

# Communications – Making your business look good

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The  
Investor Relations  
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Investor Relations  
Media Relations  
Transactions  
Publications  
Websites

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rankly, to manufacture thought  
like a masterpiece by a weaver wrought.“

oethe, Faust, 1832

# io Martin Meier-Pfister

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Partner at The Investor Relations Firm AG, Zurich

- 13 years of experience in financial PR, i.e. advisor on more than 10 IPOs and 10 M&A transactions, media officer for international companies
- Joined Swiss leading communication company Wirz Group in 1994, appointed managing partner of Wirz Investor Relations AG in 2000
- MBO in 2002, renamed The Investor Relations Firm (IR Firm)

Co-author of book “Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz”, published by NZZ Buchverlag in 2002

Member of IR Society (UK), former president of the Swiss Society of Investor Relations Agencies (GIRAS)

Master degree in economics and sociology, University St. Gallen

# Firm profile & credentials

## Services

Advisory on capital market transactions:  
M&A, IPO, changes in capital structure

Ongoing Investor Relations for listed  
companies

Financial PR for asset managers and  
other financial service companies

## Offices

Location: Zurich

Team: 3 partners, total of 7 employees

International Partner: Financial  
Dynamics, London

**are specialists in communication with  
and to the financial community**

## Transactions



Partners Group  
Passion for Alternative Investments



## Ongoing IR



## Financial PR



Merrill Lynch



## Biotech, medtech



PAION

Benelux Biotech @ SWX



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Why communications?

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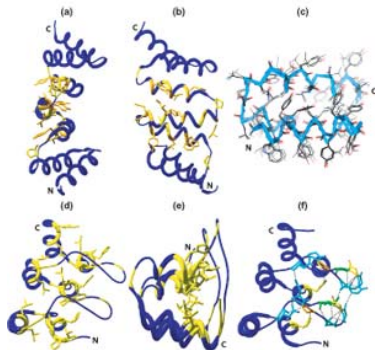
Going public and being public

Equity story

# Communications – a complex business

Molecular Partners – spin-off from Zurich University's Biochemistry department

Most promising selling proposition: Development of binding molecules based on DR (Designed Repeat Protein) technology and the DARPins (Designed Ankyrin Repeat Proteins) derived from it



(...) DARPins are derived from natural ankyrin repeat proteins which are used in nature as versatile binding proteins with diverse functions such as cell signaling, kinase inhibition or receptor binding just to name a few. DARPins can be produced in bacterial expression systems at very high yields and they belong to the most stable proteins known. Highly specific high-affinity DARPins to a broad range of target proteins, including human receptors, chemokines, kinases, human proteases and membrane proteins, have been selected. Affinities in the single digit nanomolar range are obtained by default. DARPins can optionally also be subjected to affinity maturation yielding binders with picomolar affinities. This is comparable to the best affinities of antibodies known to date. (...)

In short: Develops novel proteins as alternatives to antibodies for therapeutic and diagnostic applications based on proprietary technology. Main fields of application are therapy, diagnostics and biotechnology.

# Communications – make it simple

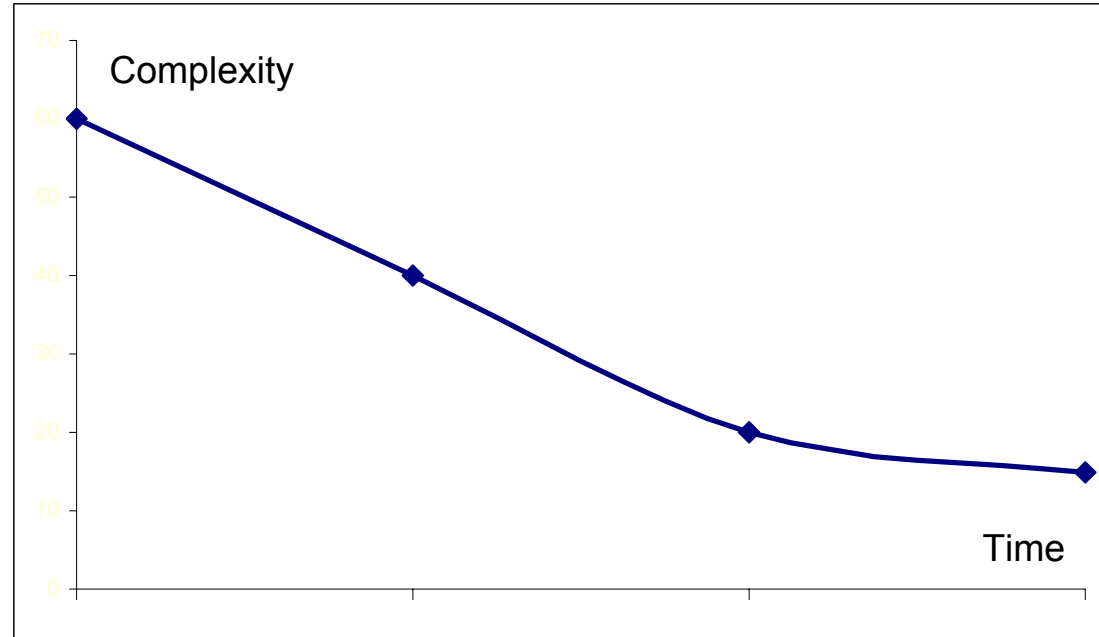
Complex biotech and medtech products/companies

