

Inside Information

CEZ completed the purchase of an interest in Turkish Akenerji

CEZ Power Company has become an owner of a half of the majority interest, which the company has repurchased from its partner for the Turkish market. The Akkök Group and the CEZ Group have thus become holders of a majority interest amounting to ca 75 % in the Akenerji company (the remaining shares of the company are tradable on the stock market) with equal ownership interest in the amount of ca 37.4 % each. This interest has been repurchased by CEZ at a price of USD 302.6 million.

The transaction was settled yesterday. Both the partners took over together the SEDAS Turkish distribution company already in February this year through the JV company Akcez. With regard to the abovementioned transaction, CEZ also sold 22.5 % share in Akcez to Akkök Group for USD 68 mil. This transaction keeps equal 50:50 control over the Akcez company for both partners – CEZ Group and Akkök Group.

Akenerji's ambition is to be one of the key players in the Turkish energy market. In addition to the present established power of 496 MW and renewable energy investments of 390 MW, Akenerji will increase its electricity production capacity by attaching importance to source diversity; thus the company will reduce production costs on the one hand, and it will continue its considerable contribution in meeting the need for electricity energy in the country on the other. Together with the CEZ Group, Akenerji plans to reach 3.000 megawatts of installed capacity in 5 years. The planned investment for such a growth is about 3 billion dollars

Turkey, with its 70 millions people, is comparable to the whole Central Europe. Demand for electricity reached around 190 TWh in 2007. Considering low per capita electricity consumption (at 30 % of EU states average level in 2005), fast urbanization, increasing population (moreover Turkish average age of population is only 27.3 in comparison with 38.5 at EU) and increasing economic growth as well, it is expected that the electricity consumption will increase rapidly for the following years. Electricity consumption is forecasted to grow about 6 - 8 % annually between today and 2016, compared to the EU states year-on-year growth at about 2 - 3%.

According to estimates of Turkish grid operator TEIAS, Turkey will have to build annually between 2500-3800 MW of generation capacity and up to 50,000 MW till 2020 to meet its fast growing electricity consumption.