



## SIARAN AKHBAR PRESS STATEMENT

S.A 2015/12/122 (HQ)

### TNB INVESTS IN 30% STAKE FOR GAMA ENERJI TO GAIN STRATEGIC Foothold IN TURKEY'S GROWING POWER MARKET

- *Access to GAMA Enerji's well-balanced portfolio of power and utility assets*
- *Formation of a strategic partnership with highly regarded industry experts in MENA*
- *Complements TNB's five-year expansion roadmap to secure new overseas generation capacity*

**Tenaga Nasional Berhad ("TNB")** today announced its entry into Turkey's growing power sector after it signed a Share Sale Agreement ("SSA") and Shareholders' Agreement ("SHA") to invest in a 30% stake in Turkish power company, GAMA Enerji A.S. ("GAMA Enerji"), for US\$243 million. TNB will acquire the stake from GAMA Holding A.S ("GAMA") as well as International Finance Corporation ("IFC"), a member of the World Bank Group focused on the private sector, and GIF Holding I Cooperatief U.A ("GIF"), a fund managed by the IFC Asset Management Company.

Established in 2002, GAMA Enerji is a subsidiary of GAMA Holding, one of the most prominent conglomerates in Turkey with activities in construction, EPC contracting, concessions, trade and energy/water investment. GAMA Enerji is a power and water infrastructure development company which 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. GAMA Enerji currently has a 840MW natural gas-fired plant and a 45 MW wind power plant under construction in Turkey which will go live in Q3 2016 and Q4 2016 respectively. It has also developed and operates a large water conveyance project in Jordan. By 2017, it is expected to have a gross installed capacity of 1,027MW in Turkey.

The partnership will give TNB two seats on GAMA Enerji's board with extensive control rights, as well as the opportunity to place key senior TNB professionals, particularly in finance, operations and maintenance, in GAMA Enerji's management, bringing together TNB's superior expertise and the strength of a large utilities company. It will also cement a strategic partnership with IFC and GIF, renowned institutions with many years of experience in developing infrastructure projects in Turkey and the Middle East and North Africa (MENA) region.

TNB Chairman, Tan Sri Leo Moggie, stated: "This investment is an important step in TNB's strategy of expanding into international markets where power demand is rising. It is in line with TNB's five-year international expansion roadmap to secure new overseas generation capacity. TNB will bring significant engineering and technical expertise, not least in the areas of managing, operating and maintaining large scale power plants. This know-how will give the partnership between TNB, GAMA Holding, IFC and GIF a real competitive edge that can maximise opportunities in Turkey and the region."

TNB's equity investment in GAMA Enerji will result in a strategic partnership that will allow it to pursue regional expansion opportunities in terms of asset acquisitions, greenfield projects, portfolio optimisation and supply market entry.



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TNB will also form a separate partnership with GAMA Holding to jointly offer Operations & Maintenance (O&M) facilities services regionally. This will allow TNB to pursue untapped opportunities in the region's O&M sector as well as leverage on GAMA Holding's regional leadership in EPC services.

TNB's President/Chief Executive Officer, Datuk Seri Ir. Azman Mohd said: "Turkey is one of the largest power markets in Europe and power consumption has shown an impressive six per cent of average annual growth in the last decade. By gaining a presence in this key power market through our investment and long-term strategic partnership with GAMA Holding, TNB will be able to significantly grow its power generation assets in Turkey, as well as looking to expand further into the Middle East and North Africa (MENA). We will do this by actively pursuing acquisition opportunities of existing power assets, as well as bidding for greenfield projects with GAMA Holding in Turkey and the surrounding region."

Datuk Seri Ir. Azman added: "On-going liberalisation of the energy market and the well-defined regulatory environment in Turkey, coupled with an abundance of opportunities to create a base of region-wide power assets, make a compelling business case for the investment. TNB strongly believes that this investment is value accretive, will maximise shareholder value and deliver sustainable, long-term earnings growth."

The process to acquire GAMA Enerji began in December 2014 and was completed after careful and detailed due diligence by TNB and its financial advisors, Unlu & Co and UBS. The SSA was signed on 11 December 2015.

The investment, which will be financed by a combination of internal funds and external debt, is subject to obtaining regulatory approvals from the Turkish Competition Board, Turkey's Energy Market Regulatory Authority and relevant Malaysian regulatory authorities.

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#### **About Tenaga Nasional Berhad**

TNB's core activities are in the generation, transmission, and distribution of electricity. In addition to being the nation's primary electricity generation enterprise, TNB also transmits and distributes all the electricity in Peninsular Malaysia, Sabah and Federal Territory of Labuan. As at 31 August 2015, TNB supplies electricity to approximately 8.9 million customers.

TNB, through its subsidiaries, is also involved in the manufacturing of transformers, high voltage switchgears and cables; the provider of professional consultancy services, construction and operating and maintenance of district cooling facilities, generation equipment, repair and maintenance, fuel supply services; services related to renewable energy, energy efficiency and power quality; higher education and skill training and undertakes research and development.

As an integrated electricity provider, TNB has and will continue to meet its crucial role in powering the nation's progress.