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Debt and cash is all a wash

Industry Min. Jozef Síkela (STAN), an ex-banker who wants an important economics portfolio in the next EU Commission, said sarcastically on Czech TV on Oct. 1 of last year (starting at 12:42pm) that he's been involved in many transactions over the years but learned something new with the Net4Gas acquisition. The new thing he learned, he said, is that company valuations are done on the basis of the size of the debt. He was defending against headlines in Blesk saying that he paid Kč 5bn for Kč 33bn in debt. Every company has debt, he said, and valuations are based on other things. The Fiala government's latest energy-related acquisition, Robin Oil and its 75 filling stations by state-owned Čepro, wasn't handled by STAN for a change, which makes the comments by STAN's politicians all that more interesting. Jan Farský of STAN, who also has his eye on an EU position, wrote on X that spending Kč 4.5bn of government money for this doesn't make sense to him. He didn't mention the Kč 1.6bn in cash at Robin Oil, but then why should he? If Kč 33bn in debt doesn't affect a company's value, why should Kč 1.6bn in cash, right?

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