

How a listing can aid your ambitions

You can grow your business, raise its profile and access capital by floating it on a stock market catering for small and medium-sized firms, writes Fiona Le Poidevin CDir, CEO of The International Stock Exchange Group.

The costs and complexity of a stock exchange listing mean that it is often considered the preserve of multinationals.

However, The International Stock Exchange [TISE] provides a more appropriate offering for a wider range of companies, including SMEs, and their owners should consider how accessing capital markets at an earlier stage could help to grow their business.

Why list?

An exchange listing offers several key benefits in developing the business.

These might include one or more of the following:

- Enhanced prestige and profile
- Access to a new pool of capital
- Demonstrable adherence to well recognised standards of governance and transparency
- A clearly defined price for the shares and valuation of the business
- An ongoing [secondary] market for the trading of the shares
- The opportunity to retain and reward staff via equity-linked incentive schemes
- Provision of a stepping stone to a listing on another major global exchange
- Route to partial or full exit

Perhaps the most appealing benefit of an exchange listing is access to a new pool of capital.

Bridging the funding gap

Angel investment, bank finance, alternative finance such as crowdfunding, venture capital and private equity are all forms of financing which businesses may use at various stages of their lifecycle but they are not always easily accessible.

An exchange listing can fill that current gap in funding by offering access to a new pool of capital. Some investors can only invest in listed products because of the associated standards of governance and transparency and the liquidity offered through secondary market trading.

TISE: making it possible

TISE provides the benefits of listing on an established stock exchange but where the offering is tailored to meet the needs of growing businesses.

Typically the Exchange fees will equate to £12,000 in year one (for admission and the first annual fee) and £6,000 each year during the life of the listing. There will be other adviser fees as well but the total package TISE offers is less in comparison to traditional exchanges and therefore attractive for a wider range of companies because it allows an earlier point of listing.

This is complemented by our proportionate listing requirements, which include the company being worth at least £1 million upon listing.

Case Study: Likewise Group plc

Likewise Group plc is a Birmingham-headquartered floor coverings distributor which had initially acquired two businesses in the sector before listing on TISE in January 2019 to raise funds for working capital and future acquisitions.

The company raised an initial £7 million, taking the market capitalisation to £12 million upon admission. It has since raised a further £8 million and made three further acquisitions, including a reverse takeover and with the potential for further M&A activity in the future.

There has also been an active secondary market in the shares.

Conclusion

For many businesses, listing is likely to be a longer-term objective but it is useful to recognise that TISE's offering makes this viable at a much earlier stage and therefore it could help business owners access capital and grow their companies sooner than they think.



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