

FINANCIAL REVIEW

SE Market Wrap - Street Talk
HD **AusNet quick out of blocks on NSW, QLD privatisations**
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ASX-listed utility AusNet has been quick out of the blocks in studying the pending Queensland and New South Wales power privatisations, calling investment banks to pitch potential deal structures and funding options.

It is understood AusNet, which has a \$4.9 **billion** market capitalisation and counts Asian heavyweights Singapore Power and State Grid Corporation of **China** as major shareholders, has been seeking an adviser to take it to the NSW and Queensland auctions.

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AusNet is believed to be sounding banks on asset values, potential bid partners and regulatory outcomes, leading into the auction.

It comes as rival listed network owners Spark Infrastructure and DUET Group also considers their options. The three groups are believed to be assessing forming consortia to make a play at some of the NSW and Queensland assets, in bids which would likely see them tap **equity** markets and join with unlisted funds.

However, it is understood AusNet is the first potential bidder to talk openly with banks about running a selection process and appointing an adviser.

The group has links with Lazard and Credit Suisse, but is expected to sound the market more broadly.

Advisers are also understood to have been talking informally to the large potential offshore buyers, including AusNet's shareholders Singapore Power and State Grid, and Spark's major owner Cheung Kong Infrastructure.

The Asian heavyweights are seen as the three leading contenders for \$75 **billion** of network assets on the block, and the unlisted Australian and offshore infrastructure funds.

It'll also be interesting to see whether the big American Berkshire Hathaway **Energy** and the United Kingdom's National Grid are enticed into the auction. The pair, along with other utilities providers from the developed world, have had plenty of opportunities to buy Australian poles and wires and transmission networks in the past, but passed up the opportunity.

UBS analyst David Leitch reckons buyers will have to write cheques worth a combined \$25 to \$30 **billion** at the two states' privatisations.

Elsewhere, vacuum cleaner retailer Godfreys Group will seek to raise \$90 **million** to \$103 **million** at its initial public offering. The **company** is seeking to sell shares at \$3.37 to \$4 each in a bookbuild run by CBA Equities and Credit Suisse.

The offer was priced at 10.5-times to 12-times forecast 2015 financial year profit, according to a term sheet sent to fund managers late on Monday.

A bookbuild was set for November 19 and 20.

CO diuetr : Duet Group | sinpow : Singapore Power Ltd | sprkif : Spark Infrastructure Group | stgcoc : State Grid Corporation Of China | tmasek : Temasek Holdings Pte Ltd

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