

Ananda Krishnan sells power assets to 1MDB
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KUALA LUMPUR, March 5 — Tycoon Ananda Krishnan has sold his power generation assets to 1 Malaysia Development Bhd (1MDB) for RM8.5 billion, Singapore's Straits Times reported today.

The sovereign wealth fund beat a host of international bidders, including Saudi Arabia's Saudi Water & Electric Co, to take control of Tanjong Energy Holdings in a deal signed late last Friday, financial executives involved in the deal told the daily.

The sale of Tanjong Energy is part of a corporate overhaul which will also see Ananda (picture) sell his satellite business in the coming weeks to finance a push into gas exploration in Southeast Asia, the ST also said, quoting executives who are close to the industrialist.

Rather than own power assets, which are heavily dependent on medium-term state-awarded concessions and power purchase agreements (PPA), Ananda is betting that there is more money to be made in the supply of gas required to run the power plants, the executives said.

Ananda, reckoned by Forbes to have assets of US\$9.5 billion (RM28.5 billion) last year, owns his power assets through Tanjong Energy Group.

Tanjong Energy is wholly-owned by Tanjong Plc, which Ananda took private in July 2010 in a deal valued at about US\$2.8 billion.

Tanjong Energy owns and operates eight power plants and has investments in five in Bangladesh, Egypt, Malaysia, Pakistan, Sri Lanka and the United Arab Emirates, with a total net generating capacity of 3,951MW.

Close associates note that Ananda has been quietly building his portfolio in the oil and gas business in Indonesia and is eyeing more gas exploration acreage in the region.

For 1MDB, the purchase of Tanjong Energy will provide much-needed cash flow for the debt-heavy sovereign fund.

Tanjong's power assets generate about RM1 billion in earnings annually, with roughly 50 per cent coming from its Malaysian power plants, the financial executives told the ST.

The executives added that 1MDB has also emerged as the most serious bidder for Ananda's satellite business, which is grouped under Measat and is valued at around RM3.9 billion.

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