

By Isabella Steger

The first big Indonesian deal of the year is a scratch. Indonesian retailer PT Matahari Putra Prima has called off

the sale of its hypermarket business.

The sale had drawn interest from international retail heavyweights such as South Korea's Lotte Shopping Co., Wal-Mart Stores Inc. and France's

Casino Guichard-Perrachon SA.

Their interest was understandable. Foreign retailers are eager to tap into consumers in emerging economies, as the enthusiastic response to the sale of Carrefour SA's Thai assets recently demonstrated. And Indonesia's growth prospects have become a particularly compelling story for investors in Asia looking beyond the China market.

In foregoing the sale, Matahari is now choosing instead to raise money by issuing new shares of up to 20% of its total equity, according to Dow Jones Newswires. A senior executive at conglomerate Lippo Group, which controls the company, said the share placement has attracted interest already from Lotte, Casino Guichard-Perrachon as well as Dairy Farm International Holdings.

With the [Indonesian stock market](#) one of the best performing in the world over the past two years, Matahari is probably betting that it could get a better deal riding the rise of the Indonesian market than selling the business. It could also simply be waiting to coax a higher bidder out of the woodwork or get existing bidders to raise their prices.

So far this year, however, Indonesian stocks are down 6% over concerns that inflation could jeopardize the country's bull run. Matahari will want to hope that it hasn't overplayed its hand.

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Matahari Makes Bet by Killing Deal - Wall Street Journal (blog)

Written by Administrator

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