

Capital Market: Going Public Again an Alternative for Medium-Sized Companies

During the past months, going public was simply not an option for most medium-sized companies in Germany. But since the stock market prices have been gaining stability, the capital market is becoming more interesting also for smaller companies. Particularly high-tech companies have the potential to rise quickly in a stable stock market environment.

by *Christian Schnell*



Going public can pay off also for smaller companies. Source: ap

FRANKFURT. Their names are Initiation Enterprises Company, Blue Planet Environment or Emission & Power Solutions: All of those companies entered the so-called Open Market at the German Stock Exchange in the past weeks. This confirmed the purpose of the international orientation of this segment, which was previously known as “over-the-counter market”. However, German medium-sized companies – part of the target group of this stock exchange segment – made only little use of it during the past months. Also the other segments with, for instance, considerably higher reporting requirements attracted only very few new listings.

“Everywhere else in the world, the market is already back in full swing”, says Stefan Gratzner, head of German ECM Business at Credit Suisse. Therefore, he is confident that also in Germany, companies will again entertain plans of going public in the near future – provided that the stock market environment remains stable and investors have large sums at their disposal.

Until then, we can expect mostly minor news on capital market activities from the German sector of small and middle enterprises. One of those recent news stories was on Zooplus, an online dealer for small animal products. This company switched from the little regulated stock market segment “Entry Standard” to the “Prime Standard” segment at the end of October. As reason, the company cited their investors’ request for higher transparency. Particularly international investors demand that business reports be also available in English.

“When we listed our company on the Entry Standard in May 2008, we announced that this would be only our first step into the capital market. Now we’re taking the next step”, says Cornelius Patt, CEO of Zooplus. The list of companies that started out small in the capital market and continued to grow over time has become considerably longer over the past few years. Well-known examples are the solar companies Phoenix Solar and Roth & Rau, which in the meantime even managed to move up into the technology index TecDax.

However, it will be a few days until other companies will be similarly successful. Market rumors have it that some candidates are ready to go in the weeks before Christmas, and also the beginning of the new year augurs well for such endeavors, but neither names nor financial scope of possible activities are known. However, according to experts the wait won’t be long.

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