

Toro sets IPO price

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INSURANCE

Toro sets price for IPO at €11.25

By Tony Barber in Rome

Toro, the Italian insurance company, will be launched on the Milan stock market this week at a price of €11.25 a share in Italy's biggest initial public offering this year.

De Agostini, the unlisted Italian publishing group, has sold 30 per cent of Toro in a deal raising €615m and valuing the insurer at €2.05bn (\$2.6bn).

If, as expected, a green-shoe option is fully subscribed, another 5 per cent of Toro will be sold, leaving De Agostini with 65 per cent of the insurer.

Toro is Italy's fourth largest property and casualty insurance company and was bought by De Agostini in 2003 from Fiat, Italy's largest industrial group, for €2.38bn.

Since then, De Agostini has reshaped Toro's operations, concentrating on its core insurance businesses. De Agostini recently sold Toro's 7 per cent stake in Lottomatica, the Italian lottery company, to Mediobanca, the investment bank, for €164m, netting a €71m capital gain for Toro.

In July 2003, soon after it acquired Toro, De Agostini sold France's Continental Holding group, an insurer and asset management company, to Generali, the Italian insurer, for €290m.

Toro's stock market debut is welcome news for Italy's IPO market, which has been relatively subdued in recent years. Excluding the privatisation of state-owned assets such as Enel, the utility giant, Toro's launch is the biggest private sector IPO in Italy for four years.

Some 30 per cent of the IPO is going to Italian retail investors, among whom demand was so strong that there were more than 150,000 applicants, making the offer more than six times subscribed. The other 70 per cent is going to institutional investors, in France, Switzerland and the UK as well as Italy.

Toro's initial price is slightly above the mid-range of €10-€12 a share at which

bankers have been marketing the stock over the past two weeks. Trading in Toro's shares is due to start on Wednesday. Lehman Brothers, the investment bank, served as joint global co-ordinator and book-runner for the IPO. The financial adviser was Credit Suisse First Boston.