



Junior Stock Exchange

The benefits – a commercial view

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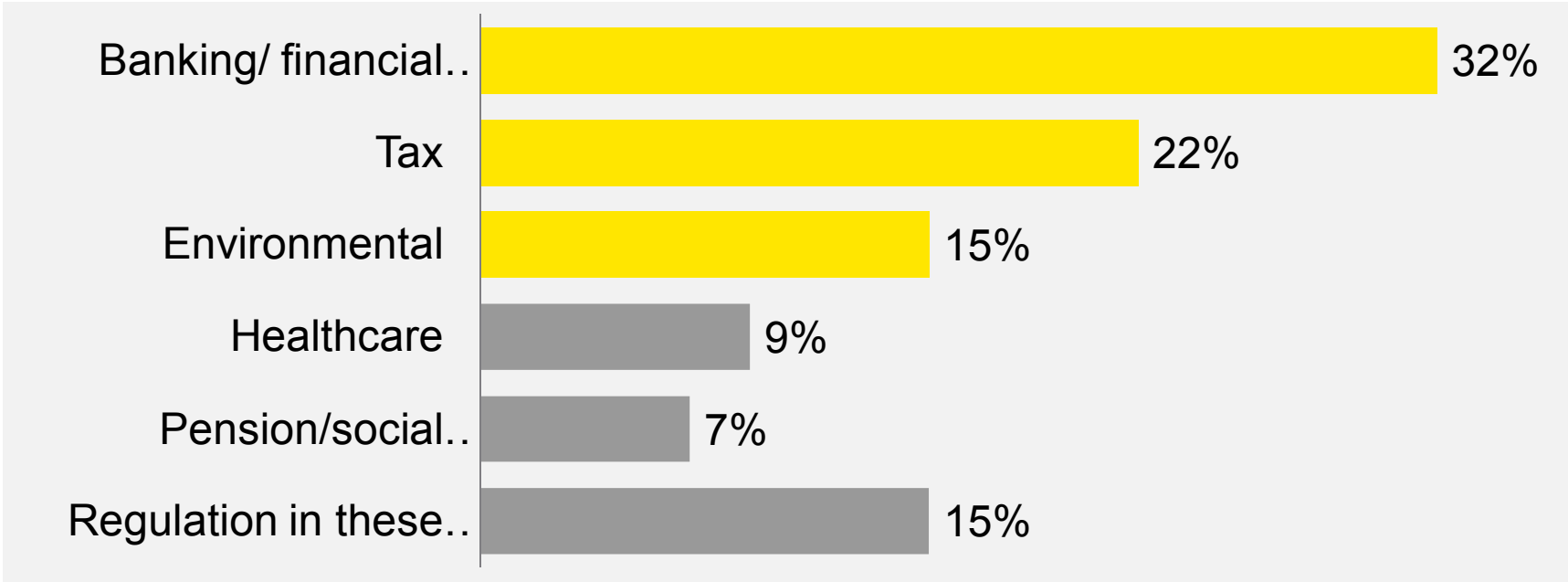
Key issue

Global and local economies are going through significant change



Regulatory risk is viewed as a factor that could derail growth agendas

- ▶ Banking reform is the top concern across all sectors as tighter regulations around capital requirements could restrain lending
- ▶ Global treasury shortfalls could trigger changes to tax regimes



**“ A company can outperform rivals
only if it can establish a difference
that it can preserve.”**

– Michael Porter, *What is Strategy?*

Raising capital – what is the goal?

Goal

- ▶ Execute on business strategy
- ▶ Where is your company in its lifecycle?
- ▶ What is the company's growth potential?
- ▶ Is the company business model predictable and sustainable?
- ▶ Operational excellence

Transformation

- ▶ Maximise company value
- ▶ Stakeholders' motivation
- ▶ Strong management team
- ▶ Experienced transaction advisors
- ▶ Increased regulatory oversight
- ▶ Corporate governance
- ▶ Risk management

Are you ready?

- ▶ Organisational change
- ▶ Leadership and management readiness
- ▶ Transparency
- ▶ Ownership structure/control
- ▶ Delivering on promises
- ▶ World-class financial organisation

Is it for you?

