

City relief as GSK's Haleon gets £31 billion float away

THERE was relief in the [City](#) today as the hottest stock market float of the year got off to a decent start amid a near drought in listings that has led to fears of a jobs cull in the [Square Mile](#).

Haleon, a spin off from [GSK](#), opened today at 330p which valued the company behind Sensodyne, Panadol and Chapstick at £31 billion. It soon rose 3p to 333p, in line with a wider rise in the [FTSE 100](#).

A share price fall would have caused further jitters in London, which has seen new listings almost disappear this year as companies pulled floats and fund managers burnt by recent deals became reluctant to put up fresh money.

Haleon's float was seen as a litmus test for the strength of the City and perhaps of the direction of travel for the rest of the year.

Chris Beckett, the head of equity research at Quilter Cheviot, said: "This is an important moment for the UK stock market as it has been dominated for a number of years oil, mining and financial companies."

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It is the largest listing on the London Stock Exchange in a decade and the largest demerger in Europe in the last 20 years.

Glencore, which listed at £38 billion back in £38 billion, is the last float of similar scale.

CEO Brian McNamara said "This is a significant milestone for Haleon. Guided by our clear purpose and with a world class portfolio of brands that people know and trust, we stand ready to help address consumer needs and make better everyday health more achievable, inclusive and sustainable. Consumer health has never been more important than it is today, and I am delighted that Haleon, as an independent company, is ready to pursue our ambitions."

GSK earlier turned down a £50 billion bid from Unilever for Haleon, with CEO Emma Walmsley insisting it had a brighter future on its own. GSK's pharma and vaccines arm has always had a higher profile, heightened since Covid-19.

How Haleon does this year will be watched closely by businesses and bankers worried about inflation and a possible global recession.

Susannah Streeter at Hargreaves Lansdown said: "There may be a volatile period of trading ahead for the company particularly due to the cost inflation which has whipped up across the consumer goods industry. But given its successful products, such as Sensodyne toothpaste and Advil and Voltaren pain killers, are household names, the brand pulling power of this new consumer big beast should help it hang onto customers, who may trade down other products in shopping baskets instead. "

Danni Hewson, financial analyst at AJ Bell said: "With a market value of approximately £31 billion, investors might be wondering why GSK didn't accept the much higher bid from Unilever. While Haleon owns some well-known brands including Sensodyne and Advil, that may not be enough to entice a line of buyers for the stock. Shoppers are increasingly going for supermarket own-label products as the cost of living crisis hits, with plenty of cheaper options for toothpaste and headache tablets than those sold by Haleon. That raises the risk of Haleon struggling to deliver meaningful earnings growth in the near-term, which is hardly the best start to life as a standalone business."