GUIDE TO
Executing a successful IPO
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Introduction

Welcome to the BVCA *Guide to executing a successful IPO*, the latest in a series of guides published by the BVCA to serve as an introduction to private equity trends, investment strategies and new markets.

The public markets have not been a friend to private equity since the financial crisis. Investor confidence and fears over the global economy, particularly in Europe, made what was once a well-trodden exit route for private equity-backed companies into a virtual no-go zone save for a handful of hardy souls.

The turnaround over the last 12 months has been striking. Investors, buoyed by the return of economic growth and the promise of better times ahead, have been eager for new offerings, and after years of careful portfolio maintenance, private equity and venture capital houses are more than happy to meet this demand.

At the time of writing there has been talk of ‘IPO fatigue’, a notion in itself based on the dramatic uptick in the number of businesses, private equity-backed or not, coming to market. Whilst it is currently too early to tell whether this is in fact a trend or merely a brief pause in proceedings, what can be said is the IPO window is most definitely open.

This guide is aimed at both private equity and venture capital houses considering a flotation of an investee company as well the investee companies themselves. Launching an IPO process is not for the faint-hearted. From the importance of the equity story to running a dual-track process, governance structures and regulatory issues, there are a multitude of areas which need to be addressed by anyone considering an IPO. What we hope to do over the following pages is provide you with an overview of some of the key considerations required in preparations for public life.

We hope you find this guide both useful and rewarding, and we would like to thank PwC for its support.
Foreword

The IPO market in London is stronger than we have seen for some time. In the absence of volatility and any major geopolitical market shocks, an IPO exit route for a private equity (PE) investment is now a viable path.

In recent years we witnessed investors reacting with a degree of distrust towards PE-backed companies seeking an IPO, but this is increasingly a thing of the past and we are now seeing about 50% of total European IPO proceeds being raised from PE-backed investments.

The pipeline of PE assets coming to market remains buoyant and competitive, with a wide range of assets, from consumer and retail, to financial services and technology.

In light of this resurgence we have designed this guide to lay out key considerations and tips on how to drive value and minimise risk in the planning and execution phases of an IPO.

As you take the first step to going public – you will be

• gathering the necessary business, financial and marketing data to support your equity story
• determining the tax and legal structure as soon as possible
• managing communication with the regulator to ensure the required clearances are obtained and
• embarking on the all-important road show to sell the deal

We hope that this brochure helps you and your portfolio companies in undertaking your IPO journey. There are certain decisions and issues which come up time and time again and by thinking of these early on we believe you can maximise the efficiency of the listing and therefore concentrate on maximising the value of your business.

Mark Pugh
Partner
PwC
The IPO process consists of three distinct parts:

A. Planning – understanding your objectives and honestly assessing your readiness.

B. Execution – running separate IPO workstreams to deliver key requirements.

C. Completion – selling your business to potential investors.

To drive this process it is critical to have an IPO project leader identified who is responsible for bringing the whole process together.

Although there are various stakeholders and advisers working with you and supporting management in the process, a strong and dedicated IPO leader is key to being able to direct the flow of information. They will be responsible for making day-to-day decisions and to ensure the control of the process is retained by the company and its shareholders.

Getting started

Many management teams find the IPO process daunting. Undergoing an honest assessment of how ready you are is fundamental to determine what is needed to get your house in order before you open the doors to public inspection and scrutiny.

What should you assess?

- **Which market** – choosing where to list is one of the most important decisions you will make, whether you are planning an IPO or a secondary listing. As the financial markets become increasingly global, companies may look outside their local market to achieve their ambitions. We saw 35 cross border IPOs into Europe alone last year.

