Early Warning System

EBRD-55382

Fortenova Group Agriculture

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Quick Facts

Countries	Croatia
Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Approved
Bank Risk Rating	B
Voting Date	2024-07-03
Borrower	Podravka Agri d.o.o.
Sectors	Agriculture and Forestry
Investment Type(s)	Loan
Investment Amount (USD)	$ 53.96 million
Loan Amount (USD)	$ 53.96 million
Project Cost (USD)	$ 359.35 million

Project Description

As stated by the EBRD, the project consists of an investment in the amount of EUR 50m to a newly established SPV, Podravka Agri d.o.o., majority owned by Podravka Inc. (the "Sponsor"), for the purpose of the acquisition of Fortenova Group's Agriculture Division, a leading Croatian vertically integrated farming enterprise (the "Target").

The investment will support the Sponsor in its expansion efforts and the implementation of efficiency and profitability improvements at the Target level.

The Target's key activities [...] include livestock farming, meat and dairy production, crop farming and associated ancillary activities.

The due diligence did reveal several E&S issues which will be addressed through actions within the environmental and social action plan (ESAP). Key issues that arose include community complaints in relation to selected pig farms, and the need for better maintenance for a number of facilities to ensure continuation of good operation and adequate protection of health and safety. Other general issues include, for example, the need to continue application of certified management systems and the need to identify affected stakeholders and ensure appropriate communication and information disclosure.

An ESAP to address these issues has been developed and agreed with the Company. Podravka will be required to report on the implementation of the ESAP and on E&S in general throughout the lifetime of the project, via a written annual E&S reporting and additional actions as required by the Bank.

As stated on the company's website, following successful conclusion of negotiations, Podravka and Fortenova group signed a sale and purchase agreement [...] for the purchase of Fortenova group's agricultural segment, which includes Belje, PIK Vinkovci, Vupik, Energija Gradec, Belje, Agro-Vet and Felix.

The transaction is valued at 333 million euros and Podravka will finance this acquisition through loans from commercial banks, with the European Bank for Reconstruction and Development (EBRD) expected to be a partner in the transaction.

Investment Description

- European Bank for Reconstruction and Development (EBRD)

Private Actors Description

As stated by the EBRD, Podravka Agri is a newly established SPV, majority owned by Podravka Inc., created specifically for the purpose of the acquisition.

Podravka Inc. is, a longstanding client of the Bank and one of the leading food producers in SEE region. It is listed on the Zagreb Stock Exchange Prime market. In the ownership structure, Republic of Croatia is holding 25.5% of shares while Croatian pension funds are holding 49.9%.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
Fortenova grupa d.d.	Undisclosed	Industry and Trade	contracts with	Podravka d.d.	Client	Industry and Trade

Contact Information

Client - Podravka Agri d.o.o.:

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ACCESS TO INFORMATION

You can request information by emailing: accessinfo@ebrd.com or by using this electronic form: https://www.ebrd.com/eform/information-request

ACCOUNTABILITY MECHANISM OF EBRD

The Project Complaint Mechanism (PCM) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an European Bank for Reconstruction and Development (EBRD)-financed project. If you submit a complaint to the PCM, it may assess compliance with EBRD's own policies and procedures to prevent harm to the environment or communities or it may assist you in resolving the problem that led to the complaint through a dialogue with those implementing the project. Additionally, the PCM has the authority to recommend a project be suspended in the event that harm is imminent.

You can contact the PCM at: pcm@ebrd.com or you can submit a complaint online using an online form at: http://www.ebrd.com/eform/pcm/complaint_form?language=en

You can learn more about the PCM and how to file a complaint at: http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html

Community Documents

- Letter of concern to the EBRD_18022025

Media

- Podravka and Fortenova group sign sales agreement for acquisition of Belje, PIK Vinkovci and Vupik -