

The IPO Transaction Process

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1. Overview on the IPO process

- Preparation
- Research
- Pre-Marketing
- Marketing
- IPO
- After IPO

Structuring an IPO – A Global Approach

PREPARATION		RESEARCH POSITIONING industry trends industry profile competitors	PRE MARKETING TARGETED APPROACH key investors	MARKETING ROADSHOWS key investors management commitment	AFTER IPO SUPPORT MARKTE MAKING price stabilization green shoe option liquidity provider
INFORMATION market data prospectus research	COMMUNICATION annual reports company's portrait PR / IR				
FINANCIALS audited accounts forecasts	IPO float new shares	INVESTMENT CASE strategy sales growth profit growth & opportunities strengths weakness & risks	FEEDBACK on price and demand	PR adds interviews website	RESEARCH notes and updates investors dialogue
CORPORATE STRUCTURE Capital board of directors					



To do's

Preparation

- Coordination of advisors due diligence
- Advice on capital structure debt / capital capital increase
- Preparation of prospectus
- Arrangement for listing of shares
- Support recruitment of board of directors members
- Preparation of analyst meeting
- Training management for roadshows
- Preparation of roadshow material
- Production of research brochure
- Monitoring of syndicate analyst research
- Organisation of roadshows in Europe
- Preparation of legal documentation

12 – 16 weeks

Execution

- Intensive premarketing with key investors
- Analyses of feedback
- Fine tuning for determining price range
- Prospectus published and sent to investors
- Advice and logistical support on roadshow
- Effective deployment of equity sales force
- Monitoring of demand
- Coordination and control of syndicate
- Presentation of pricing recommendation
- Allotment of shares
- Settlement if issue

4 weeks

Follow-up

- Active market making
- Active stabilisation
- Securing liquidity and close spreads
- Execute greenshoe

30 days

After IPO

- implementation of an investors relation program
- Setting up investors data base
- Communication with stock exchange
- IR and PR events

On going

1. Counsels tasks in the IPO process

■ **Counsel to the Company**

- Engagement Letter with Bank
- Corporate Actions (Group Structure, Share Capital)
- Communication Guidelines / Leak Statements
- FFF programs / ESOP

■ **Counsel to the Bank/Transaction**

- Due Diligence / Prospectus drafting
- Underwriting Agreement

Panellists:

■ Legal Issues:

Luiz Octavio Duarte Lopes; Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados (Brazil)

■ Practical advices for a successful IPO:

Larry Markowitz; McMillan Binch Mendelsohn LLP (Canada)

■ Due Diligence Issues:

Marcelo Magalhães Fernandes; Deloitte Touche Tohmatsu (Brazil)

2. What role do the lawyers play?

Luiz Octavio Duarte Lopes, Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados, Brazil

- Is there a need for more than one (transaction) lawyer – why?
- Fees arrangements – risk sharing by success fees?
- Legal opinions – is there a practical use if the disclaimers carve out any potential risk?
- Drafting prospectus and drafting sessions: Are we on the right path if nobody reads the prospectus and if somebody reads it then we hide the real risk in a bunch of (more or less irrelevant) risk factors?

3. Practical advice for a successful IPO

Larry Markowitz, McMillan Binch Mendelsohn LLP, Canada

- Beauty Parades: What are the criteria that really matter to select the investment bank and what are the key issues in the engagement letter
- How to choose the right stock exchange?
- Legal points: When, what, with whom?
- Setting the price right – dilemma between greed and waste of valuable resources
- Communication: The dance on ice re: managing the expectations and sales pitch

4. Due Diligence – auditor, issuer, underwriter

**Marcelo Magalhães Fernandes , Deloitte Touche Tohmatsu,
Brazil**

- Due Diligence for the IPO: Easy and fast since the companies are usually start-ups not having many documents or thorough work?
- Is there a duty to consult foreign communicating lawyers for the company's business abroad and specialised consultants for social security, environmental and tax law?
- Confidentiality does not cause any problems – the bank is sworn to secrecy by banking law
- Is there a need for the bank to see the Due Diligence Report at all, or is the Legal Opinion of the lawyer sufficient?
- What is the benefit if the lawyer to the company is involved by means of a Legal Opinion?

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