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SE Business

HD SANTOS GETS SENSIBLE

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LP SANTOS has bitten the bullet on the impact of the devastating intersection of low — likely, sustained low — oil (and gas) prices with the boomtime billions it poured into its Queensland coal-seam gas project via an almost mirror-image capital raising to that of fellow and similarly challenged energy and boomtime coal seam gas enthusiast, [Origin Energy](#).

But with a fascinating and pregnant-with-future-potential twist — a pre-issue placement to the previously unheard of [Hony Capital](#), a “China-based international private equity firm,” at a premium to market.

TD Hony will then have 8 per cent of Santos’s pre-issue capital and will take up its entitlement in the issue in full, averaging down its entry cost and so the premium it is paying to gain a significant stake in [Santos](#).

Like Origin, as discussed in these columns, the Santos issue will be at a very significant — but utterly sensible (and costless to shareholders) — discount to market, so it should not pose any ‘will-I-or-won’t-I?’ challenges to retail shareholders. The raising of \$3.5 billion had to be done. It is being done well.

CO boral : Origin Energy Ltd

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