

Government is ready to start negotiations with Hungarian oil and gas company MOL over the purchase of its stake in INA as it received a due diligence report on oil company INA done by consultancy company Lazard, said Croatian Minister of Economy Tomislav Coric. Minister Coric said that there will be a new meeting with the Hungarian side where the Government will explain its position, after which talks on the price will begin. The Hungarian side should agree on the price that the Croatian counterpart will offer, which will be the focus of negotiations in the coming months. He also said that the Government's special council in charge of preparing, implementing, and proposing financing for the planned purchase of MOL's stake in INA will discuss Lazard's report in the next two weeks. 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.