

# Experience of the first non-UK Nomad with listing international companies on AIM

Stephen Allen  
Executive Director

- Corporate advisory group established in 1984
- Strong resources / oil and gas / basic industrials focus
- Australian based – global business
- First non-UK AIM nominated adviser – April 2002
- Strong links with London broking and investment community
- Has listed 18 companies on AIM (including a number with FSU projects)
- First mover on many complicated transactions – dual listings, etc

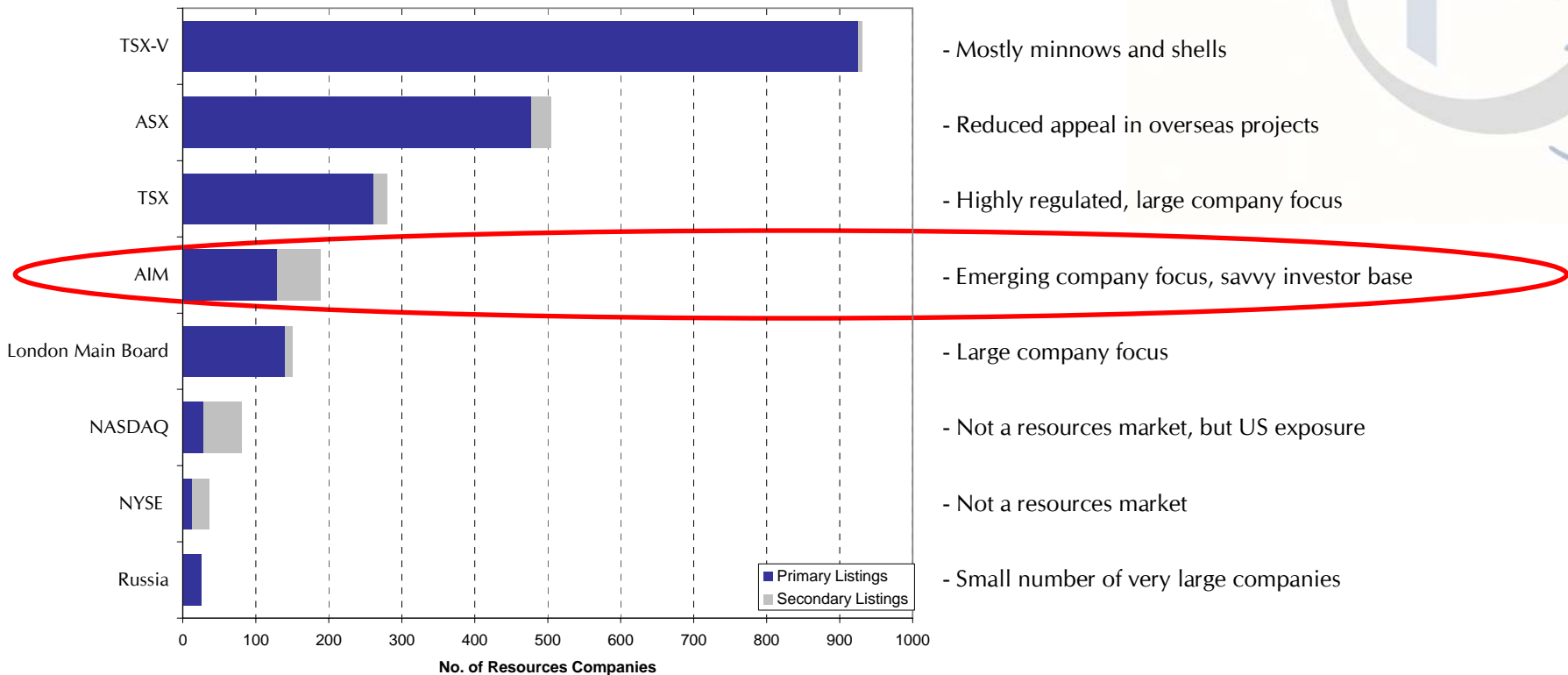
- Why do international companies list on AIM?
- How does AIM compare with other major resource sector equity markets?
- Considerations for international companies seeking to list on AIM (a market practitioner's perspective)
  - IPO vs secondary issues
  - Sources of capital
  - Nomad considerations
  - Broker considerations
  - Compliance and commercial matters
- Case study - Steppe Cement

# Why do international companies list on AIM?

- Access to deeper pool of capital than available locally
- Depth in secondary market – pricing guidance for future capital raisings
- Profile enhancement
- AIM is an advanced market for emerging companies
- AIM is readily accessible and well recognised
- AIM has less onerous regulatory requirements than the majority of other major markets, with Nomad based regulation providing a common sense rather than bureaucratic approach

# How does AIM compare with other major resource sector equity markets?

- AIM now starting to rival alternative major exchanges in terms of number of resources companies
- Focus remains on emerging companies



# Considerations to listing on AIM

*A practitioner's perspective*



## ■ IPO risk vs Secondary Issues

- IPO's currently not preferable to UK investor base
- Secondary issues better received due to pricing transparency
- Especially true for FSU and other foreign companies seeking to list, investors like to observe a company achieve preliminary objectives prior to committing funds – this is attributable to risk perceptions

