

# TABOGLU & DEMIRHAN

## Newsletter

### **PRIVATIZATION UPDATES**

- As per the dailies, 56.09% of shares of Dogusan Boru have been put out to tender by the Privatization Administration. As per the announcement made by the Administration, the tender will be undertaken in the form of bargaining after receipt of bids in sealed envelopes. However, the tender may be finalized through auction method with the attendance of the bidders who have attended the bargaining round, if deemed necessary by the tender commission. The offers to be prepared as per the specifications shall be submitted until 26 February 2009.
- The Council of State has approved the lower court's decision dismissing the case filed for cancellation of the tender specifications regarding block sale of 51% shares of Petkim to Socar-Turcas-Injaz Consortium. The Council has also dismissed the Petroleum Workers' Union's objection which was submitted against the dismissal of the suspension of Petkim sale. The share purchase agreement for the transfer of 51% shares of Petkim to the Consortium was executed on 30 May 2008.

### **CAPITAL MARKETS NEWS**

- ING, which has agreed to purchase Oyak Emeklilik in return for Euro 110 million in June 2008, has completed all related transactions. Accordingly, Oyak Emeklilik, the sixth biggest private pension fund of Turkey, is going to carry out its operations under its new trade name "ING Sigorta".
- Fitch Ratings, the leader rating institution of the world, has revised its National Asset Manager Rating (Turkey) assigned to the Istanbul based investment activities of Yapi Kredi Portfoy Yonetimi A.S. to 'M2+(tur)' from 'M2(tur)'. Yapi Kredi Portfoy is currently the leader of investment fund market with its market share of 22%.

### **ENERGY MARKET HIGHLIGHTS**

- Enerjisa has announced that they have agreed to work with Consortium of Alstom Power-Turkey, Alstom Hydro-France, Alstom Hydro-Spain and Ges Genel Elektrik-Turkey for Kavsak Bendi, Kopru and Menge Hydroelectric Power Plants' electromagnetic equipments and their installation. Annual generation capacity of these plants is expected to be 1,200 GWh.
- The Council of State has unanimously dismissed the request for the suspension of execution that was submitted against the decision of the Energy Market Regulatory Authority for the issuance of a production license to Enka Enerji for Aliaga Thermal Power Plant. Accordingly, the production license has been granted to Enka for a 49-year period as of 6 March 2008.

### **BANKING SECTOR UPDATES**

- As per the "Banking Report" published by the Banking Regulation and Supervision Agency, the net profit of the banking sector for the first ten months of 2008 has decreased to TRY 11.9 billion with a ratio of 10.5% compared to the previous year. However, total assets of the banking sector for October 2008 has increased to TRY 715.5 billion by 5.2% in comparison to September 2008.

### **OTHER NEWS**

- The premium generation volume of Turkish insurance companies has reached TRY 9.7 billion between January-October 2008 with a 9.6% increase, as compared to the period between January-September 2008. As per the announcement of the Association of Insurance and Reinsurance Companies of Turkey, only TRY 1.3 billion of the premium generation was related to life insurances and the remaining was relating to other insurance branches such as accident, compulsory earthquake, fire etc.

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#### *Highlights*

*a. Privatization Updates*

*b. Capital Markets News*

*c. Energy Market Highlights*

*d. Banking Sector Updates*

*e. Other News*

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- HAVAS, a subsidiary of TAV Havalimanlari Holding, has won the tender held by Turkish Airlines for the sale of shares of Turkish Airlines holds in Turkish Ground Service. As per the statement of TAV Havalimanlari Holding, HAVAS has submitted the highest bid in the tender and become the owner of 50% shares of Turkish Ground Service by the way of 100% increase of the share capital of Turkish Ground Service. The Company will be managed by the managers to be appointed by HAVAS, as well.
- The draft Turkish Code of Obligations composing of 649 provisions has been passed by the Justice Commission of the Turkish Grand National Assembly. The Commission has completed its work on the draft approximately within two months.
- According to the written statement made by the Ministry of Industry and Trade, the deadline for the mandatory increase of the minimum share capital for joint stock companies to TRY 50,000 and for limited liability companies to TRY 5,000 has been extended to the end of 2009 due to the provisions of the new Turkish Commercial Code which is expected to be effective in forthcoming days.
- The protocol regarding sale of tobacco products and alcoholic beverages has been signed among the Tobacco and Alcoholic Beverages Market Regulatory Authority, the Turkish Union of Chambers and Commodity Exchanges and the Confederation of Turkish Tradesmen and Craftsmen. According to the protocol, in each province of Turkey, there will be at least two service points which are entitled to issue new sale documents regarding tobacco and alcoholic beverages of Tekel.

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- British American Tobacco, which purchased Tekel's cigarette division in return for US\$ 1.7 billion on 24 June 2008, is planning to export products of Tekel Cigarette in the first half of 2009. As per the statement of British American Tobacco, initially, Tekel 2000 and 2001 will be released to the market in their new packages in the foreign duty free shops.
- Munich Re, one of the biggest re-insurance companies of the world, is going to purchase American International Group's company HSB, which is specialized in engineering insurances and audit, in return for US\$ 742 million. The sale process is planned to be completed in the first quarter of 2009.
- The Italian pharmaceuticals company Recordati has completed the purchase process of Yeni Ilac. Recordati has previously declared that it had agreed to acquire Yeni Ilac in return for Euro 48 million. Yeni Ilac, which was established in 1927, expects Euro 17 million turnover in 2008 and will maintain its operations in contract manufacturing for other pharmaceutical companies with its 300 employees. Recordati, which has gained Euro 7 million from Turkish market last year, aims to determine Turkey as its international center.
- Turkish Airlines has signed a shareholders agreement regarding the purchase of 49% shares of Bosnia Herzegovina Airlines. The General Manager of Turkish Airlines has stated they will totally invest Euro 10 million to Bosnia Herzegovina Airlines. It has also been stressed that the remaining 51% shares of the Bosnia Herzegovina Airlines are still owned by the Bosnia Herzegovina Government.

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*The aim of this weekly newsletter is to highlight mainly the regulatory changes made by the Turkish Government during the relevant week. The content of this bulletin is limited to those areas Taboglu & Demirhan advises its clients. It contains a general summary of the changes and the areas it covers are broader. Thus, one should not rely on it for specific advice. For further information or advice please contact Taboglu & Demirhan, a full-service law firm based in Istanbul.*

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