

SE Business
HD **Spotless and Genworth compete for attention**

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markets: Two of this year's biggest initial public offerings are competing for the attention of fund managers. Genworth Mortgage Insurance Australia, whose IPO may raise as much as \$754 **million**, and Spotless Group, whose IPO may be as big as \$1.15 **billion**, are criss-crossing Sydney's financial district to visit fund management offices.

Spotless is an intriguing deal because of the capacity of the three joint **lead** managers to sell an extra 81.1 **million** shares on top of the 106 **million** to 162 **million** scheduled to be sold at between \$1.60 and \$1.85 a share.

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The so-called "greenshoe option" is common in US and European IPOs but is rarely used in Australia. The greenshoe may help ensure Spotless's share price will not fall too far after the stock begins trading on the Australian Securities Exchange, as brokers who are short will have to buy it back to cover their positions.

If the greenshoe option is exercised, Highbury Partnership, the boutique **equity** capital markets and merger adviser, will help the Spotless board decide how many additional shares are to be sold.

Spotless's revenue in the 12 months to June 30 is forecast to slip to \$2.56bn from \$2.58bn a year earlier. Net profit in 2014 is estimated to be \$103.4m, from \$47.7m in 2013, partly due to cost-cutting and the reorganisation of businesses.

After visiting Melbourne fund managers later this week, Spotless returns to Sydney next week before travelling to Brisbane and then abroad.

Genworth Australia returned to Sydney on the weekend after visiting **Hong Kong**-based investors. Later this week, the team travels to Melbourne before heading overseas.

Following the road show, Genworth Australia's sole global co-ordinator Goldman Sachs has to decide on May 16 with joint **lead** managers Commonwealth Bank, Macquarie and UBS, how many of the 195 **million** to 260 **million** shares are sold at between \$2.20 and \$2.90 a share. The **company**'s shares begin trading on the ASX on May 20 and those of Spotless on May 23.

CO nigtld : Insurance Australia Group Ltd | splless : Spotless Group Ltd | peprt : Pacific Equity Partners | genwth : Genworth Financial, Inc.

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