



**The Road to IPO: SME Forum**

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# **The IPO Listing Application Process**

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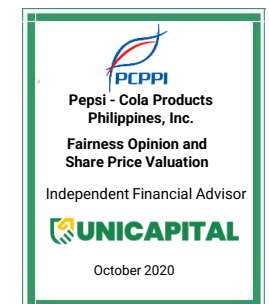
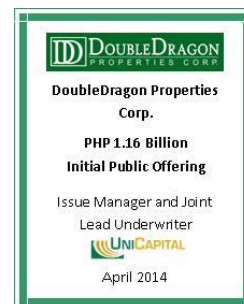
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# Agenda



# About Unicapital, Inc.

- ▶ Full-Service Investment House
- ▶ Duly licensed by the SEC to provide the widest array of finance and investment banking-related product lines
- ▶ Active Player in Securities Underwriting and Distribution
- ▶ Accredited with the PSE for the issuance of Fairness Opinions and Valuation Reports
- ▶ Focuses on Philippine Mid-Cap Market
- ▶ Seasoned Team of Professionals Providing Execution Certainty



# Track Record of Success

## Unicapital focuses on Philippine Mid-Cap Market:

- Unicapital prides itself in fuelling the growth of emerging companies by taking advantage of the capital market platform
- Active player in the local equity market
- Strong relationships with market regulators



**Calapan Ventures, Inc.**

PHP 105 Million  
Initial Public Offering

Issue Manager  
& Sole Underwriter



November 2011



**ALASKA MILK CORPORATION**


Alaska Milk Corporation

Fairness Opinion and Share  
Price Valuation

Independent Financial Advisor




2012



**East West Banking Corporation**

PHP 5.20 Billion  
Initial Public Offering

Domestic Lead Underwriter



2012




**Share Price Valuation & Fairness Opinion**

Financial Advisor




October 2013



**DoubleDragon Properties Corp.**

PHP 1.16 Billion  
Initial Public Offering

Issue Manager and Joint  
Lead Underwriter



April 2014



**CAT Resource & Asset Holdings Inc.**

Fairness Opinion & Share  
Price Valuation of Central  
Azucarera de Tarlac, Inc.

