

EUROPEAN MARKETS

Public listing on  
NYSE Euronext





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## Introduction

Listing a company on a stock market is a key strategic decision for a business owner. There are a number of possible reasons for this decision, all of which are legitimate, such as using NYSE Euronext's state-of-the-art markets and visibility to step up growth, facilitating the withdrawal of an investor or preparing for an inheritance or buyout. In all of these cases, listing results in a change of dimension for the company. It enhances visibility and changes the relationship between the company and its stakeholders (clients, suppliers, banks, etc.), giving it a new status. Preparing to be listed provides the opportunity for a company to set out its strategy clearly to the financial community, its clients and its employees. It also constitutes an opportunity for management to look to the future and, as necessary, consolidate the company's own teams. Lastly, it mobilises employees around a unifying project. NYSE Euronext supports business managers throughout this process. Its listing structure allows each company to find its place on the market that best corresponds to its situation and ambitions.

The aim of this brochure is to provide an overview of the listing process. NYSE Euronext staff are happy to provide you with any assistance you require, in full confidentiality, in your own thought processes and in looking at the specific needs of your company.

Dominique Cerutti,  
NYSE Euronext President & Deputy CEO

## Why get listed on NYSE Euronext?

Going public is a real driver for a company's development, enabling it to increase its equity while also reinforcing its structure and reputation, as well as benefiting from the unifying dimension of a project of this kind on an internal level. NYSE Euronext's highly qualified teams are available to help you move forward in the decision-making process.

### Diversifying director-shareholder portfolios

All good business managers look for ways of diversifying their portfolio harmoniously in order to spread risk. This also applies to director-shareholders, who invest the majority of their assets in the company's share capital. The stock market allows them to utilise part of their portfolio under favourable conditions without calling into question their control of the company.

### Diversifying sources of financing and facilitating ownership's transfers

#### Increasing the company's equity

Most growth companies sooner or later reach a threshold at which the capital needed to finance their expansion can no longer be provided by the founding shareholders alone. A public listing is a way of overcoming this constraint while diversifying sources of financing. By carrying out a capital increase or issuing securities (shares, convertible bonds, warrants, OCEANE bonds etc.), the company increases its equity and obtains a substantial cash position. This solution satisfies investors by giving them access to the share capital of a growing company while guaranteeing the independence of majority shareholders. Furthermore, being listed enhances the company's credibility among banks and generally allows for more favourable borrowing terms.

#### Offering liquidity to financial, family or minority shareholders

Buying and selling shares in an unlisted company can prove complicated due to the lack of liquidity and clear pricing. Floatation of shares on the stock exchange provides the opportunity for the company's financial, family and minority shareholders to sell all of their shares at the time of the IPO, or gradually once the company is listed. They can also choose to increase their stake in the company through market offerings and share the risks with new shareholders while also benefiting from the potential increase in the company's value.

### Preparing for a company buyout

A public listing facilitates company buyouts, regardless of the options chosen: family ownership, transfer to managers, gradual withdrawal etc. In particular, it enables members of the director-shareholder's family to sell shares in order to pay inheritance taxes, thereby avoiding having to sell all of the company's assets.

Buyouts are also a way to offer shares or cash to heirs that do not take a role in the company's development.

### Currency for acquisitions with shares

Shares in a listed company constitute a currency. By listing itself on the stock market, a company can make acquisitions financed partly with shares. This avoids excessive debt or needing to use cash assets. At the same time, a public listing can allow the seller to sell the company gradually and continue to benefit from its development. If the target company is also listed, the buyer can submit a share exchange offer, and thereby increases its own shareholder base.

### A PUBLIC FLOATATION ALLOWS:

- THE COMPANY to obtain financing without the need for debt;
- SHAREHOLDERS to increase or divest their stake more freely at a clear price;
- DIRECTOR-SHAREHOLDERS to utilise part of their portfolio and prepare for a buyout of the company

## Bolstering the company's strategy, strengthening its image and motivating its staff

### Clarifying the company's business and strategy

Strategic issues should be a central concern when preparing for listing. This process provides the opportunity for management to step back and think about the company's future growth and the resources required to meet its targets.

