

FGVH's over-US\$3bil IPO by end-June, say sources

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Malaysia's state-owned Felda Global Ventures Holdings (FGVH) is likely to make its initial public offering (IPO) at the end of June, according to two sources, in what is expected to raise more than US\$3 billion and be one of the biggest flotations in the world this year.

The third-largest oil palm plantation operator by planted area has started offering its IPO shares to indigenous bumiputra investors at an indicative price of RM4.65 (US\$1.53) a share, two officials with direct knowledge of the matter, told Reuters today.

Bumiputra, meaning "sons of the soil" in the Malay language, refers to the majority ethnic Malays and other indigenous people in the country who benefit from a decades-old affirmative action policy that favours them in housing, education and business.

At the indicative price, the 419.5 million shares reserved for bumiputra investors, would be worth a total of some RM1.95 billion.

"Bookbuilding process will follow thereafter," said one of the officials.

The second official said: "What institutional investors are getting is not known yet, but indigenous bumiputra investors will get a refund should institutional investors get less than the indicative price." The officials did not wish to be identified as they are not authorised to speak publicly on the matter.

FGVH's chief executive officer Sabri Ahmad confirmed the indicative price for bumiputra investors when contacted.

"The closing for the offer is this Friday," he told Reuters.

The second official added that FGVH has embarked on a roadshow overseas to lure international cornerstone investors to participate in the listing.

The IPO consists of 2.19 billion shares, including a public issue of 980 million shares and an offer for sale of 1.21 billion shares, according to FGVH's draft prospectus filed late on Friday.

National elections

Bankers had initially said the IPO would be about US\$2 billion in size, but that estimate has been revised upwards. A banker directly involved in the deal said the IPO's size would now be more than US\$3 billion. There is a "greenshoe" option of a further 109.4 million shares if the offer is oversubscribed.

The listing could be one of the first after national elections that are expected to be held in June despite the weekend's violent electoral reform protest.

Plans to list FGVH sparked resistance from some of the 113,000 farmers who own part of the company and fear a loss of control in an asset in which they've invested for generations. A legal challenge they filed has been dismissed and the listing was recently approved by the farmers' cooperative.

CIMB Investment Bank, Maybank Investment Bank and Morgan Stanley are the joint global coordinators for FGVH's listing, while JPMorgan and Deutsche Bank are joint bookrunners.

- Reuters

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