

2015 Starts Strong in Europe with Four Major I.P.O.s

By Myriam Denis, J.D. Candidate 2016 | February 19, 2015

Last week, four companies – Sunrise Communications, Vision Express, GrandVision and Générale d’Optique – launched their shares on exchanges in the European market. Investors responded eagerly, with several offerings, such as Sunrise and GrandVision, being oversubscribed multiple times and shares moving to substantially higher levels in their debuts.

For instance, Sunrise Communications, a Swiss telecommunications giant, priced its stock at 68 Swiss francs a share on the SIX trading exchange and raised 1.36 billion francs (\$1.47 billion) in the offering. This number is slightly higher than Sunrise’s [preliminary I.P.O. target](#) of 1.35 billion francs. Its shares rose 6.9% (to 72.70 francs) in early trading in Zurich. The company announced in a [media release](#) that proceeds from the I.P.O. would be used to reduce its debt. The private equity firm CVC Capital Partners acquired 90% of Sunrise for 3.3 billion Swiss francs in 2010. CVC will [likely see its ownership decline to around 35%](#) following this I.P.O., due to the [shares offered on the market representing about 65%](#) of the company’s capital.

Recently, Switzerland made the decision to remove a cap on its currency (originally at 1.20 of the euro). The cap was holding down the value of the Swiss franc to the euro, which has recently fallen, reflecting current European economic weakness. Since then, the Swiss franc [gained 17%](#) in value over the euro. Sunrise anticipates a “[neutral to net positive impact,](#)” as the depreciation of the euro is expected to reduce Sunrise’s refinancing costs, due to some of its euro-denominated debt being hedged.

2014 was a strong year for European I.P.O.s, since the beginning of the financial crisis – [239 offerings raising \\$66.2 billion in gross proceeds](#). However, the final quarter of the year was more concerning: several I.P.O.s failed right after their debuts, propelling strong concerns about European recovery. These four important offerings seem to point toward a positive phase. In 2015, there have been [16 European offerings thus far, raising \\$3.84 billion](#) in gross proceeds. In comparison, at this point in 2014, there had been only [7 offerings raising \\$2.5 billion](#).

Other major companies announced plans to go public – for instance, British furniture retailer DFS said [it planned to start trading in London in March](#). This company [hopes to raise 105 million pounds](#) (\$160 million). Investors and other interested parties will likely be keeping their eyes on the European market to see if this renewed vigor will hold in the close future.