

## Croatia: HEP's IPO is the best model for INA buyout

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Croatian Prime Minister Andrej Plenkovic reiterated the intentions of the Government to buy back the stake of Hungarian oil company MOL in Croatian oil company INA, stating that he had not heard of any better or more efficient buyout model that would not include an increase of Croatia's public debt, than the proposal for the initial public offering (IPO) of 25 % minus one share of Croatian stateowned power utility HEP.

PM Plenkovic explained that the Government has been dealing with INA issue from the first day of its mandate. After a negative ruling of Arbitral Tribunal of UNCITRAL, the Government would like that a broad consensus regarding the buyout of MOL's stake in INA is reached, which would be beneficial for the national economy, INA and Croatia's energy security. Of all the models discussed, none was better than the proposal for IPO of 25 % minus one share of HEP. This is the best way to help Croatia, which will keep, with 75 % plus one share, all management rights in HEP without selling national resources, Plenkovic concluded.

However, leader of the opposing Social Democratic Party Davor Bernardic considers that HEP is currently not ready for sale and needs at least two years to prepare for the initial public offering. Bernardic said that the money from the sale of one quarter of HEP will not be enough to buy half of INA. He also criticized the fact that there were no public debate on the matter.

According to previous expert analysis, the value of 25 % stake in HEP has grown by at least 100 million euros in the past two years, reaching about 700 million euros, according to which the value of the entire HEP is about 2.5 billion euros. The analysis further states that the stake of Hungarian MOL in Croatian oil company INA is currently estimated at between 800 and 900 million euros, which means that the sale of 25 % stake in HEP through IPO might not be enough for the purchase of MOL's stake in INA.