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## CASE STUDY: TMT INVESTMENTS

**Fortunes have been won or lost investing in internet businesses. So it is not surprising that TMT Investments, a £30m-cap AIM-listed company, which channels funds into growing internet firms, should regard investor relations as very important.**

'As the internet is a very specialist sector, there are certain dynamics which have to be explained to investors,' says Alexander Selegenev, TMT's executive director. Specialist it may be, but TMT's policy of open and transparent investor relations has lessons for companies in other sectors.

For TMT, which IPOed in 2010 by raising £13.2m (US\$20m), it's all about making sure that the high net worth individuals it has attracted understand the relationship between net asset value and share price. In internet-based businesses share price can race ahead of book net asset value. That's because the portfolio assets TMT holds can't be revalued under International Financial Reporting Standards (IFRS) accounting rules until there is an event – such as capital raising in a portfolio company – that provides hard evidence for revaluation. 'Anyone who invests in internet companies needs to be ahead of the official results,' explains Selegenev.

The lesson here is that companies which are successful at investor relations are generally better at explaining the underlying dynamics of their markets to potential investors.

Investor relations is particularly important at times when the company is raising new equity finance, as TMT did in March when it brought in a further £800,000 (US\$1.2m). The company worked with its broker to set up a three-day roadshow in London. 'I had three or four meetings every day and met some very interesting potential investors,' Selegenev recalls.

Early money has come from private investors but, as the company grows, Selegenev sees TMT targeting institutional investors. That will be another task for the investor relations programme. 'With institutional investors, it's very important to establish a track record in terms of net asset value per share performance,' he says.

And what advice is there for other small caps? 'I would recommend doing the investor relations job properly by deploying every possible instrument – but according to their stage of development and priorities.'

Selegenev recommends a broker to target institutional investors, a PR adviser to promote the company in the media, and investor events to meet potential investors.

He says that transparency is important – so that investors have as much information as possible. For example, TMT chooses to show the internal rate of return (IRR) on its exited investments on its website, even though it doesn't have to.

Selegenev adds: 'Ultimately, the best investor relations is to run your business properly.'