

Turkish privatization in a hurry

Article by Rob van der Gaast

The Turkish Government finally has set its National Lottery, Milli Piyango, in the display window for the (pre-) privatization. The Government has reconfirmed that Ernst & Young, and for the technical gambling facets, QLot Consultants, will assist the Turkish Privatization Authority (IPA) to realize this great ambition.□

Plans to privatize the National Lottery were already discussed under the administration of Turgut Özal in 1985, but so far has been too hot a political potato to be actually consumed.□□

During the past few years, several rumors popped up that the Milli Piyango was in line to get privatized, however nothing happened until 17 January 2008.

And the Privatization High Council and the Privatization Administration are all off a sudden in the highest gear, because their political masters have decided that the complete privatization process has to be finished in this forthcoming month May, 2008. Which means that within 4 months the complete process should be finalized. At this moment there is no RFP, no legislation, no regulation and it seems that a complete new unique license system shall be introduced.

If you compare for instance the privatization of the national lottery in the UK, which took place last year, then you will see that the Statement of Main Principles, Preparation of draft Invitation to Apply (ITA), Finalize and issue Invitation to Apply (ITA), Bids submitted, Bids evaluated and the License finalized and awarded, took place in a period of more than TWO years!□

Just a quick glance at Turkey's own national Privatization Procedure model will show the reader that the shortest and least complicated privatization process in the country will take at least one year.

Either the Privatization Administration doesn't take this splendid asset not very seriously, or it doesn't have the know-how, or the decision has already been taken who will walk away with this raw diamond.

Background information

Athens Stock exchange: 28/11/2006 – Following a question of the Capital Markets Commission of the Athens Stock Exchange posed to Intralot in its letter dated 28.11.2006, with regards to financial press reports related to Intralot's participation in the tender for the privatization of the Turkish National Lottery Milli Piyango, and in accordance with the timely and accurate information provided to the investment community (following article 2-5/204/2000 and the ATHEX regulation article 281), Intralot's response is as follows: *"Our Company confirms that it is interested to participate in the expected tender concerning the privatization of the Turkish National Lottery Milli Piyango, through a consortium with other companies, in the context the Turkish government's intention for privatizations. The intention to participate in the above tender is our Company's business objective, which has been communicated to the investment public since 11/04/2006 according to our answer to the Athens Exchange with protocol number 17511/11.04.2006. In the case that additional developments take place related to the above mentioned matter and related decisions by the Company are taken, Intralot will inform the investment community and the regulating authorities through an announcement, as defined by existing legislation."*

Milli Piyango sales per product x 1000 YTL			
	2006	2005	2004
Sales	959.582	903.784	861.596
National sales	953.295	898.189	856.678
- Piyango	233.838	216.179	213.345
- Hemen Kazan	130.282	115.966	82.322
- Sayısal Lotto	350.597	338.296	328.741
- Şans Topu	164.805	160.685	169.594
- On Numara	73.793	67.063	62.676
International sales	6.287	5.595	4.918
- Piyango	3.475	2.955	2.561
- Hemen Kazan	-	-	-
- Sayısal Lotto	1.944	1.805	1.603
- Şans Topu	627	620	572
- On Numara	241	215	182
Prizes paid out	540.776	512.716	489.473
- Piyango	161.468	149.173	152.750
- Hemen Kazan	84.645	79.201	55.039
- Sayısal Lotto	175.063	170.050	165.172
- Şans Topu	82.716	80.653	85.083
- On Numara	36.884	33.639	31.429

Turkish Population: 71,2 million.

Population growth rate: 1.04% (2007 est.).

(Source: The World Factbook)