



IPO OF THE YEAR

Hansen Transmissions International

More than 20 initial public offerings were cancelled in the weeks leading up to Hansen Transmissions' 11 December 2007 listing on the London Stock Exchange (LSE). Although Hansen – which makes gearboxes for wind turbines – listed at 175p (\$3.50) a share, at the bottom of its indicative price range, it never considered pulling out.

By the end of the month, the share price had risen to 288p and has weathered the market volatility well, reaching 323.5p in late June, before trading down to 285.25p on 10 July, as *Environmental Finance* was going to press. The deal valued Hansen at £1.2 billion and raised £318 million for capacity building in India and China – the first gearboxes will come off the Indian production line in September this year, and September 2009 in China.

Ivan Brems, chief executive of the Belgian company, told *Environmental Finance* that part of the success of the IPO was down to Hansen's position "in the sweet spot of this industry". Demand for gearboxes outstrips supply which, at a time of

large-scale demand for turbines, puts the firm in an excellent position.

As Jim Wight, London-based managing director of the financing group at Goldman Sachs, joint global coordinator and bookrunner for the IPO, notes, Hansen is the "only pure-play listed gear box manufacturer" accessible to European investors.

Craig Coben, managing director in European equity capital markets at Merrill Lynch, which arranged the listing alongside Goldman

Sachs, agrees: "It's not just indiscriminate investing in wind – investors wanted to be in this point" in the value chain. This, he says, shows how investors have become more sophisticated in their understanding of the wind industry than only a few years ago.

Hansen traces its history back to 1923, although it established its first factory dedicated to wind gearboxes in 2001, and these now make up 81% of revenue. It was bought by Indian wind manufacturer Suzlon in 2006, which remains its biggest shareholder with 71% of the firm. Coben says: "Management came across extremely well on the road." Investors were impressed, adds Wight, by the firm's "huge engineering heritage".

Also key to the success of the listing was the type of investor it attracted. Both Coben and Wight point to the quality of the book of demand leading up to the IPO, which was full of "the great and the good", as Wight puts it – including major, mainstream institutional investors from the US and Europe. And, when the shares rallied immediately after the listing, they typically held on to their stakes and bought more, helping to sustain the value of the firm.



Ivan Brems, Hansen Transmissions: in a "sweet spot"

