

The listing of Romanian electricity producer Hidroelectrica involves several key steps that must be followed, but first, the repeal of Law 173/2020, which prohibits the sale of state holdings must be performed, said Portfolio Manager of Romania's largest private investment fund Fondul Proprietatea (FP) Johan Meyer.

Meyer explained that Hidroelectrica has two shareholders represented by the Ministry of Energy as the majority shareholder and Fondul Proprietatea as a minority shareholder and there is support from all parties involved for the listing. The first steps that have been taken have been the appointment of a legal adviser and a capital market consultant, who will help in the future structuring of the initial public offering. The next step would be the appointment of investment banks, the structuring of the IPO and its development.

In terms of potential investors in Hidroelectrica, Meyer believes that many of Fondul Proprietatea's shareholders would be interested, as well as Romanian pension funds, but also international shareholders.

He also said that there is still a significant discount that is applied in the valuations of unlisted entities, such as Hidroelectrica, which means that the value for Fondul Proprietatea continues to be considerably higher than what we see in the current figures.

Romanian state holds 80 % stake in Hidroelectrica, while private investment fund Fondul Proprietatea owns the remaining 20 %. Recently, FP valued its stake in the company at around 1 billion euros. 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. Last May, Hidroelectrica selected Dentons Europe as its legal advisor for the upcoming initial public offering of the company's shares, as well as STJ Advisors Group as an equity adviser to provide consulting services for the planned IPO. Previously in April, Hidroelectrica signed Lazard, STJ and Deloitte as consultants in the process of preparing the company's initial public offering (IPO) on the stock exchange.