

# Listing Forum

## Going Public - Unlocking the Value of Your Company

### *Preparing Your Company to Go Public - Key Considerations*

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## LIMITATIONS & DISCLAIMERS

*This presentation is intended to provide a brief general overview on key considerations for preparing your company to go public.*

*This presentation is not intended as a substitute for specific professional advice on any matter and should not be relied on for that purpose.*

*The information presented in this presentation is of a general nature, and has been prepared for high level awareness purpose only. As such, specific advice must be obtained from your investment advisers or other appropriate advisers or regulators.*



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## Introduction

Preparing for the transition (going to public)  
should begin early  
since responsibilities, financial structure, and management policies are  
fundamentally different before and after an IPO.

## Methods of Listing

### *Compliance listing:*

- ▶ Compared to IPO (Initial Public Offering), compliance listing is relatively:
  - Simple
  - Cost effective
  - Easy to manage.
- ▶ Generally, a company meets substantially all the listing requirements at the time of application and applies to get listed.
- ▶ Used by companies registered as a public company with adequate shareholder base.

### *Public Offering*

- ▶ Company applies for listing with public offering of its securities.
- ▶ The public offering of securities can be either:
  - securities to be newly issued by the company; or
  - securities sold by one or more existing security holders.
- ▶ After the close of the public offering, the company expects to meet the listing requirements and gets listed.

## Benefit of Listing

- ▶ Access to capital
- ▶ Improved corporate reputation & higher visibility
- ▶ Share value appreciation
- ▶ Enhanced wealth & liquidity for the owner
- ▶ Tax incentives
- ▶ Investment marked to market
- ▶ Succession planning
- ▶ Institutional investment
- ▶ Ability to take advantage of acquisition opportunities
- ▶ Employee commitment
- ▶ Better disclosures
- ▶ Improved performance
- ▶ Clearance and settlement system

*(Source: Guide to Listing on South Pacific Stock Exchange, Publication by SPSE)*



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## Business Conditions

- ▶ Business is perceived by the capital market on the number of factors, including:
  - Outlook of the industry sector in which business operates
  - Competitive advantage
  - Growth prospects
  - Earnings history and financial forecasts
  - Quality of management team
  - Profile and background of directors and shareholders
  - Governance processes.