To answer this question you must:

- Understand your own objectives
- Have a long term vision for your Company
- Be committed to growth and expansion
- Be committed to transforming your business from family owned to professional public company
- Be willing to share returns since you are sharing the risk
- Improve your corporate governance structure and practices
- Improve your financial transparency

Why do this – the internal why

Some of the key questions the shareholder must ask before determining if the IPO is right:

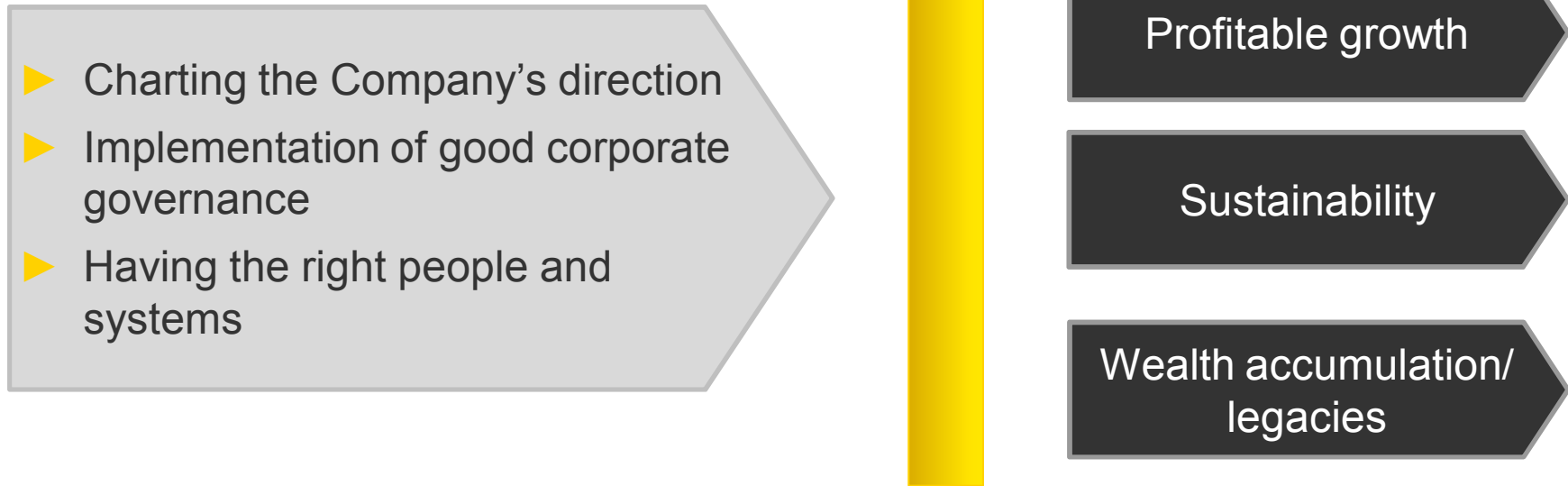
Why are we doing the IPO?

- is it monetization/exit?
- is to raise new capital?
- is it to reduce debt burden?
- It is to build a legacy that will continue after your life time?
- Do you see this as next natural step because your business is of a certain size and caliber and that going public can add international appeal?
- The tax incentive sounds good?

The commercial aspect of the IPO is not as obvious as it would seem

- ▶ Forced Corporate Discipline
 - Not a consequence but a benefit
- ▶ Increased branding value
 - Not only to customers but to all stakeholders: bankers, suppliers, employees, regulators, overall community, resulting in lower cost of doing business
- ▶ Enable compensation structures that can convert employees to think like owners rather than employees
 - Easier to execute business strategy
- ▶ Succession becomes less stressful
 - Business can take any direction
- ▶ Last but not least
 - Creating a tangible value to the hard work of the entrepreneur

What does Corporate Discipline mean?

