



III IPREO

Premium Analytics

CASE STUDY : How to effectively communicate a follow-on offering

A quantitative and qualitative advisory service that conducts situational shareholder analysis and provides actionable investor targeting recommendations.

MARKET CAP:

Mid Cap

EXCHANGE:

NYSE

INTRODUCTION

After carefully considering its capital raising options, Ipreo's client decided to conduct a follow-on offering in the hopes of expanding existing business segments and paying down some of its debt. In order to fully assess the potential impacts of the offering, the company partnered with Ipreo to evaluate the market's reception to similar transactions. As the company has never conducted a follow-on offering before, management was curious of the implications that the additional float may have on the company in the current state of the market. The company's goals were to fully evaluate the potential deal's impact on price performance, fundamental metrics, and investment story as well as to prepare for changes to its shareholder composition. The company sought to develop an outreach strategy that prioritizes at-risk shareholders and long-term investors that are potential buyers for the newly listed shares. Once the transaction was approved, the company moved forward alongside Ipreo to maximize the effectiveness of its investor outreach strategy surrounding the offering to optimize its engagement with the global investment community.

IPREO'S APPROACH

Ipreo first created a peer set of companies in the same market-cap range and industry that have conducted follow-on offerings in the past year. Ipreo then assessed the company's shareholder composition, valuation metrics, stock price performance, and shares outstanding against the peer set in order to assess the potential impact of the prospective follow-on offering. Management must be aware of how well recent follow-on offerings have been received as well as how those peers' fundamental stories have transformed as a result in order to gauge the right time to issue the follow-on offering. While broader market conditions are a vital component of the decision making process, sector specific conditions are given even greater importance. Ipreo then completed a comprehensive assessment of the new shareholder base, fundamental story, and share price impacts as post-transaction ownership data became available. Utilizing the shareholder composition and peer set analysis, Ipreo identified investors most likely to have interest in companies conducting follow-on offerings. Once the effects of the offering were measured, the Ipreo targeting team provided recommendations on which institutional investors the company should engage as well as the best points of contact at each firm. The Ipreo team also assisted with the company's new approach to its outreach efforts going forward.

Key Challenges:



Timing



Valuation/
Stock Price



Investor
Targeting



Outreach
Approach

RESULTS & IMPLEMENTATION

1

Timing

Armed with Ipreo’s analysis, the company was able to issue its new shares at an opportune time that minimized the share price discount required by the market, and most accurately portray its investment story surrounding the offering.

2

Valuation/Stock Price

The follow-on targeting study identified market performance, and thus change in valuation, for recent secondary offerings in the company’s space to provide a deeper understanding of the fundamental changes the company could expect with its new issuance.

TOP 10 BUYERS OF U.S. FOLLOW-ON OFFERINGS

Rank	Firm Name	EAUM (\$M)	City	Style	Portfolio Turnover	# Follow-On Offerings Purchased LTM	Net Buys (\$M)
1	Fidelity Management & Research Company	788,776.3	Boston	Growth	Low	18	783.1
2	TIAA-CREF Investment Management	258,651.6	New York	Growth	Low	19	304.3
3	T. Rowe Price Associates, Inc.	515,851.7	Baltimore	Growth	Low	10	241.2
4	Baron Capital Management, Inc.	20,755.4	New York	Growth	Low	5	195.2
5	Morgan Stanley Investment Management Inc.	63,841.3	New York	Growth	Medium	4	147.0
6	American Century Investment Management, Inc.	97,462.3	Kansas City	Growth	Medium	9	114.4
7	Capital Research Global Investors (U.S.)	395,937.0	Los Angeles	GARP	Low	2	112.0
8	Janus Capital Management, LLC	83,414.0	Denver	Agg. Growth	Medium	4	105.5
9	Neuberger Berman Investment Advisers, LLC	74,715.5	New York	Value	Medium	4	101.1
10	BlackRock Advisors, LLC	257,866.3	New York	Value	Low	23	98.5

