

EDP's Renewable Unit Raises EU1.57 Billion in IPO (Update2)

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By Joao Lima

June 2 (Bloomberg) -- EDP-Energias de Portugal SA's renewable-energy unit raised 1.57 billion euros (\$2.44 billion) in an initial public offering as the nation's largest power company seeks to develop more wind parks from Poland to the U.S.

EDP Renovaveis SA sold 196 million shares to individual and institutional investors at 8 euros each, EDP said today in a regulatory filing. Last month, the company set a price range of 7.40 euros to 8.90 euros.

"We could have done the sale at the maximum price," EDP Chief Executive Officer Antonio Mexia said. "We decided not to do that. We want a long-term relationship with shareholders."

Lisbon-based EDP sold the stock to help finance its plans for wind-energy projects as it tries to meet rising demand and taps government incentives for renewable energy. Last year's purchase of Horizon Wind Energy LLC of Texas from Goldman Sachs Group Inc. helped the former Portuguese power monopoly become the world's fourth-biggest wind-power operator.

The Portuguese utility fell 8 cents, or 1.9 percent, to 3.98 euros in Lisbon. The stock has dropped 11 percent this year, valuing the company at 14.5 billion euros.

The renewable-energy unit's shares will start trading June 4 in Lisbon and the stock will join Portugal's benchmark PSI-20 Index from July 1, replacing construction company Grupo Soares da Costa SGPS SA, Euronext Lisbon SA Chief Executive Miguel Athayde Marques said.

Greenshoe Option

If the so-called greenshoe option of 29 million shares reserved for extra demand is fully subscribed, EDP Renovaveis will sell 225 million shares in total, representing a 25 percent stake, to raise 1.8 billion euros. That would make it Europe's biggest IPO this year, topping New World Resources NV's \$2.5 billion IPO in May, according to data compiled by Bloomberg.

Portugal's biggest stock offering so far was the 2 billion- euro sale of EDP shares to public and institutional investors in June 1998.

Spanish rival Iberdrola SA completed a 4.1 billion-euro offering of its renewable-energy division in December. Shares of Iberdrola Renovables SA, as the unit is known, have declined 13 percent from their IPO price of 5.30 euros.

Stock of EDF Energies Nouvelles SA, the renewable-energy company partly owned by Electricite de France SA, has dropped 4.4 percent so far this year. Enel SpA, Italy's largest utility, said May 14 it aims to create a separate division for some of its renewable-energy assets by ``fall'' and may agree to sell a minority stake in that business, possibly in the stock market.

Wind Energy

The renewable-energy unit of EDP aims to install 1.4 gigawatts, or 1,400 megawatts, of wind energy a year on average through 2012 to increase wind capacity to more than 10.5 gigawatts across Europe and the U.S. The unit will invest about 2 billion euros a year through 2012, EDP CEO Mexia said May 21.

EDP's renewable-energy unit posted net income of 26.6 million euros in the first quarter after boosting gross installed wind energy capacity to 3,706 megawatts. A 1-megawatt plant running at full capacity can supply about 2,000 average European homes.

Banco Comercial Portugues SA, Banco Espirito Santo SA, Caixa Geral de Depositos SA, Citigroup Inc., Morgan Stanley and UBS AG were the global coordinators of the renewable-energy unit's IPO.

Individual investors bid for 87.9 times the number of shares available to that group, while institutional investors demanded 6.1 times the stock on offer, EDP said.
