



# MANAGING COMMUNICATIONS AROUND IPO

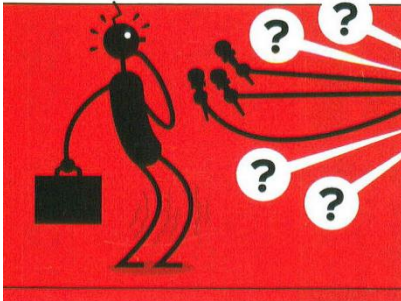
*Why communications matter?*

Abu Dhabi	Milan
Beijing	Munich
Berlin	New York
Brussels	Paris
Dallas	San Francisco
Dubai	Sao Paolo
Frankfurt	Shanghai
Hong Kong	Stockholm
Johannesburg	Vienna
London	Washington, D.C.

# WHY IS PR RELEVANT IN AN IPO?

...because the media will write and broadcast, regardless

Overt cynicism about business objectives



Speculation and intrusion on directors' personal wealth



Highest profile moment in company's history



Extremely intense process



# IPO OPPORTUNITIES AND CHALLENGES

*Becoming public offers well-known advantages but the challenges should not be underestimated*

## *Opportunities*

- **Access to capital**
- **Exit/ liquidity**
- **Profile**
- **Discipline**

## *Challenges*

- **Complicated process**
  - Takes several months
  - Significant time commitment
  - Due diligence
- **Need to reassure investors**
  - Focus on potential concerns
  - Need to secure support for equity story
- **Ongoing obligations post-listing**
  - Financial reporting
  - Price sensitive news reporting
  - Proactive communication with investors
  - Engagement with analyst and media audiences

# CHANGING LANDSCAPE

*Beyond the usual challenges and opportunities arising from IPOs, there are new considerations to be taken into account*



- Everybody is an activist
- Higher financial literacy expanding the stakeholder universe



- Tighter timeframes, faster cycles
- Information flow increasing pressure and reducing reaction time



- The market becoming increasingly global, crowded and competitive
- “Soft” factors making a difference in current markets

# CURRENT IPO ENVIRONMENT

## Market Agenda

## Media Agenda

Business model

Track record and prospects

Provenance

Personalities

Risk appetite

Brands / reputation

Notional IPO discount

Legacy issues

Timing

Transparency and governance

Macro-economic uncertainty

Pay

## Float will expose Direct Line to harsher comparisons

**Jonathan Guthrie**

LOMBARD

Hanging with homely Ringo helped John

continues. But RBS insurance hopes costs are now built into premiums. Goldman Sachs and Morgan Stanley will doubtless stress just how superior RBS insurance is to peers when promoting the sale of the first tranche of shares, pencilled in for October or September. Worries about Admiral's business model have cut 14 per cent from the value of the shares over a year. RBA is deeply out of favour. But Edmund Flanagan of Shore

bolstered profits from core businesses yesterday by lumping in those of RBS insurance. Hard to think of a unit more non-core than one that European Union trustbusters have ordered you to sell. **Consob story** Zhou Enlai reputedly said it was "too early to tell" what impact the French Revolution had. Giuseppe Vegas of Italian

LCH Clearnet. This would give Gorgonzola Hall, as the exchange was known to the Victorians, necessary vertical integration. But some of LCH Clearnet's shareholders banks are already thought to be skittish, fearing a loss of revenues from their SwapClear joint venture with LCH. LCH never seems to get any easier for the LSE's soigneuse boss, Xavier Rolet.

marketing high-end leather accessories was less socially useful than being a midwife, or whatever. Brand Cameron needs repositioning after Dave attacked WH Smith for selling cheap sweets to fatties. And who buys shoes at Smith's when there's Hotel Chocolat, anyway? No, I said, why not praise power of enterprise to change lives for the better? Because without the money from the wallpaper biz, no way could an oak

Daily Mail

Flotation funds low as investors stay wary

## The Lex Column

### IPOs and cashing out

The initial public offering market used to be like a slot machine that owners used to cash out their investments. Not any more. Since the financial crisis began "skin in the game" has been a must. In



# KEY ISSUES TO CONSIDER

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## RATIONALE FOR LISTING

- Preparedness for the move
- Difficult market conditions – is the timing right?
- Real motivations for listing

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## CORPORATE GOVERNANCE

- Independence of Board
- Credibility of NEDs
- Remuneration and reporting
- Legacy issues

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## OWNERSHIP STRUCTURE

- Size of free float
- State ownership
- Vulnerability of minority shareholders
- Retail shareholders?

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## RISK & VALUATION

- Operational challenges
- State involvement
- Realistic valuation
- Russia discount

# IPO PLANNING

*IPO is an extremely intense process which requires careful planning*

## *Before IPO*

- Appoint advisors
- Agree process & timing
- Define corporate identity, build basic materials
- Establish external presence
- Prepare the management team for external engagement

## *During IPO*

- Focus on book-building and valuation
- Tight timetable, little time for preparation
- Materials to be produced in line with the Prospectus
- Initial engagement with external audiences
- Balancing investor expectations and media speculation

