

Big debuts and convertibles back in fashion

The big stockmarket debut has returned to London, with overseas commodities giants identifying it as the world's most important equity bourse for mining companies.

New World Resources is the major mining concern in the giant Silesian coalfields of the Czech Republic and southern Poland, producing coal for steelmakers and industrial manufacturers in central and eastern Europe.

Fashioned four years ago by Czech financier Zdenek Bakala and his RPG Industries investment vehicle from the sell-off of the Czech state's coal assets, NWR has raised £1.1bn from the initial public offering (IPO) of 31.5% of the business in London, with the shares offered right at the top of a 1075p to 1325p range. The shares, primarily listed in London but trading on the Prague and Warsaw stock exchanges as well, valued the company at float at £3.5bn.

Mike Salamon, NWR's Executive Chairman and a veteran of the BHP Billiton global mining giant, said: "London is the global capital for mining finance. All the great mining companies of the world are here and we had a really positive reception.

"The London Stock Exchange was the natural place for us to come as a European Union-domiciled business. London has the strength of its banking community and the depth of its financial and industrial analysts' coverage."

Morgan Stanley, Goldman Sachs and JPMorgan Cazenove acted as joint sponsors, global co-ordinators and joint bookrunners to the global offering. Citibank was a joint lead manager, with

Barclays Capital, Estre Bank, Patria Finance and Wood & Company acting as co-lead managers. In Prague, Patria and Ceska Sporitelna lead-managed and co-ordinated the retail offer, while UniCredit acted as co-lead manager in Warsaw.

Shortly after NWR's debut, the amount raised from investors for major overseas miners coming to London nearly doubled when Mexican silver miner **Fresnillo** kicked off its listing in London.

Fresnillo is the world's largest silver mine and hitherto a subsidiary of Mexican commodities group Penoles, which sold 22.7% of Fresnillo at 555p a share, raising £905m and valuing the company on the London Stock Exchange at £3.98bn.

The IPO was handled by JPMorgan Cazenove acting as sole sponsor, financial adviser, global co-ordinator, bookrunner and broker, ending a busy few weeks for its executives Ian Hannam and Andrew Brett, who were also heavily involved in the float of New World Resources.

"There was strong support from institutions as well as hedge funds," said Hannam.

Cannacord Adam, Citigroup Global Markets, JPMorgan Securities and UBS acted as co-lead managers.

Convertible bonds also appear to be back in fashion. UK-based private equity house **3i** offered £425m of unsecured convertible bonds, due 2011 and initially offered with a coupon paying between 3.625% and 4.125%.

The bonds are being issued principally to refinance the existing €550m convertibles paying 1.375% that mature 1 August. The conversion price was expected to be set at between 25% and 30% above 3i's prevailing share price.

However, Group Treasurer Maureen Rawlins explained that 3i was entering into a set of complex "call spread overlay" arrangements with its joint bookrunners on the bonds, Dresdner Kleinwort and Lehman Brothers, to raise the effective conversion rate to 60% and to limit 3i's exposure to its share price being traded at the time at a 25% discount to its net asset value.

3i Chief Executive Phil Yea said: "We know the convertible market well and the convertible market knows and understands us."

International Power was also active.

Initially the electricity generator was looking to raise €500m in convertible bonds, due 2015. Strong demand, overseen by joint bookrunners and lead managers Deutsche Bank and Morgan Stanley, saw IP raise €700m.

The group said it was raising the cash for investment in Spain and Portugal and for other opportunities. Within days it spent £439m buying 1,800 megawatts of power-generating assets in the US. The convertibles are paying a 4.75% coupon and the conversion price was set at a 35% premium to IP's prevailing share price.

Robert Lea is City Correspondent of *The London Evening Standard*.

BONDS

PRICING DATE	ISSUER	NATIONALITY	DEAL TYPE	\$ VALUE	CURRENCY	CURRENCY VALUE
23/04/2008	E.ON International Finance BV	Germany	Investment-grade corporate bond	\$3,988m	euro	€2,500m
15/04/2008	E.ON International Finance BV	Germany	Investment-grade corporate bond	\$3,000m	US dollar	\$3,000m
30/04/2008	Iberdrola Finanzas SAU	Spain	Investment-grade corporate bond	\$2,725m	euro	€1,750m

EQUITIES

PRICING DATE	ISSUER	NATIONALITY	DEAL TYPE	\$ VALUE	CURRENCY	CURRENCY VALUE	EXCHANGE
09/05/2008	Fresnillo plc	Mexico	IPO	\$1,767m	sterling	£905m	London, Mexican Stock Exchange
09/05/2008	Myronivsky Hliboproduct – MHP OJSC	Ukraine	IPO	\$323m	US dollar	\$323m	London

IPO: initial public offering

All data provided by Dealogic. www.dealogic.com

