

Living in The Listed World – Dr Clive Black - Director Head of Research - February 2018



UK listed market -



London
Stock Exchange

- There are 2,034 listed businesses on the London Stock Exchange.
- It is made up of the FTSE-100 and FTSE-250
- There are 287 FTSE-Small Cap
- There are 823 stocks on the AIM All Share market
- So, you are not alone, you do not need to re-invent the wheel



What is the day to day impact of a listing -

- Keep the prime focus on the day job!
- Formal events are few and far between...

...but need to be well prepared

- The market does not like negative surprises (who does)?
- A consistent message requires good MIS and an effective financial function
- Listed entities are IFRS accounted



External scrutiny -

- There are mandatory public requirements; interim & preliminary results, AGM statement and the Report & Accounts
- Where estimates differ from consensus by c+/- 10% then statements must be made
- Significant developments also need to be reported to the market
- Announcements can be as dull and/or exciting as the business needs
- High profile can be a virtue for some companies
- Don't forget Companies House and private companies...



The analyst -



- ❖ Once they were teenage scribblers, now they are grey, often rotund and dull...
- ❖ The analyst educates investors and produce proprietary models that form part of consensus
- ❖ Independent analysts seek to assist fund managers with their portfolios; so there are Buy, Sell and Hold recommendations
- ❖ The house broking analyst(s) is the conduit between the Company's expectations and the market
- ❖ In an IPO the analyst plays a key role introducing a potential new stock to the market



Pressure points -



- ✓ Well organised companies take market disclosure in their stride...
- ✓ ...they set their own agenda...
- ✓ ..., poor investor relations can compound an underlying crisis!
- ✓ Bad news in the public domain is never easy or enjoyable
- ✓ Listed companies leave no room for pillow talk



Cons of listing -

- There are costs
- Additional financial regulations to abide by
- Public disclosure and bad news travels
- Personal financial details of top management is revealed
- The need for appropriate internal and external resource; company secretariat, corporate finance adviser



Pros of listing -



- ❖ An effective and quick way to raise capital
- ❖ Fund managers need access to growth companies
- ❖ Fund managers tend to be much longer term than conventional wisdom suggests
- ❖ Listing can realise hardwork and raise funds for existing shareholders 
- ❖ Good news stories gain high profile that can be utilised to commercial benefit
- ❖ Staff can be incentivised, attracted and retained through quoted equity



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In 2003, Clive joined Shore Capital Markets as a founding Director and Head of Research, with co-director Eamonn Flanagan. Clive undertook a Ph.D on the Northern Ireland food industry at The Queen's University of Belfast (QUB), after which he joined the National Farmers' Union (NFU), becoming Head of Food Policy, and served on the Steering Group of the Strathclyde Food Project, advising Prime Minister Rt. Hon. John Major, before going on to join Northern Foods plc. After time in academia, representation and industry, he became a Director at leading UK mid-cap stockbroker Charterhouse Tilney, focusing upon UK consumer stocks. Clive became Head of Pan-European Retail Research of Amsterdam-based ING Financial Markets when Charterhouse Securities was acquired by ING in 2000.

Clive is now Chair of the Institute of Global Food Security's Industry Advisory Board, a regular contributor to UK trade journal, The Grocer, and is widely quoted in the business press including The Financial Times, The Times, The Irish Times and The Daily Telegraph. Between 2011 and 2013 he was one of three advisors to the UK Government's Food Standards Agency's (FSA) External Advisory Group on the Review of the Regulation of Food Hygiene in the UK. Recent industry awards have included the 'City AM' Analyst of the Year in 2014; regular participation in Thomson Extel surveys of fund managers going back 20 years, including No.1 for Retail in Extel 2014 and 2015, No.2 in 2016 and No.3 for the whole London market in 2011; The Queen's University of Belfast (QUB) 'Alumni of the Year' for 2013; No.3 stock picker in the Pan-European Thomson Reuters StarMine Awards in 2012 and No.1 stock picker in 2015; and No.3 for earnings accuracy for Food & Staples Retail in 2016.



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