- What are the company's business activities and the key factors behind its success?
- What are the company's competitive environment and positioning?
- What is the strategy for the next five years?
- What are the reasons for a public listing?
- What is the desired shareholding structure?

### Opening up the company's share capital

A public floatation means welcoming new shareholders. Who will they be? What will they be looking for? The prospect of opening up a company's share capital sometimes raises uncertainties for management. The business owner should consider this stage as an opportunity by placing it within the larger framework of the company's objectives.

### Creating adequate structures

A public floatation implies obligations towards the financial community and individual shareholders. The company makes a commitment in particular to a development plan and regular communications. Some companies already have the structures needed to meet these requirements, while for others a public floatation provides an opportunity to review their organisation. This can involve in particular reinforcing the executive management team, clarifying certain functions or even changing the company's organisational structure.

### Developing the company's reputation

A public floatation enhances a company's credibility thanks to efforts to ensure transparency and the commitments it implies. Acting as a quality standard – for example, fewer than 1,000 companies in France are listed out of a total of 2.5 million – it attests to a company's solidity, its openness to the outside world and its desire to expand. This new status therefore makes the company more attractive in a number of respects, such as broadening its choice of suppliers and clients and increasing recognition in its business sector. It also constitutes a real advantage on the international stage.

### Facilitating hiring of new staff and boosting management

A public floatation also has a managerial impact. By strengthening the company's image, its new status increases the value of its employees and involves them in a unifying project. To a certain extent, it reflects the quality of the men and women working within the company. Dialogue within the company is changed. Hiring of new staff is also facilitated thanks to an increase in spontaneous applications. Furthermore, the appointment of top-level managers can be envisaged even in areas far away from the major financial centres. Lastly, going public favours share-based payments (stock options, company savings plans etc.).

### Equity story

A company looking for a public floatation needs a story to tell.

Investors want to know

- where it comes from and what it does;
- what its products and markets are;
- what its success factors are;
- its prospects.

All of this information makes up the "equity story", which gives investors the clarity and visibility they need to make their investment decision.

### A PUBLIC FLOATATION:

- **REQUIRES** re-examination of the company's strategy;
- **STRENGTHENS** the company's structures and its organisation;
- **ENHANCES** the company's reputation and its ability to attract clients, suppliers and employees.

This is where the NYSE Euronext professional team can help.



## How to list on NYSE Euronext

Companies looking to go public need to select their advisors and choose the market on which they want to be listed: the European regulated markets of NYSE Euronext in Europe, or NYSE Alternext.



### Choosing the market best-suited to your company's size and ambitions

Companies listed on the European regulated markets of **NYSE Euronext** are subject to a number of EU rules applicable to all regulated markets within the EU. This harmonised environment, particularly in terms of financial reporting and accounting standards, provides direct access to a very large investor base. The European regulated markets of NYSE Euronext are segmented according to market capitalisation:

- Compartment A: companies with a market capitalisation of more than €1 billion;
- Compartment B: companies valued between €150 million and €1 billion;
- Compartment C: companies with a market capitalisation of less than €150 million.

**NYSE Alternext** is a market which offers simplified access and fewer requirements. Intended primarily for midcap companies, it is open to both professional and individual investors.

The market is controlled but not regulated in the sense of EU directives. Companies looking to be listed on NYSE Alternext must choose a Listing Sponsor\* to help them during the admissions procedure and guide them throughout their life on the exchange.

\* The Listing Sponsor can be an investment services provider (ISP) as well as an audit firm or a corporate finance specialist.

### Choosing your country as point of entry

When going public on NYSE Euronext, companies have the choice of their point of entry: Belgium, France, Portugal, the Netherlands or the United Kingdom. The regulator is related to the jurisdiction selected. Each company can find the market place which best suits its profile.

