

NZX IPO MASTERCLASS

The Wynyard Listing Story

5 September 2014







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Introducing the Wynyard team

- Craig Richardson Managing Director Wynyard Group
- Andrew Fredericks
 Executive Director
 UBS New Zealand
- Fiona Bennett
 Senior Associate
 Chapman Tripp



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Prior to the IPO we received many approaches from savvy multi-nationals wishing to acquire Wynyard ... One of the most rewarding outcomes of this IPO is that Kiwis recognised Wynyard's global achievements to date, our future growth potential and the importance of this hi-tech company to New Zealand

> - Craig Richardson Managing Director, Wynyard Group



IPO MASTERCLASS 5th SEPTEMBER



- 1. Introduction to Wynyard
- 2. Why Wynyard chose to IPO
- 3. IPO process and key decisions
- 4. IPO outcome
- 5. Life after listing
- 6. Post-IPO capital raising the Wynyard case study



INTRODUCTION TO WYNYARD GROUP

R. RING

WYNYARD IS A LEADER IN ADVANCED CRIME FIGHTING SOFTWARE











Terrorism

Regulatory Offences

Financial Crime

Organised Crime

Advanced Persistent Cyber Threats

Wynyard is a market leader in advanced crime fighting software used in investigations and intelligence operations by government and financial services.

- Solutions to help solve and prevent crime, counter terrorism and defend
 against advanced persistent cyber threats
- A powerful software platform combining big data, advanced analytics and tradecraft to identify persons of interest, stop offenders and protect victims
- 100,000+ licenced users across Fortune 500 companies and the world's leading government investigations and intelligence agencies
- Host of the Crime Science Research Institute, a partnership with leading Universities, forward-thinking government agencies and global SMEs
- 220 vetted staff across offices in the United States, United Kingdom, Canada, Australia, New Zealand and United Arab Emirates



WHY WYNYARD CHOSE TO IPO

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WHY WYNYARD CHOSE TO IPO

- Access to growth capital at IPO
 - Existing shareholders had no mandate to invest
 - Created a platform for future access to growth capital
- Created a tradable market for Wynyard's shares and a transparent valuation (versus private market alternatives)
- Enabled a re-orientation of the shareholder register towards more natural long term owners
- Enhanced Wynyard's ability to reward employees through employee share schemes and recruit talent
- Provided Wynyard's customers with improved transparency on the business and raised Wynyard's profile
 - "NZ Inc" also a positive



IPO PROCESS AND KEY DECISIONS

142.99

IPO PREPARATION – BUSINESS PREPARATION

The IPO process requires significant management and board involvement

- Thorough preparation is critical to delivering a successful IPO
- Important to retain flexibility in the process to adapt to a dynamic environment (e.g. market conditions, regulatory change)

Business preparation for an IPO

- Make sure corporate structure is appropriate for a listed company
- Is the board appropriate for listing?
- Establish an appropriate management team that is fully committed to the process
- Get ready early for life after listing



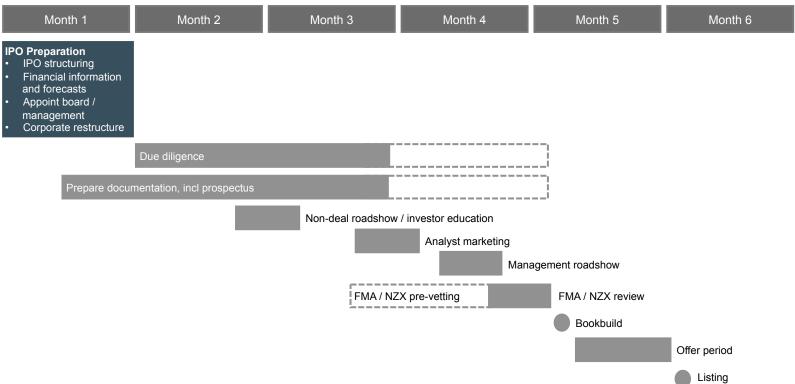
IPO PREPARATION – THE IPO PROCESS

Appointments	Due diligence / legal	>	Corporate finance	>	Offer document	$\left. \right\rangle$	Marketing	\rangle	Approval and Registration of Offer Document
Appointment of advisors Appointment of board	Due diligence (legal, financial, commercial, other) and DD committee meetings Due diligence process memorandum Scope of due diligence broad Regulatory / shareholder approvals	•	Business plan validation Investigating Accountants Reports or private negative assurance report	•	Preparation / drafting of investment statement and prospectus Allocation of responsibilities Verification	•	Institutional and retail marketing Employees PR	•	NZX review (20 business days) Registration FMA consideration period (5 to 10 business days)



