

Sky City Tumbles After Report of Single Bidder for Company

(Bloomberg) – Sky City Entertainment Group Ltd. fell the most in nine months on New Zealand's stock exchange after a newspaper reported a single bidder is interested in the country's biggest casino operator.

U.S. private equity firms TPG Newbridge Capital and Apollo Management LP are the only group to have assessed Sky City's accounts by a deadline this week, the New Zealand Herald reported, citing people familiar with the process it didn't identify. Company spokeswoman Joanna Bleasdale declined to comment on the report.

Sky City dropped almost 5 percent today, having soared to a 15-month high in September when the Auckland-based company said it would seek potential buyers after receiving an unsolicited takeover offer. A slump in global equity markets the past few months has made it harder for some investors to raise funds for acquisitions.

„It's not as easy out there raising debt and buying these sorts of things," said Craig Brown, who holds the stock for the equivalent of \$ 173 million he helps manage at Walker Capital Management Ltd. in Auckland. „The current share price is still indicating some interest" in the company from bidders, he said.

Sky City fell 23 cents, or 4.4 percent, to NZ\$ 4.97 at 2:50 p.m. in Wellington, heading for its biggest one-day decline since Feb. 28.

Selling Assets

Sky City was approached about a takeover after the company put its Adelaide casino and New Zealand movie theaters up for sale

in a strategy to shed under-performing assets, reduce costs, and focus on its most profitable casinos in Auckland, Darwin, Hamilton, Queenstown and Christchurch. Chief Executive Officer Evan Davies quit in June after the company its cut profit forecasts.

The company hasn't been earning to its full potential for „quite a while“, Brown said. Investors will need to judge any offer against the ability of Sky's management and board to bolster its performance, he said.

„It's a pretty good asset with good potential,“ he said. „If you think it can be run properly then it could generate some damn good returns.“

Sky's board will consider any proposals received at its next meeting Dec. 6 and 7, Bleasdale said.