

If Oslo has its way, the oil patch will soon be pining for its Bors

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CALGARY -- A band of five well-dressed, soft-spoken men descended on Calgary from Oslo this week to sell the merits of the Norwegian capital's stock exchange as the place for Canadian oil and gas companies to take out a European listing.

"Oslo?" exclaimed a seasoned oil patch consultant who plies his trade internationally. "Why on earth would anyone want to list there? It's well established that London is the international centre for finance when it comes to oil and gas companies operating internationally. . . . It escapes me why anyone would go anywhere else."

Well, if Ragnar Saether has his way, North American oil and gas companies that operate overseas will soon consider Oslo a viable option for listing on a European stock exchange instead of defaulting to London's Alternative Investment Market, or AIM as it is known.

The reasons -- in the mind of this strapping Norwegian-born, Calgary resident -- are many.

The Oslo Bors is very energy focused, with almost 20 per cent of the 193 listed companies active in the sector accounting for 46.3 per cent of the exchange's \$210-billion market value.

Also, listing on the Oslo exchange is cheaper than listing on AIM and does not require a company to have a nominated adviser, which only adds to the expense. In fact, things are getting so pricey on the AIM that a third stock exchange, the Ofex (similar to the over-the-counter model in North America), was in the process of being established last fall.

But Mr. Saether, whose eponymous firm primarily raises money for Canadian companies operating abroad, doesn't stop there: The Oslo exchange, as the sixth largest in Europe, offers access to European investors and, because it is not as big as AIM -- which has more than 1,200 companies listed -- a company is not as likely to get lost in the numbers and therefore more apt to be valued appropriately.

Finally, unlike AIM, which is the equivalent of Canada's TSX Venture Exchange, Oslo is considered a primary stock exchange.

It all makes for a compelling argument. Yet, talk to institutional sales types at virtually any brokerage firm in Canada and they will admit to never having considered travelling to Oslo for the purpose of garnering Norwegian investor interest in Canadian oil and gas stories -- even if the companies have operations in the North Sea -- much less choosing a listing near the fjords instead of in the City.

But Mr. Saether and his group are out to change their minds.

Their first crack at the bat in Calgary garnered an impressive amount of interest as representatives from 34 oil and gas companies attended an

information session yesterday morning, including those from Talisman Energy and Canadian Natural Resources, which both have operations in the North Sea. Petro-Canada and Nexen are also active in the area.

In addition to hearing that the oil and gas business makes up 21 per cent of Norway's gross domestic product, thereby suggesting investors are sophisticated in their understanding of the business, the folks attending the meeting also learned that listing in Oslo doesn't mean obscurity. Far from it. Investors from outside the country hold 53 per cent of the shares listed and were responsible for almost 70 per cent of total trading volume last year; proof perhaps that London is no longer the alpha and omega for investors.

How did their message resonate with the target market?

After getting over the initial geographic shock, some think it makes sense. With an efficient market, reporting standards that allow companies to file information in English and in their home currency, and access to European investors who evaluate risk much differently than do their North American counterparts, it's tough not to look at Oslo as a serious alternative to AIM. The reality is that European investors have been the primary source of capital for Canadian oil and gas companies operating in parts of the world where the risk profile is significantly different than in North America.

Not surprisingly, senior brass from AIM have been through Calgary several times in the past few years doing exactly the same thing as the Oslo folks. What distinguishes their efforts, however, is the "soft

sell" approach of these five men who recognize they have to start small and build a critical mass, instead hoping for a stampede.

From Mr. Saether's perspective, raising money for companies from European investors and convincing Canadian companies that the Oslo Bors is a viable alternative to AIM is a damn sight easier -- though perhaps not as exciting -- as riding a 2,000-pound bull on the local rodeo circuit, which is what he did for four years before an injury put an end to that career.