Financial Advisor



August 2014



**Fairness Opinion and Share Price Valuation of Philippine Airlines, Inc.**

Financial Advisor



October 2014



**Xurpas Inc.**

PHP 1.37 Billion  
Initial Public Offering

Co-Lead Underwriter



December 2014




**PHP 207 Million Initial Public Offering**

Issue Manager & Joint Lead Underwriter




December 2015




**PHP10B Preferred Share Issue**

Co-Lead Manager




April 2016




**East West Banking Corporation**

PHP 3.70 Billion  
Bank Bond Issuance

Sole Arranger




February 2020



**Pepsi - Cola Products Philippines, Inc.**

Fairness Opinion and Share Price Valuation

Independent Financial Advisor

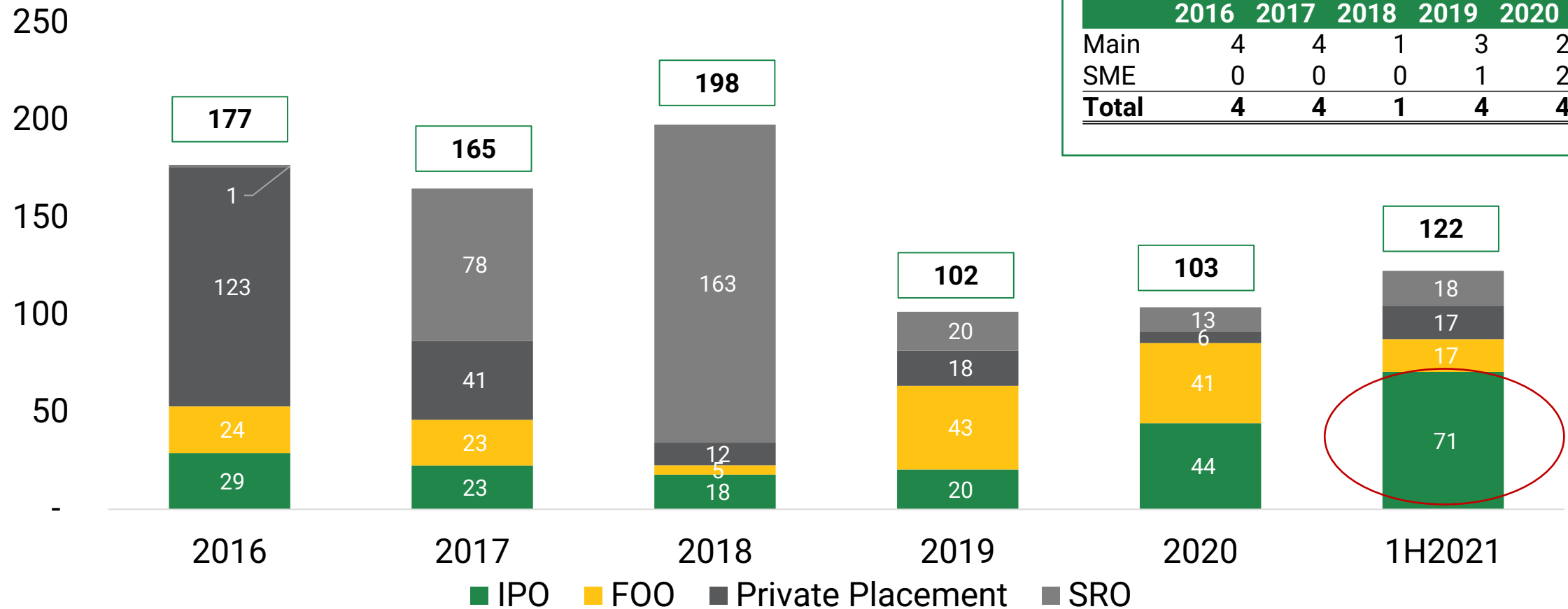


October 2020

# Equity Capital Markets as a Catalyst for Growth

## Capital Raised, 2016-1H2021

In PhP'B



### New Listings

	2016	2017	2018	2019	2020
Main	4	4	1	3	2
SME	0	0	0	1	2
<b>Total</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>4</b>

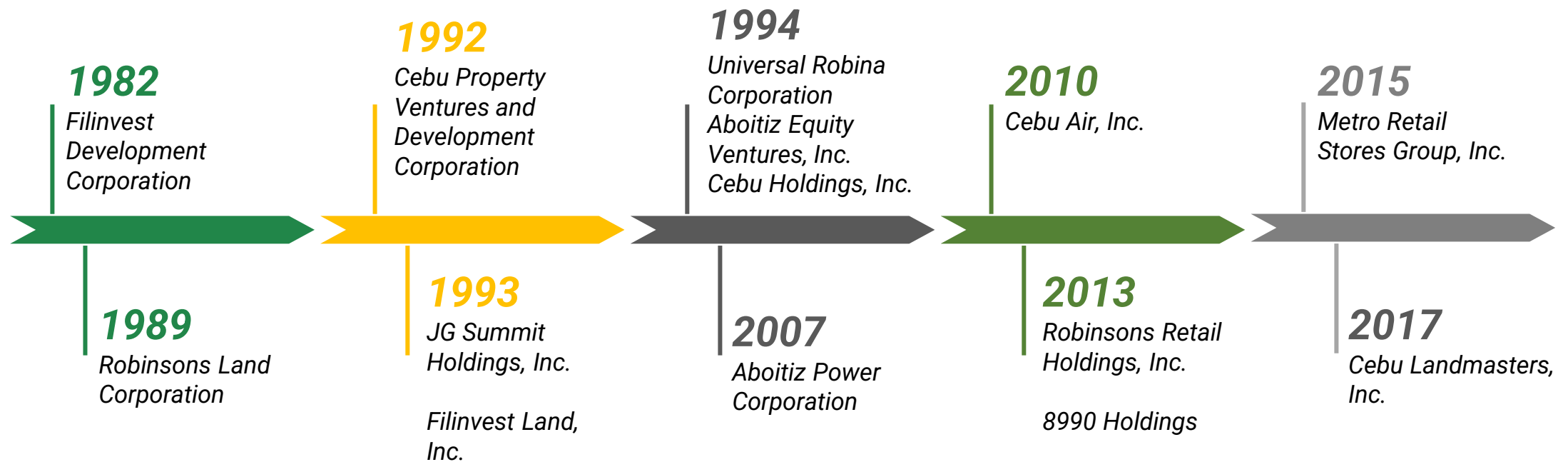
Note: 2018 to 1H2021 figures include proceeds from the sale of secondary shares

Source: The Philippine Stock Exchange

# What is an IPO?

First sale of stock to the public

- ▶ To raise funds
- ▶ To monetize investments of early investors
- ▶ To become a publicly traded company



# Why do an IPO?

Greater access to capital and improved liquidity

Enhances market visibility, credibility, and public profile

Expands business relationships

Increases employee commitment and stronger recruitment power