Activities often not intuitively understandable for media / investment professionals / wider audience\*

People do not invest in something they do not understand

Rule: The wider the audience, the simpler the story

**Simplicity of the corporate story**



Share with your parents, your children

# Communications – many questions

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As of when should I invest into corporate branding?

Our story is too complex to be told – why should I bother?

So many target groups I should communicate with. What are the priorities?

Do I need to talk to media?

I do not like to be a public person. Can I delegate the „spokesperson“ function?

Does advertising make sense?

Communications is common sense and trial and error. Why do I need a concept?

# Communications – objectives

Enhance upside

ENKANDIDATEN | TOP-STRATEGEN

19. Januar 2006 | Enterprise | CASH | 5



Viele bei den Grossen: Klaus Schollmeier, CEO Santhera.



Neue Medikamente aus alten Wirkstoffen: Fabio Cavalli, CEO MondoBiotech.

## Schnellzugstempo neuen Medikamenten

Trendsetter in der Pharmaindustrie streben an die Börse.

Legen erlauben  
ern auch im hoch-  
Biotech-Business  
chigen Investoren  
enaufbau. Mondo-  
und Santhera machen

der unter jungen Biotechfirmen un-  
gewöhnlich ist. Santhera entstand  
bei einem Merger zwischen zwei  
Start-ups, die sich perfekt ergänzen.  
Klaus Schollmeier, CEO mit 18 Jahren  
Erfahrung in grossen Pharma-  
firmen, fädelt die Entscheidung

kandidat bereits die zweite von drei  
klinischen Testphasen. Das am wei-  
testen entwickelte Medikament ist  
bereits in Phase III. Dabei zahlte sich  
auch die konsequente Fokussierung  
der Firma auf die Entwicklung von  
Arzneimitteln gegen seltene Mus-

Die Tessiner MondoBiotech hat  
die Vorbereitung zum IPO bereits  
abgeschlossen. Mit dem Geld aus  
dem Börsengang will Cavalli Medi-  
kamenten-Entwicklungen in ande-  
ren Anwendungsfeldern als bisher  
ermöglichen. Die Chancen, dass

Protect downside

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## Will Merck Survive Vioxx?

Looming lawsuits, angry investors, declining profits: The Vioxx debacle is just the latest setback for the proud pharmaceutical giant.

By JOHN SIMONS  
November 1, 2004

FORTUNE

(FORTUNE Magazine) – Listening to Ray Gilmartin, you can't help but be struck by how matter-of-factly calm the man seems. The 63-year-old Merck chairman and CEO is soft-spoken, quick with a smile, and unfailingly polite, no matter how pointed the question he is asked. Interviewing him, as FORTUNE did in length recently, you'd hardly guess that he is facing the most serious crisis of his ten-year tenure at the storied \$22-billion-a-year pharma giant.

