European IR Benchmarking
Wo ist der deutsche Mittelstand?

Amani Korayeim
Director EMEA Sales and Product Development
Institutional Investor Research

11/07/2017
Agenda

- Background II
- Research Methodology
- Analysis
  - Buy-Side
  - Sell-Side
- Best Practice
- Key take-outs
BACKGROUND
Institutional Investor Research

- 40 years survey-based rankings and analysis

Annual studies of global equities and fixed income markets provide access to leading investment professionals across the world, accompanied by in depth articles and insight in II Magazine

- Research
- Sales
- Trading
- Investor Relations
- Hedge Funds

Europe
Japan
Asia
LatAm
U.S.
Research Methodology 2016
Research Methodology: Triangular Approach

- 1,245 buy-siders and PMs
  → 668 firms
    → nominating 938 COs
    → across 31 sectors

- 547 IROs and CFOs giving insight on best practice in investor engagement

- 817 sell-side analysts
  → 139 firms
    → nominating 1,015 COs
    → across 31 sectors
Sell-Side Voter Universe

**BY VOTER LOCATION**
- France: 6%
- Germany: 9%
- Italy: 5%
- Norway: 4%
- Spain: 5%
- Switzerland: 3%
- Rest of Europe: 17%
- U.K.: 49%
- U.S./Rest of World: 1%

**BY DOMICILE**
- France: 6%
- Germany: 10%
- Italy: 5%
- Norway: 9%
- Spain: 5%
- Switzerland: 33%
- Rest of Continental Europe: 14%
- U.K.: 13%
- U.S.: 4%
- Rest of World: 9%

**BY ALL-EUROPE RESEARCH TEAM**
- 39% are ranked in the All-Europe Research Team
- 30% Ranked Analysts
- 61% Other Analysts
- 9% Top Ranked Analysts

**Masters**
Research Methodology: Key Differentiators

- Global Voter Universe
- Confidential and anonymous
- No weighting on AuM
- No vote swapping
- Unprompted – ‘write-in ballot’
# Research Methodology – Write-in Ballot

**BEST CEOs, CFOs, IR PROFESSIONALS AND ANALYST DAYS METHODOLOGY**

Voters rank up to four CEOs, CFOs, IR Professionals and companies.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Surname, First Name</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td></td>
</tr>
<tr>
<td>2nd</td>
<td></td>
</tr>
<tr>
<td>3rd</td>
<td></td>
</tr>
<tr>
<td>4th</td>
<td></td>
</tr>
<tr>
<td>5th</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank</th>
<th>Surname, First Name</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td></td>
</tr>
<tr>
<td>2nd</td>
<td></td>
</tr>
<tr>
<td>3rd</td>
<td></td>
</tr>
<tr>
<td>4th</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank</th>
<th>Surname, First Name</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td></td>
</tr>
<tr>
<td>2nd</td>
<td></td>
</tr>
<tr>
<td>3rd</td>
<td></td>
</tr>
<tr>
<td>4th</td>
<td></td>
</tr>
</tbody>
</table>

What is your reason for selecting the above?

- **BEST CEO**
- **BEST CFO**
- **BEST IR PROFESSIONAL**
- **BEST ANALYST DAYS**

Survey sample:

Ranks are weighted by place and aggregated to produce distinct buy-side, sell-side, and combined buy-side and sell-side rankings, by sector:
Research Methodology – 6 Performance Metrics

BEST INVESTOR RELATIONS METHODOLOGY
The buy-side and sell-side voters select the sector(s) in which they cover and wish to vote. They rank the top four companies that demonstrate excellence in the following performance attributes:

- Senior executives are accessible
- Hosting the most constructive conference calls
- The company provides a timely and appropriate level of financial disclosure
- The IR team is well informed and empowered to speak authoritatively on the company’s behalf
- The company responds quickly and thoroughly to requests
- Quality of corporate documents and investor kit materials

Each company’s Best Investor Relations ranking is based on the total number of weighted points awarded across the six performance attributes.

<table>
<thead>
<tr>
<th>Place</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>6</td>
</tr>
<tr>
<td>2nd</td>
<td>5</td>
</tr>
<tr>
<td>3rd</td>
<td>4</td>
</tr>
<tr>
<td>4th</td>
<td>3</td>
</tr>
<tr>
<td>5th</td>
<td>2</td>
</tr>
<tr>
<td>6th</td>
<td>1</td>
</tr>
</tbody>
</table>
The Analysis
Football is a simple game; 22 men chase a ball for 90 minutes and at the end, the Germans win.

— Gary Lineker[1]
What Buy- and Sell-siders want?

