

The Banker

DEALS

— OF THE —

YEAR

2018

EQUITIES - AMERICAS

WINNER: CFE'S IPO

Financial adviser to CFE: Evercore

Joint global coordinators: Evercore,
Goldman Sachs

Bookrunners: Barclays, BBVA Bancomer,
Morgan Stanley, Santander

The initial public offering (IPO) of CFE's Fibra-E opened Mexico's public energy sector to a new form of financing. It was also the first time that this new asset class could be bought and traded by international investors.

A Fibra is Mexico's version of a real estate investment trust. The Fibra-E is a refinement of this, designed to encourage investment in energy assets. Like a master limited partnership in the US, it allows outside investment in assets with tax breaks for investors. While some Mexicans see this as privatisation by the back door, the companies retain control of the assets in the Fibra-E.

The Fibra-E was officially introduced in 2015, but has taken some time to get going. Comisión Federal de Electricidad (CFE) is Mexico's state-owned electricity utility and, together with oil company Pemex, an obvious candidate for a Fibra-E. It acknowledges the time-consuming difficulties of preparation, which included various legal and regulatory changes, as well as the painstaking process of separating assets and revenues prior to placement in a trust. By February 2018, CFE was finally ready to come to market.



THE IPO WAS AN ALL-PRIMARY OFFERING OF 750 MILLION SHARES PLUS AN OVER-ALLOTMENT OPTION OF 112.5 MILLION SHARES ●●

The IPO was an all-primary offering of 750 million shares plus an over-allotment option of 112.5 million shares. As the first Fibra-E to be publicly traded in international markets, it attracted interest from investors in the US, Canada, UK, Chile and Australia, among others.

Market volatility towards the end of the roadshow did not help, but the transaction was ultimately oversubscribed. Initial demand was said to have been above 25bn pesos (\$1.31bn). Proceeds ultimately totalled 16.38bn pesos, with the exercise of the over-allotment option. Local investors took 67% of the deal, with Mexican pension funds to the fore, while international investors bought 33%.