But he is. The event precipitating the crisis, of course, was Merck's announcement on Sept. 30 that it was recalling Vioxx, its \$2.5-billion-a-year arthritis medicine, because the drug has been shown to double the risk of heart attacks and strokes in long-term users. On the day of the announcement, Merck suffered its own heart attack as investors fled the stock, and \$27 billion in market cap—27% of the total—evaporated (the company has subsequently lost an additional \$6 billion in market cap.) Merck has taken a devastating blow; relations hit too; the recall has raised serious ethical questions about whether Merck inappropriately downplayed Vioxx safety issues over the past several years. And then there's the litigation problem: Although the company won't disclose how many lawsuits have been filed so far, roughly 20 million Americans had taken Vioxx by the time of the recall. According to an estimate in the Oct. 21 issue of the New England Journal of Medicine, tens of thousands of them may have had "major adverse events" attributable to the drug. Tort lawyers around the country have already set up toll-free numbers to solicit potential clients among Vioxx patients. The cost of settling the lawsuits will almost surely be in the billions of dollars, quite possibly in the tens of billions (see box).

To which Gilmartin's fundamental response is: Stay the course. When he got the bad news about Vioxx from research chief Peter Kim, he says, "my reaction ... was that we were going to make a decision about Vioxx totally in the interest of patient safety." That, he says, is what the company did. Those who believe Merck should have removed the drug from the market years earlier are wrong, he insists—a Merck-sponsored study showing the increased risk of heart attacks (after 18 months of taking the drug) was, in the company's view, the first concrete evidence of a

### More from FORTUNE

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[Current Issue](#)

# Communications – principles

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## Consistency

- Contents
- Tools
- Look & feel

## Personalization

- A face to the company
- One voice policy and team approach
- Confidence and trust

## Transparency and honesty (no lies)

## Quickness and accurateness

## Dialogue instead of one-way communications

## Learn from others – successes, mistakes

# Framework of a communications concept

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## Objectives

- Aligned to company objectives
- Heavily depending on company specific preliminaries

## Target groups

## Key messages

- On top-level same set of messages for all target groups
- Specific issues to be addressed for each target group

## Tool set

## Roles and responsibilities

- Spokesperson(s) for the company
- Management and organization of communications

## Timeline and action plan

# Biotech and medtech characteristics

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## Medtech

Quality of R&D  
Partnership with professional community  
Along company lifecycle rising relevance of branding issues

