



Strategic option - IPO

Advantages of capital markets for
high-growth and scale-up companies

September 2018



The IPO value journey

Case studies

Strategic considerations
IPO planning

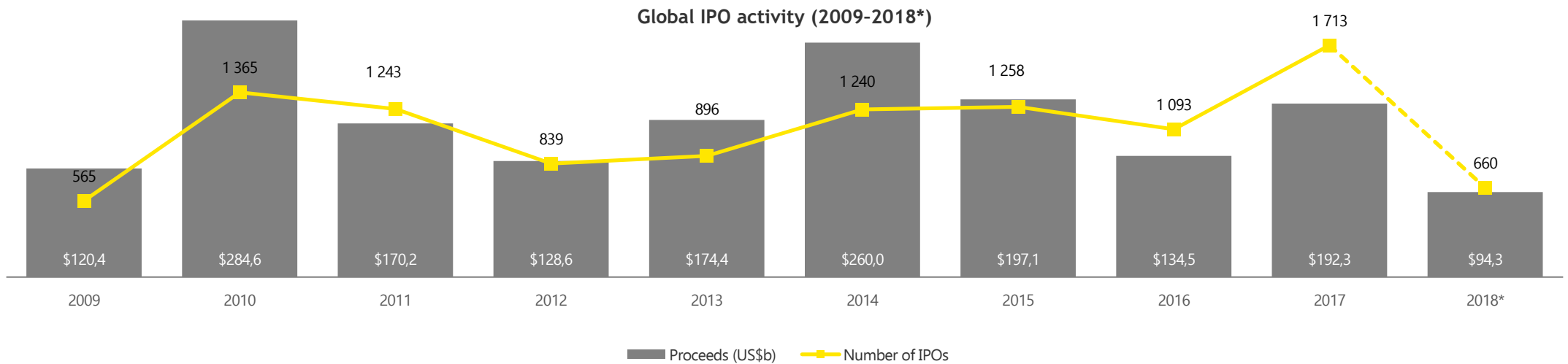
IPO preparation

IPO transaction

Being public

IPO

The IPO value journey Global IPO activity



Data for YTD 2018 (i.e., 2018) is based on priced IPOs from 1 January to 16 September 2018 plus expected IPOs by the end of September; data is up to 16 September, 9:00 a.m. India time. Source: Dealogic, EY.

From Zero to IPO US case studies



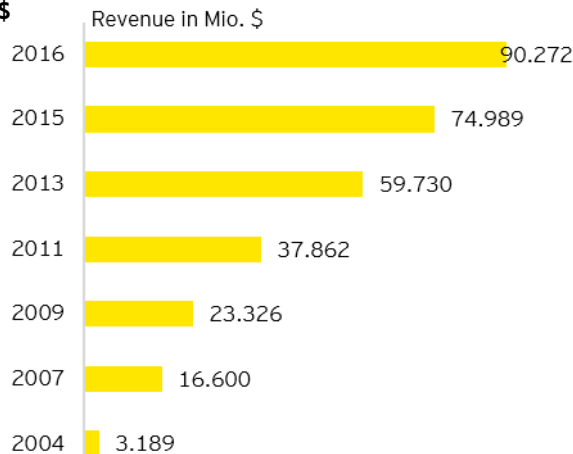
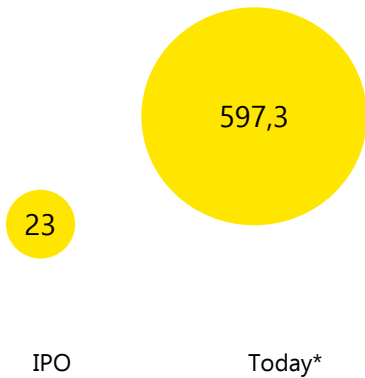
2.496 % market cap. performance since IPO

Company:
Industry:
Located:
Founded:
IPO:

