
Babcock appoints Macquarie for sale of flagship asset

Sunday, 29 Mar, 2009

Brisbane Times reported that Babcock & Brown Infrastructure signaled recently that it was willing to consider offers for the whole of its flagship asset after it appointed its main investment bank rival to its one time parent company to oversee the sale process.

The emergence yesterday of Macquarie Capital as BBI's advisers was a coup for Macquarie Group's deal making arm and a sign that Babcock & Brown satellite is now prepared to part with the giant Dalrymple Bay Coal Terminal, its founding asset.

BBI was previously advised by B&B's in house team of corporate investment specialists who sourced the deals in which the fund became a stock market darling with a USD 4.5 billion value at its high point just two years ago.

But after the demise of B&B and BBI's fall from grace as a result of taking on too much debt to fund expansion plans, the infrastructure fund has turned to Macquarie to help sell what is one of the world's largest coal export facilities. BBI, which acquired the Dalrymple Bay terminal on the Queensland coast in June 2002, had hoped to keep its key transport business. But with its debt pressures rising because of the global financial crisis and asset prices falling as buyers desert the market it has been forced to look at offers for all its port, energy transmission and rail operations.

The company's situation has been worsened by the slump in its share price, which now values BBI at only USD 154 million. That is far below the value of its individual assets such as Dalrymple Bay and has ruled out any prospect of BBI raising new capital to pay back its USD 10 billion debt.

BBI's management indicated recently that its preference was to sell up to 49% of the port. That would allow it to retain majority and management control. But in the past few weeks there has been a range of offers for the whole terminal company as well as minority stakes.

BBI said that its new advisers would provide input to the next stage of the bidding process. This would involve interested parties being given detailed financial information to firm up the prices they might finally lodge.

Analysts have estimated that Dalrymple Bay could be worth USD 1 billion if its own debt of USD 1.7 billion is excluded. But potential buyers will have to take on those borrowings as part of any sale of the whole facility.

(Sourced from Brisbane Times)

For more news visit at www.steelguru.com