Equity

IPOs take their slice of the cake

Limited M&A activity again dampened issuance in the equity markets during 2003-04, although the markets were tapped by companies looking to refinance their balance sheets or raise money for company restructurings or growth and development. The IPO market also witnessed further steady issuance and demand, with many deals several times over-subscribed.

This was a reflection of investor sentiment which continued to show signs of recovery, despite the hike in oil prices, the geo-political environment – the ongoing threat of terrorism and the war in Iraq – and question marks over a US revival.

In the months ahead, predictions are that rising interest rates are likely to see companies, for the most part, become less willing to issue debt. They may, instead, reduce their gearing and refocus their attention on shareholders.

belgacom

€3.26bn IPO (March 2004)

Belgacom's €3.26bn IPO was the largest telecom IPO since Orange. It saw the successful exit of the ADSB consortium and generated high levels of demand – the deal was three times over-subscribed.

"Despite the turbulent markets at the time, we managed to complete the largest ever Belgian IPO. We feel the transaction was priced fairly which is still reflected in our current share price. Our performance has only increased since our listing and shows in our recent results," said Christophe Van Nevel, Treasury Director at Belgacom.

Goldman Sachs, Lehman Brothers, Morgan Stanley, UBS

Dixons

€309.76m Accelerated Bookbuilt Offering (November 2003)

Dixon Group's €309.76m Accelerated Bookbuilt offering of 48.4 million shares in internet company Wanadoo was the third and final trade Dixons made to monetise its holding.

Dixons Group Treasurer Matthew Hurn said: "An early release from the lock up agreement with Wanadoo enabled the shares to be placed on the back of strong performance and without the market anticipating the transaction. There was strong demand for the shares, the placing was over-subscribed and was executed at a very small discount of 2% to the prevailing market price."

Citigroup, Goldman Sachs

Getronics
ICT SOLUTIONS AND SERVICES

€240m Accelerated Bookbuilt Offering (February 2004)

Getronics' €240m Accelerated Bookbuilt offering of primary shares was conducted to repay a €250m subordinated bond due in 2008 – a key step in the company's financial restructuring. The issue closed within four hours and was 2.5 times over-subscribed.

Paul Resing, Corporate Treasurer, said: "This equity issue enabled us to fully redeem an expensive instalment bond and gave us a strong balance sheet. The offer was over-subscribed within a few hours, showing stakeholder confidence."

ABN AMRO Rothschild, ING Investment Banking

pagesjaunes

€1.5bn IPO (July 2004)

Pages Jaunes' €1.5bn IPO from France Telecom was very well subscribed, despite the deal being launched in an economic climate not particularly favourable to IPOs.

"This was due mainly to the high quality of the group's assets and to the huge welcome that the financial community has given to the Pages Jaunes' 'equity story'," said Michel Datchary, Chief Executive Officer of Pages Jaunes. "The results speak for themselves – an over-subscription of three times at the IPO price."

ABN AMRO Rothschild, BNP Paribas, Calyon, Lehman Brothers, Morgan Stanley

PINEWOOD SHEPPERTON

£75m IPO (May 2004)

The IPO of film and TV studio company Pinewood Shepperton was priced at 180p – the top end of the indicative range. The deal broke down as £50m of primary and £25m of secondary stock from private equity backers. The books were covered three times over at the issue price.

"Pinewood Shepperton is a very exciting company and we were delighted that its IPO was so well received by the market, and its subsequent share price performance has recognised the company's future prospects," said David Anderson, who led the IPO at bookrunner Cazenove.

Cazenove

TESCO

£773m Accelerated Bookbuilt Offering (January 2004)

Tesco's Accelerated Bookbuilt placing of 315 million new shares saw the company raise £773m in funding for the continued development of its four-part growth strategy.

Commenting on the deal, Keith Richardson, Group Treasurer at Tesco, said: "The successful institutional offering of 4.4% of Tesco's share capital was completed within a day to minimise exposure to market volatility. This was the largest equity issue of the first quarter of 2004."

Cazenove, Deutsche Bank