



Share of Voice
**IPO communications issues for
CEE companies**

Mmd | Corporate, Public Affairs
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- Group Financial PR practice head; President Mmd's Eurasia Strategies Group. 15 years international consulting experience; including 13 IPOs. Cambridge University law graduate; ex-banker with Lazards
- IPOs include: AMP (conversion from mutual status & IPO), Northern Rock (bank, conversion & IPO); adidas, Groupe Pechiney (privatization), JJB Sports, UTC Telecoms (NASDAQ), Rosneft (LSE & Russia's then largest ever), TMK IPO (19x oversubscribed), current TGK5 utility IPO in Russia
- Other matters: RealKredit Danmark CMO debt program, 'Russian aluminium wars', BP-TNK and Tatneft minority shareholder disputes. UK Parliamentary inquiry into Baring Collapse (for ING); lobbying EU commission on Capital Adequacy Directives II and III for UK/US financial interests. Political consultancy for Lehman Brothers
- Also worked with Nike, Blue Circle Industries, Cantor Fitzgerald, FTSE International, Amsterdam Exchanges (AEX), NASDAQ

Issues for CEE IPOs

- Legacy issues (corporate and country)
- Investor targeting – ‘emerging Europe’ or mainstream?
- Size and liquidity
- A ‘local’ opportunity or a European one
- Growth dynamics: bidder or target?
- Governance, transparency & trust
- Choice of Exchange: capital raising / liquidity vs. politics
- Sustained quality and understanding of what Investor Relations really entails

Rosneft – a case study



- \$ 10.8 billion raised: Russia's largest ever IPO (world's 5th largest); LSE's then largest
- Pricing during G8 and with 'energy security' as background 'mood music' to the offer; The Yukos affair
- Legacy issues: minorities' consolidation issues etc, 'dancing with Menatep'
- Company as 'lightening rod' for western media comments about President Putin's macro-energy & foreign strategy
- Unusually, IPO affected by last-minute English High Court injunction, defeated

Key PR needs for IPO

- All necessary communications tools well in place before beginning IPO process – before the *guillotine letter* from the Listing’s lawyers
- Clear articulation of why the IPO is happening, a crisp strategy and business goals
- All communications tools established beforehand, especially corporate advertising
- Ideally you should start the communications process, getting your firm *familiar* to international investor audiences, long before you start the IPO process
- Build PR into the IPO ‘SWAT’ committee

Using a 'SWAT' committee

- Fast-track issues of thorny issues that cross
 - Due diligence
 - Deal structure and pricing
 - Deal marketing/PR
 - Market environment/PR
- Remembering that in IPOs PR is a valuation issue, ensures PR gets appropriate attention and turn-around (vs. prospectus writing)
- Chaired by Company's lead IPO handler, one empowered nominee from banks, lawyers, in-house financial/legal and PRs

The IPO PR Process

The process can be defined in five phases:
Upgrade communications structure and tools

1. Corporate Awareness
2. IPO Marketing
3. Listing day
4. Post IPO: The Aftermarket

What is distinctive compared to other forms of PR, however, is how much you cannot say and how often you cannot say it

Thus your PR rifle shots are rare, don't waste them

Staying front of mind

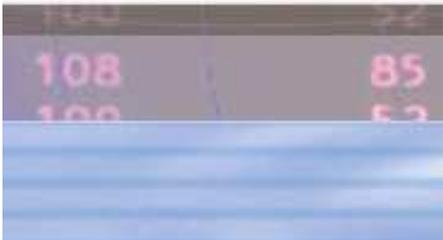
The underlying purpose of IR is to ensure that the company attains the best sustainable share price that reflects the issuers' performance and future prospects. Specifically, IR seeks to:

- Keep liquidity!
- Retain existing investors / attract new investors
- Differentiate the company from competing investment opportunities
- Increase understanding of company's future and growth
- Deepen knowledge of underlying earnings dynamics
- Manage expectations of analysts and investors to avoid surprises and unnecessary volatility



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