Choosing the most appropriate market may not be straightforward and will depend on a number of questions including:

- stage in your company’s development
- your overall growth strategy and objectives
- regulatory requirements on each exchange (initial and ongoing)
- speed and efficiency of listing
- cost involved in the initial process and ongoing
- what type of investors may be interested in your company or sector

**Figure 3: The building blocks of going public are as follows:**

![Figure 3: The building blocks of going public are as follows](image-url)
**The IPO process**

- **Financial track record** – do you have financial statements in an acceptable GAAP? Are the consolidated financial statements already prepared and audited? Have you considered acquisitions and disposals in the three-year track record period? Is your segment presentation optimal in comparison to your peers and complimentary to your equity story?

While these are questions that concern external reporting, they can also be as easily applied to internal management reporting. The board and management will need to get the information they need to run the business and report to the market on a timely basis. Often this can lead to the redesign of internal reporting packages to ensure all key performance indicators are being reported up through the business.

- **Governance** – Working out what you have in place against the applicable corporate governance code is a relatively simple exercise. Working out how to effectively remediate gaps is more involved as no one solution fits all.

- **Management team** – Do you have the right team not only for your business but also from an investor standpoint? Key management should have the right credentials, know your business and the team should have depth.

- **Executive compensation** – There continues to be deep focus on executive compensation. Therefore a sensible plan should be put in place which both attracts and retains key management but also rewards them for increasing shareholder value. These plans should be comparable with the industry norm and take into account the tax consequences for the individual.

- **Related party transactions** – Related party dealings will be reported publicly and therefore all arrangements and transactions with affiliates such as officers, directors or major shareholders should be captured, assessed and documented. This can involve lawyers, underwriters and accountants who will assess existing relationships for any terms which may delay regulatory approval or indeed dilute value.

- **Tax and structuring** – Determining who the issuer will be, where it is incorporated, assessing tax jurisdiction and the capital structure on IPO are fundamental points to be discussed at the planning stage so you can understand the options available.

- **Investor relations** – Investor relations is the face of your company and this function should be embedded as early on as possible. In this digital age there are many methods of communication which can be used for establishing your presence with potential investors.

A successful IPO requires a three-step plan – assessing readiness, planning to be ready and remediating any gaps. The considerations above may not all be relevant in all circumstances and there may be other areas which can come to prominence during the process. But what is important is that change is embedded quickly so that functioning as a publicly listed company is as smooth as possible.

“An honest assessment of IPO readiness is an invaluable tool for highlighting critical areas that need to be addressed as part of an IPO process and for preparing for life as a public company. This allows you to remediate any gaps in an organised and timely manner and minimise the risk of unforeseen issues arising during the time critical weeks running up to the IPO.”

Mark Hughes, Partner, Capital Markets, PwC

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**Figure 4: Cross-border IPO activity 2013**

Source: IPO Watch 2013 analysis
Maximising value at IPO – the equity story

Your IPO is an opportunity for you to define how your company is positioned in the market. Even if you already enjoy a high public profile and may have raised debt in the public market, the IPO represents a different level of disclosure, with a very clear focus on the future prospects of your business. It sets the tone for all subsequent market interactions by your company and provides the criteria against which future performance will be judged.

The basis for this positioning in the market place is your equity story – which is, in essence, a very clear and cogent explanation as to why investors should buy the stock.

There is no set formula as to how this should be laid out, but in every case the key is to take the core facts about the business and translate these into a well-substantiated rationale for why your equity story will reliably exhibit certain attractive financial characteristics.

**Know your investors**

Those who need to understand and buy into your equity story are typically generalist portfolio managers who will be evaluating each IPO as one potential financial instrument to buy versus all the other investment opportunities available to them. This has important implications:

- The business description and selling points need to translate clearly into profit, growth and returns. Potential investors are buying a financial instrument with certain defined characteristics and the equity story is all about substantiating those.
- The total package needs to be attractive in its own right – it is not just about being strong in a given sector but having a compelling returns profile.
- The three “C”s: the equity story needs to be crisp, comprehensible and compelling in a world where investment opportunities are often competing for attention.

