

With love from Siemens

It may have been announced just before Valentine's Day, but the market was unable to stop swooning about a €4bn issue by German industrial giant **Siemens**. The deal was not remarkable just for its size; the demand for it was pretty breathtaking too.

The two-part issue was euro-denominated raising €2bn from four-year paper and another €2bn from bonds dated 2017. It received orders topping €16bn.

The demand came despite a busy few weeks in the European corporate bond market, with many giants of the continental scene tapping investors.

"It's the right time to issue bonds," said Joe Kaeser, Siemens' chief financial officer. "I assume that we're going to be flooded with government bonds in the next few months."

Size and demand were not the only reasons for the Siemens issue being a talking point.

Siemens' strong credit rating and reputation undoubtedly helped, but the issues were also parcelled in 1,000-unit lots rather than the more usual multi-thousand-unit lots. As a result, up to 15% of the take-up found its way into the hands of retail investors.

Kaeser said Siemens was issuing the bonds so it could swap short-term liabilities into longer-dated maturities.

The 2013 €2bn bond is paying a coupon of 4.125%, 158 basis points over mid-swaps.

The €2bn eight-year bond is paying a coupon of 5.125%, 200 basis points over mid-swaps.

Deutsche Bank, RBS, Commerzbank and UniCredit acted as co-lead managers for the transaction.

Retail investors were also alerted to an issue from another solid non-financial European giant as **Unilever** sought to raise £350m in a sterling-denominated bond.

The bond, dated December 2014, is carrying a coupon of 4% with a yield of 200 basis points over the equivalent gilt.

However, the bond from the Persil washing powder-to-Walls ice cream group, was available in £2,000 lots with incremental additional purchases sized at 1,000 units.

The co-lead managers on the issue were Citigroup, Deutsche Bank, HSBC and RBS.

Also in the sterling bond market but priced substantially higher was a £275m 10-year bond from the **John Lewis Partnership**.

The staff-owned group behind John Lewis department stores and Waitrose supermarkets said it was launching the bond with a coupon of 8.375%, 500 basis points over the equivalent yield of the benchmark gilt.

"This is a very significant transaction for the partnership," said John Lewis finance director Marisa Cassoni. "I am delighted that against the volatile backdrop in the financial markets we have been able to successfully launch this issue.

"It allows us to fulfil two of our financing objectives: first, extending the maturity profile of our debt, and second, reducing our reliance on the bank finance market."

Joint lead managers and bookrunners on the issue were Barclays Capital and RBS. HSBC acted as co-lead manager.

The construction and building materials industry has been as hard hit as the financial sector, but the Swiss cement giant **Holcim** was able to get away a €500m bond as part of a €1.2bn refinancing of the group so far this year.

However, the group, which was aiming to refinance its existing debt, was having to pay for the new money. The five-year bond was priced with a 9% coupon.

Lead managers on the issue were Deutsche Bank, ING, RBS and Société Générale.

Elsewhere among the building materials giant, rights issues were the chosen financing path, with **Lafarge** and **Saint-Gobain** of France following the trails of CRH of Ireland and Wolseley of the UK.

Saint-Gobain's two-for-seven rights issue at a near-50% discount to the group's prevailing share price was aimed at raising €1.5bn as part of the company's plan to reduce group debt by €3.5bn.

Saint-Gobain's issue was fully underwritten by global co-ordinator BNP Paribas and by joint bookrunners JPMorgan and Calyon. Société Générale, RBS, BBVA, Santander and HSBC were co-lead managers.

Lafarge was also aiming to raise €1.5bn, with its issue underwritten by bookrunners BNP Paribas, Calyon, HSBC and Société Générale. Morgan Stanley acted as a co-bookrunner.

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INVESTMENT-GRADE BONDS

DEAL PRICING DATE	DEAL TYPE	ISSUER PARENT	DEAL NATIONALITY	SECTOR	COUPON	TRANCHE VALUE	DEAL TOTAL VALUE	BOOKRUNNERS
09/02/2009	Corporate bond	Unilever plc & NV	UK	Food & Beverage	4.8%	\$749m	\$1,498m	Deutsche Bank, Goldman Sachs, JPMorgan, Morgan Stanley
12/02/2009	Corporate bond	Siemens AG	Germany	Machinery	5.125%	\$2,566m	\$5,147m	Deutsche Bank, RBS
19/03/2009	Corporate bond	Holcim AG	Switzerland	Construction/building	9.0%	\$649m	\$649m	Deutsche Bank, ING, RBS, SG Corporate & Investment Banking
25/03/2009	Corporate bond	John Lewis Partnership plc	UK	Retail	8.4%	\$397m	\$397m	Barclays Capital, RBS

All data provided by Dealogic. www.dealogic.com

