

FINANCIAL REVIEW

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HD **\$178m offer 'undervalues' WestSide**
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An improved takeover bid from **Chinese company** Landbridge **Energy** has not convinced the directors of ASX-listed WestSide, who have urged their shareholders to reject the \$178 **million** takeover offer today.

Despite three of its top 10 shareholders already accepting the Landbridge offer, the **coal**-seam, gas junior told the rest of its shareholders Landbridge was undervaluing their **company** with its 40¢ a share offer.

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WestSide shares have been below 40¢ for the vast majority of the past five years, but the **company** insisted the offer fell short of fair value, given the gas supply deals it has recently struck.

WestSide owns 51 per cent of a joint venture that signed a deal in March to provide 20 years of gas to Santos's GLNG project.

The supply deal begins in 2015, and WestSide said on Monday it could bring in \$110 **million** in revenue a year if it consistently runs at the maximum rate.

WestSide will release a more fulsome statement on targets later this month.

Landbridge has already lured the second biggest shareholder in WestSide, Infrastructure Capital Group, the former chairman, Angus Karroll, and Queensland's Mitchell family to accept its offer.

The **Chinese company** now controls 19.9 per cent of WestSide.

Landbridge is the second suitor to stalk WestSide in the space of 18 months, after **Chinese oil** giant PetroChina started and then aborted a takeover attempt during the summer of 2012-2013.

WestSide shares were marginally higher at 38¢ today.

The **company** has appointed Highbury Partnership as its financial adviser and Allens as its legal adviser.

The Landbridge offer is still below the 52¢ a share that PetroChina offered in 2012, although WestSide's shares have failed to trade above 45.5¢ in the past two years.

Landbridge's approach to WestSide is one of several merger and **acquisition** negotiations running in the gas sector at the moment, with Roc **Oil** and Horizon **Oil** debating an \$800 **million** merger, while ASX-listed Aurora **Oil** and Gas is also negotiating a takeover from North America's Baytex **Energy**.

Relatively little is known about Landbridge, which is being advised by PricewaterhouseCoopers.

The privately held **company** appears to have no other **oil** and gas production interests, and has given few clues about what its intentions are for WestSide should it win control.

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