

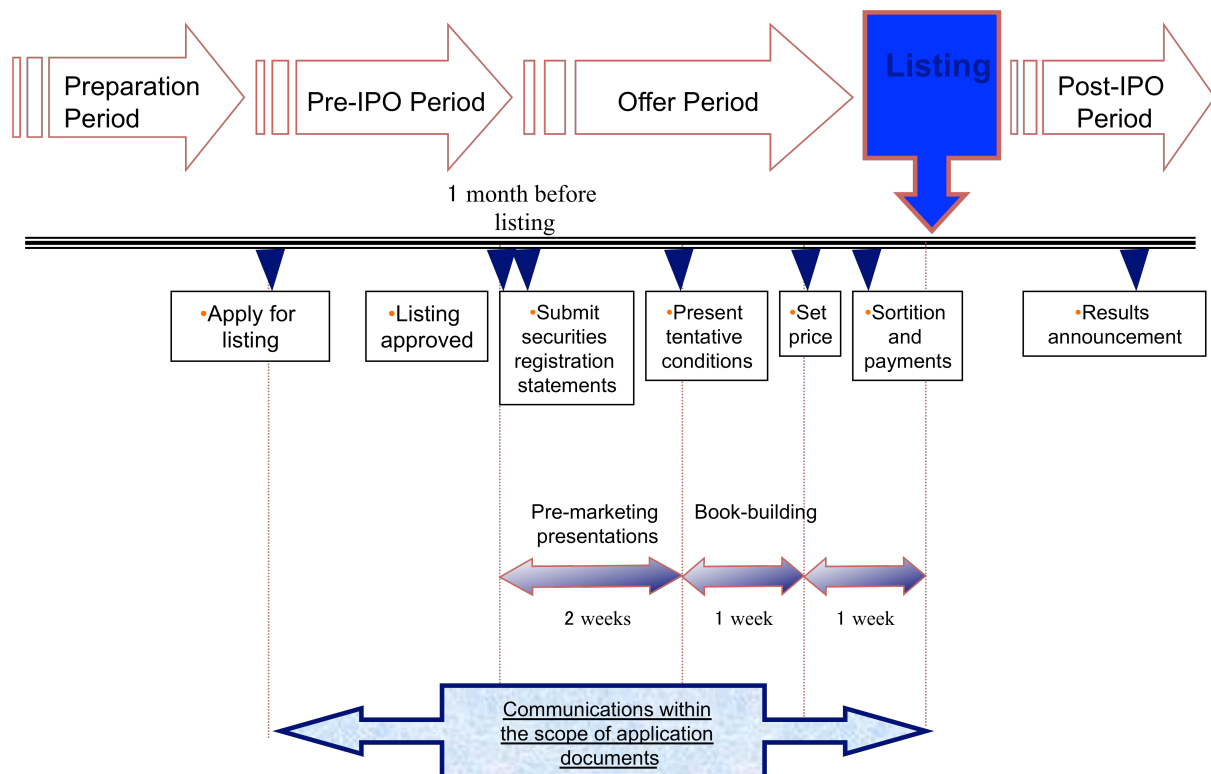
## Wake up call: Effective IPO marketing takes years, not weeks

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IPOs are back on boardroom agendas in Sao Paulo with a number of companies having already declared their intention to list on the BM&FBOVESPA exchanges in the coming months and others in the pipeline for next year, although few expect the volumes attracted in 2008 (81 IPOs) or the values achieved by VisaNet (US\$4.3bn).

In the process of planning an IPO many investment bankers would characterise IPO marketing as what happens during the immediate pre-offer and offer period; development of the prospectus and corporate brochures, roadshows for analysts and potential investors, a series of milestone announcements in financial media and - if you really want to push the boat out - some institutional advertising. Most lawyers would suggest this is excessive; stick to the prospectus and a script at the roadshow presentations; say as little as possible.

Company executives usually bemoan a lack of creativity in their Public Relations agency but when marketing an IPO all professional advisors - including specialist corporate and financial PR consultants – agree that you do not want to be too creative. In fact regardless of the company being listed, the sector, or the exchange, there is a clear set of best practice rules to follow; pretty much a cookie-cutter:



Once the application to list is filed with the SEC a shutter comes down; there are huge restrictions on what a company can or cannot communicate and new PR or marketing initiatives outside “steady state” communications are prohibited: breaching these rules may lead the authorities to suspend or discontinue the listing process so understandably clients, bankers and lawyers will look for trusted and experienced PR advisors, and all should err on the side of caution.

Given these restrictions it is crucial that a company acts early to upgrade its corporate communications tools such as website and corporate brochures, and to build clear and positive corporate profile in financial, trade and business media. This applies across the board: market information is not perfect and despite what analysts and investors may claim, they are only human and their awareness, interest and desire for a debutant is influenced by media comment.

Such media profiling is not just about building awareness. Corporate brand building is especially crucial for emerging market companies with a complex story which "western" analysts will find difficult to understand, interpret or stomach.

In Sao Paulo international investors account for a staggering 70% of IPO purchases and while small-caps are primarily held by domestic investors, foreign investors and ADR holders are crucial to medium and large-cap companies.

These analysts and investors, despite what they say, have a low risk threshold - especially regarding corporate governance and FCPA compliance, post-privatisation or private-to-private disputes regarding assets and liabilities, industrial relations issues, and potential changes in the regulatory environment, favouring national champions.

None of these issues should come to light during the Offer period. Investors do not like surprises. These factors must be woven into a wider equity story that is repeated and repeated in credible media, endorsed by credible third parties: this the only means through which positive corporate reputations are built and 'difficult' issues addressed. Unfortunately, this is a process that cannot be done in the weeks prior to an IPO; 18 months minimum.