Flexibility in financial planning



# Key IPO Considerations

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# Things to consider in an IPO

Position business to be well received and perform positively over the long term



Compelling  
Story



Purpose of  
Fundraising



Structure of  
Offer



Valuation



Timing



Fees and  
Costs

# What's your compelling story?

## Market Potential

Competition and potentially specific competitors

Market dynamics

The business' position within its market

## Company Identity

Brief history and background of the business

Product details

Details of the operations and infrastructure

## Competitive Advantages

Brand strength

Robustness of infrastructure

Product portfolio

R&D focus

Team experience

## Future growth

Growth strategy

Financial performance and projections

# What's your compelling story?

## What investors look for...

- the bottom line
- the business plan
- the management team

## A good track record...

- ✓ Meet the PSE's track record requirements
- ✓ Understandable business model
- ✓ Sustainable profits supported by healthy cash flows
- ✓ Financial ratios that are within industry benchmarks
- ✓ Returns to stockholders
- ✓ Good reputation

# Purpose and Structure of the IPO

## Selecting an IPO Structure

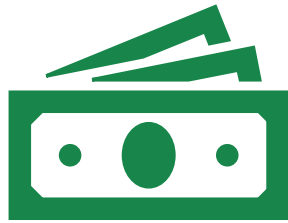
- Should I sell primary or secondary shares?
- How much equity should I sell?
- How much can I raise?
- What's the purpose of the IPO fund raise?

