

Float of EDP renewable energy unit emerges as Europe's biggest this year Print

By Peter Wise in Lisbon

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Energias de Portugal, the country's dominant power utility, yesterday raised €1.8bn (\$2.8bn) from an initial public offering of its renewable energy arm, with strong demand from institutional and retail investors.

The offer of 25 per cent of EDP Renováveis was priced at €8 a share, just below the midpoint of the initial range of €7.4 to €8.9 announced on May 15, making it Europe's biggest float so far this year.

"We could have sold at the top of the range," António Mexia, EDP chief executive, told the FT. "But we opted for a balance between ambition and pragmatism. EDPR's new shareholders include some of the world's most prestigious institutions."

EDPR's institutional offer of more than 180m shares was 6.1 times subscribed. Small retail investors placed orders for more than 3.9bn shares, almost 88 times the number on offer.

Lisbon analysts said the high level of demand was a sign that equity markets were still open to companies with sound growth prospects despite concerns about continued market turbulence.

Bankers said the price, representing a discount of more than 25 per cent to the enterprise value of the group, was designed to attract leading institutional investors and ensure strong demand for the shares after the float. The shares are expected to begin trading on Euronext Lisbon tomorrow.

"In two years, we have succeeded in creating the world's second largest listed company in the wind energy sector," Mr Mexia said.

"The success of the offering shows that an IPO was the best way to harness the value of the company."

The €8 share price values the offer, including an over-allotment option, at €1.8bn, making it Europe's largest IPO this year after a €1.62bn offering by New World Resources, a Czech mining company, last month.

EDPR is the world's fourth largest renewables company, with 3.64GW of installed wind capacity at the end of 2007. Last year it paid \$2.9bn for Horizon, a US wind company, making it the third largest renewables operator in both the US and Europe.

Mr Mexia said EDPR was expanding wind capacity at a rate of 1.4GW per year through a pipeline of planned projects based on "hard milestones not probabilities", which would lift the company's total wind capacity to 10.5GW by 2012.

Citigroup, Morgan Stanley and UBS were joint global co-ordinators and book-runners together with the investment banking arms of Portugal's Banco Espírito Santo, Millennium BCP and Caixa General de Depósitos.

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