A TYPICAL IPO PROCESS TAKES 5-6 MONTHS







THE ROLE OF ADVISERS

Company

- Company involvement largely led by the CEO, CFO and the Directors who are members of the DDC
- DDC oversees offer preparation and approval of offer documentation
- Prepare historical financial statements and projections for review by the Accountants and Lead Manager
- Management roadshows to investors

Investment Bank(s) – Lead Manager

- Project management including providing advice in relation to offer structure, valuation, corporate governance, timetable, preparation of offer documentation and participation in roadshows
- Offer management Bookbuild, pricing and allocation process, underwriting
- Co-Manager(s) retail distribution
 - Retail brokers to facilitate selling to retail investors throughout New Zealand

- Legal adviser
 - Manage the offer document preparation and verification, lead the regulatory engagement and due diligence process
 - Ensure compliance of all marketing materials with FMA and NZX requirements
- Accounting /tax advisers
 - Undertake financial and tax due diligence, prepare auditors report
 - Review historical and prospective financial information for disclosure in the offer document, potentially provide IAR for inclusion in prospectus
- Other key advisers
 - Logistical providers (share registry, designer, printers etc)
 - PR adviser



IPO OUTCOME

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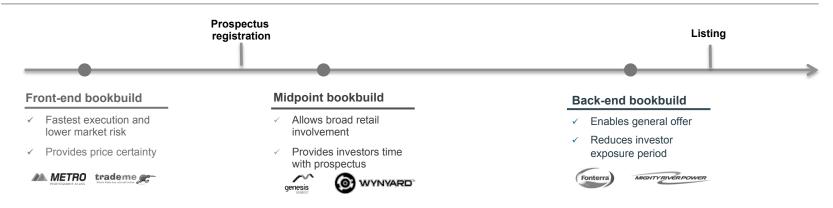
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WHAT MADE THE WYNYARD GROUP OFFER SUCCESSFUL

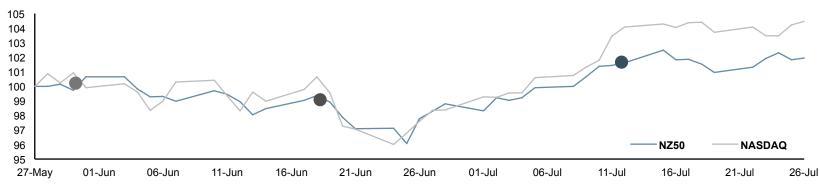
- Experienced board and executive team
- Recognised expert advisory board
- New growth market at the intersection of technology mega trends and growing global problems
 - Big data, advanced analytics
 - · Organised crime, information security and software provenance
- Clear growth strategy
 - Grow our global customer base through direct and partner channels land and expand
 - Extend product leadership position advanced crime analytics market leader
 - Attract and retain the world's best talent experts in preventing and solving crime
- Attractive business model
 - · Term and subscription revenue model with long customer contracts
 - High margin enterprise software product
 - · Growing barriers to entry



OFFER STRUCTURE HELPS DELIVER A SUCCESSFUL OUTCOME



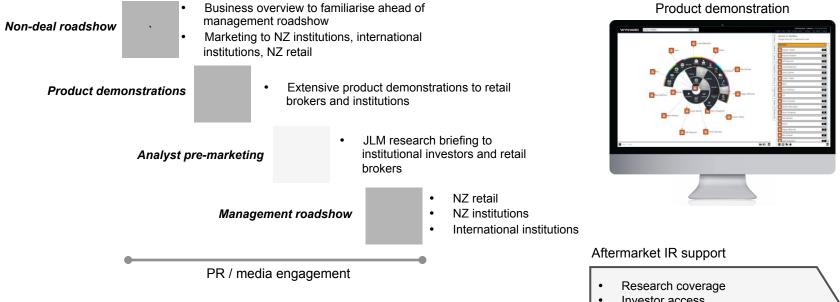
NASDAQ and NZX performance during the Wynyard marketing period





INVESTOR MARKETING AND MANAGEMENT A KEY DRIVER

A broad based and inclusive (institutional and retail) marketing strategy was critical to Wynyard's success