## Choosing the right market

- Which Stock Exchange?
- Local vs Regional Offering?

# Timing Considerations

Is the timing right?



Market & economic performance



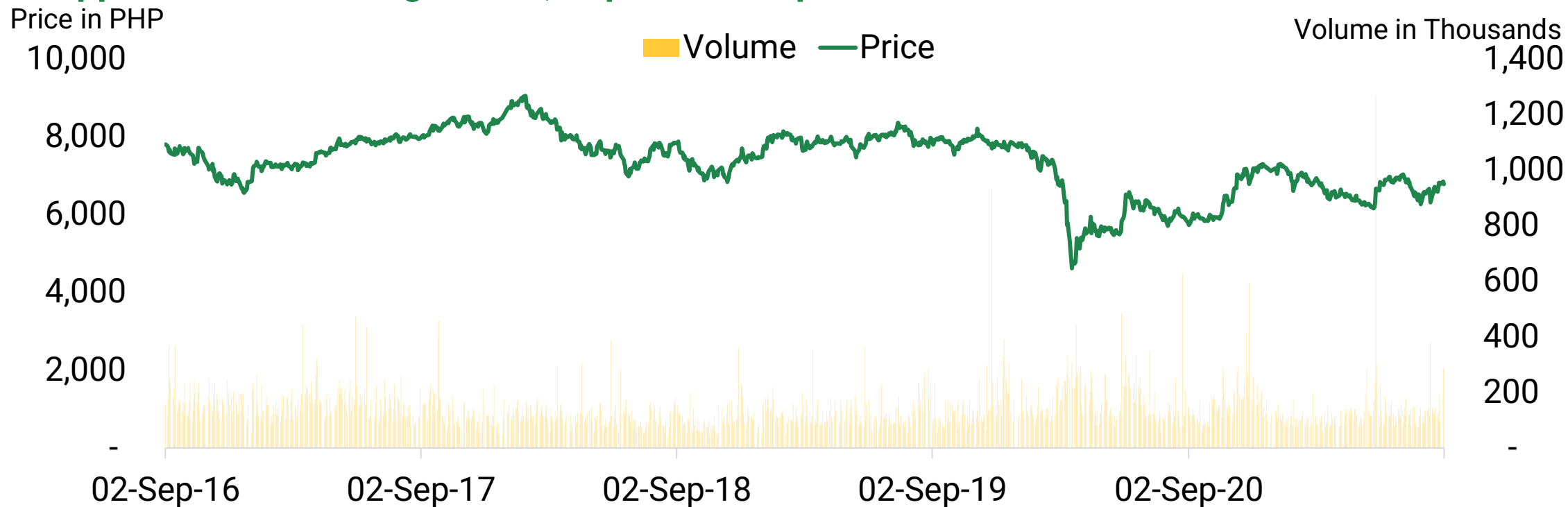
Business cycle



Maximizing valuations

# Valuations and Timing the Market

## Philippine Stock Exchange Index, Sep 2016 - Sep 2021



	2016	2017	2018	2019	2020
P/E Ratio	18.1x	22.9x	19.3x	16.9x	26.3x

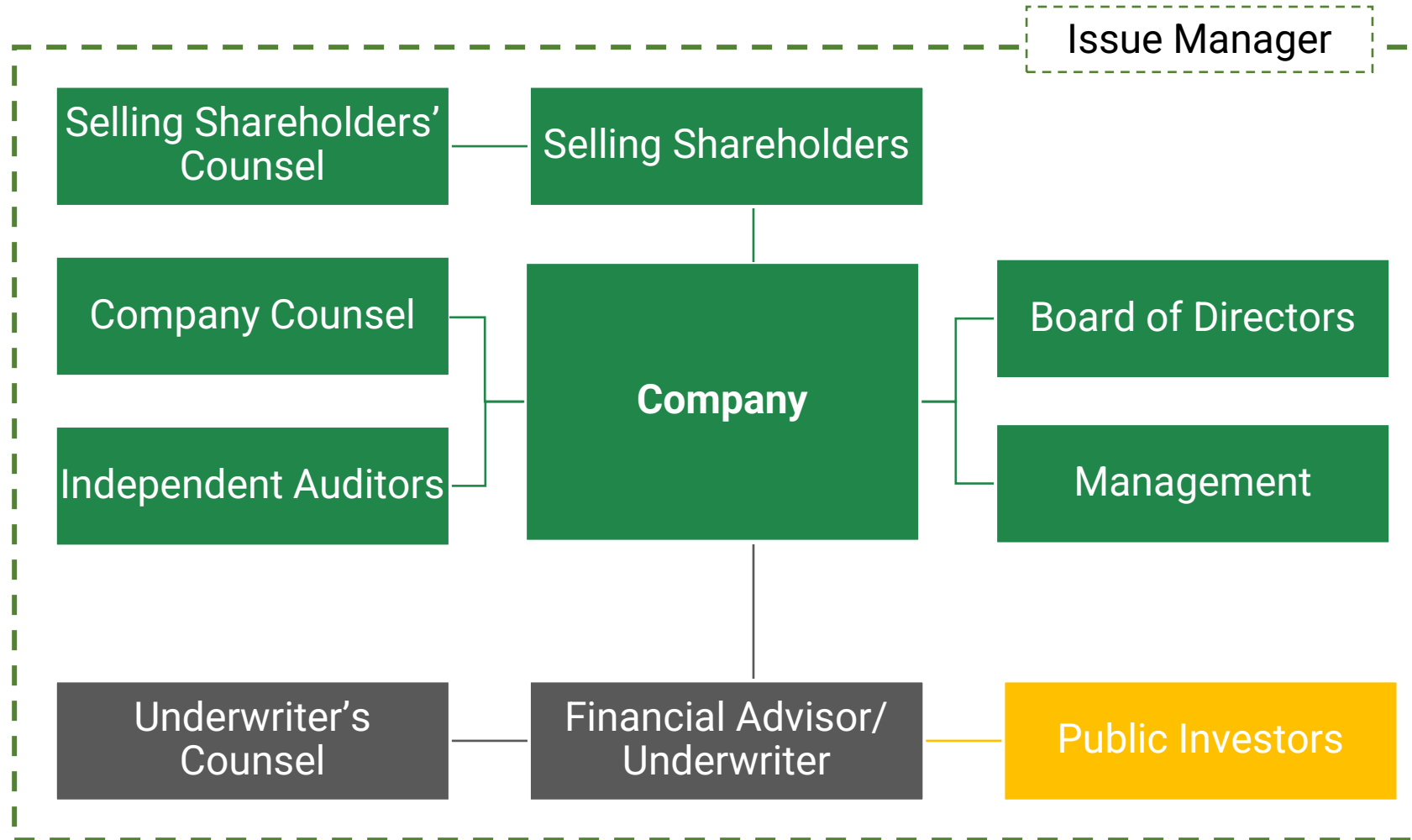
Source: FactSet Research

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15

# Parties to an IPO





# Key partners in going public

## Financial Advisor

- Serves as the company's strategists
- Lays out a financial plan for the company and helps it achieve each milestone set in the plan
- Assists the company in the following areas: IPO readiness assessment, IPO offer structure, documentation preparation, selection of the IPO team, valuation, advice on pricing option

## Issue Manager and Underwriter

- Recommend and undertake corporate/capital restructuring activities
- Valuation of the company's shares and design offer structure
- Prepare the prospectus and assists in the preparation of the RS
- Prepare the listing application for submission to PSE
- Monitors the progress of the regulatory filings and address comments/questions of the SEC and PSE
- Underwrites on a firm commitment basis
- Undertakes distribution and sale of offer shares
- Assists in the Listing Ceremony preparations

## Legal Counsel

- Prepares and drafts the registration statement for filing with the SEC
- Assists in drafting the prospectus
- Negotiates with the underwriter with regard to the sale of the company's securities

