

# Are you ready to go public?

Going for Initial Public Offering (IPO) is certainly a calculated risk for a company as there's much to consider: current economic indicators, strength of the markets and the company's current performance.

So as you're preparing to go public, you need to ask practical questions to guide the company to an optimal direction.

The most important question of all is: how do you prepare properly for IPO?

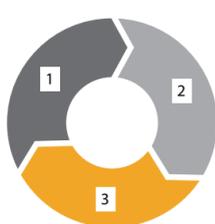
Crowe Malaysia has a successful record of taking companies public. Not only that, we've helped companies optimised tax structures, business processes and much more. This illustration is our short guide to help you start your journey to going public.

## Preparing the IPO Value Journey

It is important to remember that going for IPO is not the end game. The listing process - from the time the company engage an adviser/sponsor to the day of listing, will normally take seven months, depending on the structure and complexity of the listing schemes.

Upon approval, company will be given six months to complete the IPO exercise.

### IPO: Planning



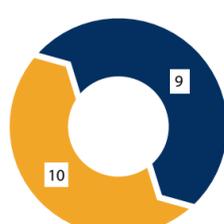
- Prepare
- Options
- Timing

### IPO: Execution



- Right team
- Infrastructure
- Governance
- Investor relations
- Roadshow

### IPO: Realization



- Investors and Analysis
- Deliver

## Aspects to consider before listing

### Which market to choose from?

This depends on whether the company intends to list on the **Main Market** or the **ACE Market** – which stands for 'Access, Certainty, Efficiency' Market.



#### Main Market

For established companies with a profit track record of three to five full financial years or companies with a sizeable business.

A company will be assessed in terms of quality, size, operations, management experience and expertise, integrity of directors and key personnel, and public interest by the Securities Commission (SC) before approving a listing on the Main Market.

A company must also possess the following attributes:

- ▶ Identifiable core business
- ▶ Effectively managed by people with experience and qualification and with management continuity in place
- ▶ No conflict of interest
- ▶ Positive cash flow from operating activities and sufficient working capital for at least 12 months
- ▶ Good corporate governance policies and practices

#### ACE Market

Alternative sponsor-driven market designed for companies of all business sectors that have an excellent growth potential.

A listing on the ACE Market can only be done through a Sponsor (usually an investment bank) and in reviewing a listing application on the ACE Market, Bursa Malaysia relies on the Sponsor to determine a company's suitability.

A company seeking a listing on the ACE Market must possess the following attributes:

- ▶ Visible growth trajectory within the foreseeable future
- ▶ Leadership team who has demonstrated the capability and ability to grow a business
- ▶ Sufficient systems, procedures, policies, controls and resources in place to ensure continuous compliance with relevant rules and regulations
- ▶ Responsible directors
- ▶ Possess internal control and risk management
- ▶ Good corporate governance policies and practices

## What is the best time to list?

The **best timing** to go for an IPO is **during a bull run** where the share price is expected to perform better.

In fact, a company going for IPO during challenging times may get more investor attention, since there will be less companies seeking funds during this period.

However, it may be better to plan the IPO according to the company's financial needs and preparedness, for example, when the company is going through its growth phase and is looking for funds to do this.



## How do we price a company?



One of the most important considerations when preparing for an IPO exercise is the valuation of the company – reflected by **price to earnings multiple** (or PE multiple).

To price a company, the considerations are including:

- How profitable the company is
- The expected growth rate of the company
- The industry the company operates in
- Performance of the company compared to its competitors

A higher valuation will allow the owners (normally referred to as promoters) to **raise more funds** while minimising dilution in the company.

**Once you have gone public, there's no slowing down. So, take the time to prepare. If you need a trusted professional, tap on Crowe Malaysia team of experts to start help your business accelerate growth.**

**We are the top three firm with the most number of IPOs. Visit Crowe Malaysia at: [www.crowe.my](http://www.crowe.my)**