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HD **Yancoal's \$2.6b rights offering 'not needed'**
BY Peter Ker
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A minority shareholder in controversial **coal** miner Yancoal has asked the Takeovers Panel to stop the miner going ahead with a potentially dilutive \$US2.3 **billion** (\$2.6 **billion**) rights offering.

Hong Kong hedge fund Senrigan Capital sought the intervention on Monday, after being convinced the rights offering announced earlier this month was motivated by plans for Yancoal's biggest shareholder, **Chinese company** Yanzhou, to gradually dilute smaller shareholders like Senrigan and Noble Group.

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The \$US2.3 **billion** raising is planned to help loss-making Yancoal clear \$US1.8 **billion** of debt owed to Yanzhou. If no other shareholders participated, Yanzhou could grow its 78 per cent **stake** in the miner to 98.8 per cent.

Senrigan chief investment officer Nicholas Taylor told the Takeovers Panel the rights offer was not needed, given Yancoal's debt was not yet due, and Yanzhou had promised to provide financial support.

Mr Taylor could not be reached on Monday, but he told the panel the rights offer was "part of a strategy" to enable Yanzhou to convert its convertible notes into **equity** at "depressed prices".

He urged them to prevent the raising from going ahead, and in the event that it did go ahead, Mr Taylor said it should first be subject to a vote of minority shareholders.

The Takeovers Panel has yet to say whether it will conduct hearings into Senrigan's claim, while fellow minority shareholder Noble Group also declined to comment.

The troubles at Yancoal, which was formed by a series of acquisitions in the Australian **coal** sector between 2007 and 2011, are another indicator of the tough times in the sector, which is struggling under low prices.

Coking **coal** prices are 16 per cent lower over the past year while thermal **coal** prices are 25 per cent lower over the same period.

Yancoal chief executive Reinhold Schmidt said at the time that the capital raising was needed to reduce gearing and "deliver significant cost savings to weather the challenges of an increasingly competitive marketplace".

The **company** operates seven mines in Australia.

CO yaptl : Yancoal Australia Limited | yankua : Yankuang (Group) Corp | ynzmn : Yanzhou Coal Mining Co Ltd
IN i111 : Coal Mining | i1 : Energy | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying | i112 : Coal Mining Support Activities

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