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**Figure 5: Framework for equity story**

- Addressable market
- Specific opportunity and drivers
- Competitive market position
- Business structure
- Operating efficiency
- Scalability
- Capital required to fund growth
- Financing structure
- Strength of capital management

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“Well investors are realistic that circumstances change and businesses evolve, but the decision to reposition strategy and KPIs in the aftermarket requires careful management, and would likely raise concern if done soon after the IPO was priced.”

Peter Whelan, Partner, Equity Advisory Services, PwC
Components of the equity story and investor focus areas

There is no one right answer as to what makes an optimal equity story given the very broad variety of business models and sector dynamics. An illustrative framework for translating a business plan into an equity story is shown in figure 5.

How and when to prepare

Once the syndicate has been appointed and the IPO process has been formally kicked off, the management team will be expected to provide a detailed presentation of the business to the banks.

This presentation is critical as it sets the tone for how the equity story will be laid out in all subsequent disclosure – for example, in both the prospectus and the analyst and investor presentations. Businesses and their owners should ensure their equity story is in a good state and well substantiated, ready for this presentation.

Some key preparatory steps could include:

• Thorough testing of the business plan, including downside sensitivities, with management and stakeholders fully ‘bought in’.
• Reviewing financial disclosure and segmentation and ensuring that there is alignment between this and the drivers to be laid out in the equity story for the market.
• Ensuring the model is sufficiently sophisticated to be able to respond to detailed potential bank queries as to operational performance.
• Assessing the need for third-party validation (market and other experts’ reports) and commencing discussions with providers as appropriate.
• Starting to build a working draft equity story, with the assistance of external advisers as required.
• Creating a working Q&A document, including identification of risks and weaknesses and how those are mitigated.
• Building a ‘research model’ to establish the forecasts that would likely be generated by analysts on the basis of the information to be provided – to ensure that the company will be positioned to beat estimates.

And lastly, the equity story will endure into listed company life. The management team will continue to be measured and monitored on how they will deliver against the strategic priorities, beat the financial forecasts established by analysts in their deal research, and show progress against non-financial KPIs disclosed at IPO.

“It is worth observing that investors typically cite the quality of management team as their number one priority in evaluating an IPO opportunity. They will need to see the “whites of their eyes” and test them in order to be confident that they can deliver the equity story.”

Clifford Tompsett, Partner, PwC IPO Centre

Key takeaways – developing a strong equity story:

• A powerful equity story translates into profit, growth and returns.
• Adhere to the 3 C’s - be crisp, comprehensible and compelling.
• There is no one right answer as to what makes an optimal equity story – just make sure it is the right message for you.
• Test your business plan thoroughly and know and understand the risks and mitigations.
• Walk the talk – you will be measured against the equity story once public.
Running an effective dual-track process

Recently, one of the common requests from shareholders is their desire for optionality. Many IPOs are kicked off as part of a dual-track process, with a private sales process being openly publicised or a statement from the shareholder that they would be open to a sale if the opportunity presented itself.

A dual-track process has a number of key advantages in that it can set valuation expectations, increase market interest and promote the company in the eyes of the investor. Having said that it also adds a degree of complexity as the sale and IPO processes sometimes have conflicting goals.

The following areas of focus are important to both an IPO and a sale process:

- **Performance metrics** – In both processes there will be focus on the quality of earnings and key performance metrics. Often this manifests itself in the presentation of an adjusted EBITDA measure which adjusts certain non-cash, non-recurring or exceptional items. Care should be taken over which adjustments are presented in the public offering documents. Often this forms the keystone of the presentation to analysts, rating agencies and buy-side teams. If using non-financial KPIs consideration should be given to how robust and consistent the data is as it will need to stand up to legal verification for a public process.

- **Liquidity and working capital** – There will also be consideration of the level of working capital required and amount of debt and debt like items on the balance sheet. Leverage ratios are often scrutinised by investors on IPO wanting to understand what the capital structure of the listed group will be going forward.

