

KKR, tech companies to go public this week

13 July 2010, By TALİ ARBEL , AP Business Writer

(AP) -- A handful of young technology companies are expected to kick off the market for initial public offerings in the third quarter on a hopeful note.

Demand for IPOs was volatile during the second quarter as economic uncertainty weighed on stock markets, and numerous companies canceled IPOs or slashed prices. But a couple debuts had blowout first trading days, including options exchange CBOE Holdings Inc. and electric car maker Tesla Motors Inc.

This week's new listings include [private equity firm](#) KKR & Co. LP, the parent of private equity firm Kohlberg Kravis Roberts, which launches Thursday on the New York Stock Exchange. It plans to register 204.9 million common units worth about \$1.93 billion and said it may later raise about \$500 million in a share offering.

KKR originally sought a U.S. listing in July 2007, hoping to raise as much as \$1.25 billion, but it shelved those plans when the financial crisis hit.

Three young tech companies - long the IPO market's mainstay - stand out among firms that plan to raise money this week:

- RealD Inc., which supplies projectors for 3-D cinema screens and glasses for viewers;
- SMART Technologies Inc., a Canadian company that makes interactive white boards; and
- Qlik Technologies Inc., a provider of business intelligence software;

SMART aims to raise about \$600 million, likely the biggest deal of the week, but it expects to net only \$135 million or so because 75 percent of the shares are being sold by stockholders, including chip maker Intel Corp.

SMART says its touch-screen, flat-panel displays - used most often in classrooms - command 48 percent of the worldwide market for such products.

Federal stimulus money for education has helped bolster its revenue since February 2009, the company said. It has nearly \$1 billion in long-term debt and plans to use \$59 million of the IPO proceeds to repay some of that.

RealD expects to benefit from the growing appetite for watching movies in 3-D. AMC Entertainment Inc., Cinemark Holdings Inc. and Regal Entertainment Group license RealD's technology, which it says is used on nearly 6,000 of the nation's 7,500 3-D movie theater screens.

The Beverly Hills, Calif., company, founded in 2003, is planning to raise about \$151 million.

Qlik, whose software analyzes costs and organizes and finds information, expects to raise about \$101 million in its IPO. Active in the U.S. since 2004, the Radnor, Pa., company's clients range from small businesses to major corporations such as Campbell Soup Co. and Qualcomm Inc.

Qlik's revenue grew by one-third last year, and by nearly two-thirds in the first six months of 2010, but Qlik said in an SEC filing that it doesn't expect to sustain that growth rate.

"We're very positive on Qlik and RealD," said Richard Schultz, president of Triad Securities, a brokerage firm in New York that tracks IPOs.

But it's an IPO market "still in recovery," said PricewaterhouseCoopers' Scott Gehsmann. With broad uncertainty about the strength of the economic rebound, it's hard for companies with less name recognition than Tesla to take off in first-day trading.

During the second quarter, 17 companies canceled IPOs as the Standard & Poor's 500 index dropped nearly 12 percent, and only 39 companies went public in the whole period, according to auditing firm PricewaterhouseCoopers. That may be 69 percent more than a year earlier, but it's only half the number of companies that went public in the

same period in 2007.

Still, there is hope in the backlog of companies waiting to go public. And if Qlik, RealD and SMART's IPOs go well, "that's more evidence that perhaps (IPOs) are coming into a better period," said Scott Sweet of IPOBoutique.

Also going public this week is coal producer Oxford Resource Partners LP, a Coshocton, Ohio company seeking to raise about \$166 million. It cut the deal's size on July 2, saying it will offer units for \$18 to \$20 rather than \$19 to \$21.

Coal consumption slid 10.7 percent in 2009, according to the government's Energy Information Administration. The EIA predicts demand will recover moderately, while production will grow 3.6 percent in 2011.

The company is offering an annual dividend of at least \$1.75 per common unit for investors.

©2010 The Associated Press. All rights reserved.
This material may not be published, broadcast, rewritten or redistributed.

APA citation: KKR, tech companies to go public this week (2010, July 13) retrieved 17 May 2021 from <https://phys.org/news/2010-07-kkk-tech-companies-week.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.