

Pirelli hits accelerator on Italy relisting

MILAN, Italy: Pirelli will be relisted on the Milan bourse on 4 October 2017 following the biggest new share offer in Europe this year, the tyre maker announced this week.



The manufacturer, an icon of Italian industry famous for providing Formula One racing tyres, was delisted in 2015 after being bought out by state-owned ChemChina.

The Chinese group has since incorporated Pirelli's truck tyre business into its Aeolus unit, while the premium end of its activity - high-tech car tyres - has been left within the company that will be floated next month in Milan.

"A 145-year-old startup," was how chief executive Marco Tronchetti Provera described the reshaped business.

The earlier-than-expected return to market will follow a ten-day initial public offering which got underway Monday with shares in the new company priced between €6.30 and €8.30, valuing Pirelli at €6.3-8.3bn (\$7.5-9.9bn).



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Ilse van den Berg 19 Sep 2017



Tronchetti Provera said the integration of Pirelli's industrial tyre business into Shanghai-listed Aeolus had gone much more quickly than expected and that the early listing had also been driven by "extraordinary growth" on the consumer tyre side of the business.

The company, which had sales of €4.97bn in 2016, is pitching its shares on the back of a forecast of growth of at least nine percent a year through 2020, at which point the 70-year-old CEO expects to step down.

With 35-40% of the company's shares to be made available, the IPO will reduce ChemChina's stake, held through the Marco Polo holding company, to below 50%.

Tronchetti backed the 2015 deal with ChemChina as the best way to prevent Pirelli becoming a target for hostile takeover attempts.

He underlined Monday that the new Chinese owners had shown great respect for the company's Italian roots and said its headquarters and control of its technological know-how would remain in Italy unless 90% of shareholders agreed otherwise.

"The future of Pirelli is in excellent hands," he said, hinting that he had already designated a successor from within his inner circle.

Source: AFP

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