

HEADLINE: Floats

AUTHOR: Peter Wells

Investment bankers are ready to take advantage of improved conditions and float a number of new companies on the Australian Stock Exchange before the end of the year. Recent floats include carsales.com, Sino Gas & Energy Holdings, Laconia Resources, Triton Gold and Norseman Gold. There was the IPO of WestOz Investment Company and the listing of MyState, a combination of Tasmanian Perpetual Trustees and MyState Financial Credit Union of Tasmania. Myer's \$3 billion debt in November will be closely watched by Kathmandu, Investa and CSR's sugar business. Morgan Stanley Real Estate's Investa is tipped to float up to \$750 million of assets. Ascendia Retail, operator of Rebel Sport, Amart All Sports and Glue, will be among those listing in 2010. Other possibilities include Macquarie Private Equity's Miclyn marine business, REDgroup, Link Market Services, CareersAustralia, Hyne, Healthcare Australia, Griffin's Goods and Tegel Foods. CSR, Bilfinger Berger and Orica are said to be considering spinning off some businesses. HeidelbergCement is considering a partial float of its Hanson Australia unit. Small companies pursuing listings include Sumatra Copper and Gold, Dourado Resources, Genesis Resources and Octanex. The BrisConnections partially paid securities tanked to almost nothing after listing last year at \$1. Fidelity Investments says 'it's not a bad time to be an IPO buyer.' Companies that successfully listed in tough economic conditions include JB Hi-Fi, Promina, WorleyParsons and Bradken. Goldman Sachs JBWere says IPOs are a bellwether for sentiment. US-listed Blackstone Partners this week said it was seeking to float up to eight businesses and sell five more. The last exit for a private equity owner via flotation was the Boart Longyear offering in 2007. Companies floated in the last business cycle that are trading well below listing price include Pacific Brands Group, Emeco Holdings, Norfolk Group and Vision Group Holdings. BT Investment Management says the next wave of private equity sell-downs in Australia should mirror the US market. Colonial First State says lock-up periods for vendors to the first profit result are too short. Perpetual Investments warns against focusing on the importance of a residual holding relative to underlying fundamentals of a business. In the US, Fortress Investment Group was forced

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By: Peter Wells

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to cut the offer price of RailAmerica, following Welsh, Carson Anderson & Stowe and Thoma Cressey Bravo's move to reduce the size of its float of Select Medical Holdings.

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