RESULTS & IMPLEMENTATION

3

Investor Targeting

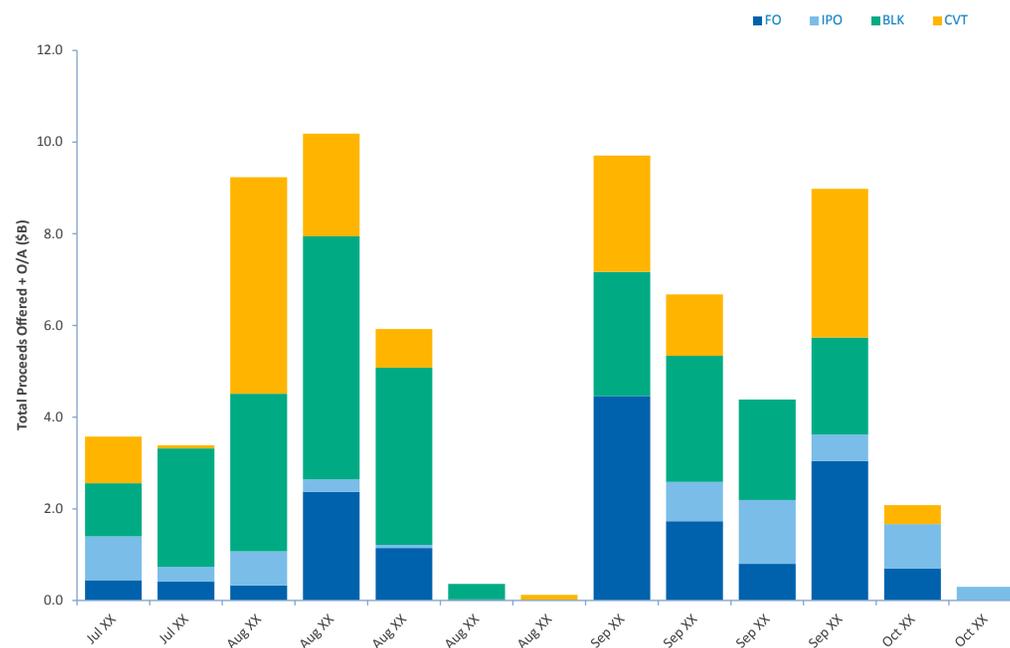
The study determined which investors should be targeted ahead of the offering, driven by frequent participation in secondary offerings, purchasing capacity, and fundamental fit. Given that most follow-on offerings will involve a fair amount of participation from alternative investors, Ipreo also identified hedge funds that have a history of deal participation and reasonable holding expectations. Furthermore, Ipreo was available to vet hedge funds suggested by the syndicate so that IR and management had more knowledge of the investors requesting allocations.

4

Outreach Approach

Taking advantage of Ipreo's recommended contacts at each firm, the company was able to establish relationships with the analysts and portfolio managers most likely to initiate, maintain, or recommend an investment. Given the size of the offering, and since the company was somewhat flexible in regards to timing, it settled on a four day roadshow. Guided by Ipreo's recommended targets, the company focused on East and West Coast targets spanning 6 cities. Utilizing Ipreo's pre-meeting attendee profiles, the company was able to prepare management with each investor's critical investment drivers, current trends, and key metrics.

TRAILING 3-MONTHS NEW ISSUANCE TRENDS



IPREO SERVICES USED

- ▶ BD Corporate
- ▶ Global Markets Intelligence
- ▶ Premium Investor Targeting

FOR MORE INFORMATION ABOUT THIS STUDY CONTACT

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FIND OUT MORE ABOUT IPREO

We work as an extension of our clients' Investor Relations team

Ipreo is a leading global provider of financial services technology, data and analytics. We support all participants in the capital-raising process including banks, public and private companies, institutional and individual investors, as well as research, asset management and wealth management firms. Our extensive suite of investor relations services provides our corporate clients with unparalleled cross-asset class surveillance, investor targeting, buy-side perception studies, transaction analysis and predictive analytics. Additionally, Ipreo's BD Corporate IR workflow platform offers the most accurate and comprehensive database covering global institutional contacts, profiles, and ownership data. Our critical insights and flexible solutions help our clients run more effective investor relations programs. Ipreo is private-equity held by Blackstone and Goldman Sachs Merchant Banking Division, and has more than 1000 employees supporting clients in every major financial hub around the world.

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