

Private investment fund Fondul Proprietatea (FP) has doubled its valuation of Romanian electricity producer Hidroelectrica in just a year - at the moment it values its 20 % stake in the company at 2.4 billion euros.

However, many find this to be just a marketing move ahead of expected Hidroelectrica's initial public offering in early 2023.

The total value of the company is thus 12 billion euros, with price-earnings ratio of 13 (based on its projected 2022 profit of 930 million euros), far surpassing OMV Petrom at 2.7, Romgaz at 5.4 and Nuclearelectrica at 5.5.

However, market experts believe that Hidroelectrica's shares might still hold some growth potential despite the inflated IPO price.

In related news, FP announced that it has abandoned the idea of dual listing of Hidroelectrica's shares, which are now going to be listed only on the Bucharest Stock Exchange (BVB). FP pushed for dual listing on the London Stock Exchange as well, but the Government, as the majority stakeholder, opposed to that move.

The Romanian Government approved the sale of 15 % of FP's stake in Hidroelectrica, out of its 20 % stake, through the initial public offering which should take place on the Bucharest Stock Exchange by the end of June 2023. However, the state, which holds the remaining 80 % stake, is not willing to sell any of its shares.