



## Q&A Session with the Experts on Shareholder Activism



**Name:** Maria Barona

**Profile:** Maria Barona co-founded i-advize in 2000 after managing the Latin American Investor Relations Group at a major global financial services company. Seeing the need for an IR firm dedicated to the region, she began i-advize to be the first Latin American-focused agency based in New York. Ms. Barona works with companies throughout the region in establishing, running and revamping their market communications programs in order maximize stock as well as shareholder value.

Ms. Barona has a Bachelor's of Science in Business Administration from Fordham University in New York City and is fluent in both English and Spanish.

### 1. How many shareholder activist cases have you worked on?

*I worked on one, in Mexico, that lasted about 4 years. It was an interesting case because the shareholders were really interested in taking over the company not just changing it. They had deep pockets and could have bought 15 companies like it but they wanted to buy my client. Management and the Board of Directors worked together and, in the end, the courts decided in their favor, but it took a long time.*

### 2. What is the key take away from that case that you would recommend to other companies going through a similar situation?

*(laughs) Well, it's difficult to say because in Latin America there have only been 2 or 3 public cases that I know of and this particular one seemed to come as a total surprise. Here was a well-run company that was profitable and ranked competitively versus its peers.... It had none of the usual red flags that we see in other companies that are in similar situations. But once it happened to them they really stuck together and worked through it, and that was admirable.*

*I would say that there were three key things they did after the situation started that put investors at ease: one, they sent out regular press releases updating the market on the situation. The releases were legal and in some cases, almost unintelligible based on their legality, however, they were necessary as it was a very technical case. Two, they hired local lawyers in Mexico as well as New York lawyers. It was necessary to have someone familiar with local law as the majority of the case took place locally. However, the U.S. lawyers were key in communicating an accurate message to the U.S. investors. Again, with the legality of the case, it was necessary to have someone overseeing the press releases that had been translated from a Spanish legal draft. And thirdly, the company met with 2 of the main proxy solicitation firms in the U.S. at our suggestion. Management was great about taking advice throughout the whole process and they were really open to new ideas. They even flew the CEO and the Chairman of the Board to meet with these firms and really explain the company's side. Proxy solicitation firms are very powerful and can really make or break proposals when they come up for vote. So it was very important that the company have active discussions with them.*

### 3. Do you think shareholder activism will take off in Latin America?

*Absolutely. In my experience, IR trends in the U.S. and European markets usually make their way fairly quickly to Latin America. Usually this happens within a year or so, sometimes months. In terms of shareholder activism, we are only at the beginning. Many companies don't even know what it is and certainly no one is prepared to take it on full force.*

*I have to say, I don't think that all activism cases are a bad thing. On the contrary, if the case is handled well by the company, that is, if management is willing to be open and take criticism well, these can be a great opportunity to fix things within the company that would otherwise go unnoticed.*