

SE Finance
HD **Chinese** win Transpac's NZ unit
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Beijing Capital edges Infratil to win a \$880m waste business

CHINESE group Beijing Capital has surprised the market by ousting Infratil to buy Transpacific Industries' New Zealand waste business for \$NZ950 **million** (\$880m) in a deal that is likely to trigger a return to dividend payments for the \$1.9 **billion** Australian listed **company**.

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Beijing Capital's interest in the operation was first flagged in The Australian earlier this year, although it was expected the business would be bought by Infratil, the New Zealand listed owner of Wellington Airport, which was the under-bidder for rival business Envirowaste.

The private **equity firm** owned by the **Chinese** government, which specialises in the area of water treatment, waste management, mass transit railway and toll roads, also beat Macquarie Group and private **equity firm** Carlyle Group to **purchase** the asset in what is thought to be the first major global deal for Beijing Capital.

Transpacific indicated that the **sale**, expected to be finalised in June, would enable the **company** to pay down debt and likely see a return to dividend payments.

"The **sale** of our New Zealand business gives Transpacific increased financial flexibility," said chief executive Robert Boucher.

"We will look to enhance our Australian waste management businesses, capture long-term growth opportunities and generate improved shareholder value."

Speaking from **Hong Kong** yesterday, Mr Boucher said a return to dividend payments was something the **company** had contemplated before the New Zealand deal.

"This certainly helps offer some clarity on our return to dividends in the future."

A number of **acquisition** opportunities for Transpacific had been identified, he said. "We are not going to be forthright with our strategies, given our competitors don't have to do so, but this certainly frees us up to look at complementary assets to our existing core business of solid waste and liquid waste in Australia."

Morgans analyst Nathan **Lead** said the sales price was \$20m higher than he had expected.

The deal would see Transpacific lose about 20 per cent of its earnings before interest, tax, depreciation and amortisation, but debt should fall from about 1.9 times EBITDA to about 0.2 times. Transpacific's debt had been "a noose around their necks", Mr **Lead** said, but the deal would enable a return to dividends and attract investors.

The deal, advised by Deutsche, Chapman Tripp, Ashurst and Guantao Law **firm**, came after the business was put up for **sale** in October in a dual-track process.

TPI New Zealand has forecast annual EBITDA of about \$NZ110m, and the forward multiple of about 8.6 times was the same as that paid by **Hong Kong** giant CKI for Envirowaste last April, purchased from Ironbridge Capital for \$NZ501m.

The **acquisition** is likely to be the first of others globally for Beijing Capital, sources said, including Australia. The **company** has total assets and revenues worth more than \$US21bn (\$23bn) and \$US3.7bn respectively and 20,000 employees.

Transpacific shares closed up 0.5c at \$1.18.

CO mcqbnk : Macquarie Group Limited

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