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Helios Underwriting Mulls GBP20 Mln Share Issue for Acquisitions

Helios Underwriting PLC shares rose Wednesday after it said it is considering a 20-million-pound (\$25.7 million) share issue, to take advantage of new opportunities for growth in a hardening market.

Shares at 0701 GMT were up 14 pence, or 15%, at 110 pence.

The company, which buys businesses in the Lloyd's of London insurance market, said discussions with potential investors had focused around an issue price of 120 pence a share, a premium of around 25% to its closing mid-market price on Oct. 6 and a 42% discount to its adjusted net asset value.

An issue at this price and a raise of no more than GBP20 million would limit shareholder dilution, Helios added.

As part of the fundraising, Helios said it intends to acquire a limited liability vehicle from each of Chief Executive Nigel Hanbury and Chief Financial Officer Arthur Manners for a combined consideration of GBP5.5 million, to be settled through the issue of new shares and cash. Helios said the deal would allow the executives to continue to invest in the company within the context of the fundraising.

"We remain convinced that this is a period of unprecedented opportunity for Helios, with a hardening market coupled with the opportunities we see to increase capacity from pre-emptions, make further limited loan vehicle acquisitions and participate in capacity auctions, all of which would be value enhancing for our shareholders," said Chief Executive Nigel Hanbury