In addition to these two markets, is *Marché Libre*, targeted at small and medium- sized companies looking to access the financial market without having to meet the eligibility criteria of other NYSE Euronext markets. This market targets primarily sophisticated or professional investors.





#### A few tips on how to choose

As with any business partner, it is important to talk to a number of service providers and check their references. Do not hesitate to compare with one another and make sure that they are right for the size of your company, its ambitions and the characteristics of the offer.

#### Main eligibility criteria

	European regulated markets of NYSE Euronext	NYSE Alternext
Minimum distribution	Minimum of 25% of share capital or 5% if this represents at least €5 million	€2.5 million (public offer) €2.5 million (private placement)
Past financial statements	Three years certified financial statements	Two years financial statements, with the last year certified
Accounting standards	IFRS	Domestic or IFRS
Documents to be provided	Prospectus approved by the regulator	Prospectus approved by the regulator or offering circular without approval in the case of a €2.5 million private placement with a number of qualified investors

## Selecting advisors to support the company

### FINANCIERS

#### Investment services provider (ISP)

The investment services provider (ISP) is a financial intermediary, generally a bank, that acts as an intermediary between the company and other market operators to sell the company's shares to the public. It is a member of NYSE Euronext's markets. Its role also consists of advising management throughout the process, particularly in procedures concerning market authorities. The ISP also coordinates the work of the other parties involved. Its research department analyses and evaluates the company, while its sales traders help management to place the shares. During the early stages of the process, the ISP can carry out pre-marketing to test out investors' appetite for the company's shares and their position on the chosen valuation.

Depending on the size of the offer, the company chooses one or more ISPs. If more than one ISP is chosen, a specific role is allocated to each one and one is designated as lead manager. In the past, these duties were performed by brokerage firms, which are now ISPs.

#### Listing Sponsor

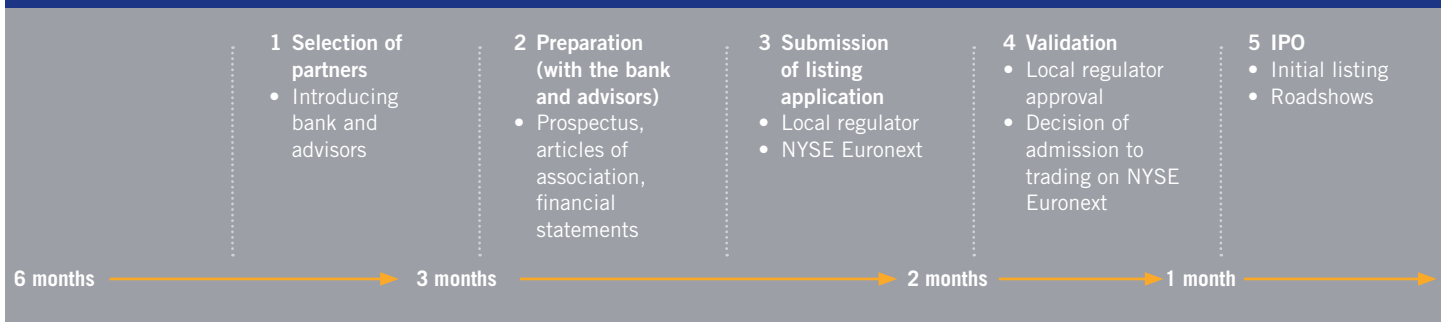
A company looking to be listed on NYSE Alternext must have a Listing Sponsor to help it with its listing preparations and guide it throughout its life on the exchange. Listing Sponsor status is granted by NYSE Euronext to investment services providers (ISPs), as well as audit firms or corporate finance specialists. The Listing Sponsor is responsible for putting together the prospectus and carrying out audits. It helps the company to meet its legal requirements and NYSE Alternext rules, once listed.

