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FINANCIAL LOUNGE



Ferretti IPO, what to expect after the extension

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Temporary setback for the IPO of the Ferretti Group; a possible discount on the price expected according to Angelo Meda of Banor SIM

A more difficult entry into the stock market than expected for the Ferretti Group. The offer period for the private placement of the shares has been extended by five days. "By virtue of ongoing discussions with institutional investors - as stated in a note issued by the company - the offer period shall end on Tuesday 15 October". The starting date for the trading of shares on the stock market, which was initially scheduled for 16 October, has consequently been postponed to 21 October.

THE REASONS FOR THE EXTENSION - "There are not enough orders to cover the whole book - said Angelo Meda, head of Equities at Banor SIM -, and for this reason the extension was inevitable". Lower the price or reduce the offer, these are the two solutions to complete the operation. But why is the price considered to be too high? "Ferretti has no history in the stock market as other luxury brands have, for example Ferrari or Louis Vuitton - Meda went on to say - and investors expect a discount. I expect a lowering of the price to conclude the IPO. I believe that in setting the listing there was excessive optimism on the part of the banks".

THE PRICE FORK - The IPO, partly through the sale of shares and partly through a capital increase, is for 87 million shares which represent approximately 30% of the share capital. **The initial price fork is set at 2.5 to 3.7 euro**, which corresponds to a post capital increase capitalization between 727 and 1,076 million euros. The main reason for this postponement, according to indiscretions, is attributed to a lukewarm

interest from Italian institutional investors but it is understood that pressure for a lower price has also come from abroad. The goal of the Forlì Yacht Group led by its managing director Alberto Galassi, is to raise an amount of approximately 100 million for growth.

THE TWO POSSIBILITIES - What is certain is that news is expected shortly. "There are two main ways out of this impasse: **lower the price** or resort to a sovereign fund that can guarantee the necessary liquidity - explained the head of Equities at Banor SIM -. I think that a price reduction is more probable".

NO REPURCUSSIONS ON PRODUCTION - There will be no setbacks on the orders front for Ferretti. "I believe that the IPO extension will remain within the confines of the financial sphere, **without any effect on production**", concluded Meda. And on that front, in the first nine months of 2019, Ferretti announced that it had received orders for over 465 million euros, with an 18 percent increase compared to the same period of 2018. More specifically, Ferretti Security Division (FSD) received orders for patrol boats for maritime security and surveillance for approximately 20 million. The new model under the Wally brand, which was acquired by Ferretti last April, the 48 Wallytender, has already received orders for seven units and Ferretti Security Division has also secured an order for 16 patrol boats for the Carabinieri corps.

 Facebook/ Ferretti Group

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