



MALAYSIA

Felda to acquire 37% stake in PT Eagle High for more than RM2.4 billion

high for more

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Felda Global Ventures Holdings Bhd (FGV) is acquiring a 37% stake in PT Eagle High Plantations Tbk – the third largest plantation group listed in Jakarta – for US\$631.5 million (RM2.37 billion) cash and 95.44 million new FGV shares, representing 2.55% of the enlarged and issued share capital of the group.

This confirms The Edge Financial Daily's report today that FGV is going to seal the deal to buy a substantial stake in PT Eagle High, which is controlled by Tan Sri Peter Sondakh, who is said to be close to prominent political leaders in Malaysia.



In its filing to Bursa Malaysia this evening, FGV said its wholly owned unit Felda Global Ventures Kalimantan Sdn Bhd (FGV Kalimantan) has entered into a heads of agreement (HoA) today with PT Rajawali Capital International (Rajawali Capital) and PT Rajawali Corpora (Rajawali Corpora), in relation to the proposed acquisition of PT Eagle High (from Rajawali Capital), as well as the acquisitions of 95% stakes in PT Cendrawasih Jaya Mandiri and PT Karya Bumi Papua, and a 93.3% stake in PT Rizki Kemilau Berjaya (from Rajawali Corpora).

The proposed stake acquisitions of PT Cendrawasih, PT Karya Bumi and PT Rizki Kemilau Berjaya (RKB), is for a collective purchase consideration of US\$66.5 million (RM249.1 million).

FGV said the proposed acquisitions are "in line with its plan to transform FGV Group into one of the largest integrated plantation companies globally, through increasing land bank, improved age profile of crops, potential cost reductions and strategic long-term partnership with Rajawali Corpora – one of the most notable conglomerates in Indonesia".

"The partnership with a strong Indonesian partner in Rajawali Corpora will provide access to a formidable platform in Southeast Asia's largest market, with significant revenue and cross-selling opportunities through Rajawali Corpora's extensive network and credentials," it added.

FGV said the deals are subject to the completion of due diligence investigations by FGV Kalimantan, which is to be completed before July 31, 2015.

Subsequent to that, FGV Kalimantan intends to enter into a conditional sale and purchase agreement for the proposed acquisitions, which will require shareholders' approval.

Additionally, the parties agreed to a mutual right of pre-emption in relation to their respective shareholding in PT Eagle High, following completion of the acquisition.

The right will enable the relevant party to acquire part or all of the shares in PT Eagle High offered to such party, so as to ensure the acquisition does not give rise to a mandatory tender offer, or result in either party being in breach of any foreign ownership limitation applicable at the relevant time.

"Eagle High is an oil palm plantation company which develops, cultivates, and harvests fresh fruit bunches, as well as extracts crude palm oil and palm kernel. In this respect, Eagle High's businesses are substantially complementary in nature with FGV Group's existing core businesses," FGV said in the filing.

Meanwhile, PT Cendrawasih, PT Karya Bumi and PT Rizki Kemilau are involved in Rajawali Corpora's sugar project and are actively involved in greenfield development and cultivation of sugar cane.

"Hence, the proposed acquisitions will enable the FGV Group to expand its foothold in Indonesia's oil palm plantation, while entering the foray of milling, refining and distribution of sugar in Indonesia," the group said.

"The proposed acquisitions are also expected to result in FGV Group having a larger distribution network, collaborative marketing strategies to a wider client base, complementary set of products and services, as well as an innovative and competitive range of offerings," it added.

FGV said the HoA does not have any effect on its issued and paid-up share capital and is not expected to have any material effect on its earnings, gearing and net assets for the financial year ending December 31, 2015.

"However, in the event that the definitive agreements are executed, FGV Group expects to fund the proposed acquisitions via a combination of internal resources and external financing, which may increase the gearing level of FGV Group, due to the utilisation of external financing," it said.

If the proposed acquisitions go through, they are expected to contribute positively to FGV's earnings, it added.

As at March 31, 2015, FGV's cash pile stood at RM2.86 billion. FGV's share was suspended from trading today. The counter's last close was at RM1.86 per share, giving it a market capitalisation of RM6.79 billion. – The Edge, June 12, 2015.

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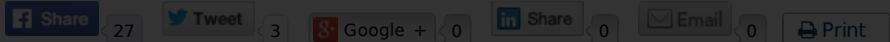
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