

Running repairs continue

The reconstruction of balance sheets battered by the recession and the credit crunch continues apace.

ArcelorMittal, the international steel giant controlled by the Anglo-Indian tycoon Lakshmi Mittal, raised nearly \$1bn with a 7% 30-year bond. The metals giant, which has a presence in 20 countries on four continents supplying steel into the automotive, construction, household appliances and packaging industries as well as supplying raw materials, priced its 30-year 2039 bonds to yield 7.4%.

The company, whose multi-exchange quoted stock has rallied with the commodities market this year, said that before expenses it had raised a total of \$943m, which it will use for general corporate purposes.

Citigroup Global Markets, Deutsche Bank Securities and JP Morgan Securities ran the issue for the company.

Holcim, the Swiss-based international aggregates giant, is looking to cement its finances with a two-part issue of notes to raise \$1bn. The first tranche of \$750m is a 10-year bond with a coupon of 6% and a yield of 6.178%, priced to pay 280 basis points over equivalent swaps.

The second tranche is a 30-year bond to raise \$250m, paying a coupon of 6.875%. It was priced to yield 7.073%, 290bp over equivalent swaps.

Bank of America, Citigroup and Deutsche Bank were joint bookrunning managers for the sale.

Holcim's Australian unit raised A\$500m (\$425m) from the issue of three-year notes at 335bp over equivalent swap in what was the largest bond issue from a non-financial borrower in Australia this year.

The offer to help refinance current debt was jointly led by National Australia Bank, Royal Bank of Scotland and Westpac Institutional Bank.

The successful refinancing of **First Group's** blockbuster takeover of Laidlaw in the US continues.

Two years ago, First Group, Britain's largest train and bus group, spent £1.8bn acquiring the US business, which operates yellow school buses and the iconic Greyhound inter-city coach operator.

The company raised £200m in 15-year bonds due 2024 with a coupon of 6.875%.

Group treasurer Ian Weldon said: "The issue is in line with the group's strategy to extend its debt duration and reduce reliance on bank debt. The proceeds will be used to repay existing bank debt."

First Group's acting finance director Nick Chevis said: "We were very pleased by the successful launch of the group's fifth bond issue, which was substantially oversubscribed and attracted a high-quality order book. The continued support from fixed-income investors demonstrates the confidence in the strength and resilience of the group."

Bookrunning on the issue was led by Barclays Capital.

BMW, the German motor giant, has issued a £300m sterling-denominated fixed-rate deal maturing in 2017. The bond has a coupon of 5% priced to 200bp over government bonds.

BMW has been raising money to cover the financing costs of car sales where the money is not paid upfront.

The leads on the issue were Barclays, Morgan Stanley and UBS.

Scottish & Southern Energy took its total fundraising from the markets to £2.9bn since the summer of 2008.

The utility, which supplies household energy, runs power and gas networks, and generates electricity from traditional thermal plants, hydro-electric stations and increasingly from windfarms, was back in the bond market with a £500m sterling issue.

Paying a coupon on 5%, it was priced to yield 5.091%. According to finance director Gregor Alexander, the £2.9bn raised in new money was secured at an average rate of interest of 6.17%. "We retain a flexible approach to financing investment, and consider all opportunities like this bond to help us maintain our financial strength for the long-term," he said.

Banco Santander, LloydsTSB, Morgan Stanley and Royal Bank of Canada were behind the latest bond issue.

Robert Lea is City Correspondent of the London Evening Standard.

CORPORATE BONDS

DEAL PRICING DATE	DEAL TYPE	VALUE	ISSUER PARENT	COUPON	MATURITY DATE	BOOKRUNNER PARENT
1/10/09	Investment-grade	\$1,000m	ArcelorMittal	7%	15/10/2039	Citi, Deutsche Bank, JP Morgan
24/09/2009	Investment-grade	\$750m	Holcim AG	6%	30/12/2019	Bank of America Merrill Lynch, Citi, Deutsche Bank
18/09/2009	Investment-grade	£500m	Scottish & Southern Energy plc	5%	01/10/2018	Banco Santander SA, Lloyds Banking Group, Morgan Stanley, RBC Capital Markets
09/09/2009	Investment grade	£200m	FirstGroup plc	6.875%	18/09/2024	Barclays Capital, RBS

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