

Berau Dollar Bonds Rally on Buyback Plan Amid Restructuring

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November 24, 2015 — 3:34 AM CET Updated on November 24, 2015 — 6:52 AM CET PT Berau Coal Energy's dollar bonds rallied after the miner flagged plans to buy back notes in its latest bid to complete a debt restructuring by January.

The company is making a tender offer relating to \$450 million of 12.5 percent notes that were due in July and \$500 million of 7.25 percent debt maturing in 2017, it said in a filing to the Indonesia stock exchange.

The buyback will be for only part of the outstanding amounts and Berau is debating a purchase price about 15 percent higher than where the debt has traded in secondary markets in the past month, said people familiar with the matter who asked not to be named because the details are confidential.

The Indonesian coal producer is seeking to restructure its obligations after failing to repay its dollar bonds in July in the nation's largest default this year. The company set a January deadline to complete its restructuring and lift a stock suspension, President Director Fuganto Widjaja said in August.

Berau's 2015 notes rose 3.7 cents to 36.77 cents on the dollar as of 12:14 p.m. in Jakarta, poised for the biggest daily increase since March 18. Its 2017 securities climbed 4.9 cents to 37 cents, set for the largest move since Feb. 5.

The buyback offer will start on Nov. 24 and end on Dec. 16 in New York with Sodali Ltd. acting as information and tender agent, Berau said.

The move follows peer PT Indika Energy's announcement to buy back \$100 million of its bonds at a minimum of 60 cents on the dollar.

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