# Considerations to listing on AIM

*A practitioner's perspective*



## ■ Sources of Capital

- UK based funds will typically seek to invest a minimum £ amount;
- But at the same time require a maximum % interest in investee companies
- Ability to source funds dependent on:
  - Quality of management
  - Corporate governance
  - Quality of asset base
  - Nomad and Broker
  - Prevailing sovereign risk perceptions

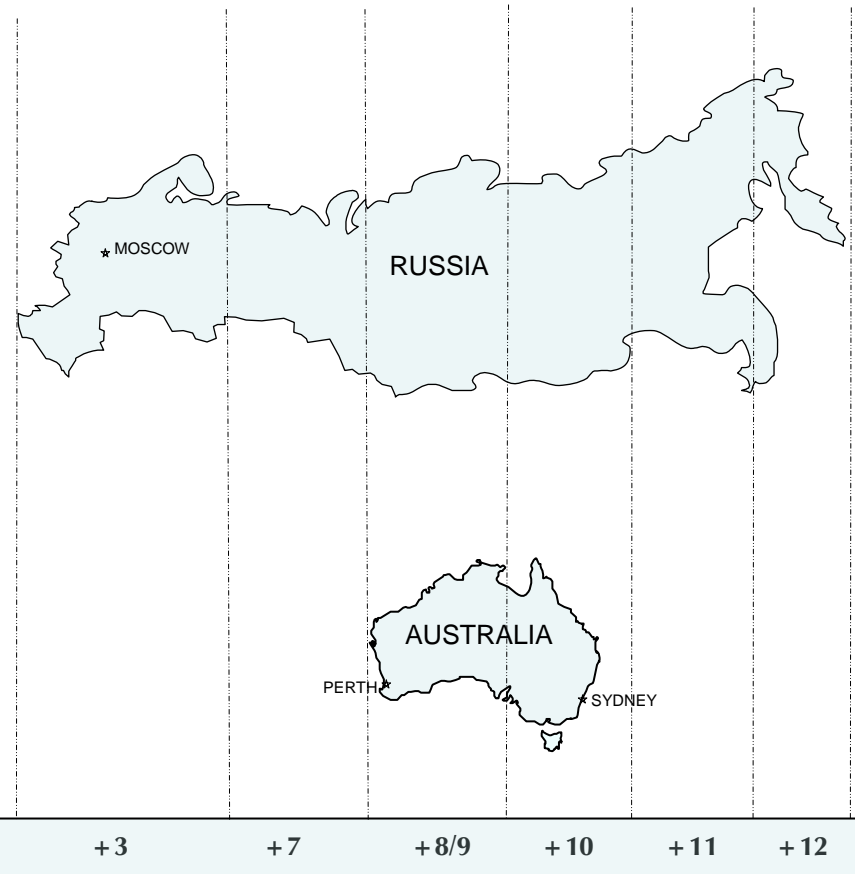
# Considerations to listing on AIM

*A practitioner's perspective*



## ■ Nomad Considerations

- Similar time zone critical for ease of access to advisers
- 'Foreign' local company laws and corporate culture often not readily appreciable by some practitioners
- Track record and connections in London
- Preparedness to utilise local based advisers will significantly impact cost and timing



# Considerations to listing on AIM

*A practitioner's perspective*



## ■ Broker Considerations

- Market standing
- Placing capacity
- Support during the listing process
- Support post listing
- Analyst rating

# Considerations to listing on AIM

*A practitioner's perspective*



## ■ Compliance and commercial matters

- Use of local expertise lowers cost
- UK directors can be a positive but add cost to the process
- Involving the nomad early in the process avoids having to re-do work
- Management of other advisers (particularly lawyers) crucial to a streamlined, time and cost effective process
- AIM does not reduce the need for due diligence

# Case Study – Steppe Cement



- Through listing on AIM Steppe Cement has secured:
  - The equity funding required to refurbish its aged former Soviet era manufacturing operations; and
  - Seen the value of its shares increase 6 times within 18 months.
  
- The total value added to the initial shareholding interests since the AIM admission has been approximately £250 million (US\$500 million)
  
- Steppe Cement is now among the top 50 AIM listed companies in terms of market capitalisation and has been one of the strongest market performers
  
- RFC is Steppe Cement’s nominated adviser and as such advised Steppe Cement on its admission to AIM and on all subsequent equity market related matters

# Case Study – Steppe Cement (cont)



- Steppe Cement is the owner of Kazakh cement manufacturer Central Asia Cement
- RFC was appointed as nomad for Steppe Cement in mid 2005 and the admission to AIM occurred during September of that year on a compliance basis (no capital raising)
- The admission proceeded as expected by the original timetable and cost budget – 4 months and a total cost of approximately US\$650,000
- Shares initially traded at around 50p in modest volumes reflecting a market capitalisation of US\$50 million
- Steppe Cement met early milestones in its business plan and announced these to the market, existing shareholders released further stock into the market and trading liquidity improved

# Case Study – Steppe Cement (cont)



- By January 2006 the shares were trading at well over US\$1.00 and US\$21 million was raised at US\$1.20 per share to fund plant refurbishments (over US\$100 million was offered by investors)
- Throughout 2006 Steppe Cement continued to achieve the milestones of its business plan
- Greater numbers of analysts started to follow the company and broker interest expanded
- Further sell downs were completed by founder shareholders into the strong market such that they now have sold down to approximately 55% of the company
- By March 2007 Steppe's share price had risen to around £3.00, for a market capitalisation of approximately £340 million (US\$680 million)

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