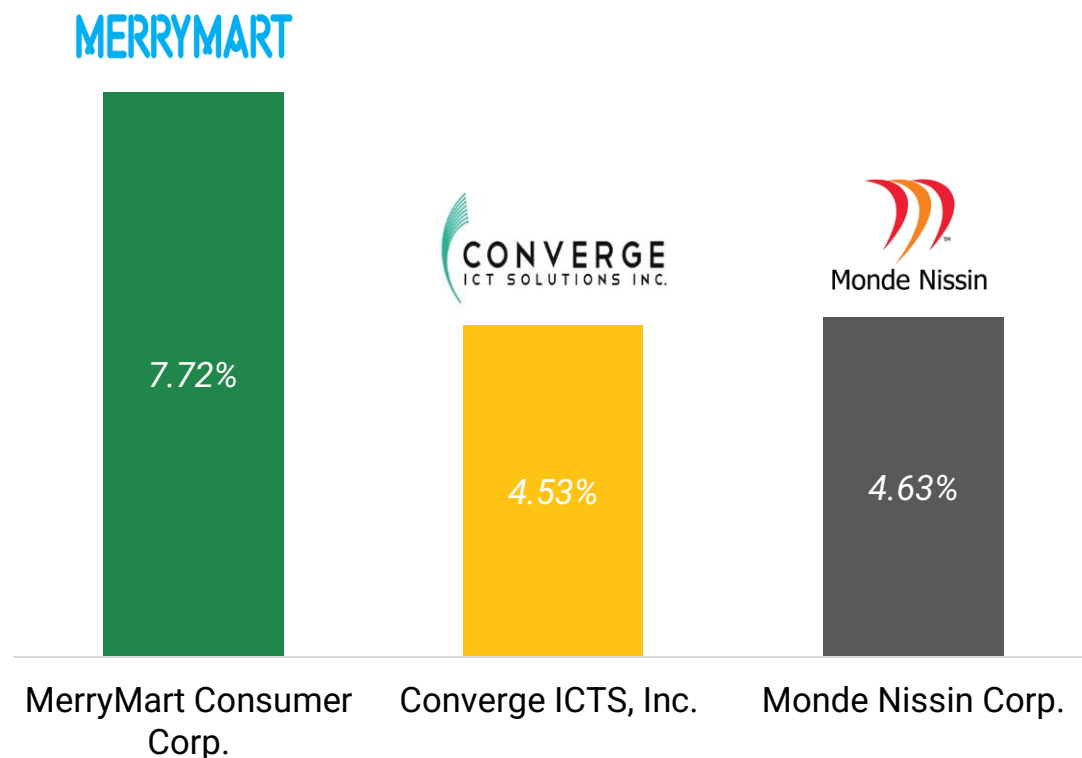
## External Auditor

- Must be and SEC Group A Accredited Auditing Firm
- Primarily responsible for the audit or review of the financial statements prepared by the company's management and ensures that these are compliant with the relevant financial reporting or accounting standards

Source: Philippine Stock Exchange

# Fees and Costs

## Recent IPO Costs, 2020 – 1H2021



*Costs as a % of funds raised are smaller in large-scale transactions*

### IPO Team & Regulatory Fees

- Financial Advisory Fee
- Underwriting & Issue Management Fees
- TP's Selling Fee
- Legal Counsel Fee
- Accounting Audit Fee
- Registration & Listing Fees
- Documentary Stamp Tax

### Other Expenses of Issuance & Distribution

- Road show Expenses
- Printing and Publication Costs
- Trustee and Transfer Agent Fees

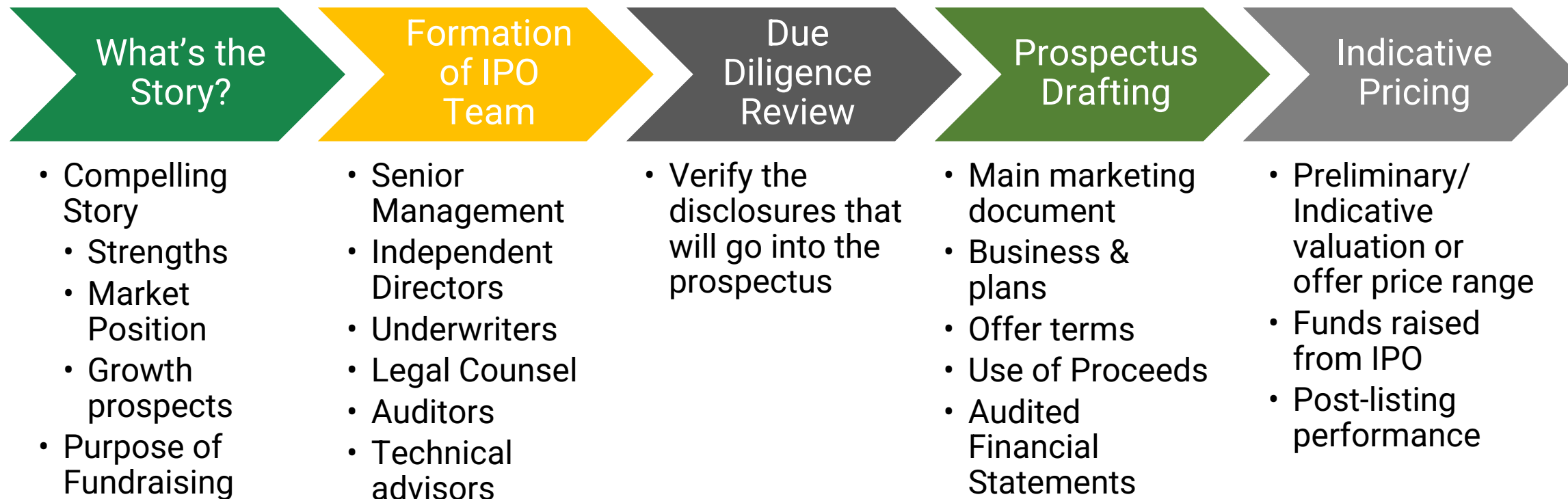
### Recent Updates

- The IPO tax has been removed as it is seen as a tax on capital (Republic Act No. 11494 / Bayanihan to Recover as One Act)