### Advisors

The listing process requires issuers to meet a number of legal and accounting requirements. Most companies find it worthwhile to hire special advisors to assist them during this process:

- legal advisors;
- accountants;
- statutory auditors;
- tax advisors;
- financial advisors;
- communications advisors.

### Preparing for an IPO (6 months preparation)



### A PUBLIC FLOATATION:

**CHOOSING** the market on which your company wants to be listed, European regulated markets of NYSE Euronext or NYSE Alternext;

**SELECTING** the advisors that will help the company during the process;

**ORGANISING** communications with investors and the financial press.

## Communicating: A key role in convincing investors

### Meeting with investors and the press

Going public is similar in a number of ways to launching a new product. In both cases, a marketing and communications phase is essential in order to sound out the market and create a feeling of expectation. This is the responsibility of the ISP, whose financial analysts enjoy close relationships with potential investors, and the communications agency, which is used to organising meetings with financial analysts and the financial press. Together, they help the company to prepare its presentations. At a later date, they organise group meetings (meetings with analysts and managers) or personalised meetings, as well as press conferences.

### The prospectus, a standard document

The prospectus, the main tool for a company to communicate with investors, is prepared by the investment services provider (ISP) or Listing Sponsor. It comprises primarily:

- a legal and business presentation of the company; financial reports for past years;
- the company's history and a presentation of its management team;
- the company's strategy and outlook;
- information about the offer.

The prospectus must be approved by the local regulator in order for the company to be listed. The prospectus can take two forms: a single document or three separate documents (a registration document, a securities note and a summary note).

## Being listed on NYSE Euronext

A listed company agrees to comply with certain requirements in terms of transparency and financial communications. To help it, NYSE Euronext provides a range of tools and services.

Main requirements		
	European regulated markets of NYSE Euronext	NYSE Alternext
Financial reporting	<ul style="list-style-type: none"> <li>• Audited annual and audited/unaudited interim financial statements, quarterly sales and reports published by press release (BALO in France)</li> <li>• Permanent information*</li> </ul>	<ul style="list-style-type: none"> <li>• Audited annual and unaudited interim financial statements, published on the company's website and on the NYSE Euronext website (alternext.com)</li> <li>• Permanent information*</li> </ul>
Declarations of breaches of threshold	<ul style="list-style-type: none"> <li>• 5%, 10%, 20%, 33%, 50%, 66% of share capital and/or voting rights (France)</li> <li>• Multiples of 5% of voting rights (Belgium, Netherlands)</li> <li>• 2%, 5%, 10%, 15%, 20%, 25%, 33%, 50%, 66% and 90% of share capital and/or voting rights (Portugal)</li> </ul>	<ul style="list-style-type: none"> <li>• 50 and 95% (of share capital in France and of voting rights in the Netherlands)</li> <li>• 25%, 30 %, 50%, 75% and 95% of voting rights (Belgium)</li> <li>• 2%, 5%, 10%, 15%, 20%, 25%, 33%, 50%, 66% and 90% of share capital and/or voting rights if listed via public offering (Portugal)</li> <li>• 50% and 95% of voting rights if listed via private placement (Portugal)</li> </ul>
Standing offer in the event of change of ownership	Yes	Yes

\* Any information that may have a material impact on the share price

### Communicating with shareholders

Companies' obligations depend on the market on which they are listed. Companies listed on the European regulated markets of NYSE Euronext must comply with the Transparency Directive, which sets out their requirements in terms of financial reporting. These requirements are less stringent for companies listed on NYSE Alternext, although the principle of transparency still applies.

## Services provided by NYSE Euronext

### Personalised support

NYSE Euronext offers listed companies a wide range of services throughout their life on the stock exchange. Each company is assigned a dedicated contact within NYSE Euronext.

### Training in best practices

NYSE Euronext organises conferences, seminars and workshops for managers of listed companies, looking at best practices in areas such as investor relations, corporate governance, IFRS and general shareholders' meetings.

