The IPO journey

Click to launch

www.pwc.co.uk/ipojourney
Ongoing

Pre IPO

Strategy

1–2 years

Planning and preparation

6–12 months

Execution

2–6 months

Completion

0–2 months

Life as a listed company

Identify roadmap to IPO

Define and develop the strategy and equity story

Review of business plan, financing and growth prospects

Appoint advisers

Tax and legal structuring

Assess corporate governance, compliance, board composition and committees

Employee & management compensation and incentive plans

Kick off meeting

Active IPO execution and prospectus drafting

Preparation of analyst presentation and roadshow presentation

Due diligence

Pricing and allocation

Marketing

Transparency and corporate governance

Investor Relations

News flow

Share price

Continuing obligations

Ongoing

Key management

Deal structure and valuation

Financial information and track record requirements

Review of systems and control environment

Early look marketing

Refine business plan, strategy and equity story

Project management, business as usual

© 2016 PricewaterhouseCoopers LLP. All rights reserved.
Decide which exit strategy will be suitable for the business and shareholders. Options to consider:

- Trade sale;
- Buyout – e.g. Private equity, MBO/LBO;
- IPO; or
- Status quo.

© 2016 PricewaterhouseCoopers LLP. All rights reserved.
What are the key objectives for IPO (expansion, shareholder liquidity, reputation, ability to compensate employees with valuable stock)?
What is the expectation of timing for the IPO?
Which market is most suited to your business?
Which assets are you floating, where will you list and are there any separation issues?
What are the needs and expectations of your current and future stakeholders and how will you manage their interests?
Do you understand the IPO process? Does management have prior IPO or PLC experience?
Pre IPO

1–2 years
Strategy

6–12 months
Planning and preparation

2–6 months
Execution

0–2 months
Completion

Life as a listed company

Ongoing

Identify roadmap to IPO

Define and develop the strategy and equity story

Appoint advisers

Tax and legal structuring

Employee & management compensation and incentive plans

Communications strategy

Marking

What makes you stand out/What is your USP?
Do you have a robust business plan?
Can you clearly explain where the business has come from and your vision?
Can you explain your positioning in the market and where growth will come from?
What is critical to delivering long-term success?
Who are your competitors, their relative size and position in the industry? Where are they listed?
How will you use any proceeds raised? What will your free float % be?
How does the company want to be positioned? What type of stock do you want to be – Value, growth?
What are the key propositions for your business and how can they be evidenced (e.g. KPIs)?
Will there be a dual-track process (IPO and trade sale)?

Project management, business as usual

Share price

News flow

Investor Relations

Transparency and corporate governance

Continuing obligations

Post IPO

Identify road map to IPO

Refine business plan, strategy and equity story

Due diligence

Marketing

Share price

Project management, business as usual

© 2016 PricewaterhouseCoopers LLP. All rights reserved.
What drives the business plan, what are your KPIs?
Is your business plan aligned to your strategy?
What valuation are you looking for?
What financing do you have in place and need to have in place?
Will you need to refinance ahead of IPO (e.g. for change of control clauses in current facilities)?
How leveraged will you be on IPO?
Will you need underwriting for an equity issue?
Do your current financial and operating systems and controls allow you to plan effectively and robustly?
Ongoing

Pre IPO

Strategy

1–2 years

Planning and preparation

6–12 months

Execution

2–6 months

Completion

0–2 months

Life as a listed company

Ongoing

Identify roadmap to IPO

Define and develop the strategy and equity story

Appoint advisers

Tax and legal structuring

Employee & management compensation and incentive plans

Review of systems and control environment

Assess corporate governance, compliance, board composition and committees

Deal structure and valuation

Employee & management compensation and incentive plans

Due diligence

Preparation of analyst presentation and roadshow presentation

Kick off meeting

Active IPO execution and prospectus drafting

Pricing and allocation

Marketing

Communications strategy

Investor Relations

Transparency and corporate governance

News flow

Continuing obligations

Share price

Refine business plan, strategy and equity story

Review of business plan, financing and growth prospects

Tax and legal structuring

Employee & management compensation and incentive plans

Due diligence

Preparation of analyst presentation and roadshow presentation

Kick off meeting

Active IPO execution and prospectus drafting

Pricing and allocation

Marketing

Communications strategy

Investor Relations

Transparency and corporate governance

News flow

Continuing obligations

Share price

Project management, business as usual

What is the optimal structure?

What valuation do shareholders want/need?

What offer structure are you bringing to the market?

Do you understand how shares are traded and settled?

Are there any transfer restrictions on the company’s shares?

How will you set up your CREST settlement system?

Who will update and maintain the official shareholder register?

Who will reconcile the number of shares authorised and issued?

Will you be eligible for inclusion in the FTSE index series?

