

Fondul Proprietatea (FP) fund is against Hidroelectrica's (in which it holds 20 % stake) involvement in the purchase of Romanian assets of Czech energy company CEZ, said The Manager of Romania's largest private investment fund FP, Franklin Templeton. Hydro-based electricity producer is interested in the two wind farms, according to reports.

Franklin Templeton outlined several reasons for Hidroelectrica not to get involved in the deal. The arguments include the lower profitability of CEZ assets, the regulatory risks faced by Hidroelectrica by getting involved in new sectors, the takeover calendar interfering with the planned initial public offering (IPO) and that the deal is against the principles of liberalization.

FP's strategy has been to maximize its value in the short term, therefore, it constantly argued against the long-term investments of the companies in which it holds stakes. It is a risk-averse investment rhetoric, which should, in principle, be matched by low profitability. Indeed, Hidroelectrica is a low-risk business: with the assets built during the communist regime, it generates cash, which has exposed it to repeated frauds carried by corrupt management.

According to Romanian media, electricity producer Hidroelectrica, electricity distributor and supplier Electrica and State Energy Management Company (SAPE) will place a joint bid for the purchase of Romanian assets of Czech energy company CEZ. Hidroelectrica is reportedly interested in CEZ' wind farms, while Electrica is interested in the company's electricity distribution business.