

Croatia: Final report on INA by consultant Lazard

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Initially, Lazard said that the final report will be ready in July, because a preliminary report was presented at the end of June. Croatian Minister of Economy Tomislav Coric said that consultant Lazard presented the final report on its assessment of INA's value to the Government, adding that the purchase of MOL's stake in INA should not burden the state budget, but did not disclose any financial details of the possible transaction.

The due diligence report presented the results of the company's in-depth survey, with a special focus on exploration and production, refineries and retail. Minister Coric said that that another meeting with consultants would very likely follow in the next two weeks, and that in the meantime an initiative would be made for a meeting between representatives of the Croatian Government and MOL. He also said that the manner of realization of the transaction, if it occurs and if the Croatian and Hungarian sides agree on the price, will be discussed. The idea at the beginning was for the transaction to take place in such a way that the Croatian budget would be minimally burdened, without the increase of the budget deficit and public debt. Last August, Lazard has been selected as the Croatian Government's consultant on the buyback of the Hungarian MOL's stake in Croatian oil company INA. A consortium of Morgan Stanley, Intesa Sanpaolo Group and Privredna Banka Zagreb had previously been selected as a consultant, but that disagreements had emerged over what should be included in the agency agreement, notably technical aspects of the hiring of consultants. Therefore, the Government decided to conduct interviews with other bidders from the first round and finally selected a new consultant - Lazard. 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 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.