

Croatia and Hungary talked on LNG terminal and possible buyout of MOL's shares in INA. Croatian Minister of Economy and Sustainable Development Tomislav Coric met in Budapest with Hungarian Minister of Foreign Affairs and Trade Peter Szijjarto, with whom he discussed energy cooperation between the two countries.

According to a statement from the Ministry, Coric talked with Szijjarto about energy cooperation between the two countries, especially in the context of the imminent start of operation of the LNG terminal on the island of Krk. Minister Coric informed the Hungarian official about the planned start of operation of the LNG terminal on January 1 next year, after the successful full lease of the terminal's capacity, in which Hungarian companies also participated.

The two ministers agreed that the start of operation of the LNG terminal is an important step towards ensuring additional gas supply routes for both countries and their energy independence. The operation of the LNG terminal is a contribution to the energy independence of the European Union as a whole, supported by the European Commission which awarded a grant of 101.4 million euros to Croatia for the project's implementation. The Ministry also announced in a statement that Minister Coric, accompanied by a representative of Lazard, the Government's financial advisor, also met with MOL Group CEO Jozsef Molnar. They discussed the framework for the possible purchase of shares held by MOL in INA, in the continuation of the talks held in June in Zagreb and following the completion of the in-depth review process.

In June, the consulting company Lazard presented to the INA Council its preliminary report on the in-depth survey of INA's business and its value, and in September the final report on the assessment of INA's value. Minister Coric already talked with Molnar about the possible purchase of MOL's share in INA at the end of June after the presentation of the preliminary report, and announced further talks with MOL's management after the presentation of the final Lazard report.

After the presentation of the final Lazard report in September, Minister Coric said that the Government is continuing the process with the Hungarian side in the direction of agreeing on a price, if the Hungarian side agrees to it, adding that the Government strongly supports the buyout of MOL's shares in Croatian oil company.

At the time, the Minister also said that the purchase of INA from MOL should not burden the budget, but he did not disclose the financial details of a possible transaction.

In late 2016, Prime Minister Andrej Plenkovic announced the Government's intentions to buy back the stake of Hungarian oil company MOL in Croatian oil company INA, adding that the best model for financing the buyout would be the initial public offering (IPO) of 25 % minus one share of state-owned power utility HEP, since Croatia will keep, with 75 % plus one share, all management rights in HEP without selling national resources. However, the HEP option seems to be scrapped in the meantime. MOL is the single largest shareholder in

INA with 49.1 % of shares, while the Croatian Government holds 44.8 %. The remaining 6.1 % is held by private and institutional shareholders.