### ExpertLine

ExpertLine is an interactive information and communication platform run by experts in market techniques and finance available for all market segments: European regulated markets of NYSE Euronext as well as NYSE Alternext®. ExpertLine is accessible daily, before, during and after the trading session (8:45 am to 6 pm CET) at + 33 1 49 27 15 15 from France, +32 2 509 9595 from Belgium and +31.20.550.4545 from the Netherlands.

### MyListing.euronext.com

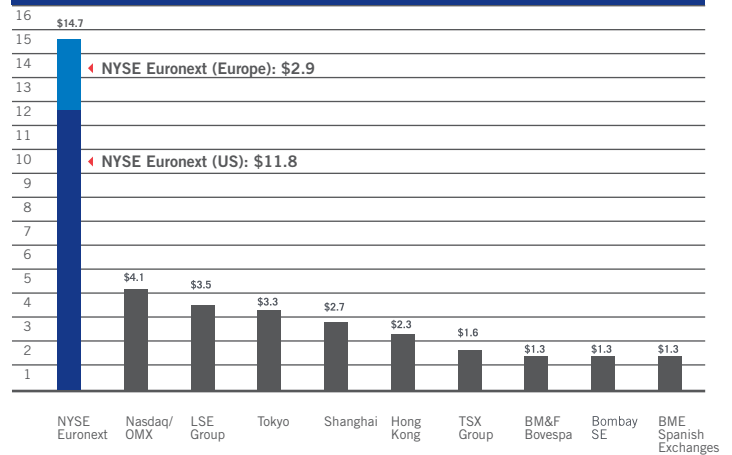
This extranet website gives companies listed on NYSE Euronext access to a whole range of interactive services, including real-time share price monitoring and stock market data and publication of their press releases online.

## NYSE Euronext, the Eurozone's leading stock exchange operator

### An international exchange

NYSE Euronext was created on 4 April 2007 from the joining of NYSE Group Inc., the world's largest cash equities exchange, and Euronext N.V., the no. 1 pan- European stock exchange grouping together the Amsterdam, Brussels, Lisbon and Paris stock exchanges and Liffe, London's derivatives market. Financial market consolidation has enabled NYSE Euronext to offer investors a vast visible market with a high level of liquidity. Integration has resulted in the creation of harmonised electronic trading platforms that have substantially cut costs for users.

Market capitalisation of domestic companies excluding investment funds as of end – 2009 (T\$)

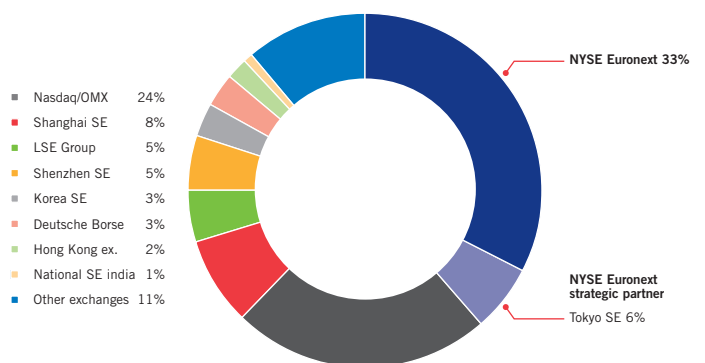


Source: WFE, NYSE Euronext, Nasdaq/OMX, LSE Group

### COMPANIES LISTED ON NYSE EURONEXT

- must demonstrate **TRANSPARENCY** towards their shareholders;
- benefit from the **SUPPORT** and services of NYSE Euronext;
- benefit from the **EXPERTISE** of the largest stock exchange in the Eurozone and the visibility of the leading US stock exchange;
- benefit from superior **ACCESS** to US investors.

