

**Babcock & Brown Infrastructure; Euroports - Co-investors take 29.7% interest**

832 mots

23 décembre 2008

22:56

Anglais

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24 December 2008

Co-investors take 29.7% interest in BBI Europe Holdings (Lux) S.? R.L. ("Euroports") Babcock & Brown **Infrastructure** (ASX: BBI) announces today that it has signed a Subscription Agreement pursuant to which a consortium of investors consisting of **Antin Infrastructure** Partners SAS (acting in its capacity as manager of **Antin Infrastructure** Partners FCPR) ("**Antin IP**") and Babcock & Brown European **Infrastructure** Fund ("BBEIF") have agreed to subscribe for new shares in Euroports, representing 19.9% and 9.8% of the Company respectively.

**Antin IP** and BBEIF will subscribe EUR121.5 million for the 29.7% interest in Euroports, implying an equity value of EUR409.1 million and an EV of EUR718 million to BBI's interest in Euroports prior to this transaction (implying an EV of EUR1.015 billion for the 100% consolidated interest in Euroports, or 12.0x FY08 EBITDA and 10.9x FY09 EBITDA). In addition, an earn-out of EUR4.1 million is payable to BBI contingent upon the business meeting certain performance milestones..

Under the terms of the transaction, after funding of BBI's share of growth capex and the acquisition of remaining minority positions within the Euroports portfolio, BBI will receive EUR35 million upon close, which it will use for repayment of a short-term facility.

Under the terms of the transaction, **Antin IP** and BBEIF have the right within 18 months to increase their aggregate interest in Euroports to approximately 49%. Discussions are continuing with further parties to take additional stake(s) in Euroports, with BBI looking ultimately to sell down to a residual holding of between 25% and 50%. This is consistent with BBI's intention of introducing co-investors to the overall Euroports group in order to preserve both the value and promote the existing Euroports growth strategy, rather than selling individual port assets within the Euroports group.

BBI Managing Director, Jeff Kendrew said "We have previously indicated an emphasis on a co-investment and partnering strategy to strengthen our balance sheet and provision for non-discretionary growth capex within our portfolio. It is particularly pleasing to follow up the Powerco partnership announcement with a Euroports co-investment in what is a difficult market to transact in. We look forward to working closely with **Antin IP** and BBEIF as future partners to support the growth of Euroports as a vibrant and growing business with strong market fundamentals."

**Antin IP's** Managing Partner, Mark Crosbie said "This investment fits well with **Antin IP's** continental European focus and provides an excellent opportunity to acquire a material stake in a unique and well diversified port portfolio across our targeted geographic footprint."

The transaction is subject to a number of conditions precedent including approval from the European Commission and financial close is targeted for late Q1 or early Q2 CY09.

**Euroports**

Euroports is one of the largest port operators in Europe and owns a portfolio of port concession businesses in over twenty strategic locations throughout Europe. The portfolio operates in an unregulated economic environment, with long term concession agreements and with a mixture of long-term and short term customer contracts, derives strong and stable cash flows which present good potential for ongoing growth.

Euroports handles circa 65 million tonnes per annum of widely diversified port traffic with a focus on the bulk product sector. It has in excess of 2700 employees, 31km of quays, and 485 hectares of freehold/leased port land.

EBITDA (economic ownership level) for the 12 months ending 30 June 2008 was EUR59.6 million, with this anticipated to increase significantly in 2008/09 as recently acquired ports make a full year contribution.

**Antin Infrastructure Partners (Antin IP)**

**Antin Infrastructure Partners** is the **infrastructure** fund sponsored by BNP Paribas with a focus on investing in **infrastructure** assets substantially in Continental Europe. BNP Paribas committed EUR300 million of investment in the fund which is targeted to raise EUR1 billion. The fund is managed by a Management Company that maintains independent governance and that is owned as to 60% by its partners and 40% by BNP Paribas. The investment team brings together expertise from **infrastructure** strategics, mergers and acquisitions, banking and private equity.

Babcock & Brown European **Infrastructure** Fund (BBEIF)

BBEIF is a Babcock & Brown managed wholesale **infrastructure** fund focusing on European based **infrastructure** investment opportunities.

BBEIF closed in November 2007 with EUR2.2 billion of commitments.