

Raising the bar in financial disclosure

New research supports use of visual storytelling to break through the noise of quarterly earnings reporting

Every earnings season, Wall Street investors, analysts and financial media are inundated with earnings information that they need to rapidly decipher to learn whether the company did what it said it would do and is delivering results for shareholders. Meanwhile, companies are trying to break through the noise and tell a differentiated story to help them gain investor interest, attract positive press coverage and drive long-term valuations. For many years the earnings press release has followed a similar cadence and structure: financial highlights, a quote or two from management, then financial statements.

We launched a study of institutional investors, sell-side analysts, retail investors and financial media to delve into how they use and digest earnings data and to determine how new visual approaches are being received by these key stakeholders.

Using an online survey and in-depth interviews, we spoke to 300 retail investors, more than 20 Wall Street professionals and select financial media professionals about the nuances of reading and digesting earnings data. We exposed investors and media to a traditional earnings release and asked them to compare that with visual earnings releases. The key findings of our study are:

- The earnings release is considered to be an essential resource for all audiences, and provides fast, easy-to-access data
- The need for traditional financial data remains. While there is a strong positive sentiment for visual

storytelling, participants emphasize that these visual elements should be *in addition to* – rather than *instead of* – traditional earnings data and detail

- Visually driven earnings releases are seen to be generally accessible, easier to read, easier to find relevant data and easier to understand

- Ninety-two percent of those surveyed say the future of earnings releases will be more visual and will include qualitative content and creative storytelling. They also feel early adoption of this style today by some firms is a 'step in the right direction'

- The inclusion of a chief executive quote and other business commentary is valued and respondents agree that presenting information visually makes it more accessible.

THE FUTURE OF VISUAL EARNINGS RELEASES

Do you think the future of showing financial data in a more visual, creative way is going in the right direction, or off on the wrong track?



- Right direction
- Wrong track

Virtually all survey respondents believe presenting financial data in a more creative/visual manner is the future, and would like to see increased adoption of this reporting style. Additionally, Wall Street and

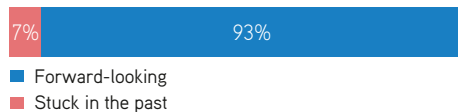
Capital was increased by 11.8% over the comparable period. Challenges notwithstanding, these figures are a testament to the strength of our business model and our ability to deliver on our promise of a differentiated and differentiated value proposition.

	2014	2013	2012	%CHG	%CHG
Revenue	\$1,101	\$1,001	\$1,001	10%	0%
Operating Income	\$1,001	\$1,001	\$1,001	0%	0%
Adjusted Earnings*	\$1,001	\$1,001	\$1,001	0%	0%
Operating Margin	91%	100%	100%	-9%	0%
Operating Assets	\$1,001	\$1,001	\$1,001	0%	0%
Operating Liabilities	\$1,001	\$1,001	\$1,001	0%	0%
Operating Assets to Liabilities	1.00x	1.00x	1.00x	0%	0%
Operating Assets to Equity	1.00x	1.00x	1.00x	0%	0%
Operating Assets to Debt	1.00x	1.00x	1.00x	0%	0%
Operating Assets to Total Capital	1.00x	1.00x	1.00x	0%	0%
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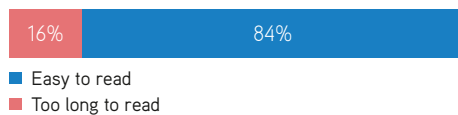
financial media professionals agree visual earnings releases are forward-looking, easier to read and support transparency.

Perceptions of visual earnings releases

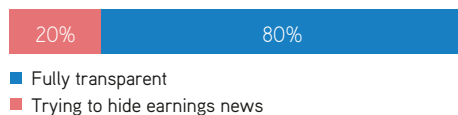
Stuck in the past or forward-looking?



Too long or easy to read?



Transparent or hiding something?



In this age of information overload, visual earnings releases help usher investors into a new era of understanding data. Based on the survey data, traditional and visual releases are comparable in credibility and trustworthiness for providing the essential information. But when it comes to shareability, ease of reading and representing innovation, visual earnings releases surpass traditional reporting methods.

LESSONS FOR VISUAL STORYTELLING

While there is strong positive sentiment for visual storytelling, there is still a need for traditional financial data to accompany the visually driven elements of an earnings release; it must be clear that these earnings visualizations are in addition to, rather than a substitute for, traditional earnings statements. We have developed some ideas for how IROs might incorporate visual elements in earnings:

- **The world is shrinking.** Think holistically about earnings reporting as a touch point on the health of your firm and make your content and approach relevant to all stakeholders, not just investors
- **Collaboration is key for success.** IR teams should work with corporate communications and marketing executives to evolve financial reporting to effectively incorporate brand image, style, strategy, business content and your overall corporate narrative
- **Know your industry/peer reporting trends and**

This earnings release... % somewhat/strongly agree (Wall Street professionals and retail investors)	Control	Visual press release (avg)
Contains the information essential to managing my personal investment portfolio (retail only)	78%	80%
Contains information I would definitely share	68%	71%
Is easy to read and find the information I need	61%	77%
Represents innovation in financial reporting	56%	75%

content. Be in tune with your peers and your industry to ensure your reporting is done in a way that helps you tell a differentiated story and makes your company easily comparable with your peers. Don't make Wall Street or the media's job any harder than it already is

■ **Don't be too cute.** Be sure to include credible and forward-looking quotes from your management team and to leverage visual elements where possible, while ensuring you aren't compromising any salient data. Put the numbers first and highlight key facts and figures

■ **KIS: Keep it simple.** Those reading your releases are likely busy people in a hurry. Make sure your visual earnings releases are accessible and easily understood

■ **Think about social/digital applications.** Visually oriented financial storytelling is a perfect fit for digital communications. Social media has played a key role in transforming the way corporations and organizations worldwide convey and display information. Many news wires today publish earnings data directly onto social channels.

For more details on the findings, please follow @Edelman_FinCom, or visit www.edelmanfincomms.com for the complete report on this survey.



Visual earnings releases

ABOUT EDELMAN FINANCIAL COMMUNICATIONS & CAPITAL MARKETS

Edelman Financial Communications & Capital Markets is a boutique strategic consultancy with the reach and resources of the world's largest PR firm. We advise public and private companies on strategic and capital markets communications to help position them effectively with the financial community during transformative events as well as during normal-course business.

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A series of releases and infographics were tested that represented two approaches to financial reporting: traditional vs visual storytelling. In this article Edelman has included a series of representative images from publicly available information that is for illustrative purposes only; these items are not necessarily those used in Edelman's research.