

## Croatia: INA to start due diligence process for buyout of MOL's shares

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Croatian oil company INA said the Government has asked it to provide due diligence information before the planned purchase of Hungarian MOL's stake in the company. The Government has requested that the due diligence process is conducted by the investment consultants it hired earlier this year. INA's management board promptly approved the launch of the due diligence process.

Croatian Minister of Energy and Environmental Protection Tomislav Coric said that the Government plans to complete the due diligence report in the first quarter of 2020, in order to begin talks with MOL. In case of successful buyout of MOL's stake in INA, the Government plans offer INA's shares to new strategic partner.

In August, US investment bank 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. In mid-December 2017, the Government launched an invitation for financial advisor which will help the Government choose the best model to buy back INA's shares currently held by MOL, adding that the Government could later choose to sell those shares to another strategic partner.

Hungarian MOL owns 49.08 % of INA's shares, while the Croatian state has 44.84 % stake in the company.