

EUROPEAN ECM BRIEFING

EUROPEAN EQUITIES (16/08)

1: Morgan Stanley	US\$22.40bn
2: Goldman Sachs	US\$14.77bn
2: JPMorgan	US\$14.26bn
4: Merrill Lynch	US\$12.54bn
5: RBS	US\$11.94bn

EMEA CONVERTIBLES (16/08)

1: Morgan Stanley	US\$4.86bn
2: Goldman Sachs	US\$2.89bn
2: JPMorgan	US\$2.63bn
4: Deutsche Bank	US\$1.17bn
5: Lehman Brothers	US\$0.98bn

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Residents of Tanzania are being offered an opportunity to participate in a privatisation IPO that will list on the embryonic Dar es Salaam Stock Exchange. The IPO of **National Microfinance Bank** will not see the company actually list until October, but when it does the market capitalisation of TSh300bn will rank it as the fourth largest company on an exchange that currently has just 11 constituents.

The all-secondary issue sees 105m shares, equivalent to 21% of the firm, offered at TSh600 to raise TSh63bn (US\$54.5m). Employees are offered shares totalling 5% of the bank, for which they will be offered loans. Of the remaining shares 80% will go to retail and 20% to domestic institutions and companies. Only Tanzanians and locally-owned firms can participate in the government sale.

Icelandic investment bank Straumur-Burdaras sold a 25% stake in Swedish gaming software group **Net Entertainment** via a SKr290.3m (US\$45.6m) accelerated bookbuild yesterday. The deal comprised 9.98m B shares, representing 200 days' trading, plus 1.4m of the unlisted A shares. The deal was covered within two hours and pricing came at SKr25.50, shortly after the market opened. Pricing was a 1.1% discount to Monday's close. Approximately 60% of the deal went to existing shareholders and the stock rose 4.7% after the deal to close at SKr27.00. *Carnegie* was sole bookrunner.

French bank **Natixis** has come under fire from US shareholder Greenlight Capital for its decision to launch a €3.7bn rights issue. In a public letter to Natixis, Greenlight president Einhorn said the rights issue would be "enormously destructive" to its NAV, EPS and economic value. He proposed that the company should instead sell part of its 20% stake in the retail operations of Banques Populaires and Caisses d'Epargne.

One banker on the deal said that Einhorn's views were due to the lack of understanding of rights issues in the US. He added that many US investors focus too much on the possible dilution and don't properly understand their ability to sell rights during the deal.

The rights issue was announced in mid-July and bankers said that there has been broad support so far from French and other European shareholders. *Credit Suisse* and *Merrill Lynch* are lead managers on the deal.

Yesterday's correct answers were **Lancashire Holdings**, which came to market shortly after **Amlin** and **Hiscox** both completed rights issues.

Some owners think they can beat the market when faced with poor investor feedback, but it normally ends badly. In one recent case a company was pursuing a dual listing in its operational home and the home of its founder, but even two retail offers could not get this deal covered. In the final deal, secondary selling was abandoned and primary proceeds reduced by half. On top of that the founder ended up buying just over 75% of the issue.

Which was the company and how did the stock react to this week's results?

THIS WEEK (deals over US\$50m)

Monday

Chimimport (Bulgaria – Private equity): €65m 7y CB, €15m greenshoe, cp 7% (marketing range 6.75%), YTM 9% (8.375%–8.625%), premium 30% (30%–35%). *UniCredit*

Bradford & Bingley (UK – Banking) £455.4m rights issue, 67-for-50 at 55p, 27.84% takeup. *Citi, UBS*

Nama (Saudi Arabia – Petrochemicals) SR780m (US\$207m) rights, 52m shares at SR15, 115% takeup, *Aldukheil*

Tuesday

Net Entertainment (Sweden – Software): SKr290.3m (US\$45.6m) ABB, 9.98m B shares (25%), SKr25.50 (1.1% discount to Mon). *Carnegie*

Wednesday

Chemanol (Saudi – Chemicals) SR724m (US\$193m) IPO, 60.3m shares at SR12. *Samba*

PIPELINE

- **August 26 – Norwegian Air Shuttle (Airline)** SKr350m (\$59m) rights, EGM Aug 25, Sep 2–18 *Enskilda*
- NKr400m (US\$77.8m) rights, NKr34.80, Aug 11–25. *Arctic, ABG*
- **September 18 – Zain (Kuwait – Telecoms)** US\$4.5bn rights issue, 3-for-4 at 850fills. *Nat Bk of Kuwait*
- **August – RTM (Russia – Real Estate)** US\$500m IPO, 20%. *Morgan Stanley, Troika*
- US\$180m rights, 87.8m shares, US\$2.05 (max). *ING*
- **H2 2008 – Gjensidige (Norway – Insurance)** US\$500m IPO, *Goldman Sachs, Merrill Lynch*
- **September – Conergy (Germany – Photovoltaics)** €450m rights, (AGM August 28) *Credit Suisse, Dresdner*
- **H2 2008 – Edisun Power (Switzerland – Energy)** IPO, primary, *Sal Oppenheim*
- **September – Natixis (France – Banking)** €3.7bn rights, (AGM August 25) *Credit Suisse, Merrill*
- **September 18 – RNB Retail and Brands (Sweden)**