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HD **Stokes set to grab Nexus Energy**

BY Matt Chambers, Takeovers

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EXCLUSIVE THE Kerry Stokes-controlled Seven Group Holdings is set to buy Nexus Energy for less than the cost of its liabilities in a $180 million deal that will leave Nexus shareholders empty-handed.

A rapid-fire Nexus sales process produced just one offer, from Seven Group, which stands to buy the company for less than it proposed earlier this year in a failed scheme of arrangement.

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The deal, revealed in a private report by administrator McGrathNichol to creditors this week, needs to be voted on by Nexus creditors at a meeting on Monday.

Seven is the major creditor and can vote on the deal despite being the buyer of the assets, so there appears little that can stop Seven's deal going through and the media and industrials conglomerate achieving its planned entry into the oil and gas sector.

A previous Seven deal to acquire Nexus was voted down in June by shareholders who chose to take their chances with administrators rather than vote through what they saw as a lowball 2c-per-share bid from a company whose chief executive, Don Voelte, had recently stepped down as Nexus chairman.

The administrator's report reveals shareholder anger against Mr Voelte, who left Nexus six weeks before the bid when the share price was 7.7c, has not subsided, with legal action having been threatened.

"The administrators have been contacted by a solicitor acting on behalf of a group of shareholders in relation to potential claims arising from the involvement of Mr Voelte as a director of both Seven and Nexus," the report said.

The potential claims were not detailed but administrators said they had reviewed the minutes of the board meetings and discussed the issue specifically with directors.

"The material confirms that arrangements were put in place to appropriately protect Nexus from any conflict of interest issues that may have flowed from Mr Voelte's position as former chairman of Nexus and director of Seven," the administrators' report to creditors said.

"The administrators do not believe there to be any merit in pursuing the directors and Mr Voelte for any misconduct that may enable recovery to be made by Nexus for breaches of directors' duties," it said.

On the face of it, the new Seven deal appears to be about $30m cheaper than the original takeover deal agreed with Nexus directors in March.

That deal values Nexus's equity at $27m, with the rest to be spent on debt and other liabilities. But when the costs of administrators, a new independent expert, Gresham (which ran the short sales process) and the effects of having Nexus run as a company in administration are added up, it is unclear whether Seven has achieved a better deal.

Under a proposed deed of company arrangement to be voted on by creditors in Melbourne on Monday, Seven would pay out $60m of senior debt, $91m to noteholders (who will receive 74.5c in the dollar), $30m to settle an $80m claim from rig contractor SEDCO and $850,000 to trade creditors.

Employees will remain with the company so there are not expected to be any significant claims.

The second-biggest Nexus creditor after Seven, Hong Kong hedge fund Tor Investments, had requested a longer sales period than the late June to end of July process carried out by Gresham.

But this was knocked back by McGrathNicol on the grounds that the Nexus board had been running a longstanding sales process and that there was limited funding availability for substantial Nexus short and medium-term funding commitments.

“Two (interested) parties noted the timetable constraints, albeit both of these parties cited additional reasons for non-participation” in the auction, the report said.Gresham contacted 70 parties. It is believed 40 showed interest and seven did detailed due diligence but there were no bidders apart from Seven.

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