Figure 6: Running the transaction phase – example of a ‘dual-track’ process
“It is important that all options and strategies are considered at the front end in order that common work streams and key decision points are identified early on. This increases optimisation of processes and eliminates inefficiencies, where possible.”

Lisa Hooker, Partner, Transaction Services, PwC

- **Forecasting** – A sale process tends to look out three to five years whereas a working capital statement, required for the prospectus will look out 18-24 months. There may be slight differences in assumptions and outlook but in the main these two models should be produced on a relatively similar basis.

- **Offering Materials** – Although there are many required disclosures for a prospectus or registration statement, there are also many similarities to an offer document for a sale. The business, strategy and trend analysis flow through both a listing and the selling materials and therefore can be put together early on in the process.

While there are some synergies there are also distinct IPO work streams which cannot be left until a decision is made on which route to progress. The three key areas to focus on are:

- **Financial track record** – The three year historical track record must be prepared in accordance with IFRS for most exchanges, and additional disclosures are required for public companies. There is the potential need for interim financial statements depending on the timeframe for listing, and the segmental presentation should support the equity story.

- **Govemance** – It is important to establish high quality corporate governance standards as early on in the process as possible. These will be underpinned by robust management information and management reporting systems and an experienced board of directors. New directors should be brought on board as early as possible. This will help to bring them up to speed and educate them on the culture, commercial and operational aspects of the business.

- **Planning the optimal company structure for IPO** – moving from a private equity structure to a public company deleveraged model can lead to a change in taxes. This should be carefully considered when reassessing the tax structure and debt package for the IPO.

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**Key takeaways – running an effective dual track process**

- Careful and rigorous planning is needed to protect management and the demands placed on them from two, sometimes competing, workstreams.

- Maintaining optionality may come at the price of being cost effective.

- Identify a strong project manager who understands both an IPO and a sales process.

- If undertaking a refinancing, ensure change of control clauses are flexible and take into account IPO scenarios.

- When financial modelling for both tracks, link the different models and ensure they are flexible – it allows changes and modifications to flow through both concurrently.

“Optionality is key to pursuing a successful exit strategy. We have seen only too often the markets closing at a moment’s notice so a dual track process can help shareholders maintain value and reach a successful outcome. If planned well, this dual track process can be a key weapon in beating volatility.”

James Fillingham, Partner, Transaction Services, PwC
Structuring your IPO

Getting the right company or group structure in place is critical to driving value and efficiency. Structuring considerations should include the following:

New company or existing holding company?
While both options are possible, we more often see a new company being incorporated with the purpose of being the issuer of the securities. This new company has the advantage of providing a ‘clean’ company for investors to invest in. Key considerations would include:

- Can the existing top company legally re-register as a plc (as required under the UK Companies Act 2006)
- The marketability of the issuer’s jurisdiction
- The ability to create distributable reserves

Distributable reserves and dividend policy
When planning for an IPO consideration should be given to ensuring that the issuer has a buffer of distributable profits in order to be able to pay dividends in the future. In our experience directors prefer a three to five year dividend cover to provide the board with certainty that, subject to available cash, they can pay dividends in the short to medium term.

Cash flow in the chain
In the short term, if groups have dividend blocks in the holding chain they may fund dividends through loaning of cash to the issuer (which can use the buffer of distributable reserves that have been created). This is not, however, a sustainable means of funding dividends long term. Balance sheet restructuring may be needed to address deficits and clear the way for dividends to flow through the structure in the future.

Accounting framework
Listed groups in the UK are required to prepare consolidated accounts in accordance with IFRS. If a new UK holding company has been inserted, however, it has a choice whether to prepare its entity accounts in accordance with IFRS or UK GAAP. UK GAAP may provide more flexibility than IFRS in certain circumstances, for example on the ability to create distributable reserves. This choice in GAAP at an entity level should be made cognisant of new UK GAAP standards applicable from 2015 onwards.

