natural: Government comments after TDC decision

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Rating: HOLD/ACCUMULATE

Closing Price: EUR 21.77/EUR 23.72

Price Target: 20.00/25.00

Spanish government will not give priority to any of both CNE and TDC documents regarding the takeover bid of Endesa and reminds that those documents are both non-binding. Those reports disclosed opposite decisions to the development of the operation, being CNE favourable and TDC unfavourable. Secretary of State for Communications, Mr Fernando Moraleda, said there were numerous precedents for the government approving deals where the antitrust tribunal recommended a veto. Moreover Mr. Moraleda said that the Government will study carefully the technical report of the TDC. We remind although the final decision of TDC was negative, the technical report was favourable to the takeover despite proposing hard conditions such as limiting the market share of gas supply to 50%, the disposal of 7 CCGTs and the disposal of some distribution grid. (Reuters &Expansion)

### *Comment:*

*Impact: Neutral to positive. These comments confirm once again the favourable stance that the Spanish Government has on the development of the takeover bid. As we underline yesterday, the negative decision of the TDC was not going to be a great deal for the final decision of the Government. All in all, we will wait until the report of the technicians of the TDC and its conditions will be known.*

*Enrique Soldevila Manrique / Laura Alonso*

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