

Portfolio Manager of the private investment fund Fondul Proprietatea Greg Konieczny said that the fund is not satisfied with the Government's proposal to set up another interim Board at electricity producer Hidroelectrica with a short-term mandate of just four months. Konieczny stressed that Hidroelectrica, as the most valuable Romanian company, needs stability and predictability, which could only be ensured with top professionals on its Board, appointed for a full, four-year mandate. He added that current Government's proposal does not observe the corporate governance provisions of Law 111/2016, which establishes professional criteria and transparent procedures for the selection of members of the Supervisory Boards in state-owned companies.

According to him, the new interim Board will only prolong the instability and unpredictability for the company for another four months, thus putting it at the great risk, as huge success story is being jeopardized by short-term visions. Maintaining the interim Board at Hidroelectrica may severely hinder and further delay its initial public offering (IPO). This will most likely result in decreasing the company's value during listing and making investors less confident to invest in it and ultimately is hurting current shareholders - the Romanian state and Fondul Proprietatea.

Previously, Konieczny said that there has been very little progress lately regarding the initial public offering of Hidroelectrica, while a lot of decisions have been stalled within different committees and different levels of the Government. He stated that unless there is a really clear decision for the top of the Government, it is becoming increasingly unlikely that Hidroelectrica's IPO will happen before the end of this year, adding that the Government assured him that there is a willingness to move the process forward as quickly as possible. However, the fact that there is still interim management at Hidroelectrica is just the first of many obstacles on the road towards the company's listing. There is also an issue with the noncore investments in the company's assets that must be transferred out of the company before the IPO.

Earlier this month, former judicial administrator of Hidroelectrica during the company's insolvency Remus Borza said that the listing of 15 % stake in state-owned electricity producer will bring almost 220 million euros to the Ministry of Finance, an amount that will allow the Government to fall in the 3 % budget deficit target assumed for 2017.

Hidroelectrica posted an estimated gross profit of 332.2 million euros in 2016, which is the company's record and the highest profit announced so far by any company in Romania in 2016, said the company's General Manager Ovidiu Agliceru. Hidroelectrica's turnover increased by almost 65 million euros in 2016 compared to the previous year, while electricity production reached 17.2 TWh, compared to last year's 15.9 TWh. In 2015, the company recorded a gross profit in the amount of 246 million euros.

Romanian state owns 80 % stake in Hidroelectrica through the Ministry of Energy, while private investment fund Fondul Proprietatea owns the remaining 20 % of the company's

shares.