Share classes and number of shares
In the UK an issuer will need one class of ordinary share, in the right number and with the appropriate nominal value, to achieve the desired share price. This can have accounting implications in the issuer’s balance sheet, and so will need consideration early in the IPO process.

“Taking time to design the right structural solutions for your company will help you reach an optimal group structure that will ultimately drive operational efficiency and value at IPO and beyond.”

Joga Singh, Partner, Structuring Services, PwC
Developing an effective tax strategy

The transition from private to public company status creates a number of challenges from a direct taxation perspective.

Jurisdiction of the listing vehicle
One of the key questions for most companies seeking a public listing will be the most appropriate Issuer and its jurisdiction.

The drivers behind this selection will be tax and non-tax, though it is vital to understand that the tax aspects will cascade through to areas such as corporate governance, corporate financing and treasury management, the development of intellectual property and location of new investment.

An important tax factor in the parent location is access to double tax treaties, such that cash and profits can be most efficiently circulated within the group and the controlled foreign company rules of the host country.

These two factors, combined with substantial non-tax aspects, have recently caused the emergence of the UK as a parent company location of choice. The UK has one of the most extensive treaty networks and has a business friendly approach to international investment. Some of the more traditional parent company locations employed, for example, by private equity-owned companies, such as Luxembourg or the Netherlands also have favourable tax regimes, though may require much more attention to maintain all the relevant requirements of a public company listed in the major capital markets (such as FTSE index inclusion).

Tax strategy
Prior to listing, many companies have had greater flexibility to determine the tax efficiency of their capital structure and freedom in their choice of corporate domicile. Conversely, public companies often enjoy wider access to international tax treaties.

For many private companies there is no requirement to have a tax strategy but it has formed a valuable part of the equity story for many.

Housekeeping
Once public the market will generally expect more time to be devoted to tax management, compliance, transfer pricing and effective tax rate reporting. In the interests of being well prepared, many tax directors will spend time revisiting the adequacy of their transfer pricing documentation and benchmarking their effective rate of taxes against peers and comparators all before carefully defining and getting board approval of the company’s on-going tax strategy.

Key takeaways – tax strategy
• When considering a listing venue, assess tax and accounting considerations but also the perception of investors.
• Model debt capacity by key territory.
• Define dividend policy and funding requirements.
• Determine robust transfer pricing policy and country by country reporting.
• Identify effect of any significant M&A transactions.
Getting governance right

Going public will bring with it significantly more focus on governance and your reporting of how you adhere to regulation. The listing venue, the country of incorporation of your issuer and investor expectation will drive which corporate governance standards are applied. This in turn will play a part in determining a suitable board structure and suitable candidates.

The principal requirement in the UK is to comply or explain in accordance with the UK Corporate Governance Code. The Code sets out the framework in relation to the board’s leadership, effectiveness, accountability, remuneration and relations with shareholders.

Board composition is a fundamental governance consideration in the run up to IPO. Independent non-executive directors (INEDs) will need to make up at least 50% of the Board whilst also heading up the audit, remuneration and nomination committees. This can often require an investment in time on the part of the INEDs. Inducting new directors, specifically INEDs, benefits from a formal, transparent and rigorous process, with a clearly set out on boarding programme. These meetings and teach-ins are likely to be a significant step in your journey to IPO.

The Code sets out that a listed company “should present a fair, balanced and understandable assessment of the company’s position and prospects”. As a candidate for listing, the directors will be required to prepare a memorandum setting out their ability to comply with this, as well as their risks and responses for the sponsors.

The Code also requires enhanced disclosures around remuneration of both the directors and senior management. Like all areas of the Code this is principle driven, with the key principles requiring companies to link performance to reward and ensure policies for developing remuneration are formal and transparent.

“Good planning around board composition, taking advice from your investment banks and other advisers, can smooth the path to IPO. Getting the right individuals for your business and providing them with the right induction training will allow each director to articulate the value story.”

