

Metals USA shares drop in IPO debut

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This week's IPO crop was a flashback to the turbulent market of this winter.

One initial public offering priced below expectations, a private equity-backed IPO sank in its debut and two companies postponed coming to market.

While metal processor Metals USA Holdings Corp. bulked up its initial public offering and sold shares for more than it had expected, the stock stumbled in its debut Friday.

Metals USA raised about \$239.4 million after selling 11.4 million shares for \$21 apiece. But in afternoon trading Friday, the shares were down \$1.30, or 6.2 percent, to \$19.70.

The Fort Lauderdale, Fla., company, a provider of processed carbon steel, stainless steel, aluminum and roofing products, plans to use the proceeds to repurchase debt. It was taken public by private equity firm Apollo Management LP, which did not initially sell any of its stake but was offering about 1.6 million shares to cover excess demand.

IPO analyst Francis Gaskins said competitor Reliance Steel & Aluminum Co. was a "better buy" for investors because it is more profitable. Still, improvements in the stock market, the country's economic outlook and the pickup in IPOs have made initial investors feel more comfortable, he said — Metals USA didn't price below expectations as several other private equity-backed companies had earlier this year.

Meanwhile, digital storage company Nexsan Corp. postponed its \$55 million IPO due to "market conditions," said Keith Lister, head of Thomas Weisel's syndicate desk, on Friday. Thomas Weisel is the underwriter.

Biotechnology company Tengion Inc. priced its IPO below expectations, raising \$30 million.

It sold 6 million shares to initial investors for \$5 apiece, below the expected price range of \$8 to \$10, said Chad Burton, head of Piper Jaffray's administration group

The company said in a regulatory filing that its auditors have raised doubt about its ability to continue as a going concern.

Shares were expected to list on the Nasdaq under the symbol "TNGN" Friday, but had not yet begun trading at midday.

On Monday, Chinese advertising company Redgate Media Group postponed its IPO

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after cutting its asking price for shares.

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