

Palmet Enerji beats SOCAR bid to acquire EWE's Turkey assets



Bloomberg Istanbul Turkish gas distributor Palmet Enerji AS agreed to buy all of EWE AG's assets in the country for between €130mn (\$148mn) and €150mn. Palmet beat its only competitor, State Oil Company of Azerbaijan Republic (SOCAR), to secure the assets of EWE Holding Turkey AS, Palmet chairman Doganay Samuray said in a phone interview yesterday. "We will have a stronger position in Turkey's retail gas distribution market with this acquisition," Samuray said. Palmet already operates gas grids in the Erzurum province in eastern Turkey, and Gebze, an industrial town to the east of Istanbul. "We held talks, and in the end decided not to buy EWE assets" in Turkey, Ibrahim Ahmadov, a spokesman for Socar in Baku, Azerbaijan, told Bloomberg. He didn't elaborate. Palmet is in discussions with banks to finance the acquisition, which is subject to approval by Turkish energy and antitrust regulators, Samuray said. It may take "two or three months" to complete those talks. The borrowing for the acquisition will be in Turkish lira, which is the currency of EWE's gas grid revenues in Turkey, Palmet chief financial officer Bora Kirac said. "We are in talks with five or six local banks but we will probably borrow from two or three of them." EWE Turkey

doesn't have any outstanding debt, he said. Germany's EWE hired Barclays Plc to manage the sale process, people with knowledge of the matter said in March. The agreed price is less than half the amount people familiar with the process had estimated the assets were worth in October. EWE's Turkey unit owns 80% stakes in two gas grids in the provinces of Bursa and Kayseri, as well as a phone company, Millenicom. Its other assets include electricity trader EWE Enerji and Enervis, a technology service provider for the energy industry