

Romania: Hidroelectrica's IPO unlikely to happen in 2017

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Portfolio Manager of the investment fund Fondul Proprietatea Greg Konieczny said in a press conference that there has been very little progress over the past few months regarding the initial public offering (IPO) of electricity producer Hidroelectrica, while a lot of decisions have been stalled within different committees and different levels of the Government.

Konieczny 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 Prime Minister Dacian Ciolos assured him that there is a willingness in the Government 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 non-core investments in the company's assets that must be transferred out of the company before the IPO.

In 2013, Romanian Government decided to list state-owned Hidroelectrica on the Bucharest Stock Exchange by raising capital and launching an initial public offering of the company's shares.

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.