Springboard into new markets

A RM1 billion investment by Tenaga Nasional Bhd in Turkey’s GAMA Enerji will offer the company expansion opportunities in the Middle East and northern Africa.
TNB eyes Middle East, Africa next

TURKEY FORAY:
Power utility group banks on GAMA deal for expansion

TENAGA Nasional Bhd (TNB) believes its nearly RM1 billion investment in Turkey’s power and water company GAMA Enerji AS will enable it to pursue expansion in the Middle East and northern Africa.

TNB president and chief executive officer Datuk Seri Azman Mohd said GAMA offered the national utility expansion opportunities in terms of acquiring assets, launching greenfield projects, portfolio optimisation and supply market entry in the two regions.

TNB yesterday concluded the acquisition of a 30 per cent stake in GAMA for US$255 million (RM990 million).

“The US$255 million deal, originally valued at US$243 million, seals TNB’s first foray into Turkey’s growing energy sector,” Azman said after exchanging share certificates with GAMA in Istanbul, Turkey.

The event was witnessed by Prime Minister Datuk Seri Najib Razak, who was attending the 13th summit of the Organisation of Islamic Co-operation in Istanbul.

TNB first announced the acquisition of 289.49 million shares in GAMA from GAMA Holding, International Finance Corp and IFC Global Infrastructure Fund for US$243 million last December.

In March this year, TNB signed an amendment agreement with the sellers, resulting in the higher price of US$255 million.

Azman said the additional US$12 million was a result of both parties’ agreement to retain additional assets as a project of GAMA Enerji.

Earlier, TNB chairman Tan Sri Leo Moggie said Turkey was one of the largest energy markets in Europe and power consumption had shown an impressive six per cent average annual growth rate over the last decade.

“With Turkey’s vast electricity market potentials and a population of 74 million people, as well as GAMA’s long-term growth potential, the business case for Turkey investment into GAMA is simply too compelling.

“Our investment in GAMA represents a long-term play that will deliver long-term value to consumers, investors and other key stakeholders.”

GAMA is a unit of GAMA Holding, one of the most prominent conglomerates in Turkey with activities in construction, energy performance contracting, concessions, trade and energy/water investment.

The firm owns and operates a large and well-balanced portfolio of thermal, wind and hydro assets in Turkey as well as a large water conveyance project in Jordan. It has also developed and operated a large water conveyance project in Jordan and by 2017, it is expected to have a gross installed capacity of 1,027 megawatt in Turkey.