Google Inc.
Internet
US
1998
2004

Google
6 years
from
Zero to
IPO

total market capitalization in billion \$



Source: de.statista.com, www.finanzen.net *18.08.2017



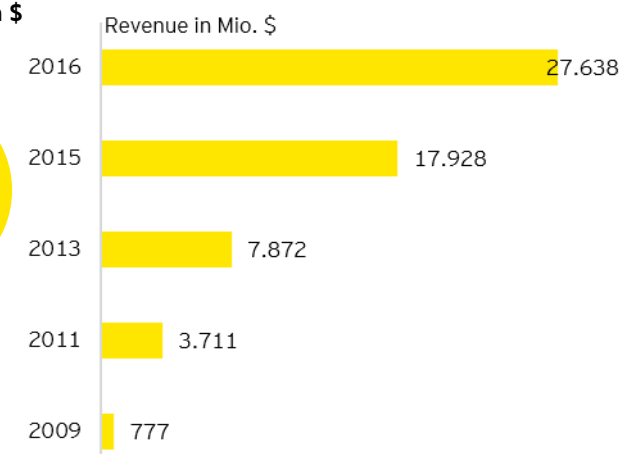
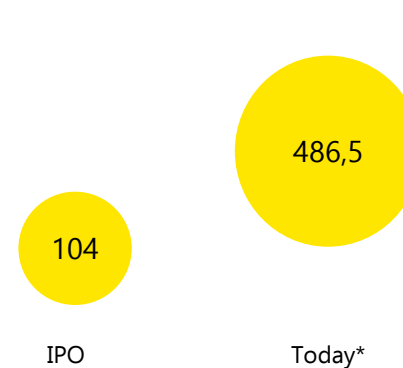
367 % market cap. performance since IPO

Company:
Industry:
Located:
Founded:
IPO:

Facebook Inc.
Social network
US
2004
2012

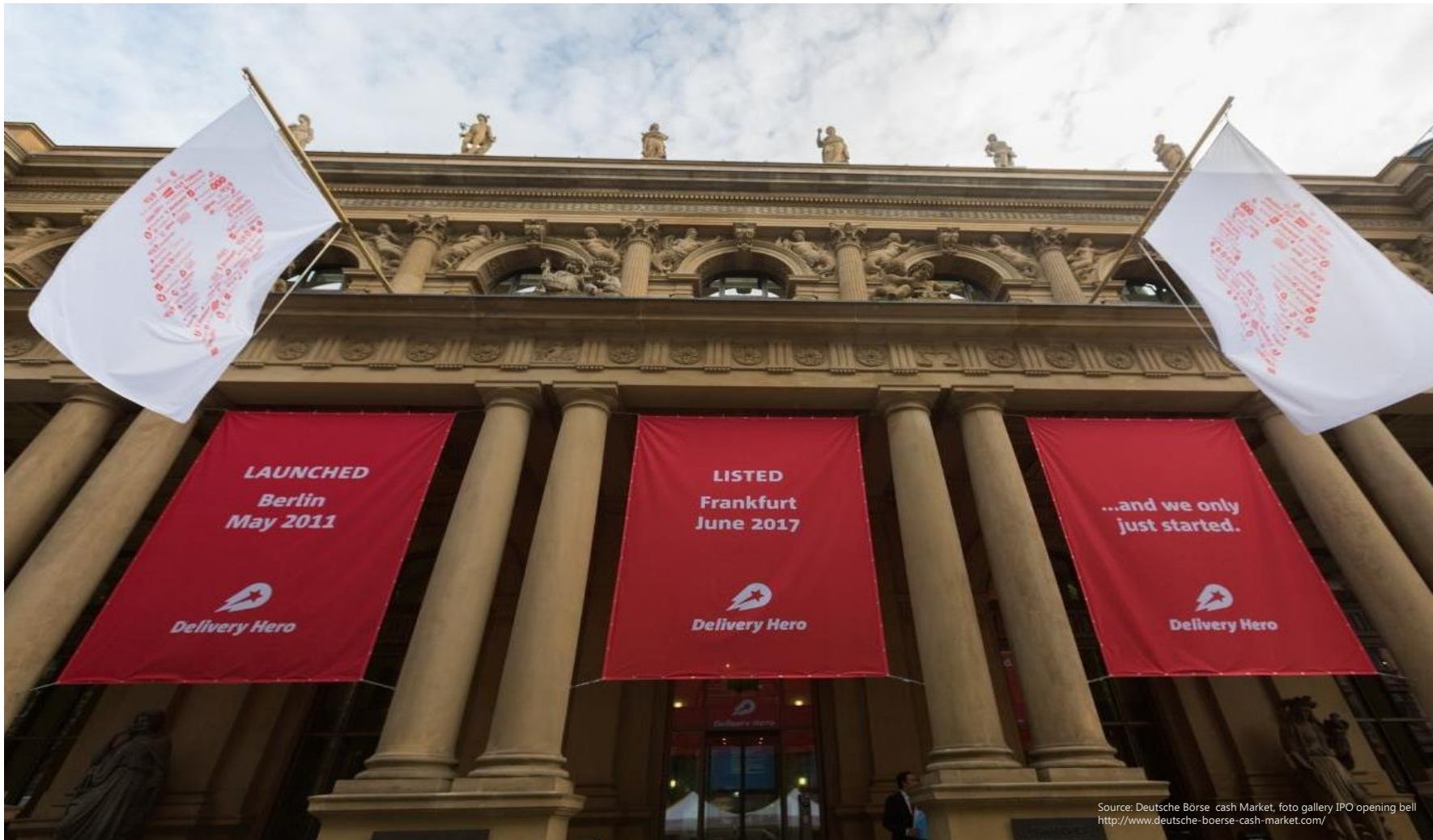
facebook
8 years
from
Zero to
IPO

total market capitalization in billion \$



Source: investor.fb.com, www.finanzen.net *18.08.2017

IPO is a start and a milestone in your growth trajectory and value journey



Source: Deutsche Börse cash Market, foto gallery IPO opening bell
<http://www.deutsche-boerse-cash-market.com/>

Why going public?

Value of an IPO



Value of an IPO as a strategic option Typical company situations and expectations



Balancing the motivation for the IPO with the pros and cons of a floatation

+ Pros

- **Efficient access to capital** markets to raise money through equity and bond offerings
- Flexibility to trade shares with high liquidity and **daily valuation**
- Greater attention, **better brand recognition** and prestige with consumers
- Shares functioning as new **liquid M&A currency**
- Potential to **diversify wealth** on shareholder side
- Enhanced ability to attract, retain and **reward valued employees** as listed company
- Opportunity to bond and **incentivize key people** with long-term incentive plans

- Cons

- **Time-consuming tasks**, particularly investor relations
- Greater **transparency and disclosure requirements**
- Total IPO floatation **costs**
- Add-on costs associated with the **ongoing requirements** as listed company
- New investors with **voting rights**
- **Pressure to deliver** on your promises
- Corporate governance duties



How getting prepared?

Achieving IPO readiness

Value of an IPO as a strategic option

Typical company situations and expectations



Sources: Webpages Stock exchanges

What are important areas of IPO readiness? Tailor-made scope with an holistic approach



Start the IPO value journey



1 Build and prepare your company for funding and exit readiness to preserve transaction **optionality from day 1**

2 Have a great **CEO and CFO** in place as the faces of the company to investors

3 Form a compelling **equity story**, keep telling it, listen to investors response and fine-tune it accordingly - achieving a fair valuation

4 **Over-deliver** your milestone plan and key performance indicators on expectations and show a clear path to profitability

5 Build the **right team** - a board contributing with important new perspectives and make sure you have reputable advisors



6 At some point invest in robust internal administrative and **financial systems** and build out capabilities early

7 Strengthen relationships, build trust and educate key **investors** well in advance of an equity transaction

8 Embark on the **IPO value journey** 2-3 years before IPO and when the timing is right

9 Identify and resolve potential readiness gaps early in the IPO-readiness process – starting with an **IPO readiness assessment**

10 Communicate carefully your aspirations on funding options and have a plan B to better **navigate the unexpected**

Contact

Let's stay in touch

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