

Aggressive Outreach Creates Support for a Revitalized Company

Situation Analysis: A global provider of power systems, LHA's client had finally turned the corner to profitability and positive cash flow after a three-year effort to reposition the company, enter new markets and improve its manufacturing efficiencies. With growing momentum in the business due to a series of important contract awards, the company expected at least 50% annual revenue growth and operating margin expansion. Although the company's future looked bright, its valuation was stalled.

LHA's Solution: To re-introduce the company's management, market opportunities and growth prospects to Wall Street, LHA proposed a re-energized IR program. Our first step was to review and rework the client's positioning and messaging, after which we revamped all its collateral materials, including its corporate presentation, fact sheet, investor kit, and web site. We then turned our attention to getting the story out to the appropriate audiences. As the company performed against expectations and its valuation improved, our target list evolved from value and turnaround investors to growth investors. Over a six-month period, we contacted each target and arranged 50 meetings with institutional investors and sell-side analysts in New York, San Francisco, the mid-Atlantic region, and Southern California.

Results: LHA's aggressive outreach program quickly yielded results. The company's institutional ownership increased from 30% to 47% of the shares outstanding, and average daily trading volume nearly doubled from approximately 120,000 shares to more than 230,000 shares. The client's valuation also increased steadily as the financial community recognized the growing strength of its business. In another testament to the effectiveness of our awareness-building program, LHA's client secured new coverage from two prominent sell-side analysts.