

FINANCIAL REVIEW

SE Companies and Markets
HD **Kink in the IPO pipeline**

BY Sally Rose

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Despite only one initial public offering coming to the market in January, bankers and advisers are still expecting that 2014 will become a bumper year for new listings.

After 2013 finished with a late rush of floats, 19 in December, Valence Industries was the only stock to hit the boards in January. The graphite miner, previously Strategic Graphite, raised \$6.7 **million**.

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This year's slow start contrasts to January 2013 when seven companies listed on the ASX.

"This year has certainly opened up with a more cautious tone, but the IPO pipeline for 2014 is still very robust," UBS executive director **equity** capital markets Richard Sleijpen said.

"Traditionally, January is very quiet," Mr Sleijpen said. "January 2013 was unusually busy due to a market rally fuelled by the expansion of quantitative easing in the United States, but this year that is being unwound."

The broad All Ordinaries index fell 3.1 per cent last month compared with a gain of 3.8 per cent in January 2014.

Corporate advisers agreed that while the pipeline of market hopefuls remains strong, most are holding off for better timing.

"For smaller companies in particular there is a lot of pressure to meet a minimum IPO subscription and that is harder in a weak market," HLB Mann Judd partner Marcus Ohm said.

Mr Sleijpen said most companies with IPO plans are waiting until the February reporting season is over to commence their formal marketing.

Confirmed coming IPOs include U&D **Coal**, **China Mining**, Simavita, and Cypress Gardens Development Corp.

Australian Securities Exchange data released on Thursday showed after welcoming 33 new market participants, debt and **equity** vehicles included, in December there were only three new entrants overall in January.

However, the total amount of new capital raised by new players in January was nearly double at \$23 **million**, up from \$11.8 **million** in December.

CO stgghz : Valence Industries Ltd.

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