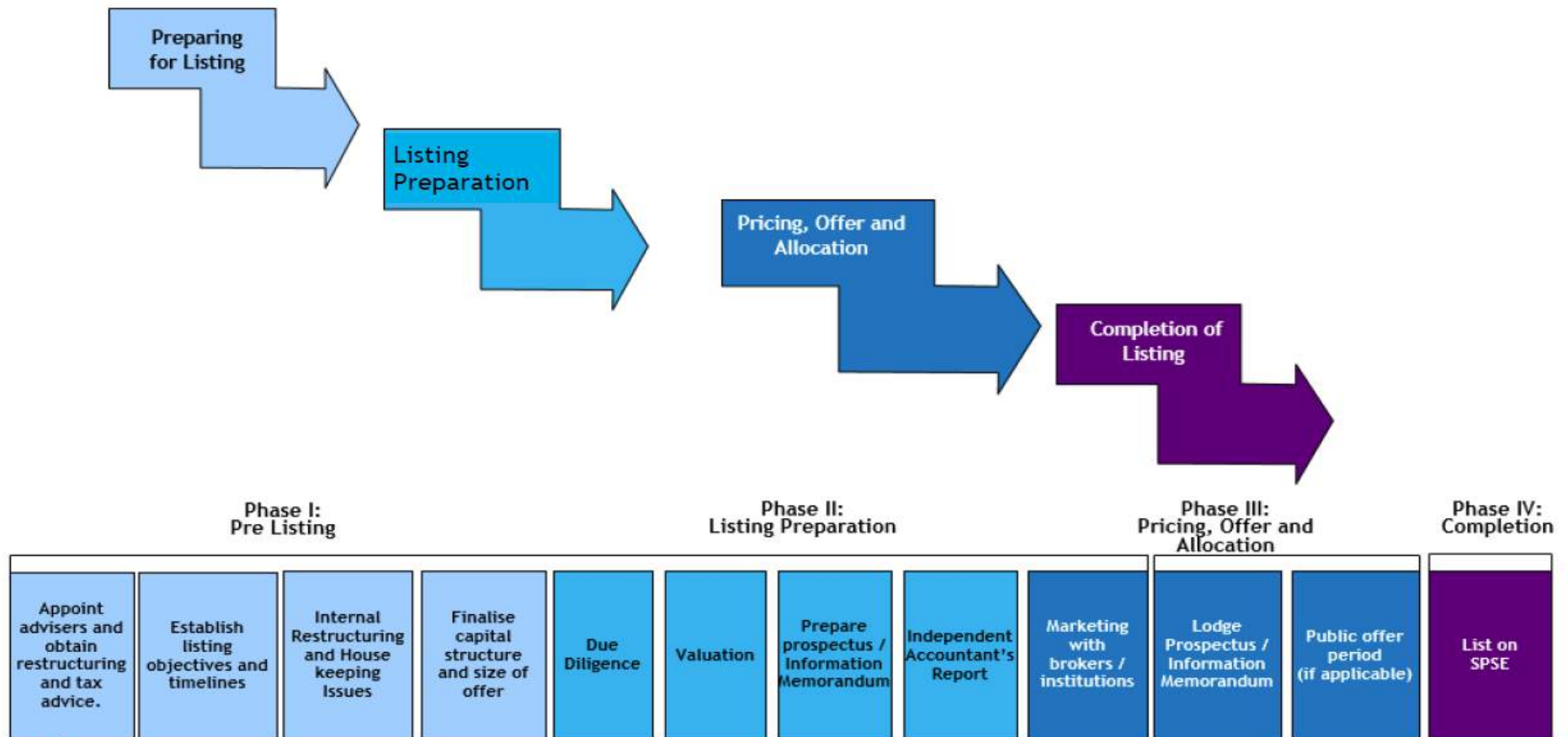
## Factors to Consider Before Listing

- ▶ Where is your current business plan taking you?
- ▶ What are your likely capital requirements?
- ▶ How strong is your competitive position and how can it be maintained or strengthened?
- ▶ What is the quality of your management team (board level and throughout the company)?
- ▶ Are all members of the management working to the same agenda?
- ▶ What outside advice and perspective such as non-executive directors does the board have access to?
- ▶ What will attract investors to the company?
- ▶ Are you ready to commit time to communicating with investors?
- ▶ How will you ensure long-term success?
- ▶ How will you use the money that will be raised?

*(Source: Guide to Listing on South Pacific Stock Exchange, Publication by SPSE)*

## Listing Process Overview

Listing process may involve the process as below:







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## Phase I - Pre Listing

### ▶ Appoint advisers

- Investment advisers and listing managers
- Lawyers
- Valuers
- Taskforce - internal
- Independent accountant
- Lead brokers

### ▶ Obtain restructuring and tax advice

- Financial advice
- Advice on business and corporate structure, and required restructuring
- Advice on capital and capital structure
- Tax advice
- Regulatory advice



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## Phase I - Pre Listing (Cont'd)

### ▶ Establish listing objectives and timelines

- Listing objectives
  - capital raising, expansion plans, governance, exit strategy, succession planning, etc
- IPO amount, target investors,
- Timeline for listing

## Phase I - Pre Listing (Cont'd)

### ▶ Internal Restructuring and Housekeeping Issues

- Business - restructuring and reorganisation, alignments
- Corporate structure - restructuring and reorganisation
- Capital structure
- Financial statements
  - internal due diligence, financial restructuring, financial reporting matters, accounting standards
- Continuity of management - executive contracts, corporate management agreements, etc
- Shareholders agreement
- Employee share plan
- Contracts and agreements, employment contracts, contracts with related parties
- Taxation advice
- FRCA confirmations
- Board restructure, independent directors
- Governance structure and framework, board subcommittees, audit and risk management
- Annual audits
- Budgets and projections
- Strategic plan



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## Phase I - Pre Listing (Cont'd)

- ▶ Finalise capital structure and size of offer
  - Restructuring of capital
  - Conversion of loan to equity
  - Share split
  - Size of offer

## Phase II - Listing Preparation

### ▶ Due Diligence

- Due Diligence Committee
- Due Diligence by listing manager/ investment advisor
- Related party transaction
- Contracts and Agreements
- Due Diligence Information Package

### ▶ Valuations

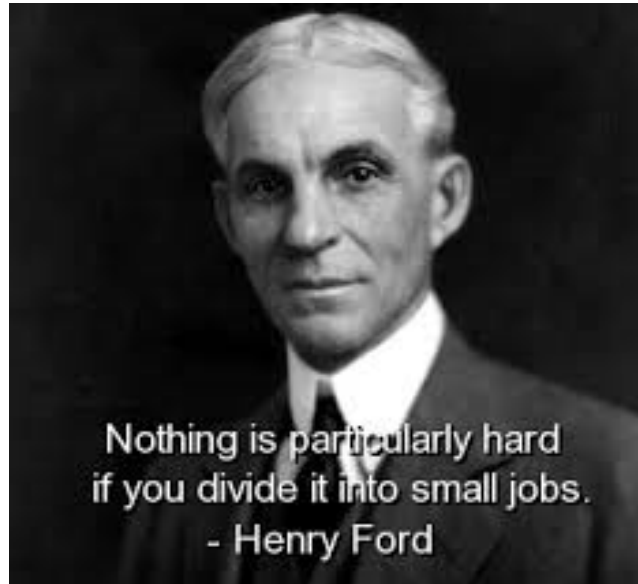
- Valuation of individual businesses
- Valuation of corporate entity to be listed

### ▶ Prepare prospectus/ Information Memorandum

- Prospectus/ IM
  - the most critical document
- Finalisation, approvals, sign off
- Formal application for final approval

### ▶ Independent Accountant's Report

- Independent Accountants' Report on Historical Financial Summary and Financial Forecast



*In the 20th century, the United States endured two world wars and other traumatic and expensive military conflicts; the Depression; a dozen or so recessions and financial panics; oil shocks; a flu epidemic; and the resignation of a disgraced president. Yet the Dow rose from 66 to 11,497.*

*Warren Buffett*

Q & A