# The IPO Process

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# Pre-filing Preparations



*Plan for what it is difficult while it is easy, do what is great while it is small. – Sun Tzu, The Art of War*

# Regulatory Process



## SEC Registration Process



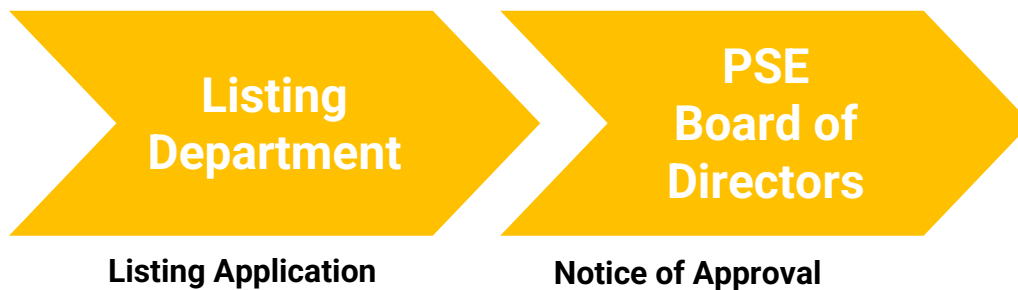
### Timeline:

45 Calendar Days  
(depending on the quality and completeness of the documents presented)

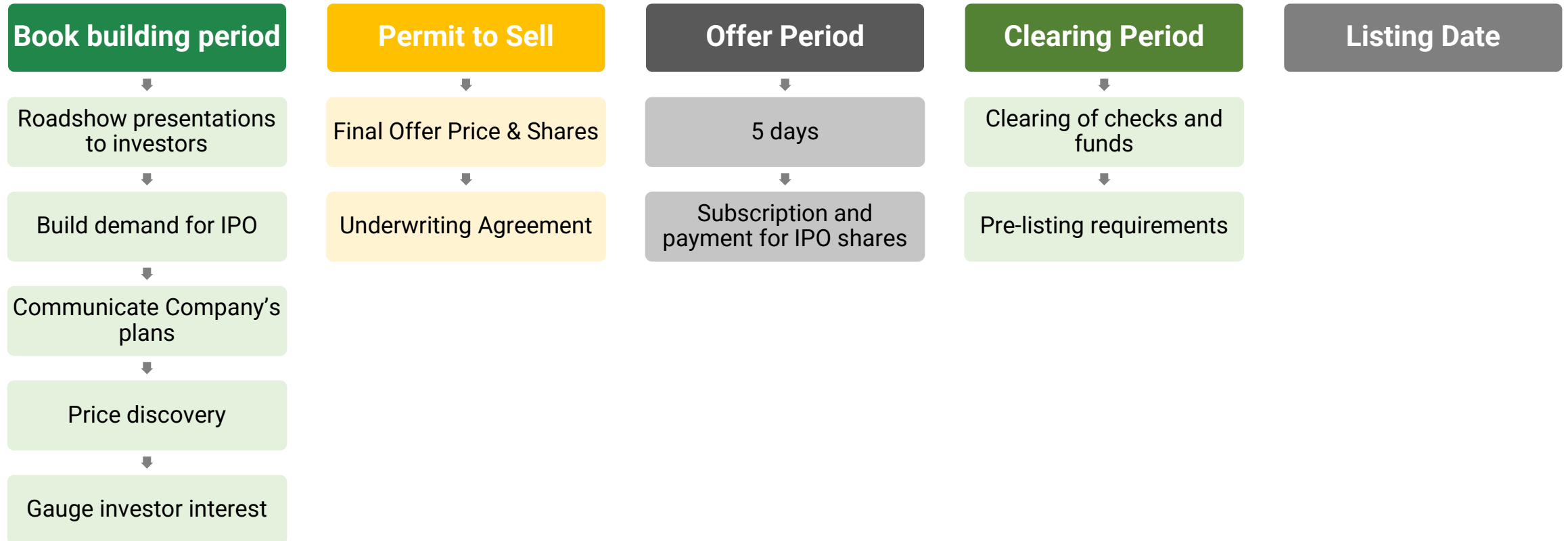
20-30 Working Days  
(depending on the quality and completeness of the documents presented)



