Acquisition Positioning Changes Investor Relations Profile

Situation Analysis: A gold-standard global data communications provider, LHA's client was contemplating a transformative acquisition that would significantly increase the caliber and scope of one of its divisions, boosting it from third to first in size and enhancing the company's overall competitiveness. These positive points were complicated by two factors: 1) the need to raise financing to complete the deal in a difficult capital market; and 2) the client's expectation that the newly enlarged division's natural growth rate would be lower than previous levels, which would in turn reduce the entire organization's growth rate, likely shifting the company's investment characteristics toward value from growth and potentially creating resistance to the deal among current analysts and shareholders.

LHA's Solution: LHA recognized that the company's strongest option was to deal head-on with the shifting investment profile by creating a persuasive post-deal investment thesis – and that ensuring a successful financing was step one in this effort. To support the financing and enhance disclosure to all stakeholders, LHA created a robust message platform detailing the acquisition's significant benefits and cross-pollinated these messages into both the deal announcement and the financing road show presentation. The messaging emphasized the fact that the deal enhanced the client's competitive profile; reduced integration risk through similarity in operations; and offered immediate, material accretion, future sources of growth, and long-term R&D advantages. To minimize the deal announcement's disruptiveness and speed stakeholders' understanding of its benefits, we advised that the announcement coincide with the release of quarterly results, crafted conference call slides directly addressing key deal messages and extensively prepared management for Q&A. To elevate the client's profile and attract further investor interest, we also created a financial media outreach program that dovetailed with the IR campaign. We then took advantage of the second news opportunity afforded by the completion of the financing in a tough capital environment by fortifying the deal close announcement and conducting outreach to both financial media and potential new value-focused investors.

Results: By leveraging the acquisition's merits and the client's ability to leverage its creditworthiness to secure deal financing, LHA's communications program helped quickly educate both existing and new audiences about the deal and the client's new investment thesis. As news of a successful financing began to leak into the marketplace, the client's stock price gained momentum to reflect the acquisition's accretion, nearly tripling from deal announcement to deal closure. We created demand among new investing audiences; within the same space of time, the composition of the client's institutional shareholder base began to shift toward the value style as new holders initiated or expanded positions. In addition, two new sell-side analysts began preparing to pick up coverage of the company. Finally, LHA secured feature coverage by the client's local major market daily as well as *Bloomberg* and *The Deal*.