



LI KA-SHING'S CKI IN THE RUNNING IN US\$3 BILLION LONDON CITY AIRPORT SALE

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Hong Kong tycoon Li Ka-Shing's Cheung Kong Infrastructure Holdings (CKI) is among the companies that have placed indicative offers for London City Airport, which has been put up for sale by U.S. owner Global Infrastructure Partners, sources familiar with the matter said.

The remaining bidders include Italian infrastructure group Atlantia and three consortia, one of which is led by Macquarie Infrastructure, the sources said.

The other two consortia consist of a group made up of Allianz and Canada's Borealis Infrastructure and another consisting of Wren House, Hermes and Ontario Teachers Pension Plan, they said.

Global Infrastructure Partners declined to comment.

No one at CKI, Wren House or Borealis were immediately available for comment, while the other firms named declined to comment.

The bidders submitted their offers ahead of a deadline of Nov. 27 and are hoping to make it to final stages of the auction in February, the sources said.

The airport, which is close to both London's City and Canary Wharf financial districts, could be worth as much as 2 billion pounds (US\$2.98 billion), based on a multiple of 27 times its expected earnings before interest, taxes, depreciation, and amortization of 71.5 million pounds in 2015, two of the sources said.

Li Ka-Shing has acquired several UK infrastructure assets over the last decade, mostly in utilities, but has recently moved into transportation.

In January a CKI-led consortium acquired Eversholt Rail Group, one of the three major UK train leasing companies, in January for an enterprise value of 2.5 billion pounds.

Valuation

London City Airport is expected to fetch a significantly higher price than the 18 times EBITDA paid by Shandong Hi-Speed Group and Friedmann Pacific Asset Management for a minority stake in Toulouse Blagnac airport in France last year, some of the sources said.

Infrastructure and pension funds are increasingly competing in a crowded market where there are insufficient assets relative to the number of bidders, resulting in rising asset valuations.

A consortium of Hermes and Canada Pension Plan Investment Board paid a multiple of 24 times EBITDA in March for a minority stake in Associated British Ports, according to a source close to the process.

Some of the bidders for London City Airport are also expected to get involved in the upcoming sale of French regional airports in Nice and Lyon, sector bankers said. The two airports are set to be sold by the French government next year.

03 DECEMBER 2015

SOURCE: REUTERS

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