- The company provides a timely and appropriate level of financial disclosure: SS 2017 Rating 8.35, BS 2017 Rating 8.39
- Senior executives are accessible: SS 2017 Rating 8.18, BS 2017 Rating 8.09
- The IR team is well informed and empowered to speak authoritatively on the company's behalf: SS 2017 Rating 7.89, BS 2017 Rating 7.25
- Quality of corporate documents and investor kit materials: SS 2017 Rating 7.72, BS 2017 Rating 7.35
- The company responds quickly and thoroughly to requests: SS 2017 Rating 7.28, BS 2017 Rating 6.95
- Hosting the most constructive conference calls: SS 2017 Rating 7.15, BS 2017 Rating 6.83
Overall Ranks and Analysis – IR Programme

<table>
<thead>
<tr>
<th>Country</th>
<th>BS Rank</th>
<th>SS Rank</th>
<th>Percentage</th>
<th>BS Rank</th>
<th>SS Rank</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>5</td>
<td>1</td>
<td>10.34%</td>
<td>29.12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>4</td>
<td>2</td>
<td>16.33%</td>
<td>25.72%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>3</td>
<td>4</td>
<td>18.90%</td>
<td>12.90%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>2</td>
<td>3</td>
<td>25.30%</td>
<td>19.67%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1</td>
<td>5</td>
<td>29.13%</td>
<td>12.59%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
BS/SS - Access to Senior Management

<table>
<thead>
<tr>
<th>Country</th>
<th>BS Rank</th>
<th>BS Score</th>
<th>SS Rank</th>
<th>SS Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>5</td>
<td>12.62%</td>
<td>1</td>
<td>30.39%</td>
</tr>
<tr>
<td>Spain</td>
<td>3</td>
<td>19.86%</td>
<td>2</td>
<td>22.97%</td>
</tr>
<tr>
<td>France</td>
<td>4</td>
<td>19.75%</td>
<td>5</td>
<td>13.12%</td>
</tr>
<tr>
<td>Germany</td>
<td>2</td>
<td>21.42%</td>
<td>3</td>
<td>17.69%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1</td>
<td>26.35%</td>
<td>4</td>
<td>15.83%</td>
</tr>
</tbody>
</table>
Quality of Corporate Documents

- **United Kingdom**: BS Rank 1, BS Score 34.04%, SS Rank 4, SS Score 14.64%
- **Germany**: BS Rank 3, BS Score 25.44%, SS Rank 5, SS Score 20.23%
- **France**: BS Rank 2, BS Score 17.26%, SS Rank 5, SS Score 11.84%
- **Spain**: BS Rank 4, BS Score 14.39%, SS Rank 2, SS Score 22.86%
- **Italy**: BS Rank 5, BS Score 8.87%, SS Rank 1, SS Score 8.87%
BS/SS Responsiveness of IR Team

- **Italy**: BS Rank 5, BS Score 11.84%, SS Rank 2, SS Score 24.47%
- **Spain**: BS Rank 3, BS Score 17.37%, SS Rank 1, SS Score 26.90%
- **France**: BS Rank 4, BS Score 17.18%, SS Rank 5, SS Score 13.22%
- **Germany**: BS Rank 1, BS Score 30.12%, SS Rank 3, SS Score 21.58%
- **United Kingdom**: BS Rank 2, BS Score 23.49%, SS Rank 4, SS Score 13.83%
Filling in the blanks... Best Practice
IR Experience & Professional Background

43% of German companies have more than 10 years experience

Average number in IR Team is 3 – German IR Teams have 4
IR Programme activities

Shareholder ID
- All respondents: 83%
- UK Companies: 80%
- German Companies: 100%

Investor/analyst perception research
- All respondents: 100%

Invesesor targeting
- All respondents: 36%
- UK Companies: 40%
- German Companies: 43%

Road Show Management
- All respondents: 9%
- UK Companies: 14%
- German Companies: 80%
The Buy-Side
Buy-Side: Allocation of Time

- **Buy-side analysts and portfolio managers (excluding hedge funds)**: 39% (UK), 33% (German), 44% (All Respondents)
- **Sell-side analysts**: 37% (UK), 38% (German), 43% (All Respondents)
- **Hedge fund managers and analysts**: 16% (UK), 9% (German), 23% (All Respondents)
- **Retail investors**: 5% (UK), 5% (German), 2% (All Respondents)
- **Other**: 3% (UK), 2% (German), 2% (All Respondents)

Legend:
- All Respondents
- UK Companies
- German Companies
Hosting of Analyst days

- **Annually**
  - All Respondents: 50%
  - UK companies: 31%
  - German Companies: 57%
- **Every other year**
  - All Respondents: 23%
  - UK companies: 25%
  - German Companies: 14%
- **Only when we have important changes in strategy or other initiatives**
  - All Respondents: 22%
- **We don’t host analyst/investor days**
  - All Respondents: 16%
  - UK companies: 14%
  - German Companies: 14%
- **More than once a year**
  - All Respondents: 9%
  - UK companies: 25%
  - German Companies: 14%
Channels of attracting new investors