© 2016 PricewaterhouseCoopers LLP. All rights reserved.
Pre IPO

1–2 years

Planning and preparation

- Review of business plan, financing and growth prospects
- Appoint advisers
- Financial information and track record requirements
- Deal structure and valuation
- Refine business plan, strategy and equity story

6–12 months

Execution

- Appoint advisers
- Early look marketing
- Appoint advisers

2–6 months

Completion

- Appoint advisers
- Due diligence
- Late stage

0–2 months

Life as a listed company

- Appoint advisers
- Due diligence
- Early stage

Ongoing

- Appoint advisers
- Due diligence
- Project management, business as usual

Post IPO

- Appoint advisers
- Due diligence
- Project management, business as usual

Are audited financial statements of the group to be listed available for the most recent three years?

Does the group to be listed report under IFRS?

Do your financial statements include all relevant public company disclosures?

Have there been any restatements of financial statements previously issued? Are adjustments to the historical financial information needed?

Is your information robust and comparable?

Are the last three years under IFRS on a consistent basis?

Will any accounting policies change next year?

Do you need more recent audited or reviewed financial information to meet eligibility criteria?

Have you made significant acquisitions or disposals in the last three years?

Do you plan to disclose any prospective financial information?

Does management information exist that would support the disclosures in the prospectus?
Pre IPO

1–2 years
- Strategy

6–12 months
- Planning and preparation
  - Appoint advisers
  - Review of systems and control environment
  - Appoint advisers
  - Refine business plan, strategy and equity story
  - Early look marketing
- Execution
  - Employee & management compensation and incentive
  - Review of systems and control environment
- Completion
  - Project management, business as usual

Post IPO

Life as a listed company

Ongoing

Who do you trust to work with you?
Who has the right experience to smooth the process?
What specialist resources do you need?
If you run a beauty parade what are the key things you want to understand?

Advisers needed:
- Banks
- Reporting accountants
- Lawyers
- Financial PR
- Registrar

Consider whether interim resource is needed to support management during the IPO process

© 2016 PricewaterhouseCoopers LLP. All rights reserved.
Do the current management team and employees have the right technical, regulatory qualifications, skills and experience to meet the demands of a listed company?

Do you have appropriate succession planning in place?

What resources do you need in place (financial, HR, external support)?

Who will run and oversee the IPO process? Consider project management and steering committee early

Are they appropriately incentivised to deliver the IPO?
**Pre IPO**

1–2 years
- **Strategy**
  - Refine business plan, strategy and equity story

6–12 months
- **Planning and preparation**
  - Appoint advisers
  - Tax and legal structuring
  - Assess corporate governance, compliance, board composition
  - Early look marketing
  - Review of business plan, financing and growth prospects

2–6 months
- **Execution**
  - Employee & management compensation and incentive plans
  - Communications strategy
  - Review of systems and control environment

0–2 months
- **Completion**
  - Active IPO execution and prospectus drafting
  - Pricing and allocation

Life as a listed company
- Ongoing
  - Marketing
  - Pricing and allocation
  - Investor Relations
  - Share price
  - News flow

---

**Post IPO**

Key management

Project management, business as usual

---

© 2016 PricewaterhouseCoopers LLP. All rights reserved.

---

**Which investors should you target and what will they want to know about you?**

**Who will drive the early look process?**

**Prepare early look presentation**

**What feedback do you need from these meetings?**

**NB: Conducted well ahead of the formal IPO process**
Have you identified the legal entity to be floated?
Where will your holding company be located?
What legal entity/structure reorganisation will need to be implemented?
Have you considered the tax planning and strategy matters relating to an IPO e.g. What will your effective tax rate be post IPO, what is your peer group ETR and how will you bridge/explain any gap?
Have you considered reserves planning and creation of distributable reserves?
Can tax planning drive additional IPO value?
How will you maximise your chance of recovering VAT on transaction costs?
Pre IPO

1–2 years

**Strategy**
- Review of business plan, financing and growth prospects
- Appoint advisers

6–12 months

**Planning and preparation**
- Tax and legal structuring
- Deal structure and valuation
- Financial information and track record requirements
- Review of systems control environment
- Early look marketing
- Refine business plan, strategy and equity story

2–6 months

**Execution**
- Employee & management compensation and incentive plans
- Communications strategy
- Active IPO
- Marketing
- Communications strategy
- Initial public offering (IPO)

0–2 months

**Completion**
- Project management, business as usual
- Life as a listed company

Post IPO

Life as a listed company

Ongoing

**Ongoing**
- What’s the ‘tone at the top’? Are you acting as a plc already?
- Consider the balance of executive and non-executive directors
- Who will sit on the board of directors and do they have appropriate capabilities and experience?
- Will you have a controlling shareholder and need for a relationship agreement?
- What will the company secretarial function look like?
- Are you ready for increased disclosure about the business?
- Do you have code of conduct/whistleblowing/anti-bribery policies?
- Will the board be fully compliant with the UK Corporate Governance Code?
- What information will the board receive and how regularly?
- What board training is needed?
- What board committees are in place – audit, remuneration, nomination?
- Is there appropriate D&O liability and insurance in place to cover pre-IPO and PLC activities?