Market share of world's cash equity trading as of end – 2009





## Listing on NYSE Euronext helped raise Movetis's value"

Dirk Reyn, CEO of Movetis



### What were the main reasons for introducing Movetis on the stock exchange?

As a spin-off of the pharmaceutical group Johnson & Johnson, Movetis inherited a large portfolio of products under development, including some in an advanced phase. This is true for Resolor, for example, a drug that received European Union approval in October 2009. We have decided to market this excellent product ourselves in the Benelux, France, the United Kingdom and Germany. We therefore needed financing to create local subsidiaries. We initially approached venture capital and private equity firms, but they were unnerved by the market environment and had a different view on the current value of Movetis and their potential returns on the short term. Institutional investors were broadly impressed with what the company had accomplished since its creation in December 2006 and recognized an attractive upside potential in the medium term. And so we opted for a stock market entry which allowed us to raise €98 million in December 2009.

### Was this operation challenging in terms of company organization?

It was a challenge but we had decided back in 2006 that an IPO would be the most likely exit for our investors. So we had been structuring ourselves like a listed company, in preparation for this event.

### Why did you choose NYSE Euronext?

There is an environment favorable to pharmaceutical companies in Belgium: Good universities & research, dynamic small and larger companies such as Janssen Pharmaceutica, solid specialized investors and a strong base of retail investors in biotech. This situation explains why we chose NYSE Euronext in Brussels.

### Did this operation change the way the company works?

The injection of capital is allowing us to implement our business plan. We are more concentrated on our business and benefit from greater visibility on the market. At the same time, listing brings with it some obligations in terms of communication that have led us to expand our investor relations and finance team. As CEO, It is expected that I make myself available to meet with shareholders.

### What advice would you give to a company preparing to enter the stock market?

I would tell the management to test their underlying business plan with the general public and investors sufficiently ahead of time, so they can critique it. You have to accept a very different viewpoint from public investors on things. It's better to know if your plan is solid enough and if you can meet their expectations before starting the entry process.

### About Movetis

Movetis was founded in Belgium in 2006 as a spin-off of Johnson & Johnson. The company focuses on the discovery, development and commercialization of novel innovative drugs for the treatment of gastrointestinal diseases with high unmet need. Movetis has 44 staff members (March 2010).

### Listing market:

NYSE Euronext regulated market in Brussels, compartment B

### IPO:

December 2009.

## Listing on NYSE Euronext brought us a robust financing solution”

Jacques Bailet, CEO of Medica



### About Medica

Medica is a major player in dependency care in France and Italy. The company manages 148 retirement homes and residential care establishments, as of end-2009, and employs a staff of 6,400. It generated revenues of €480 million in 2009.

### Listing market:

NYSE Euronext regulated market in Paris, compartment B

### IPO:

February 2010.

### What made you decide to list Medica on the stock exchange?

Medica has been registering average annual growth of 20% on the high-potential retirement homes and residential care establishments market. We needed to find new sources of financing to maintain this high rate of growth. After implementing an LBO<sup>1</sup>, we wanted a more robust solution that would not put pressure on our financial structure. This led us to seek €275 million in capital by entering the stock market.

### Why did you choose NYSE Euronext?

NYSE Euronext in Paris was a natural choice because Medica is a part of the French landscape. The international scope of NYSE Euronext was also a clear advantage. It served us well during our roadshow in the United States and the other European countries.

### What advice would you give to a company that wants to enter the stock market?

First, it is very important to present a good equity story based on solid past results. The quality and stability of the management team are also crucial. Managers have to deliver to gain investors' trust. The IPO documentation must be solid, which requires lots of work. And you have to be organized so the operation doesn't interfere with the company's business during the process.

### How were you received by investors?

The operation itself was extremely successful, oversubscribed by a factor of three.

### Did this process require a high level of participation within the company?

Numerous people within the company were mobilized, but not all at the same time. The work took place sequentially, with a successive focus on different functions. This approach is very formative. I would also point out that 50% of employees themselves subscribed to the offer.

### What are the advantages of being listed on the stock exchange?

Besides financing our growth, listing brought us greater visibility and credibility. The transparency that such a project requires was reassuring for our stakeholders.

<sup>1</sup> Leveraged buy-out.

## Contacts

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