



# Are you ready for an IPO?

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# Are you considering an IPO?

Many entrepreneurs and Private Equity companies aim to go public. For others, an IPO can provide access to capital for growth and investment, provide necessary liquidity and flexibility for potential acquisitions, enable change in the ownership structure, and increase the company's public profile and visibility in the market.

## **KPMG is your trusted advisor**

The journey towards an IPO can be difficult and time consuming. One must prepare for a number of new rules, which can vary depending on the chosen marketplace.

An IPO requires good planning and careful preparation. The listing process is hard work and requires considerable effort from the parties involved. The requirements for the company, its management and shareholders will also change subsequent to a successful listing.

We can help you and be your trusted advisor! KPMG has extensive experience helping Norwegian and non-Norwegian companies list in Norway, Europe, Asia and the U.S. We have in-depth knowledge with the stock exchange regulations and requirements to make the IPO process as easy as possible. KPMG has a large international network with considerable experience with IPOs.

## **Advice and important factors in an IPO process**

### **There is no short and easy path to an IPO**

There will be a number of requests and requirements during the IPO process, including due diligence (financial, tax and legal) and the prospectus. The costs associated with an IPO can be significant, but likely offset by the benefits of a successful IPO.

There are various requirements in different markets. Oslo Stock Exchange has two regulated marketplaces for shares: Oslo Børs and Oslo Axess. Oslo Axess has less requirements with regards to financial history, market

capitalisation, number of shareholders etc. A company may also issue bonds and apply for listing on the Oslo Stock Exchange. Listing outside Norway may also be a possibility, but be prepared for other requirements. Non-Norwegian companies listed on the Oslo Stock Exchange benefit from certain exemptions and those outside the EU may be able to continue with their home country accounting and governance standards.

### **Easier access to a marketplace is possible**

Merkur Market provides access to electronic trading without having to undergo a full listing process, change accounting policies, or have minimum liquidity and market value. A company may apply for access to the trading of the company's bond loans on Nordic ABM, which is an un-regulated market.

### **Proper planning is important**

Management and shareholders should ensure that an IPO is the appropriate choice and that the timing is right before an IPO process is initiated. An IPO-readiness assessment should be conducted to compare critical processes and controls to the requirements of a listed company, including financial reporting, planning and corporate governance. A project group with a realistic time schedule should be established to include the various steps and deliverables in the process. Planning sufficient time is critical to avoid higher costs and increased risk of failure in the process or immediately after the listing.

Current competencies and training requirements should be assessed, including planning for future on-going financial reporting requirements subsequent to a successful listing.



#### [In-depth knowledge, capacity, policies and procedures are required](#)

Management and the organization as a whole will be subject to new requirements and expectations. Functions that in particular may be involved are Accounting, Reporting, Controlling, Investor Relations (IR), Human Relations (HR), Legal, Tax and Treasury. In-depth knowledge related to IFRS, Stock Exchange Requirements, Securities Trading Regulations and Investor Relations will be required. Management and the various parties involved will need to manage their time between both the IPO as well as their day-to-day tasks. The CFO and many others will spend a significant portion of their time in the listing process. Analysis of the company's historical development will be required for the prospectus and the ongoing reporting. Processes will need to be established or strengthened, including financial closing, financial reporting and planning, risk management and corporate governance.

In the planning phase, the company should select a trusted advisor who can work together with the company during the listing process. The advisor can also assist the company in establishing its policies and procedures, preparing financial statements, strengthening the internal competencies, and on-going support subsequent to a successful listing

#### [How long will it take](#)

The length of the IPO process is dependent on several factors, including how IPO ready the company currently is. An indication of the extent of the work required will be identified through the IPO readiness assessment. An IPO process could approximately take six to twelve months, however, this will vary between companies. In some situations we have seen shorter timelines.

#### [Issues that may require additional time and resources](#)

What will be most demanding will differ from company to company. Issues which can create difficulty include; transition to IFRS, preparation of financial statements for companies with complex financial history, establishing, updating and documenting policies, procedures and processes.

#### [Many decisions must be made](#)

Many large and small decisions are required throughout the IPO process. As many decisions as possible should be considered in the planning phase, however, be prepared for surprises. Factors that may be relevant to consider are number of years of financial history to present, language, date of transition to a public company, accounting principles in the parent company and subsidiaries, legal structure and whether to establish an employee share based compensation program.

#### [When listed](#)

The journey has not ended when the company rings the bell on the first trading day. Maybe it is now it has just begun. Management will need to invest time on reporting, presenting and attending investor meetings and comply with various regulations and deadlines. A company may provide competitors with valuable information about the company and its strategies through the compliance with the stock exchange disclosure requirements and having an open and ongoing communication with the market. Often a company will find that the market tends to focus more on interim reporting, while management may wish to have a longer-term focus.

# 10 steps for a successful IPO

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## **Set your destination**

decide whether an IPO is the right choice for your company at this time

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## **Formulate your 'equity story'**

a strong equity story highlights the past success and future growth potential of an IPO candidate and helps achieve a higher valuation

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## **Identify and select an IPO advisor**

make sure they have extensive experience and a holistic perspective

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## **Choose the right exchange**

make sure you are listing on the most appropriate market for your company and strategy

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5

## **Conduct a pre-IPO readiness assessment**

find out what systems and processes must change before you can start the formal IPO process

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6

## **Develop a plan and timeline**

set a reasonable pace and consider bringing in experienced external support to augment your team and ensure business continuity

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## **Close the gap**

create and execute a plan that brings systems and processes in line with market requirements and norms

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## **Select your partners**

from lawyers to underwriters, these suppliers must be highly experienced with capital markets

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## **Create an investor relations function**

this will be your conduit to the investors and analysts

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## **Prepare your financials**

three years of historical financial statements are normally required for most markets

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# Contact us in KPMG

## How we can help

- IPO readiness assessment
- Help to prepare financial statements
- Establish time- and project plan
- Project leader and/or discussion partner
- Be the company's trusted advisor
- Information about rules and requirements
- Due diligence (financial, legal, tax)
- Assist in preparation of pre-listing written presentation, listing application and prospectus
- Policies, procedures and processes, corporate governance.
- HR, remuneration policies, share-based and other incentive programs
- Company-law and tax issues, optimal structures
- Prepare for the period after successful IPO
- Assistance subsequent to listing such as with periodic reporting and other issues
- Training and knowledge transfer

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