

INVESTMENT CAPITAL

Umgeni Water sells bonds to fund 2011 capex

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STATE-owned supplier of bulk treated water to KwaZulu-Natal municipalities Umgeni Water and Investec Capital Markets have announced the successful launch of the Umgeni Water long-term bond.

Oversubscribed

The bond issued was 2,6 times oversubscribed on its R600-million issue.

Umgeni Water CEO **Mzimkulu Msiwa** said that the company was pleased with the success of its bond, "especially at a time when all the other State-owned enterprises are active issuers in the local bond market and there is a risk that investors may be overweight on the South African government risk", he added.

Investec Capital Markets and IDG Financial Services were the colead arrangers and were responsible for the issuance of the UG21 fixed rate bond into the debt capital markets.

The bond, which pays a coupon of 10,70% half-yearly and has an 11-year maturity, was expected to fund the corporation's capital

expenditure requirement for 2011 and to be used towards the redemption of the company's bond maturing in June 2010.

Rob Moody, from Investec Capital Markets' debt origination team, said that the bond was a vote of confidence in Umgeni Water's performance.

Turnaround Plan

"Investors noticed that Umgeni had successfully completed a five-year turnaround plan and that the business was being well managed without any compromise of its mandate to treat raw water and the subsequent bulk distribution of potable water through its infrastructure to municipalities," he added.