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Page: 32
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Small-cap stars

The Quoted Company Awards celebrate superlative achievements in the growth company space. Todd Cardy meets the winners

It was billed as the year to watch healthcare, and, given the sector's stellar performance in the 2011 Quoted Company Awards, the prediction was correct.

Companies from the sector won four out of the ten award categories, taking Chairman of the Year, IPO of the Year, Non-Executive Director of the Year, and Emerging Markets CEO of the Year. However, despite

healthcare's dominance, bright sparks in other sectors, including manufacturing, housing and digital marketing, also shone brightly at the awards, which recognise excellence in the small-cap space.

Organised by *Growth Company Investor*, a sister title of *Business XL*, and sponsored by

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the professional services firm Grant Thornton, more than 600 industry stalwarts gathered at the Natural History Museum to celebrate the achievements of the many who have excelled during the economic recovery.

IN FINE FETTER

John Rennocks, former chairman of Nestor Healthcare, makes the point that much of the success of healthcare companies can be put down to the ever-growing market in which they operate.

'Because of the general demographic trends in the country, healthcare is evidently a growing market, so whatever the ups and downs within economic circles, the trend is upwards,' says Rennocks, who

was named Chairman of the Year.

Rennocks joined Nestor in 2003. While leading the company as chairman and chief executive between May 2008 and June last year, he presided over an 83 per cent growth in profits and guided Nestor through a £133 million takeover by Saga Group.

He says, 'My approach when I was performing the dual functions [of chairman and CEO] was to make sure that I had the right people in place to run the business as well as it could be run, and that there was a valid successor.'

PEOPLE POWER

Chief Executive of the Year, Peter Slabbert, agrees that good business leaders have to

trust their employees, and surround themselves with the best talent.

Slabbert joined Avon Rubber in 2000, before becoming chief executive in 2008. He has overseen a return to high growth for the

company, which supplies markets including respiratory protection, defence and dairy farming, recording a 68 per cent jump in operating profit to £9.3 million for the year to September 2010.

'Last year was pretty good after the turnaround we achieved in 2009,' Slabbert observes. 'It was really reversing a difficult trend for the company. We turned a loss into a profit and grew the business significantly, both in revenue and in operating profit.'

SAFE AS HOUSES

Overcoming challenging market conditions is, not surprisingly, a key theme among award winners. In a year in which the property market continued to bump along the bottom in terms of sales volumes and valuations, Jon Di-Stefano, the Finance Director of the Year, says his company, Telford Homes, performed 'very well in the circumstances'. He is to become chief executive in July.

'It has been a difficult time, but we, as a smaller developer, came through the recession in very good shape, which is down to our prudence in the way we approached buying land, chose the right time to sell developments and achieved sales,' says Di-Stefano.

The group also secured finance while others couldn't, he continues. In March last year, £7.5 million was raised from a placing and a new banking facility was negotiated: two developments that Di-Stefano describes as giving the business additional firepower.

FORWARD LOOKING

Similarly, an eye to future growth was the reason that EMIS Group decided to join AIM. Managing director Sean Riddle says that the IPO of the Leeds-based primary care software provider, which holds more



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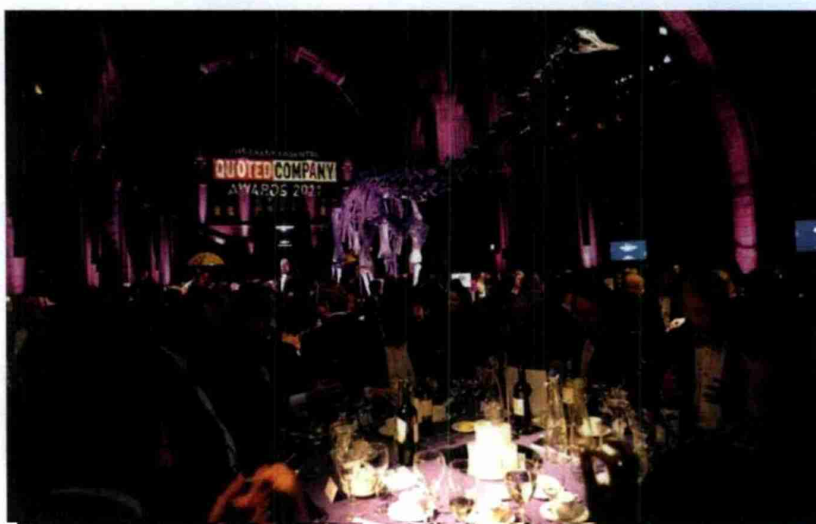


than 39 million patient medical records,
was less about raising money than the

strategic positioning of the company.

'This is one of the occasions where we asked ourselves, "Because we are dealing increasingly with government, will we win more business and will we be seen in a more preferable light as a plc, as opposed to a private company?" The answer was yes,' says Riddle, who accepted the IPO of the Year award.

The company floated in March last year, raising £50 million, and since then the share price has risen by almost 50 per cent. In August, the group bought RX Systems, a pharmacy software and services company, for £9.95 million.



