

Sky City surges on takeover speculation

Shares in Sky City Entertainment Group made strong gains on the share market today, after the company said a potential buyer was trawling through its books.

The New Zealand-based gaming and cinema firm said it would also see if any other parties were interested in taking over its business, as the potential buyer conducted due diligence.

At 11.09 AEST, Sky City shares were up 26 cents or 6 per cent to USD 4.59.

It comes after Sky City said last week it had been approached confidentially by a party looking to buy the whole group.

That party indicated a potential cash offer price range significantly higher than Sky City's share price at that time.

Today, after considering the approach, the board gave the go-ahead for the interested party to conduct commercial and financial due diligence on the company, leading to a potential concrete acquisition offer.

Other takeover or merge approaches would be considered by the board.

„The board plans to actively approach other parties to assess their potential interest in Sky City,“ the company said.

While Sky City said the potential suitor insisted on confidentiality, it was a credible and genuine offer.

„The board continues to caution shareholders that there is no assurance that the approach received will result in any specific transaction,“ Sky City said.

„To avoid any market uncertainty, the board also advises that it will continue to test market interest in Sky City Adelaide.

There has been speculation that private equity funds TPG Newbridge or Providence Equity Partners could be interested in Sky City.

At the release of its annual results in June, Sky City said it had completed an asset review and would consider selling the Adelaide casino if there were any binding offers.

Sky City had also said that it was testing the sales value of its cinema assets, after the cinemas business had a disappointing trading year in 2006/07.

Sky City operates New Zealand's Auckland, Hamilton and Queenstown casinos, along with casinos in Adelaide and Darwin.