Joga Singh, Partner, Structuring Services, PwC
Incentivising management

Prior to an IPO we often see companies both winding up and resolving legacy issues in pre-IPO remuneration plans (most often connected to the management equity plans) while designing and implementing new post-IPO remuneration policy and plans.

Legacy plans and legacy issues
It can be common for management remuneration packages in private equity-owned companies to be biased towards the expected value of the equity at the expense of immediate cash in the form of salary and bonus. Management may also not be able to sell many or any of their equity on the IPO due to the lock-in periods required by the sponsoring banks. This is to ensure new investors in the IPO have confidence that management are tied in to the equity.

Issues may arise where, for a variety of reasons, the equity value held by management has been eroded or in some cases wiped out.

Where additional compensation due to underperforming incentive schemes is provided it is often in the form of equity, sometimes earned on the basis of the satisfaction of additional performance conditions and which is normally earned over the period of two years post-IPO based on continued employment.

There is no real ‘market practice’ as the amounts are very specific to the company. More often than not this additional compensation is not linked to the post-IPO executive remuneration policy, and is instead a one-off expense paid for by the current owners of the business rather than pushed into the post-IPO world of institutional shareholders, corporate governance and regulation.

Remuneration policy for post IPO
The second aspect of executive remuneration is determining whether the design and implementation of the remuneration policy is fit for the post-IPO listed world. As a public company there is a huge variety of influences, including individual institutional shareholder guidelines, shareholder representative bodies such as the Association of British Insurers and The National Association of Pension Funds, government regulations and ‘market practice’.

It is, therefore, challenging for companies to be creative on the design of a remuneration policy and incentive plans in an IPO situation, not least because the company does not know who will hold the shares post-IPO. Institutional shareholders all have views on executive remuneration which can be very different from one another.

Key takeaways – incentivising management

- Do not assume the existing incentive arrangements will be effective or attractive on IPO, it is important to review these early.

- Do not forget the value of corporate tax deductions – in some jurisdictions with high corporate tax rates, the difference between income and capital treatment may be minimal once corporate tax relief is included.

- Remember to assess how the accounting for options will impact results and EPS.

- Take advice on tax reporting and withholding tax impacts early, errors are often costly to rectify.

- The remuneration structure implemented on IPO is likely to be quite ‘vanilla’ but can be changed to improve efficiency post-IPO.
Interacting with the regulator

Dealing with regulators has become an ever more important feature of a successful listing and each exchange has a regulator which operates in a slightly different way. The regulators continue to focus on items such as compliance with Prospectus and Listing rules, but in addition to this they are focusing on eligibility and reputational concerns.

Each regulator has its own requirements and methods of ensuring that its rules are being met. For instance, in London, the Financial Conduct Authority (FCA) requires each premium listed company to appoint a sponsor who will provide expert guidance and will be responsible for carrying out independent checks on how the issuer complies with key parts of the listing rules. The FCA continues to focus on how to enhance its sponsor regime with the aim of continued investor protection.

In the US the Securities and Exchange Commission (SEC) reviews and comments on each filing in the run up to a listing and focuses not only on how the disclosures meet the rules and requirements of the listing documents, but also on financial reporting and disclosure.

It is essential for companies seeking to list to get their communications with the regulators right. Decisions by regulators can have a huge impact on a company: increasing costs, potential for extending the timetable, altering key elements of the company’s business model and strategy, affecting reputation.

Key takeaways – interacting with the regulator

- Clearly articulated and well thought out communication is clear.
- Do not assume detailed accounting or legal knowledge from your reviewer and some introductory words at the beginning should set out the point – not sure this makes sense.
- Precedents are an incredibly useful tool when navigating your way through complex rules and regulations.
- The regulator can comment on all public information whether in your filing documents or on your website or in the press – it is important that there are no contradictions or omissions.
- Use your advisers to your best advantage to guide you through interpreting complex regulatory requirements.

“Building adequate time for obtaining regulatory approval in the road map should not be overlooked. Making sure there is enough time in the process to address any potential issues is crucial and will prevent the process being held up.”

