



ACLEDA stake sold ‘much higher’ than book value: CEO

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JARDINES Matheson Group would have paid “much higher” than the [book value](#) for its purchase of a 12.25 percent stake in ACLEDA Bank announced Thursday, said the lender’s CEO and President In Channy.

Although neither Jardines nor FMO, the Dutch [development bank](#) that sold its stake in ACLEDA, has announced the price of the sale due to a clause in the [sale agreement](#), In Channy said Sunday that it would be considerably more than the \$12.51 million book value of the stake.

“The sale price would be much higher than this amount because our bank has gained profits consistently,” he told the Post, adding that a [confidentiality agreement](#) signed between the three parties involved meant ACLEDA could not disclose the sum paid by Jardines. “However, it’s the market price.”

Shareholders’ equity in ACLEDA Bank at the time the agreement was signed was \$102.69 million, according to In Channy. FMO held 8.34 million shares out of a total 68.15 million, he added, meaning their stake was worth \$12.51 million.

FMO originally invested \$490,000 in Cambodia’s second-largest lender in 2000 when it was a simple microfinance organisation, and had remained [an investor](#) – regularly injecting capital into the firm through a series of rights issues – as it developed into a hybrid bank that also receives deposits.

Alain Cany, group country chairman of Jardine Matheson Vietnam and a future director of ACLEDA once the deal is complete, was unavailable for comment Sunday.

ACLEDA Vice President John Brinsden said that opportunities to buy stakes in proven lenders in emerging markets, such as ACLEDA, were rare, as shown by the high level of interest.

“Almost every week we get investors with a good background asking,” he said, although he declined to say whether the bank or its current stakeholders were in further talks to sell a stake in the bank.

[Investment fund](#) Leopard Capital announced in July last year that it was competing to acquire a stake in ACLEDA. At the time, Jardines was already in talks with FMO and the bank about a purchase.

Thomas Hugger, executive director at Leopard Capital, said then that the fund was limited to a maximum \$15 million investment in any one venture in the Kingdom. However, this was when Leopard was still targeting \$100 million in total capital – thus far it has raised about one-third of this original target.

Leopard Capital [Chief Investment Officer](#) Scott Lewis said Sunday that Jardines would have looked very carefully at the profitability of other leading banks in emerging markets in the region, and especially those in Vietnam, to price the asset.

“Based on the profitability of banks of similar profile, I would expect it to be priced at a very significant premium to book value,” he said.

ACLEDA Bank recorded net profits of \$2.32 million in the third quarter, according to company financial statements, a 72 percent leap on the previous quarter. Total profits for the first nine months reached \$6.578 million mean the bank is unlikely to match the \$19.4 million in profits before tax recorded in 2008, a record year.

The [International Monetary Fund](#) warned this month that Cambodia’s banks are likely to suffer dropping profitability this year as they continue to struggle to lend.

Moody’s considered revising ACLEDA’s rating in May based on the turbulent conditions within the Kingdom’s [banking sector](#) and prospects for systemic support; however, in June it decided to keep the bank’s local currency deposit and issuer rating at “Ba1 with a stable outlook” citing the long-term focus of ACLEDA’s shareholders.

Completion may be delayed

Meanwhile, Prom Visoth, ACLEDA’s senior vice president and head of Legal and Corporate Affairs Division, said Sunday that the transfer of FMO’s shares to Jardines might not be complete until the end of January. The three parties involved were in the process of completing the necessary paperwork, he added.

An ACLEDA statement released Thursday said the deal will be completed by the end of the year.