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FlexiGroup may lack puff for GE race DOUBTS are starting to emerge about whether FlexiGroup will remain in the race to buy General Electric's $7.5 **billion**-plus Australian and New Zealand consumer lending business.

Shares in FlexiGroup closed almost 3 per cent lower at $3.05 yesterday after trading at more than $4 in September, and some say the **company** won't have the firepower to complete a deal, even if it bids with a partner.

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Potential suitors have begun digesting the details in the information memorandum for the GE business and have found it could be more profitable than originally thought. Stripping out overheads, some say the group's annual net profit is at least $250 **million**.

Based on a **sale** struck on a multiple of eight times earnings, a cheque of about $2bn would need to be written — almost double original estimates. So it is hard to see how FlexiGroup could make a deal work, sources say.

As groups and advisers trawl through the financials of GE's assets, being sold through Credit Suisse and Morgan Stanley, bidding consortiums remain in the early formation stages.

It is understood searching for a partner to buy the business is private **equity** giant TPG Capital, stepping up its interest in being a strong contender in the contest.

Some say the Government Investment Corporation of Singapore is being targeted as a potential backer, after earlier being flagged as a group that could join with FlexiGroup.

It is understood Macquarie has been in talks about forming a consortium with Pepper Group and York Capital, but the latest expectation is that perhaps Blackstone could join with Macquarie or even TPG, while Pepper may not be part of the cluster. Other potential bidders are Wesfarmers, KKR, Westpac, and for the New Zealand assets only, Heartland Bank.

The offer comprises store finance, credit cards and personal loans, while a small loan book for cars is also in the mix.

Banks clear winners THE Medibank hype reaches fever pitch today, as the $5.7 **billion** government health insurer lists on the Australian Securities Exchange.

But the celebrations won't be had just by the government but by the deal's joint **lead** managers, Macquarie Group, Goldman Sachs and Deutsche.

The teams are all hoping their role in the high-profile initial public offering will offer not just a major haul of fees, but propel their banks higher up the investment banking league tables.

According to calculations from Dealogic, Macquarie Capital will remain at number one when it comes to the IPO bookrunner stakes after Medibank is taken into account, but UBS will fall from number two to number four.

The biggest winner is shaping up to be Deutsche in terms of its ranking, rising from number nine to three thanks to the government deal.

Moving from fourth to second place is Goldman Sachs.

Goldman also leads the rankings when it comes to **equity** capital markets deals this year as a whole, ahead of Macquarie, UBS and Citi. Much of the ranking by dollar value has been attributed to Goldman's role in Shell's $6.1bn exit out of Woodside Petroleum earlier this year, $3.2bn of which was subject to a block trade.

But Goldman's also worked on the IPO of the $4bn private hospital operator Healthscope and Transurban's $2.7bn capital raising for its **purchase** of Queensland Motorways.

By number of deals, Macquarie dominates — not just IPOs but **equity** railings as well.

Including Macquarie's latest IPO deals Aconex and oOh!Media, the group would have executed 15 IPOs in 2014, almost 50 per cent more than its closest competitor UBS, which has 10.

Meanwhile, one of the points of contention among banks that weren't on the Medibank ticket is to do with a clause in the prospectus, which describes the commonwealth government as the IPO bookrunner with the role of allocating shares.

Some had questioned whether on this basis, the joint **lead** managers would win league table credit on the deal, as were anticipating.

However, Dealogic's stance is that if no bank is named as bookrunner, top-tier managers on the deal will be credited in the league tables.

Paladin fights back SHORT-SELLERS, those shadowy harbingers of gloom, have been piling into Paladin in abundance over the past year but a well-structured $205m fund raise may finally have lifted the **uranium** miner out of a black hole.

If the market reacts positively over the next few months, the deal may prove a model for other hard-pressed resources companies. Take Whitehaven, for instance. Like Paladin, it too has a hefty debt burden, with the first interest coverage ratio test on some $1.2bn falling due in December next year.

The trump card for the **uranium** miner was the advance of Hopu Clean **Energy**, which is based in Singapore and forms part of the influential **Chinese** private **equity firm**.

Under the terms of a $61m placement and $144m non-renounceable rights offer to institutional and retail investors, Hopu, is expected to gain a 15 per cent slice of Paladin.

Crucially, the **firm**, which is backed by Singapore's sovereign wealth fund Temasek, as well as the **Chinese** Investment Corporation, will also provide much-needed clout when it comes to negotiating prospective **uranium** contracts in **China**.

By drafting in Hopu, Paladin and its sole **lead** manager on the deal, JPMorgan, hope to deal a deathly blow to the short-sellers. These opportunists account for close to 11 per cent of the miner's register. But the shorts now face a big squeeze. A negative stance was justifiable at the start of the year when Paladin's debt outweighed its market capitalisation but as **uranium** prices rebound and a large-scale cash infusion deals with $300m of convertible **bonds**, due in November next year, that position looks ropy.

Fattened for market TPG's outlay on the $880 **million** poultry empire, Inghams Enterprises, is starting to look like chicken feed.

The private **equity** giant, run by Ben Gray in Australia, reaped $550m from the **sale** of Ingham's property portfolio this month and is in the midst of a refinancing that will deliver $550m too in a dividend repayment.

Little wonder then that many believe the **company** is being fattened for market. While Inghams contends with two large rivals, the barriers to entry in this sector remain relatively high due to concerns over the health of imported chickens.A rigorous cost-out since the buyout in March 2013 has fuelled hopes in some circles of a possible $1 **billion** IPO of the **company** in the first half of 2015. Others point to TPG's track record of fast-paced floats.

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