SEASONED EQUITY OFFERINGS: DETERMINING THE CHARACTERISTICS OF MALAYSIAN FIRMS IN CONSUMERS PRODUCT INDUSTRIES

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ABSTRACT

Seasoned equity offerings (SEOs) are sales of stock after the initial public offering. It was to raise funds from the sale of stock rather issuing additional debt. I, the author, adopt a method that been had used to predict the characteristic of firms that likely to undertake the form of financing through SEO. The technique was based on logistic regression where by the firm specific variables are acquired from the perspective of the firm's returned earning, cash-flow investment, net income, capital expenditure and long-term debt. A software package called SPSS (Statistical Package for the Social Sciences) is being used in finding and analyzing the data. In order to observe the relationship between the Dependent variable, likelihood of firm choosing SEO, and the independent variables, returned earning, cash-flow investment, net income, capital expenditure and long-term debt, wald test produced by SPSS are used for analysis during this research.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

These research study were aiming at determining the characteristics of Malaysian firms in consumers product industries that likely will choose SEO as a method of financing. That is, this study is to look at the factors that Malaysian firms would probably undertake SEO.

1.2 Background

Seasoned equity offerings (SEOs), which were descriptively termed subordinate equity offerings that were issued by stock of a firm that was been completed from the primary issue. In capital structure perception, a firm can increase in the long-term funds by applying internal financing funds available. The probability that internal funds may be inadequate to meet the long-term needs to meet the new product development, in order to expand their facilities, the amount that need to be acquired in capital by raising the fund from exterior sources develops an alternative to the Seasoned Equity Offerings. The term of borrowings from financial institutions, or distributing common stock determined a seasoned equity offering to the current or new shareholders (selling equity). This paper is directed toward forecasting the likelihood that a firm would