

# THE OTHER LONDON STOCK EXCHANGE

## NEX EXCHANGE AND NEW TECHNOLOGY DEVELOPMENTS

Blockchain, cryptocurrency and ICOs are terms that have come from nowhere a few years ago to now being quoted in almost every forward-looking article about business and the future. As a stock exchange, balancing the needs of both companies and investors, how and when should we be getting involved?

At NEX Exchange we are actively monitoring these developments and finding ways to get involved. We are the platform for two of the first ever publicly quoted investment companies in the blockchain world (Coinsilium Group NEX:COIN and Kryptonite 1 NEX:KR1) both of which have a portfolio of investments in some fascinating companies working on distributed ledger technology. They are attracting increasing interest from investors and there is regular trading in their shares on NEX Exchange. We would welcome further companies who operate in this world and hope, over time, to have a broader enough spread to create a meaningful index for tracking progress.



We also have more than a passing interest in the crypto-currency world and are working with regulators to develop ways for investors to gain economically equivalent exposure to the major units (Bitcoin, Ethereum and potentially others) without being subject to the complexities (like digital wallets) and risks (like hacking) that direct ownership would entail. We are hopeful that we will be in a position to make further announcements before the end of the year.

In terms of ICOs, we continue to monitor developments but do not yet see an obvious opportunity to get directly involved. There are clearly elements of the ICO market that currently look very much like the wild-west, but the concept is clever and we have little doubt that it will evolve rapidly and become a useful tool for early stage funding of smart ideas. When that happens, NEX Exchange will be there to develop a framework for participation.

If you'd like to find out more, contact us at [enquiries@nexexchange.com](mailto:enquiries@nexexchange.com) or 0207 818 9774.

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## TAKING THE 'CRYPTIC' OUT OF CRYPTOCURRENCY

With news that Goldman Sachs is considering a new trading operation dedicated to Bitcoin and other cryptocurrencies, their popularity is likely to increase significantly. Establishing efficiency and security where these transactions are concerned, however, is vital to increasing validation of an investment route yet to be regulated.

Addressing this need head on is new blockchain technology company TrustMe™, founded by finance professional, Antony Abell. In the next few months the business plans to raise £50m from an initial coin offering (ICO), bringing private equity rigour to an unregulated landscape. An international team of professionals from Gowling WLG are currently working with TrustMe™ to follow the high standards commonly seen in more traditional fundraising exercises, demonstrating the viability of this investment method to investors and regulators.

This fresh take on investing aligns well with the innovative times in which we live. However, ensuring that investors are reassured enough to utilise cryptocurrencies is vital. Working directly with



legal advisors has, indeed, allowed TrustMe™ to adopt conventional standards such as anti-money laundering, and "know your customer" checks, helping to bridge the crucial gap between consideration and full endorsement.

As robust layers of traditional due diligence and corporate transparency are increasingly introduced, the massive potential that exists in cryptocurrencies as an investment route is being realised.

Davey Brennan, corporate partner and co-chair of tech, Gowling WLG.



NEX Exchange assists SME growth companies to achieve their financial goals. For more information, visit: [WWW.NEXEXCHANGE.COM/BENEFITS](http://WWW.NEXEXCHANGE.COM/BENEFITS) or ring 0207 818 9774

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# Warren Buffett bets on truck stops as he gears up to buy the majority of operator Pilot Flying J

JONATHAN STEMPEL

WARREN Buffett's Berkshire Hathaway bought a major stake in Pilot Flying J, the largest US truck stop operator, and said it will become the majority owner in six years, deepening its commitment to the American economy.

Pilot Flying J has more than 750 locations in 44 US states and Canada selling gas, diesel fuel, and convenience goods, and offering trucks more than 70,000 parking spaces and 5,000 diesel lanes.

While terms for yesterday's transaction were not disclosed, Pilot Flying J is 15th-largest private company in the United States, with annual sales of \$19.6bn (£14.8bn), Forbes magazine said. The family-run company employs more than 27,000 people.

Berkshire bought 38.6 per cent of



Warren Buffett is the chief executive of Berkshire Hathaway

Pilot Flying J from several investors and plans to boost ownership to 80 per cent in 2023.

The controlling Haslam family retained a 50.1-per cent stake, and

will own the remaining 20 per cent once Buffett takes over.

