

## Romania: Hidroelectrica hired STJ Advisors Group as equity consultant for its IPO

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In early May, Romanian electricity producer Hidroelectrica selected Dentons Europe as its legal advisor for the upcoming initial public offering of the company's shares. There were a total of eleven offers at the tender, which was estimated at 700,000 euros, but Dentons Europe offered significantly lower amount of 429,000 euros for the job. Hidroelectrica hired STJ Advisors Group as an equity adviser to provide consulting services for the company's planned IPO that will probably take place next year. The fee for this service will be 950,000 euros.

Member of Hidroelectrica's Supervisory Board Karoly Borbely said that the company now has a complete team of consultants for the preparation phase of the listing process. At the end of this stage, Hidroelectrica will contract the services of an authorized intermediary or listing consortium for the IPO. As for choosing the right time for the IPO, this will be established later, so that the listing will bring maximum benefits to the company's shareholders, Borbely added.

Last month, Hidroelectrica signed Lazard, STJ and Deloitte as consultants in the process of preparing the company's initial public offering (IPO) on the stock exchange. The company launched a new tender for IPO advisory services in early March, after dismissing all bids placed in a previous tender launched in January. Hidroelectrica gave no reasons for rejecting the offers at the time. The three companies were the sole candidates in the first procurement procedure. The signed agreement is worth some 1.9 million euros. Portfolio Manager of investment fund Fondul Proprietatea (FP) Johan Meyer said that the initial public offering (IPO) of the largest Romanian electricity producer, in which the fund holds 20 % stake, is not possible in this year, but it could happen in 2021. He said that Hidroelectrica continues to take the necessary steps to select consultants to prepare for the IPO. However, the current situation with coronavirus pandemic will most likely lead to a postponement of the listing. But, FP does not anticipate a major postponement, no later than the first or second quarter of next year. The company's management takes measures to achieve this goal and FP believes that the majority shareholder, the Romanian state, continues to support the listing of the company. Hidroelectrica's IPO has been expected for many years. In April 2012, a consortium made of BRD, Citigroup, Societe Generale and Intercapital Invest was selected to manage the sale of a 10 % stake in Hidroelectrica, but the company went into insolvency a few months later. After Hidroelectrica completed its restructuring process, in January 2014, the Government carried out another selection process and chose Raiffeisen Bank and Morgan Stanley to manage the sale of a 15 % stake in Hidroelectrica through IPO. However, this sale did not take place.

This time, Hidroelectrica's IPO could include both new shares issued by the company as well as existing shares sold by the Romanian state, which holds 80 % of the company, and maybe

Fondul Proprietatea, which holds the remaining 20 %.