

Bucharest, July 12, 2023

Press release

Hidroelectrica debuts trading following a jumbo IPO worth EUR 1.9 billion, the largest ever from the Bucharest Stock Exchange

- **The Initial Public Offering (IPO) unfolded on the Bucharest Stock Exchange (BVB) through which Fondul Proprietatea sold its entire 19.94% stake in Hidroelectrica shares for 9.28 billion RON (1.87 billion EUR or 2.04 billion USD) is the largest in Europe and the third-largest in the world so far this year.**
- **The offer price was set at RON 104 (EUR 21, USD 23.1) per share, which gives Hidroelectrica a market capitalization of RON 46.77 billion (EUR 9.44 billion, USD 10.35 billion). Retail investors who subscribed in the first 5 days of the offer were granted a 3% discount.**
- **During the 8 days of the offer, retail investors placed almost 52,000 subscription orders worth approximately RON 6.3 billion (EUR 1.27 billion, USD 1.39 billion), a record level compared to the orders placed by this investor type in the previous IPOs in Romania.**
- **Out of the 89.7 million shares sold, 20% of the shares were allocated to retail investors. For every 100 shares subscribed, retail investors received 32 shares.**
- **Hidroelectrica becomes the largest Romanian company listed on BVB, representing about 22% of the total capitalization of the stock exchange based on the level posted at the end of the first half of the year. The company has been included in the BET index and other BVB indices since the first day of trading.**
- **From July 12th, Hidroelectrica shares entered trading at the BVB under the symbol H2O and can be bought transparently through authorized brokers.**



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Hidroelectrica ([H2O](#)), the leader in electricity production and the main provider of technological services needed in the National Energy System, has successfully concluded the largest initial public offering (IPO) ever made on the Bucharest Stock Exchange (BVB), in an operation that attracted a total of RON 9.28 billion (EUR 1.87 billion, USD 2.04 billion) for 89.7 million shares representing 19.94% of the total number of shares. The Hidroelectrica offer, which took place on the BVB between June 23 and July 4, 2023, became the largest IPO in Europe and the third-largest in the world, taking into account the IPOs carried out so far this year. Hidroelectrica debuted on July 12, 2023, on the BVB's Regulated Market and entered trading under the symbol H2O. The price per share set in the IPO was RON 104 (EUR 21, USD 23.1), which gives the company a capitalization of RON 46.77 billion (EUR 9.45 billion, USD 10.35 billion). Compared to the entire market value of companies listed on the BVB, Hidroelectrica represents approximately 22% of the capitalization of all companies listed on the capital market in Romania, a level that reached RON 211.77 billion (EUR 42.7 billion, USD 47 billion) at the end of the first half of this year.

Fondul Proprietatea ([FP](#)), alternative investment fund managed by Franklin Templeton International Services, sold a package of 89.7 million shares representing 19.94% of the total number of shares issued by Hidroelectrica. FP has held a minority stake in Hidroelectrica since the establishment of the Fund in 2005. The Romanian state represented by the Ministry of Energy as the majority shareholder has kept its 80.06% stake in Hidroelectrica. The Romanian state will not be able to sell Hidroelectrica shares in the first 12 months after the listing, with certain exceptions provided in the prospectus.

The initial public offering was oversubscribed several times, and the company and the seller decided to reallocate shares from the tranche of institutional investors to the tranche of retail investors, this being supplemented from 15% to 20%. Thus, institutional investors were allocated 80% of the shares in the offer, and retail investors 20% (including additional over-allocated shares for stabilization purposes). The pro rata allocation factor calculated for the retail investor tranche was 0.3209762650. For every 100 shares subscribed, retail investors received 32 shares. Retail investors who subscribed in the first five days received a 3% discount from the offer price. During the 8 days of the offer, retail investors placed almost 52,000 orders of approximately RON 6.3 billion (EUR 1.27 billion, USD 1.39 billion), a record value for the subscriptions of the retail tranche at an IPO in Romania. The final offer price for investors who subscribed at a discount was RON 100.88 per share. Retail investors who subscribed for the minimum package (50 shares) in the offer and who received 16 shares each after allocation placed almost 30% (15,268) of the total number of transactions.

Hidroelectrica shares entered trading at the BVB on July 12th under the symbol H2O and can be bought transparently through authorized brokers. The list of authorized brokers is available

[here](#). Investors who wish to have exposure to the issuer Hidroelectrica indirectly can invest in mutual funds or ETFs that include shares listed on the BVB, including Hidroelectrica.

Radu Hanga, President of the Board of Directors of the Bucharest Stock Exchange, stated:

“We congratulate Hidroelectrica and the company’s shareholders for the success of the largest IPO in the history of the Romanian capital market! During the offer, I saw thousands of Romanians who opened trading accounts and they have contact with the stock exchange phenomenon thanks to Hidroelectrica’s reputation. This listing opens new opportunities both for the 8 million Romanians who invest indirectly on the stock market through privately managed pension funds, as well as for Romanians who want to invest in Romania’s strategic companies traded on the stock market, including the 500,000 customers of Hidroelectrica . We are in a context rich in opportunities for Romanian companies, and the local capital market and the banking sector are the pillars that support their financing. We, at BVB, successfully fulfill our role of providing companies and the state with access to financing, as evidenced by more than 160 listings in the last five years, the value of which is close to RON 10 billion euros, including this offer. We believe that the most important message that Hidroelectrica gives to all Made in Romania companies is that they can become leaders on the local and even regional market, through a solid business model, and that the capital market can finance the development of the most ambitious plans.”

