

Recruiting high quality investors

Deals of the Year 2000	
ROBERT WALTERS	6 July
TYPE OF DEAL:	IPO
SIZE:	£139.9m (£135m+ rest from 2.3m shares to pay for IT business)
OFFER PRICE:	170p
GLOBAL	
CO-ORDINATOR:	CSFB
CO-LEAD	
MANAGERS:	WestLB Panmure, CSF Charterhouse

ROBERT WALTERS

Few companies have the chance to launch an initial public offering twice, but this is exactly what Robert Walters, the global recruitment consultant, has done – much to the joy of its dedicated investor base.

The 18-year-old firm first floated in 1996, but de-listed as part of a merger with Staffmark, the US-based recruitment consultant, a few years later. When its US parent fell on difficult times, while Robert Walters' business was thriving, CSFB was commissioned to look at ways of enhancing shareholder value for Staffmark. It concluded that a floatation was the best option.

"From our angle it was the perfect way out," says Peter Greenslade, Finance Director of Robert Walters. In April the Staffmark board agreed. But time was of the essence — a launch date of 14 July had been set, and the team had just 90 days to prepare and launch the deal.

Beating the clock

"We set ourselves a challenge," says Greenslade, recalling the hectic months with little rest. Together with CSFB, the co-ordinator of the transaction, Robert Walters set out a strict agenda of "milestones", which had to be adhered to if the team were to launch within the 90-day period. First, a prospectus had to be completed within two weeks, a target the company's diligent financial con-

troller met by working frantically seven days a week, day and night, in conjunction with the firm's accountants. The due diligence process had not been carried out since the company de-listed two years earlier and was high on the agenda. Legal documentation also needed to be completed.

"It was like being an octopus juggling with three balls to each tentacle," says Greenslade, who commends CSFB, Linklaters, Allen & Overy and Arthur Andersen for their efforts in cementing the deal. Greenslade points out that New Bridge Street Consultants were indispensable in organising the share-option schemes related to what is very much a people business. "We wanted to use the stock to incentivise our staff and to treat all staff equally, so the scheme had to work as well in South Africa as it did in Hong Kong," comments Greenslade. The schemes were complex to organise, but, again, the team was able to finish the task on time.

Getting the message across

With the documentation in place, Greenslade and his team set off on an exhausting 14-day roadshow, meeting 71 investors. Most of the meetings were on a one-to-one basis and yielded good results. When the IPO launched conditionally on 6 July, several days ahead of schedule, more than 50 of the 71 investors at the roadshow bought into the company. The deal was 1.5 times oversubscribed. Launched at an issue price of 170p, the shares ended the first day of trading at 185p. At the time of going to print, the shares had risen further to trade at 219p, albeit off a peak of above 250p (See Figure 1).

"We have an A1 list of shareholders.

All the bigger institutions invested," says Greenslade. The deal was so well-placed with long-term investors that Robert Walters is now considering raising further equity to broaden the

investor base and encouraging more liquidity. The company is weighing up a few acquisition alternatives, which would require settlement in a mix of cash and shares.

In floating the company, Robert Walters set out to achieve three main goals: to gain control of the company's destiny, to be able to incentivise staff with share options and to use the paper to grow the business. This growth looks likely to stem from further takeovers. Robert Walters has again set itself strict targets by vowing to acquire two companies by February.

No doubt equity investors will welcome the company back to the market

Peter Greenslade, Finance Director of Robert Walters, gave the following suggestions for a successful IPO:

- The quality of the advisers is critical both in terms of the process and understanding the sector.
- In a people business, it is essential to get the share option scheme right and in place for the floatation.
- The importance of the way you present yourself to investors cannot be underestimated. Greenslade and his team took a great deal of time to work on preparing and rehearsing the presentation. The 74% hit rate among investors suggests that this time was well spent.
- Spend adequate time with analysts to make sure they truly understand the business and reflect this in the research in ahead of the floatation. ■

FIGURE 1

