

Sky City halts casino sale, takeover pending

New Zealand casino operator Sky City Entertainment Group confirmed its full-year profit guidance and said it had halted the possible sale of one its casinos pending the outcome of a takeover process.

The company said on Friday it was still comfortable with its previously announced forecast of a net profit of between NZD 108.2 million and NZD 110.2 for the year to June 2008, compared with a net profit NZD 98.4 million in the previous year.

Sky City also said it had suspended the sales process of its Adelaide Casino in Australia, which analysts have said could fetch around USD 340 million, until the current takeover process concluded.

„The company is confident that it has a strong development and recovery plan for Adelaide that underpins the company's internal view of that business,“ the company said in a statement.

Sky City said last month it had received an approach about a possible takeover. Last week, it said it had received fresh expressions of interest and expected at least one of those to result in financial and commercial due diligence.

In May, Sky City unveiled a programme of cost cutting and possible asset sales after posting disappointing results. Its chief executive quit in June.

Shares in Sky City, which has a virtual monopoly on casinos in New Zealand and has two establishments in Australia, last traded down 0.4 percent at NZD 5.40.

Analysts say a private equity bidder could offer up to NZD 5.75 a share, while a trade bidder may go as high as NZD 6.40, valuing the company at NZD 2.9 billion.

The first approach, which sources have said is private equity firm TPG, came late last month, with an expression of interest in buying Sky City for cash at a significant premium to its then market price of NZD 4.33.

Australian rivals include Tabcorp, Tattersall's and Publishing and Broadcasting Ltd. Tabcorp and Tattersall's have said they are not interested.