## Biotech

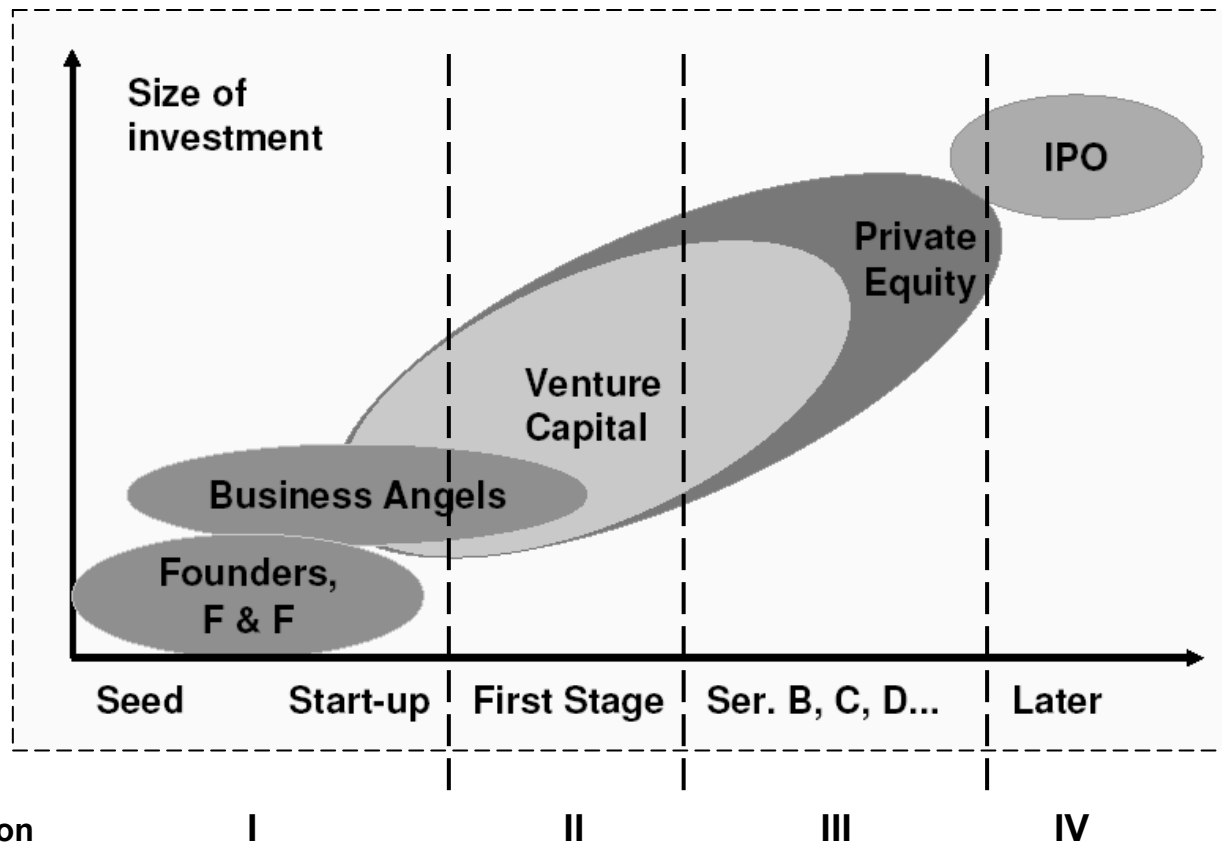
- Long R&D timeline
- Burn rate

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## Both

Complexity  
Legal restrictions affecting communication

# Different business and financing stages – different communication needs and tools

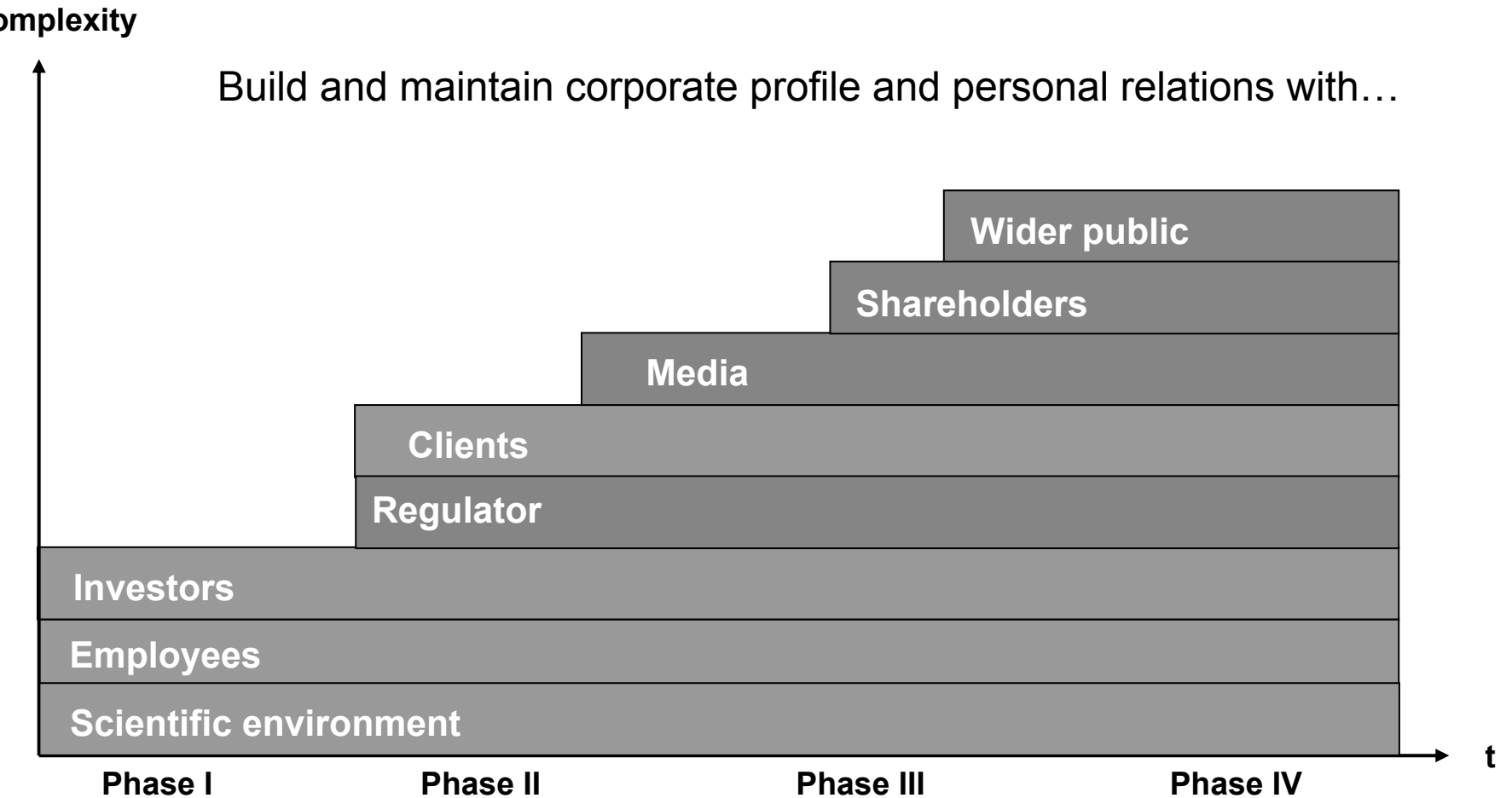


Financing stages

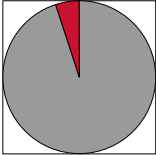
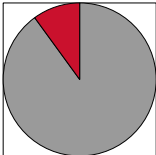
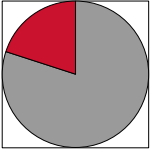
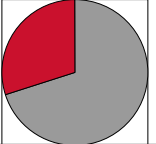
Communication needs

Source: „Financing of Start-up ventures“  
Novartis Venture Fund, January 2006

# Different stages – priorities target groups



# Different stages – priorities scope

Com phases	Audience / Stakeholders	Scope	Costs
I	University, institutions (Nationalfonds, KTI), Family, Friends	Secure funding to sustain research effort, acquire business and marketing knowhow	
II	Clients, venture funds, foundations, endowments, banks, trade media	Attract clients and/or convince venture funds, sponsors, banks	
III	Private equity investors, banks, local and economic media	Increase visibility and generate publicity, develop brand	
IV	Current and potential investors, regulator (e.g. SWX), wider public, financial media, stakeholders	Fulfil regulatory requirements, shareholder information, transparency	

# Different stages – priorities tools and contents

Com phases	Tools and activities	Contents
I	Simple website, personal contacts, networking, start-up competitions	Business case, contact details, „attracting employer“
II	Congresses, specialist publications, target mailings	Product development stages, business plan, HR profile, „attracting products“
III	Develop corporate design and brand, implement advertising and media relations program, comprehensive website, marketing materials, informal investor relationship management,	Company key messages, product USPs, „attracting investment“
