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Company profile: METKA

A Greek success story

METKA constructed and engineered the 437 MW combined-cycle power plant for Korinthos Power

Athens power company METKA has won business in some of the toughest emerging power markets, including Syria, Iraq and Pakistan, and it is a strategy that also insulated the company from the Greek euro crisis, writes Kelvin Ross.

Paul Smith, METKA's general manager of sales and marketing

A Greek success story – four words we have not heard very often in the last couple of years.

Yet in northern Athens there is a Greek EPC company breaking into many emerging markets that other contractors can only dream of entering.

METKA tends to fly under the radar in terms of publicity, not because it is not doing anything newsworthy – just the opposite, in fact: because it doesn't feel the need to flood the press with news of its every move.

However, in an exclusive interview with *Power Engineering International* at its Athens headquarters, it outlined its many recent success stories, how that success has come about, and where it sees itself in years to come.

"We are an operating business doing what we do best," says Paul Smith, METKA's general manager of sales and development, a Briton who has worked in Athens for 20 years, and been with the company since 2006.

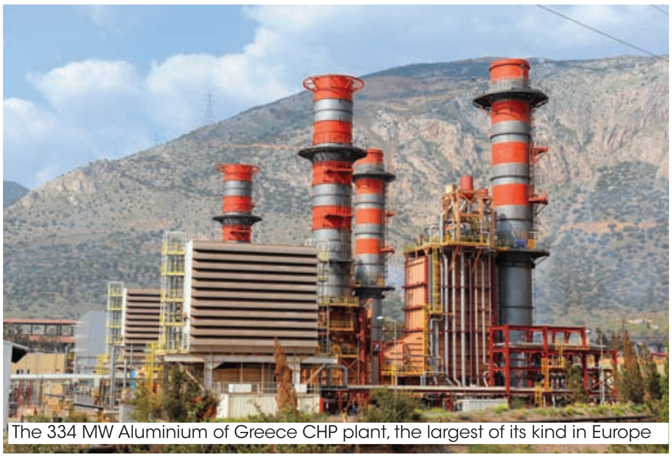
METKA was formed as a state enterprise in the early 1960s to establish a steel manufacturing plant in Greece. It acquired contracting capability and in turn grew into a contractor. "Our profile is a contractor, but coming from an industrial background, as opposed to a lot of EPC contractors, who have come predominantly from civil construction," says Smith.

He also notes that METKA's chairman and chief executive is an engineer, as are all of its general managers.

METKA is the dominant EPC in its domestic market and its list of achievements include the construction of Agios Dimitrios, the country's largest lignite power station; the Thisavros hydro project, the largest pumped storage hydro plant in Greece; Lavrio 550 MW, the first major combined cycle plant; and the 334 MW Aluminium of Greece CHP facility - the largest co-generation plant of its kind in Europe.

However, it is METKA's international business that is booming. Iraq, Syria, Turkey, Pakistan, Algeria are all countries that have huge energy opportunities – not to mention considerable challenges – and are also countries that now all carry METKA's footprint.

The company's entrance to these markets – and its success in them – has not only boosted METKA's revenues, but also proved extremely timely for it when the Greek euro crisis bit.


The 334 MW Aluminium of Greece CHP plant, the largest of its kind in Europe

The decision to look for business outside Greece was taken in 2005-2006. METKA had enjoyed continual growth and, according to Smith, "The company had got to a stage where the Greek market was pretty much saturated. There was no further scope for growth, and at the same time, the company's capacity had got to a pretty strong level, so the company was growing while the market was not.

"What we had not appreciated at the time was how much we could go out on our own merits versus how much we could go out in partnership with others."

METKA's business trajectory out of its domestic market came via an enquiry from Pakistan.

"We were approached for a project in Pakistan, we went there and were received very well," says Smith.

That approach was for the 220 MW KESC Korangi combined cycle power plant in Karachi, which METKA went on to build using GE turbines. The project was – and is – a great success, but it was carried out with "some degree of difficulty", according to Smith. Various external factors meant it was not "the easiest place to execute a project", including the 2007 murder of Benazir Bhutto in a bombing in Karachi while METKA was working in the city.

However, by the time that KESC Korangi was complete, a domino effect was underway that would see METKA being pulled into further emerging markets. "We moved rather quickly from being a local player to being a very significant international, global player doing several large projects in parallel," says Smith.

The company went on to win business in Turkey, Romania, Syria, Iraq, Algeria and most recently Jordan. Along the way there have been some "very steep learning curves", says Smith, but he adds: "It gave us a certain amount of self-confidence that would have been very difficult to acquire otherwise."