IDENTIFY KEY  
AUDIENCES

1

BUILD SOLID  
EQUITY STORY

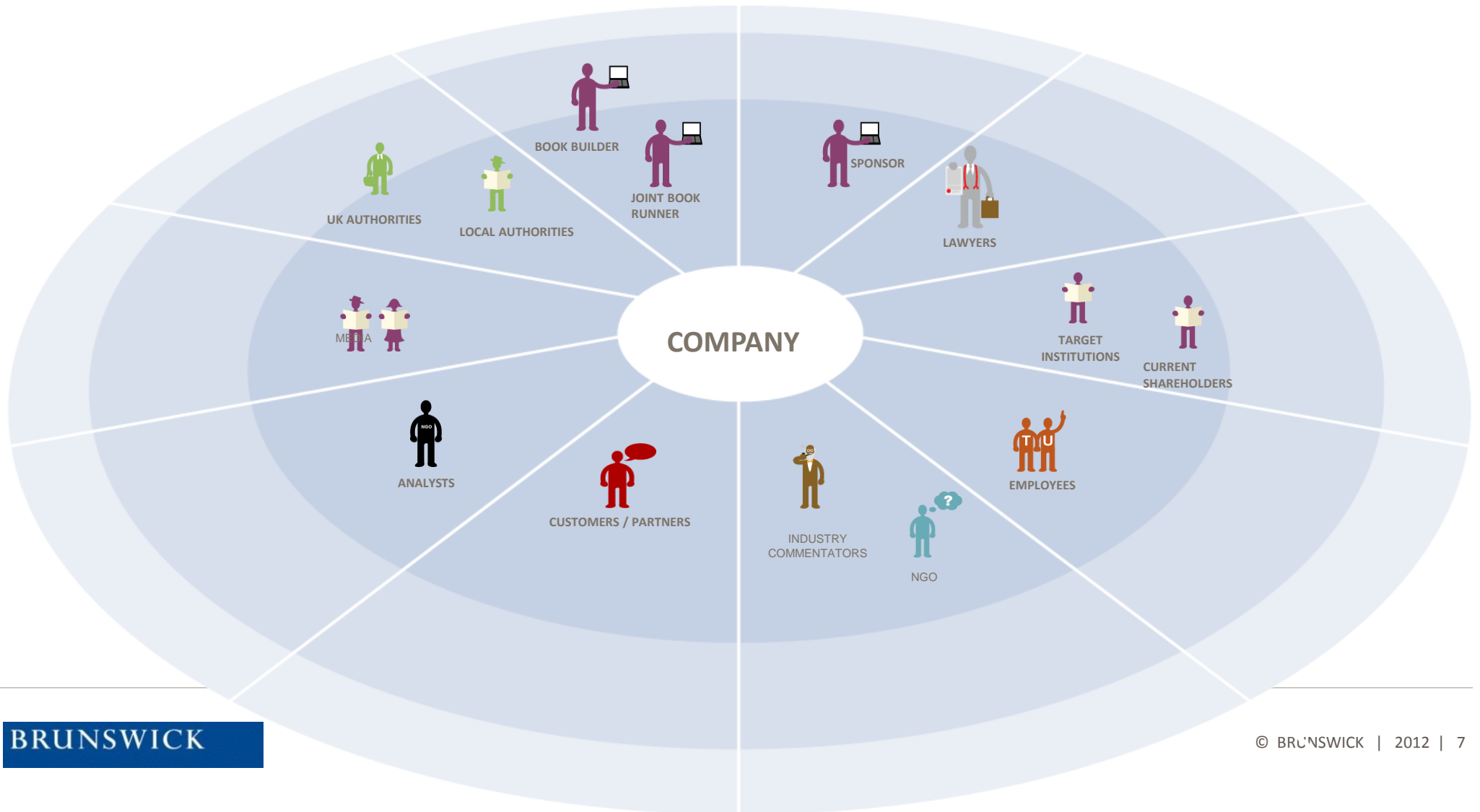
2

SECURE RIGHT  
VALUATION

3

# 1

## IDENTIFY KEY AUDIENCES





# 2 BUILD SOLID EQUITY STORY

*IPO as a means to an end*



- Develop compelling equity story
  - Attractive investment case
  - Solid market position and differentiation from peers
  - Strong and committed management team
- Make story delivery convincing
  - Messaging consistently reflected across all materials
  - Prepare the management team to tell the story
- Secure support for the story
  - Engagement plan to build understanding of the story
  - Identify a 'fan club'

# 3

## SECURE RIGHT VALUATION

*Critical in determining success of the IPO*

### *Market focus*

- Focus of marketing on value parameters
- Different from price:
  - Investment criteria vary between buyers
  - Potential IPO discount
- Continuous process, market environment
- Objective criteria vs. “soft factors”

### *PR focus*

- Ensure value case is understood
- Develop strong narrative to underpin valuation
- Monitor market for speculation
- Counter-balance efforts to drive the price down

# CRITICAL PATH BEYOND IPO

Financial Calendar Planning

Website

Day 41

Media programme

Analyst & Media Site Visits

Speaking opportunities

- First set of results planning and trading updates

- Investor / CSR pages
- Disclosure and transparency

- Analyst presentation / investor day

- Building relationships

- Non-aligned analysts to visit
- Media to visit separately

- Investor conferences, industry events

# LIFE AS A LISTED COMPANY

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## SECURE CLEAR POSITIONING

- Set a clear vision
- Identify key milestones
- Demonstrate delivery
- Differentiate from peers

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## BUILD TRUST AND SUPPORT

- Implement best practice investor communications
- Secure confidence in the management team
- Demonstrate commitment to transparency

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## MANAGE FLOW OF INFORMATION

- Be prepared to react quickly and openly
- Communicate on the company's day-to-day news
- Manage expectations of all audiences

# MAKE A DIFFERENCE



COMMUNICATING IS A MUST,  
NOT AN OPTION



DEFY PRECONCEPTIONS,  
FOCUS ON VALUE CASE