© 2016 PricewaterhouseCoopers LLP. All rights reserved.
Do the systems in place give you the financial information you need?
What consolidation tools are currently used? Are these robust?
Do you have appropriate controls over the key systems and procedures?
Is there an internal audit function?
What are the manual activities during the close cycle?
What non-financial metrics do you need and are they reliable?
Are appropriate reporting lines and functions in place and operating effectively?
Are your tax controls robust, documented and effective?
How do you identify, monitor and manage risk?
Do you need to change reporting timetables to be able to report as a plc?
How resilient and scaleable are your IT systems?
Have you considered threat from a cyber attack?

© 2016 PricewaterhouseCoopers LLP. All rights reserved.
Is your remuneration structure for senior executives and management fit for purpose in the listed environment?
Does it support the future business strategy?
How will key management be compensated and incentivised?
What management incentive schemes do you need to have in place?
Ensure your new incentive plan is modelled into your forecasts
How will your existing equity incentive arrangements be affected by IPO structuring, what will they deliver and are they tax efficient?
What interaction is there with corporate governance and remuneration disclosures post IPO?
What are your pension arrangements?
**Pre IPO**

1–2 years

**Strategy**
- Identify roadmap to IPO
- Define and develop the strategy and equity story

6–12 months

**Planning and preparation**
- Appoint advisers
- Tax and legal structuring
- Review of systems and control environment
- Asses corporate governance, compliance, board composition and committees

2–6 months

**Execution**
- Employee & management compensation and incentive plans
- Communications strategy
- Kick off meeting
- Active IPO execution and prospectus drafting

0–2 months

**Completion**
- Marketing
- Preparation of analyst presentation and roadshow presentation
- Pricing and allocation
- Due diligence

**Post IPO**

Life as a listed company

**Ongoing**

- Investor Relations
- Transparency and corporate governance
- News flow
- Continuing obligations
- Share price
- Exit strategy
- Key management
- Financial information and track record requirements
- Deal structure and valuation
- Tax and legal structuring
- Appoint advisers
- Review of business plan, financing and growth prospects

**What is the scope of the legal, financial and commercial due diligence?**
Do you have the information to address the due diligence requirements?
If a dual track process is pursued, vendor due diligence and IPO due diligence reports may be needed.
Ongoing
Pre IPO
Strategy
1–2 years
Planning and preparation
6–12 months
Execution
2–6 months
Completion
0–2 months
Life as a listed company
Ongoing

Identify roadmap to IPO
Define and develop the strategy and equity story
Appoint advisers
Early look marketing
Financial information and track record requirements
Review of systems and control environment
Assess corporate governance, compliance, board composition and committees
Deal structure and valuation
Employee & management compensation and incentive plans
Due diligence
Preparation of analyst presentation and roadshow presentation
Kick off meeting
Exit strategy
Communications strategy
Active IPO execution and prospectus drafting
Pricing and allocation
Marketing
Preparation of analyst presentation and roadshow presentation
Invester Relations
Transparency and corporate governance
News flow
Continuing obligations
Share price
Project management, business as usual

© 2016 PricewaterhouseCoopers LLP. All rights reserved.
Analyst presentation – a key event in the IPO timetable; must be consistent with the prospectus and does not include financial projections
Roadshow presentation – five to six meetings in a day for 10 days covering different cities in the UK, Europe and US; bookbuilding process done in parallel
Do the CEO and CFO have a polished and rehearsed presentation?
Is current trading consistent with the messaging in the presentations?
Do the presentations include the same numbers and messages as the prospectus?
Will you be controlling the process?
Consider whether interim resource is needed to support management during the IPO process?
Are you and your team clear on all roles and responsibilities?
Is the timetable realistic?
Who needs to review and approve information?
How often do you want updates from advisers?
Do you understand the timetable for the UKLA review of the prospectus?
Pricing and allocation takes into account the feedback from investor education and roadshows.

Good allocation is key to good aftermarket performance – long-term holders and high quality accounts.

How will you get a good understanding of the status of allocation?

What information will you want from the banks?

Are all key stakeholders agreed on what will be an acceptable price?
Don’t over promise and under deliver
Do investors understand the factors and risks that influence your business decisions?
Do investors understand your investment proposition?
Can you manage ongoing communications with stakeholders?
How will you ensure that you are meeting enough and the right type of investors?
Are you ready for compliance from day one?
Do you understand your financial reporting deadlines?
Do you know what your peers disclose and when?
Can you adapt quickly to changes in rules and accounting standards?
Do you have a framework for ongoing training and development of staff?
Are you delivering against IPO promises?
Are you ready for sustainability reporting?
At PwC United Kingdom, our purpose is to build trust in society and solve important problems. We’re a network of firms in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com/uk.

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2016 PricewaterhouseCoopers LLP. All rights reserved. In this document, “PwC” refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.