IV	Updated website fulfilling SWX requirements, permanent media and IR contact, annual general meeting, annual report, execute regular media/investor relations program	Company and management profiling, equity story, key messages, financial, corporate governance and CSR reporting

# going and being public

## Reasons for going public

Proceeds, e.g. for expansion,  
R&D, pay back of loans

Broaden shareholder base  
(succession)

Acquisition currency

Reach new target groups

Better corporate governance and  
management thanks to public  
control

Increase brand awareness for  
marketing purposes

## Being public, general issues

- Guarantee transparency towards shareholders, regulators and wider public

Satisfy regulatory requirements

## Financially relevant

- Develop and communicate equity story
- Provide continuous information flow

Achieve fair valuation of stock,  
minimize volatility

# Sharebranding premiums

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Image of CEO	15 - 20%
IR activities	10 - 15%
Liquidity of stock	10 - 15%
Brand power of company / product	10 - 15%
Being part of a relevant index	5%

# Being public – key elements equity story

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## Industry

- Define Growth drivers
- Present trends, cyclicity, margins, consolidation
- Positioning vs. competitors

## Company

- Activities, strategy, business model, achievements, key projects
- Key markets: industries, geography
- USP of key products

## Financials

- Impact of strategy drivers on financials
- Disclose financials and provide financial guidance/outlook
- Stability of earnings and cash-flows
- Dividend policy
- Information on use of IPO proceeds

## Management team

- Position key executives in financial community

# Communications: It's all about management



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