

## **PRESS RELEASE (October 6, 2005) Wogen plc announces IPO**

One of the world's leading traders in specialty metals and minerals to float on the Alternative Investment Market of the London Stock Exchange Wogen plc ("Wogen" or the "Company"), a London-based global trader in specialty metals and minerals, today announced it intends to seek admission of its shares to trading on the Alternative Investment Market ("AIM") of the London Stock Exchange. The Initial Public Offering ("IPO") of the Company's shares on AIM is scheduled for late October 2005.

Wogen is a trader in specialty metals and minerals, most of which are not traded on exchanges. One of the business's significant strengths is that it takes physical delivery of the metals and in so doing provides contract certainty to customers, particularly from counterparties in emerging economies. Wogen operates an established global trading business, with headquarters in London and offices in China, Russia, and Japan and a consultant in Spain.

The Company is well positioned to benefit from the growing global demand for hi-tech consumer and industrial goods, which contain the metals it trades. These metals have wide applications in the manufacture of popular and technology-driven products, including flat-screen televisions (indium) and aircraft components (titanium, cobalt and chromium). Specialty metals and ferro-alloys traded by the Company, such as molybdenum, tungsten, titanium and vanadium are also used in the production of steel and super-alloys for construction and infrastructure projects.

### **Company development**

Wogen was founded in London in 1972 as a specialty metals trader utilising the strong relationships of its two founders, Colin Williams and Bernard Buckman, with both producers and consumers of these metals and minerals, particularly in China.

Wogen has since expanded to employ 52 staff, including 23 metal traders. It has since built up a major operation in China, both in sourcing and distributing specialty metals and minerals. The Company now has four Chinese offices - Hong Kong (opened in 1974), Beijing (1981), Shanghai (1984) and Guangzhou (1996). It is also developing a domestic Chinese trading business based in Shanghai after recently receiving a licence to establish a Wholly Foreign Owned Enterprise (WFOE). The WFOE will permit Wogen to trade directly with local producers in their domestic currency, the Renminbi.

The Company has also developed successful operations in Russia and the Commonwealth of Independent States, a region containing substantial resources, as well as in Latin America and the Middle East, which it accesses through its Madrid representative. It has also established a sizeable presence

in the Japanese market, where the electronics industry consumes large quantities of specialty metals.

### **China opportunity - Industrialisation, Urbanisation and the "Century" Projects**

China's rapid economic growth has created a substantial opportunity for Wogen. The country's "Century" Projects, which include the 2008 Beijing Olympics, 2010 Shanghai World Expo, the Three Gorges Dam, South-to-North water diversion, Qinzang railway and the Xinjiang-Shanghai natural gas pipeline, are creating substantial demand for specialty metals. China is also undergoing rapid industrialisation and urbanisation with expectations that between 150 to 250 million people will migrate from rural homes to cities within the next 10 years. This is expected to continue to drive the demand for better housing, cars, technology-based products and luxury goods that China is currently experiencing.

### **Strategy**

Wogen's strategy is to enhance its leading international position as a trader of specialty metals and minerals by increasing its market share in the metals it trades and expanding its trading activities into other countries and economies. Expansion into new areas will be led by third party agency services on behalf of producers.

### **Investment case and Financial Performance**

The Company has a track record of profitability and in delivering high levels of return on equity. The average return on equity over the past 20 years has been about 18 per cent. In the year to 30 September 2004, the Company reported turnover of £133.0 million and profit after tax of £6.9 million. Trading in the current year has been particularly strong and the Company reported turnover of £164.4 million and profit after tax of £14.6 million in the 9 months to 30 June 2005.

### **Operational details**

Wogen has developed close relationships with suppliers in a number of emerging markets. Trading in such markets can often be difficult, but Wogen's strong relationships have enabled the Company to offer its customers 'contract certainty' on all trades, adding significant value for customers and the Company itself.

As the majority of Wogen's trading is not conducted on metal exchanges the lack of market transparency in the pricing for many of these metals leads to opportunities for the Company. The market prices for many of Wogen's traded metals and minerals have increased significantly in recent years as demand has increased and in some cases the sources of supply have remained static or decreased. Production of these metals and minerals is relatively inelastic as they are often produced as by-products of other major metals, either

directly from production or from refining or processing cycles. Demand on the other hand is elastic and often changes in line with general economic growth, changes in technology and consumer demand. Wogen's experienced management team and in depth knowledge of its markets allows it to anticipate market trends and movements and position itself accordingly.

### **Key Management**

Allan Kerr, Chief Executive Officer has been with the Company for 25 years and has more than 30 years experience as a metals trader. Prior to the IPO he was Managing Director of Wogen Resources Limited, the Company's largest division.

Peter Watkins, Chief Operating Officer & Finance Director is also highly experienced having worked in the metals trading industry for some 33 years. Peter was Wogen's Managing Director for 12 years and has been the Company's Financial Director for 23 years.

Norman Ting, Director, joined Wogen in 1985 after graduating from the Royal School of Mines in London. During 1991 and 1993 he was seconded to Comalco in Australia. Norman has also been Managing Director of the Company's Asia Pacific operations, Wogen Pacific Limited, since 1996.

Colin Williams, Executive Deputy Chairman, founded the company in 1972 with Bernard Buckman after a decade at Rudolf Wolff & Co. Colin was formerly Executive Chairman of Wogen.

Douglas Hunter, Director, joined Wogen in 1983 via Cominco (UK) Limited and Mining and Chemical Products Limited.

Damian Brousse, Director, joined Wogen in 1991 from Chance China Limited.

### **Non-Executive Directors**

Richard Nelson, Non-Executive Chairman is also Deputy Chairman of Intertek Group plc, where he was formerly Chairman and Chief Executive Officer. He was previously Chief Executive Officer of Transcontinental Services Limited, which was acquired by Inchcape plc.

David Munro, proposed Non-Executive Director, has significant metals industry and public company experience. He is the former Chief Executive Officer of RMC plc and prior to that President of Strategy and Development at mining group BHP Billiton plc.

Ian Brackenbury, Non-Executive Director, was formerly the Managing Partner of Rudolf Wolff & Co, one of the founding members of the London Metal Exchange

## Reasons for flotation

Wogen's flotation is part of a plan for orderly succession within the business. In particular, the majority shareholder and former Executive Chairman, Colin Williams, will become Executive Deputy Chairman and will seek a partial sale of his holding. Allan Kerr will become Chief Executive Officer and Peter Watkins, former Managing Director and Finance Director, becomes Chief Operating Officer and Finance Director. They together with the other executive directors will retain a significant stake in the company.

In addition Wogen's float will achieve a broader ownership structure, greater financial flexibility, an enhanced corporate profile and provides an opportunity to further incentivise, attract and retain staff.

The nominated adviser and broker to the flotation is Bridgewell.

Commenting on the announcement, Allan Kerr, Chief Executive Officer, said:

"I am pleased to announce Wogen's plans for an IPO on the AIM market. The float will allow us to grow the business and incentivise our employees. We believe we are one of the world's leading trading companies in specialty metals and minerals and are well-positioned in key growth markets, particularly China, where we have been present for 33 years and are one of the first foreign companies to establish a domestic trading business. We are a proven, profitable business and we look forward to welcoming new shareholders to the Company."

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