Pilot Flying J has faced scrutiny in recent years over whether employees withheld diesel fuel rebates from customers, and in 2014 paid a \$92m fine to settle a US criminal probe. Several executives were later criminally charged.

As he normally does when buying family-run companies, Buffett will leave Pilot Flying J's management in place.

Berkshire's investment comprises nearly 27 per cent from the Haslams, six per cent from the Maggelet family's FJ Management, five per cent from Byron Trott's BDT Capital Partners LLC and small stakes from other investors. FJ still has 11.3 per cent ownership. The purchase may help Buffett overcome his struggles to deploy Berkshire's \$100bn cash hoard. *Reuters*

# Toshiba to buy Westinghouse stake for £395m

SAM NUSSEY

JAPAN'S Toshiba said yesterday it is buying back a 10 per cent stake in Westinghouse Electric from minority shareholder Kazatomprom for ¥59bn (£395m), taking full ownership of the bankrupt US unit.

The move comes as Westinghouse is exploring selling itself, with a deal

likely valuing it at close to \$4bn (£3bn), Reuters reported last week, quoting people familiar with the matter.

Private equity firms Blackstone Group and Apollo Global Management have teamed up to bid for Westinghouse, the sources said. And buyout firm Cerberus Capital Management is in talks with US

nuclear power plant component provider BWX Technologies about submitting a joint bid, the sources added. Kazakh uranium miner Kazatomprom has exercised a put option that allows it to sell it back to Toshiba, the troubled conglomerate said in a statement. The stake buyback will take place on 1 January 2018, Toshiba said. *Reuters*

# How our data helps to explain Monarch's fall

A TROUBLING period for the travel industry became worse this week as Monarch Airlines collapsed. Were its problems foretold by our brand tracking data?

It is certainly true that internal problems in some of Monarch's key destinations – such as Egypt, Tunisia and Turkey – had an impact on its business, as well as the fall in the value of the pound that left it paying £50m a year more for its fuel and aircraft.

But YouGov's BrandIndex shows the airline was also struggling with its own offer against the continued rise of budget airlines such as Ryanair and Easyjet.

This is particularly true with younger customers. Our Millennial Travellers report, published earlier this year, confirmed that this group is more inclined to take shorter breaks, involving a higher degree of self-planning – a traveller distinct from one that would fly with Monarch in its package-holiday heyday.

Monarch's value for money score among the 18-34s age group over the last three years has remained flat at around five, but it has been taken over by Ryanair – which has moved from minus 11 to 14 (prior to its own recent difficulties).

Easyjet has outstripped both rivals on this front, moving from 25 to 32 over the same time period.

Similarly, among those that have had

Stephan Shakespeare



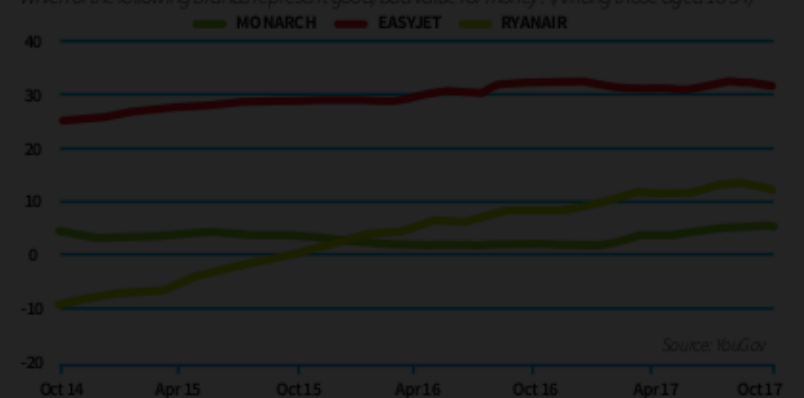
Airways, its own value for money score has declined over the past three years, dropping from 10 to minus two. Similarly, Virgin Atlantic's score has moved from 10 to three.

From a consumer perspective, the demise of the airline is likely to be more keenly felt by those aged 55 and over, who may have a greater affiliation with the brand. Monarch's impression score (whether a respondent has a favourable impression of a brand) prior to its closure among that age group is nine, against five with 18-34s.

Stephan Shakespeare is the chief executive of YouGov

## HOW MONARCH LOST OUT TO CHEAPER RIVALS AMONG YOUNGER FLYERS

Which of the following brands represent good/bad value for money? (Among those aged 18-34)



Source: YouGov