

Hungary Pays \$2.7Bln for Surgut's Mol Stake

By [The Moscow Times](#)

May 24, 2011

The  Moscow Times

Hungary bought Surgutneftegaz's 21.2 percent stake in Mol Nyrt for 1.88 billion euros (\$2.65 billion), thwarting what Mol management termed a "creeping takeover" of the country's largest refiner by the Russian oil producer.

Hungary's government paid about 22,400 forint per share at current exchange rates, Development Minister Tamas Fellegi told reporters. The funds will be drawn down from International Monetary Fund loans obtained in 2008 and kept in central bank reserves, he said.

"This was more than a purchase, it was a tough struggle," Prime Minister Viktor Orban said at a press conference in Budapest Tuesday.

Oil companies in central and eastern Europe, which depend largely on Russia for crude supplies, have been wary of also allowing Russian control of their refining industries. Mol

management had said Surgut's aim was a "creeping takeover" of Mol and the Russian company had been barred from exercising its ownership rights as its holding wasn't registered on Mol's books.

Mol shares jumped 4.1 percent to 23,310 forint Tuesday before trading was suspended by the Budapest Stock Exchange. The current share price values the 21.2 percent stake at 516.5 billion forint (\$2.7 billion). Surgutneftegaz gained 1.3 percent in Moscow.

"Uncertainty regarding the intentions of Surgutneftegaz and the relationship between Mol and this company are now settled," Olena Kyrylenko, a Budapest-based analyst at KBC Securities, said in a phone interview. "From the other side, we are getting increased political risk because now the government owns a stake in Mol."

Siberia-based Surgut purchased the Mol stake from Austria's OMV for 1.4 billion euros in March 2009 after the refiner fended off OMV's hostile takeover attempt. OMV, based in Vienna, abandoned a 2.8 trillion forint takeover bid in August 2009 after the European Union expressed concern the acquisition may harm competition.

The government will receive an additional 2.4 percent stake in Mol when private pension fund portfolios, which the government effectively nationalized last year, are transferred to the state later this year, Fellegi said. He said the government has yet to decide whether to keep or sell those shares.

Acquiring Surgut's stake in Mol has been a top priority for Orban's administration, which took office a year ago. The acquisition is part of the government's efforts to reverse privatizations in strategic industries, Fellegi said Tuesday.

"This step significantly adds to the state's assets and is in line with the state asset-management strategy to boost the state's role in strategic industries and companies instead of privatizing," Fellegi said. "This is a first, even internationally significant step to implement this strategy."

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