



HD FED:Santos to raise capital, sell assets

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LP SANTOS SYDNEY, Nov 9 AAP - Oil and gas producer Santos plans to cut its debt by \$3.5 billion through a rights entitlement offer and an assets sale, in an effort to ride out weak oil prices.

The embattled company on Monday said it will raise \$2.5 billion through a rights entitlement offer, sell \$500 million worth of shares to China-based private equity firm [Hony Capital](#), and sell its 35 per cent stake in Victoria's Kipper gas field to Japan's Mitsui.

TD The announcements follow the completion of the strategic review it had announced in August, when it effectively put its assets on the block to cut \$8.8 billion in debt.

Santos has been under pressure to raise capital in an effort to ride out the slump in global crude oil prices, after reporting an 82 per cent dive in first half profit in August that prompted it to cut jobs, slash capital expenditure and lose its chief executive.

It revealed in October it had rejected a \$7.1 billion takeover bid from an overseas fund backed by members of the ruling families of Brunei and the United Arab Emirates.

The company, which recently started production at its Gladstone LNG project in Queensland, holds stakes in oil and gas production in Australia, Indonesia and Vietnam, and a 13.5 per cent interest in the Papua New Guinea LNG project.

Santos shares have slumped nearly two-thirds over the past 12 months, but had posted strong gains since the takeover bid announcement as investors awaited a sweetened bid. The stock closed at \$5.91 on Friday.

Global crude oil prices have halved over the past year to below \$US50 a barrel, amid rising supplies and lacklustre demand, battering energy company shares.

In September, Papua New Guinea-focused energy producer Oil Search knocked back an \$11.6 billion takeover offer from [Woodside Petroleum](#).

In October, [Origin Energy](#) announced a \$2.5 billion capital raising and another \$2.2 billion in savings measures to help cut debt and maintain its credit rating.

Santos shares will remain in a trading halt until November 12, pending the rights entitlement offer.

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CO sants : Santos Ltd

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