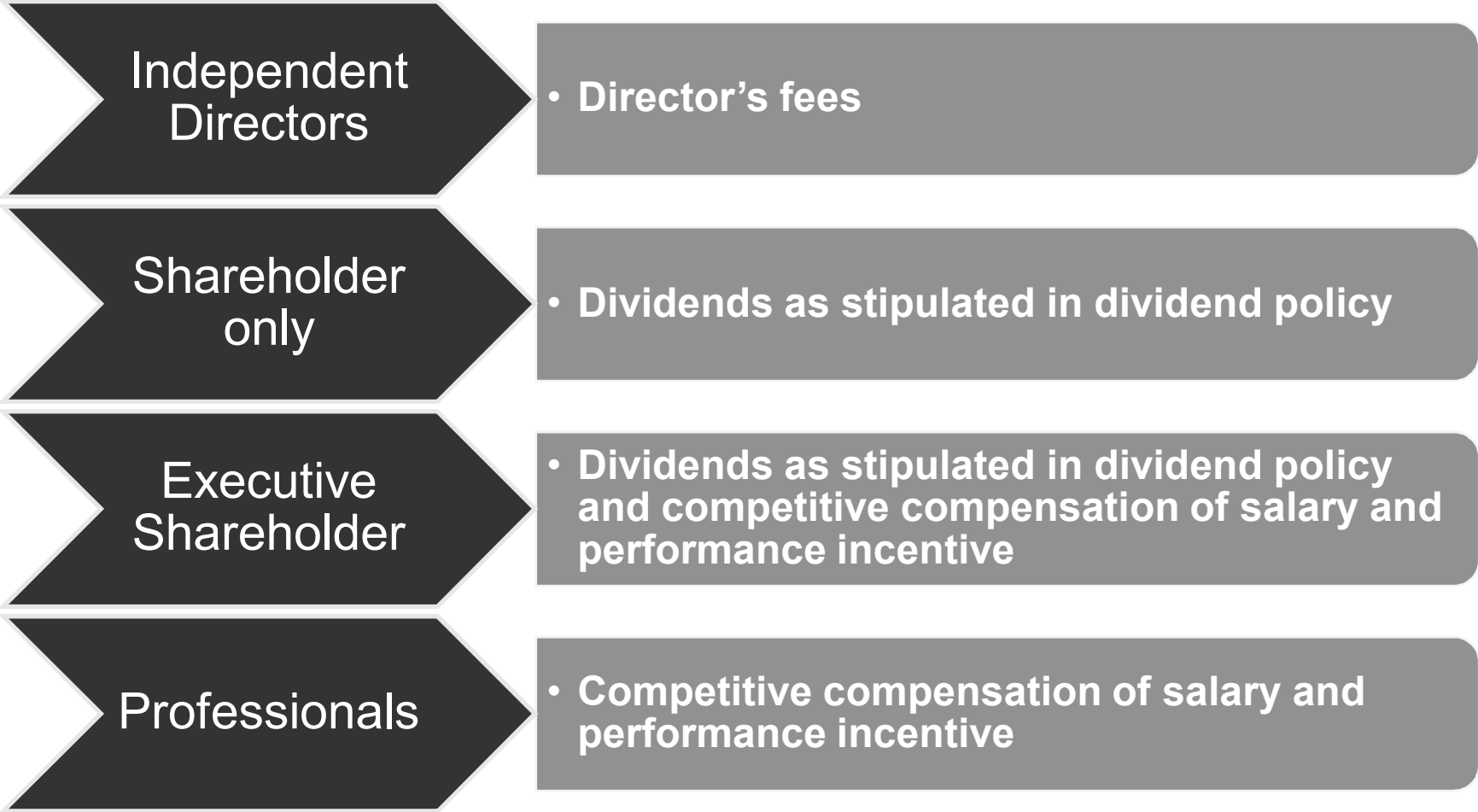


What are the ultimate goals we are all trying to achieve?

Charting the Company's direction



Corporate Governance issues – compensation



Critical must do's from a commercial perspective

The investor/
financier/
purchaser
is looking
for a
specific
picture of
the
company

- ▶ Profitable historical performance
- ▶ Potential for high growth in the near term
- ▶ Price to allow appreciation
- ▶ Clear growth story with sound attainable growth prospects outside of T&T
 - ▶ Uniqueness and innovation – bold moves
 - ▶ Leader in its industry
 - ▶ Sustainable competitive Business Model
- ▶ Clear, credible growth strategy and viable business plan going forward
- ▶ An experienced, well-knowledgeable, successful management team with stable key customer relationships

Is this any different to what you want from your company as an owner?

What does an IPO say about the Entrepreneur?

- ▶ I have value
- ▶ I am not afraid to be transparent to my suppliers, my customers and the general public
- ▶ I believe in what I have built
- ▶ I can share the wealth because I am going to build the wealth
- ▶ I am not afraid to make mistakes publicly
- ▶ I want to leave a legacy which I have built