

SE News
 HD **BG pulls megabucks out of pipeline deal**
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GLOBAL gas giant BG **Group** has pocketed the first real benefits from the **coal** seam gas boom in Queensland with a \$2 **billion** profit from the **sale** of the QCLNG pipeline from the Surat basin to Gladstone's Curtis **Island**.

The pipeline services the QCG LNG project and was bought by APA **Group**, which surprised many in the market who considered sovereign wealth funds and **Chinese** investors would be keen bidders.

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The \$US5 **billion** (\$A6 **billion**) price was also well above initial estimates of \$US3 **billion** to \$US4 **billion** and is likely to stir the APLNG and GLNG to consider similar deals, according to analysts.

But the deal is a winner for APA. Not only does it get the benefit from take-or-pay contracts but it expects pre-tax earnings from the pipeline to be about \$464 **million** a year.

It will also benefit from expected synergies with its other Queensland assets which include the Moomba to Brisbane pipeline. It has also signalled a \$1.839 **billion**, 1-for-3 renounceable rights offer to fund part of the deal.

BG said the pipeline had a current book value of \$US1.6 **billion** but that would be partly offset by a post-tax impairment of BG **Group's** remaining QCLNG assets, expected to be around \$US2 **billion**.

The **sale** is conditional on the start of **commercial** LNG deliveries from the QCLNG export facility at Gladstone and on partner consent. BG **Group** and its partners have **firm** capacity rights in the pipeline for 20 years, with options to extend, and first shipments are expected later this month.

BG executive chairman Andrew Gould said the **company** was happy with the deal, which was in line with its strategy to focus on core assets.

"The timing reflects QCLNG's advanced stage of development. We are now on the verge of delivering the world's first large-scale project using natural gas from **coal** seams as a feedstock for LNG," Mr Gould said.

Morningstar's Adrian Atkins said APA's lower cost structure made the deal attractive to them, as did the **company's** other Queensland assets. APA managing director Mick McCormack said the deal allowed APA to get exposure to the east coast LNG sector and expanded the **company's** revenue base. The GLNG venture said it had no intention of selling its pipeline.

CO austpi : APA Group | brgas : BG Group PLC
 IN i1300006 : Pipeline Transportation | i1 : Energy | i13 : Crude Oil/Natural Gas | i1300014 : Natural Gas Extraction | i502 : Heavy Construction | i5020043 : Pipeline Laying | iconst : Construction | icre : Real Estate/Construction | iextra : Natural Gas/Oil Extraction
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