Johan Meyer, CEO Franklin Templeton Romania & Portfolio Manager of Fondul Proprietatea, said:

“The scale and resounding success of the Hidroelectrica listing is a great outcome for the many years of preparation, hard work and coordination that was required to make this transaction a reality. The Franklin Templeton team in Romania have achieved something to be truly proud of and have once again played their part in making history in the Romanian capital market. I'd like to express my sincere gratitude and congratulations to all parties involved. To the team at Hidroelectrica, which today start its journey as a listed entity, thank you for your commitment to process, and well done on reaching this incredible milestone. Wishing you the utmost success in your stewardship of the crown jewel of the Romanian capital market.”

Bogdan Badea, President of the Board of Directors Hidroelectrica, said:

“Today we celebrate a decisive moment in the history of Hidroelectrica - the listing of the company on the Bucharest Stock Exchange. It is certainly the most important capital market event in Romania in the recent years and represents a crucial moment for Hidroelectrica, opening up new opportunities for development and growth. We made a considerable effort to get here, and when mentioning this effort, I mean the whole team: Hidroelectrica, shareholders, authorities, consultants and bank consortium. I dedicated years of preparation, overcoming various challenges, among which I mention resolving decisional blocks regarding the company’s historical investments and obtaining an unqualified opinion from the auditors. We have carefully followed the healthy

development of our business, focusing exclusively on the area of green energy obtained from renewable sources. We have acted with responsibility and care, and the results obtained in recent years confirm our approach. In this regard, I would like to thank the shareholders for the trust and support provided in promoting the company's projects. The completion of the IPO is not only a remarkable achievement for Hidroelectrica, but also a proof of the immense potential that the Romanian capital market has in contributing to our growth as an economy, country and nation. We are aware of the importance of this moment and are determined to maximize the advantages that the listing offers, both in strengthening our market position and in attracting sustainable investment and promoting transparency. On behalf of the entire company, I would like to sincerely thank everyone who contributed to this benchmark, especially our team and colleagues, for their commitment, consistency, care and hard work in making this project happen. The dedication and professionalism demonstrated throughout the entire process is evident in the significant interest shown by investors, both at home and abroad. This is a confirmation of the quality of our business and its future outlook."

Adrian Tănase, CEO of the Bucharest Stock Exchange, stated: "Hidroelectrica's listing is a benchmark for the capital market in Romania and we congratulate the company's shareholders and the intermediary consortium for achieving the largest IPO in Europe so far this year. Hidroelectrica's listing triggered unprecedented energy on the capital markets because it put Romania in the center of attention of high-profile international investors and mobilized considerable energy among Romanian investors who subscribed orders at a record level for a local IPO. The success of the Hidroelectrica listing has contributed considerably to the entry of new investors into the market, and together with the change in the taxation system regarding the capital gains, the continuation of the Fidelis government bonds program, and the future listings announced, create the prerequisites that, in the short term, we will exceed the threshold of 200,000 investors in the capital market. Hidroelectrica's effect also crosses Romania's borders because a listing of such scope has significant implications on several levels, the market upgrade being one of them. MSCI's decision regarding Romania's promotion among Emerging Markets also depends on this success, but also on the fulfillment of the qualitative and quantitative criteria of the index provider. We are in dialogue with MSCI because our promotion to Emerging Market status from their behalf would be an additional recognition of all the efforts of the capital market stakeholders."

The consortium for the sale of the Hidroelectrica stake was formed by Citigroup Global Markets Europe AG, Erste Group Bank AG, Jefferies GMBH, and Morgan Stanley Europe SE as joint global coordinators. Co-holders of the subscription register were Banca Comercială Română SA, Barclays Bank Ireland PLC, BofA Securities Europe SA, UBS Europe SE, UniCredit Bank AG Milan Branch, and WOOD & Company Financial Services. Coordinating intermediaries were Auerbach Grayson, BRD – Groupe Société Générale, S.S.I.F. BT Capital Partners S.A., and S.S.I.F. Swiss

Capital S.A. The financial advisor to FP was appointed Rothschild & Co Equity Market Solutions Limited, while STJ Advisors was the financial advisor to H2O.

Hidroelectrica shares were included in the BET, BET-TR, BET-TRN, BET-XT, BET-XT-TR, BET-XT-TRN, BET-BK, BET-NG, and BET Plus indices from the first day of trading of the company on the BVB's Regulated Market at the price set in the IPO. This was possible after, previously, the BVB Indices Commission approved, during the meeting on May 12, 2023, the inclusion of Hidroelectrica shares in some of the BVB indices.

Founded in 2000, Hidroelectrica has managed to impose itself on the Romanian Energy Market, being currently the main producer and supplier of energy in Romania, as well as the main supplier of technological system services. Hidroelectrica aims to strengthen its leading position on the Romanian Energy Market by developing production capacities, as well as becoming an important player in the Regional Energy Market in the future. Regarding the financial results, in the years ended on December 31, 2022, 2021, and 2020, Hidroelectrica generated consolidated revenues in the amount of RON 9.45 billion, RON 6.49 billion, and RON 3.84 billion, respectively. In the same period, the company reported annual profits of RON 4.46 billion, RON 3.12 billion, and RON 1.56 billion, respectively.

In the first quarter of 2023, Hidroelectrica obtained consolidated revenues of RON 3.27 billion, which were generated by the increase in the total amount of energy sold (4.8 TWh in the first quarter of 2023) on all markets, including wholesale, retail markets, and balancing. This aspect contributed to obtaining a total value of adjusted EBITDA of RON 2.18 billion and a value of profit for the period of RON 1.72 billion in the first quarter of 2023, compared to a total value of adjusted EBITDA of RON 1.7 billion and a profit value for the period of RON 1.29 billion in the first quarter of 2022.