

# FINANCIAL REVIEW

SE Market Wrap - Street Talk

HD Preferred bidder for Darwin port; Santos spike spurs ECM desks

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LP It's been 10 days since bidders tabled a binding offer for the Port of Darwin's 99-year lease and so far it's been all quiet on the Northern (Territory) front.

However, the key players won't have to wait long for news - Street Talk understands a preferred bidder will be selected early this week.

TD JP Morgan -advised Port of Brisbane and a Macquarie Capital-advised grouping of Colonial First State and Deutsche Asset & Wealth Management remain in the race.

As Street Talk revealed late last month, private **Chinese** group Landbridge also tabled a final offer for the \$300 **million**-plus asset.

While a decision had not been made as of Sunday, sources noted Port of Brisbane is seen as the logical acquirer because it has a good read on Darwin port's key markets.

Flagstaff Partners is selling the lease for the Port of Darwin on behalf of the Northern Territory government.

Elsewhere, deal-hungry equities desks don't need an invitation to test the waters for an **equity** capital markets trade.

And so it was at the weekend, with certain funds understood to have been asked at what price and on what terms they would be willing to throw fresh funds into **oil** producer Santos.

It looks like a small window has opened for Santos. The resurgent **oil** price - which in Australian dollar terms bottomed about three weeks ago - and Origin Energy flying after announcing its \$2.5 **billion** recapitalisation have equities desks confident they could get a deal done for Santos.

Of course, the Santos faithful had been waiting for the **company** to finalise some asset sales (final bids for most of the portfolios up for grabs went in on October 7) before tapping **equity** markets for fresh funds. However, with the window opening, some are now tipping a \$1.5 **billion** deal ahead of the sales. Whether an **equity** deal happens is another matter. But there is no doubt Santos has more capital options today than it did last week, last month or even last quarter.

Deutsche Bank is advising Santos on its options, alongside Lazard , and would be expected to be involved in any **equity** deal. Other banks also would be keen to run the trade, including the likes of Morgan Stanley and Citi.

Interestingly, Santos is believed to have closed the data room for the **sale** of its assets in Vietnam, Malaysia and Indonesia. Sources said Blackstone -backed Tamarind **Energy** was still around the portfolio but only at below the touted price of \$500 **million** to \$700 **million**.

Santos shares closed at \$5.97.

Finally, graphite play Magnis Resources will announce on Monday it is raising \$4 **million** at 40¢ a share to fund the next stage of its development.

CO dinvsg : Deutsche Asset & Wealth Management International GmbH | sants : Santos Ltd | deut : Deutsche Bank AG

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