

Umgeni Water hails bonds success

JOHANNESBURG — Umgeni Water and Investec Capital Markets yesterday announced the success of the most recent Umgeni Water long-term bond.

The UG21 fixed-rate bond, issued in March 2010 under the new domestic medium-term note (DMTN) programme, was 2,6 times oversubscribed on its R600 million issue, a statement by the parties said.

“We are pleased with the success of our bond, at a time when all other state-owned enterprises are active issuers in the local bond market and there is a risk that investors may be overweight on SA government risk,” said Mzimkulu Msiwa, CEO of Umgeni Water.

Investec Capital Markets and IDG Financial Services were the co-lead arrangers responsible for the issuance of the UG21 into the debt capital markets.

Both institutions established the DMTN programme last year, and it was signed in November 2009.

The bond, which pays a coupon of 10,70% semi-annually and has an 11-year maturity, is expected to fund the corporation’s capex requirement for 2011 and to be used towards the redemption of the UG65 bond, maturing in June 2010.

“This is a vote of confidence in Umgeni Water’s performance,” said Rob Moody of Investec Capital Markets’ debt origination team.

“Investors noticed that Umgeni has 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,” Moody said.

— Sapa.