Each of those countries comes with its own stories and challenges to overcome, of which the most acute at present is Syria.

The troubles in the country have hit headlines around the world, and as the violence escalated, it was only a matter of time before events would impact on METKA. The company has two contracts; one to build a 701 MW combined-cycle plant near Damascus and another for a 724 MW plant in the north east of the country.

"The first project got a few days within first firing of the gas turbine," explains Smith. "Just before we reached that point, the security situation in the Damascus area became too risky.

"We were not in a position to deal with it. We suspended most of the site activity at the time and our people left through Lebanon."

Since then, METKA has been "looking at a way to remobilise the site when the security situation allows it."

What this could mean is the deployment of secure commincations and remote control systems to support the METKA team on the ground through first firing and into commercial operation – an unprecedented situation for such a power plant.

METKA remains committed to continue to the best of its ability in Syria, "because, irrespective of the situation, the project is important for the country and Syria put faith in METKA to deliver it," says Smith.

Work for the second project has not yet been started on site, although engineering and procurement has progressed and financing is fully secured. "You can only do as much as the situation on the ground permits," muses Smith.

Iraq is "a very interesting market" for METKA. It has a deal for a 1250 MW open cycle combined gas plant in Basra. Smith describes Iraq as a difficult market, but says: "Not so much for the reasons people perceive from the outside – security or whatever. The operating environment is very difficult.

"There is a lot going on in Iraq right now. In the power sector they chose to buy a lot of equipment without really having, at the time, a proper plan defined on how they would implement the projects. Several projects are now proceeding, however, including ours. Iraq is going to be a big market but it is a difficult one at the moment. We are looking at other things in Iraq albeit cautiously – very cautiously."

Compared with Syria and Iraq, Algeria offers more straightforward opportunities: it needs power solutions, and METKA can provide them. However, there is nothing conventional about METKA's current Algerian

METKA milestones

Jordan: a fast-track gas turbine power plant for Samra Electric Power Co to be commissioned at the end of July.

Algeria: Last year METKA commissioned three sites with a total capacity of 113 MW, and won a deal for 24 more units to be commissioned this year.

Syria: METKA is the leader of a consortium with Italy's Ansaldo building a 701 MW combined cycle plant near Damascus.

Iraq: 1250 MW open cycle power plant in Basra with 10 GE 9E gas turbines.

Turkey: 775 MW combined cycle plant, utilizing Siemens equipment and another 870 MW combined cycle plant operating with a GE turbine.

Pakistan: The KESC Korangi 220 MW combined cycle plant.

Romania: 860 MW combined cycle power plant in a consortium with GE, completed in 2011.

METKA's manufacturing arm is based at its Volos factory, established in 1964, and the largest in Greece.

As well as equipment for power plants, it also makes parts for the Leopard-2 Hel, a version of the main battle tank of many armed forces in Europe, as well as in Canada and Australia. METKA is also involved in producing launchers for Patriot missiles.

METKA history

METKA stands for metal constructions of Greece, and the company was established in 1962. It listed on the Athens Stock Exchange in 1973, and in 1999 was acquired by Mytilineos Holdings – "the first and only hostile acquisition on the Athens Stock Exchange", according to Paul Smith. Between 1980 and 2009 it acquired all or part of 10 companies, then disposed of two of them in 2010 for €42.5 million. In 2009 it set up two subsidiary companies: METKA Brazi and Power Projects in Romania and Turkey respectively.

deal: it is working with GE on a mobile plant – 500 MW of power equipment mounted on 24 mobile customised trailer units. Much of it is delivered and the rest is on its way, and that 500 MW is set to hit the Algerian grid by July.

There is a caveat to working in Algeria: "You cannot operate in English," explains Smith. "You operate in French – it's like working in France… but with Algerians. We don't have those language issues in any other market."

Luckily for METKA, this has turned out not to be too big a problem, since the majority of young Greek engineers speak English, and a fair number also speak French.

Algeria is also home to the "mega-deal", a tender for 9 GW of power. "Six sites: three lots. Each lot will have two sites, each site about 1500 MW. So it's a big programme, the biggest globally right now," says Smith.

There is no doubt that METKA is very good at what it does, yet there is more than just engineering excellence at play when it comes to its winning of contracts in the Middle East and North Africa.

"We look to places where we can fit well culturally, which is very important for us," says Smith.

"We are not an impersonal organisation at all – quite the opposite. So unless we can have a person at the end of the day to talk to, we don't feel very comfortable.

