

Clare Baldwin

Clare Baldwin's Profile

KKR to underwrite IPO of portfolio company NXP

MAY 24, 2010 17:18 EDT

NEW YORK (Reuters) – Private equity firm Kohlberg Kravis Roberts & Co <KKR.UL> is planning to help underwrite the initial public offering of Dutch-based NXP Semiconductors, according to an updated regulatory filing on Monday.

KKR is unusual among private equity firms in underwriting flotations. The private equity giant has had a capital markets team since 2007 and struck a deal last June with mutual fund giant Fidelity Investments to sell shares in IPOs to retail customers.

It helped underwrite the recent IPOs of portfolio companies Dollar General Corp <DG.N>, a discount retailer, and Avago Technologies Ltd <AVGO.O>.

The underwriters on the NXP offering now include Credit Suisse, Goldman Sachs & Co, Morgan Stanley, Bank of America Merrill Lynch, Barclays Capital, JPMorgan, KKR, Fortis Bank Nederland, HSBC and Rabo Securities.

KKR along with Bain Capital, Silver Lake Partners, Apax and AlInvest Partners bought an 80 percent stake in NXP in 2006 from Philips Electronics NV <PHG.AS>.

Philips has about a 20 percent stake in the company.

"It's one last chance to try to squeeze a little more cash out of the deal," said Timothy Pollock, a professor of management at Penn State University's Smeal College of Business.

IPOX Capital Management Managing Director Darren Fabric agreed.

"It's not out of the ordinary. Goldman Sachs takes companies public that they have a private equity relationship with," he said. "Obviously they're looking for new sources of revenue."

KKR declined to comment.

Eindhoven, Netherlands-based NXP narrowed its net loss 43 percent from a year earlier to \$336 million in the quarter ended April 4.

The company has not yet to set terms for the IPO but has filed to raise up to \$1.15 billion. It said it will use proceeds from the offering to repay debt.

(Reporting by Clare Baldwin; Editing by Richard Chang)

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