- Investor access
- Results roadshows / briefings
- Conferences

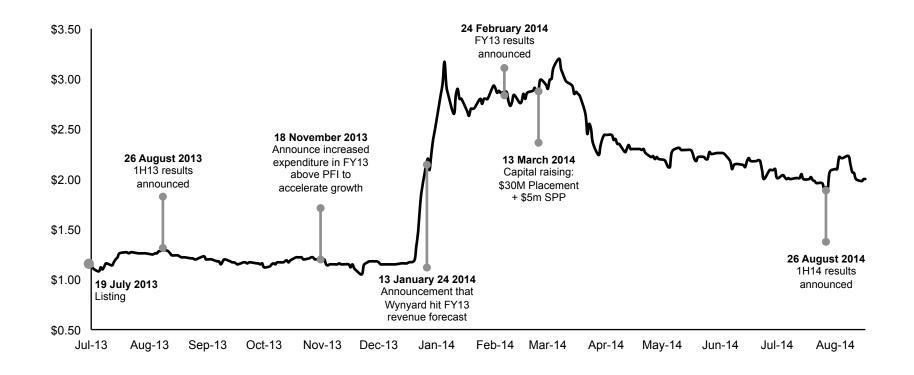
IPO SUMMARY – KEY OFFER DETAILS

Offer details							
Bookbuild date	18 June 2013						
Listing date	19 July 2013						
Offer structure	Mid-point bookbuild						
Price range	\$1.10–\$1.65						
Final price	\$1.15						
Offer proceeds	\$65.0 million						
Implied valuation metrics							
Market capitalisation	\$118.0 million						
Enterprise value	\$91.2 million						
EV / Revenue (FY14)	3.4x						



LIFE AFTER LISTING

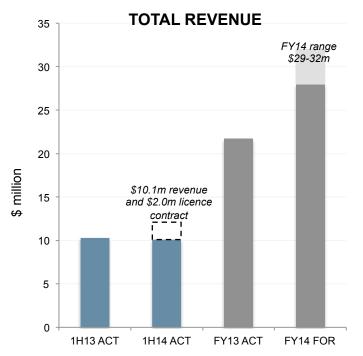
SHARE PRICE PERFORMANCE





1H14 REVENUE OF \$10.1M PLUS A SIGNED CONTRACT OF \$2.5M WAS IN LINE WITH PLAN

- \$10.1m revenue plus a signed contract of \$2.5 million (which delivered licence revenue of \$2.0 million in July) in line with plan. Pro-forma revenue for six months to June 2013 was \$10.3 million
- Recurring revenue 65% of 1H14 revenue compared to 58% last year
- Planned operating costs increased \$4.5 million through increased investment in product platform and people to drive growth
- Depreciation and amortisation costs \$2.1 million higher than last year due to planned software and customer contract amortisation
- \$39.3m cash to invest in continued growth



References to the six months ended 30 June 2013 are for the unaudited proforma results for the six months trading to that date. As a result of the amalgamation in April 2013, Wynyard's June 2013 statutory interim results reported the three months trading to 30 June 2013. The directors consider it appropriate that comparisons are made between the full six months trading periods to 30 June 2013 and 2014



INVESTOR RELATIONS AND PR

- Engagement
 - Reinforce and simplify the message
 - Institutional and retail broker needs are different
 - Consistency of messaging, strategy and achievements
- Good IR is critical to future capital raising
- Understand the composition of your share register
- Measure the performance of your IR strategy



POST LISTING REPORTING AND COMPLIANCE

- Polices, Procedures and Governance
 - Higher standard than unlisted environment
 - Corporate Governance Code
 - Policies
 - Share Trading
 - Continuous disclosure
 - Code of ethics
 - Diversity policy

- Market Reporting/restrictions
 - Interim and annual report and disclosures
 - AGM
 - Related Party transactions
 - Director and officer disclosure
 - SSH notices
- Continuous disclosure
 - Material information
 - Release immediately
 - Talk to advisors and NZX
 - Management understanding is critical



POST- IPO CAPITAL RAISING THE WYNYARD CASE STUDY

POST-LISTING CAPITAL RAISING OPTIONS

- **Private placements** up to 20% of current issued share capital in any 12 month period (without shareholder approval)
- Share purchase plans can raise up to \$15,000 of new shares per shareholder, irrespective of shareholding (without shareholder approval)
- **Rights issue** can make pro rata rights issues to existing shareholders (without shareholder approval)
- **Dividend reinvestment plan** useful for raising small amounts of capital if company pays dividends
- FMCA "Same class" offers new exclusion for same class offers
 - · An efficient and simple way to raise new capital and for shareholders to sell blocks after listing



\$35 million additional capital to bring forward growth initiatives

- Increase sales and services capability
- Increase serviceable market through technology and integration partners
- Land and expand in the US justice and intelligence sector
- Accelerate investment in big data analytics and user experience



DETAILS OF THE OFFER

Placement

- \$30 million targeted placement to institutional and other eligible investors
- Placement price of \$2.70 per share

Share Purchase Plan ("SPP")

- Wynyard offered shareholders in New Zealand the opportunity to subscribe for new shares up to a maximum application size of \$15,000
- Pricing of \$2.70 for the SPP was determined as the lower of:
 - the placement price of \$2.70; and
 - the average end of day market price calculated over the period of five business days immediately prior to the SPP closing
- Maximum aggregate funds raised of \$5 million
- Offered to New Zealand shareholders on the register at the record date (31 March 2014)
- Scaling pro rata based on shareholding as at the record date
- Not underwritten





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