

SE Business  
HD **APA eyes Envestra cash for LNG**  
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WC 437 words  
PD 8 August 2014  
SN The Australian  
SC AUSTLN  
ED Australian  
PG 18  
LA English  
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APA Group says it will be in a better position to buy Queensland LNG infrastructure after delivering gas transmission **company** Envestra to Asia's richest man, meaning it will not directly return to investors cash raised in a \$784 **million stake sale**.

The **Hong Kong billionaire** Li Ka-shing yesterday emerged triumphant in the year-long takeover battle when rival APA sold its 33 per cent **stake** in Envestra into a \$1.35-a-share bid from Mr Li's Cheung Kong Infrastructure that valued Envestra at \$2.4 **billion**.

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APA chief Mick McCormack said it was disappointing to lose the battle he had started and raised to \$1.17 a share, but the CKI bid offered more value to sell than he saw in owning the **company**.

Mr McCormack said APA was averaging about \$300m to \$400m of capital spending a year, meaning the **sale** would cover a couple of years of this.

And it would be handy for other **acquisition** opportunities.

"There's been speculation the Queensland LNG pipelines will be put up for **sale**. If one of those came up, we'd be keen to take a look," he said.

Both BG Group's Queensland Curtis LNG project and the Australia Pacific LNG project being built by Origin **Energy** and ConocoPhillips have flagged sales of the pipelines they are building to take onshore **coal**-seam gas to LNG plants at Gladstone.

APA said that, while there remained a good rationale for it to **purchase** Envestra, selling its **stake** was a better outcome for shareholders.

"The cash offer put forward by the consortium well exceeded our valuation of the Envestra business, even at full ownership," Mr McCormack said.

The APA chief said cheap capital was flooding the world, something he said could be a **lead**-up to another financial crisis.

This meant buyers like CKI could bid more for regulated assets with certain returns.

APA will book \$430m of the **sale** price as profit, meaning that it faces about \$129m of tax payments.

APA shares ended 1c lower at \$7.38.

APA's decision to sell means CKI now has more than 50 per cent of Envestra, giving it control of the **company** and making its offer unconditional.

APA said it had received \$21m as part of Envestra's final dividend payout on July 25.

APA first made a bid for Envestra in July last year, but despite boosting its offer was unable to get the endorsement from then 17 per cent shareholder CKI. In May, CKI made its better, and now successful, offer.

**CO** austpi : APA Group | chkinf : Cheung Kong Infrastructure Holdings Ltd | invest : Envestra Ltd. | hutwam : Hutchison Whampoa Limited

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**AN** Document AUSTLN0020140807ea8800050