

Sydney Airport seeks \$2b pandemic bailout; UBS sole underwriter

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Sydney Airport is cap in hand to shareholders asking for a \$2 billion bailout.

The company's shares went into a trading halt on Tuesday morning as its bankers started lining up early support from its big institutional investors.

The deal was structured as a renounceable one-for-5.15 rights issue at \$4.56 a share, which was a 15.4 per cent discount to the last close, and underwritten by UBS.

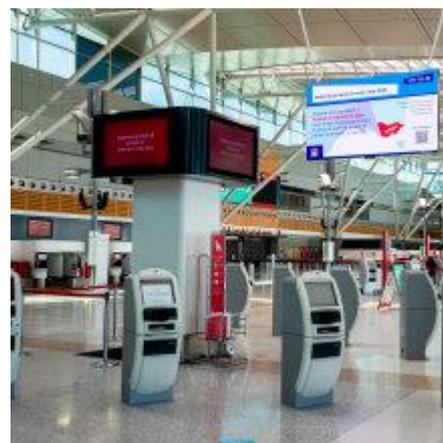
Ex-UBS investment bankers Matthew Grounds and Guy Fowler are also understood to be involved - advising Sydney Airport on behalf of Adara Partners.

The \$2 billion in funds raised would be used to shore up the company's balance sheet at a time when its earnings - and outlook for earnings - are hit hard by travel restrictions imposed to fight the COVID-19 pandemic and changes in consumer behaviour. Sydney Airport said proforma net debt would drop to \$7.1 billion to \$9.1 billion following the raising, the company told shareholders.

The raising will come as no surprise to institutional shareholders. Sydney Airport is heavily indebted and rival tourism and travel sector stocks including Auckland International Airport, Qantas Airways, Flight Centre and Webjet have all recapitalised their balance sheets with fresh equity.

[Goldman Sachs recently put Sydney Airport](#) on top of a list of the most likely raisers during reporting season.

UBS launched the deal to institutional investors on Tuesday morning.



Sydney Airport's earnings have been hit hard by travel restrictions and changing consumer behaviour. **Edwina Pickles**

They were seeking bids into the institutional component by 7pm Tuesday for Australian/New Zealand investors, and scheduled a bookbuild for rights not taken up for after market Wednesday, according to terms sent to fund managers.

Sydney Airport shares were to resume trading on Friday, the term sheet said.

Sarah Thompson, Anthony Macdonald and Tim Boyd