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BG Sells Stake in North Sea Pipe Network for \$954 Million

By Will Kennedy and Nidaa Bakhsh - Jun 17, 2014

BG Group Plc (BG/), the U.K.'s third-largest oil and gas producer, will sell a stake in a North Sea pipeline network for 562 million pounds (\$954 million).

BG will sell its 63 percent interest in the Central Area Transmission System, or CATS, to Antin Infrastructure Partners, Reading, England-based BG, said today in a statement. The deal, expected to close in the second half of 2014, won't affect BG's rights to use the 404-kilometer (251 miles) network.

The sale is BG's largest since the \$1.9 billion sale of a stake in an Australian gas-export project to China's Cnooc Ltd. in 2012. It will create a post-tax profit of about \$700 million and is in line with BG's goal of actively managing its portfolio and delivering value to shareholders, the company said.

"This is a modest but good deal at this juncture for BG," Jason Kenney, an analyst at Banco Santander in Edinburgh said in a note. It "could be positive on a trading basis for the stock signaling as it hopefully does that the company is making progress in its aim to be more aggressive with divestments."

BG shares advanced 0.3 percent to 1,261.5 pence as of 10:34 a.m. in London trading.

BG is searching for a new chief executive officer after Chris Finlayson resigned in April because of disagreements with the board about strategy.

Finlayson, a former Royal Dutch Shell Plc executive who joined BG in 2010 before taking over from long-term CEO Frank Chapman at the start of last year, was forced to issue a profit warning in January because of delays at projects in Australia, Brazil and the North Sea, as well as political turmoil in Egypt.

His resignation, for personal reasons, prompted analysts including RBC Capital Markets to speculate that BG, which is expanding its liquefied natural gas and oil businesses, may become an acquisition target.

Production is expected to drop in the next two quarters with output rising at the end of the year, BG said in May.

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