

## Opening bell: Italian Design Brands on overcoming Euronext IPO challenges

*Marella Moretti talks IR and the C-suite's first experience with a public listing and winning investors' trust in a bearish market*

Why was spring 2023 the best time to go public? The design and furniture market had not dipped like other markets post-pandemic, says Marella Moretti, corporate development and IR manager at Milan-headquartered Italian Design Brands (IDB).

IDB was publicly listed on Euronext in May 2023, with the process representing the first IPO experience for everyone occupying a seat in the newly minted small-cap firm's management team.

Moretti, who joined IDB in 2017 and played a crucial role in the IPO alongside the C-suite, highlights three main factors that contributed to the company's successful listing.

Firstly, 'the high-end part of the sector had been growing steadily at 5 percent per year over the past 20 years but, over the past two years, it recorded double-digit growth,' she tells IR Magazine.

'Another contributing factor was the level of maturity of our team: we were ready. Lastly – and probably the most important reason why we went ahead with the IPO – [was] valuation.'

Moretti notes the company did not want to go public with an assessment that didn't reflect its proper value.

'At the same time, it was not a situation where our shareholders just wanted to sell; it was all rather driven by the intention to collect fresh capital as a company and pursue an M&A strategy effectively,' she adds. 'This gave us the flexibility to accept a higher IPO discount that maybe other companies are not willing to accept and would therefore wait [to list].'

### Rewarding delay

The IPO had been a long-time project of IDB's management team since 2015, Moretti explains. 'The idea was always driven by the intent to enhance the visibility of the Italian design sector,' she says. 'We saw an opportunity in a sector where there are not a lot of publicly listed companies, either here in the Italian market or [elsewhere] in Europe.'

Moretti reveals the initial intention of IDB was to complete its IPO in 2019, but Covid-19 changed the business plan, ultimately for the best. The pandemic almost acted as a 'catalyst' for the design sector and, having recorded a good financial performance at the end of 2021, 'we felt ready to concretely embark on the IPO process,' Moretti says.

'It was the right time for us and for our investors, which saw an opportunity to capitalize on the growth of the design industry. Also, for our internal management, the end of 2021 was a good time to get a fresh injection of capital into the company and pursue our growth strategy.'

After the pandemic, in early 2021 IDB started the selection process, management presentations and all the due diligence that goes with it. When the time came to look for an IPO window, the firm aimed to go public in summer 2022. As last year was financially slower, however, the firm finally ended up selecting May 2023 because it allowed IDB to be listed accounting for the full year of 2022.

### Sell side as winning ally

While the IPO was a big success for the firm, from an IR perspective, investor engagement was the main challenge when it came to prepping for the listing due to market headwinds, Moretti recalls.

In the fall of 2022, IDB was closely working with the sell side to engage its shareholders and gauge sentiment. 'Despite our company's strong equity story, strategy and performance, the market conditions weren't optimal and they struggled to believe in an IPO,' she says.

She points out that the help of the banks proved crucial in breaking down the communication wall with investors: 'The sell side helped us to get in front of those investors and facilitated communication between our company and the shareholders.'

### **'Be on the edge'**

So what advice does Moretti have for those embarking on their first IPO journey and struggling at times?

'It is not only about you, your equity story, your company's performance,' she says. 'It's about the market and its stability or volatility. Investors are there, they are on the market every day, they know and predict and they need to feel 100 percent confident they are making the right decision.'

Moretti also urges IR professionals to become trusted advisers and be on the edge of what is happening within their business. 'One of the biggest gratifications I got as an IRO was that investors noticed the way I was talking about the business,' she says. 'You need to be on the edge of what is happening within your business – that's what makes the difference.'