"You go where your services are needed and appreciated. If you are appreciated, you get more business as well. I think we put more of a friendly face on the technology in this part of the world compared with some, maybe more corporate, environments – not to mention any names.

"The technology providers see that in us as well. GE and Siemens, for example, don't easily go to Iraq or Algeria to do a turnkey contract, but they are very happy for us to go and provide a complete solution with their equipment."

And yet there's a bit more to it than that. Yes, METKA is winning new business on its own merits, but in regions of the world that have had – or have – volatile relationships with the US and northern Europe, it is important where the company is from: "METKA is very much a Greek company," says Smith. "We are in a part of the world that historically is very comfortable dealing with the markets that we are working in. There has always been a good understanding and mutual appreciation between the countries and the people."

All of which is paying off handsomely

METKA's cogen and IPP plants sit side by side .

A 860 MW combined-cycle plant at Brazi in Romania

for the Athens company. At the time of its acquisition (see sidebar), its turnover was about €40-€50 million. Now it is €1 billion. "Quite remarkable really," says Smith.

Yet while the move into Pakistan, the Middle East and North Africa was clearly calculated to grow METKA, no-one in Athens could predict how well it would insulate the company from the Greek currency crisis.

When the euro crisis started to bite, there were a number of things that made METKA recession-proof, says Smith. "One was the fact that we didn't have debt, which was very important. The cost of having debt has increased tremendously and we didn't have any corporate debt. We have always been in a cash positive position.

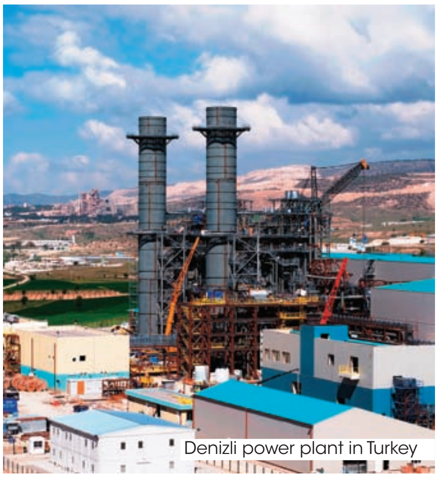
"If we had been totally dependent on the Greek market over the past three years, it would have been an utter disaster. The recession was one thing but the investment cycle was basically finished anyway."

METKA's focus is now very much on its new-found markets, and Smith states that in mainland western Europe, "We don't see any significant demand for our kind of projects over the next few years".

The one concession it would make for European business is obvious: Greece. Where does Smith see the opportunities, and when will they materialise?

"There will be a market in Greece for sure. That market may be the rehabilitation of existing plants, because there has been under investment in lignite, certainly, compared with other central European markets."

He adds that METKA "perceives quite


Denizli power plant in Turkey

an interesting opportunity in Greece. When things stabilise there will be quite a lot of things that need to be done, such as waste management, where Greece has been behind the wave of investment that happened in the rest of Europe."

And on that much sought stability, he says "there are some positive signs now but the situation is very volatile". A couple of months ago, he observes, "there were encouraging signs, but then this Cyprus situation came up, which is like kicking you when you're down. It has such repercussions and it hits the weakest point in the system, which is the banks. The confidence is the missing thing."

Greece, he says, "is functioning pretty normally. There are many active, entrepreneurial things happening, but they rely on the prerequisites, which are not within their control."

So a move back into the Greek market is a waiting game, but with plenty of overseas work on its books, it is one that the company is content to play.

That overseas work also includes a fast-track project in Jordan – and we are talking the speediest of fast-track deals. In August 2012 METKA was asked if it could put together a proposal for a gas plant to be operational by July 2013. "In less than five weeks it went from concept to contract to execution," says Smith. "It was moving so quickly it was difficult to believe it was happening."

Fast-track projects require a fast-track mindset, outlines Smith: "You have to adapt the way you do things – you have to be doing a lot of things in parallel.

"On a normal project you have one thing on a critical path. On a fast-track project, just about everything is on the critical path at the same time."

Turkey is now a key market for METKA. With deals for a 775 MW and a 870 MW combined power plants already under its belt, it has opened a subsidiary in the country, and Smith says it may "invest in the country further beyond a traditional contracting role". However, he declines to elaborate.

METKA's success in foreign markets can be seen as a blueprint for other power companies.

Yet it is precisely because METKA is from where it is from, and because it operates with its open, "friendly face" philosophy, that it has won that business.

METKA

www.metka.com