The Quoted Company Awards ceremony was staged around the Natural History Museum's 25-metre-long dinosaur skeleton

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ACQUISITION TRAIL

Media and marketing business Ebiquity also grew acquisitive last year, doubling in size when the company bought rival Xtreme for £17.9 million in the Deal of the Year. The integration of the two companies, which had traded as Xtreme and Billets, was achieved months ahead of schedule and sees both businesses come under the Ebiquity brand.

Ebiquity chief financial officer Andrew Beach says the two companies had been speaking for 'a number of years' before the deal. He comments, 'The two businesses work so well together that everyone understands the reasons behind the acquisition.'

Non-Executive Director of the Year Colin Glass has surrounded himself with high-growth companies for more than two decades. The chartered accountant says that for small-caps to succeed, non-executives need to be 'hands-on'.

A non-executive director of Straight and G-Tech Solutions, as well as a number of private companies, one of his most successful concerns has been Surgical Innovations. He adds that to succeed, small companies must 'act to the outside world as a big company, but never lose sight of the fact you are a small company'.

Targeting companies with exposure to growing and emerging markets was the key for Mike Prentis, fund manager at investment group BlackRock, who was named Investor of the Year.

'BlackRock doesn't intend to have a high-alpha approach,' he says. 'It intends to have a consistent approach, with low to moderate risk. If we look at 2010, we did well because the market was very fundamental – good quality companies did well, and we own good quality companies – plus we have a

deliberate policy to have exposure to faster-growing parts of the world.'

In emerging markets, one company that performed better than most was pharmaceutical group Hutchison China MediTech, the parent of Chi-Med. Named Emerging Markets CEO of the Year, Christian Hogg says that while the Hong Kong-based company is in a 'fortunate situation', its 'very aggressive commercial ability and network' was what brought it success. Recently, Chi-Med, which listed on AIM in 2006, secured an investment of £8 million from Japanese giant Mitsui.

SUCCESS STORIES

Rounding out the awards, Mark Smith, co-founder of Quercus Publishing, was named Entrepreneur of the Year after seeing sales soar last year with the publication of Stieg Larsson's Millennium sequence, which begins with *The Girl With The Dragon Tattoo*.

Smith moved to the UK from Australia in 1997 and was previously managing director of custom publishing at Orion Publishing Group before launching Quercus with Wayne Davies in May 2004.

In the AIM to Main category, Domino's Pizza UK & Ireland won for effectively taking advantage of the growing trend of recession-hit stay-at-home diners to post record profits. The first British store opened in London in 1985 and there are now 643 stores, all run by franchisees.

The business spent nine years on AIM before joining the Main Market in May 2008. It was quickly promoted to the FTSE 250 Index, and has since continued to enjoy strong annual growth, with pre-tax profits increasing 27.3 per cent to £38 million for the 2010 full year. ■



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High achiever

The recipient of the Lifetime Achievement Award, Brian Winterflood, says there are only two words to describe what he has observed in his nearly 60 years in the industry: constant change.

The well-respected veteran, who began his career as a messenger at stockbroker Greener Dreyfus & Co in 1953 and launched hugely successful market-maker Winterflood Securities in 1988, believes that the biggest shift in the City is the fact that it has become more impersonal, with less time taken to cultivate relationships.

Winterflood recalls an early 'love' of the stock market: 'I didn't know what I wanted to do with my life, and all of a sudden it got into my blood. The whole atmosphere of the City was all-embracing – you could see your career pattern somehow, which I thought was quite fantastic.'

After returning from national service, he became a jobber, who transacts business on the floor of the exchange but does not deal with the public, at a time when interaction on the market floor was at its peak.

'It's difficult to describe what life was like. I have been so fortunate to live through an absolutely magical period. When there was a floor in the exchange, you saw the same hundreds of people over the years, and that was very personal. Now, because you don't have that mingling of people and because we are all sitting behind screens, it's impersonal.'

Winterflood cites helping to promote the

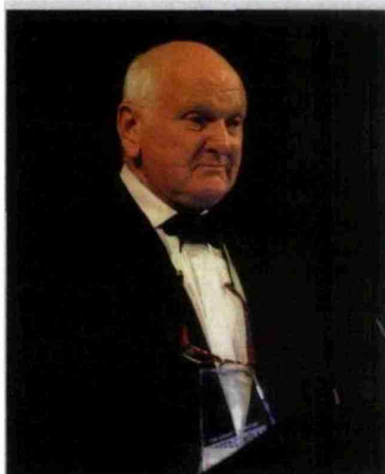
Unlisted Securities Market to the London Stock Exchange in 1980 as a career highlight, saying that the listing not only

protected investors, but also gave his company a 'wonderful platform'. He

comments, 'We became kings of the USM market, and then some years later we became kings of the AIM market.'

Life president at Winterflood Securities, which is now connected to financial conglomerate Close Brothers, Winterflood remains active, mainly involved in networking to promote the business, and he is bullish about the future of the company he began.

He says, 'We will remain the same, the last jobber in the world, for some time to come. We will be here and we never pull the plug, and as long as we are not overregulated out of the trade, we will go on growing.'



Bullish about the future: Brian Winterflood

'The biggest shift in the City is the fact that it has become more impersonal, with less time taken to cultivate relationships'



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<p>LIFETIME ACHIEVEMENT AWARD Winner: Brian Winterflood</p>	