

IPO market set to take off (Translated by Calyon)

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A number of initial public offerings are planned for late 2009, auguring well for the market to come back strongly in 2010

IPO issues are on the way back. Although many observers have trotted out third-quarter statistics as an explanation (L'Agefi, October 6, 2009), signals from the pipeline are also encouraging. In line with yesterday's announcement of the upcoming IPO for PPR subsidiary CFAO, plans have proliferated in the last few weeks. For example, Aviva plans a November offering of 30% to 40% of Delta Lloyd on the Euronext for €1.6 billion.

Another name persistently mentioned in the European market is reservation platform Amadeus. Jointly held by BC Partners, Cinven, Air France-KLM, Iberia and Lufthansa, it is valued at €8 billion and is expected to come to market in early 2010. As Amadeus illustrates, the average size of the deals may prove surprising. "Small IPOs will be out in the cold for the time being. Exiting a crisis, investors want liquidity," explains Xavier Larnaudie, Managing Director and co-head of syndication at Calyon.

While Europe is gradually coming back to life, other regions have already shown signs of reviving. Asia, with 84% of third-quarter volume, is now the market's main support. The United States began to stir during the summer. In August, Scott Cutler, head of listings at NYSE Euronext, expressed his confidence in the U.S. market: "We see a new cycle of raising capital starting in late 2009 and 2010." For the year to date, volumes are already lagging 2008 less than in Europe (-34% compared with -86%). Sentiment toward listing is again becoming noticeably positive, to judge by statistics from IPOhome.com. In the third quarter alone, 38 new filings were unveiled (see illustration) compared with 20 in all for the three preceding quarters. Moreover, cancellations are few in number. With the addition of four new plans for offerings announced thus far in October, U.S. markets have an inventory of more than 55 companies ready to launch IPOs, along the lines of Hyatt which plans to raise \$1.15 billion.

As Mr. Larnaudie puts it, "private equity funds have many deals to place." They include Dollar General (a consortium led by KKR), which plans to raise \$750 million, and Health Port (Abry Partner). The trend is also gaining confirmation in Europe with Medica, a subsidiary of BC Partners. But, he continues, "investors will keep a sharp eye on valuations of these deals." He also expects the true rebound to come in 2010.

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