

# EMERGING LEADERSHIP

Turkey 2020 | MINING & INDUSTRY | INTERVIEW

**Having become a reliable and leading organization in the energy sector globally, Delta now brings its expertise and international standards to the mining sector in both production and trading.**



## BIOGRAPHY

As the CEO of Delta Group, an international energy and mining group of companies, Sami Habbab manages the group's activities and strategy, which includes a metals mining portfolio of assets, its midstream oil and gas activities as well as its commodities trading field. Prior to his role as CEO, Habbab lead and grew Delta's midstream investments, including the largest independent Turkish oil storage, logistics, and port infrastructure assets, and led its negotiations with major oil refiners and state and international oil companies. He previously worked in the investment banking sector in London and New York and has an MBA from Kellogg and a bachelor's from Wharton.

### **Why did you choose to invest in the Turkish mining sector, and how is the company well suited to develop mining operations?**

Mining resources in Turkey are fairly unexplored considering how widespread they are. Turkey sits on the Tethyan Belt—one of the most prospective mining belts in the world—yet the mining sector is still in an early growth stage due to the high capital investment and technical barriers to entry. The combination of high geological potential, whereby Turkey hosts about 0.5% of world metallic mineral reserves, attractive value-capturing opportunities, and the sector's ability to reduce Turkey's current account deficit through exports all made the sector interesting for us. The company is also well suited for the sector as a renowned local investor profile. Since mining is a commodity-driven business, and Delta has a long track record in the commodities business, whether it is in metals, energy, or other commodities, the pairing was natural.

### **What mining sub sectors has Delta invested in, and do you prefer to invest in greenfield or brownfield projects?**

We have acquired both brownfield and greenfield projects and are open to both depending on how they fit our investment criteria, though our target investments focus on relatively quick time to market cash flow production (less than two years). We are developing a strong portfolio of mining assets mainly in base and poly metals, including chrome, lead, zinc, copper, and poly metal sites. For now, our mining investments are in Turkey, though hopefully in the medium term we will grow our portfolio internationally into parts of Europe, the Middle East, and Africa.

**What efficiency-oriented practices does Delta implement for its new mining acquisitions?**

The mining sector is a commodity-driven market; therefore, one usually acts as a price taker, which means we focus our investments on what we can change. With our acquisitions of brownfield projects in particular, we can improve cost management, investment skillsets, and R&D management. Looking at our chrome sites, we have spent a great deal of time and money developing exploration tools such as new exploration and drilling equipment and in R&D, with a new laboratory for metallurgical testing and 3D software systems to scan and analyze mineralogical alterations on the surface and identify resource areas for development. As a result, we have been able to extract significantly more resources from our mine sites. We employed an expert technical team of geologists and mine engineers to build an effective network team, and we continuously provide training and workshops to enhance the technical expertise and development within our organization.

**What is your current strategy to gain a larger market share within the mid-stream oil and gas sector?**

Our appetite is to continue our investments in mid-stream assets in storage, logistics, transport, shipping, trading, pipelines, and port infrastructure development. At the moment, we are eyeing investments in the international market. Our areas of interest include the Middle East, Europe, Africa, and southern Europe, as well as the Black Sea region. Africa, for example, is a great growth story, though the infrastructure is still insufficient, so there are many opportunities there for development and management. It could involve developing a greenfield project development from scratch, rehabilitating existing infrastructure, or management contracting, where we bring our own expertise in international standards and oil and gas market knowledge to existing projects in order to add value and bring projects to fruition.

**What are Delta's investment strategies to invest in markets where Turkey has competitive advantages?**

We have always worked with international trading companies, majors, and state companies; from that perspective, the quality of receivables is important for us. As a company, we want to be more of a market maker, and our investments demonstrate

that. For example, in mining Turkey is one of the top three largest producers of chrome in the world, and we are one of the leaders and biggest exporters within Turkey. We are looking to expand not only into extracting chrome ore but also investing in horizontal developments such as plant developments, enrichment plants, and possibly smelting plants as well. The state is offering attractive incentives to that effect. Our goal within the mining sector is to be truly international and integrate and capture more value through our mine portfolio of assets. We also see similar market opportunities in the midstream energy and petrochemicals markets. Turkey has considerable market power in the midstream area as well as in industrial production and chemical plants. It has a strong domestic demand and sits in a geographical region, where it can provide an export production and/or a logistics hubs regionally to take advantage of the international flow and nearby demand markets.

**What is Delta Group looking to invest in right now?**

We are looking at both local as well as international acquisitions. We have a dynamic team looking at acquisitions mainly in base metal mining, namely chrome, lead, zinc, and copper. Second, we are looking into energy and chemicals, so anything to do with mid-stream assets, logistics, and even industrial production plants especially with the export possibilities to international markets and chemical plants. Those are the specific areas that we target investing in. On the mining side, we want to be a truly international company, and in the coming years we want to continue to develop and build a sustainable and strong portfolio and list in international markets. We want to develop the other part of the business, which is the energy, chemical, and petrochemicals side.