## PSE Listing Process

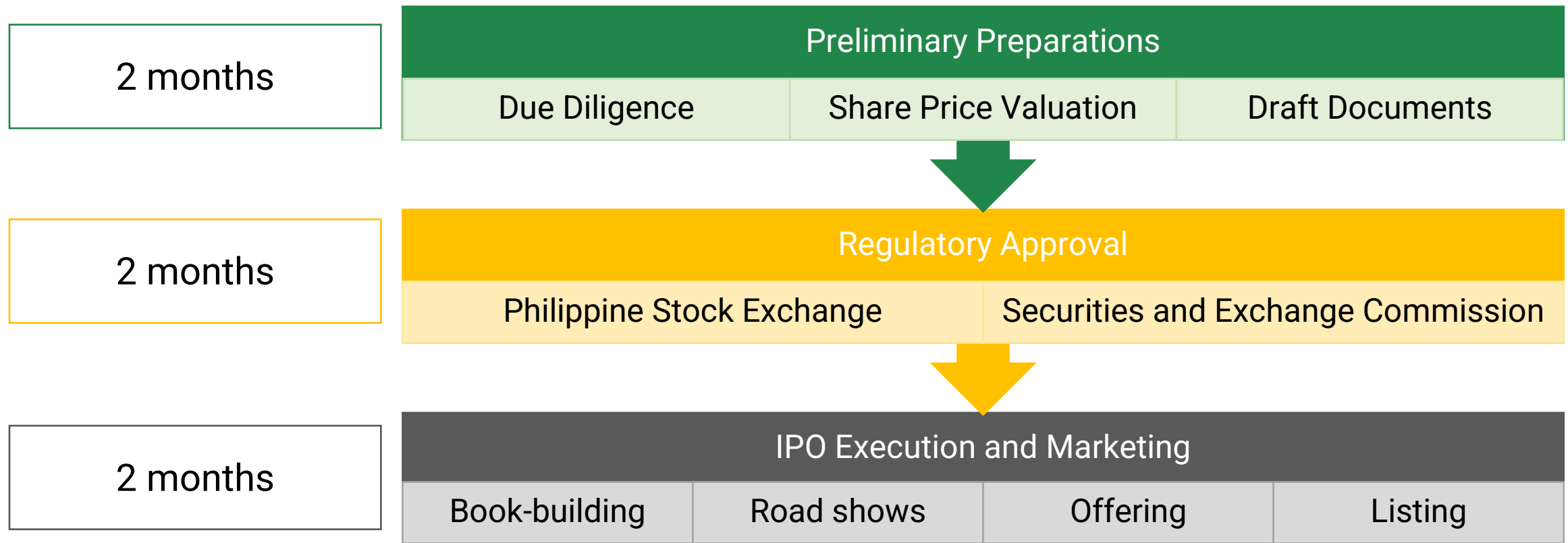


# IPO Execution and Marketing



# Typical Timetable

*Assuming all housekeeping issues are in place:*



# Snapshot: DD's IPO

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# DoubleDragon Properties Corporation



## Share Performance, Apr 2014 - Sep 2021



Source: FactSet Research

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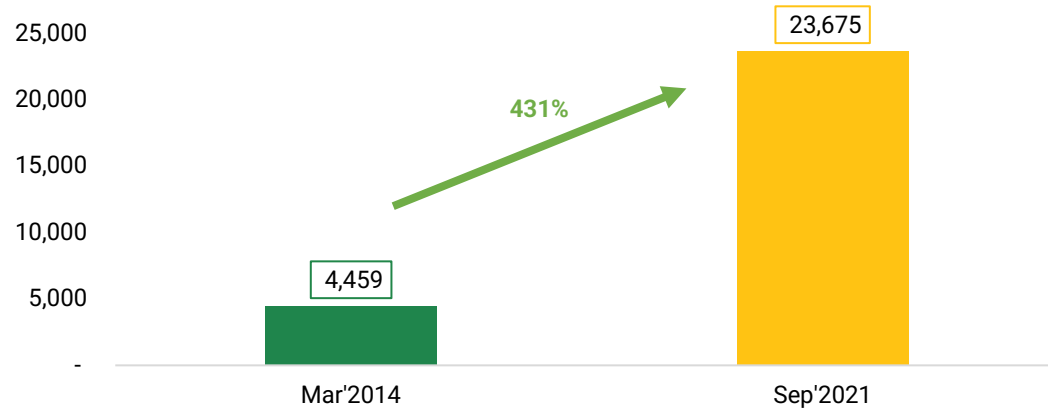
Particulars	Details
Transaction	Initial Public Offering
Unicapital Role	Issue Manager and Joint Lead Underwriter
Offer Price	Php2.00
Offer Shares	579,730,000
Gross Proceeds	PhP1.16 Billion
IPO Outstanding Shares	2,229,730,000
IPO Public Float	26.0%
IPO Listing Date	April 7, 2014

