

## Indika Energy Raises \$500m in Bond Sale

By **webadmin** on 05:31 pm Jan 28, 2013

Category **Archive**

ID/Harso Kurniawan

Indika Energy, an integrated coal miner, netted \$485 million in a bond sale last week, funds that will be used to pay off bank loans and refinance other debt.

Indika sold 10-year dollar bonds at a yield of 6.375 percent on Thursday, raising \$500 million. After being reduced by the cost of commissions for underwriters and other costs, the company netted a total of \$485 million from the sale, Indika's corporate secretary said on Friday.

The bond was issued by Indo Energy Finance II, a Dutch-based company and subsidiary of Indika.

The bonds were listed on the Singapore Stock Exchange. Citicorp International acted as trustee.

Dedy Happy Hardi, the corporate secretary at Indika, said the coal miner will use part of the proceeds to pay \$235 million worth of bank loans.

The proceeds will also be used to refinance \$230 million worth of bonds that will mature in 2016.

The remaining funds will be used to finance working capital.

Indika reported a 4.4 percent year-on-year fall in net income in the January-September period last year, as the company suffered from rising operating expenses.

Commodity prices, including coal, were also on a declining trend in the period.

The company's net income fell to \$80 million from \$83.7 million. Indika's operating expenses and financing costs increased as fuel costs climbed in the first nine months period, while volatility in the financial market led the company to suffer higher costs to secure financing for projects.

Operating expenses climbed to \$113.4 million from \$78.2 million over the period, and financing costs increased to \$53.7 million from \$48.8 million.

Indika's nine-month revenue, however, rose 33.7 percent to \$542.7 million.

While Indika will use the bulk of its proceeds to refinance its debts, other Indonesian companies are keen to sell dollar or rupiah bonds to tap the country's strong growth momentum.

Gajah Tunggal is marketing US dollar-denominated notes as sales in Asia outside of Japan slid to a three-week low, Bloomberg reported on Friday.

The Indonesian tiremaker is offering five-year securities at a yield of about 8 percent, a person familiar with the matter said, asking not to be identified because the terms are not set.

Adira Dinamika Multi Finance, the financing arm of lender Bank Danamon Indonesia, aims to sell Rp 2 trillion (\$207 million) of rupiah-denominated bonds in February to help fund its expansion.

Adira plans to offer the debt on Feb. 22-26 and list the bonds on the Indonesia Stock Exchange (IDX) on March 4, it said in a prospectus last week.

Danareksa Sekuritas, HSBC Securities Indonesia, Indo Premier Securities and Standard Chartered Securities Indonesia were hired to help arrange the debt sale.

Ito Warsito, the president director of the IDX, estimated Indonesian companies would raise more than Rp 100 trillion this year from a combination of equity sales and bond sales.

Last year, 23 companies raised Rp 10.4 trillion from initial public offerings, Rp 18.1 trillion from share sales in secondary offerings and private placements and Rp 1.64 trillion selling warrants.

Meanwhile, for bonds, 52 companies raised Rp 76.3 trillion in total from selling bonds and asset-backed securities.

Source: <http://www.thejakartaglobe.com/archive/indika-energy-raises-500m-in-bond-sale/>