Kevin Desmond, Director, Capital Markets, PwC
Managing communication and delivering your message

Communication to potential investors is important not just in the run up to an IPO but remains a challenge in retaining and attracting investment once you are a listed company. Employing a specialist agency or setting up an internal investor relations function early in the process can save valuable time. And importantly it will help you establish a two way communication path between you and the financial markets.

Communications can take many forms, from meetings with potential investors, news releases, annual reports and setting up and maintaining your company website. The messaging across all channels should be the same and the sole goal is to inform stakeholders about the company so that they can gain a better understanding about the business, the strategy, governance, financial performance and prospects.

During an IPO this is often the first time the business has been in communication with the investor community and the education process and change in culture to one of increased transparency can be challenging.

Key takeaways – managing communication and delivering your message

- Establish who your investor base is – and prioritise which segments of the investor community you should spend time with.
- Continue to communicate your equity story clearly.
- Select your communication tools – in the digital age there are many communication channels available to help you maximise success.
- Set your financial reporting calendar – taking into account regulatory requirements.
- Secure board commitment for adherence to this dialogue.
**Conclusion**

In summary, whilst the macro-economic environment which influences whether the IPO market is open cannot be controlled, there are many eventualities that you can take control of and plan for to maximise your chances for a successful IPO.

The most successful IPOs are typically seen with companies that have already been acting as though they were a public company in the year ahead of listing. By doing this you are able to ensure that any issues or challenges have been successfully addressed before listing and you will be ready for life in the public eye as a publicly traded company.

You can start to do this by:

- working with your advisers to engage with investors early so that they are familiar with the business and the management team
- evolving management and public reporting towards public company standards, and
- forming a clear view of what additional procedures would need to be put in place for you to operate as a listed company and have a clear idea of how long this will take.

In this way the workload during the transaction phase itself is reduced and the IPO can be achieved in a shorter timeframe. The quicker the company can complete the process the more chance it has to take advantage of a favourable market.

Going public requires sound business reporting, adherence to strict regulation and listing rules and the involvement of numerous trusted advisers to ensure a successful outcome survive the process.

The company’s corporate culture and way of doing business at the end may bear little resemblance to where they started.

**Thoughts for stakeholders**

- Consistent and clear public communication starting from the very first engagement with investors.
- Appoint the right IPO leader – this will be person in the management team who will bring the project together.
- Choose the right advisers for you – they should have relevant experience and credentials but more importantly understand your drivers and priorities.
- Consider additional resource to support key management through the transaction.
- If you are considering a concurrent trade sale and IPO process (dual track) it is important to weigh up potential value benefits versus additional costs and timetable risk.

**Thoughts for portfolio company management**

- Make an honest assessment of your readiness well in advance of the process starting. This will help you understand what you need to do to get ready, set a realistic timeline and ensure you have a crisp story to tell investors.
- Map out how long it would take you to address all the issues and who would do it.
- Brainstorm up front all the difficult questions and what could go wrong.
- Choose advisers with care – credentials are important, and remember you will be spending a lot of time with them.
- Put a project structure in place to create the plan for how the transaction will be delivered, monitor progress and communicate with the working group.
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About the Sponsor

PwC

At PwC, we have a dedicated capital markets team of over 120 professionals (including our new equity advisory team) who have extensive experience, market intelligence and tools to support you through every stage of the IPO process, from preparation to execution.

In addition to overseeing the substantial documentation and administration required, we can accelerate the process by working with you throughout all aspects of the transaction, from early strategic planning to carrying out a comprehensive IPO readiness assessment for your organisation.

We can highlight potential deal breakers, unforeseen issues and other critical areas where your current processes and structures might fall short of regulatory requirements and best practice.

We’ll then help you prioritise the key areas that need remediation—so that when you are ready to set your IPO in motion you can be confident that your processes are in line with the latest market requirements and stakeholder expectations for a listed company.