### Highlights

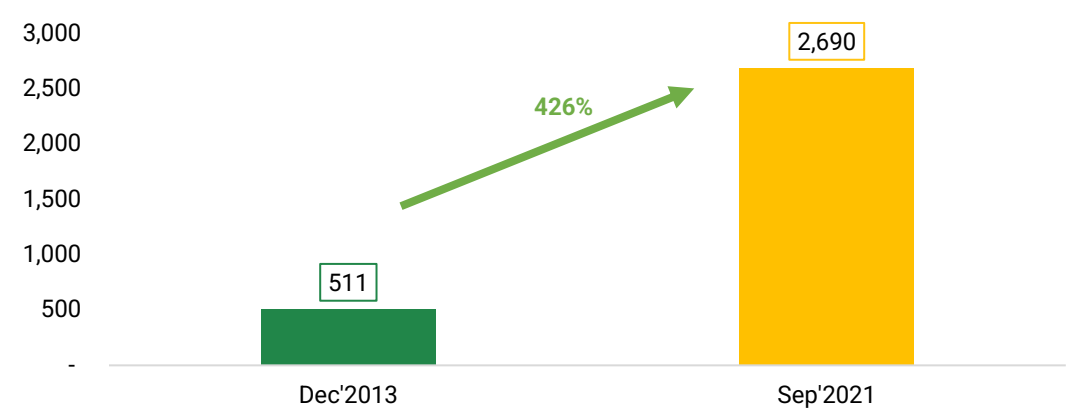
- On April 7, 2014, DoubleDragon Properties Corporation (“DD”) listed in Small, Medium & Emerging Board of the PSE and raised around PhP1.16B to be used for capital expenditure, acquisition of land and pre-development, and working capital.
- During the IPO period, market capitalization stood at PhP4.5B while the Issue was 14x oversubscribed which reflected strong investor interest in DD.
- This offering enabled the principals of DD to further expand their brand and business
- In 2016, DD tapped the market and raised PhP5 billion from the issuance of preferred shares
- The principals later went on to list affiliates MerryMart Consumer Corp. and DDMP REIT, Inc. in 2020 and 2021, respectively.

# Fuelling business growth

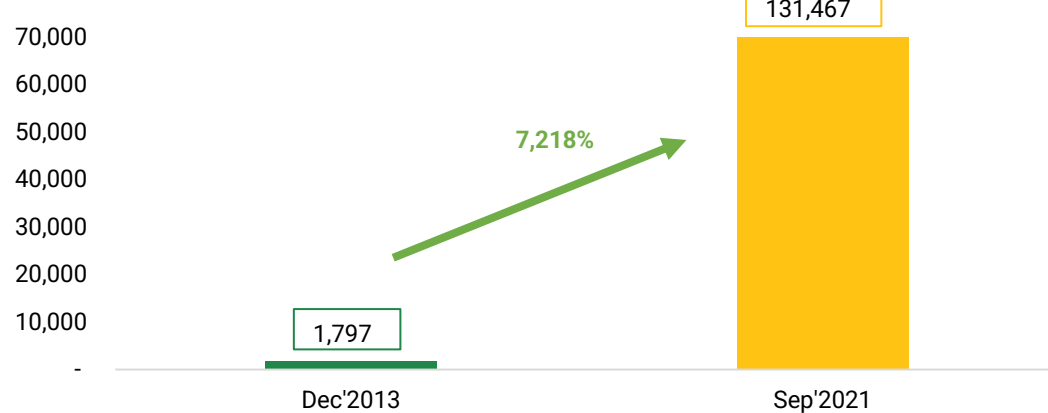
## Market Capitalization in PhP Millions



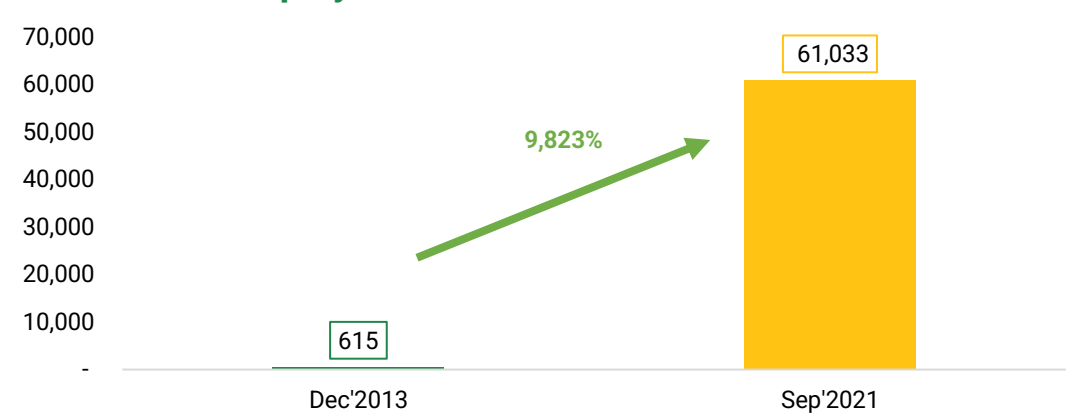
## Revenues in PhP Millions



## Assets in PhP Millions



## Stockholders' Equity in PhP Millions



Source: The Philippine Stock Exchange

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26

# So who's an ideal IPO candidate?

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# An Ideal IPO Candidate

Strong business model with competitive advantage

Quality management team and directors

Solid growth strategy in high-growth sectors

Developed processes and governance

Audited financials from reputable auditors

# Thank you!

End of Presentation.

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