- Introductions made by sell-side firm: 74% (All Respondents), 75% (UK Companies), 0% (German Companies)
- Investor Days: 43% (All Respondents), 43% (UK Companies), 51% (German Companies)
- Updates/changes in company strategy: 50% (All Respondents), 46% (UK Companies), 43% (German Companies)
- Industry conferences not sponsored by my company or a sell-side firms: 71% (All Respondents), 50% (UK Companies), 50% (German Companies)
- Expansion into new regions: 88% (All Respondents), 38% (UK Companies), 43% (German Companies)
- Marketing and public relations: 16% (All Respondents), 13% (UK Companies), 13% (German Companies)
- Industry conferences sponsored by my company: 0% (All Respondents), 0% (UK Companies), 0% (German Companies)
No. of new investor targeted over 12 months

- Germany: 20
- France: 102
- Italy: 53
- Spain: 16
- UK: 37
Buy-Side: Effective Communication

- One-on-one meetings: 75% (AllRespondents), 71% (UKCompanies), 67% (GermanCompanies)
- Earnings calls and Q&A: 57% (AllRespondents), 49% (UKCompanies), 44% (GermanCompanies)
- Nondeal road shows: 63% (AllRespondents), 43% (UKCompanies), 44% (GermanCompanies)
- Investor/industry conferences: 29% (AllRespondents), 25% (UKCompanies), 26% (GermanCompanies)
- Personal contact by phone or…: 14% (AllRespondents), 13% (UKCompanies), 24% (GermanCompanies)
- Sell-side conferences: 43% (AllRespondents), 29% (UKCompanies), 19% (GermanCompanies)
- Group analyst briefings and site…: 17% (AllRespondents), 14% (UKCompanies), 25% (GermanCompanies)
- Sell-side research: 12% (AllRespondents), 13% (UKCompanies), 0% (GermanCompanies)
How often does the company's executive team initiate contact with the buy side?

- At least once a week: 24% (All respondents), 14% (UK Companies), 43% (German Companies)
- At least once a month: 32% (All respondents), 43% (UK Companies), 31% (German Companies)
- At least once a quarter: 43% (All respondents), 43% (UK Companies), 14% (German Companies)
- At least twice a year: -% (All respondents), 14% (UK Companies), -% (German Companies)

Change in executive team's interaction with the buy side

- Our level of interaction is about the same as it was a year ago: 68% (All respondents), 71% (UK Companies), 86% (German Companies)
- We reach out to the buy-side more frequently now: 29% (All respondents), 29% (UK Companies), 14% (German Companies)
- We reach out to the buy-side less frequently now: 2% (All respondents), -% (UK Companies), -% (German Companies)
Buy-side: Effective Interaction

Quantity of meetings with Executive Management

<table>
<thead>
<tr>
<th>One-on-one meetings with analysts or portfolio managers</th>
<th>Events sponsored by a sell-side firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total UK: 234</td>
<td>90</td>
</tr>
<tr>
<td>Total German: 328</td>
<td>328</td>
</tr>
<tr>
<td>CEO UK: 124</td>
<td>124</td>
</tr>
<tr>
<td>CEO German: 63</td>
<td>63</td>
</tr>
<tr>
<td>CFO UK: 110</td>
<td>110</td>
</tr>
<tr>
<td>CFO Germany: 232</td>
<td>232</td>
</tr>
</tbody>
</table>

0 50 100 150 200 250 300 350

- Total UK
- Total German
- CEO UK
- CEO German
- CFO UK
- CFO Germany
The Sell-Side
An average of 24 sell-side analysts cover German companies versus 19 in other European countries.

German Companies read an average of 16 analysts research consistently versus 14 in other European countries.
Sell-side: Effective Interaction

- Earnings calls and Q&A: 100%
- Personal contact by phone or email: 86%
- Company publications (financial announcements, annual reports, etc.): 63%
- One-on-one meetings: 38%
- Group analyst briefings and site visits: 63%
- Nondeal road shows: 14%

Spanish Companies
UK Companies
German Companies
Sell-Side: Effective Interaction

How often does your executive team initiate contact with the sell side?

- At least once a week: 69% (Spanish), 50% (UK), 57% (German)
- At least once a month: 19% (Spanish), 29% (UK), 13% (German)
- At least once a quarter: 10% (Spanish), 25% (UK), 14% (German)
- At least twice a year: 2% (Spanish), -% (UK), 13% (German)

Change in executive team interaction with the sell side:

- Our level of interaction is about the same as it was a year ago: 33% (Spanish), 50% (UK), 14% (German)
- We reach out to the sell-side more frequently now: 88% (Spanish), 86% (UK), 13% (German)
- We reach out to the sell-side less frequently now: 17% (Spanish), -% (UK), -% (German)
Key take outs

- Fresh blood
- Stay close to investors
- More active road show management, with broker and independently
- Regular workshop based analyst/investor days
- Relevant industry conferences to attract more new investors
- Increase sell-side interaction with one-on-one meetings
Thank you for your time