

Reverse Mergers -- Creating Rapid and Widespread Awareness

Situation Analysis: Reverse mergers present a particular IR challenge as they typically enter the public markets without investment banking support and with very little awareness of the company or its value proposition. LHA's client, a development-stage biotechnology company, completed a reverse merger into a publicly traded company with cash and a product superseded by a new market entrant. The company was addressing a little-recognized medical condition with a single product in clinical trials, with U.S. marketing approval not expected for 18 months. At the time, the client's market valuation was \$16 million, the stock price was under \$1 and average daily trading volume was 16,000 shares.

LHA's Solution: LHA conducted an aggressive outreach program to develop a growing, supportive shareholder base. Within a month of engagement, LHA prepared a company Fact Sheet, corporate presentation, investor kits and target lists of investors and analysts. The following month LHA introduced management to buy-side investors and sell-side analysts nationwide. During the next 18 months, management made more than 80 presentations to over 225 institutional and retail investors. LHA also introduced management to the lead investors in a private placement that was completed during the first year of our engagement.

Results: As a result of our work, five analysts initiated research coverage in the 18 months after our engagement, and more than 50% of the client's shares were in the hands of institutional holders LHA introduced to the story. The firm's market capitalization gradually rose to more than \$165 million, the stock price to approximately \$5 and the average daily trading volume to 230,000 shares.