

MARKETS



YEAR-END REVIEW | **Turning Points 2015** | January 2015

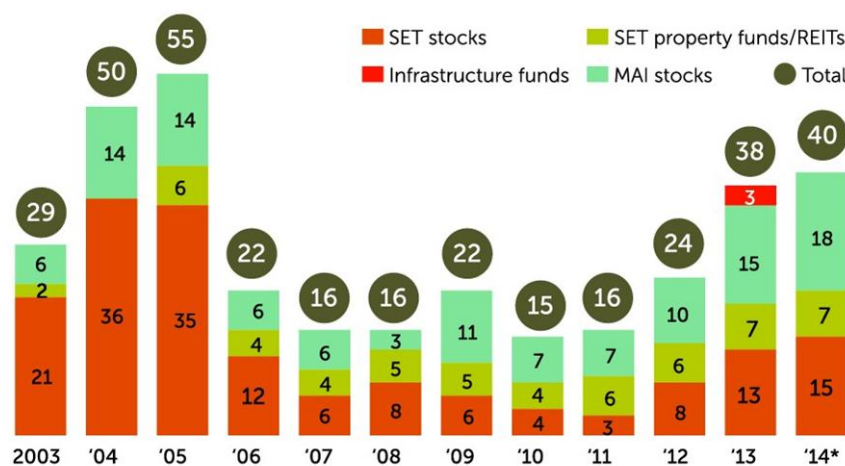
IPO run at a fever pitch

Investor interest in new shares is likely to continue into 2015, especially after their performance over the past 12 months

By Oranan Paweewun

A BUSY DECADE

The numbers of stocks and funds mobilising funds from the public from 2003-14



IPO CHAMPIONS

Stocks whose closing prices on first trading days more than doubled IPO prices (January to November 2014)

Symbol	First-day price	IPO price	% change	First trading date
Stock Exchange of Thailand				
• MTLs	11.90	5.50	116.36	Nov-26
• SAPPE	27.75	13.50	105.56	Jun-25
• TAE	5.60	2.00	180.00	Jun-05
Market for Alternative Investment				
• NCL	5.40	1.80	200.00	Nov-11
• SPA	5.10	1.70	200.00	Oct-31
• FSMART	5.10	2.50	104.00	Oct-14
• SMART	5.10	1.90	168.42	Oct-02
• RWI	4.80	1.60	200.00	Sep-18
• CCN	3.74	1.25	199.20	Sep-11
• LDC	4.50	1.50	200.00	Sep-02
• XO	4.46	2.20	102.73	Aug-25
• AIRA	1.88	0.75	150.67	Jul-07

Source: Stock Exchange of Thailand

Unit: Baht

Initial public offering (IPO) share listings that more than doubled shareholders' initial investments on their opening set a record in 2014, reinforcing the expectation that the thirst for IPOs could continue in 2015.

Shares of 12 companies more than doubled in value on their first trading days as of the end of November 2014, compared with eight in 2013 and seven the previous year.

Four of the 12 stocks hit the 200% ceiling on the first day, all of them small to mid-cap stocks listed on the Market for Alternative Investment (MAI). They were NCL International Logistics (NCL), Siam Wellness Group (SPA), Rayong Wire Industries (RWI) and LDC Dental (LDC).

Small to mid-cap stocks posted bigger first-day percentage gains than their larger peers, as nine of the 12 IPOs were on the MAI while two were on the Stock Exchange of Thailand (SET).

The ethanol producer Thai Agro Energy (TAE) was the largest first-day gainer on the SET with a rise of 180% from its IPO price of 2.00 baht. The automobile loan and refinancing service provider Muangthai Leasing (MTLS) added 116.36% from its IPO price of 5.50 baht, and the beverage and health drink producer Sappe (SAPPE) rose 105.56% from its IPO price of 13.50 baht.

Two of the 15 new companies listing on the SET in 2014 fell below their IPO prices, while only one among the 18 listed on the MAI flopped. Four of the seven property funds and real estate investment trusts (REIT) fell on their first day of trading.

The Thai Hotel Investment Freehold and Leasehold Property Fund, the largest IPO of 2014, yielded a 12% gain on opening day, the best performer among newly listed property funds and REITs.

Bangkok Airways (BA), the largest IPO among newly listed companies in 2014, had a weak first day despite cheerful sentiment from SPA's strong debut just a few days before. The flop came even after the company, which raised 13 billion baht from the IPO, cut its price to 25 baht a share — the middle of its indicative price range from 23 to 27 baht. The boutique airline still lost 12% on its opening day in early November.

Huge gains the first few days of trading have attracted investors to IPO shares in the hope of earning juicy returns, raising concerns over the potential hype of new issues. But the SET insisted there was no need for any measures to cool down IPOs, saying their stunning performances could be largely ascribed to their discounts and bullish market sentiment, buoyed in anticipation of higher economic growth in 2015.

Even though political protests dented investor appetite for risky assets the first five months of the year, the IPO market rebounded at a fast clip afterward. All told, 40 securities with market capitalisation of 278.16 billion baht raised a combined 101.29 billion from initial offerings during the 11 months through November.

The busiest period for IPOs in 2014 was October and November, featuring almost one-third of the listings, while the politically troubled first quarter saw only five IPOs.

Although the number of companies



Chanitr: 2015 to be another busy year

However, market capitalisation for newly listed securities in 2014 exceeded the SET's target at 240 billion baht, of which 210 billion was for the SET and 30 billion for the MAI.

SET president Kesara Manchusree said the exchange conservatively aimed for market capitalisation of newly listed securities in 2015 to be similar to the 2014 target.

She admitted it was difficult to find large companies to list on the stock markets, as most are already listed, so the new focus will be to try and solicit foreign companies to list and local companies and state enterprises to mobilise funding through REITs and infrastructure funds.

The Electricity Generating Authority of Thailand (Egat) is set to become the first state enterprise to test investor appetite in infrastructure funds. The country's largest power generator plans to raise up to 20 billion baht by offering such a fund to the public in the first quarter of 2015, with the goal of using the proceeds to fund construction of power plants and upgrade transmission networks.

If the planned Egat fundraising is a success it could encourage other state enterprises to follow suit amid the need for massive funding to finance the government's infrastructure development programme spanning eight years through 2022.

Chanitr Charnchainarong, the SET's executive vice-president and head of the issuer and listing division, said companies could continue to jump on the IPO bandwagon in 2015 because of the prevailing strong stock market sentiment and investor frenzy for new shares.



Kesara: Foreign firms next target

going public was higher than in 2013, the amount of funds raised was far smaller than the record tally of 191.6 billion baht in the previous year. This reflected two huge IPOs the year before: the 62.5-billion-baht BTS Rail

Mass Transit Growth Infrastructure Fund (BTSGIF), and the 58.81-billion-baht True Telecommunication Growth Infrastructure Fund (TRUEGIF) both listed in 2013.